

Quarterly Activities Report – December 2010

During the quarter the Company commenced diamond drilling at Sageras, Alameda South and Retortillo as part of the Phase 2 Feasibility Study (FS) heap and tank leach metallurgical test work programme. The Phase 1 FS tank leach metallurgical test work programme was completed and returned very encouraging results with uranium extraction in excess of 93% in acid batch leach tests for bulk samples from Palacios and Alameda and in excess of 87% for representative samples from Sageras.

In October negotiations were initiated with OAO Severstal following a potential takeover bid, however, following lengthy discussions on the 14th January 2011 Berkeley announced that Severstal's right to subscribe to shares in Berkeley had expired.

In January 2011 the Company has arranged a fully underwritten capital raising of AUD\$55 million, at AUD\$1.70 per share, of which AUD\$26 million is subject to shareholder approval.

Key Corporate Developments

- A potential takeover bid was announced by OAO Severstal (Severstal) on the 29th October 2010 subject to financial, technical and legal due diligence. By the 29th December 2010, Berkeley and Severstal were unable to agree terms upon which Severstal may make an agreed bid for the company, and the exclusivity granted to Severstal on the 29th October 2010 expired on the 29th December, however Severstal's right to subscribe to shares in Berkeley remained in force until the 14th January 2011. On the 14th January 2011 Berkeley announced that Severstal's right to subscribe for shares in Berkeley expired. Discussions between both parties are continuing in respect of other possible arrangements.
- Henry Horne was appointed to the Berkeley Board as Executive Director on 11th October 2010.
- On the 26th November 2010, 3.3 million shares were issued to Resource Capital Fund at AUD\$1.45 per share for gross proceeds of approximately AUD\$4.8 million
- With reference to the notice given to ENUSA during October 2010 to extend the completion of the feasibility study by one year to 26 November 2011, the Euro 1 million payment was made to ENUSA at the end of December 2010.
- On the 30th December it was announced that Ian Stalker has resigned as Managing Director due to personal reasons but will stay on the Board as a non-Executive Director. Henry Horne was appointed Acting Managing Director until a suitable replacement is found.

- Berkeley has advised ENUSA of its decision to progress to the exploitation phase when the decision to exploit was announced on the 17th January, 2011. Negotiations regarding the formation of Newco, a joint venture company between Berkeley (90%) and ENUSA (10%), will start first week in February.
- The Company has also entered into agreements with RBC Capital Markets ("RBC"), BMO Capital Markets ("BMO") and Dundee Securities Corporation whereby RBC and BMO have agreed to jointly underwrite an equity raising of AUD\$55 million at a price of AUD\$1.70 per share, via a placement to institutional investors (a separate announcement with further details on the placement is to follow). These funds will be utilised to meet the cost of the €20 million payment to ENUSA, to fund further feasibility work including a 1,200 hour pilot plant to be carried out in a reputable laboratory located in Australia, and to enable exploration drilling of high quality targets within the State Reserves and adjacent Berkeley fully owned tenements.
- On the 14th January Berkeley announced the appointment of Dr James Ross AM as Chairman, following the retirement of Dr Robert Hawley CBE from the Board due to health reasons.

Key Technical Developments

- Results from the tank leach metallurgical test work programme being undertaken at the SGS laboratory in Perth have produced very encouraging results with 93% uranium extraction achieved in acid batch leach tests for bulk samples from Palacios and Alameda and 87% at Sageras.
- Heap leach test work is in its initial stages, however, average recoveries from four 50 day column leach tests of Sageras samples were similar to tank leach results, although with slightly higher acid consumption.
- A seventy hole, 5,000m metallurgical diamond drilling program, located entirely within the proposed mine plan, has commenced at Sageras and Alameda South, and will be followed by drilling at Palacios North. The e-grade results from the first eight diamond holes at Sageras show excellent correlation in both grade and thickness, with the updated resource model announced in September.
- Diamond drilling also commenced at the 100% owned Retortillo deposit and 3 holes were completed by the end of the quarter.

Berkeley Resources Acting Managing Director, Mr Henry Horne commented "The metallurgical results confirm the amenability of the Salamanca uranium ore to tank leaching which verifies the historical Quercus Plant processing records. Significant milestones were reached by taking the decision to exploit and completing the placement successfully."

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Corporate

Severstal

On the 29th October 2010 Berkeley entered into a Subscription Rights Deed with Severstal whereby it has granted Severstal the right to subscribe for approximately 16.3 million new Berkeley shares at a price of AUD\$1.70 per share, subject to the condition that Severstal publicly announces an intention to proceed with a takeover bid for the Company at a price of AUD\$2.00 per share (any such takeover bid would be subject to conditions). The shares that may be issued to Severstal pursuant to the Subscription Rights Deed would represent approximately 9.1% of the fully diluted share capital of Berkeley. Severstal's right to subscribe for shares in Berkeley was initially due to expire on the 10th December 2010 but an extension was granted until the 14th January 2011, unless it has announced an intention to proceed with such a takeover bid on or before that date. Details of the OAO Severstal Takeover bid are in the Berkeley announcement to the Australian Securities Exchange (ASX) on the 29th October 2010.

On the 30th December 2010 Berkeley announced that the exclusivity granted to OAO Severstal expired on the 29th December 2010. Berkeley and Severstal were unable to agree terms upon which Severstal may make an agreed bid for the Company. Severstal's right to exercise for shares in Berkeley remained in force until the 14th January 2011. For full details please see Berkeley's announcement to the ASX on the 30th December 2010.

On the 14th January 2011 Berkeley announced that Severstal's right to subscribe for shares in Berkeley expired on the 14th January.

Management and Board

The decision was made by the Board of Directors to reinstate Mathew Syme as a Non-Executive Director considering the significant increase in corporate activity.

On the 11th October 2010 Henry Horne was appointed an Executive Director of the company, please see ASX announcement on the 11th October for details.

On the 26th November 2010 Ian Stalker informed the Board of his intention to stand down as Managing Director of the Company after negotiations with Severstal had been completed. This was followed on the 30th December 2010 by confirmation of Ian Stalkers resignation due to personal reasons and the appointment of Henry Horne as Acting Managing Director until a permanent appointment is made.

Share Placement

On the 26th November 2010 Berkeley completed the placement of 3,300,000 new shares at AUD\$1.45 per share to Resource Capital Fund. For full details of the placement please see the ASX announcement dated the 26th November 2010.

SALAMANCA URANIUM PROJECT

Berkeley's Feasibility Study process for the Salamanca Uranium Project commenced in May 2009, following Cabinet approval of the Co-Operation Agreement between Berkeley and ENUSA. The Study objective is to assess the viability of restarting mining within the Salamanca State Reserves, based on a number of known uranium deposits. .

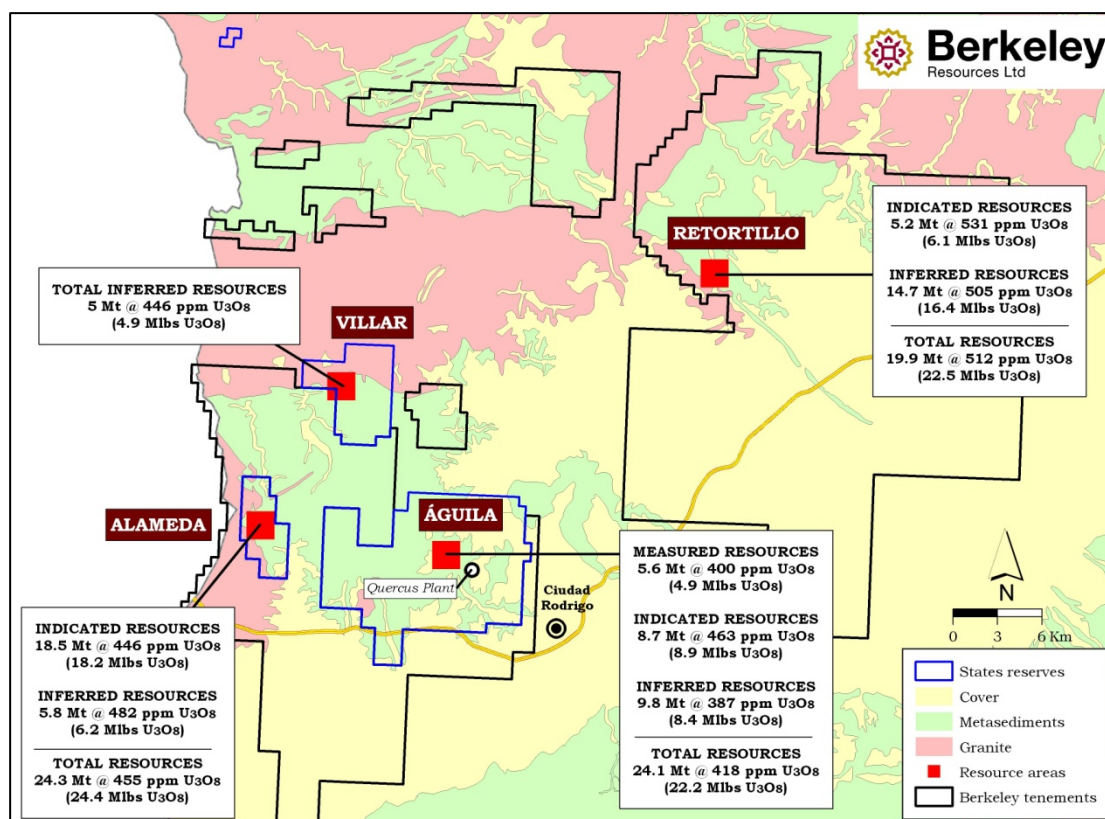


Figure 1 – Salamanca Uranium Project

A large amount of work was undertaken during the quarter in progressing the first phase of the Feasibility Study. A summary of the various works completed follows.

1. Drilling

Diamond drilling for the heap leach metallurgical test work material commenced during the quarter at Sageras, Alameda South and Retortillo with a total of 20 holes completed for 1,483 metres (Table 1).

Table 1 – 4th Quarter Drilling Totals

Deposit	DDH	
	Holes	Metres
Sageras	13	934
Alameda South	4	290
Retortillo	3	259
Total	20	1,483

All of the drill holes are planned within the proposed mine plans and all e-grade results are consistent in both thickness and grade with the resource models.

A list of notable intersections for the quarter is shown in Table 2. The diamond drill holes are presented as eU₃O₈ grades calculated from down hole radiometrics.

Table 2 – Notable Intersections

Deposit	DDH Hole ID	From (m)	To (m)	Interval (m)	eU ₃ O ₈ (ppm)
Alameda South	ASD-062	30	49	19	405
Alameda South	ASD-063	46	62	16	1,563
Sageras	SGD-056	11	18	7	829
Sageras	SGD-057	21	42	21	1,377
Sageras	SGD-059	13	29	16	378
Sageras	SGD-060	7	33	26	467
Sageras	SGD-060	35	73	38	612
Sageras	SGD-061	5	19	14	748
Sageras	SGD-064	23	35	12	646
Sageras	SGD-065	45	61	16	732
Sageras	SGD-066	44	65	21	927
Sageras	SGD-067	57	67	10	641
Sageras	SGD-067	80	88	8	1,018

A full table of intersections for the quarter is included in the Appendix. They have been calculated using a nominal 200 ppm eU₃O₈ lower cut-off and a minimum thickness of at least 1 metre.

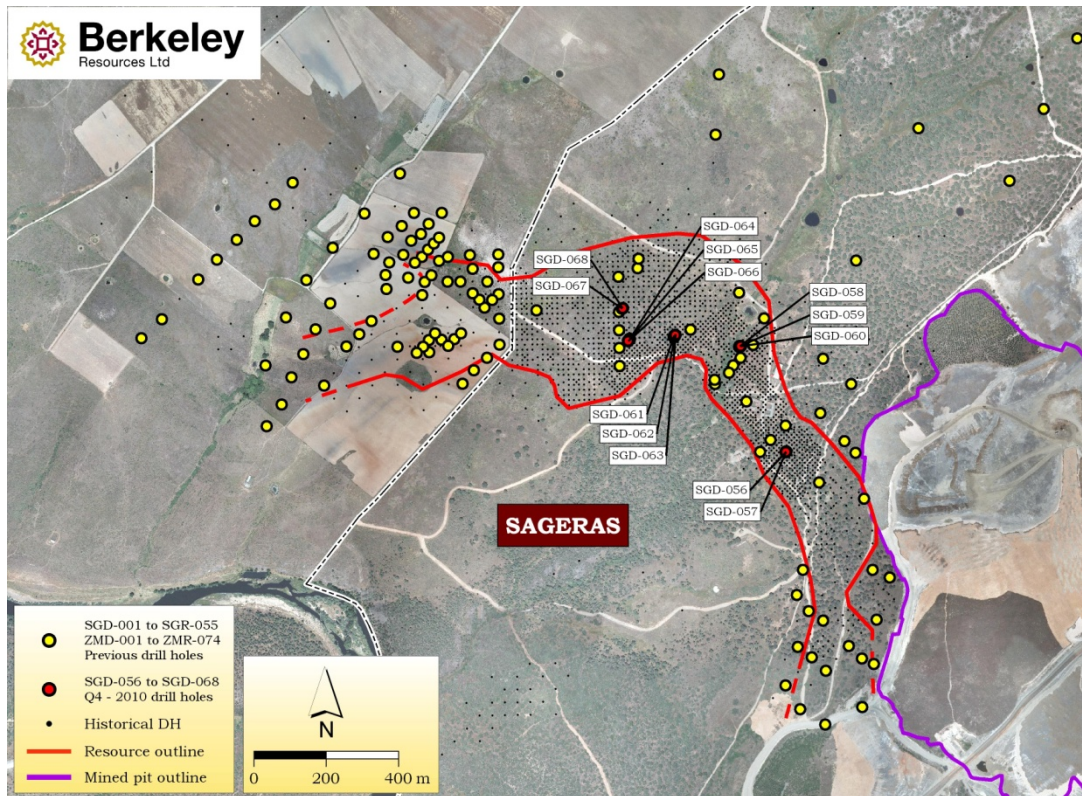


Figure 2 – Sageras Drilling

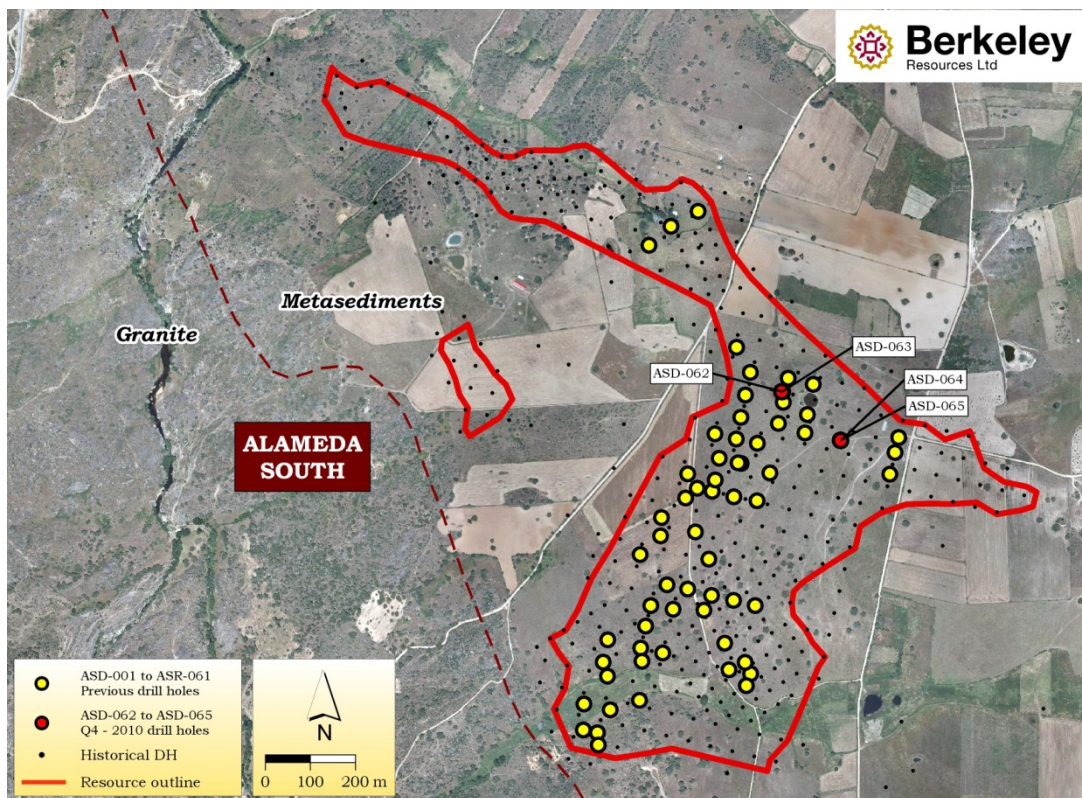


Figure 3 – Alameda South Drilling

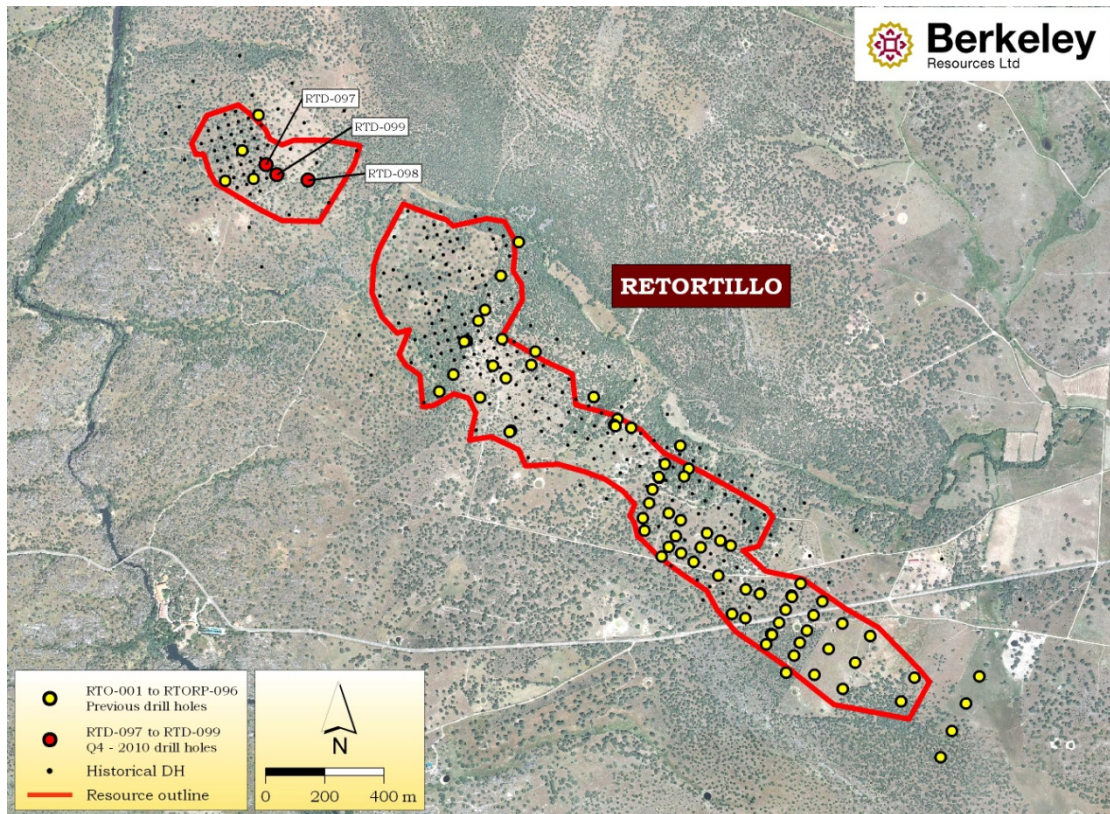


Figure 4 – Retortillo Drilling

2. Metallurgical Test Work

Tank Leach Test Results

The Phase 1 Feasibility Study tank leach metallurgical test work programme was cut back during the quarter in order to advance the column test work. Only limited test work was completed and these delivered very encouraging results with uranium extraction rates in excess of 93% at both Alameda and Palacios and in excess of 87% at Sageras. All tests to date have employed a coarse grind to the leach feed of P80~750 microns with the aim of minimizing energy requirements in the comminution circuit without sacrificing yield.

A detailed report of the tank leach results was announced on the 16th December 2010. The typical process conditions are summarised in Table 3.

Table 3 - Leach Process Conditions for Palacios, Alameda and Sageras

Material	Units	Palacios	Alameda	Sageras
Recovery	%	93	93	87
Sulphuric acid	(kg/t)	23 – 25	15 – 18	7 – 12
Leach Time	(hrs)	8 – 12	10 – 12	12 - 14
Pyrolusite	(kg/t)	1.7 – 2.2	1.4 – 1.8	2.0 - 2.5
Temperature	(°C)	20	20	20
Leach Slurry Density	% Solids	65 - 70	65 - 70	65 - 70
Slurry Specific Gravity		1.7 – 1.8	1.7 – 1.8	1.7 – 1.8

The relatively coarse ground leach residues are readily filtered and washed to yield good recoveries of soluble uranium.

Heap Leach Test Results

During the December quarter intermittent bottle roll leach tests (IBRT's) were conducted on sub-composites of Sageras and Alameda drill core crushed to 12.5mm to establish general leach trends by lithology, depth, grade and oxidation level. In total, 17 IBRT's were conducted on Sageras sub-composites while 29 IBRT's were conducted on Alameda sub-composites.

The majority of tests were run for a period of 5 days with intermittent rolling (1 minute per hour) to better simulate heap leach conditions and minimise breakage of the rock particles. Average results on the Sageras samples were 70% recovery of uranium (range of 61 to 82%) at an average acid consumption of 11.7 kg/t (range: 8.5 to 18.9 kg/t). There were no indications of trends of recovery or acid consumption by lithology, oxidation level or depth although there was a trend of increasing recovery with increasing head grade.

The results for the Alameda 5-day tests averaged 73% average uranium recovery (range of 52 to 89%) with an average acid consumption of 14.6 kg/t (range: 6.0 to 35.3 kg/t). Again, the only identifiable trend was that of increasing recovery with increasing head grade.

Repeat coarse bottle roll tests were conducted on 3 selected Sageras sub-composites. In the repeat tests, the leach period was extended to 10 days (from 5 initially) with the leach solution changed out for fresh solution at Day 5. Comparative results are given in Table 4.

Table 4 – Sageras and Alameda Intermittent Bottle Roll Leach Test Results

Sub Composite	Description	5-Day IBRT		10-Day IBRT		Increase in Recovery
	Grade, Depth Oxidation	Recovery % U ₃ O ₈	Residue ppm U ₃ O ₈	Recovery ppm U ₃ O ₈	Residue ppm U ₃ O ₈	
S7	Avg, Mid, Primary	74.6	107	86.0	58	11.4
S8	High, Shallow, Primary	71.0	326	91.2	106	20.2
S12	Avg, Shallow, Transition	63.7	102	70.7	81	7.0
A14	Low, Mid, Primary	64.4	88	69.3	71	4.9
A16	Avg, Mid, Primary	76.4	80	85.8	46	9.4
A18	High, Deep, Primary	71.8	74	91.7	49	19.9

The first 12 one metre column tests of the Sageras and Alameda optimisation programme were initiated in mid-November. Each deposit is represented by 2 master composites which were initially leached at crush sizes of 25mm, 12.5mm and

6.3mm (P₁₀₀) using leach conditions as established for the Retortillo columns from the 2009 test program at SGS. Final results are presented in Table 5.

Table 5 – Sageras and Alameda Column Leach Test Results

Master Composite	Crush Size, mm	Calc'd Head ppm U ₃ O ₈	Days Leaching	Recovery % U ₃ O ₈	Acid Cons. kg/t
SMC-1	25	480	42	82.6%	16.8
SMC-1	12.5	584	42	90.9%	17.2
SMC-1	6.3	485	42	91.2%	16.8
SMC-2	25	647	42	64.7%	17.4
SMC-2	12.5	485	42	88.1%	18.6
SMC-2	6.3	525	42	92.4%	19.5
AMC-1	25	475	42	88.8%	19.5
AMC-1	12.5	554	42	91.1%	20.6
AMC-1	6.3	552	42	95.3%	20.6
AMC-2	25	282	42	86.2%	23.2
AMC-2	12.5	331	42	89.3%	23.9
AMC-2	6.3	343	42	93.1%	24.0

Recoveries are final and are based on uranium leached and residue assays. Recoveries and acid consumptions at Day 15 would be expected to be realised in an on/off heap leach operation. The projected leach data are shown in Table 6.

Table 6 – Sageras and Alameda Projected Column Leach Test Results

Master Composite	Crush Size, mm	Calc'd Head ppm U ₃ O ₈	15-Day Recovery % U ₃ O ₈	15-Day Acid Cons. kg/t
SMC-1	25	480	73%	11.0
SMC-1	12.5	584	81%	11.1
SMC-1	6.3	485	83%	11.0
SMC-2	25	647	51%	11.6
SMC-2	12.5	485	77%	12.0
SMC-2	6.3	525	87%	11.6
AMC-1	25	475	82%	12.0
AMC-1	12.5	554	82%	12.4
AMC-1	6.3	552	91%	12.2
AMC-2	25	282	80%	12.9
AMC-2	12.5	331	83%	13.0
AMC-2	6.3	343	89%	12.6

After review of the final results (still awaiting tailings size fraction analyses with fraction assays), the optimum crush size will be selected and carried forward to the next round of optimisation testing which is planned to evaluate acid strength in agglomeration and leach solutions, oxidant types and concentrations, irrigation rate and the effect of colder temperatures on leach performance.

Two columns of Palacios material (reject material from comminution testing), crushed to 12.5mm, were set up in column tests in mid-November. The current results indicate that the coarser grained transitional material is leaching well with some 79% indicated recovery after 35 days of leaching at an acid consumption of 18 kg/t. However, the finer grained reduced material is leaching much slower with an indicated recovery of 67% and an acid consumption of 30 kg/t and rising. Final results from these tests are expected in January. The finer grained material is still consuming acid and acid levels in leach solution are being gradually increased to achieve optimum leach conditions. Higher acid consumptions for Palacios ores are consistent with agitated leach and coarse bottle roll leach test results.

In late November, an agitated leach test was conducted on a composite of the two Palacios samples used in the column tests. Leach conditions were the same as those in optimised testing and resulted in a uranium extraction of 84% (residue of 62 ppm U_3O_8) and an acid consumption of 31.7 kg/t.

In summary column test results to date on Sageras and Alameda lithology composites have been similar to the excellent results obtained on Retortillo samples in a programme conducted in 2009. Extremely consistent leach results have been returned with excellent uranium recoveries and exceptionally low acid consumptions.

Heap leach testwork results to date are notable for their overall coherence which suggests that the dominant control on recoveries is uranium mineralogy, textures and grain size.

APPENDIX

Sageras DDH Intersections (e-grades)

Hole ID	Easting (m)	Northing (m)	Elevation (m)	Depth (m)	Azimuth (°)	Dip (°)	From (m)	To (m)	Interval (m)	eU ₃ O ₈ (ppm)
SGD-056	700483	4502556	652.9	46.60	0	-90	6	7	1	237
							11	18	7	829
							30	32	2	200
							37	41	4	580
SGD-057	700482	4502555	653.0	94.80	224	-60	7	10	3	305
							16	18	2	408
							21	42	21	1,377
							47	48	1	297
SGD-058	700353	4502847	645.2	92.59	224	-60	5	6	1	232
							8	9	1	218
							14	19	5	334
							22	28	6	559
							32	35	3	299
							45	50	5	348
SGD-059	700354	4502848	645.2	94.88	0	-90	53	54	1	354
							9	10	1	357
							13	29	16	378
							32	37	5	557
SGD-060	700357	4502848	645.4	88.50	44	-60	44	48	4	456
							52	53	1	466
							7	33	26	467
							35	73	38	612
SGD-061	700172	4502873	652.2	51.25	224	-60	76	80	4	1,118
							5	19	14	748
							22	29	7	286
							32	35	3	457
SGD-062	700173	4502874	652.2	68.00	0	-90	47	48	1	404
							7	15	8	461
							21	23	2	768
							26	27	1	213
							29	33	4	263
							36	37	1	232
SGD-063	700176	4502878	652.0	70.25	44	-60	39	40	1	241
							53	55	2	929
							22	35	13	283
							44	55	11	379
SGD-064	700049	4502868	664.3	91.05	44	-60	57	59	2	423
							63	64	1	264
							23	35	12	646
							42	51	9	390
SGD-065	700048	4502867	664.3	92.63	0	-90	15	20	5	377
							29	40	11	339
							45	61	16	732
							67	73	6	220
SGD-066	700045	4502862	664.5	92.00	224	-60	27	38	11	302
							44	65	21	927

Hole ID	Easting (m)	Northing (m)	Elevation (m)	Depth (m)	Azimuth (°)	Dip (°)	From (m)	To (m)	Interval (m)	eU ₃ O ₈ (ppm)
SGD-067	700029	4502952	672.2	99.00	224	-60	29	31	2	249
							33	34	1	236
							36	45	9	356
							57	67	10	641
							70	73	3	712
							76	77	1	2,680
							80	88	8	1,018
SGD-068	700030	4502953	672.2	97.30	0	-90	33	38	5	256
							45	46	1	249
							49	53	4	457
							63	65	2	341
							71	82	11	256
							85	86	1	209
							89	90	1	305

Alameda South DDH Intersections (e-grades)

Hole ID	Easting (m)	Northing (m)	Elevation (m)	Depth (m)	Azimuth (°)	Dip (°)	From (m)	To (m)	Interval (m)	eU ₃ O ₈ (ppm)
ASD-062	689294	4501347	748.7	70.50	102	-60	26	28	2	327
							30	49	19	405
							56	57	1	352
ASD-063	689293	4501347	748.7	84.10	0	-90	46	62	16	1,563
ASD-064	689424	4501239	757.5	67.50	103	-60	Results pending			
ASD-065	689423	4501239	757.5	67.80	0	-90	Results pending			

Retortillo DDH Intersections (e-grades)

Hole ID	Easting (m)	Northing (m)	Elevation (m)	Depth (m)	Azimuth (°)	Dip (°)	From (m)	To (m)	Interval (m)	eU ₃ O ₈ (ppm)
RTD-097	718645	4521133	754.1	85.35	208	-65	25	29	4	409
							40	42	2	204
							45	54	9	345
							58	59	1	219
							64	68	4	426
							71	73	2	425
RTD-098	718788	4521081	746.4	89.85	28	-60	Results pending			
RTD-099	718682	4521098	752.7	84.2	0	-90	Results pending			

SUPPLEMENTARY INFORMATION

The uranium grades reported in this release that are annotated with a sub-prefix “e” have been reported as uranium equivalent grades derived from down-hole gamma ray logging results and so they should be regarded as approximations only.

The Berkeley drill holes were logged with a GeoVista total count gamma tool. The gamma tool is calibrated each year in Adelaide at the Department of Water, Land and Biodiversity Conservation in calibration pits constructed under the supervision of CSIRO. The various calibration factors were calculated by David Wilson BSc MSc MAusIMM from 3D Exploration Ltd based in Perth, Western Australia.

Drill intersections are calculated using a 200 ppm eU_3O_8 lower cut-off with a minimum one metre intersection. All intersections are approximately true thickness.

The Mineral Resources are presented in accordance with the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves” (JORC Code).

The information in this report that relates to the metallurgical test work results is based on information compiled by Mr Grenvil Dunn, who is a Chemical Engineer and a Member of the South African Institute of Mining and Metallurgy. Mr Dunn is a Technical Consultant with Orway Mineral Consultants who are consultants of Berkeley Resources. Mr Dunn has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code).

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 an 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.