Berkeley
Resources Ltd

ANNUAL FINANCIAL REPORT

30 JUNE 2012

ABN 40 052 468 569

CORPORATE DIRECTORY

Directors

Mr Ian Middlemas – Non-Executive Chairman
Dr James Ross – Deputy Chairman
Mr Robert Behets – Non-Executive Director
Señor Jose Ramon Esteruelas – Non-Executive Director

Company Secretary

Mr Clint McGhie

Registered Office

Level 9, 28 The Esplanade
Perth WA 6000
Australia
Telephone: +61 8 9322 6322
Facsimile: +61 8 9322 6558

Spanish Office

Berkeley Minera Espana, S.A.
Carretera SA-451, Km 30
37495 Retortillo
Salamanca
Spain
Telephone: +34 923 193903

Website

www.berkeleyresources.com.au

Email

info@berkeleyresources.com.au

Auditor

Stantons International
Level 2
1 Walker Avenue
West Perth WA 6005

Solicitors

Hardy Bowen Lawyers
Level 1, 28 Ord Street
West Perth WA 6005

Bankers

Australia and New Zealand Banking Group Ltd
77 St Georges Terrace
Perth WA 6000

Share Registry

Australia

Computershare Investor Services Pty Ltd
Level 2
45 St Georges Terrace
Perth WA 6000
Telephone: +61 8 9323 2000
Facsimile: +61 8 9323 2033

United Kingdom

Computershare Investor Services Plc
PO Box 82
The Pavilions
Bridgewater Road
Bristol BS99 7NH
Telephone: +44 870 889 3105

Stock Exchange Listings

Australia

Australian Securities Exchange Limited
Home Branch - Perth
2 The Esplanade
Perth WA 6000

United Kingdom

London Stock Exchange - AIM
10 Paternoster Square
London EC4M 7LS

ASX/AIM Code

BKY - Fully paid ordinary shares
BKYO - $0.75 Listed options (ASX only)

Nominated Advisor and Broker

RBC Europe Limited
Riverbank House
2 Swan Lane
London EC4R 3BF

CONTENTS

The Directors of Berkeley Resources Limited submit their report on the Consolidated Entity consisting of Berkeley Resources Limited ("Company" or "Berkeley" or "Parent") and the entities it controlled at the end of, or during, the year ended 30 June 2012 ("Consolidated Entity" or "Group").

DIRECTORS

The names of Directors in office at any time during the financial year or since the end of the financial year are:

Mr Ian Middlemas – Non-Executive Chairman (appointed 27 April 2012)
Dr James Ross – Non-Executive Deputy Chairman (previously Non-Executive Chairman)
Mr Robert Behets – Non-Executive Director (appointed 27 April 2012)
Señor Jose Ramon Esteruelas - Non-Executive Director
Mr Brendan James – Managing Director (resigned 27 April 2012)
Mr Henry Horne – Non-Executive Director (resigned 1 January 2012)
Mr Laurence Marsland – Non-Executive Director (appointed 25 August 2011, resigned 9 May 2012)
Mr Ian Stalker – Non-Executive Director (resigned 29 November 2011)
Mr Matthew Syme – Non-Executive Director (resigned 2 August 2012)

Unless otherwise disclosed, Directors held their office from 1 July 2011 until the date of this report.

CURRENT DIRECTORS AND OFFICERS

Ian Middlemas
Non-Executive Chairman
Qualifications – B.Com, CA

Mr Middlemas is a Chartered Accountant, a member of the Financial Services Institute of Australasia and holds a Bachelor of Commerce degree. He worked for a large international Chartered Accounting firm before joining the Normandy Mining Group where he was a senior group executive for approximately 10 years. He has had extensive corporate and management experience, and is currently a director with a number of publicly listed companies in the resources sector.

Mr Middlemas was appointed a Director and Chairman of Berkeley Resources Limited on 27 April 2012. During the three year period to the end of the financial year, Mr Middlemas has held directorships in Prairie Downs Metals Limited (August 2011 – present), Papillon Resources Limited (May 2011 – present), Pacific Ore Limited (April 2010 – present), Wildhorse Energy Limited (January 2010 – present), Equatorial Resources Limited (November 2009 – present), WCP Resources Limited (September 2009 – present), Sovereign Metals Limited (July 2006 – present), Sierra Mining Limited (January 2006 – present), Odyssey Energy Limited (September 2005 – present), Global Petroleum Limited (April 2007 – December 2011), Coalspur Mines Limited (March 2007 – October 2011), Mantra Resources Limited (September 2005 – June 2011), Aguia Resources Limited (September 2008 – August 2010), Pacific Energy Limited (June 2006 – August 2010), Indo Mines Limited (December 2006 – June 2010) and Neon Energy Limited (November 1995 – June 2010).

James Ross AM
Non-Executive Deputy Chairman
Qualifications – B.Sc. (Hons.), PhD, FAusIMM, FAICD

Dr Ross is a leading international geologist whose technical qualifications include an honours degree in Geology at UWA and a PhD in Economic Geology from UC Berkeley. He first worked with Western Mining Corporation Limited for 25 years, where he held senior positions in exploration, mining and research. Subsequent appointments have been at the level of Executive Director, Managing Director and Chairman in a number of small listed companies in exploration, mining, geophysical technologies, renewable energy and timber. His considerable international experience in exploration and mining includes South America, Africa, South East Asia and the Western Pacific.

Dr Ross is a Director of Kimberley Foundation Australia Inc, and chairs its Science Advisory Council. He also chairs the Boards of a geoscience research centre and two foundations concerned with geoscience education in Western Australia.

He was appointed a Director of Berkeley Resources Limited on 4 February 2005 and appointed Non-Executive Chairman on 14 January 2011. He has not been a Director of another listed company in the three years prior to the end of the financial year.

Mr Robert Behets
Non-Executive Director
B.Sc (Hons), FAusIMM, MAIG

Mr Behets is a geologist with over twenty four years' experience in the mineral exploration and mining industry in Australia and internationally. He held various senior management positions during a long career with WMC Resources Limited, including Manager Commercial - St Ives Gold Operations and Group Manager Exploration. Most recently, he was instrumental in the founding, growth and development of Mantra Resources Limited, an African focused uranium company, through to its acquisition by ARMZ for approximately A$1 billion in 2011.

Mr Behets has a strong combination of technical, commercial and managerial skills and extensive experience in exploration, mineral resource and ore reserve estimation, feasibility studies and operations across a range of commodities, including gold, uranium and base metals. He is a Fellow of The Australasian Institute of Mining and Metallurgy, a Member of the Australian Institute of Geoscientists and a current member of the Australasian Joint Ore Reserve Committee (JORC).

Mr Behets was appointed a Director of the Company on 27 April 2012. During the three year period to the end of the financial year, Mr Behets has held directorships in Papillon Resources Limited (May 2012 – present) and Mantra Resources Limited (November 2005 – June 2011).

Jose Ramon Esteruelas
Non-Executive Director
Qualifications – BEcon.,LLB., PDipBus

Señor Esteruelas is an economist with vast experience in the managerial field whose senior executive roles have included Director General of Correos y Telegrafos (the Spanish postal service), Chief Executive Officer of Compania Espanola de Transformadora de Tabaco en Rama S.A. (Cetarsa), (the leading transformer tobacco company in Spain) and Executive Chairman of Minas de Almaden y Arrayanes SA (formerly the world's largest mercury producer).

Señor Esteruelas was appointed a Director of Berkeley Resources Limited on 16 November 2006. Señor Esteruelas has not held any other directorships of listed companies in the last three years.

Mr Clint McGhie
Company Secretary and Chief Financial Officer
Qualifications – B.Com, CA, ACIS, FFin

Mr McGhie is a Chartered Accountant and Chartered Secretary. He commenced his career at a large international Chartered Accounting firm, before moving to commerce in the role of financial controller and company secretary. Mr McGhie now works in the corporate office of a number of public listed companies focussed on the resources sector.

Mr McGhie was appointed Company Secretary and Chief Financial Officer of Berkeley Resources Limited on 18 May 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the year consisted of mineral exploration. There was no significant change in the nature of those activities.

EMPLOYEES

	2012	2011
The number of full time equivalent people employed by the Consolidated Entity at balance date	38	44

DIVIDENDS

No dividends have been declared, provided for or paid in respect of the financial year ended 30 June 2012 (2011: nil).

EARNINGS PER SHARE

	2012 Cents	2011 Cents
Basic loss per share	(7.70)	(10.75)
Diluted loss per share	(7.70)	(10.75)

CORPORATE STRUCTURE

Berkeley Resources Limited is a company limited by shares that is incorporated and domiciled in Australia. The Company has prepared a consolidated financial report including the entities it acquired and controlled during the financial year.

CONSOLIDATED RESULTS

	2012 $	2011 $
Loss of the Consolidated Entity before income tax expense	(13,487,535)	(16,315,195)
Income tax expense	-	-
Net loss	(13,487,535)	(16,315,195)
Net loss attributable to members of Berkeley Resources Limited	(13,487,535)	(16,315,195)

REVIEW OF OPERATIONS AND ACTIVITIES

Berkeley is a uranium exploration and development company with a quality resource base in Spain. The Company has a significant tenement holding with a broad range of uranium exploration and development projects in the Salamanca, Cáceres, Badajoz and Barcelona Provinces.

During the financial year, the Group continued the development of its Retortillo-Santidad deposit, whilst working towards a successful agreement with Enusa Industrias Avanzadas S.A. ('ENUSA') regarding the development and exploitation of the State Reserves, all located in the Salamanca Province, Spain.

Highlights during, and subsequent to, the financial year end include:

(i) Agreement with ENUSA regarding select uranium resources within the State Reserves

The Company reached agreement with ENUSA on terms which provide the Company with a 100% interest in select uranium resources within State Reserves held by ENUSA.

Under the agreement, Berkeley holds a 100% interest in, and the exploitation rights to, State Reserves 28 and 29 ('Addendum Reserves') whilst waiving its rights to mine in State Reserves where ENUSA has undertaken rehabilitation.

The Addendum Reserves include the substantial unmined Alameda deposit, the Villar deposit and additional prospects. Total resources for the Addendum Reserves are currently estimated at 30.6 million pounds of contained U_3O_8 at an average grade of 465 ppm (at a cut-off grade of 200 ppm U_3O_8). 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.

The outcome has successfully resolved long standing difficulties for all parties involved, including termination of the arbitration proceeding between the Company and ENUSA.

(ii) Salamanca Project

Following the Agreement with ENUSA, Berkeley's focus is on the advancement of the integrated Salamanca Project, which comprises the Retortillo-Santidad and Alameda deposits plus a number of other Satellite deposits, through the development phase. With a combined 100% owned resource base totalling 59.2 million pounds of contained U_3O_8 at an average grade of 426 ppm (at a cut-off grade of 200 ppm U_3O_8), the integrated Salamanca Project has the potential to support a significant annual production rate and mine life.

(iii) Preliminary Feasibility Study – Retortillo-Santidad

In January 2012, the Company announced the results from the Preliminary Feasibility Study ('PFS') for the first stage of development of Retortillo-Santidad (formerly the Salamanca I Project) as a stand-alone project. The results of the Study demonstrated the technical and economic viability of the project, with competitive operating metrics, robust economics, and further upside through the incorporation of additional Satellite deposits.

(iv) Metallurgical Test Work

Further metallurgical test work program was undertaken on a 4.7 tonne bulk sample, representative of the Retortillo deposit, at Mintek's mineral processing facility in Johannesburg. Initial results for 6 metre column tests for the Retortillo samples indicate metallurgical recoveries is in the range of 90% (+/- 2%) after 80 days, with acid consumption of approximately 20 kilograms per tonne for the bacterial leach columns. These figures are consistent with the assumptions used in the Retortillo-Santidad PFS.

(v) Permitting and Licensing Process

In October 2011, the Company commenced the permitting and licensing process for the stand-alone Retortillo-Santidad Project with the submission of an application for the conversion of the Pedreras Investigation Permit into an Exploitation Concession. Following a period of consultation with the regional government of Castilla y Leon, the application was accepted and has progressed to a period of public consultation ending in September 2012.

Activities during the year

Exploration and Drilling

During the year, Berkeley completed over 400 drill holes totalling more than 25,000 metres in drilling campaigns at Retortillo-Santidad, Villares, Gambuta and the State Reserves.

Table 1: Drilling Activity in 2011/12

Project	Total Number Holes	Total Metres	Number holes Diamond	Metres Diamond	Number holes RC	Metres RC
Alameda South	**10**	**419**			10	419
Mimbre	**6**	**426**			6	426
Sageras	**11**	**422**			11	422
Retortillo-Santidad	**318**	**19,202**	18	1,243	300	17,959
Villares	**59**	**3,331**			59	3,331
Gambuta	**19**	**1,498**	3	269	16	1,229
Total	**423**	**25,298**	**21**	**1,512**	**402**	**23,786**

The majority of the drilling completed during the year was at Retortillo-Santidad and had the aim of:

- Confirming the validity of the historic drilling conducted by ENUSA;
- To provide more geological data to support a more detailed geological model;
- To convert most of the resources, where possible, to Indicated Resources;
- To extend the existing resources; and
- To complete sterilisation drilling in areas of the proposed mine and process plant infrastructure.

The drilling was successful in confirming known mineralisation and extending the mineralisation in some areas where local fracture systems were found to be mineralised outside the previously defined resource. Following the receipt of all chemical assay results, the resource estimates were updated resulting in a significant increase in the Indicated Resource category, with 56% of the Retortillo resource and 78% of the Santidad resource in this category. There was however, a 23% and 34% decrease in contained U_3O_8 at a 200ppm cut-off grade at Retortillo and Santidad respectively, due to a combination of two factors: overestimation of the original Mineral Resource Estimates as a consequence of the methodology applied (based on a recovered fraction with grade estimation carried out using inverse distance) and lesser continuity of the mineralisation zone as observed in the resource infill drilling.

Diamond drilling at Retortillo-Santidad was also completed to obtain core samples for geotechnical tests to support the PFS.

Notable intersections are summarised in the Table 2 below:

Table 2: Retortillo-Santidad - Significant Intersections (at 200ppm cut-off)

Deposit	Hole ID	From (m)	To (m)	Thick (m)	U_3O_8 (ppm)
Retortillo	RTR-266	21	31	10	1,285
Retortillo	RTR-317	19	47	28	273
Retortillo	RTR-324	31	45	12	797
		83	97	12	738
Retortillo	RTR-327	18	32	14	624
Santidad	SNR-211	26	31	5	423
		33	34	1	336
		37	39	2	604
Santidad	SNR-280	0	19	19	313
Santidad	SNR-287	10	14	4	2356
Santidad	SNR-289	58	68	10	357
		73	76	3	656
Santidad	SNR-297	43	51	8	769

In early 2012, exploration programs targeting select satellite deposits within the Retortillo-Santidad area and the Gambuta deposit were undertaken with the aim of confirming and extending known resources and testing new prospect areas.

Drill testing of radiometric anomalies confirmed the presence of shallow high grade uranium mineralisation at the Villares and Villares North prospects (located 7 km to the north of Retortillo-Santidad) resulting in the delineation of a new mineral resource estimate totalling 0.97Mt at 597ppm U_3O_8 for 1.28Mlbs U_3O_8. Select intercepts from the drilling are summarised in the following table.

Table 3: Villares RC Drilling - Significant Intersections (200ppm cut-off)

Villares	From (m)	To (m)	Thick (m)	U_3O_8 (ppm)
VIR-001	1.0	16.0	15.0	1,524
VIR-007	6.0	15.0	9.0	2,363
VIR-011	22.0	28.0	6.0	3,685
VIR-042	2.0	11.0	9.0	783
	26.0	30.0	4.0	1,277
	55.0	59.0	4.0	1,876
VIR-043	59.0	61.0	2.0	1,437
VIR-044	14.0	24.0	10.0	2,096

This drilling highlights the potential to identify additional uranium resources in outcropping and covered areas in close proximity to Retortillo-Santidad, with numerous other radiometric anomalies yet to be adequately tested by drilling.

Drilling at Gambuta comprised initial infill reverse circulation ('RC') and diamond drilling to upgrade the resource classification. The drilling focused on the north-western portion of the deposit and confirmed the style of mineralisation and suggests continuity of thick zones of mineralisation, commonly in the range of 2 to 16m. Assay results for the drill hole samples are pending.

Other exploration work included a desktop review of the Company's current tenement holdings and initiation of field work to assess the potential of several regional licenses.

Mineral Resources

The current Mineral Resource Estimates for all deposits is tabulated below (using a 200ppm U_3O_8 cut-off grade) incorporating the results from the recent drilling campaigns and together with previously obtained information. The resources listed below include only those resources owned 100% by Berkeley following the ENUSA agreement signed in July 2012.

Table 4: Mineral Resource Statement as at August 2012 (at a 200ppm cut-off grade)

Deposit Name	Resource Category	Tonnes (Mt)	U_3O_8 (ppm)	U_3O_8 (Mlbs)	Category (%)
Retortillo	Measured	0.0	0	0.0	0%
	Indicated	6.1	416	5.6	56%
	Inferred	5.3	376	4.4	44%
	Total	***11.5***	***397***	***10.1***	***100%***
Santidad	Measured	0.0	0	0.0	0%
	Indicated	2.8	350	2.2	78%
	Inferred	0.9	308	0.6	22%
	Total	***3.7***	***340***	***2.8***	***100%***
Retortillo - Santidad	Measured	0.0	0	0.0	0%
	Indicated	8.9	395	7.8	61%
	Inferred	6.2	366	5.0	39%
	Total	***15.2***	***383***	***12.8***	***100%***
Zona 7	Inferred	3.9	414	3.6	100%
Las Carbas	Inferred	0.6	443	0.6	100%
Cristina	Inferred	0.8	460	0.8	100%
Caridad	Inferred	0.4	382	0.4	100%
Villares	Inferred	0.7	672	1.1	100%
Villares North	Inferred	0.3	388	0.2	100%
Retortillo-Santidad Satellites	Inferred	6.7	447	6.6	100%
Alameda	Measured	0.0	0	0.0	0%
	Indicated	20.0	455	20.1	95%
	Inferred	0.7	657	1.0	5%
	Total	***20.7***	***462***	***21.1***	***100%***
Villar	Inferred	5.0	446	4.9	100%
Alameda Nth Zone 2	Inferred	1.2	472	1.3	100%
Alameda Nth Zone 19	Inferred	1.1	492	1.2	100%
Alameda Nth Zone 21	Inferred	1.8	531	2.1	100%
Alameda Satellites	Inferred	9.1	472	9.5	100%
Gambuta	Inferred	11.3	371	9.2	100%
Integrated Salamanca Project	***Measured***	***0.0***	***0***	***0.0***	***0%***
	Indicated	***29.0***	***437***	***27.9***	***47%***
	Inferred	***34.0***	***418***	***31.3***	***53%***
	Total	***63.0***	***426***	***59.2***	***100%***

Preliminary Feasibility Study – Retortillo-Santidad

In January 2012, the Company announced the results from the PFS for the first stage of the stand-alone development of the Retortillo-Santidad deposit (formerly the Salamanca I Project). This Study demonstrated a project with competitive operating metrics and robust economics with further upside through the incorporation of additional regional satellite deposits. The Study also formed the basis for the Exploitation Plan which was presented to the Regional Government of Castilla y Leon.

Under the initial Exploitation Plan, Retortillo-Santidad is the first deposit into production with a mine life of 10 year. The mine was designed as a conventional open pit operation, utilising a continuous rehabilitation program, with waste continuously transferred to backfill and rehabilitate the operating pit. The deposit is divided into two zones of mineralisation which are separated by a distance of 3km. The process plant was situated at Retotillo where the majority of resources are located. The layout contemplated ore from Santidad being primary crushed close to the pit and conveyed to Retortillo for processing. Whilst the resource estimate uses a cut-off grade of 200 ppm, the mine design provides for an optimal and operational cut-off grade of 96 ppm U_3O_8.

The test work carried out on the ore has demonstrated that the mineralisation is amenable to heap leaching, and more specifically for bacterial leaching, with the required natural bacteria already existing in the ore. Accordingly, the basic scheme designed for the Retortillo-Santidad was an on-off pad heap leach. The ripios (heap leach residue) would be backfilled into lined and isolated areas previously mined within the pit. Uranium treatment involves Solvent Extraction ('SX') followed by ammonia precipitation, calcinations and packaging. This design allows the footprint of the affected area to be minimised and avoids slurry and the requirement for a tailing dam by placing the ripios encapsulated with the waste inside the pit, allowing high quality continuous rehabilitation of the site.

The production schedule contemplated a process recovery of 87.5%.

The PFS included the following production outcomes:

- 11.5 Mlbs U_3O_8 produced over a 10 year Life of Mine (in production); and
- 1.42 Mlbs U_3O_8 produced per annum on average over the initial 6 years of production.

Further details on the results of the Study are available in the ASX Announcement dated 30 January 2012.

Metallurgical Test Work

A further full-scale metallurgical test work program was undertaken on a 4.7 tonne bulk sample, representative of the Retortillo deposit, at Mintek's mineral processing facility in Johannesburg. The scope of work of the test work program included:

- Bench scale comminution tests;
- ISO-pH tests;
- Diagnostic assay and agglomerate acid cure test;
- Geomechanical tests;
- 6m Column tests; and
- Solvent extraction test work through to ADU precipitation.

The test work was recently completed and initial results indicate that the assumptions used in the PFS regarding the process flow sheet, uranium recovery, acid consumption and leach time will be reinforced. Analytical data of the pregnant liquor solution ('PLS') obtained and solvent extraction ('SX') text work also indicate that there are no impurities at levels that could adversely impact the quality of the uranium yellow cake to be produced. The leach solution has low concentrations of all common penalty elements.

Uranium recovery, leach times and acid consumption have been calculated for the nine 6m columns with available assay results and recovery is in the range of 90% (+/- 2%) after 80 days, with acid consumption of approximately 20 kg/t for the bacterial leach columns. This represents a 20% reduction in acid consumption when compared with the non-bacterial leach tests for the same recovery and leach time.

Geomechanical testing has also been completed with the results indicating that some optimisation of the heap leach stack height may be required. This may lead to lower lift heights for the more weathered mineralisation.

Full results for the metallurgical test work are expected in the December quarter of 2012.

Permitting

In October 2011, Berkeley initiated the licensing and permitting process for the development of Retortillo-Santidad with the submission of an application for the conversion of the Pedreras Investigation Permit into an Exploitation Concession. The submission included a Scoping Environmental Impact Assessment and was subjected to a consultation period. The Company received confirmation from the Regional Government of Castilla y Leon that the Scoping Environmental Impact Assessment was successfully processed in March 2012 following the consultation period.

In March 2012, the Company submitted key documents for the permitting process, including:

- The Exploitation Plan;
- The Environmental Impact Assessment;
- The Restoration and Closure Plans;
- Authorisation for the use of rural land for industrial purposes; and
- Initial Authorisation for the Radioactive Facility Application.

The application was approved for public information in May 2012, and the documents are now subject to a period of public consultation which is expected to be completed in September 2012. The Company's response to public comment will be subject to clearance and direction from the authorities before they are incorporated into the Project.

The documentation submitted for the Initial Authorization of the process plant as a radioactive facility has also entered a public information period, in parallel with the public information period of the application for reclassification (from rural to mining use) of the surface land area affected by the Project.

Berkeley expects to commence the permitting process for the Alameda deposit in the December quarter of 2012.

In October 2011, the Company also signed a co-operation agreement for the exploitation of the Retortillo-Santidad uranium deposit located with the municipalities of Retortillo and Villavieja de Yeltes. The agreement is an important step in progressing through the permitting phase to production. As part of the agreement, the municipalities undertake to actively contribute throughout the necessary administrative procedures required for the project to achieve both licensing and permitting. Berkeley in turn commits to contribute to the economic and social development of the municipalities.

Salamanca Project

Agreement with ENUSA

Subsequent to the end of the year, Berkeley reached agreement with ENUSA on terms which provide the Company with a 100% interest in select uranium resources within State Reserves held by ENUSA (refer ASX Announcement dated 24 July 2012).

Under the agreement, Berkeley holds a 100% interest in, and the exploitation rights to, State Reserves 28 and 29 ('Addendum Reserves') whilst waiving its rights to mine in State Reserves where ENUSA has undertaken rehabilitation (Figure 1). The Addendum Reserves include the substantial unmined Alameda deposit, the Villar deposit and additional prospects. Total resources for the Addendum Reserves are currently estimated at 30.6 million pounds of contained U_3O_8 at an average grade of 465 ppm.

The new agreement with ENUSA is in the form of an Addendum to the Consortium Agreement signed with ENUSA in January 2009, and subsequently approved by the Council of Ministers of the Spanish Government in April 2009. The Addendum was signed and notarised in Madrid on 23 July 2012, and 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 now 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. These properties have combined resources estimated at 21.9 million pounds of U_3O_8 (Berkeley's previous 90% interest equated to 19.7 million pounds);
- Berkeley 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.

These outcomes successfully resolved long standing difficulties for all parties involved, including termination of the arbitration proceeding between the Company and ENUSA.

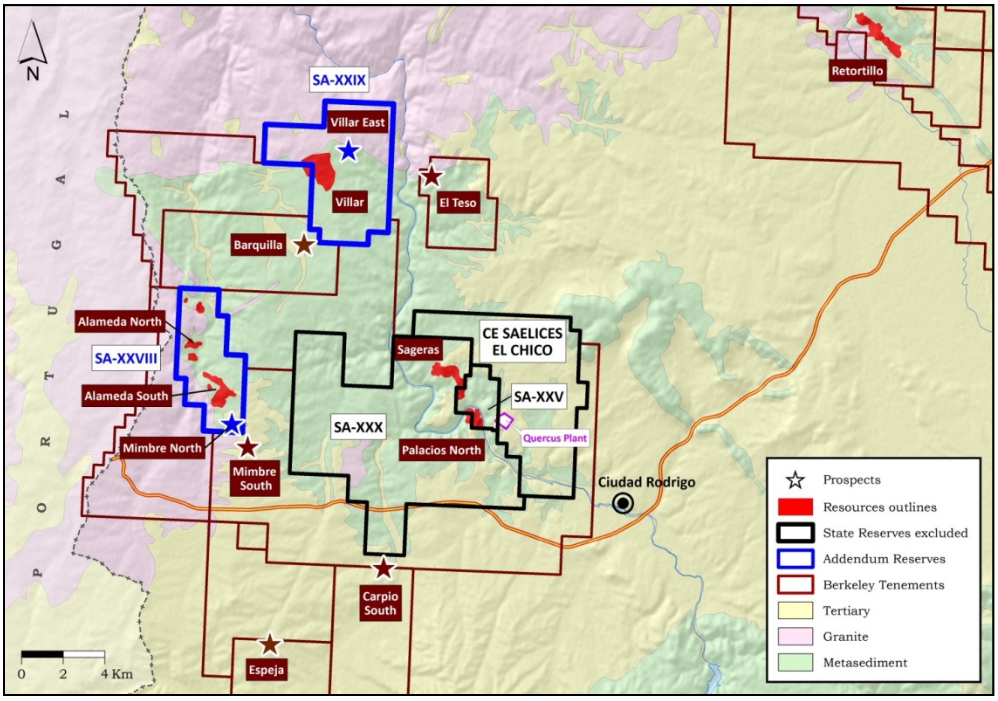

Figure 1: Addendum Reserves, excluded State Reserves, Berkeley tenements, and unmined deposits in Salamanca Province

Project Integration

Following the agreement with ENUSA in July 2012, Berkeley's current focus is on the advancement of its, wholly owned, flagship integrated Salamanca Project, through the development phase. The integrated Salamanca Project comprises the Retortillo-Santidad and Alameda deposits plus a number of other Satellite deposits.

The results of a PFS completed in early 2012 confirmed the technical and economic viability of a stand-alone project exploiting the Retortillo-Santidad deposit, whilst the Alameda deposit formed part of a separate Feasibility Study completed in 2011. The Company is now undertaking an initial assessment of the integrated development of these two deposits and believes the integrated Salamanca Project has the potential to support a significant annual production rate and mine life.

Corporate

At 30 June 2012, the Group had cash reserves of over A$37.5 million, with no debt. This puts the Group in a strong financial position as it looks to progress the development of its Integrated Salamanca Project.

There were a number of changes to the Board and Management team during the year.

Former executives, Mr Ian Stalker and Mr Henry Horne resigned as Non Executive Directors effective 29 November 2011 and 1 January 2012 respectively. Mr Laurie Marsland, who was appointed a Non Executive Director on 25 August 2011, subsequently resigned effective 10 May 2012.

Mr Brendan James resigned as CEO and Managing Director of the Company effective 27 April 2012 for personal reasons.

Mr Ian Middlemas was appointed Non Executive Chairman and Mr Robert Behets a Non Executive Director on 27 April 2012. These appointments significantly strengthened the Board's corporate and technical capacity following the departure of Mr James as Managing Director.

Prior to joining the Board, Mr Middlemas and Mr Behets agreed to participate in a placement of 5 million shares at an issue price of $0.30 each to raise $1.5 million before costs. Each share had a free attaching option exercisable at $0.45 each on or before 30 June 2016.

Mr Clint McGhie was appointed Company Secretary and Chief Financial Officer on 18 May 2012, replacing Mr Sam Middlemas as Company Secretary.

Business Strategies and Prospects

The Consolidated Entity currently has the following business strategies and prospects over the medium to long term:

- to conduct studies into the feasibility of exploiting the Integrated Salamanca Project in Spain;
- to continue to explore its portfolio of mineral permits in Spain; and
- continue to examine new opportunities in minerals and energy exploration and development.

Risk Management

The Board is responsible for the oversight of the Consolidated Entity's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management with Directors having the ultimate responsibility for the risk management and control framework.

Arrangements put in place by the Board to monitor risk management include monthly reporting to the Board in respect of operations and the financial position of the Group.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as disclosed below, there were no significant changes in the state of affairs of the Consolidated Entity during the year.

- On 25 August 2011 Laurence Marsland was appointed Non Executive Director of the Company. Mr Marsland subsequently resigned as a Director effective 10 May 2012.

- Following shareholder approval on 20 September 2011, the Company has issued 2,000,000 Incentive Options to Mr Brendan James each with an exercise price of 41 cents, with an expiry date of 1 May 2016. All of these Options vest on 30 May 2014, or on the date a Change of Control event occurs. These Options were all subsequently forfeited following the resignation of Mr James.

- In addition to the above, a further 1,000,000 options were issued to employees on 23 September 2011 under the Berkeley Employee Option Scheme with an exercise price of $0.41 each and an expiry date of 21 September 2015, vesting in three equal tranches on 21 September 2012, 21 September 2013 and 21 September 2014.

- Mr Ian Stalker resigned as a Non Executive Director of the Company effective 29 November 2011.

- Mr Steven Turner was appointed Chief Financial Officer of the Company effective 12 December 2012. He resigned from this position on 27 April 2012.

- Mr Henry Horne resigned as a Non Executive Director of the Company effective 1 January 2012.

- 500,000 options were issued to employees on 20 February 2012 under the Berkeley Employee Option Scheme with an exercise price of $0.475 each and an expiry date of 22 December 2015, with 300,000 vesting on 22 December 2013 and 200,000 vesting on 22 December 2014.

- On 2 April 2012, Berkeley advised that its wholly-owned subsidiary, Berkeley Minera Espana S.A. ('BME') had initiated International Arbitration proceedings against Enusa Industrias Avanzadas, S.A ('ENUSA'), through the Paris-based International Court of Arbitration of the International Chamber of Commerce.

- 1,500,000 options were issued to Mr Turner on 11 April 2012 under the Berkeley Employee Option Scheme with an exercise price of $0.475 each and an expiry date of 22 December 2015, vesting in three equal tranches on 12 December 2012, 12 December 2013 and 12 December 2014. Following his resignation from the Company, the Board agreed to allow Mr Turner to retain 500,000 options. The remaining options were forfeited.

- Mr Brendan James resigned as CEO and Managing Director of the Company effective 27 April 2012.

- On 26 April 2012, the Company made a placement of 5 million shares at $0.30 each to raise $1.5 million (before costs) to the nominees of Mr Ian Middlemas and Mr Robert Behets. Each share had a free attaching option exercisable at $0.45 each on or before 30 June 2016. In addition, a further 500,000 options on the same terms and conditions were issued as part of the placement fee arrangement.

- Mr Ian Middlemas was appointed Non Executive Chairman and Mr Robert Behets a Non Executive Director on 27 April 2012.

- Mr Clint McGhie was appointed Company Secretary on 18 May 2012, replacing Mr Sam Middlemas.

SIGNIFICANT POST BALANCE DATE EVENTS

Since the end of the financial year, the following events have significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years:

- On 24 July 2012, the Company advised that it has reached agreement with Enusa Industrias Avanzadas S.A. ('ENUSA') on terms which provide the Company with a 100% interest in select uranium resources within State Reserves held by ENUSA. The agreement successfully resolved long standing difficulties for all parties involved, including termination of the arbitration proceeding between the Company and ENUSA.

- Mr Matthew Syme resigned as a Non Executive Director of the Company on 2 August 2012.

Other than the above there are no matters or circumstances, which have arisen since 30 June 2012 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2012, of the Consolidated Entity;

- the results of those operations, in financial years subsequent to 30 June 2012, of the Consolidated Entity; or

- the state of affairs, in financial years subsequent to 30 June 2012, of the Consolidated Entity.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve.

Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities.

There have been no significant known breaches by the Consolidated Entity during the financial year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

It is the Board's current intention that the Consolidated Entity will continue with development of its Spanish uranium projects. The Company will also continue to examine new opportunities in mineral exploration, including uranium.

All of these activities are inherently risky and the Board is unable to provide certainty that any or all of these activities will be able to be achieved. In the opinion of the Directors, any further disclosure of information regarding likely developments in the operations of the Consolidated Entity and the expected results of these operations in subsequent financial years may prejudice the interests of the Company and accordingly no further information has been disclosed.

INFORMATION ON DIRECTORS' INTERESTS IN SECURITIES OF BERKELEY

Current Directors	Interest in Securities at the Date of this Report Ordinary Shares(i)	 $0.75 Listed Options(ii)	 $0.45 Unlisted Options(iii)
Ian Middlemas	5,300,000	-	4,000,000
James Ross	315,000	257,500	-
Robert Behets	1,000,000	-	1,000,000
Jose Ramon Esteruelas	-	500,000	-

Current Directors	Interest in Securities issued during the year Ordinary Shares(i)	 $0.45 Unlisted Options(iii)	 $0.41 Incentive Options(iv)
Ian Middlemas	4,000,000(v)	4,000,000(vi)	-
James Ross	-	-	-
Robert Behets	1,000,000(v)	1,000,000(vi)	-
Jose Ramon Esteruelas	-	-	-
Former Director			
Brendan James	-	-	2,000,000(vii)

Notes

(i) "Ordinary Shares" means fully paid ordinary shares in the capital of the Company.

(ii) "$0.75 Listed Options" means an option to subscribe for 1 Ordinary Share in the capital of the Company at an exercise price of $0.75 each on or before 15 May 2013.

(iii) "$0.45 Unlisted Options" means an option to subscribe for 1 Ordinary Share in the capital of the Company at an exercise price of $0.45 each on or before 30 June 2016.

(iv) "$0.41 Incentive Options" means an option to subscribe for 1 Ordinary Share in the capital of the Company at an exercise price of $0.41 each on or before 1 May 2016.

(v) These shares were subscribed for in a placement in April 2012 at a price of $0.30 each, prior to Mr Middlemas and Mr Behets joining the board.

(vi) The $0.45 Unlisted Options were issued as free attaching options on a one for one basis in the April 2012 placement.

(vii) Mr James was granted the $0.41 Incentive Options as part of his remuneration package as an incentive to perform. These options were forfeited upon Mr James' resignation in April 2012.

SHARE OPTIONS

At the date of this report the following options have been issued over unissued capital:

Listed Options

- 11,894,428 listed options at an exercise price of $0.75 each that expire on 15 May 2013.

Unlisted Options

- 1,000,000 unlisted options at an exercise price of $1.25 each that expire on 1 December 2013.
- 2,258,333 unlisted options at an exercise price of $1.35 each that expire on 18 June 2014.
- 1,000,000 unlisted options at an exercise price $0.41 each that expire on 21 September 2015.
- 1,000,000 unlisted options at an exercise price of $0.475 each that expire on 22 December 2015.
- 5,500,000 unlisted options at an exercise price of $0.45 each that expire on 30 June 2016.

These options do not entitle the holders to participate in any share issue of the Company or any other body corporate. During the financial year, there were no new shares issued as a result of the exercise of listed or unlisted options. There were 5,509,167 unlisted options that lapsed during the year (2,455,834 expired and 3,053,333 forfeited). Since 30 June 2012, there have been 95,000 shares issued as a result of the exercise of listed options and no new shares issued as a result of the exercise of unlisted options on issue.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors and the Audit Committee and Remuneration Committee held during the year ended 30 June 2012, and the number of meetings attended by each director.

	Board Meetings Number Eligible to Attend	Board Meetings Number Attended	Audit Committee Meetings Number Eligible to Attend	Audit Committee Meetings Number Attended	Remuneration Committee Meetings Number Eligible to Attend	Remuneration Committee Meetings Number Attended
Current Directors						
Ian Middlemas	-	-	-	-	-	-
James Ross	10	10	3	3	-	-
Robert Behets	-	-	-	-	-	-
Jose Ramon Esteruelas	10	10	3	2	-	-
Former Directors						
Brendan James	10	9	-	-	-	-
Henry Horne	6	6	-	-	-	-
Laurence Marsland	9	9	-	-	-	-
Ian Stalker	4	4	-	-	-	-
Matthew Syme	10	10	3	3	-	-

REMUNERATION REPORT (AUDITED)

This report details the amount and nature of remuneration of each director and executive officer of the Company.

Details of Key Management Personnel

The Key Management Personnel of the Group during or since the end of the financial year were as follows:

Directors

Mr Ian Middlemas	Non-Executive Chairman (appointed 27 April 2012)
Dr James Ross	Non-Executive Deputy Chairman (previously Non-Executive Chairman)
Mr Robert Behets	Non-Executive Director (appointed 27 April 2012)
Señor Jose Ramon Esteruelas	Non-Executive Director
Mr Matthew Syme	Non-Executive Director (resigned 2 August 2012)
Mr Laurence Marsland	Non-Executive Director (appointed 25 August 2011, resigned 9 May 2012)
Mr Brendan James	Managing Director (resigned 27 April 2012)
Mr Henry Horne	Non-Executive Director (resigned 1 January 2012)
Mr Ian Stalker	Non-Executive Director (resigned 29 November 2011)

Executives

Francisco Bellón del Rosal	General Manager Operations
Javier Colilla Peletero	Senior Vice President Corporate
Clint McGhie	Chief Financial Officer and Company Secretary (appointed 18 May 2012)
Sam Middlemas	Company Secretary (resigned 18 May 2012)
Steven Turner	Chief Financial Officer (appointed 12 December 2011, resigned 27 April 2012)

There were no other key management personnel of the Company or the Group. Unless otherwise disclosed, the Key Management Personnel held their position from 1 July 2011 until the date of this report.

Remuneration Policy

The remuneration policy for the Group's Key Management Personnel (including the Managing Director) has been developed by the Board taking into account:

- the size of the Group;
- the size of the management team for the Group;
- the nature and stage of development of the Group's current operations; and
- market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

In addition to considering the above general factors, the Board has also placed emphasis on the following specific issues in determining the remuneration policy for key management personnel:

- the Group is currently focused on undertaking exploration and development activities with a view to expanding and developing its resources. In line with the Group's accounting policy, all exploration expenditure prior to a feasibility study is expensed. The Group continues to examine new business opportunities in the energy and resources sector;
- risks associated with resource companies whilst exploring and developing projects; and
- other than profit which may be generated from asset sales (if any), the Group does not expect to be undertaking profitable operations until sometime after the successful commercialisation, production and sales of commodities from one or more of its current projects, or the acquisition of a profitable mining operation.

Remuneration Policy for Executives

The Group's remuneration policy is to provide a fixed remuneration component and a performance based component (options and a cash bonus, see below). The Board believes that this remuneration policy is appropriate given the considerations discussed in the section above and is appropriate in aligning Key Management Personnel objectives with shareholder and business objectives.

REMUNERATION REPORT (AUDITED) (Continued)

Performance Based Remuneration – Incentive Options

The Board has chosen to issue incentive options to Key Management Personnel as a key component of the incentive portion of their remuneration, in order to attract and retain the services of the Key Management Personnel and to provide an incentive linked to the performance of the Company. The Board considers that each Key Management Personnel's experience in the resources industry will greatly assist the Company in progressing its projects to the next stage of development and the identification of new projects. As such, the Board believes that the number of incentive options granted to Key Management Personnel is commensurate to their value to the Company.

The Board has a policy of granting options to Key Management Personnel with exercise prices at and/or above market share price (at time of agreement). As such, incentive options granted to Key Management Personnel will generally only be of benefit if the Key Management Personnel perform to the level whereby the value of the Company increases sufficiently to warrant exercising the incentive options granted.

Other than service-based vesting conditions, there are no additional performance criteria on the incentive options granted to Key Management Personnel, as given the speculative nature of the Group's activities and the small management team responsible for its running, it is considered the performance of the Key Management Personnel and the performance and value of the Company are closely related.

Performance Based Remuneration – Cash Bonus

In addition, some Key Management Personnel are entitled to an annual cash bonus upon achieving various key performance indicators, to be determined by the Board. On an annual basis, after consideration of performance against key performance indicators, the Board determines the amount, if any, of the annual cash bonus to be paid to each Key Management Personnel.

Impact of Shareholder Wealth on Key Management Personnel Remuneration

During the Group's exploration and development phases of its business, the Board anticipates that it will retain future earnings (if any) and other cash resources for the operation and development of its business. Accordingly the Company does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore there was no relationship between the Board's policy for determining, or in relation to, the nature and amount of remuneration of KMP and dividends paid and returns of capital by the Company during the current and previous four financial years.

The Board does not directly base remuneration levels on the Company's share price or movement in the share price over the financial year and the previous four financial years. However, as noted above, a number of Key Management Personnel have received options which generally will only be of value should the value of the Company's shares increase sufficiently to warrant exercising the incentive options granted.

Impact of Earnings on Key Management Personnel Remuneration

As discussed above, the Group is currently undertaking exploration and development activities, and does not expect to be undertaking profitable operations until sometime after the successful commercialisation, production and sales of commodities from one or more of its current projects.

Accordingly the Board does not consider earnings during the current and previous four financial years when determining, and in relation to, the nature and amount of remuneration of KMP.

Remuneration Policy for Non-Executive Directors

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. Given the current size, nature and risks of the Company, incentive options have been used to attract and retain Non-Executive Directors. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. Fees for Non-Executive Directors are not linked to the performance of the economic entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and Non-Executive Directors have received incentive options in order to secure their services and as a key component of their remuneration.

REMUNERATION REPORT (AUDITED) (Continued)

General

Where required, Key Management Personnel receive superannuation contributions (or foreign equivalent), currently equal to 9% of their salary, and do not receive any other retirement benefit. From time to time, some individuals have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to Key Management Personnel is valued at cost to the company and expensed. Incentive options are valued using the Binomial option valuation methodology and validated by the Black Scholes option pricing model. The value of these incentive options is expensed over the vesting period.

Key Management Personnel Remuneration

Details of the nature and amount of each element of the remuneration of each Director and executive of the Company or Group for the financial year are as follows:

2012	Salary & Fees $	Post Employ-ment Benefits $	Share-Based Payments $	Other Non-Cash Benefits[11] $	Total $	Percentage of Total Remunerat-ion that Consists of Options %	Percentage Performance Related %
Directors							
Ian Middlemas[1]	17,857	-	-	-	17,857	-	-
James Ross	134,267	-	-	-	134,267	-	-
Robert Behets[2]	29,329	-	-	-	29,329	-	-
Jose Ramon Esteruelas	70,002	-	-	-	70,002	-	-
Matthew Syme[3]	50,000	-	-	-	50,000	-	-
Laurence Marsland[4]	38,402	-	-	-	38,402	-	-
Brendan James[5]	267,320	7,851	-	63,719	338,890	-	-
Henry Horne[6]	25,000	-	-	-	25,000	-	-
Ian Stalker[7]	24,625	-	-	-	24,625	-	-
Executives							
Francisco Bellón del Rosal	245,751	15,638	95,166	15,160	371,715	25.60	-
Javier Colilla Peletero	246,611	15,402	150,377	-	412,390	36.46	-
Clint McGhie[8]	-	-	-	-	-	-	-
Sam Middlemas[9]	176,200	-	-	-	176,200	-	-
Steven Turner[10]	184,410	16,521	101,000	-	301,931	33.45	
Total	**1,509,774**	**55,412**	**346,543**	**78,879**	**1,990,608**	**17.41**	**-**

Notes

(1) Mr Ian Middlemas was appointed a Non-Executive Director and Chairman of the Company on 27 April 2012;
(2) Mr Behets was appointed a Non-Executive Director of the Company on 27 April 2012;
(3) Mr Syme resigned as a Non-Executive Director of the Company on 2 August 2012;
(4) Mr Marsland was appointed as a Non-Executive Director on 25 August 2011 and resigned on 9 May 2012;
(5) Mr James resigned as Managing Director of the Company on 27 April 2012 (2,000,000 incentive options issued on 23 September 2011 were cancelled at this time as they had not vested);
(6) Mr Horne resigned as a Non-Executive Director of the Company on 1 January 2012;
(7) Mr Stalker resigned as a Non-Executive Director of the Company on 29 November 2011;
(8) Mr McGhie was appointed Company Secretary and Chief Financial Officer of the Company on 18 May 2012. Mr McGhie provides services as the Company Secretary and Chief Financial Officer through a services agreement between Berkeley and Apollo Group Pty Ltd. Under the agreement, Apollo Group Pty Ltd provides administrative, company secretarial and accounting services, and the provision of a fully serviced office to the Company for a monthly retainer of $24,000;
(9) Mr Sam Middlemas resigned as Company Secretary on 18 May 2012;
(10) Mr Steven Turner was appointed Chief Financial Officer of the Company on 12 December 2012 and resigned on 27 April 2012 (1,500,000 incentive options were issued on 11 April 2012, of which 1,000,000 were forfeited on resignation; and
(11) Other Non-Cash Benefits includes payments made for housing, car-parking and insurance premiums on behalf of the KMP, including Directors & Officers insurance, and in some instances, working directors insurance.

REMUNERATION REPORT (AUDITED) (Continued)

Key Management Personnel Remuneration (Continued)

2011	Salary & Fees $	Post Employ-ment Benefits $	Share-Based Payments $	Other Non-Cash Benefits $	Total $	Percentage of Total Remuneration that Consists of Options %	Percentage Performance Related %
Directors							
James Ross	138,025	2,100	-	-	140,125	-	-
Brendan James	25,000	1,500	-	-	26,500	-	-
Henry Horne	349,649	9,025	415,982	40,682	815,338	51.02	-
Scott Yelland	286,891	13,127	15,442	33,505	348,965	4.43	-
Ian Stalker	278,043	-	724,886	-	1,002,929	72.28	-
Jose Ramon Esteruelas	69,488	-	-	-	69,488	-	-
Matthew Syme	35,000	-	-	-	35,000	-	-
Robert Hawley	73,677	-	-	-	73,677	-	-
Sean James	7,334	-	-	-	7,334	-	-
Executives							
Sam Middlemas	170,011	-	-	-	170,011	-	-
Francisco Bellón del Rosal	23,996	2,394	-	-	26,390	-	-
Javier Colilla Peletero	250,491	-	343,912	-	594,403	57.86	-
Total	**1,707,605**	**28,146**	**1,500,222**	**74,187**	**3,310,160**	**45.32**	

Options Granted to Key Management Personnel

Details of Unlisted Options granted by the Company to each Key Management Personnel of the Group during the financial year are as follows:

2012	Grant Date	Expiry Date	Exercise Price $	Grant Date Fair Value $	No. Granted	Total Value of Options Granted $	No. Vested
Directors							
Brendan James	23-Sep-11	1-May-16	0.41	0.216	2,000,000(3)	432,000	-
Executives							
Francisco Bellón del Rosal	23-Sep-11	21-Sep-15	0.41	0.203	1,000,000	203,000	-
Steven Turner	12-Mar-12	22-Dec-15	0.475	0.202	1,500,000(4)	303,000	500,000

Notes

(1) For details on the valuation of the options, including models and assumptions used, please refer to Note 18 to the financial statements.
(2) Each unlisted option converts into one Ordinary Share of Berkeley Resources Limited.
(3) All of the options granted to Mr James were forfeited upon his resignation.
(4) 1,000,000 of the options granted to Mr Turner were forfeited upon his resignation. The Board agreed to allow Mr Turner to retain 500,000 options.

No options were granted as part of their remuneration to Key Management Personnel during the 2011 financial year.

REMUNERATION REPORT (AUDITED) (Continued)

Details of the value of options granted, exercised or lapsed for each Key Management Person of the Company or Group during the financial year are as follows:

2012	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Value of options included in remuneration for the year $	Percentage of remuneration that consists of options %
Directors					
Brendan James	432,000	-	(517,340)	-	-
Executives					
Francisco Bellón del Rosal	203,000	-	-	95,166	25.60
Steven Turner	303,000	-	(237,120)	101,000	33.45

2011	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Value of options included in remuneration for the year $	Percentage of remuneration that consists of options %
Directors					
Ian Stalker	-	-	(2,476,700)	724,866	72.28
Henry Horne	-	-	(81,666)	415,982	51.02

Employment Contracts with Directors and Executive Officers

Current Directors

Dr James Ross, Non Executive Director has a letter of engagement with Berkeley Resources Limited that was last updated on 15 January 2011 when he was appointed Chairman. Following the appointment of Mr Ian Middlemas as Chairman on 27 April 2012, Dr Ross became the Deputy Chairman of the Company. From 27 April 2012, Dr Ross receives a fixed remuneration component of $50,000 per annum inclusive of superannuation which is the standard fixed remuneration previously set by the Board for Non-Executive Directors.

For the period that Dr Ross was Chairman, he received a fixed remuneration component of $100,000 per annum inclusive of superannuation. The letter of engagement also includes a consultancy arrangement which provides for a consultancy fee at the rate of $1,200 per day for technical geological work done. The consultancy arrangement has a rolling term and may be terminated by the Company by giving 1 months notice.

From the date of his appointment, Mr Ian Middlemas will receive a fixed remuneration component of $100,000 per annum inclusive of superannuation which is the amount previously set by the Board for the position of Chairman.

Mr Robert Behets has a services agreement with the Company dated 18 June 2012, which provides for a consultancy fee at the rate of $1,200 per day for management and technical services provided by Mr Behets. Either party may terminate the agreement without penalty or payment by giving 2 months notice. In addition, Mr Behets also receives the fixed remuneration component of $50,000 per annum inclusive of superannuation as previously set by the Board for Non-Executive Directors.

Señor Jose Ramon Esteruelas, Non Executive Director, was appointed a Director of the Company on 1 November 2006. Señor Esteruelas has a letter of employment with Berkeley Resources Limited dated 16 November 2006. Señor Esteruelas receives a fixed remuneration component of €48,000 per annum. The letter also includes a consultancy agreement which provides for a consultancy fee of €1,000 per day. The consultancy agreement has a rolling term and may be terminated by Señor Esteruelas or by the Company by giving 1 months notice.

REMUNERATION REPORT (AUDITED) (Continued)

Former Directors

Mr Matthew Syme had a letter engagement dated 1 February 2010 relating to his appointment as a Non Executive Director. Mr Syme resigned as a Non Executive Director effective 2 August 2012. The letter specifies the duties and obligations to be fulfilled as a Non Executive Director, and the remuneration was fixed at $50,000 per annum. The letter also included a consultancy arrangement which provided for a consultancy fee at the rate of $1,200 per day, on an as required basis. The consultancy arrangement had a rolling term and may be terminated by the Company by giving 1 months notice.

Mr Laurence Marsland was appointed a Non-Executive Director on 25 August 2011 and he subsequently resigned on 10 May 2012. He had a letter engagement specifying the duties and obligations to be fulfilled as a Non-Executive Director, and the remuneration was fixed at $50,000 per annum. The letter also included a consultancy arrangement which provided for a consultancy fee at the rate of $1,200 per day, on an as required basis. The consultancy arrangement had a rolling term and may be terminated by the Company by giving 1 months notice.

Mr Brendan James terminated his employment contract as Managing Director effective 27 April 2012. He had a contract of employment with Berkeley Resources Limited dated 10 March 2011. The contract specified the duties and obligations to be fulfilled by the Managing Director. The contract had a rolling term and may be terminated by the Company by giving three months notice. No amount was payable in the event of termination for neglect of duty or gross misconduct. Mr James received a fixed remuneration component of $300,000 per annum plus 9% superannuation and the provision of accommodation in Spain and a motor vehicle.

Following shareholder approval on 20 September 2011, Mr James was granted 2,000,000 unlisted incentive options exercisable at $0.41 each on or before 1 May 2016 (36 months vesting period). These options were forfeited upon Mr James resignation effective 27 April 2012.

Mr Ian Stalker, terminated his employment contract as Managing Director on 30 December 2010, and entered into a new letter agreement as a Non-Executive Director. The letter specified the duties and obligations to be fulfilled as a Non-Executive Director, and the remuneration was fixed at $50,000 per annum. The letter also included a consultancy arrangement which provided for a consultancy fee at the rate of $1,200 per day, on an as required basis. The consultancy arrangement had a rolling term and may be terminated by the Company by giving 1 months notice.

Mr Henry Horne, terminated his employment contract as Chief Financial Officer and Acting Managing Director on 30 June 2011, and entered into a new letter agreement as a Non-Executive Director. The letter specified the duties and obligations to be fulfilled as a Non-Executive Director, and the remuneration was fixed at $50,000 per annum. The letter also included a consultancy arrangement which provides for a consultancy fee at the rate of $1,200 per day, on an as required basis. The consultancy arrangement had a rolling term and may be terminated by the Company by giving 1 months notice.

The Board granted Mr Horne 1,250,000 unlisted options exercisable at $1.35 each on or before 18 June 2014 on his appointment. The unvested 833,334 options lapsed on 30 June 2011.

Current Executive

Mr Francisco Bellón, has a contract of employment dated 14 April 2011 and amended on 1 July 2011. The contract specifies the duties and obligations to be fulfilled by the General Manager Operations. The contract has a rolling term and may be terminated by the Company giving 6 months notice, or 12 months in the event of a change of control of the Company. No amount is payable in the event of termination for neglect of duty or gross misconduct. Mr Bellón receives a fixed remuneration component of €190,000 (increased from €140,000 effective 1 November 2011) per annum plus compulsory social security contributions regulated by Spanish law, as well as the provision of accommodation in Salamanca and a motor vehicle.

The Board granted Mr Bellón 1,000,000 unlisted options exercisable at $0.41 each on or before 21 September 2015 under the employee share option scheme. These options vest in three equal tranches on 21 September 2012, 21 September 2013 and 21 September 2014.

REMUNERATION REPORT (AUDITED) (Continued)

Mr Javier Colilla Peletero, has a contract of employment dated 1 July 2010. The contract specifies the duties and obligations to be fulfilled by the Senior Vice President Corporate Affairs. The contract has a rolling term and may be terminated by the Company giving 3 months notice, or 12 months in the event of a change of control of the Company or if the appointment becomes redundant. No amount is payable in the event of termination for neglect of duty or gross misconduct. Mr Colilla receives a fixed remuneration component of €190,000 (increased from €142,000 effective 1 November 2011) per annum plus compulsory social security contributions regulated by Spanish law, as well as an allowance for the use of his private motor vehicle.

The Board granted Mr Colilla 1,000,000 unlisted options exercisable at $1.35 each on or before 18 June 2014 under the employee share option scheme. These options vest in three equal tranches on 18 June 2011, 18 June 2012 and 18 June 2013.

Former Executive

Mr Sam Middlemas had a letter agreement dated 31 May 2010 and revised 26 October 2010 relating to his services as Company Secretary. The letter specified the duties and obligations to be fulfilled as Company Secretary, and the monthly remuneration is fixed at $9,600 for 8 days work per month. The letter also included a consultancy arrangement which provided for additional work to be charged at the rate of $1,200 per day, on an as required basis. The consultancy arrangement had a rolling term and may be terminated by the Company by giving 3 months notice and termination payment.

Mr Steven Turner had a contract of employment with Berkeley Resources Limited dated 12 December 2011. The contract specified the duties and obligations to be fulfilled by the Chief Financial Officer. The contract had a rolling term and may be terminated by the Company by giving three months notice or 12 months in the event of a change of control of the Company or if the appointment becomes redundant. No amount was payable in the event of termination for neglect of duty or gross misconduct. Mr Turner received a fixed remuneration component of $250,000 per annum plus 9% superannuation and the provision of a motor vehicle.

The Board granted Mr Turner 1,500,000 unlisted options exercisable at $0.475 each on or before 22 December 2015 under the employee share option scheme. Upon Mr Turner's resignation effective 27 April 2012, the Board agreed that Mr Turner could retain 500,000 of these options (vesting 12 December 2012) whilst the remaining 1,000,000 were forfeited.

Exercise of Options Granted as Remuneration

During the financial year ended 30 June 2012, there were no options that were exercised by Key Management Personnel (2011: Nil).

AUDITOR'S AND OFFICERS' INDEMNITIES AND INSURANCE

Under the Constitution the Company is obliged, to the extent permitted by law, to indemnify an officer (including Directors) of the Company against liabilities incurred by the officer in that capacity, against costs and expenses incurred by the officer in successfully defending civil or criminal proceedings, and against any liability which arises out of conduct not involving a lack of good faith.

During the financial year, the Company has paid an insurance premium to insure Directors and officers of the Company against certain liabilities arising out of their conduct while acting as a Director or Officer of the Company. The net premium paid was $18,112 (2011: $25,874). Under the terms and conditions of the insurance contract, the nature of liabilities insured against cannot be disclosed.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify an auditor of the Company or of any related body corporate against any liability incurred.

NON-AUDIT SERVICES

There were no non-audit services provided by the auditor (or by another person or firm on the auditor's behalf) during the financial year.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is on page 72 of the Annual Financial Report.

This report is made in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001.

For and on behalf of the Directors

ROBERT BEHETS
Non-Executive Director

27 September 2012

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Craig Gwatkin, who is a Member of The Australian Institute of Mining and Metallurgy and is a full-time 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 ('The JORC Code'). Mr. Gwatkin consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
Revenue from continuing operations	2	**2,610,300**	**1,291,197**
Administration costs		(1,000,845)	(2,015,255)
Exploration costs		(14,531,985)	(15,271,759)
Business development costs		(40,254)	-
Other share based payments expense	3	(497,111)	(319,378)
Loss on disposal of assets		(27,640)	-
Loss before income tax expense		**(13,487,535)**	**(16,315,195)**
Income tax expense	4	-	-
Loss after income tax expense		**(13,487,535)**	**(16,315,195)**
Other Comprehensive Income			
Exchange differences arising on translation of foreign operations		**(1,055,300)**	**(795,406)**
Income tax on other comprehensive income		**-**	**-**
Total Comprehensive Loss		**(14,542,835)**	**(17,110,601)**
Loss attributable to:			
Members of Berkeley Resources Limited		(13,487,535)	(16,315,195)
Loss after income tax expense		**(13,487,535)**	**(16,315,195)**
Total comprehensive loss attributable to:			
Members of Berkeley Resources Limited		(14,542,835)	(17,110,601)
Total Comprehensive Loss		**(14,542,835)**	**(17,110,601)**
Basic loss per share (cents per share)	22	(7.70)	(10.75)
Diluted loss per share (cents per share)	22	(7.70)	(10.75)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying Notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	2012 $	2011 $
ASSETS			
Current Assets			
Cash and cash equivalents	23(b)	37,716,585	50,599,785
Trade and other receivables	5	621,269	699,544
Prepaid expenditure	6	85,256	-
Total Current Assets		**38,423,110**	**51,299,329**
Non-current Assets			
Exploration expenditure	7	13,011,723	13,646,937
Property, plant and equipment	8	1,209,771	437,945
Other financial assets	9	100,504	115,583
Total Non-current Assets		**14,321,998**	**14,200,465**
TOTAL ASSETS		**52,745,108**	**65,499,794**
LIABILITIES			
Current Liabilities			
Trade and other payables	10	1,049,812	1,187,881
Other financial liabilities	11	104,524	109,148
Total Current Liabilities		**1,154,336**	**1,297,029**
TOTAL LIABILITIES		**1,154,336**	**1,297,029**
NET ASSETS		**51,590,772**	**64,202,765**
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	12	118,930,526	117,624,295
Reserves	13	585,382	3,471,780
Accumulated losses	14	(67,925,136)	(56,893,310)
TOTAL EQUITY		**51,590,772**	**64,202,765**

The above Statement of Financial Position should be read in conjunction with the accompanying Notes

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
Cash flows from operating activities			
Payments to suppliers and employees		(15,836,784)	(18,098,813)
Interest received		2,439,166	1,265,904
Rebates received		153,635	-
Net cash inflow/(outflow) from operating activities	23	**(13,243,983)**	**(16,832,909)**
Cash flows from investing activities			
Exploration acquisition costs		(92,797)	(1,697,864)
Security bond deposit		3,000	-
Proceeds from sale of exploration assets		-	60,000
Proceeds from sale of property, plant and equipment		2,422	
Payments for property, plant and equipment		(1,021,888)	(147,023)
Net cash inflow/(outflow) from investing activities		**(1,109,263)**	**(1,784,887)**
Cash flows from financing activities			
Proceeds from issue of shares		1,500,000	61,974,633
Transaction costs from issue of shares and options		(6,270)	(2,968,380)
Net cash inflow from financing activities		**1,493,730**	**59,006,253**
Net increase/(decrease) in cash and cash equivalents held		**(12,859,516)**	**40,388,457**
Cash and cash equivalents at the beginning of the financial year		**50,599,785**	**10,244,114**
Effects of exchange rate changes on cash and cash equivalents		**(23,684)**	**(32,786)**
Cash and cash equivalents at the end of the financial year	23	**37,716,585**	**50,599,785**

The above Statement of Cash Flows should be read in conjunction with the accompanying Notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	Issued Capital $	Option Premium Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
As at 1 July 2010	**58,618,042**	**6,761,551**	**(1,927,542)**	**(41,464,315)**	**21,987,736**
Net loss for the year	-	-	-	(16,315,195)	(16,315,195)
Other Comprehensive Income: Exchange differences arising on translation of foreign operations	-	-	(795,406)	-	(795,406)
Total comprehensive loss	-	-	(795,406)	(16,315,195)	(17,110,601)
Transactions with owners, recorded directly in equity					
Issue of shares	62,264,633	-	-	-	62,264,633
Share issue costs	(3,258,380)	-	-	-	(3,258,380)
Share based payments exercised	-	(886,200)	-	886,200	-
Adjustment for lapsed options	-	(1,568,475)	-	-	(1,568,475)
Cost of share based payments	-	1,887,852	-	-	1,887,852
As at 30 June 2011	**117,624,295**	**6,194,728**	**(2,722,948)**	**(56,893,310)**	**64,202,765**
As at 1 July 2011	**117,624,295**	**6,194,728**	**(2,722,948)**	**(56,893,310)**	**64,202,765**
Net loss for the year	-	-	-	(13,487,535)	(13,487,535)
Other Comprehensive Income: Exchange differences arising on translation of foreign operations	-	-	(1,055,300)	-	(1,055,300)
Total comprehensive loss	-	-	(1,055,300)	(13,487,535)	(14,542,835)
Transactions with owners, recorded directly in equity					
Issue of shares	1,500,000	-	-	-	1,500,000
Share issue costs	(193,769)	127,500	-	-	(66,269)
Adjustment for lapsed options	-	(2,455,709)	-	2,455,709	-
Cost of share based payments	-	497,111	-	-	497,111
As at 30 June 2012	**118,930,526**	**4,363,630**	**(3,778,248)**	**(67,925,136)**	**51,590,772**

The above Statement of Changes in Equity should be read in conjunction with the accompanying Notes

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparing the financial report of Berkeley Resources Limited ("Berkeley" or "Company" or "Parent") and its consolidated entities ("Consolidated Entity" or "Group") for the year ended 30 June 2012 are stated to assist in a general understanding of the financial report.

Berkeley is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange, and the Alternative Investment Market (AIM) on the London Stock Exchange.

The financial report of the Company for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the Directors.

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for profit entity.

The financial report has also been prepared on a historical cost basis, except for available-for-sale investments and other financial assets, which have been measured at fair value.

The financial report is presented in Australian dollars.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. These new accounting standards have not had any significant impact on the Group's financial report. Further details of these new accounting standards are set out in the individual accounting policy notes below.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2012. These are outlined in the table below:

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
2010-8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate *SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets* into AASB 112.	1 Jan 2012	These amendments are not expected to have any significant impact on the Group's financial report	1 July 2012
AASB 2011-9	Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	This Standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.	1 July 2012	These amendments are not expected to have any significant impact on the Group's financial report	1 July 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Statement of Compliance (Continued)

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.	1 January 2013	These amendments are not expected to have any significant impact on the Group's financial report	1 July 2013
AASB 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to other standards via AASB 2011-7.	1 January 2013	These amendments are not expected to have any significant impact on the Group's financial report	1 July 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Statement of Compliance (Continued)

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 11	Joint Arrangements	AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly- controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128.	1 January 2013	These amendments are not expected to have any significant impact on the Group's financial report	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2013	These amendments are not expected to have any significant impact on the Group's financial report	1 July 2013
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	1 January 2013	These amendments are not expected to have any significant impact on the Group's financial report	1 July 2013
AASB 119	Employee Benefits	The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognized in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.	1 January 2013	These amendments are not expected to have any significant impact on the Group's financial report	1 July 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Statement of Compliance (Continued)

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are to be capitalised as part of an asset, if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the "stripping activity asset". The stripping activity asset shall be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate. Consequential amendments were also made to other standards via AASB 2011-12.	1 January 2013	These amendments are not expected to have any significant impact on the Group's financial report	1 July 2013
Annual Improvements 2009–2011 Cycle	Annual Improvements to IFRSs 2009–2011 Cycle	This standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB. The following items are addressed by this standard: IFRS 1 First-time Adoption of International Financial Reporting Standards • Repeated application of IFRS 1 • Borrowing costs IAS 1 Presentation of Financial Statements • Clarification of the requirements for comparative information IAS 16 Property, Plant and Equipment • Classification of servicing equipment IAS 32 Financial Instruments: Presentation • Tax effect of distribution to holders of equity instruments IAS 34 Interim Financial Reporting • Interim financial reporting and segment information for total assets and liabilities	1 January 2013	These amendments are not expected to have any significant impact on the Group's financial report	1 July 2013
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This Amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies.	1 July 2013	These amendments are not expected to have any significant impact on the Group's financial report	1 July 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Statement of Compliance (Continued)

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 1053	Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this Standard) (b) The Australian Government and State, Territory and Local Governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities (c) Public sector entities other than the Australian Government and State, Territory and Local Governments. Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11 and 2012-1.	1 July 2013	These amendments are not expected to have any significant impact on the Group's financial report	1 July 2013
AASB 2012-2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.	1 January 2013	These amendments are not expected to have any significant impact on the Group's financial report	1 July 2013
AASB 2012-4	Amendments to Australian Accounting Standards – Government Loans	AASB 2012-4 adds an exception to the retrospective application of Australian Accounting Standards under AASB 1 First-time Adoption of Australian Accounting Standards to require that first-time adopters apply the requirements in AASB 139 Financial Instruments: Recognition and Measurement (or AASB 9 Financial Instruments) and AASB 120 Accounting for Government Grants and Disclosure of Government Assistance prospectively to government loans (including those at a below-market rate of interest) existing at the date of transition to Australian Accounting Standards.	1 January 2013	These amendments are not expected to have any significant impact on the Group's financial report	1 July 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Statement of Compliance (Continued)

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle; and	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The Standard addresses a range of improvements, including the following: • repeat application of AASB 1 is permitted (AASB 1); and • clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).	1 January 2013	These amendments are not expected to have any significant impact on the Group's financial report	1 July 2013
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities;	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report	1 July 2014

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Berkeley Resources Limited at reporting date. A controlled entity is any entity over which Berkeley Resources Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interest's interest in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

(d) Business Combinations

The purchase method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired. The cost of a business combination is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Business Combinations (Continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of the business combination over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(e) Operating Segments

The Consolidated Entity adopted AASB 8 *Operating Segments* with effect from 1 July 2009. 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 and one geographical segment, being uranium exploration in 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.

The Consolidated Entity's corporate headquarters in Australia have previously been reported in the Australian geographical segment, however, the corporate and administrative functions based in Australia are considered incidental to Consolidated Entity's uranium exploration activities in Spain.

(f) Significant Accounting Judgements, Estimates and Assumptions

(i) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Exploration and evaluation expenditure

The Group's accounting policy for exploration and evaluation expenditure is set out below. The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves are found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is determined that it is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the income statement.

Investment in controlled entities

In prior years, the Parent made a significant judgement about the impairment of a financial asset (investment in subsidiary). The Parent follows the guidance of AASB 136: Impairment of Assets in determining whether its investment in subsidiaries is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and near term business outlook for the investee including factors such as industry and operational and financing cash flows.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Significant Accounting Judgements, Estimates and Assumptions (Continued)

Recovery of Deferred Tax Assets

Judgement is required in determining whether deferred tax assets are recognised on the statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted. At balance date the net deferred tax assets are not recognised on the statement of financial position.

Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

Inter Company Loans

The parent company advances loans to its subsidiaries to fund exploration and other activities. A provision is made for the loans outstanding at year end where the ultimate recoverability of the loans advanced is uncertain. Recoverability will depend on the successful exploitation or sale of the exploration assets of the subsidiaries.

(ii) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next reporting period are:

Share based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model or Black-Scholes model.

(g) Revenue Recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

(ii) Interest

Interest revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying value amount of the financial asset.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Foreign Currency Translation

Both the functional and presentation currency of Berkeley at 30 June 2012 was Australian Dollars.

The following table sets out the functional currency of the subsidiary (unless dormant) of the Group:

Company Name	Functional Currency
Minera de Rio Alagon, S.L.	Euro
Berkeley Exploration Limited	A$
Berkeley Minera Espana, S.A.	Euro
Geothermal Energy Sources, S.L.	Euro

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to the income statement with the exception of differences in foreign currency borrowings that provide a hedge against a net investment in a foreign entity and exchange differences on intercompany loans which are not expected or planned to be repaid. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement. Tax charges and tax credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.
Where the functional currency of a subsidiary of Berkeley Resources Limited is not Australian Dollars the assets and liabilities of the subsidiary at reporting date are translated into the presentation currency of Berkeley at the rate of exchange ruling at the balance sheet date and the income statements are translated by applying the average exchange rate for the year.

Any exchange differences arising on this retranslation are taken directly to the foreign currency translation reserve in equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity and relating to that particular foreign operation is recognised in the Income Statement.

(i) Income Tax

The income tax expense for the year is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose on goodwill or in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Income Tax (Continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Parent Entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against tax liabilities and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

The Board of Berkeley Resources Limited has not yet resolved to consolidate eligible entities within the Group for tax purposes. The Board will review this position annually, before lodging of that years income tax return.

(j) Cash and Cash Equivalents

“Cash and cash equivalents” includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the Statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(k) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increase amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Trade and Other Receivables

Trade receivables are initially recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Trade receivables are due for settlement no more than 30 days from the date of recognition. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(m) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(n) Investments and Other Financial Assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loan and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset at fair value through profit or loss if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months of the statement of financial position.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than twelve months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investments and Other Financial Assets (Continued)

(iii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance date.

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets designated through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the net unrealised gains reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments previously reported in equity are included in the income statement as gains and losses on disposal of investment securities.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is transferred from equity to the income statement. Impairment losses recognised in the income statement on equity instruments classified as held for sale are not reversed through the income statement.

(o) Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Plant and equipment are depreciated on a reducing balance or straight line basis at rates based upon their effective lives as follows:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Property, Plant and Equipment (Continued)

	Life
Plant and equipment	2 - 13 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the net disposal proceeds with carrying amount of the asset. These are included in the profit or loss in the period the asset is derecognised.

(p) Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for the goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days.

(q) Employee Leave Benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date, and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(r) Issued Capital

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Dividends

Provision is made for the amount of any dividend declared on or before the end of the year but not distributed at balance date.

(t) Earnings per Share (EPS)

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Exploration and Evaluation Expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method and with AASB 6 Exploration for and Evaluation of Mineral Resources, which is the Australian equivalent of IFRS 6.

For each area of interest, expenditure incurred in the acquisition of rights to explore is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition. Exploration and evaluation expenditure incurred by the Group subsequent to acquisition of the rights to explore is expensed as incurred.

A provision for unsuccessful exploration and evaluation is created against each area of interest by means of a charge to the income statement.

The recoverable amount of each area of interest is determined on a bi-annual basis and the provision recorded in respect of that area adjusted so that the net carrying amount does not exceed the recoverable amount. For areas of interest that are not considered to have any commercial value, or where exploration rights are no longer current, the capitalised amounts are written off against the provision and any remaining amounts are charged against profit or loss.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(v) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(w) Share Based Payments

(i) Equity settled transactions:

The Group provides benefits to directors, employees, consultants and other advisors of the Group in the form of share-based payments, whereby the directors, employees, consultants and other advisors render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model or Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Berkeley (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Share Based Payments (Continued)

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(x) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

	2012 $	2011 $
2. REVENUE AND OTHER INCOME FROM CONTINUING OPERATIONS		
Revenue – Interest Income	**2,448,221**	1,231,197
Rebate received	**153,635**	-
Other Income	**8,444**	60,000
	2,610,300	1,291,197

	2012 $	2011 $
3. EXPENSES AND LOSSES FROM CONTINUING OPERATIONS		
Loss from ordinary activities before income tax expense includes the following specific expenses:		
(a) Expenses		
Depreciation and amortisation		
- Plant and equipment	**159,318**	169,227
(c) Employee Benefits Expense		
Net movement in provisions for		
- Employee entitlements	**-**	(22,068)
Employee Benefits Expense		
- Salaries, wages and fees	**3,011,542**	3,306,350
- Defined contribution/Social Security	**450,525**	442,185
- Share-based payments (refer Note 18)	**497,111**	319,378
Total Employee Benefits Expense	**3,959,178**	4,045,845

	2012 $	2011 $
4. INCOME TAX EXPENSE		
(a) Recognised in the Income Statement		
Current income tax		
Current income tax expense/(benefit)	(286,097)	(4,753,372)
Adjustments in respect of current income tax of previous years	(1,526,543)	-
Deferred income tax		
Origination and reversal of temporary differences	(3,628,520)	-
Deferred tax asset not brought to account	5,441,160	4,753,372
Income tax expense reported in the income statement	**-**	**-**
(b) Recognised Directly in Equity		
Deferred income tax related to items charged or credited directly to equity		
Unrealised gain on available for sale financial assets	-	-
Transfer from equity to profit and loss on sale	-	-
Temporary differences not brought to account	-	-
Income tax expense reported in equity	**-**	**-**
(c) Reconciliation Between Tax Expense and Accounting Profit/(Loss) Before Income Tax		
Accounting profit/(loss) before income tax	(13,487,535)	(16,315,195)
At the domestic income tax rate of 30% (2011: 30%)	(4,046,260)	(4,894,559)
Expenditure not allowable for income tax purposes	174,983	140,813
Income not assessable for income tax purposes	(55,934)	-
Foreign currency exchange gains and other translation adjustments	12,594	-
Adjustments in respect of current income tax of previous years	(1,526,543)	-
Previously unrecognised tax losses brought to account	-	-
Temporary differences not previously brought to account	-	-
Deferred tax assets not brought to account	5,441,160	4,753,746
Income tax expense reported in the income statement	**-**	**-**

	2012 $	2011 $
4. INCOME TAX EXPENSE (Continued)		
(d) Deferred Income Tax		
Deferred income tax at 30 June 2012 relates to the following:		
Deferred Tax Liabilities		
Accrued interest	2,717	-
Exploration and evaluation assets	-	-
Deferred tax assets used to offset deferred tax liabilities	(2,717)	-
	-	**-**
Deferred Tax Assets		
Other financial assets	-	-
Accrued expenditure	18,600	12,600
Provisions	-	-
Exploration and evaluation assets	4,065,604	-
Tax losses available to offset against future taxable income	6,176,566	4,804,294
Deferred tax assets used to offset deferred tax liabilities	(2,717)	-
Deferred tax assets not brought to account	(10,258,053)	(4,816,894)
	-	**-**

This future income tax benefit will only be obtained if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Company in realising the benefit.

(e) Tax Consolidations

As Berkeley Resources Limited is the only Australian company in the Group, tax consolidations are not applicable.

	2012 $	2011 $
5. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES		
GST and other taxes receivable	299,814	686,076
Interest receivable	9,055	-
Other	312,400	13,468
	621,269	**699,544**
All trade and other receivables are current and there are no amounts impaired		
6. CURRENT ASSETS – PREPAYMENTS		
Prepaid expenses	85,256	-
7. NON-CURRENT ASSETS – EXPLORATION EXPENDITURE		
The group has mineral exploration costs carried forward in respect of areas of interest:		
Areas in exploration at cost:		
Balance at the beginning of year	13,646,937	12,843,327
Net Additions	91,744	1,162,964
Foreign exchange differences	(726,958)	(359,354)
	13,011,723	**13,646,937**
Capitalised exploration expenditure written off	-	-
Balance at end of year	**13,011,723**	**13,646,937**

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.

	2012 $	2011 $
8. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT		
(a) Plant and equipment		
At beginning of financial year, net of accumulated depreciation and impairment	437,945	482,287
Additions	127,524	179,111
Depreciation charge for the year	(159,318)	(169,227)
Disposals	(12,293)	(32,653)
Foreign exchange differences	(36,448)	(21,573)
At end of financial year, net of accumulated depreciation and impairment	**357,410**	**437,945**
At beginning of financial year		
Cost	1,068,428	965,349
Accumulated depreciation and impairment	(630,483)	(483,062)
Net carrying amount	**437,945**	**482,287**
At end of financial year		
Cost	1,079,797	1,068,428
Accumulated depreciation and impairment	(722,387)	(630,483)
Net carrying amount	**357,410**	**437,945**
(b) Property		
At beginning of financial year, net of accumulated depreciation and impairment	-	-
Additions	894,362	-
Depreciation charge for the year	-	-
Foreign exchange differences	(42,001)	-
At end of financial year, net of accumulated depreciation and impairment	**852,361**	**-**
At beginning of financial year		
Cost	-	-
Accumulated depreciation and impairment	-	-
Net carrying amount	**-**	**-**
At end of financial year		
Cost	852,361	-
Accumulated depreciation and impairment	-	-
Net carrying amount	**852,361**	**-**

	2012 $	2011 $
8. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (Continued)		
(c) Reconciliation		
At beginning of financial year, net of accumulated depreciation and impairment	437,945	482,287
Additions	1,021,886	172,168
Depreciation charge for the year	(159,318)	(169,227)
Disposals	(12,293)	(5,327)
Foreign exchange differences	(78,449)	(41,956)
At end of financial year, net of accumulated depreciation and impairment	**1,209,771**	**437,945**
9. NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS		
Security bonds	100,504	115,583
10. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES		
Trade creditors	987,812	1,145,881
Accrued expenses	62,000	42,000
	1,049,812	**1,187,881**
All trade and other payables are current. There are no overdue amounts.		
11. CURRENT LIABILITIES – OTHER FINANCIAL LIABILITIES		
Other Financial Liabilities	**104,524**	109,148
12. ISSUED CAPITAL		
(a) Issued and Paid up Capital		
179,298,273 (2011: 174,298,273) fully paid ordinary shares	**118,930,526**	117,624,295

Note

(i) Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the Parent Entity does not have authorised capital nor par value in respect of its issued shares.

12. ISSUED CAPITAL (Continued)

(b) Movements in Ordinary Share Capital During the Past Two Years:

Details	Number of Shares	Issue Price	$
Opening Balance 1 July 2010	**136,090,319**	**-**	**58,618,042**
Issue of Shares – via Placement (Jan 11)	32,360,000	1.70	55,012,000
Issue of Shares – via Placement (Nov 10) (note 24(d))	3,500,000	1.45	5,075,000
Issue of Shares – Unlisted option conversions	1,666,666	1.00	1,666,666
Issue of Shares – Listed option conversions	681,288	0.75	510,967
Share issue expenses			(3,258,380)
Closing Balance 30 June 2011	**174,298,273**		**117,624,295**
Opening Balance 1 July 2011	**174,298,273**		**117,624,295**
Issue of Shares – via Placement (Apr 12)	5,000,000	0.30	1,500,000
Share issue expenses			(193,769)
Closing Balance 30 June 2012	**179,298,273**		**118,930,526**

(c) Terms and conditions of Ordinary Shares

(i) *General*

The ordinary shares ("Shares") are ordinary shares and rank equally in all respects with all ordinary shares in the Company.

The rights attaching to the Shares arise from a combination of the Company's Constitution, statute and general law. Copies of the Company's Constitution are available for inspection during business hours at its registered office.

(ii) *Reports and Notices*

Shareholders are entitled to receive all notices, reports, accounts and other documents required to be furnished to shareholders under the Company's Constitution, the Corporations Act and the Listing Rules.

(iii) *Voting*

Subject to any rights or restrictions at the time being attached to any class or classes of shares, at a general meeting of the Company on a show of hands, every ordinary Shareholder present in person, or by proxy, attorney or representative (in the case of a Company) has one vote and upon a poll, every Shareholder present in person, or by proxy, attorney or representative (in the case of a Company) has one vote for any Share held by the Shareholder.

A poll may be demanded by the Chairperson of the meeting, any 5 Shareholders entitled to vote in person or by proxy, attorney or representative or by any one or more Shareholders holding not less than 5% of the total voting rights of all Shareholders having the right to vote.

(iv) *Variation of Shares and Rights Attaching to Shares*

Shares may be converted or cancelled with member approval and the Company's share capital may be reduced in accordance with the requirements of the Corporations Act.

Class rights attaching to a particular class of shares may be varied or cancelled with the consent in writing of holders of 75% of the shares in that class or by a special resolution of the holders of shares in that class.

12. ISSUED CAPITAL (Continued)

(c) Terms and conditions of Ordinary Shares (Continued)

(v) *Unmarketable Parcels*

The Company may procure the disposal of Shares where the member holds less than a marketable parcel of Shares within the meaning of the Listing Rules (being a parcel of shares with a market value of less than $500). To invoke this procedure, the Directors must first give notice to the relevant member holding less than a marketable parcel of Shares, who may then elect not to have his or her Shares sold by notifying the Directors.

(vi) *Changes to the Constitution*

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(vii) *Listing Rules*

Provided the Company remains admitted to the Official List of the Australian Securities Exchange Ltd, then despite anything in the Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. The Company's Constitution will be deemed to comply with the Listing Rules as amended from time to time.

	2012 $	2011 $
13. RESERVES		
a) Balances		
Option Premium Reserve		
11,989,428 (2011: 11,989,428) $0.75 listed options	2,008,800	2,008,800
Nil (2011: 1,960,000) $1.86 incentive options	-	2,197,160
Nil (2011: 495,834) $1.00 incentive options	-	243,454
1,000,000 (2011: 1,000,000) $1.25 incentive options	862,600	862,600
2,258,333 (2011: 2,311,666) $1.35 incentive options	1,142,059	882,464
1,000,000 (2011: Nil) $0.41 incentive options	95,166	-
1,000,000 (2011: Nil) $0.475 incentive options	127,505	-
5,500,000 (2011: Nil) $0.45 unlisted options	127,500	-
	4,363,630	**6,194,728**
Foreign Currency Translation Reserve	(3,778,248)	(2,722,948)
	585,382	**3,471,780**

Nature and Purpose of Reserves

Option Premium Reserve

The option premium reserve records the fair value of share based payments made by the Company.

Foreign currency translation reserve

Exchange differences arising on translation of a foreign controlled entity are taken to the foreign currency translation reserve, as described in note 1(h). The reserve is recognised in profit and loss when the net investment is disposed of.

13. RESERVES (Continued)

(b) Movements during the Past Two Years:

Option Premium Reserve

Date	Details	Number of Listed Options	Number of $1.86 Incentive Options	Number of $1.00 Incentive Options	Number of $1.00 Unlisted Options	Number of $1.25 Incentive Options	Number of $1.35 Incentive Options	Numberof $0.41 Director Options	Number of $0.41 Incentive Options	Number of $0.475 Incentive Options	Number of $0.45 Unlisted Options	Fair Value $	$
1 Jul 2010	Opening Balance	**12,670,716**	**2,160,000**	**787,500**	**1,500,000**	**3,000,000**	**3,285,000**	**-**	**-**	**-**	**-**	**-**	**6,761,551**
30 Jun 2011	Options exercised/forfeited	(681,288)	(200,000)	(291,666)	(1,500,000)	(2,000,000)	(973,334)	-	-	-	-	-	(2,454,675)
30 Jun 2011	Options vesting expense	-	-	-	-	-	-	-	-	-	-	-	1,887,852
30 Jun 2011	**Closing Balance**	**11,989,428**	**1,960,000**	**495,834**	**-**	**1,000,000**	**2,311,666**	**-**	**-**	**-**	**-**		**6,194,728**
1 Jul 2011	Opening Balance	**11,989,428**	**1,960,000**	**495,834**	**-**	**1,000,000**	**2,311,666**	**-**	**-**	**-**	**-**		**6,194,728**
6 Aug 2011	Options expired	-	(1,960,000)	-	-	-	-	-	-	-	-	-	(2,197,160)
23 Sep 2011	Options issued	-	-	-	-	-	-	2,000,000	-	-	-	0.216	-
	Options issued	-	-	-	-	-	-	-	1,000,000	-	-	0.203	-
22 Feb 2012	Options issued	-	-	-	-	-	-	-	-	500,000	-	0.235	-
5 Apr 2012	Options issued	-	-	-	-	-	-	-	-	1,500,000	-	0.202	-
27 Apr 2012	Options issued	-	-	-	-	-	-	-	-	-	500,000	0.255	127,500
	Free attaching options issued	-	-	-	-	-	-	-	-	-	5,000,000	-	-
20 Jun 2012	Options expired	-	-	(495,834)	-	-	-	-	-	-	-	-	(243,454)
30 Jun 2012	Option vesting expense	-	-	-	-	-	-	-	-	-	-	-	497,111
Various	Options forfeited	-	-	-	-	-	(53,333)	(2,000,000)	-	(1,000,000)	-	-	(15,095)
30 Jun 2012	**Closing Balance**	**11,989,428**	**-**	**-**	**-**	**1,000,000**	**2,258,333**	**-**	**1,000,000**	**1,000,000**	**5,500,000**		**4,363,630**

	2012 $	2011 $
13. RESERVES (Continued)		
(b) Movements During the Past Two Years		
Foreign Currency Translation Reserve		
Opening balance	(2,722,948)	(1,927,542)
Translation of foreign operations	(1,055,300)	(795,406)
Closing balance	**(3,778,248)**	**(2,722,948)**
14. ACCUMULATED LOSSES		
Balance at beginning of year	(56,893,310)	(41,464,315)
Transfer from option premium reserve	2,455,709	886,200
Net loss	(13,487,535)	(16,315,195)
Balance at end of year	**(67,925,136)**	**(56,893,310)**

(a) Dividends

No dividends were declared or paid during or since the end of the financial year.

(b) Franking Credits

In respect to the payment of dividends by Berkeley in subsequent reporting periods (if any), no franking credits are currently available, or are likely to become available in the next 12 months.

15. PARENT ENTITY INFORMATION

	Parent	
	2012 $	**2011 $**
Current assets	37,614,940	50,376,888
Total assets	43,981,714	56,749,601
Current liabilities	324,840	157,635
Total liabilities	324,840	157,635
Net Assets	43,656,874	56,591,966
Issued Capital	118,930,526	117,624,295
Reserves	4,363,630	6,194,728
Accumulated losses	(79,637,282)	(67,227,057)
Total equity	43,656,874	56,591,966
Profit/(Loss) of the parent entity	(14,865,932)	(17,507,792)
Total comprehensive Profit/(Loss) of the parent entity	(14,865,932)	(17,507,792)

The Parent Company had no commitments or contingencies at 30 June 2012.

16. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The consolidated financial statements include the financial statements of the Company and the subsidiaries listed in the following table:

Name of Controlled Entity	Place of Incorporation	Equity Interest		Investment	
		2012 %	2011 %	2012 $	2011 $
Minera de Rio Alagon. S.L.	Spain	100[(1)]	100[(1)]	5,481,411	5,481,411
Berkeley Exploration Ltd	UK	100	100	-	-
Berkeley Minera Espana, S.A.	Spain	100[(2)]	100[(2)]	-	-
Geothermal Energy Sources, S.L.	Spain	100[(3)]	100[(3)]	-	-
				5,481,411	**5,481,411**

Notes

(1) In the opinion of the directors the above named investments in controlled entities have a carrying value in the Company at balance date of $5,481,412 (2011: $5,481,412), being the cost of the investment less provision for impairment.
(2) Berkeley Minera Espana, S.A. was incorporated on 12 May 2009 and is a wholly owned subsidiary of Berkeley Exploration Limited. Berkeley Minera Espana, S.A.'s issued and paid up capital is $26,750 (€15,025).
(3) Berkeley Exploration Limited acquired 100% of the issued shares in Geothermal Energy Sources, S.L. on 15 May 2009. Geothermal Energy Sources SL issued and paid up capital is $36,036 (€20,000).

(b) Ultimate Parent

Berkeley Resources Limited is the ultimate parent of the Group.

(c) Key Management Personnel

Details relating to Key Management Personnel, including remuneration paid, are included at Note 17.

(d) Transactions with Related Parties in the Consolidated Group

The group consists of Berkeley Resources Limited (the parent entity in the wholly owned group) and its controlled entities.

The following loan transactions were entered into during the year within the wholly owned group:

- Berkeley Resources Limited advanced $1,169,728 to Berkeley Minera Espana, S.A. by way of intercompany loan (2011: $1,515,769). The total balance at 30 June 2012 of $3,464,205 (2011: $2,294,477) has been provided for. The loan is denominated in Australian dollars (A$);
- Berkeley Resources Limited advanced $14,623,577 to Berkeley Exploration Limited by way of intercompany loan (2011: $14,920,250). The total balance at 30 June 2012 of $47,902,593 (2011: $33,279,016) has been provided for. The loan is denominated in Australian dollars (A$);
- Berkeley Exploration Limited advanced $14,654,840 to Berkeley Minera Espana, S.A. by way of intercompany loan (2011: $14,936,722). The total balance at 30 June 2012 of $47,797,684 (2011: $33,142,844) has been provided for. The loan is denominated in Australian dollars (A$).

These transactions were undertaken on commercial terms and conditions, except that:
(i) There is no fixed repayment of the loans; and
(ii) No interest is payable on the loans prior to the completion of a feasibility study.

17. DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Key Management Personnel

The Key Management Personnel of the Group during or since the end of the financial year were as follows:

Directors

Ian Middlemas	Non-Executive Chairman (appointed 27 April 2012)
James Ross	Non-Executive Deputy Chairman (previously Non-Executive Chairman)
Robert Behets	Non-Executive Director (appointed 27 April 2012)
Jose Ramon Esteruelas	Non-Executive Director
Brendan James	Managing Director (resigned 27 April 2012)
Henry Horne	Non-Executive Director (resigned 1 January 2012)
Laurence Marsland	Non-Executive Director (appointed 25 August 2011, resigned 9 May 2012)
Ian Stalker	Non-Executive Director (resigned 29 November 2011)
Matthew Syme	Non-Executive Director (resigned 2 August 2012)

Executives

Francisco Bellón del Rosal	General Manager Operations
Javier Colilla Peletero	Senior Vice President Corporate
Clint McGhie	Chief Financial Officer and Company Secretary (appointed 18 May 2012)
Sam Middlemas	Company Secretary (resigned 18 May 2012)
Steven Turner	Chief Financial Officer (appointed 12 December 2011, resigned 27 April 2012)

There were no other key management personnel of the Company or the Group. Unless otherwise disclosed, the Key Management Personnel held their position from 1 July 2011 to 30 June 2012.

(b) Key Management Personnel Compensation

	2012 $	2011 $
Short-term benefits	1,509,774	1,707,605
Post-employment benefits	55,412	28,146
Share-based payments	346,543	1,500,222
Other non-cash benefits	78,879	74,187
	1,990,608	**3,310,160**

Berkeley Resources Ltd

17. DIRECTOR AND EXECUTIVE DISCLOSURES (Continued)

(c) Option holdings of Key Management Personnel

2012	Held at 1 July 2011	Granted as Compen-sation	Options Lapsed	Net Other Changes	Held at 30 June 2012	Vested and exercisable at 30 June 2012
Directors						
Ian Middlemas	4,000,000[(1)]	-	-	-	4,000,000	4,000,000
James Ross	257,500	-	-	-	257,500	257,500
Robert Behets	1,000,000[(2)]	-	-	-	1,000,000	1,000,000
Jose Ramon Esteruelas	500,000	-	-	-	500,000	500,000
Matthew Syme	1,069,002	-	-	-	1,069,002	1,069,002
Laurence Marsland	-[(3)]	-	-	-	-[(3)]	-
Brendan James	-	2,000,000	(2,000,000)	-	-[(4)]	-
Henry Horne	416,666	-	-	-	416,666[(5)]	416,666
Ian Stalker	1,900,000	-	-	-	1,900,000[(6)]	1,900,000
Executives						
Francisco Bellón del Rosal	-	1,000,000	-	-	1,000,000	-
Javier Colilla Peletero	1,000,000	-	-	-	1,000,000	666,666
Clint McGhie	-[(7)]	-	-	-	-	-
Sam Middlemas	-	-	-	-	-[(8)]	-
Steven Turner	[(9)]	1,500,000	(1,000,000)	-	500,000[(9)]	500,000

Notes

(1) Mr Ian Middlemas was appointed a Director on 27 April 2012 and this balance refers to the number of Options held as at 27 April 2012. Mr Middlemas was issued 4,000,000 free attaching options as part of a placement prior to his appointment.
(2) Mr Behets was appointed a Director on 27 April 2012 and this balance refers to the number of Options held as at 27 April 2012. Mr Behets was issued 1,000,000 free attaching options as part of a placement prior to his appointment.
(3) Mr Marsland was appointed a Director on 25 August 2011 and resigned on 9 May 2012. These balances refer to the number of Options held on these dates.
(4) Mr James was issued 2,000,000 incentive options as part of his remuneration package on 23 September 2011. Following his resignation on 27 April 2012, these options were cancelled in accordance with the terms and conditions.
(5) Mr Horne resigned as a Director on 1 January 2012 and this balance refers to the number of Options held at this date.
(6) Mr Stalker resigned as a Director on 29 November 2012 and this balance refers to the number of Options held at this date.
(7) Mr McGhie was appointed Company Secretary on 18 May 2012 and this balance refers to the number of Options held at this date.
(8) Mr Sam Middlemas resigned as Company Secretary on 18 May 2012 and this balance refers to the number of Options held at this date.
(9) Mr Turner was appointed Chief Financial Officer on 12 December 2011 and resigned on 27 April 2012. The balances refer to the number of Options held on these dates. Mr Turner was issued 1,500,000 incentive options on 5 April 2012. 1,000,000 incentive options were cancelled upon his resignation and the remaining 500,000 incentive options vested by agreement of the Board.

17. DIRECTOR AND EXECUTIVE DISCLOSURES (Continued)

(c) Option holdings of Key Management Personnel (Continued)

2011	Held at 1 July 2010	Granted as Compen-sation	Options Lapsed	Net Other Changes	Held at 30 June 2011	Vested and exercisable at 30 June 2011
Directors						
James Ross	257,500				257,500	257,500
Brendan James	-	-	-	-	-	-
Jose Ramon Esteruelas	500,000	-	-	-	500,000	500,000
Henry Horne	1,250,000	-	(833,334)		416,666	416,666
Laurence Marsland	-	-	-	-	-	-
Ian Stalker	3,900,000	-	(2,000,000)	-	1,900,000	1,900,000
Matthew Syme	1,069,002	-	-	-	1,069,002	1,069,002
Robert Hawley	500,000	-	-	(500,000)[1]	-	-
Scott Yelland	1,500,000	-	-	(1,500,000)[1]	-	-
Sean James	250,000	-	-	(250,000)[1]	-	-
Executives						
Sam Middlemas	-	-	-	-	-	-
Francisco Bellón del Rosal	-	-	-	-	-	-
Javier Colilla Peletero	1,000,000	-	-	-	1,000,000	333,333

(d) Shareholdings of Key Management Personnel

2012	Held at 1 July 2011	Granted as Compen-sation	On Exercise of Options	Net Other Changes	Held at 30 June 2012
Directors					
Ian Middlemas	5,300,000[(1)]	-	-	-	5,300,000
James Ross	315,000	-	-	-	315,000
Robert Behets	1,000,000[(2)]	-	-	-	1,000,000
Jose Ramon Esteruelas	-	-	-	-	-
Matthew Syme	2,168,105	-	-	-	2,168,105
Laurence Marsland	-[(3)]		-	500,000	500,000[(3)]
Brendan James	-	-	-	-	-[(4)]
Henry Horne	-	-	-	-	-[(5)]
Ian Stalker	-	-	-	-	-[(6)]
Executives					
Francisco Bellón del Rosal	-	-	-	103,200	103,200
Javier Colilla Peletero	-	-	-	350,000	350,000
Clint McGhie	-[(7)]	-	-	-	-
Sam Middlemas	25,000	-	-	-	25,000[(8)]
Steven Turner	-[(9)]	-	-	-	-[(9)]

17. DIRECTOR AND EXECUTIVE DISCLOSURES (Continued)

(d) Shareholdings of Key Management Personnel (Continued)

Notes

(1) Mr Ian Middlemas was appointed a Director on 27 April 2012 and this balance refers to the number of Shares held as at 27 April 2012. Mr Middlemas subscribed for 4,000,000 Shares at $0.30 each as part of a placement prior to his appointment.
(2) Mr Behets was appointed a Director on 27 April 2012 and this balance refers to the number of Shares held as at 27 April 2012. Mr Behets subscribed for 1,000,000 Shares at $0.30 each as part of a placement prior to his appointment.
(3) Mr Marsland was appointed a Director on 25 August 2011 and resigned on 9 May 2012. These balances refer to the number of Shares held on these dates.
(4) Mr James resigned as a Director on 27 April 2012 and this balance refers to the number of Shares held as at this date.
(5) Mr Horne resigned as a Director on 1 January 2012 and this balance refers to the number of Shares held at this date.
(6) Mr Stalker resigned as a Director on 29 November 2011 and this balance refers to the number of Shares held at this date.
(7) Mr McGhie was appointed Company Secretary on 18 May 2012 and this balance refers to the number of Shares held at this date.
(8) Mr Sam Middlemas resigned as Company Secretary on 18 May 2012 and this balance refers to the number of Shares held at this date.
(9) Mr Turner was appointed Chief Financial Officer on 12 December 2011 and resigned on 27 April 2012. The balances refer to the number of Shares held on these dates.

2011	Held at 1 July 2010	Granted as Compen-sation	On Exercise of Options	Net Other Changes	Held at 30 June 2011
Directors					
James Ross	315,000	-	-	-	315,000
Brendan James	-	-	-	-	-
Jose Ramon Esteruelas	-	-	-	-	-
Henry Horne	-	-	-	-	-
Laurence Marsland	-	-	-	-	-
Ian Stalker	-	-	-	-	-
Matthew Syme	2,898,105	-	-	(730,000)	2,168,105
Robert Hawley	-	-	-	-	-
Scott Yelland	-	-	-	-	-
Sean James	-	-	-	-	-
Executives					
Sam Middlemas	-	-	-	25,000	25,000
Francisco Bellón del Rosal	-	-	-	-	-
Javier Colilla Peletero	-	-	-	-	-

18. SHARE-BASED PAYMENTS

(a) Recognised Share-Based Payment Expense

	2012 $	2011 $
Expense arising from equity-settled share-based payment transactions to:		
Employees	(497,111)	(319,377)
Total expense arising from share-based payment transactions	**(497,111)**	**(319,377)**
Equity-settled share-based payment transaction recognised directly in Equity:		
Share issue costs	127,500	-
Total share-based payment transactions recognised directly in Equity	**127,500**	**-**

(b) Summary of Options Granted

The following share-based payment arrangements were granted in 2012:

Option Series	Number	Grant Date	Note	Expiry Date	Exercise Price $	Fair Value $
Series 1	2,000,000	23-Sep-11	(1)	1-May-16	0.41	0.216
Series 2	1,000,000	23-Sep-11	(2)	21-Sep-15	0.41	0.203
Series 3	500,000	22-Dec-11	(3)	22-Dec-15	0.475	0.235
Series 4	1,500,000	12-Mar-12	(4)	22-Dec-15	0.475	0.202
Series 5	500,000	27-Apr-12	(5)	30-Jun-16	0.45	0.255

Notes

(1) These options were yet to vest and were forfeited during the year.
(2) 333,333 of these options vest on 21 September 2012, 333,333 of these options vest on 21 September 2013 and 333,334 of these options vest on 21 September 2014.
(3) 300,000 of these options vest on 22 December 2013 and 200,000 of these options vest on 22 December 2014.
(4) 500,000 of these options were fully vested as at 30 June 2012 following agreement by the Board. The remaining 1,000,000 options were forfeited.
(5) There were no vesting conditions on these options.

There were no incentive options issued during 2011.

18. SHARE-BASED PAYMENTS (Continued)

(b) Summary of Options Granted (Continued)

The following table illustrates the number and weighted average exercise prices (WAEP) of share options issued as share-based payments at the beginning and end of the financial year:

	2012 Number	2012 WAEP	2011 Number	2011 WAEP
Outstanding at beginning of year	8,767,500	$1.23	13,732,500	$1.22
Granted by the Company during the year	5,500,000	$0.44	-	-
Exercised during the year	-	-	(1,666,666)	$1.00
Expired during the year	(2,455,834)	$1.69	-	-
Forfeited during the year	(3,053,333)	$0.45	(3,298,334)	$1.31
Outstanding at end of year	**8,758,333**	**$0.87**	**8,767,500**	**$1.23**

The outstanding balance of options issued as share-based payments on issue as at 30 June 2012 is represented by:

- 3,000,000 listed options at an exercise price of $0.75 each that expire on 15 May 2013;
- 1,000,000 unlisted options at an exercise price of $1.25 each that expire on 1 December 2013;
- 2,258,333 unlisted options at an exercise price of $1.35 each that expire on 18 June 2014;
- 1,000,000 unlisted options at an exercise price of $0.41 each that expire on 21 September 2015;
- 1,000,000 unlisted options at an exercise price of $0.475 each that expire on 22 December 2015; and
- 500,000 unlisted options at an exercise price of $0.45 each that expire on 30 June 2016.

(c) Weighted Average Remaining Contractual Life

The weighted average remaining contractual life for share options issued as share-based payments outstanding as at 30 June 2012 is 1.96 years (2011: 2.74 years).

(d) Range of Exercise Prices

The range of exercise prices for share options issued as share-based payments outstanding as at 30 June 2012 was $0.41 to $1.35 (2011: $0.75 to $1.86).

(d) Weighted Average Fair Value

The weighted average fair value of options granted by the Group as equity-settled share-based payments during the year ended 30 June 2012 was $0.215 (2011: nil).

18. SHARE-BASED PAYMENTS (Continued)

(e) Option Pricing Model

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Binomial option valuation model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the valuation model used for share options granted by the Group during the year ended 30 June 2012:

2012 Inputs	Series 1	Series 2	Series 3	Series 4	Series 5
Exercise price	$0.41	$0.41	$0.475	$0.475	$0.45
Grant date share price	$0.34	$0.34	$0.395	$0.36	$0.41
Dividend yield (i)	-	-	-	-	-
Volatility (ii)	85%	85%	85%	85%	85%
Risk-free interest rate	3.63%	3.63%	3.31%	3.62%	3.14%
Grant date	23-Sep-11	23-Sep-11	22-Dec-11	12-Mar-12	27-Apr-12
Expiry date	1-May16	21-Sep-15	22-Dec-15	22-Dec-15	30-Jun-16
Expected life of option (iii)	4.61	4.00	4.00	3.78	4.18
Fair value at grant date	$0.216	$0.203	$0.235	$0.202	$0.255

Notes

(i) The dividend yield reflects the assumption that the current dividend payout will remain unchanged.
(ii) The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.
(iii) The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

There were no share options granted by the Group during the year ended 30 June 2011.

	2012 $	2011 $
19. REMUNERATION OF AUDITORS		
Amounts received by Stantons International for:		
- an audit or review of the financial reports of the Company	60,398	66,652
- other services in relation to the Company	-	-
	60,398	**66,652**
Other auditors for:		
- an audit or review of the financial reports	23,385	34,000
- other services	-	-
Total Auditors Remuneration	**83,783**	**100,652**

20. COMMITMENTS FOR EXPENDITURE

The Consolidated Entity has the following commitments at 30 June 2012:

Operating Lease Commitment

Minera de Rio Alagon, S.L. has a non-cancellable operating lease agreement expiring 9 November 2012. This operating lease is for the office premises for the Group's operations in Salamanca, Spain.

	2012 $	2011 $
Minimum lease payments payable:		
- Not longer than 1 year	16,670	42,337
- Longer than 1 year and not longer than 5 years	-	-
- Longer than 5 years	-	-
	16,670	**42,337**

21. SEGMENT INFORMATION

The Consolidated Entity operates in one operating segment and one geographical segment, being uranium exploration in 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.

The Consolidated Entity's corporate headquarters in Australia have previously been reported in the Australian geographical segment, however, the corporate and administrative functions based in Australia are considered incidental to Consolidated Entity's uranium exploration activities in Spain. As a result, following the adoption of AASB 8, the Consolidated Entity is not required to report the geographical segments reported in previous periods.

22. EARNINGS PER SHARE

	2012 Cents per Share	2011 Cents per Share
(a) Basic Profit/(Loss) per Share		
From continuing operations	(7.70)	(10.75)
From discontinued operations	-	-
Total basic profit/(loss) per share	**(7.70)**	**(10.75)**
(b) Diluted Profit/(Loss) per Share		
From continuing operations	(7.70)	(10.75)
From discontinued operations	-	-
Total diluted profit/(loss) per share	**(7.70)**	**(10.75)**

22. EARNINGS PER SHARE (Continued)

(c) Earnings Used in Calculating Earnings per Share

The following reflects the income data used in the calculations of basic and diluted earnings per share:

	Consolidated	
	2012 $	2011 $
Net loss used in calculating basic and diluted earnings per share	**(13,487,535)**	**(16,315,195)**

(d) Weighted Average Number of Shares

The following reflects the share data used in the calculations of basic and diluted earnings per share:

	Number of Shares 2012	Number of Shares 2011
Weighted average number of ordinary shares used in calculating basic earnings per share	175,172,590	151,724,695
Effect of dilutive securities (i)	-	-
Adjusted weighted average number of ordinary shares and potential ordinary shares used in calculating basic and diluted earnings per share	**175,172,590**	**151,724,695**

(i) *At 30 June 2012, 22,747,761 options (which represent 22,747,761 potential ordinary shares) were considered not dilutive as they would decrease the loss per share for the year ended 30 June 2012.*

(e) Conversions, Calls, Subscriptions or Issues after 30 June 2012

Since 30 June 2012, no Employee Incentive Options have been issued which represent potential ordinary shares.

Since 30 June 2012, 95,000 shares have been issued as a result of the exercise of options.

Other than the 95,000 options exercised, there have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

	2012 $	2011 $
23. CASH FLOW STATEMENT		
(a) Reconciliation of Net Loss Before Income Tax Expense to Net Cash Flows from Operating Activities		
Net loss before income tax expense	(13,487,535)	(16,315,195)
Adjustment for non-cash income and expense items		
Provision for employee entitlements	-	(22,068)
Profit on sale of tenements	-	(60,000)
Loss on sale of asset	9,871	
Depreciation	159,318	169,227
Share based payments expensed	497,111	319,377
Other non-cash expenses	292	-
Changes in assets and liabilities -		
(Increase)/decrease in trade and other receivables	(303,678)	(260,816)
Increase/(decrease) in trade and other payables	(119,362)	(663,434)
Net cash outflow from operating activities	**(13,243,983)**	**(16,832,909)**
(b) Reconciliation of Cash and Cash Equivalents		
Cash at bank and on hand	2,051,719	596,181
Bank short term deposits	35,664,866	50,003,604
	37,716,585	**50,599,785**

(c) Credit Standby Arrangements with Banks

At balance date, the Company had no used or unused financing facilities.

(d) Non-cash Financing and Investment Activities

During the year there were 500,000 unlisted options exercisable for $0.45 each on or before 30 June 2016, issued as a fee for the placement of 5,000,000 shares at $0.30 per share.

24. FINANCIAL INSTRUMENTS

(a) Overview

The Group's principal financial instruments comprise receivables, payables, available-for-sale investments, cash and short-term deposits. The main risks arising from the Group's financial instruments are interest rate risk, equity price risk, foreign currency risk, credit risk and liquidity risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Other than as disclosed, there have been no significant changes since the previous financial year to the exposure or management of these risks.

24. FINANCIAL INSTRUMENTS (continued)

(a) Overview (Continued)

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. Key risks are monitored and reviewed as circumstances change (e.g. acquisition of a new project) and policies are revised as required. The overall objective of the Group's financial risk management policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the Group does not enter into derivative transactions to mitigate the financial risks. In addition, the Group's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the Group's operations change, the Directors will review this policy periodically going forward.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing the Group's financial risks as summarised below.

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises principally from cash and cash equivalents and trade and other receivables.

There are no significant concentrations of credit risk within the Group. The carrying amount of the Group's financial assets represents the maximum credit risk exposure, as represented below:

	2012 $	2011 $
Current Assets		
Cash and cash equivalents	37,716,585	50,599,785
Trade and other receivables	621,269	699,544
	38,337,854	51,299,329
Non-current Assets		
Other financial assets	100,504	115,583
	100,504	115,583
	38,438,358	**51,414,912**

The Group does not have any significant customers and accordingly does not have any significant exposure to bad or doubtful debts.

Trade and other receivables comprise GST/VAT receivable, accrued interest and other miscellaneous receivables. Where possible the Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

24. FINANCIAL INSTRUMENTS (continued)

(c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due. At 30 June 2012 and 2011, the Group has sufficient liquid assets to meet its financial obligations.

The contractual maturities of financial assets and financial liabilities, including estimated interest payments, are provided below. There are no netting arrangements in respect of financial liabilities.

2012	≤ 6 months $	6 - 12 months $	1 - 5 years $	≥ 5 years $	Total $
Group					
Financial Assets					
Cash and cash equivalents	37,716,585	-	-	-	37,716,585
Trade and other receivables	621,269	-	-	-	621,269
Security bonds	-	100,504	-	-	100,504
	38,337,854	**100,504**	**-**	**-**	**38,438,358**
Financial Liabilities					
Trade and other payables	1,049,812	-	-	-	1,049,812
Other financial liabilities	104,524	-	-	-	104,524
	1,154,524	**-**	**-**	**-**	**1,154,524**

2011	≤ 6 months $	6 - 12 months $	1 - 5 years $	≥ 5 years $	Total $
Group					
Financial Assets					
Cash and cash equivalents	50,599,785	-	-	-	50,599,785
Trade and other receivables	699,544	-	-	-	699,544
Security bonds	-	115,583	-	-	115,583
	51,299,329	**115,583**	**-**	**-**	**51,414,912**
Financial Liabilities					
Trade and other payables	1,187,881	-	-	-	1,187,881
Other financial liabilities	109,148	-	-	-	109,148
	1,297,029	**-**	**-**	**-**	**1,297,029**

24. FINANCIAL INSTRUMENTS (continued)

(d) Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the cash and short-term deposits with a floating interest rate.

These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables, security deposits, investments in securities, and payables are non-interest bearing.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2012 $	2011 $
Interest-bearing Financial Instruments		
Cash at bank and on hand	2,051,719	596,180
Bank short term deposits	35,664,866	50,003,605
	37,716,585	**50,599,785**

The Group's cash at bank and on hand and short term deposits had a weighted average floating interest rate at year end of 4.99% (2011: 5.88%).

The Group currently does not engage in any hedging or derivative transactions to manage interest rate risk.

Interest rate sensitivity

A sensitivity of 10 per cent has been selected as this is considered reasonable given the current level of both short term and long term interest rates. A 10% movement in interest rates at the reporting date would have increased (decreased) equity and profit and loss by the amounts shown below based on the average amount of interest bearing financial instruments held. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

	Profit or Loss		Equity	
	10% Increase $	10% Decrease $	10% Increase $	10% Decrease $
2012				
Group				
Cash and cash equivalents	**220,129**	**(220,129)**	**220,129**	**(220,129)**
2011				
Group				
Cash and cash equivalents	**297,527**	**(297,527)**	**297,527**	**(297,527)**

24. FINANCIAL INSTRUMENTS (continued)

(e) Foreign Currency Risk

As a result of activities overseas, the Group's statement of financial position can be affected by movements in exchange rates.

The Group also has transactional currency exposures. Such exposure arises from transactions denominated in currencies other than the functional currency of the entity.

The Group currently does not engage in any hedging or derivative transactions to manage foreign currency risk.

The Group's exposure to foreign currency risk throughout the current and prior year primarily arose from the Group's wholly owned subsidiaries Berkeley Minera Espana, S.L., Minera del Rio Alagon, S.L., and Geothermal Energy Sources, S.L whose functional currency is the Euro. Foreign currency risk arises on translation of the net assets of these controlled entities to Australian dollars. The foreign currency gains or losses arising from this risk are recorded through the foreign currency translation reserve. There is no hedging of this risk.

Sensitivity analysis for currency risk

A sensitivity of 10 per cent has been selected as this is considered reasonable given historic and potential future changes in foreign currency rates. This has been applied to the net financial instruments of Minera de Rio Alagon, S.L., Berkeley Minera Espana, S.A. and Geothermal Energy Sources, S.L. This sensitivity analysis is prepared as at balance date.

A 10% strengthening/weakening of the Australian dollar against the Euro at 30 June 2012 would have increased/(decreased) the net financial assets of the Spanish controlled entities by A$7,198 and (A$8,798) (2011: (A$24,322) and A$24,322).

There would be no impact on profit or loss arising from these changes in the currency risk variables as all changes in value are taken to a reserve.

The above analysis assumes that all other variables, in particular interest rates and equity prices, remain constant. The analysis for 2011 has been performed on the same basis.

(f) Equity Price Risk

The Group is not exposed to equity price risk as it does not hold any equity interests other than interests in subsidiaries.

Equity price sensitivity

There is no effect on the net loss or equity reserves as at 30 June 2012 as the group does not have an exposure to equity price risk from equity investments at that date.

The Group's sensitivity to equity prices has not changed significantly from the prior years.

(g) Commodity Price Risk

The Group is exposed to uranium commodity price risk. These commodity prices can be volatile and are influenced by factors beyond the Group's control. As the Group is currently engaged in exploration and business development activities, no sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk.

(h) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the stage of development of the Group, the Board's objective is to minimise debt and to raise funds as required through the issue of new shares. There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

(i) Fair Value

The net fair value of financial assets and financial liabilities approximates their carrying value. The methods for estimating fair value are outlined in the relevant notes to the financial statements.

25. CONTINGENT LIABILITIES

The Group had no contingent liabilities at 30 June 2012 (2011: Nil).

26. SUBSEQUENT EVENTS

Since the end of the financial year, the following events have significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years:

- On 24 July 2012, the Company advised that it has reached agreement with Enusa Industrias Avanzadas S.A. ('ENUSA') on terms which provide the Company with a 100% interest in select uranium resources within State Reserves held by ENUSA. The agreement successfully resolved long standing difficulties for all parties involved, including termination of the arbitration proceeding between the Company and ENUSA.

- Mr Matthew Syme resigned as a Non Executive Director of the Company on 2 August 2012.

Other than the above there are no matters or circumstances, which have arisen since 30 June 2012 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2012, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2012, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2012, of the Consolidated Entity.

DIRECTORS' DECLARATION

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

(1) In the opinion of the Directors:

(a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited of the Consolidated Entity are in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with accounting standards and the Corporations Act 2001;

(iii) complying with International Financial Reporting Standards; and

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

(2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2012.

On behalf of the Board.

ROBERT BEHETS
Non Executive Director

27 September 2012

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

27 September 2012

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 audit of the financial statements of Berkeley Resources Limited for the year ended 30 June 2012, 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 audit; and

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

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

John Van Dieren
Director

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

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

Report on the Financial Report

We have audited the accompanying financial report of Berkeley Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

(a) the financial report of Berkeley Resources Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 18 to 24 of the directors' report for the year ended 30 June 2012. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Opinion
In our opinion the remuneration report of Berkeley Resources Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001.*

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

John P Van Dieren
Director

West Perth, Western Australia
27 September 2012