

QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED 31 December 2006

Berkeley Resources Limited ("Berkeley") (ASX/AIM Code: BKY) is pleased to report on activities during the quarter ended 31 December 2006.

- *Drilling commenced on the Salamanca I project with very encouraging initial results confirming the presence of uranium mineralisation at Retortillo. Two drill rigs are now working at Retortillo.*
- *Berkeley agreed to acquire from the Spanish national uranium company, ENUSA, that company's exploration database for the Salamanca I project. The data is expected to substantially advance the Company's objective of generating JORC compliant resources for the project.*
- *At the Caceres III project, review of a number of high grade previous drill results and extension of a large radiometric anomaly highlighted the potential of this area, with initial drilling expected in the March quarter.*
- *Senor Jose Ramon Esteruelas, a very experienced Spanish executive, was appointed to the Board of Directors.*
- *Berkeley sold its Strelley and Kangan North properties in the Pilbara region of Western Australia for cash and share consideration valued around A\$1m.*
- *The Company's shares were admitted to trading on the AIM market in London on 6 December.*

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1 EXPLORATION

Exploration in Salamanca Province focused on preparation for the confirmatory diamond drilling programme which commenced at the Retortillo deposit on 11 December. This work included ground radiometric surveys, re-establishment of the baseline grid, a background radon survey, location of previous drill holes and assessment of historical data. The new geological and structural interpretation of the Salamanca I licence area was extended by data assessment, field mapping, and radiometrics. New target areas have been identified outside of the licence area and ground acquisition is in progress.

SALAMANCA I PROJECT

A programme of confirmation drilling of the Retortillo deposit commenced, and diamond hole RTO-001 was complete before Christmas. A second rig was deployed in January to accelerate progress.

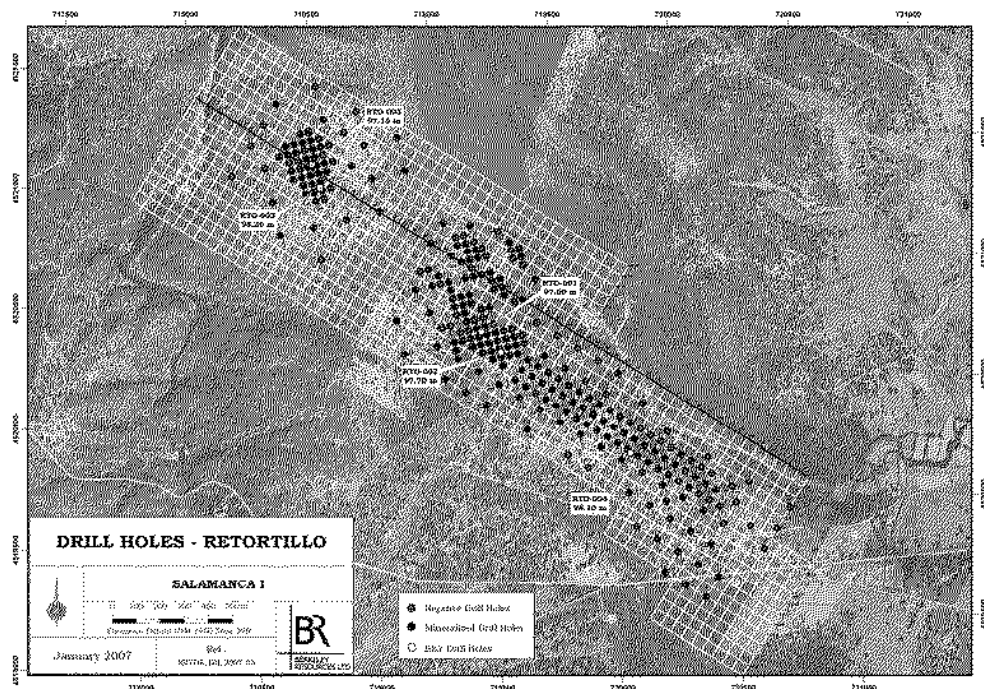


Figure 1: Retortillo Drill Plan

Details for RTO-001 include:

- Collar Coordinates: 719318mE, 4520538mN 743mRL (UTM 29N ED50 datum)
- Inclination: -90°
- Final Depth: 97.0m
- Water Table: 20.3m

The hole was geologically and radiometrically logged before being sampled (¼ core) at approximately 1m intervals (intervals varied from 0.5 to 1.5m based on geology) for the zone between 1.6m and 97m down-hole. Duplicate ¼ core samples and blank samples were included in the 108 samples assayed for total uranium by the Delayed Neutron Count (DNC) method at Activation Laboratories Limited in Ontario, Canada. Acid soluble U assays and Th analysis, plus check assays at other laboratories (including ENUSA), will follow assessment of the initial assay data.

The four old JEN diamond drill holes surrounding RTO-001 at a distance of 25m, gave the following mineralised intervals (chemical assays of 25cm intervals):

Hole 060E08S (25m to grid west of RTO-001)

16.00m to 26.25m – 10.25m @ 0.291% U₃O₈
30.00m to 33.75m – 3.75m @ 0.050% U₃O₈
40.00m to 42.50m – 2.50m @ 0.071% U₃O₈
53.25m to 54.75m – 1.50m @ 0.031% U₃O₈
61.75m to 77.75m – 6.0m @ 0.028% U₃O₈

Hole 062E08S (25m to grid east of RTO-001)

26.00m to 32.75m – 6.00m @ 0.166% U₃O₈
34.00m to 35.00m – 1.00m @ 0.045% U₃O₈
39.00m to 41.50m – 2.50m @ 0.040% U₃O₈

Hole 061E09S (25m to grid south of RTO-001)

39.00m to 39.75m – 0.75m @ 0.086% U₃O₈
54.25m to 59.50m – 5.25m @ 0.068% U₃O₈
64.50m to 67.75m – 3.25m @ 0.031% U₃O₈

Hole 061E07S (25m to grid north of RTO-001)

19.75m to 22.50m – 2.75m @ 0.036% U₃O₈
25.50m to 28.00m – 2.50m @ 0.052% U₃O₈
36.25m to 37.75m – 1.50m @ 0.059% U₃O₈
40.75m to 41.50m – 0.75m @ 0.029% U₃O₈

The mineralised intervals in hole RTO-001 shows good correlation with the adjacent intersections, particularly with 060E08S. The lower intersections in all holes show consistent correlations. These results increase confidence in the previous drill data.

In parallel with current drilling programme the historic Retortillo drilling data is being fully evaluated. The aim is to apply the new geological and assay information to interpretation of the ENUSA assay and radiometric data for the 272 holes drilled previously. The resulting 3D model of the deposit will enable calculation of a JORC compliant resource.

Baseline radiometric, radon and water sampling surveys were completed to provide background environmental data. The resulting report for the radon survey (176 samples) is believed to protect Berkeley/MRA from any future liability related to past exploration in the area.

Geological mapping and ground radiometrics indicate continuation of the favourable Retortillo stratigraphy to the north-west, for about four kilometres, and an associated radiometric anomaly of 3.2km x 1km with counts of up to 2775 cps. This anomaly is located to the north-west of the Yeltes river and has not been tested by previous drilling.

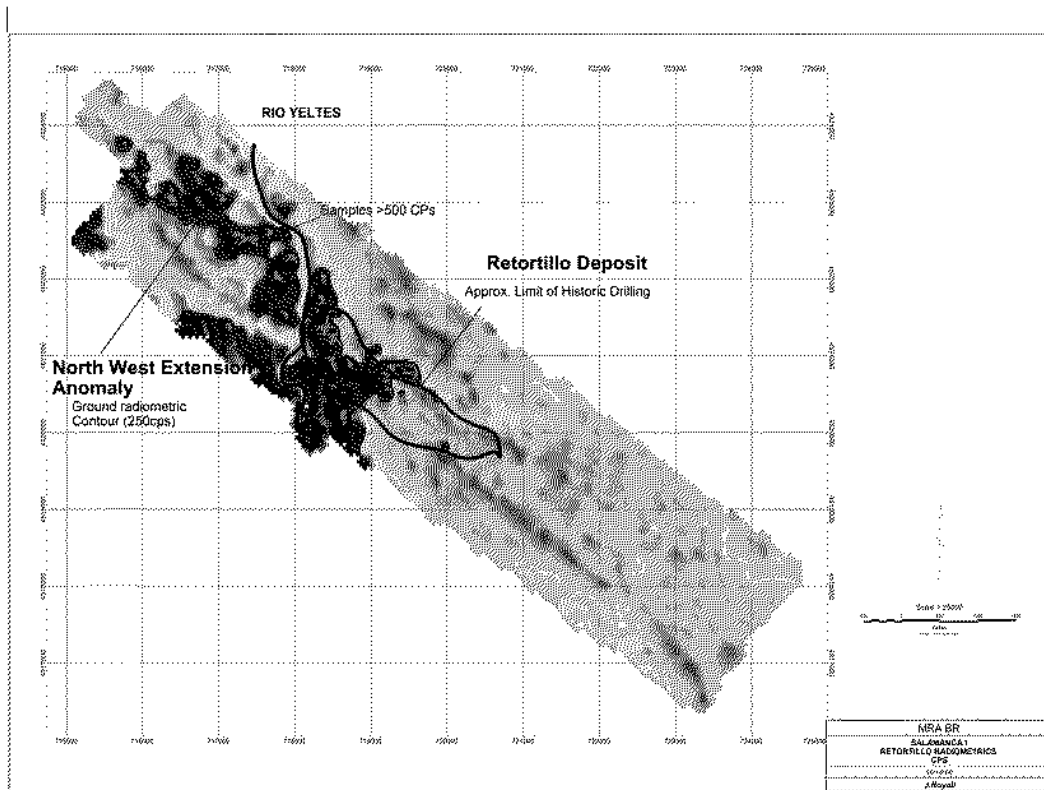


Figure 3: Retortillo Radiometric Anomaly

In early January the Pedreras PI over the Retortillo mineralisation was granted, thus removing prior constraints on drilling of the mineralised zone and its potential extensions.

Elsewhere in Salamanca I the potential also appears to be increasing. Seventy-two diamond holes at Zona 7 show high grade mineralisation at depths of <50m. High grade mineralisation was also intersected at around 80m below surface in the single deeper hole (~100m).

Salamanca II

Assessment of the project areas indicates that the geological units hosting the Esperanza, Barquilla, Sageras, Mina Fe, Gallegos, El Gardón and Alameda zones of mineralisation occur within a very similar unit of uraniferous and carbonaceous phyllites and slates. Localisation of uranium mineralisation within this horizon appears to be controlled by structural complexity, particularly in WSW – ENE trending zones.

A more detailed assessment of the Barquilla area by geological/structural mapping and radiometrics revealed some outcrops of carbonaceous phyllites containing secondary uranium minerals, even though much of the area has Tertiary cover. These occurrences appear to occur in a structural corridor similar to the Mina Fe mine area. Sericitic carbonaceous phyllites and slates, similar to those around the Mina Caridad mineralisation at Salamanca I, were noted in some windows in the cover sediments.

Other Developments

A new regional interpretation indicates continuation of the Retortillo stratigraphy to the WNW for a distance of 25km, almost to the Portuguese border. New target areas have been identified and ground acquisition is in progress.

EXPLORATION IN CACERES REGION

Establishment of the Caceres office assisted systematic fieldwork in the Caceres and Badajoz licences. This consisted of verifying data extracted from historic reports obtained from the IGME and COGEMA, by site visits and geological, structural and/or radiometric traverses of anomalous areas at Saguazal (Cáceres III), Ojaranzo, Gambuta and Zarzal (Cáceres VI) and Argaminos, Cuartos de Abajo and Las Cañas (Badajoz II). Field work and continuing assessment of the historical data from these prospects resulted in upgrading and increased confidence in the Saguazal and Ojaranzo prospects (with potential for extensions) and downgrading of Badajoz II. New tenement applications cover additional anomalies to the north and south of Ojaranzo and to the southeast of Saguazal.

Cáceres I

Digital data for airborne magnetic and radiometric coverage of the licence was received from AREVA and is being re-interpreted.

Cáceres III

A combination of continued data assessment and new ground radiometric surveys, together with geological and structural mapping, has substantially increased the potential of the Saguazal prospect. A zone of higher grade uranium mineralisation (about 0.2%U₃O₈) appears related to a structural zone in proximity to lithological boundaries within the host granites. Patchy episyenitic alteration has been observed, but the geometry of the main mineralised area is proving difficult to understand with the incomplete data available. A short diamond drilling programme of 4 holes will commence shortly with the aim of clarifying the interpretation of previous RC and diamond drilling.

The radiometric surveys closed the main Saguazal anomaly to the SE and showed that it extended several kms westwards towards, and beyond, the Plasencia Fault (Messejana dolerite dyke). To the west of the Plasencia Fault radiometric anomalies are related to fine-grained biotitic and haematitic granitic rocks on the contact between coarse-grained two mica granites and feldspar mega-crystal two mica granite. These anomalies occur along a 1.75km zone which is open to the west with up to 900cps and also along fractures (N050E) and in granitic alteration zones (100-200m with up to 3000cps).

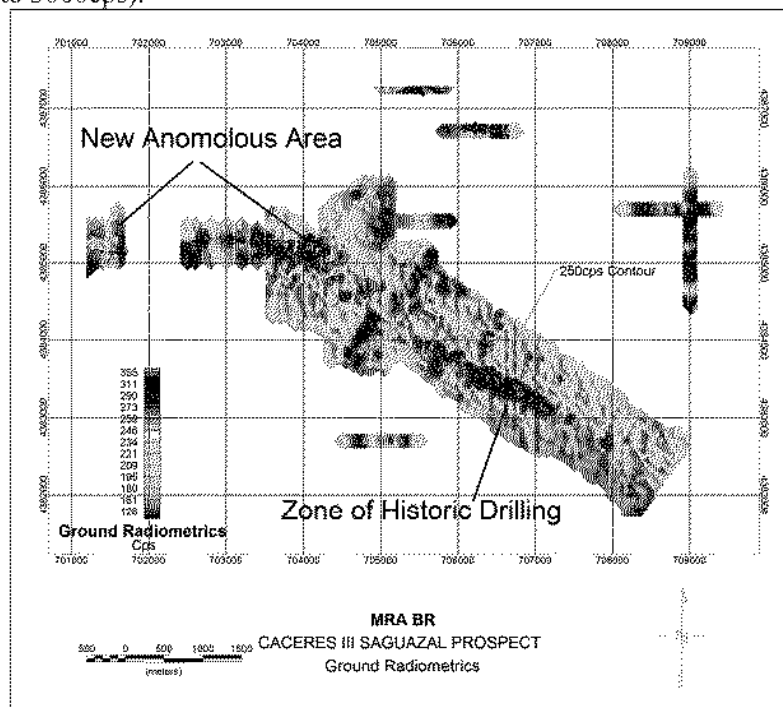


Figure 4

Caceres III Radiometric Anomaly

In addition, radiometric traverses over other anomalies identified in airborne radiometric data have located one area of up to 4000cps related to N140E fractures with quartz and iron oxides, and another area of intense fracturing and sericitic alteration close to the contact between coarse-grained two mica granites and feldspar mega-crystal granites. Further work is required on these new areas and other regional anomalies.

New tenement applications have been made to cover the SE extension of Saguazal (Caceres III extension)

Cáceres VI

Assessment of old wagon drill testing of the Ojaranzo anomaly in Cáceres VI shows the mineralisation to be open in several directions, particularly under cover to the northeast. Initial field work confirmed uranium mineralisation at the Cancho de Queso and El Zarzal anomalies. Initial drill testing is planned for the current quarter.

Two new PI applications were made in Toledo Province for ground to the north and south along strike from, and continuous with, the Cáceres VI area. These applications cover extensions to the prospective horizons that host the Ojaranzo mineralisation and several other anomalies along strike.

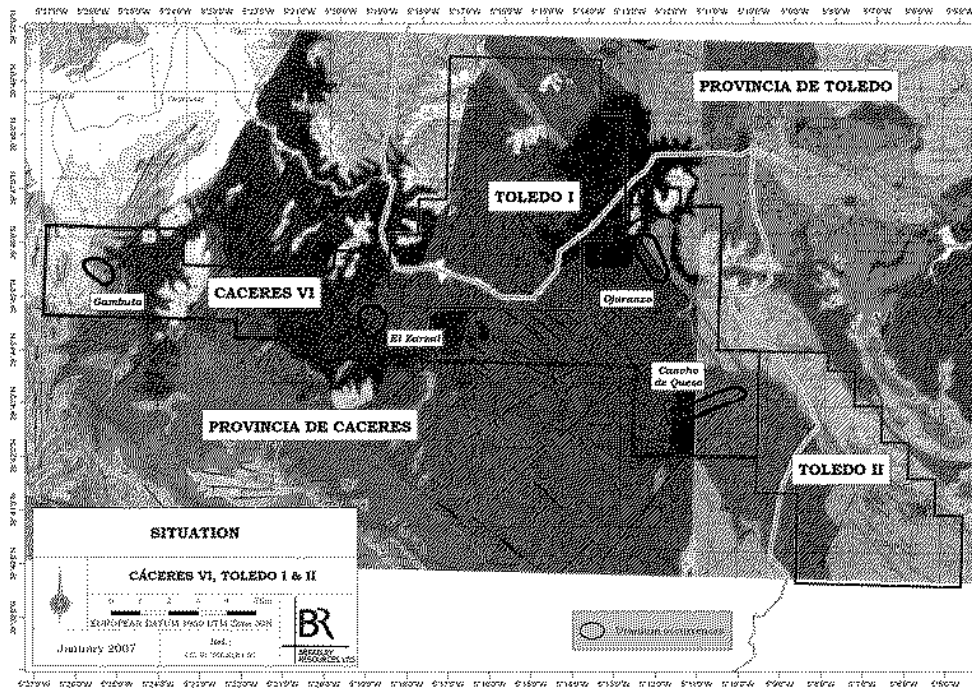


Figure 5 Cáceres VI Permit Applications

Badajoz II

Field mapping and radiometrics continued on the Badajoz II tenement with most work confined to the only remaining prospective area at the Argaminos prospect. Currently the anomaly occupies only a small area with high (+800cps) radiometric values in an area of wedges of metamorphosed sericitic schists and porphyritic granite with WNW trending dark aplitic dykes.

The CISA Cuartos de Abajo radiometric anomaly in the western part of the Badajoz II tenement has not yet been located, despite radiometric and geological traverses of the zone.

OTHER DEVELOPMENTS:

A contract has been signed to complete airborne magnetic and radiometric surveys totalling 6,260 line km over the Salamanca I, Salamanca II (partial), Cáceres III (partial) and Cáceres VI /Toledo areas. These surveys are expected to be completed in February 2007.

HISTORICAL EVALUATION OF DATA

The major task of scanning and checking of the COGEMA/CISA data held by AREVA at Bessines in France was completed with about 14,000 files saved.

Scanning and checking of the ENUSA data for the Salamanca I area has commenced in the ENUSA Mina Fe (Ciudad Rodrigo) offices and will be completed early in the current period.

The continuing detailed systematic evaluation, compilation and assessment of the Penarroja (IGME) and Limoges (COGEMA/CISA) and Ciudad Rodrigo (ENUSA) data sets is being accelerated by employment of a Spain based contract geologist. This data assessment continues to highlight the high prospectivity of the Cáceres III, Cáceres VI and Salamanca I areas, but appears to diminish the potential to define significant prospects in the Badajoz II area.

Heritage, conservation, scenic and cultural reserve data has been obtained for Cáceres III and Cáceres VI areas.

2 ACQUISITION OF SALAMANCA I DATA FROM ENUSA

Agreement was reached with ENUSA to acquire its exploration data base for the Salamanca I project.

The data acquired includes assay results for individual samples and covers 426 diamond and reverse circulation holes totaling over 30,000m, and a further 2,123 shallow wagon drill holes totaling over 50,000m. It also includes all of ENUSA's radiometric, geophysical, metallurgical and other data for the project area.

The Salamanca I project is the Company's top exploration priority with a resource target, based on historical estimates by ENUSA, of 11mlb of U₃O₈. Acquisition of this data will accelerate calculation of a JORC compliant resource for the key Retortillo deposit and assist initial consideration of processing options, significantly advancing the Company's progress in Spain.

Copying of this extensive data base is expected to be completed in February and the first tranche of the acquisition cost (total €500,000) has been paid.

3 APPOINTMENT OF NON-EXECUTIVE DIRECTOR

Senor Jose Ramon Esteruelas was appointed a Director of the Company on 17 November 2006.

Senor Esteruelas is a very experienced Spanish executive whose senior executive roles have included Director General of Correos y Telegrafos (the Spanish postal service), President of Minas de Almaden y Arrayanes SA (formerly the world's largest mercury producer) and Chief Executive Officer of Compania Espanola de Tabaco en Rama SA (the leading tobacco processing company in Spain).

Senor Esteruelas will be Berkeley's senior Spanish representative as the Company seeks to capitalise on its substantial asset base in the country.

4 EXPLORATION PROJECTS IN WESTERN AUSTRALIA

Strelley/Kangan North

Berkeley agreed to sell 100% of its Strelley and Kangan North properties in the Pilbara region of Western Australia to Atlas Iron Limited. After conducting discussions with a number of parties, Berkeley accepted Atlas Iron's offer of A\$350,000 cash and 1.3m Atlas shares (presently trading at around \$0.60 each on the ASX).

Berkeley's strategy is firmly focused on the Company's European uranium interests and the Pilbara properties, while prospective for iron ore, base metals, gold and other minerals, do not fit within that strategy.

The projects were valued at nil in Berkeley's books.

The sale provides Berkeley with useful working capital, a valuable stake in an emerging Australian iron ore producer and importantly, reduces the management time required for a non-core asset.

Miriam- Bouchers (Sipa earning a 70% interest):

No work was undertaken in the period

5 AIM ADMISSION

The Company's shares were admitted to trading on the AIM market in London on 6 December – share code BKY:L.

The Company's Nominated Adviser is RBC Capital Markets and the joint brokers are RBC and Mirabaud Securities.

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 and 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 2006

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 | (1,069) | (1,602) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (221) | (627) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 73 | 159 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Other | | |
| - business development | (56) | (72) |
| Net Operating Cash Flows | (1,273) | (2,142) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | (40) | (47) |
| 1.9 Proceeds from sale of: | | |
| (a) prospects | 350 | 350 |
| (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 | 310 | 303 |
| 1.13 Total operating and investing cash flows (carried forward) | (963) | (1,839) |

+ See chapter 19 for defined terms.

| | | | |
|------|--|-------|---------|
| 1.13 | Total operating and investing cash flows (brought forward) | (963) | (1,839) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 3,246 | 3,522 |
| 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 | (3) | (4) |
| | Net financing cash flows | 3,243 | 3,518 |
| | Net increase (decrease) in cash held | 2,280 | 1,679 |
| 1.20 | Cash at beginning of quarter/year to date | 5,694 | 6,295 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 7,974 | 7,974 |

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 | 132 |
| 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 and consulting fees.

Non-cash financing and investing activities

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

During the quarter the Company entered into an agreement to sell its Strelley and Kangan North exploration properties in the Pilbara region of Western Australia to Atlas Iron Limited. The Company received \$350,000 in cash and 1.3 million ordinary shares of Atlas Iron in consideration for the sale.

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 | 500 |
| 4.2 Development | - |
| Total | 500 |

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 | 3,796 | 1,208 |
| 5.2 Deposits at call | 4,178 | 4,486 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 4,974 | 5,694 |

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 | EL 45/2363 | Granted | 100% | - |
| | EL 45/2402 | Granted | 100% | - |
| | EL 45/2471 | Granted | 100% | - |
| | EL 45/2496 | Granted | 100% | - |
| | EL 45/2362 | Granted | 100% | - |
| | EL 45/2899 | Application | 100% | - |
| 6.2 Interests in mining tenements acquired or increased | | | | |

+ 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 | 89,091,695 | 89,091,695 | Not Applicable | Not Applicable |
| 7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | 16,477,872 | 16,477,872 | Not Applicable | Not Applicable |
| 7.5 +Convertible debt securities | | | | |
| 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 | - | - | \$0.20 | 30 November 2006 |
| -Incentive Options | - | - | \$0.20 | 30 November 2006 |
| -Director Options | 2,000,000 | - | various | various |
| -Unlisted Options | 10,600,000 | - | \$0.70 | 30 April 2010 |
| -Incentive Options | 750,000 | - | \$1.00 | 30 November 2008 |
| 7.8 Issued during quarter | - | - | \$0.20 | 30 November 2006 |
| | - | - | \$0.20 | 30 November 2006 |
| | - | - | various | various |
| | - | - | \$0.70 | 30 April 2010 |
| | 750,000 | - | \$1.00 | 30 November 2008 |
| 7.9 Exercised during quarter | 11,027,872 | 11,027,872 | \$0.20 | 30 November 2006 |
| | 4,450,000 | - | \$0.20 | 30 November 2006 |
| | 1,000,000 | - | various | various |
| | - | - | \$0.70 | 30 April 2010 |
| | - | - | \$1.00 | 30 November 2008 |
| 7.10 Expired during quarter | 157,000 | 157,000 | \$0.20 | 30 November 2006 |
| | - | - | \$0.20 | 30 November 2006 |
| | - | - | various | various |
| | - | - | \$0.70 | 30 April 2010 |
| | - | - | \$1.00 | 30 November 2008 |
| 7.11 Debentures <i>(totals only)</i> | | | | |

+ See chapter 19 for defined terms.

| | | | |
|------|----------------------------------|--|--|
| 7.12 | Unsecured notes (totals only) | | |
|------|----------------------------------|--|--|

Compliance statement

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

Sign here: Date: 31 January 2007
(~~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.