

**QUARTERLY ACTIVITIES REPORT
TO THE AUSTRALIAN STOCK EXCHANGE
FOR THE QUARTER ENDED
31 December 2005**

Berkeley Resources Limited (Berkeley) is pleased to report on activities during the quarter ended 31 December 2005.

- *The ongoing data review on the Spanish uranium projects has continued to provide confirmation of their prospectivity. Digitisation, translation and collation of the extensive data are expected to continue throughout the first half of the year.*
- *This data is generated from past exploration by companies such as ENUSA (the Spanish national uranium company) and Cogema. Berkeley is having discussions with a view to securing access to further data.*
- *Exploration targets for all the projects will be reviewed on an ongoing basis as further data becomes available. As a result of the data reviewed to date, Berkeley has increased its initial exploration target for the Salamanca I project to a total of 10-11m lb of contained U₃O₈.*
- *Berkeley has also applied for a further exploration licence adjacent to Salamanca I, where work to date indicates the potential for extensions of known mineralisation.*
- *The Company is continuing discussions with the relevant Spanish authorities regarding the lifting of State Reserves covering other known significant uranium targets on the Company's tenements.*
- *Sipa Resources Limited is planning further drilling to follow up significant gold intersections along the Burbanks Shear Zone near Coolgardie in the March quarter.*
- *The company continues to review other uranium exploration opportunities in the Iberian peninsular and elsewhere.*

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1. Spanish Uranium Projects

Berkeley has now lodged a total of 11 licence applications grouped into 6 areas as follows.

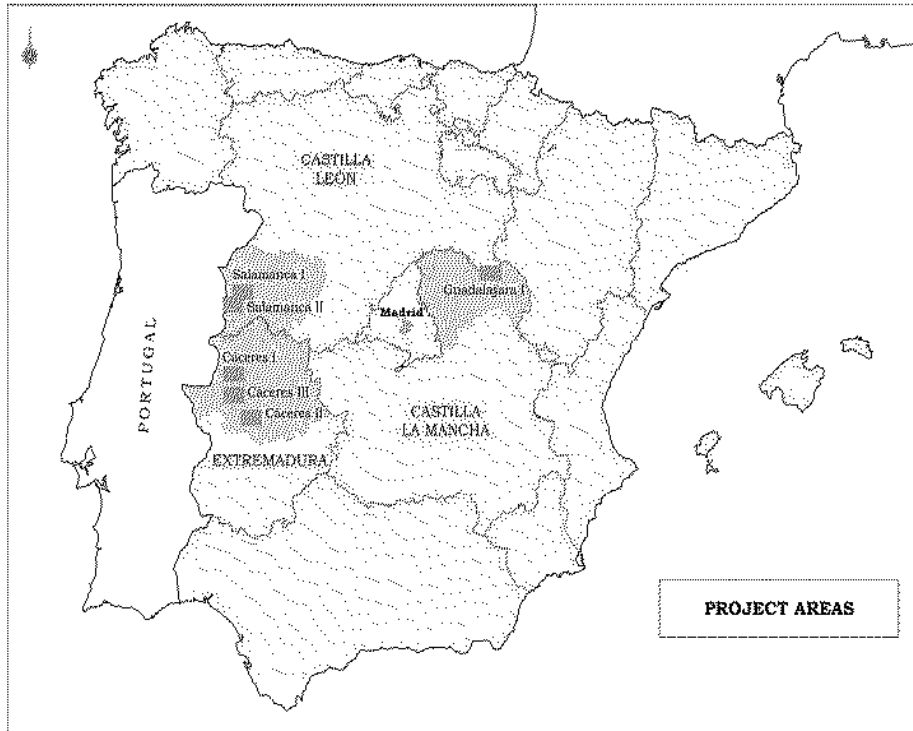


Figure 1

Salamanca 1 area	Recognition Permit "P.E. Castaños"
	Exploration Permit "P.I. Castaños-2"
Salamanca 2 area	Recognition Permit "P.E. Robles"
	Recognition Permit "P.E. Encinas"
	Recognition Permit "P.E. Cerezos"
Caceres 1 area	Exploration Permit "P.I. Quejigo"
	Exploration Permit "P.I. Quejigo-2"
Caceres 2 area	Exploration Permit "P.I. Carrasco"
Caceres 3 area	Exploration Permit "P.I. Olmos"
Guadalajara area	Exploration Permit "P.I. Pinares-1"
	Exploration Permit "P.I. Pinares-2"

2 Data Review

Berkeley's Spanish properties were generally explored from around 1950 by the State authority - Junta de Energia Nuclear (JEN), its successor – Empresa Nacional de Uranio SA (ENUSA) and, in the case of the Caceres properties, Cogema – the French State uranium company.

A substantial database was generated over the years from the work of the former 2 entities, a large part of which is now held by the Instituto Geológico Minero de España (IGME). Some of Cogema's work is also held by IGME, however most work after the mid 1980's was not released by either ENUSA or Cogema.

Accordingly, the data reviewed to date is not complete and Berkeley is holding ongoing discussions with a view to accessing more of this latter exploration data pertaining to its properties.

The data that has been reviewed is very substantial. None is in digital form. Data includes:

- topographic, geochemical and radiometric anomaly maps
- geophysical data
- geological and radiometric logs from drilling
- plans and sections on known uranium mineralisation
- geological resource calculations
- exploration reports covering geology, petrology, mineralogy and general exploration methodology.

A team of senior geologists and support staff have completed a first pass review of all of the available information and it is expected that the process of digitising, collating, translating and geo-referencing the data will continue over the balance of the first half of 2006.

Meanwhile, the work to date is providing a rapidly increasing understanding of the geology, structural controls, mineralisation and resource potential on the projects. A number of geological resource estimates have been generated in the past and these and other immediate exploration targets will be further prioritised as the data review progresses.

3 Salamanca I

The Salamanca I Project is in the main historic uranium mining district, immediately north of the area where the last Spanish uranium mine – Mina Fe – operated until 2000. Salamanca I has been the main focus of the Company's work to date because:

- there are no known impediments to title;
- there are significant historical resources as a result of past work;
- there is substantial data available as a result of past work;
- the area's uranium mining history could be advantageous in the event of mine development.

The project comprises two exploration permit applications. The first permit is 14,587ha in size and covers previously identified uranium resources and prospects. A second permit totalling 2,800ha has now been lodged to cover projected strike extensions of the Retortillo structural trend and associated uranium mineralisation beneath Tertiary aged sedimentary cover to the southeast of currently identified resource targets.

Uranium was first located in this area by the JEN in the late 1950's. Their exploration activity continued until 1974, when their interests were ceded to ENUSA. In the meantime, JEN had located the 'Caridad' deposit and a series of other anomalous zones.

The area consists of open rolling hills, incised by small valleys and meandering drainages. It is subject to mixed cultivation, orchards and grazing country with farms and scattered villages. Outcrop is very good in the majority of the project areas, particularly in the central and northwestern portions. Residual, skeletal soils generally occur between 0.1 to 3.0 metres depth over saprock and fresh bedrock in most places. The depth of weathering in the project area varies up to 25 to 35 metres depth.

The host rocks of uranium mineralisation in the Salamanca I project area chiefly comprises sequences of Cambrian-aged siltstones, phyllites and quartzite lenses in an anti-formal zone which is thrust over earlier Cambrian chlorite-sericite schists, slates, quartzites and conglomerates. These Cambrian aged metasediments are the host rocks for the Caridad, Villares and other uranium occurrences in the central and northern parts of the project area.

Ordovician aged metasediments are preserved in the southern parts of the project. These rocks exhibit basal quartzites overlain by pyritic carbonaceous shales, the later of which are the host rocks for the Retortillo Prospect.

The early Palaeozoic stratigraphy strikes WNW and is recumbently and isoclinally folded. The metamorphic grade is greenschist facies.

The metasediments are intruded by the WNW trending Hercynian aged Banobarez Granodiorite in the southern part of the project area, which in turn is cross cut by the later Hercynian aged Villavieja – Ciperez Granite.

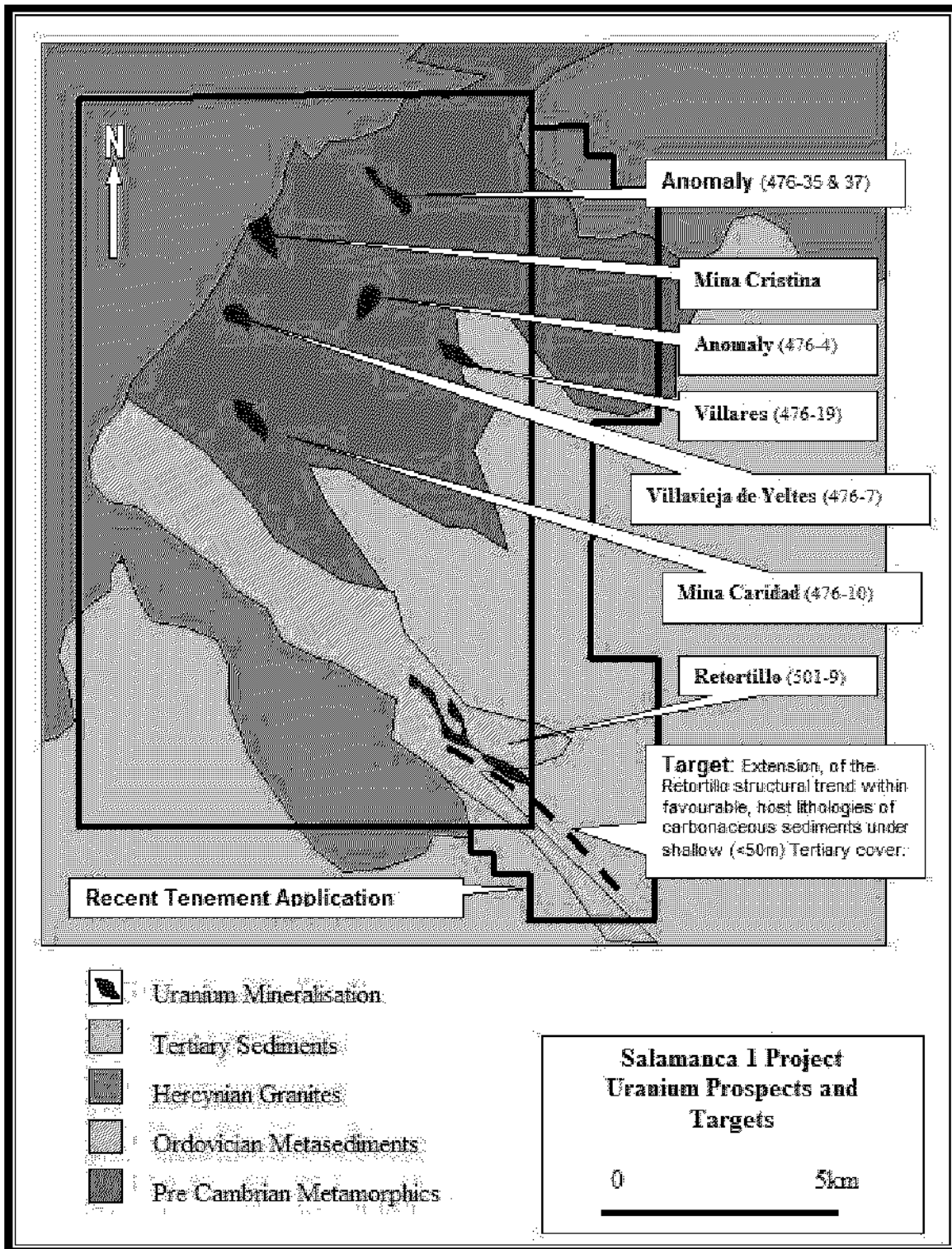
The style of the primary uranium mineralisation in the Salamanca area is one of brittle deformation associated with vein, stockwork, and disseminated alteration in joint / fracture filling. Textures exhibited include veining and disseminated fracture filling accompanied by silicification (vein quartz and chalcedony), sericite and carbonate, pyrite +/- marcasite alteration. The recognised primary uranium minerals are pitchblende and coffinite.

The primary mineralisation appears to be controlled by interplay of NW and NE striking structural zones, concurrent with favourable stratigraphic units of pyritic carbonaceous shales. Studies of the mineralisation from the Fe Mine, to the southwest of the Salamanca I project area, indicate that the age of the uranium mineralisation in this region of Spain is between 35-57Ma, corresponding with the Lower to Mid Tertiary, Alpine Orogeny. The uranium mineralised faults and shears are probably associated with lower Tertiary aged wrench faulting.

Secondary uranium mineralisation appears to be developed in “supergene-like” tabular zones of mineralisation developed near surface and down to around a maximum depth of 20 to 50 metres vertical depth, corresponding with the local depth of oxidation. Location of mineralisation relative to the redox front is not clear at this stage. It is considered that, at least in part, the uranium mineralisation may be a hybrid “unconformity” style, developing on or near the now largely eroded Tertiary unconformity. The secondary mineralisation in the Salamanca area consists of fine fracture and joint coatings and discrete crystals of gummite, alpha-uranitite, phosphor-uranium minerals, autunite and torbernite.

The Tertiary aged sedimentary cover of the Duero Basin covers the southeastern portions of the project area. These young sediments consist of consolidated conglomerates, arkose and carbonate cemented sandstones. As far as can be ascertained at this stage, the depth of this Tertiary cover in this area does not exceed 10 to 50 metres depth for 1 to 4 kilometres south and southeast of Retortillo. Historic exploration at Retortillo has demonstrated that even thin (less than 1 to 2 metres) Tertiary or Recent aged sedimentary cover sequences will suppress all surface radiometric responses from any underlying radiometric source.

It appears that historic exploration did not fully test the areas under this Tertiary cover, notwithstanding apparently favourable structural controls. Berkeley intends to test the potential for extensions of the Retortillo mineralisation beneath cover to the west of the initial Salamanca I property. Accordingly, the company has lodged a further exploration licence application as set out on the figure below.



Meantime, the continuing data review has produced a number of reports and other references to geological resources on the property. As a result, Berkeley has increased its exploration target for the property as set out below:

Salamanca I Project –Exploration Targets based on historical reports			
	Mineral (Ore) Tonnage t	Contained U ₃ O ₈ t	Ave. Grade U ₃ O ₈ %
Cut-off 0.01%	7,848,406	4,931	0.063
Cut-off 0.02%	6,183,367	4,683	0.076
Cut-off 0.03%	3,249,954	3,692	0.114

Berkeley's Spanish uranium projects, including Salamanca I, have been extensively explored but do not presently have JORC compliant resources. Berkeley's targets are conceptual in nature and based on a review of the available data on the projects to date. As there has been insufficient exploration to define a JORC compliant Mineral Resource, it is uncertain whether further exploration will result in the determination of a Mineral Resource. Further, Berkeley notes that there is inadequate information available to date to form a reliable view of the controls and techniques used to generate the historical geological resource figures and appropriate caution is advised in their interpretation

It is also likely that further information on the projects will become available in due course. There are areas of known uranium mineralisation, past mining or trial mining and substantial exploration (including drilling) for which there is only limited information available and for which there are no targets included above.

4 Other Spanish Projects

The Salamanca II and Guadalajara projects both include historical State Reserves to which Berkeley does not presently have entitlement. The company is liaising with the Spanish authorities regarding release of these Reserves. As such, review of the extensive data on these Projects will remain a lower priority until the State Reserves are resolved. Meanwhile, Berkeley has copied all available information and conducted an initial review to confirm historical geological resources and exploration potential.

The Caceres properties were the subject of exploration, including substantial drilling and trenching, by the French uranium company, Cogema, in the early 1990's. The Company has reviewed the information available relating to the work performed by JEN and ENUSA up the 1980's as well as some information generated by Cogema. However, it is believed that the most meaningful data is held in Cogema's database and Berkeley is holding discussions with Cogema regarding access to that database.

5 Miriam Bouchers Project – Joint Venture with Sipa Resources

The Company owns one Mining Lease (M15/664), thirteen Prospecting Licences (P15/3355 – 3357 and P15/4334 – 4343), three Prospecting Licence Applications (P15/4528, 4529 and 4545) and an Exploration Licence Application (E15/802) in the Nepean-Burbanks area south of Coolgardie in the Eastern Goldfields. The Company has entered a joint venture with Sipa Resources Limited, where Sipa can earn a 70% interest in the project by spending \$2m over 5 years.

Geological mapping, soil sampling, EM surveys and RAB and RC drilling were conducted by Sipa during the past year and soil sampling in the December Quarter completed the first-pass reconnaissance-scale exploration of the Project.

RAB drilling along the interpreted Burbanks Shear Zone, about 3 kilometres south of that gold mining centre, returned several interesting results in the September Quarter, including 11 metres at 2 g/t Au (to end of hole) about 150 metres north of the sub-economic Forest resource discovered by previous explorers.

Follow-up RAB/Aircore drilling is planned to recommence mid February.

6 Strelley/Kangan North – Pilbara

The Strelley/Kangan North projects comprise 6 ELA's (100% Berkeley) totalling around 666km². The properties are located about 80-120km south of Port Hedland in the central part of the Archean Pilbara Craton. There are a number of well known base metals, tantalum, gold and iron ore deposits in the area and historical exploration has identified a number of prospects on Berkeley's tenements.

The Company is holding discussions with various parties in relation to possible sale or joint venture of the Strelley/Kangan North properties. The increased level of interest in the iron ore resources in the Pilbara has raised the possibility that the iron ore and base metals/gold prospects may be realised separately.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Peter Ellis, who is a Member of The Australian Institute of Mining and Metallurgy, is a consultant of Berkeley Resources Limited. Mr Ellis 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 Ellis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

BERKELEY RESOURCES LIMITED

ABN

40 052 468 569

Quarter ended ("current quarter")

31 December 2005

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(216)	(382)
(b) development	-	-
(c) production	-	-
(d) administration	(160)	(304)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	20	38
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – business development	(24)	(24)
Net Operating Cash Flows	(380)	(672)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(380)	(672)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(380)	(672)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	226	1,288
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – capital raising expenses	(11)	(72)
	Net financing cash flows	215	1,216
	Net increase (decrease) in cash held	(165)	544
1.20	Cash at beginning of quarter/year to date	2,042	1,333
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,877	1,877

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	103
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments include executive remuneration, superannuation, directors' fees, consulting fees, company secretarial services and provision of a fully serviced office.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable.

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	150
4.2 Development	-
Total	150

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,455	1,276
5.2 Deposits at call	422	766
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,877	2,042

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased	ELA 45/2404	100%	100%

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	46,385,445	46,385,445	Not Applicable	Not Applicable
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,131,500	1,131,500	Not Applicable	Not Applicable
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
-Options	20,444,750	20,144,750	\$0.20	30 November 2006
-Founder Options	3,618,500	-	\$0.20	31 October 2006
-Incentive Options	3,400,000	-	\$0.20	30 November 2006
7.8 Issued during quarter				
7.9 Exercised during quarter	1,131,500	-	\$0.20	31 October 2006
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Date: 31 January 2006
(~~Director~~/Company secretary)

Print name: **SHANE CRANSWICK**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** - The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** - ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.