Berkeley
Resources Ltd

ANNUAL FINANCIAL REPORT

30 JUNE 2010

ABN 40 052 468 569

CORPORATE DIRECTORY

Directors

Dr Robert Hawley – Chairman
Mr Ian Stalker – Managing Director
Mr Scott Yelland – Executive Director
Señor Jose Ramon Esteruelas – Non Executive
Mr Sean James – Non Executive
Dr James Ross – Non Executive
Mr Matthew Syme – Non Executive

Company Secretary

Mr Sam Middlemas

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Solicitors

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Bankers

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<u>Australia</u>

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<u>Australia</u>

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<u>United Kingdom</u>

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ASX/AIM Code

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

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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 2010 ("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:

Dr Robert Hawley – Chairman
Mr Ian Stalker – Managing Director (appointed 30 November 2009)
Mr Scott Yelland – Executive Director
Señor Jose Ramon Esteruelas
Mr Sean James
Dr James Ross
Mr Matthew Syme
Mr Stephen Dattels – appointed 15 May 2009, resigned 14 September 2009

Unless otherwise disclosed, Directors held their office from 1 July 2009 until the date of this report.

CURRENT DIRECTORS AND OFFICERS

Robert Hawley
Non-Executive Chairman
Qualifications – CBE, DSc, FRSE, FREng, Hon FIET, FIMechEng, FInstP

Dr Hawley is based in London and has extensive technical qualifications and substantial expertise in the nuclear energy industry as well as broader public company management. He was Chief Executive of British Energy Plc from 1995 to 1997, Chief Executive of Nuclear Electric Plc from 1992 to 1996 and prior to this enjoyed a long career in senior engineering and management positions with CA Parsons & Co Ltd, Northern Engineering Industries Plc and Rolls-Royce Plc. Dr Hawley has been Managing Director of CA Parsons & Co Ltd, Managing Director of Northern Engineering Industries Plc, a Director of Rolls-Royce Plc, Chairman of Taylor Woodrow Plc, an Advisor Director of HSBC Bank Plc and a Director of Colt Telecom Group Ltd, Rutland Trust Plc and Carron Acquisition Co Ltd. He is presently a Director of Lister Petter Investment Holdings Ltd. He was awarded the CBE in 1997 for services to the Energy Industry and to Engineering.

Dr Hawley's experience in managing Nuclear Electric Plc, the largest nuclear generator in the United Kingdom, and British Energy Plc, the United Kingdom's leading electricity supplier, gives him a unique understanding of the nuclear generation sector in Europe and he is acknowledged as an international expert on power generation and energy.

During the three year period to the end of the financial year, Dr Hawley has held directorships in Rutland Trust Plc (September 2000 – July 2007), Colt Telecom Group Ltd (August 1998 – July 2009), Carron Acquisition Co Ltd (April 2006 – March 2009) and Lister Petter Investment Holdings Ltd (September 2006 – present).

Dr Hawley was appointed a Director of Berkeley Resources Limited on 20 April 2006.

Ian Stalker
Managing Director (appointed 30 November 2009)
Qualifications – BSc (Chemical Engineering)

Mr Ian Stalker is a chemical engineer, with an outstanding history in developing and managing a number of mining projects around the world over the past 35 years. He has considerable experience in the uranium sector and in mining operations in Spain and has successfully managed eight mining projects throughout the world through feasibility study, development and construction phases.

Mr Stalker was the Chief Executive Officer of UraMin, a London and Toronto listed Uranium Company from November 2005 until its acquisition by Areva in August 2007 for US $2.5 billion, and was subsequently CEO of Niger Uranium Ltd an AIM listed Company from 2008-2010. Prior to joining UraMin, Mr Stalker was at Gold Fields Ltd, the world's fourth largest gold producer. At Gold Fields, he managed the company's PGE project in

CURRENT DIRECTORS AND OFFICERS (Continued)

Finland starting in 2001 and eventually became a Vice President and was responsible for all of the company's projects in Australia and Europe in 2004.

Prior to Gold Fields, Mr Stalker worked at Lycopodium, an engineering, mining and metallurgical consultancy company, where he was responsible for new business in Africa and also managed projects around the world. From 1998 to 2000, Mr Stalker worked as a consultant on various projects located in Africa, including the Langer Heinrich uranium project in Namibia. He has also worked as a managing director at Ashanti Goldfields Company Limited and has previously been employed by Caledonia Mining Corporation, AGC Ltd and Zambia Consolidated Copper Mines Ltd.

Mr Stalker is a non-executive director of Vatukoula Gold Mines plc, which is listed on the AIM market of the London Stock Exchange, UrAmerica Limited, a private company with uranium exploration projects in Argentina, Paraguay and Colombia, and Brazilian Gold, a Toronto listed Gold Exploration Company.

Mr Stalker commenced his appointment as Managing Director and Chief Executive Officer on 30 November 2009.

Scott Yelland
Chief Operating Officer / Executive Director
Qualifications – MSc CEng FIMMM

Mr Yelland is a mining engineer with over 25 years in the mining industry and has a Masters degree in Mining Engineering from the Camborne School of Mines. He is a Chartered Engineer and Fellow of the Institute of Mining, Minerals and Materials.

Mr Yelland's experience as a mining engineer includes senior appointments in Russia, Australia, Spain, South America and Africa. Prior to joining Berkeley in April 2007, he was most recently COO of Highland Gold, a leading gold producer in Russia, and has held senior management positions with Rio Tinto in Brazil and Australia and Kinross in Russia and spent 4 years as Mines Manager of Navan Resources in Spain.

Mr Yelland joined Berkeley in April 2007 as the Group's Chief Operating Officer and was appointed a director of Berkeley Resources Limited on 1 February 2008. Mr Yelland has not held any other directorships of listed companies in the last three years.

Jose Ramon Esteruelas
Non-Executive Director
Qualifications – Economics Degree, Law Degree, Diploma of Business Administration

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 Tabaco en Rama S.A., (the leading 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.

Sean James
Non-Executive Director
Qualifications – BSc. (Hons.)

Mr James is a mining engineer and was formerly the Managing Director of the Rossing Uranium Mine in Namibia which is the world's largest low grade, open pit uranium mine. After 16 years at Rossing, he returned to London as a Group Mining Executive at Rio Tinto Plc in London.

Mr James' experience in managing the Rossing mine is ideally suited for the type of uranium mining operations the Company aims to develop in the Iberian Peninsula.

Mr James was appointed a Director of Berkeley Resources Limited on 28 July 2006. Mr James has not held any other directorships of listed companies in the last three years.

CURRENT DIRECTORS AND OFFICERS (Continued)

James Ross AM
Technical Director
Qualifications – B.Sc. (Hons.), Hon.DSc (W.Aust and Curtin), 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 has not been a Director of another listed company in the three years prior to the end of the financial year.

Matthew Syme
Non Executive Director
Qualifications – B.Com, CA

Mr Syme is a Chartered Accountant and has over 20 years experience as a senior executive of a number of companies in the Australian resources and media sectors. He was a Manager in a major international Chartered Accounting firm before spending 3 years as an equities analyst in a large stockbroking firm. He was then Chief Financial Officer of Pacmin Mining Limited, a successful Australian gold mining company, as well as a number of other resources companies.

Mr Syme was appointed a director of Berkeley Resources Limited on 27 August 2004, and was the Managing Director of the Company until the appointment of Mr Stalker in November 2009. Mr Syme continues on the Board as a Non Executive Director.

During the three year period to the end of the financial year, the only other listed company board that Mr Syme held was as the Managing Director of Sierra Mining Limited (appointed 1 July 2010 – present).

Mr Robert Samuel (Sam) Middlemas
Company Secretary
Qualifications – B.Com, CA, Grad. Dip Acc

Mr Middlemas is a Chartered Accountant with more than 15 years experience in various financial roles with a number of listed public companies operating in the resource sector. He is the principal of a corporate advisory company which provides financial and company secretarial services specialising in capital raisings and initial public offerings. Previously Mr Middlemas worked for an international accountancy firm. His fields of expertise include corporate secretarial practice, financial and management reporting in the mining industry, treasury and cash flow management and corporate governance. Mr Middlemas was appointed Company Secretary on 1 July 2010 replacing Mr Clint McGhie.

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

	2010	2009
The number of full time equivalent people employed by the Consolidated Entity at balance date	37	15

DIVIDENDS

No dividends have been declared, provided for or paid in respect of the financial year ended 30 June 2010 (2009: nil).

EARNINGS PER SHARE

	2010 Cents	2009 Cents
Basic loss per share	(11.08)	(9.47)
Diluted loss per share	(11.08)	(9.47)

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

	2010 $	2009 $
Loss of the Consolidated Entity before income tax expense	(14,240,676)	(10,013,948)
Income tax expense	-	-
Net loss	(14,240,676)	(10,013,948)
Net loss attributable to minority interest	-	4,742
Net loss attributable to members of Berkeley Resources Limited	(14,240,676)	(10,009,206)

REVIEW OF OPERATIONS AND ACTIVITIES

The year ending June 2010 has been a very significant period in the history of Berkeley with the company growing from a small uranium exploration company with 26.1 Mlbs of U_3O_8 Mineral Resources to a mid size near term uranium producer with over 83Mlbs[(i)] of JORC Compliant U_3O_8 Mineral Resources.

The Company has undertaken a number of drilling programs during the year whilst progressing the Feasibility Study on the Salamanca Uranium Project (SUP). Phase One is scheduled to be completed by the end of 2010 and the second phase by the middle of 2011.

Sustainable Development – Health, Safety, Environment and Community

Sustainable Development, including environmental responsibility, radiological protection and community awareness, engagement and support are paramount considerations for Berkeley. As a result, Berkeley has established a strong Health Safety Environment & Community (HSEC) team supported by the consultants Golder Associates, Ingemisa SA, Aquaterra, Salamanca University and Paulka Radiation & Environment.

(i) Berkeley has agreed to acquire 90% of the ENUSA State Reserves and any deposits therein by, inter alia, completing a feasibility study and paying €20m to ENUSA. For full details of the Agreement, see Berkeley's ASX announcement dated 10 December 2008

REVIEW OF OPERATIONS AND ACTIVITIES (Continued)

Salamanca Uranium Project

The Salamanca Uranium Project (SUP) incorporates the Aguila Area deposits (Sageras, Palacios and Majuelos) and the nearby Quercus Processing Plant as well as the more distant deposits at Alameda, Villar and Retortillo.

Berkeley's Feasibility Study is progressing in 2 separate phases:

1. Phase 1 is focusing on a tank leach scenario with a production rate of 2.1 Mlbs (0.95 Kt) of U_3O_8 per annum using the Palacios North, Sageras and Alameda South deposits as the initial feed to the Quercus Plant.
2. Phase 2 is concentrating on increasing the production rate up to 5 Mlbs (2.3 Kt) of U_3O_8 per annum by establishing heap leach operations at the various satellite deposits.

The first quarter of the 2009/2010 year was taken up with a comprehensive review and assessment of the historical data in order to gain a better understanding of the various uranium deposits and to provide additional confidence in the quality of the historical data supplied by ENUSA. This work culminated in commencement of a confirmatory diamond drilling program in October 2009 at the Palacios, Sageras and Alameda South deposits, which was completed in March 2010, prior to estimation of the State Reserve Mineral Resources. Final Mineral Resource Estimates for the Feasibility Study, which are intended to upgrade resource categories, will be available later in 2010 after an infill RC drilling program has been completed.

Palacios Deposit

During the year, Berkeley drilled 15 diamond drill holes in a series of traverses designed to confirm the historical drilling data. All holes intersected strong mineralisation consistent with the historical data. An initial Mineral Resource Estimate was announced in February 2010 for the Palacios North deposit consisting of 4.2 Mt at 508 ppm for a total of 4.7 Mlbs (2.1 Kt) U_3O_8, with approximately 90% in the Measured and Indicated categories. The Palacios South deposit was estimated at 2.2 Mt at 328 ppm for 1.6 Mlbs (0.73 Kt) U_3O_8 and is all in the Inferred category because of the wider drill spacing and lack of confirmatory drilling.

Sageras Deposit

Berkeley completed a confirmatory diamond drilling program consisting of 21 holes in a series of traverses across the deposit. The detailed results were announced in February 2010 with all of the Berkeley holes intersecting mineralisation consistent with the historical data. An initial Mineral Resource Estimate was announced in February 2010 consisting of 9.7 Mt at 400 ppm for 8.6 Mlbs (3.9 Kt) U_3O_8, including 71% in the Measured and Indicated categories.

An infill RC drilling program consisting of 46 holes was completed in July and it is anticipated that the majority of the Inferred Resource will be upgraded to Indicated and Measured in the next Mineral Resource Estimate scheduled to be announced in the September quarter. In addition, re-probing of historical holes has continued throughout the year and the results are continuing to provide increased confidence in the historical e-grades.

Majuelos Deposit

The Majuelos deposit encompasses two areas: remnant resources lying below the restored Mina Fe open pit and drilled on a 10m x 10m grid; and a separate zone to the east of the restored pit drilled on a 50m x 50m spacing. Total Mineral Resources have been estimated at 6.4 Mt at 411 ppm for 5.8 Mlbs (2.6 Kt) U_3O_8, all in the Inferred category.

Alameda South

Berkeley completed a confirmatory diamond drilling program consisting of 19 holes in a series of traverses across the deposit. The detailed results were announced in March 2010 with all of the Berkeley holes intersecting mineralisation consistent with the historical data. An initial Mineral Resource Estimate was completed consisting of 18.4 Mt at 458 ppm for 18.5 Mlbs (8.4 Kt) U_3O_8, including 49% in the Indicated category.

REVIEW OF OPERATIONS AND ACTIVITIES (Continued)

A 30 hole RC drilling program was completed in July 2010 to test the lateral and depth potential identified in the confirmatory diamond drill program and to increase confidence in areas previously drilled at lower density. The results have confirmed the current resource model and it is anticipated that the majority of the Inferred Resource will be upgraded to Indicated and Measured categories in an updated resource statement to be announced in the September quarter.

Alameda North

The Alameda North deposits consist of 3 separate zones extending north from Alameda South over a distance of 3.5 km along the granite contact. Total Mineral Resources have been estimated at 4.1 Mt at 503 ppm for 4.5 Mlbs (2.0 Kt) U_3O_8, all in the Inferred category because of the lack of confirmatory drilling in this area. However, all of the historical drilling was undertaken at the same time as the Alameda South historical drilling where Berkeley has confirmed the historical results.

Villar

The Villar Area is located 10km north of Alameda and 14km north-west of the Quercus Plant (Figure 2). An initial Mineral Resource was announced in March 2010 consisting of 5.0 Mt at 446 ppm for 4.9 Mlbs (2.2 Kt) U_3O_8. The Mineral Resource Estimate was classified as Inferred as Berkeley has not undertaken any confirmatory drilling on this deposit. A number of Berkeley diamond holes drilled at the nearby Barquila Prospect confirmed the nearby historical data.

Retortillo Deposit

Berkeley commenced drilling at Retortillo in December 2006 following acquisition and assessment of the ENUSA historical database which included 272 drill holes defining uranium mineralisation over a strike length of 2kms. Over the next few years, Berkeley drilled an additional 72 diamond and RC holes and announced an initial resource in April 2007. Further drilling by Berkeley in 2007 led to the announcement later that year of an updated Mineral Resource Estimate of 9.6 Mt at 615 ppm for 13 Mlbs (5.9 Kt), with 38% in the Indicated category. No work has been undertaken since the updated resource, however a large RC drilling program is planned to commence in the September quarter to convert the Inferred Resources into a higher category.

Santidad Deposit

A Mineral Resource of 2.9 Mlbs U_3O_8 was announced in November 2007 based on 87 drill holes. A further 120 diamond and reverse circulation holes were subsequently drilled by Berkeley and an updated Mineral Resource was estimated by independent consultants, McDonald Speijers. It increased resources by 47% to 4.6 Mt at 410 ppm for 4.2 Mlbs of U_3O_8 and includes about 29% in the Indicated category.

Zona 7 Deposits

The Zona 7 deposits are located approximately 5 km north of the Santidad deposit (Figure 7) and consist of the significant Zona 7 deposit (3.5 Mlbs at 414 ppm U_3O_8) and a cluster of small deposits in close proximity (Las Carbas, Caridad and Cristina). Berkeley carried out a large amount of drilling in this area in 2008 (5 Diamond and 178 RC holes). All the Mineral Resources are Inferred and total 5.7 Mt at 421 ppm for 5.3 Mlbs (2.4 Kt) U_3O_8

Gambuta Area

The Gambuta deposit is situated approximately 140 kms to the south-east of the Águila Area in the Cáceres Region. During 2008, Berkeley drilled 43 RC holes and announced an inferred Mineral Resource Estimate in August 2008 of 9.2 Mlbs (4.2 Kt) U_3O_8. Berkeley has not undertaken any work in the Cáceres Region during the year and it is not being considered in the current Feasibility Study. However, further work is planned in the forthcoming year to upgrade the resource and undertake metallurgical test work as it has the potential as a "stand alone" heap leach operation with uranium recovery from the Quercus Plant.

REVIEW OF OPERATIONS AND ACTIVITIES (Continued)

Exploration

The 2009/2010 year has focussed on the confirmation and estimation of the State Reserve Mineral Deposits. Exploration has involved the compilation of all the ENUSA data and a complete review of all the historical exploration prospects as well as a more detailed review of the near mine exploration potential. This has highlighted some targets at Sageras and Palacios that are currently being followed up with RC drilling.

A number of other appealing targets have been identified mainly focussing on areas along strike from existing deposits but situated beneath Tertiary cover where radiometrics are ineffective. This includes the area to the south of Alameda where a review of the available geological information identified significant cover material in areas previously mapped as outcropping basement.

Metallurgy & Processing

In December 2009 Berkeley completed the Salamanca Uranium Project Scoping Study, which demonstrated the technical and economical viability of the project, and initiated the start of the Phase 1 of Feasibility Study on the Project, which is due to be completed by November 2010.

In February 2010, 2,000kg of diamond drill core was sent to the SGS Metallurgical Laboratories in Perth, Australia to commence the comprehensive metallurgical test work campaign supervised by Aker Solutions, Orway Mineral Consultants and Kappes Cassiday (Perth). This was followed up with a further 9,350kg in June and July 2010.

The primary objective of this metallurgical test work is to optimise the process conditions for treating the various uranium ore lithologies at Sageras and Palacios in a tank leach configuration.

The results of this work will be employed in the Feasibility Study – Phase 1 and for the re-commissioning of the Quercus Processing Plant, which has a capacity of 2.1Mlbs (0.95 Kt) of U_3O_8 per annum.

A second program of testwork (Phase 2) commenced in the 3rd quarter of 2010, designed to explore the amenability of the Sageras, Palacios and Alameda ores to heap leaching. This work will extend into the 2nd Quarter of 2011 and will incorporate Retortillo in the first quarter of 2011.

Mining Studies

The Salamanca uranium project scoping study completed in December 2009 identified that the mining is relatively simple, shallow open pit mining with drill, blast, load and haul undertaken by Spanish contractors.

Following completion of the scoping study, work started immediately on the feasibility mining studies, and following completion of Mineral Resource Estimates in March 2010 pit optimisations were completed for various processing and production options and operating costs were further refined following discussions with a number of mining contractors.

Berkeley will continue to work for the interests of shareholders by pursuing our core objective of mining uranium in Spain. The Company is very well placed to capitalise on the solid foundations it has built to date.
The Group also continues to review other opportunities in the mining and energy sectors in Europe and elsewhere.

The net loss of the Consolidated Entity after minority interests for the year ended 30 June 2010 was $14,240,676 (2009: $10,009,206). This loss is largely attributable to:

- the Consolidated Entity's accounting policy of expensing exploration and evaluation expenditure incurred by the Consolidated Entity subsequent to the acquisition of the rights to explore and up to the commencement of bankable feasibility studies. During the year, exploration expenditure totalled $10,732,103 (2009: $5,783,641); and

- the Consolidated Entity's accounting policy of expensing the value (determined using the Binomial option pricing model) of share options granted to Directors, employees, consultants and other advisors. The value is measured at grant date and recognised over the period during which the option holders become unconditionally entitled to the options. During the year, non-cash share-based payment expenses (excluding those classified as exploration costs) totalled $1,488,365 (2009: $2,999,115).

REVIEW OF OPERATIONS AND ACTIVITIES (Continued)

Corporate and Financial Position

During the period under review the Company made a number of appointments to strengthen its Board and Management team as the Company advanced toward delivering a feasibility study – phase 1 at its Salamanca Uranium project.

In November 2009 Berkeley Resources engaged Ian Stalker to become Managing Director and Chief Executive Officer of the Company, bringing with him considerable experience in the uranium sector and mining operations in Spain. He has successfully managed eight mining projects throughout the world through feasibility study, development and construction phases.

Berkeley Resources also enhanced its Management team through the appointment of Henry Horne as Chief Financial Officer in April 2010. Mr Horne has 28 years' experience in the mining industry and held senior management and executive positions at mines in Namibia, South Africa, Ghana, Bulgaria, Chile and Russia with companies including Tsumeb Corporation Gold Fields, Kinross Gold, Navan Mining and Highland Gold.

The Board also appointed Robert Samuel (Sam) Middlemas as Company Secretary in June 2010 and in September 2010 announced Matthew Syme plans to resign as a Non-executive Director of the Company with effect from the next AGM.

Berkeley Resources agreed to restructure the Company's royalty commitments to the original founders and vendors of Berkeley's Spanish subsidiary, Minera de Rio Alagon SL ("MRA") in December 2009. The previous royalty of 3% applied to production from MRA properties and included an accelerating minimum cash royalty. In order to remove some ambiguity inherent in the previous agreement, the parties agreed to replace the previous royalty with a 1% royalty on all Berkeley's future uranium production in Spain and Portugal, including potentially non-MRA properties.

In January 2010 the Company also agreed to terminate the Heads of Agreement which was entered with Areva NC in March 2006. As a consequence, any rights previously granted to Areva for off-take or marketing of uranium production from Berkeley's projects were terminated

Under the terms of the Cooperation Agreement entered into with ENUSA in December 2008, Berkeley will complete a Feasibility Study by the end of November 2010. After the successful completion of the Feasibility Study Berkeley needs to inform ENUSA of its decision to exploit. This positive decision will then trigger the formation of NEWCO with a Berkeley and ENUSA joint venture partnership of 90%:10%. Once NEWCO has been formed Berkeley will pay ENUSA €20M whereupon the State Reserves will then be transferred to NEWCO, who will then exploit the reserves in a joint venture with ENUSA.

According to the Cooperation Agreement, Berkeley may inform ENUSA by the end of October 2010 to extend the decision to exploit by one further year by paying to ENUSA €1M.

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 Salamanca Uranium Project in Spain, with the objective of restarting the mining operations by the end of 2012
- 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 the Managing Director having ultimate responsibility to the Board 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 30 November 2009 the Company appointed Ian Stalker as Managing Director;
- On 2 December 2009 the Company confirmed in the Scoping Study the potential of the Salamanca Project;
- On 23 December 2009 the Company advised the restructuring of the Royalty arrangements;
- On 12 January 2010 the Company terminated the Areva NC Heads of Agreement;
- On 26 February 2010 the Company advised a doubling of the Uranium Resource to 52Mlbs U308; and
- On 30 March 2010 the Company advised of an increase in the Uranium Resource to over 80 Mlbs U308.

SIGNIFICANT POST BALANCE DATE EVENTS

Since the end of the financial year, the following events have affected, or may 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 18 August 2010, the Company advised it had reached a Heads of Agreement with KEPCO for KEPCO to purchase a direct 35% interest in the Salamanca Project for an amount of US$70 million. Detailed Agreements are in the process of being completed. KEPCO will also execute a proposed offtake agreement to purchase 35% of the Salamanca Uranium Project's U308 production at industry standard terms, based on a mix of spot and term prices.

Other than the above, as at the date of this report there are no matters or circumstances, which have arisen since 30 June 2010 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2010, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2010, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2010, 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

	Interest in Securities at the Date of this Report				
	Ordinary Shares(i)	$0.75 Listed Options(ii)	$1.00 Incentive Options(iii)	$1.25 Incentive Options(iv)	$1.86 Incentive Options(v)
Robert Hawley	-	500,000	-	-	-
Ian Stalker	-	900,000	-	3,000,000	-
Scott Yelland	-	250,000	250,000	-	1,000,000
Jose Ramon Esteruelas	-	500,000	-	-	-
Sean James	-	250,000	-	-	-
James Ross	315,000	257,500	-	-	-
Matthew Syme	2,898,105	1,069,002	-	-	-

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) "$1.00 Incentive Options" means an option to subscribe for 1 Ordinary Share in the capital of the Company at an exercise price of $1.00 each on or before 19 June 2012.
(iv) "$1.25 Incentive Options" means an option to subscribe for 1 Ordinary Share in the capital of the Company at an exercise price of $1.25 each on or before 1 December 2013 (1/3), 1 December 2014 (1/3) and 1 December 2015 (1/3).
(v) "$1.86 Incentive Options" means an option to subscribe for 1 Ordinary Share in the capital of the Company at an exercise price of $1.86 each on or before 5 August 2011.

SHARE OPTIONS

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

Listed Options

- 12,670,716 listed options at an exercise price of $0.75 each that expire on 15 May 2013.

Unlisted Options

- 1,500,000 unlisted options at an exercise price of $1.00 each that expire on 31 May 2013 (all exercised since the end of the financial year).
- 2,160,000 unlisted options at an exercise price of $1.86 each that expire on 5 August 2011.
- 787,500 unlisted options at an exercise price of $1.00 each that expire on 19 June 2012.
- 1,000,000 unlisted options at an exercise price of $1.25 each that expire on 1 December 2013.
- 1,000,000 unlisted options at an exercise price of $1.25 each that expire on 1 December 2014.
- 1,000,000 unlisted options at an exercise price of $1.25 each that expire on 1 December 2015.
- 3,285,000 unlisted options at an exercise price of $1.35 each that expire on 18 June 2014.

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 11,600,000 new shares issued as a result of the exercise of unlisted options, and a further 269,040 new shares issued as a result of exercise of the listed options. Since 30 June 2010, there have been 1,500,000 new shares issued as a result of the exercise of the unlisted options due to expire on 31 May 2013.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2010, and the number of meetings attended by each director.

	Board Meetings Number Eligible to Attend	Board Meetings Number Attended
Current Directors		
Robert Hawley	6	5
Ian Stalker	3	3
Scott Yelland	6	6
Jose Ramon Esteruelas	6	5
Sean James	6	6
James Ross	6	6
Matthew Syme	6	6
Former Director		
Stephen Dattels	-	-

REMUNERATION REPORT (AUDITED) (30 JUNE 2010 YEAR END)

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	
Robert Hawley	Non-Executive Chairman
Ian Stalker	Managing Director (appointed 30 November 2009)
Matthew Syme	Managing Director until 30 November 2009 then Non Executive Director
Scott Yelland	Chief Operating Officer / Executive Director
Sean James	Non-Executive Director
Jose Ramon Esteruelas	Non-Executive Director
James Ross	Non-Executive Director
Stephen Dattels	Non-Executive Director (Resigned 14 September 2009)

Executives	
Sam Middlemas	Company Secretary (Appointed 1 July 2010)
Clint McGhie	Company Secretary (Resigned 1 July 2010)
Henry Horne	Chief Financial Officer (Appointed 23 April 2010)

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 2009 until the date of this report.

Mr Dattels was appointed a Director of the Company on 15 May 2009, and resigned as a Director on 14 September 2009.

REMUNERATION REPORT (AUDITED) (30 JUNE 2010 YEAR END) (Continued)

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 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.

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.

REMUNERATION REPORT (AUDITED) (30 JUNE 2010 YEAR END) (Continued)

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

The Board does not directly base remuneration levels on the Company's share price or movement in the share price over the financial year. 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.

As a result of the Group's exploration and new business activities, 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 as a result the remuneration policy does not take into account the level of dividends or other distributions to shareholders (eg return of capital).

Impact of Earnings on Key Management Personnel Remuneration

As discussed above, the Group is currently undertaking exploration 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 current or prior year earnings when assessing remuneration of Key Management Personnel.

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.

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. The value of these incentive options is expensed over the vesting period.

REMUNERATION REPORT (AUDITED) (30 JUNE 2010 YEAR END) (Continued)

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:

2010	Short-Term Benefits Salary & Fees $	Cash Bonus $	Post Employ-ment Benefits $	Share-Based Payments $	Other Non-Cash Benefits[vi] $	Total $	Percentage of Total Remuneration on that Consists of Options %	Percentage Performance Related %
Directors								
Robert Hawley	101,923	-	-	-	-	101,923	-	-
Ian Stalker [i]	174,655	-	17,465	1,051,182	11,900	1,255,202	83.7	-
Matthew Syme [ii]	237,018	-	13,125	-	9,302	259,445	-	-
Scott Yelland	239,426	-	38,440	-	-	277,866	-	-
Sean James	43,581	-	-	-	-	43,581	-	-
James Ross	101,100	-	2,700	-	-	103,800	-	-
Jose Ramon Esteruelas	79,063	-	-	-	-	79,063	-	-
Stephen Dattels[iv]	-	-	-	-	-	-		
Executives								
Henry Horne [iii]	53,537	-	-	13,908	7,132	74,577	18.6	-
Clint McGhie[v]	-	-	-	-	-	-	-	-
2009								
Directors								
Robert Hawley	125,929	-	-	334,800	3,327	464,056	72.15	-
Matthew Syme	250,000	-	22,500	669,600	12,522	954,622	70.14	-
Scott Yelland	269,345	-	44,829	529,193	6,852	850,219	62.24	-
Sean James	40,656	-	-	167,400	6,852	214,908	77.89	-
James Ross	96,690	-	2,700	167,400	4,437	271,227	61.72	-
Jose Ramon Esteruelas	93,259	-	-	334,800	3,327	431,386	77.61	-
Stephen Dattels[iv]	-	-	-	167,400	418	167,818	99.75	-
Executives								
Clint McGhie[v]	-	10,000	-	-	-	10,000	-	100

Notes

(i) Mr Stalker joined the Company as Managing Director on 30 November 2009.
(ii) Mr Syme resigned as Managing Director on 8 February 2010, and continues on the Board as a Non Executive director.
(iii) Mr Horne jointed the Company as Chief Financial Officer on 23 April 2010.
(iv) Mr Dattels was appointed as a non-executive Director of the Company on 15 May 2009.
(v) Mr McGhie provided services as the Company Secretary through a services agreement between Berkeley Resources Limited 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 $17,000 from 1 July 2009. The Board agreed to pay Mr McGhie a bonus of $10,000 during the year ended 30 June 2009 in addition to the retainer paid to Apollo Group Pty Ltd.
(vi) Other Non-Cash Benefits includes payments made for car-parking and insurance premiums on behalf of the Directors, including Directors & Officers insurance, and in some instances, working directors insurance.

Options Granted to Key Management Personnel

Details of options granted to each of the Key Management Personnel of the Company or Group during the financial year are as follows:

2010	Issuing Entity	Grant Date	Expiry Date	Exercise Price $	Grant Date Fair Value $	No. Granted	Total Value of Options Granted $	No. Vested
Ian Stalker	Berkeley Resources Ltd	1/4/2010	1/12/2013	1.25	0.8626	1,000,000	862,600	-
	Berkeley Resources Ltd	1/4/2010	1/12/2014	1.25	0.9437	1,000,000	943,700	-
	Berkeley Resources Ltd	1/4/2010	1/12/2015	1.25	1.0068	1,000,000	1,006,800	-
Henry Horne	Berkeley Resources Ltd	18/6/2010	18/6/2014	1.35	0.5538	416,666	230,750	-
	Berkeley Resources Ltd	18/6/2010	18/6/2014	1.35	0.5538	416,667	230,750	-
	Berkeley Resources Ltd	18/6/2010	18/6/2014	1.35	0.5538	416,667	230,750	-
2009								
Robert Hawley	Berkeley Resources Ltd	6-May-09	15-May-13	0.75	0.6696	500,000	334,800	500,000
Matthew Syme	Berkeley Resources Ltd	6-May-09	15-May-13	0.75	0.6696	1,000,000	669,600	1,000,000
Scott Yelland (ii)	Berkeley Resources Ltd	27-Nov-08	19-Jun-12	1.00	0.097	250,000	24,250	83,333
	Berkeley Resources Ltd	6-May-09	15-May-13	0.75	0.6696	250,000	167,400	250,000
Sean James	Berkeley Resources Ltd	6-May-09	15-May-13	0.75	0.6696	250,000	167,400	250,000
James Ross	Berkeley Resources Ltd	6-May-09	15-May-13	0.75	0.6696	250,000	167,400	250,000
Jose Ramon Esteruelas	Berkeley Resources Ltd	6-May-09	15-May-13	0.75	0.6696	500,000	334,800	500,000
Stephen Dattels	Berkeley Resources Ltd	6-May-09	15-May-13	0.75	0.6696	250,000	167,400	250,000

Notes

(i) For details on the valuation of the options, including models and assumptions used, please refer to Note 19 to the financial statements.

(ii) In addition to the above, at 30 June 2010, 666,666 $1.86 Incentive Options issued to Mr Yelland on 6 August 2007 had vested. 333,333 of these options remain to vest.

(iii) During the financial year there were no options exercised or lapsed.

REMUNERATION REPORT (AUDITED) (30 JUNE 2010 YEAR END) (Continued)

Employment Contracts with Directors and Executive Officers

Mr Ian Stalker, Managing Director, has a contract of employment with Berkeley Resources Limited dated 14 November 2009. The contract specifies the duties and obligations to be fulfilled by the Managing Director. The contract has a rolling term and may be terminated by the Company by giving three months notice. No amount is payable in the event of termination for neglect of duty or gross misconduct. Mr Stalker receives a fixed remuneration component of £160,000 per annum plus 10% superannuation and the provision of a motor vehicle.

Following shareholder approval on 1 April 2010, Mr Stalker was granted 1,000,000 unlisted options exercisable at $1.25 each on or before 1 December 2013 (12 months vesting period), 1,000,000 unlisted options exercisable at $1.25 on or before 1 December 2014 (24 months vesting period), and 1,000,000 unlisted options exercisable at $1.25 each on or before December 2015 (36 months vesting period).

Mr Matthew Syme, terminated his employment contract as Managing Director on 1 February 2010, and entered into a new letter agreement as a Non Executive Director. The letter specifies the duties and obligations to be fulfilled as a Non Executive Director, and the remuneration is fixed at $30,000 per annum plus 9% superannuation. The letter also includes 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 has a rolling term and may be terminated by the Company by giving 1 months notice.

Mr Scott Yelland was appointed Chief Operating Officer of the Company on 6 April 2007 and was subsequently appointed a Director of the Company on 1 February 2008. Mr Yelland has a letter of employment with Berkeley Resources Limited dated 27 March 2007. The letter specifies the duties and obligations to be fulfilled by the Chief Operating Officer. The letter of employment may be terminated by either party by giving three months notice. No amount is payable by the Company in the event of termination for neglect of duty or gross misconduct. Mr Yelland receives a fixed remuneration component of £125,000 per annum exclusive of employer National Insurance Contributions (United Kingdom).

Prior to his appointment as a Director and in accordance with his engagement terms Mr Yelland was granted 1,000,000 options, with an exercise price of $1.86 each, on 6 August 2007 under the Employee Option Scheme approved by shareholders on 21 June 2007. The options will vest in 3 equal tranches every 12 months from the date of commencement and will expire on 5 August 2011.

Following shareholder approval on 27 November 2008, Mr Yelland was granted 250,000 unlisted incentive options exercisable at $1.00 each. The options will vest in 3 equal tranches every 12 months from the date of commencement and will expire on 19 June 2012.

Following shareholder approval on 6 May 2009, Mr Yelland was granted 250,000 listed options exercisable at $0.75 each on or before 15 May 2013.

Dr James Ross, Technical Director, has a letter of engagement with Berkeley Resources Limited dated 10 September 2009. The letter specifies the duties and obligations to be fulfilled by the Technical Director. Dr Ross receives a fixed remuneration component of $30,000 per annum exclusive of superannuation. The letter also includes a consultancy arrangement which provides for a consultancy fee at the rate of $900 per day, with a minimum of 1 day per week. The consultancy arrangement has a rolling term and may be terminated by the Company by giving 1 months notice.

Following shareholder approval on 6 May 2009, Dr Ross was granted 250,000 listed options exercisable at $0.75 each on or before 15 May 2013.

Dr Robert Hawley, Non Executive Chairman, was appointed a Director of the Company on 20 April 2006. Dr Hawley has a letter of engagement with Berkeley Resources Limited dated 19 April 2006. The letter specifies a fixed remuneration component of £55,000 per annum.

Following shareholder approval on 6 May 2009, Dr Hawley was granted 500,000 listed options exercisable at $0.75 each on or before 15 May 2013.

Employment Contracts with Directors and Executive Officers (Continued)

Mr Sean James, Non Executive Director, was originally appointed an Executive Director of the Company on 28 July 2006. Mr James had a letter of employment with Berkeley Resources Limited dated 28 July 2006 and was to receive a fixed remuneration component of £100,000 per annum exclusive of employer National Insurance Contributions (United Kingdom). On 17 November 2006, Mr James relinquished his executive role but remained as a Non Executive Director and consultant to the Company. Mr James receives a fixed remuneration of £18,000 per annum. The letter also includes a consultancy agreement which provides for a consultancy fee of £400 per day. The consultancy agreement has a rolling term and may be terminated by Mr James or by the Company giving one month's notice.

Following shareholder approval on 6 May 2009, Mr James was granted 250,000 listed options exercisable at $0.75 each on or before 15 May 2013.

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 one month's notice.

Following shareholder approval on 6 May 2009, Señor Esteruelas was granted 500,000 listed options exercisable at $0.75 each on or before 15 May 2013.

Mr Stephen Dattels, Non Executive Director, was appointed a Director of the Company on 15 May 2009 and resigned on 14 September 2009. Mr Dattels received no fixed remuneration.

Following shareholder approval on 6 May 2009 and his appointment on 15 May 2009, Mr Dattels was granted 250,000 listed options exercisable at $0.75 each on or before 15 May 2013.

Mr Henry Horne was appointed Chief Financial Officer on 28 April 2010. The contract specifies the duties and obligations to be fulfilled by the Chief Financial Officer. The contract has a rolling term and may be terminated by the Company by giving three months notice. No amount is payable in the event of termination for neglect of duty or gross misconduct. Mr Horne receives a fixed remuneration component of £136,000 per annum plus Spanish superannuation, the provision of accommodation in Spain, the provision of a motor vehicle, medical and life insurance expenses.

The Board granted Mr Horne 1,250,000 unlisted options exercisable at $1.35 each on or before 18 June 2014 (with 33% vesting after 12 months, 33% vesting after 24 months, and 33% vesting after 36 months).

Exercise of Options Granted as Remuneration

During the financial year ended 30 June 2010, there were no options granted as remuneration that were exercised (2009: 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 $23,078. 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 63 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

IAN STALKER
Managing Director

24 September 2010

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Ross Corben, who is a member of The Australian Institute of Mining and Metallurgy and a full-time employee of Berkeley Resources Limited. Mr. Corben has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Corben consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

Berkeley Resources Ltd

	Note	Consolidated 2010 $	Consolidated 2009 $
Revenue from continuing operations	2	**712,783**	**700,250**
Administration costs		(1,468,278)	(1,331,974)
Exploration costs		(10,732,103)	(5,783,641)
Provision for capitalised exploration expenditure	3	-	(328,383)
Business development costs		(343,829)	(270,707)
Other share based payments expense	3	(1,488,365)	(2,999,115)
Cancellation of royalty		(920,884)	-
Foreign exchange gain/(loss)		-	(378)
Loss before income tax expense		**(14,240,676)**	**(10,013,948)**
Income tax expense	4	-	-
Loss after income tax expense		**(14,240,676)**	**(10,013,948)**
Other Comprehensive Income			
Exchange differences arising on translation of foreign operations		**(1,742,832)**	**(161,217)**
Income tax on other comprehensive income		**-**	**-**
Total Comprehensive Loss		**(15,983,508)**	**(10,175,165)**
Loss attributable to:			
Non controlling interest		1,098	(4,742)
Members of Berkeley Resources Limited		(14,241,774)	(10,009,206)
Loss after income tax expense		**(14,240,676)**	**(10,013,948)**
Total comprehensive loss attributable to:			
Non controlling interest		1,098	(4,953)
Members of Berkeley Resources Limited		(15,984,606)	(10,170,212)
Total Comprehensive Loss		**(15,983,508)**	**(10,175,165)**
Basic loss per share (cents per share)	23	(11.08)	(9.47)
Diluted loss per share (cents per share)	23	(11.08)	(9.47)

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
ASSETS			
Current Assets			
Cash and cash equivalents	24(b)	10,244,114	11,479,554
Trade and other receivables	5	193,138	1,529,241
Other financial assets	6	-	107,956
Total Current Assets		**10,437,252**	**13,116,751**
Non-current Assets			
Exploration expenditure	7	12,843,327	14,388,045
Property, plant and equipment	8	482,017	520,590
Other financial assets	9	215,076	279,276
Total Non-current Assets		**13,540,420**	**15,187,911**
TOTAL ASSETS		**23,977,672**	**28,304,662**
LIABILITIES			
Current Liabilities			
Trade and other payables	10	1,694,344	838,902
Provisions	11	22,068	197,812
Other financial liabilities	12	273,524	10,768
Total Current Liabilities		**1,989,936**	**1,047,482**
TOTAL LIABILITIES		**1,989,936**	**1,047,482**
NET ASSETS		**21,987,736**	**27,257,180**
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	13	58,618,042	49,391,245
Reserves	14	4,834,009	6,366,822
Accumulated losses	15	(41,464,315)	(28,501,985)
Parent Interests		**21,987,736**	**27,256,082**
Non Controlling Interests		**-**	**1,098**
TOTAL EQUITY		**21,987,736**	**27,257,180**

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

STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Cash flows from operating activities			
Payments to suppliers and employees		(10,037,201)	(7,680,368)
Interest received		333,518	797,527
Grant received		359,287	797,527
Net cash inflow/(outflow) from operating activities	24	**(9,344,396)**	**(6,882,841)**
Cash flows from investing activities			
Payments for exploration		(91,031)	(8,987,337)
Security bond deposit		172,156	(6,800)
Amounts repaid to third parties		-	(79,396)
Payment for acquisition of subsidiary		-	(36,036)
Net cash acquired on acquisition of subsidiary		-	20,005
Payments for property, plant and equipment		(271,246)	(74,724)
Net cash inflow/(outflow) from investing activities		**(190,121)**	**(9,164,288)**
Cash flows from financing activities			
Proceeds from issue of shares		8,369,500	9,939,792
Transaction costs from issue of shares and options		(27,703)	(399,072)
Net cash inflow from financing activities		**8,341,797**	**9,540,720**
Net increase/(decrease) in cash and cash equivalents held		**(1,192,720)**	**(6,506,409)**
Cash and cash equivalents at the beginning of the financial year		**11,479,554**	**18,171,171**
Effects of exchange rate changes on cash and cash equivalents		**(42,720)**	**(185,208)**
Cash and cash equivalents at the end of the financial year	24 (b)	**10,244,114**	**11,479,554**

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

STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2010

Consolidated	Issued Capital $	Option Premium Reserve $	Foreign Currency Translation Reserve $	Accumu-lated Losses $	Non Controlling Interest $	Total Equity $
As at 1 July 2008	**41,444,842**	**4,472,973**	**(23,704)**	**(20,890,335)**	**1,487**	**25,005,263**
Net loss for the period	-	-	-	(10,009,206)	(4,742)	(10,013,948)
Other Comprehensive Income: Exchange differences arising on translation of foreign operations	-	-	(161,006)	-	(211)	(161,217)
Total comprehensive income	-	-	(161,006)	(10,009,206)	(4,953)	(10,175,165)
Transactions with owners, recorded directly in equity Step up acquisition of minority interest	-	-	-	-	4,564	4,564
Issue of shares	9,939,792	-	-	-	-	9,939,792
Share issue costs	(1,993,389)	-	-	-	-	(1,993,389)
Expiry of incentive options	-	(2,357,250)	-	2,357,250	-	-
Cancellation of incentive options:						
Vested	-	(40,306)	-	40,306	-	-
Unvested	-	(38,788)	-	-	-	(38,788)
Cost of share based payments	-	4,514,903	-	-	-	4,514,903
As at 30 June 2009	**49,391,245**	**6,551,532**	**(184,710)**	**(28,501,985)**	**1,098**	**27,257,180**
As at 1 July 2009	**49,391,245**	**6,551,532**	**(184,710)**	**(28,501,985)**	**1,098**	**27,257,180**
Net loss for the period	-	-	-	(14,240,676)	(1,098)	(14,241,774)
Other Comprehensive Income: Exchange differences arising on translation of foreign operations	-	-	(1,742,832)	-		(1,742,832)
Total comprehensive income	-	-	(1,742,832)	(14,240,676)	(1,098)	(15,984,606)
Transactions with owners, recorded directly in equity						
Issue of shares	9,254,500	-	-	-	-	9,254,500
Share issue costs	(27,703)	-	-	-	-	(27,703)
Share based payments exercised	-	(1,278,346)	-	1,278,346	-	-
Cost of share based payments	-	1,488,365	-	-		1,488,365
As at 30 June 2010	**58,618,042**	**6,761,551**	**(1,927,542)**	**(41,464,315)**	**-**	**21,987,736**

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 2010 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.

Separate financial statements for Berkeley Resources Limited as an individual entity is no longer required as the consequence of a change in the Corporations Act 2001, however, required financial information for Berkeley Resources Limited as an individual entity is disclosed in Note 16.

The financial report of the Company for the year ended 30 June 2010 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 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. There is no material impact of the adoption of these new accounting standards on the financial statements at 30 June 2010.

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 2010 are as follows:

AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]
AASB 2009-8	Amendments to Australian Accounting Standard – Group cash-settled Share-based Payment Transactions
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12
AASB 2009-12	Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052]
Interpretation 19	Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Operating Segments

The Consolidated Entity has 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. As a result, following the adoption of AASB 8, the Consolidated Entity is not required to report the geographical segments reported in previous periods.

(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 the year ended 30 June 2010, the Parent made a significant judgement about the impairment of a financial asset (investment in subsidiary – refer Note 10). 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 as 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.

(h) Foreign Currency Translation

Both the functional and presentation currency of Berkeley at 30 June 2010 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Foreign Currency Translation (Continued)

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 weighted 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 period 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Fair Value Estimation (Continued)

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.

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.

(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*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investments and Other Financial Assets (Continued)

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) 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Property, Plant and Equipment (Continued)

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:

	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.

(q) 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.

(r) 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.

(s) 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.

(t) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Earnings per Share (EPS)

Basic earnings per share is calculated by dividing the profit 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.

(v) 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.

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.

(w) 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 balance sheet.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) 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).

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.

(y) 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.

	Consolidated 2010 $	Consolidated 2009 $
2. REVENUE AND OTHER INCOME FROM CONTINUING OPERATIONS		
Revenue – Interest Income	**353,496**	700,250
Other Income	**75,911**	-
Grant Income received	**283,376**	-
	712,783	700,250

	Consolidated 2010 $	Consolidated 2009 $
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	**209,572**	97,310
Net movement in provisions for		
- Capitalised exploration expenditure	**-**	328,383
- Employee entitlements	**(133,899)**	111,672
- Maintenance	**(41,485)**	41,845
- Incorporation expenses	**-**	2,339
Employee Benefits Expense		
- Salaries, wages and fees	**3,121,110**	2,764,284
- Defined contribution plan	**23,738**	73,194
- Bonuses	**-**	10,000
- Share-based payments (refer Note 19)	**1,488,365**	2,999,115
Total Employee Benefits Expense	**4,633,213**	5,846,593

	Consolidated 2010 $	Consolidated 2009 $
4. INCOME TAX EXPENSE		
(a) Recognised in the Income Statement		
Current income tax		
Current income tax expense/(benefit)	(3,589,156)	(1,822,546)
Adjustments in respect of current income tax of previous years	-	(385,076)
Deferred income tax		
Origination and reversal of temporary differences	71,110	43,821
Temporary differences not previously brought to account	-	-
Tax losses not brought to account	3,518,046	2,163,801
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	(14,240,676)	(10,013,948)
At the domestic income tax rate of 30% (2009: 30%)	(4,272,203)	(3,004,184)
Expenditure not allowable for income tax purposes	603,184	1,255,512
Foreign currency exchange gains and other translation adjustments	150,973	(14,636)
Adjustments in respect of current income tax of previous years	-	(385,076)
Previously unrecognised tax losses brought to account	-	(15,417)
Temporary differences not previously brought to account	-	-
Deferred tax assets not brought to account	(3,518,046)	2,163,801
Income tax expense reported in the income statement	**-**	**-**

	Consolidated 2010 $	Consolidated 2009 $
4. INCOME TAX EXPENSE (Continued)		
(d) Deferred Income Tax		
Deferred income tax at 30 June 2010 relates to the following:		
Deferred Tax Liabilities		
Accrued interest	5,994	3,536
Exploration and evaluation assets	-	-
Deferred tax assets used to offset deferred tax liabilities	(5,994)	(3,536)
	-	**-**
Deferred Tax Assets		
Other financial assets	-	-
Accrued expenditure	12,600	28,529
Provisions	6,620	59,343
Capital allowances	-	-
Tax losses available to offset against future taxable income	8,464,430	5,499,064
Deferred tax assets used to offset deferred tax liabilities	(5,994)	(3,536)
Deferred tax assets not brought to account	(8,477,656)	(5,583,400)
	-	**-**

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.

	Consolidated	
	2010 $	2009 $
5. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES		
GST and other taxes receivable	165,899	1,502,551
Interest receivable	19,979	11,787
Other	7,260	14,903
	193,138	**1,529,241**
All trade and other receivables are current and there are no amounts impaired		
6. CURRENT ASSETS – OTHER FINANCIAL ASSETS		
Security deposits	-	107,956
	-	**107,956**
All security deposits have been reclassified as non current in 2010		
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	14,388,045	5,938,391
Additions	91,032	9,044,947
Transfer to non-current security bonds	-	(187,545)
Foreign exchange differences	(1,635,750)	(79,365)
	12,843,327	**14,716,428**
Capitalised exploration expenditure written off	-	(328,383)
Balance at end of year	**12,843,327**	**14,388,045**

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.

	Consolidated 2010 $	Consolidated 2009 $
8. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment		
At beginning of financial year, net of accumulated depreciation and impairment	520,590	509,497
Additions	271,246	74,724
Depreciation charge for the year	(209,572)	(97,310)
Foreign exchange differences	(100,247)	33,679
At end of financial year, net of accumulated depreciation and impairment	**482,017**	**520,590**
At beginning of financial year		
Cost	865,863	746,358
Accumulated depreciation and impairment	(345,273)	(236,861)
Net carrying amount	**520,590**	**509,497**
At end of financial year		
Cost	965,350	865,863
Accumulated depreciation and impairment	(483,333)	(345,273)
Net carrying amount	**482,017**	**520,590**
9. NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS		
Security bonds	215,076	279,276
Other	-	-
	215,076	**279,276**
10. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES		
Trade creditors	1,652,344	746,265
Accrued expenses	42,000	92,637
	1,694,344	**838,902**
All trade and other payables are current. There are no overdue amounts		
11. CURRENT LIABILITIES – PROVISIONS		
Employee benefits	22,068	155,967
Provision for maintenance (a)	-	41,845
	22,068	**197,812**

(a) Provision for maintenance

In accordance with the Co-operation Agreement with ENUSA Industrias Avanzadas S.A. ("ENUSA"), Berkeley Minera Espana, S.A. will pay 50% of the maintenance costs of the Quercus Uranium Processing Plant over the Feasibility Study period, up to a maximum of €250,000 per annum. Berkeley commenced the Feasibility Study on 26 May 2009, and as such, has provided for the maximum expense from commencement to balance date (in trade creditors at 30/06/10).

	Consolidated 2010 $	Consolidated 2009 $
12. CURRENT LIABILITIES – OTHER FINANCIAL LIABILITIES		
Other financial liabilities	273,524	10,768
	273,524	**10,768**
13. ISSUED CAPITAL		
(a) Issued and Paid up Capital		
136,090,319 (2009: 123,471,279) fully paid ordinary shares	**58,618,042**	**49,391,245**

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.

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

Date	Details	Number of Shares	Issue Price	$
1 Jul 2008	**Opening Balance**	**103,591,695**		**41,444,842**
15 May 2009	Issue of shares	14,000,000	0.50	7,000,000
12 Jun 2009	Issue of shares	5,064,510	0.50	2,532,255
22 Jun 2009	Issue of shares	815,074	0.50	407,537
	Share issue expenses	-	-	(1,993,389)
30 Jun 2009	**Closing Balance**	**123,471,279**		**49,391,245**
1 Jul 2009	**Opening Balance**	**123,471,279**	**-**	**49,391,245**
4 Dec 2009	Issue of Shares – Listed option conversions	17,870	0.75	13,402
23 Dec 2009	Issue of Shares – Royalty restructure consideration	750,000	1.18	885,000
25 Jan 2010	Issue of Shares – Unlisted option conversions	10,600,000	0.68	7,167,720
30 Apr 2010	Issue of Shares – Listed option conversions	251,170	0.75	188,378
18 Jun 2010	Issue of Shares – Unlisted option conversions	1,000,000	1.00	1,000,000
	Share issue expenses			(27,703)
30 Jun 2010	**Closing Balance**	**136,090,319**		**58,618,042**

13. ISSUED CAPITAL (Continued)

(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.

(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.

	Consolidated 2010 $	Consolidated 2009 $
14. RESERVES		
(a) Balances		
Option Premium Reserve		
12,670,716 (2009: 12,939,756) $0.75 listed options	2,008,800	2,008,800
Nil (2009: 10,600,000) $0.70 unlisted options	-	687,546
1,500,000 (2009: 2,500,000) $1.00 unlisted options	886,200	1,477,000
2,160,000 (2009: 2,160,000) $1.86 incentive options	2,401,550	2,162,448
787,500 (2009: 787,500) $1.00 incentive options	377,269	215,738
3,000,000 (2009: Nil) $1.25 incentive options	1,051,182	-
3,285,000 (2009: Nil) $1.35 incentive options	36,550	-
	6,761,551	**6,551,532**
Foreign Currency Translation Reserve	(1,927,542)	(184,710)
	4,834,009	**6,366,822**

Nature and Purpose of Reserves

(i) *Option Premium Reserve*

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

(ii) *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.

14. RESERVES (Continued)

(b) Movements during the Past Two Years:

Option Premium Reserve

Date	Details	Number of Listed Options	Number of $0.70 Unlisted Options	Number of $1.00 Incentive Options	Number of $1.00 Unlisted Options	Number of $1.86 Incentive Options	Number of $1.00 Incentive Options	Number of $1.25 Incentive Options	Number of $1.35 Incentive Options	Fair Value $	$
3	**Opening Balance**	**-**	**10,600,000**	**2,250,000**	**-**	**2,280,000**	**450,000**	**-**	**-**	**-**	**4,472,973**
18 Jul 2008	Grant to Employees	-	-	-	-	-	287,500	-	-	0.566	-
27 Nov 2008	Grant to Director	-	-	-	-	-	250,000	-	-	0.097	-
30 Nov 2008	Expiry of Options	-	-	(2,250,000)	-	-	-	-	-	-	(2,357,250)
31 Dec 2008	Cancellation of Options	-	-	-	-	(120,000)	(200,000)	-	-	-	(79,095)
15 May 2009	Free attaching Options	7,000,000	-	-	-	-	-	-	-	-	-
	Placement fee	-	-	-	2,500,000	-	-	-	-	0.591	1,477,000
	Grant to Directors	3,000,000	-	-	-	-	-	-	-	0.670	2,008,800
12 Jun 2009	Free attaching Options	2,532,219	-	-	-	-	-	-	-	-	-
22 Jun 2009	Free attaching Options	407,537	-	-	-	-	-	-	-	-	-
30 Jun 2009	Options vesting expense	-	-	-	-	-	-	-	-	-	1,029,104
30 Jun 2009	**Closing Balance**	**12,939,756**	**10,600,000**	**-**	**2,500,000**	**2,160,000**	**787,500**	**-**	**-**		**6,551,532**
29 Oct 2009	Grant to Directors	-	-	-	-	-	250,000			0.50	88,272
17 Nov 2009	Grant to Directors	-	-	-	-	-	-	3,000,000		0.94	1,051,182
18 Jun 2010	Grant to Employees	-	-	-	-	-	-	-	3,285,000	0.55	36,550
30 June 2010	Options exercised/forfeited	(269,040)	(10,600,000)	-	(1,000,000)	-	(250,000)	-	-	-	(1,278,346)
30 Jun 2010	Options vesting expense	-	-	-	-	-	-	-	-	-	312,361
30 Jun 2010	**Closing Balance**	**12,670,716**	**-**	**-**	**1,500,000**	**2,160,000**	**787,500**	**3,000,000**	**3,285,000**		**6,761,551**

	Consolidated	
	2010 $	2009 $
14. RESERVES (Continued)		
(b) Movements During the Past Two Years		
Foreign Currency Translation Reserve		
Opening balance	(184,710)	(23,704)
Translation of foreign operations	(1,742,832)	(161,006)
Closing balance	**(1,927,542)**	**(184,710)**
15. ACCUMULATED LOSSES		
Balance at beginning of year	(28,501,985)	(20,890,335)
Transfer from option premium reserve	1,278,346	2,397,556
Net loss	(14,240,676)	(10,009,206)
Balance at end of year	**(41,464,315)**	**(28,501,985)**

(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.

16. PARENT ENTITY INFORMATION

	Parent	
	2010 $	2009 $
Current assets	9,535,487	10,513,815
Total assets	15,026,140	16,005,513
Current liabilities	252,014	509,750
Total liabilities	252,014	509,750
Net Assets	14,774,126	15,495,763
Issued Capital	58,618,042	49,391,245
Reserves	8,039,897	6,551,532
Accumulated losses	(51,883,813)	(40,447,014)
Total equity	14,774,126	15,495,763
Loss of the parent entity	11,436,799	29,276,200
Total comprehensive loss of the parent entity	11,436,799	29,276,200

The Parent Company had no commitments or contingencies at 30 June 2010.

17. 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	
		2010 %	2009 %	2010 $	2009 $
Minera de Rio Alagon. S.L.	Spain	100	99.903	5,481,412	5,481,412
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)	-	-
				5,481,412	**5,481,412**

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 $5,581,412 (2009: $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.
(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.

(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 18.

(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 $334,272 to Minera de Rio Alagon, S.L. by way of intercompany loan (2009: $444,436). The total balance at 30 June 2010 of $778,708 has been provided for. The loan is denominated in Australian dollars (A$);
- Berkeley Resources Limited advanced $7,639,087 to Berkeley Exploration Limited by way of intercompany loan (2009: $10,719,679). The total balance at 30 June 2010 of $18,358,766 has been provided for. The loan is denominated in Australian dollars (A$);
- Berkeley Exploration Limited advanced $7,603,579 to Berkeley Minera Espana, S.A. by way of intercompany loan (2009: $10,641,066). The loan is denominated in Australian dollars (A$); and
- Minera de Rio Alagon, S.L. repaid $18,152 to Geothermal Energy Sources, S.L. from the intercompany loan (2009: $98,757). This loan is denominated in Euros (€).

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.

18. 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	
Robert Hawley	Non-Executive Chairman
Ian Stalker	Managing Director (appointed 30 November 2009)
Matthew Syme	Managing Director until 30 November 2009 then Non Executive
Scott Yelland	Chief Operating Officer / Executive Director
Sean James	Non-Executive Director
Jose Ramon Esteruelas	Non-Executive Director
James Ross	Non-Executive Director
Stephen Dattels	Non-Executive Director (Resigned 14 September 2009)
Executives	
Sam Middlemas	Company Secretary (Appointed 1 July 2010)
Clint McGhie	Company Secretary (Resigned 1 July 2010)

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 2008 until the date of this report.

Mr Dattels was appointed a Director of the Company on 15 May 2009, and resigned as a Director on 14 September 2009.

(b) Key Management Personnel Compensation

	Consolidated	
	2010 $	2009 $
Short-term benefits	1,030,303	885,879
Post-employment benefits	71,730	70,029
Share-based payments	1,065,090	2,370,593
Other non-cash benefits	28,334	37,735
	2,195,457	**3,364,236**

Berkeley Resources Ltd

18. DIRECTOR AND EXECUTIVE DISCLOSURES (Continued)

(c) Optionholdings of Key Management Personnel

2010	Held at 1 July 2009	Granted as Compen-sation	Options Expired	Net Other Changes	Held at 30 June 2010	Vested and exercisable at 30 June 2010
Directors						
Robert Hawley	500,000	-	-	-	500,000	500,000
Ian Stalker	-	3,000,000	-	900,000[(i)]	3,900,000	900,000
Matthew Syme	1,069,002	-	-	-	1,069,002	1,069,002
Scott Yelland	1,500,000	-	-	-	1,500,000	1,083,332
Sean James	250,000	-	-	-	250,000	250,000
James Ross	257,500				257,500	257,500
Jose Ramon Esteruelas	500,000				500,000	500,000
Stephen Dattels	2,750,000			(2,750,000) [(ii)]	-	-
Executives						
Clint McGhie	-	-	-	-		-

2009	Held at 1 July 2008	Granted as Compen-sation	Options Expired	Net Other Changes	Held at 30 June 2009	Vested and exercisable at 30 June 2009
Directors						
Robert Hawley	500,000	500,000	(500,000)	-	500,000	500,000
Matthew Syme	1,000,000	1,000,000	(1,000,000)	69,002[(iii)]	1,069,002	1,069,002
Scott Yelland	1,000,000	500,000	-	-	1,500,000	666,666
Sean James	250,000	250,000	(250,000)	-	250,000	250,000
James Ross	250,000	250,000	(250,000)	7,500[(iii)]	257,500	257,500
Jose Ramon Esteruelas	250,000	500,000	(250,000)	-	500,000	500,000
Stephen Dattels	-	250,000	-	2,500,000[(iv)]	2,750,000	2,750,000
Executives						
Clint McGhie	-	-	-	-	-	-

(i) Mr Stalker acquired these options on market on terms no more favourable than to other unrelated parties.
(ii) Mr Dattels left the Board on 14 September 2009.
(iii) Mr Syme and Dr Ross acquired these options under the non-renounceable rights issue as free attaching options on the basis of 1 option for every 2 shares subscribed for in the rights issue, on terms no more favourable than to other unrelated parties.
(iv) Mr Dattels has an indirect interest in Regent Resources Capital Corporation, which was issued 2,500,000 $1.00 unlisted options expiring 31 May 2013 on 15 May 2009 as an advisory fee for the placement of securities to a number of corporate and institutional investors.

18. DIRECTOR AND EXECUTIVE DISCLOSURES (Continued)

(d) Shareholdings of Key Management Personnel

2010	Held at 1 July 2009	Granted as Compen-sation	On Exercise of Options	Net Other Changes	Held at 30 June 2010
Directors					
Robert Hawley	-	-	-	-	-
Ian Stalker	-	-	-	-	-
Matthew Syme	2,898,105	-	-	-	2,898,105
Scott Yelland	-	-	-	-	-
Sean James	-	-	-	-	-
James Ross	315,000	-	-	-	315,000
Jose Ramon Esteruelas	-	-	-	-	-
Stephen Dattels	-	-	-	-	-
Executives					
Clint McGhie	-	-	-	-	-

2009	Held at 1 July 2008	Granted as Compen-sation	On Exercise of Options	Net Other Changes	Held at 30 June 2009
Directors					
Robert Hawley	-	-	-	-	-
Matthew Syme	2,760,100	-	-	138,005[(i)]	2,898,105
Scott Yelland	-	-	-	-	-
Sean James	-	-	-	-	-
James Ross	300,000	-	-	15,000[(i)]	315,000
Jose Ramon Esteruelas	-	-	-	-	-
Stephen Dattels	-	-	-	-	-
Executives					
Clint McGhie	-	-	-	-	-

Notes

(i) Mr Syme and Dr Ross acquired these shares under the public pro-rata rights issue at an issue price of $0.50 each on the basis of one new share for every twenty existing shares held at the entitlement date. The shares were subscribed for on terms no more favourable than to other unrelated parties.

19. SHARE-BASED PAYMENTS

(a) Recognised Share-Based Payment Expense

	Consolidated	
	2010 $	2009 $
Expense arising from equity-settled share-based payment transactions to:		
Employees	(1,488,365)	(2,999,115)
Total expense arising from share-based payment transactions	**(1,488,365)**	**(2,999,115)**

(b) Summary of Options Granted

The following share-based payment arrangements were in existence during the past two years:

Option Series	Number	Grant Date	Expiry Date	Exercise Price $	Fair Value $
2010					
Series 1	250,000	29-Oct-09	19-Jun-12	1.00	0.500
Series 2	1,000,000	17-Nov-09	1-Dec-2013	1.25	0.862
Series 3	1,000,000	17-Nov-09	1-Dec-2014	1.25	0.944
Series 4	1,000,000	17-Nov-09	1-Dec-2015	1.25	1.007
Series 5	3,285,000	18-Jun-10	18-Jun-2014	1.35	0.554
2009					
Series 1	287,500	18-Jul-08	19-Jun-12	1.00	0.566
Series 2	250,000	27-Nov-08	19-Jun-12	1.00	0.097
Series 3	3,000,000	6-May-09	15-May-13	0.75	0.670
Series 4	2,500,000	15-May-09	31-May-13	1.00	0.591

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:

	2010 Number	2010 WAEP	2009 Number	2009 WAEP
Outstanding at beginning of year	19,047,500	$0.89	15,580,000	$0.92
Granted by the Company during the year	6,535,000	$1.29	6,037,500	$0.88
Exercised during the year	(11,600,000)	$0.73	-	-
Expired during the year	-	-	(2,250,000)	$1.00
Forfeited during the year	(250,000)	$1.00	(320,000)	$1.32
Outstanding at end of year	**13,732,500**	**$1.22**	**19,047,500**	**$0.89**

19. SHARE-BASED PAYMENTS

(b) Summary of Options Granted (Continued)

The outstanding balance of options issued as share-based payments on issue as at 30 June 2010 is represented by:

- 3,000,000 listed options at an exercise price of $0.75 each that expire on 15 May 2013;
- 2,160,000 unlisted incentive options at an exercise price of $1.86 each that expire on 5 August 2011;
- 787,500 unlisted incentive options at an exercise price of $1.00 each that expire on 19 June 2012; and
- 1,500,000 unlisted options at an exercise price of $1.00 each that expire on 31 May 2013.
- 1,000,000 unlisted options at an exercise price of $1.25 each that expire on 1 December 2013.
- 1,000,000 unlisted options at an exercise price of $1.25 each that expire on 1 December 2014.
- 1,000,000 unlisted options at an exercise price of $1.25 each that expire on 1 December 2015.
- 3,285,000 unlisted options at an exercise price of $1.35 each that expire on 18 June 2014.

(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 2010 is 3.74 years (2009: 1.95 years).

(d) Range of Exercise Prices

The range of exercise prices for share options issued as share-based payments outstanding as at 30 June 2010 was $0.75 to $1.86 (2009: $0.70 to $1.86).

(e) 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 2010 was $0.729 (2009: $0.608).

(f) 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 years ended 30 June 2010 and 30 June 2009:

2010 Inputs	Series 1	Series 2	Series 3	Series 4	Series 5
Exercise price	$1.00	$1.25	$1.25	$1.25	$1.35
Grant date share price	$0.94	$1.35	$1.35	$1.35	$1.20
Dividend yield [(i)]	-	-	-	-	-
Volatility [(ii)]	85%	85%	85%	85%	85%
Risk-free interest rate	5.13%	5.21%	5.47%	5.47%	5.02%
Grant date	29-Oct-09	1-Apr-10	1-Apr-10	1-Apr-10	18-Jun-10
Expiry date	19-Jun-12	1-Dec-13	1-Dec-14	1-Dec-15	18-Jun-14
Expected life of option [(iii)]	2.64	3.67	4.67	5.67	4.00
Fair value at grant date	$0.500	$0.863	$0.944	$1.007	$0.554

2009 Inputs	2009 Option Series Series 1	Series 2	Series 3	Series 4
Exercise price	$1.00	$1.00	$0.75	$1.00
Grant date share price	$0.90	$0.255	$0.974	$0.94
Dividend yield (i)	-	-	-	-
Volatility (ii)	85%	95%	85%	85%
Risk-free interest rate	6.38%	3.54%	4.23%	4.36%
Grant date	18-Jul-08	19-Dec-08	6-May-09	15-May-09
Expiry date	19-Jun-12	19-Jun-12	15-May-13	31-May-13
Expected life of option (iii)	3.92	3.5	4.02	4.04
Fair value at grant date	$0.566	$0.097	$0.6696	$0.5908

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.

	Consolidated 2010 $	2009 $
20. REMUNERATION OF AUDITORS		
Amounts received by Stantons International for:		
- an audit or review of the financial reports of the Company	45,406	29,376
- other services in relation to the Company	-	-
	45,406	**29,376**
Other auditors for:		
- an audit or review of the financial reports	34,602	30,912
- other services	-	2,766
Total Auditors Remuneration	**80,008**	**63,054**

21. COMMITMENTS FOR EXPENDITURE

The Consolidated Entity has the following commitments at 30 June 2010:

(a) Quercus Plant Maintenance

Under the terms of the Co-operation Agreement between ENUSA Industrias Avanzadas, S.A. ("ENUSA") and Berkeley, the Spanish subsidiary Berkeley Minera Espana, S.A. will assume 50% of the direct costs of maintaining the Quercus plant, up to a maximum of €250,000 ($356,176) per annum, over the feasibility study period. The maintenance costs will be payable by Berkeley Minera Espana quarterly in arrears upon receipt of invoice. The feasibility study period is 18 months from commencement on 26 May 2009. The feasibility study period may be extended by Berkeley for one additional period of 12 months with the payment of an additional €1 million (A$1.42 million) to ENUSA, or alternatively if a decision is made to complete the purchase of the Salamanca Uranium assets, an amount of €20 million (A$28.4 million) will be payable.

An accrual based on the maximum maintenance cost payable by Berkeley Minera Espana has been recognised for the period from commencement to 30 June 2010.

21. COMMITMENTS FOR EXPENDITURE (Continued)

The following commitment assumes that Berkeley Minera Espana will be required to contribute the maximum €250,000 ($356,176) per annum for the remainder of the feasibility study period. For the purpose of determining the value of the commitment, it has been assumed that the feasibility study will be concluded in the original 18 month period as it is considered too early to determine if the additional period of 12 months will be required.

Maximum Quercus plant maintenance payable:		
- Not longer than 1 year	356,176	436,376
- Longer than 1 year and not longer than 5 years	-	176,942
- Longer than 5 years	-	-
	356,176	**613,318**

(b) 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.
.

Minimum lease payments payable:		
- Not longer than 1 year	50,420	37,647
- Longer than 1 year and not longer than 5 years	43,532	90,982
- Longer than 5 years	-	-
	93,952	**128,629**

(c) Royalty

The Acquisition and Joint Venture Agreement ("Agreement") dated 28 September 2005 between Berkeley and the Founding Shareholders of Minera de Rio Alagon, S.L., grants a royalty payable by Minera de Rio Alagon to the founding shareholders upon completion of Stage 2. The parties have agreed that conditions for completion of Stage 2 have been met with the royalty payable quarterly in arrears from 1 April 2009.

Berkeley Resources agreed to restructure the Company's royalty commitments to the original founders and vendors of Berkeley's Spanish subsidiary, Minera de Rio Alagon SL ("MRA"). The previous royalty of 3% applied to production from MRA properties and included an accelerating minimum cash royalty, which Berkeley is now obliged to pay. In order to remove some ambiguity inherent in the previous agreement, the parties agreed to replace the previous royalty with a 1% royalty on all Berkeley's future uranium production in Spain and Portugal, including potentially non-MRA properties. A payment of 750,000 fully paid Berkeley shares was made in full satisfaction of the agreed changes.

22. 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.

23. EARNINGS PER SHARE

	Consolidated	
	2010 Cents per Share	2009 Cents per Share
(a) Basic Profit/(Loss) per Share		
From continuing operations	(11.08)	(9.47)
From discontinued operations	-	-
Total basic profit/(loss) per share	(11.08)	**(9.47)**
(b) Diluted Profit/(Loss) per Share		
From continuing operations	(11.08)	(9.47)
From discontinued operations	-	-
Total diluted profit/(loss) per share	(11.08)	**(9.47)**

(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	
	2010 $	2009 $
Net loss used in calculating basic and diluted earnings per share	**(14,240,675)**	**(10,009,206)**

(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 2010	Number of Shares 2009
Weighted average number of ordinary shares used in calculating basic earnings per share	128,538,060	105,678,164
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	**128,538,060**	**105,678,164**

Note

(i) *At 30 June 2010, 23,403,216 options (which represent 23,403,216 potential ordinary shares) were considered not dilutive as they would decrease the loss per share for the year ended 30 June 2010.*

(e) Conversions, Calls, Subscriptions or Issues after 30 June 2010

Since 30 June 2010, no Employee Incentive Options have been issued which represent potential ordinary shares. Since 30 June 2010, there have been 1,500,000 shares issued as a result of the exercise of options.

Other than the above, there have been no 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.

	Consolidated	
	2010 **$**	**2009** **$**
24. 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	(14,240,676)	(10,013,948)
Adjustment for non-cash income and expense items		
Provision for employee entitlements	(133,899)	117,455
Provision for exploration expenditure	-	433,327
Provision for incorporation expenses	-	2,339
Provision for maintenance	(41,845)	42,205
Depreciation	209,572	97,310
Foreign exchange movement	-	(8,426)
Royalty restructure costs – satisfied with issue of shares	920,884	-
Write-off of non controlling interest	(1,098)	-
Share based payments expensed	1,488,365	2,999,115
Changes in assets and liabilities net of acquisition of subsidiaries		
(Increase)/decrease in trade and other receivables	1,336,103	(175,890)
Increase/(decrease) in trade and other payables	1,118,198	(376,328)
Net cash outflow from operating activities	**(9,344,396)**	**(6,882,841)**
(b) Reconciliation of Cash and Cash Equivalents		
Cash at bank and on hand	1,075,739	2,454,517
Bank short term deposits	9,168,375	9,025,037
	10,244,114	**11,479,554**

(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

(i) *30 June 2010*

During the year there were 750,000 fully paid ordinary shares issued in satisfaction of reducing royalties payable on future Uranium production from 3% to 1%, and reducing payments formerly agreed to be made under the Acquisition and Joint Venture Agreement dated 28 September 2005 (refer note 21).

24. CASH FLOW STATEMENT (Continued)

(d) Non-cash Financing and Investment Activities (Continued)

(ii) *30 June 2009*

On 15 May 2009, Berkeley completed a placement of 14 million Shares at $0.50 each and 7 million free attaching listed options to corporate and institutional investors, to raise $7 million before costs. An advisory fee of 2.5 million unlisted options exercisable at $1.00 on or before 31 May 2013 was granted to Regent Resources Capital Corporation.

The Directors have sought independent advice regarding the fair value of the 2.5 million unlisted options exercisable at $1.00 on or before 31 May 2013. Based on this advice the Board has determined the value to be $1,477,000 (for details on the valuation of the options including models and assumptions used, please refer to Note 21 to the Financial Statements). The fair value of this equity-settled share-based payment has been recognised directly in equity.

25. 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.

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:

25. FINANCIAL INSTRUMENTS (continued)

(b) Credit Risk (continued)

	Consolidated	
	2010 $	2009 $
Current Assets		
Cash and cash equivalents	10,244,114	11,479,554
Trade and other receivables	193,138	1,529,241
Other financial assets	-	107,956
	10,437,252	13,116,751
Non-current Assets		
Other receivables	-	-
Other financial assets	215,076	279,276
	215,076	279,276
	10,652,328	**13,396,027**

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.

(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 2009 and 2010, 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.

25. FINANCIAL INSTRUMENTS (continued)

(c) Liquidity Risk (Continued)

2010	≤ 6 months $	6 - 12 months $	1 - 5 years $	≥ 5 years $	Total $
Group					
Financial Assets					
Cash and cash equivalents	10,244,114	-	-	-	10,244,114
Trade and other receivables	193,138	-	-	-	193,138
Other financial assets	-	-	-	-	-
	10,437,252	**-**	**-**	**-**	**10,437,252**
Financial Liabilities					
Trade and other payables	1,694,344	-	-	-	1,694,344
Other financial liabilities	273,524	-	-	-	273,524
	1,967,868	**-**	**-**	**-**	**1,967,868**

2009	≤ 6 months $	6 - 12 months $	1 - 5 years $	≥ 5 years $	Total $
Group					
Financial Assets					
Cash and cash equivalents	11,479,554	-	-	-	11,479,554
Trade and other receivables	1,529,241	-	-	-	1,529,241
Other financial assets	-	107,956	279,276	-	387,232
	13,008,795	**107,956**	**279,276**	**-**	**13,396,027**
Financial Liabilities					
Trade and other payables	838,902	-	-	-	838,902
Other financial liabilities	10,768	-	-	-	10,768
	849,670	**-**	**-**	**-**	**849,670**

(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.

25. FINANCIAL INSTRUMENTS (continued)

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

	Consolidated	
	2010 $	2009 $
Interest-bearing Financial Instruments		
Cash at bank and on hand	1,075,739	2,454,517
Bank short term deposits	9,168,375	9,025,037
	10,244,114	**11,479,554**

The Group's cash at bank and on hand and short term deposits had a weighted average floating interest rate at year end of 4.25% (2009: 3.04%).

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 2009.

	Profit or Loss		Equity	
	10% Increase	10% Decrease	10% Increase	10% Decrease
2010				
Group				
Cash and cash equivalents	**43,537**	**(43,537)**	**43,537**	**(43,537)**
2009				
Group				
Cash and cash equivalents	**45,069**	**(45,069)**	**45,069**	**(45,069)**

(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 controlling interest in Minera del Rio Alagon, S.L., whose functional currency is the Euro. In addition, during the year ended 30 June 2009, the Company incorporated a new Spanish subsidiary, Berkeley Minera Espana, S.A., and acquired a 100% interest in another Spanish company, Geothermal Energy Sources, S.L., both of 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.

25. FINANCIAL INSTRUMENTS (continued)

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 2010 would have decreased/increased the net assets of the Spanish controlled entities by (A$63,442) and A$63,442 (2009: (A$224,709) and A$274,644).

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 2009 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 2010 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, gold and other base metal 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.

26. CONTINGENT LIABILITIES

The Group had no contingent liabilities at 30 June 2010.

27. 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 18 August 2010, the Company advised it had reached a Heads of Agreement with KEPCO for KEPCO to purchase a direct 35% interest in the Salamanca Project for an amount of US$70 million. Detailed agreements are in the process of being completed. KEPCO will also execute a proposed offtake agreement to purchase 35% of the Salamanca Uranium Project's U308 production at industry standard terms, based on a mix of spot and term prices.

Other than the above, as at the date of this report there are no matters or circumstances, which have arisen since 30 June 2010 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2010, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2010, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2010, 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 Company and of the Consolidated Entity are in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2010 and of their 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 2010.

On behalf of the Board.

IAN STALKER
Managing Director

24 September 2010

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24 September 2010

Board of Directors
Berkeley Resources Limited
Level 2, 91 Havelock Street
West Perth WA 6005
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 2010, 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 sincerely
STANTONS INTERNATIONAL
(Authorised Audit Company)

John P Van Dieren
Director

Liability limited by a scheme approved under Professional Standards Legislation

Member of Russell Bedford International

Stantons International

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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 statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies 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. These Auditing 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 entity's preparation and fair presentation of the financial report 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 entity'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*.

Auditor's 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 2010 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the 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 13 to19 of the directors' report for the year ended 30 June 2010. 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

Auditor's opinion
In our opinion the remuneration report of Berkeley Resources Limited for the year ended 30 June 2010 complies with section 300 A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL
(An Authorised Audit Company)

Stantons International

John P Van Dieren
Director

West Perth, Western Australia
24 September 2010