

**31 May 2011**

**ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE**

**Update on Berkeley-Enusa Position**

Further to the announcement of 24 May 2011, Berkeley Resources Limited ("Berkeley" or "Company") hereby provides an update in relation to the proposed joint venture between Berkeley and Enusa Industrias Avanzadas, S.A. ("Enusa").

The two companies are parties to a Co-operation Agreement executed in January 2009 and approved by the Spanish Council of Ministers in April 2009, aimed at the formation of a joint venture company ("Newco") for the exploitation of the Enusa Mining Domain Definitive State Reserves (see ASX announcements dated 10 December 2008 and 27 April 2009).

On 18 February 2011 Berkeley submitted to Enusa a restricted Feasibility Study, called the Mining Domain Feasibility Study, which is limited to the Mining Domain Mineral Resources. The Mining Domain Feasibility Study, prepared by Berkeley in conjunction with a number of international expert consulting firms, confirms the feasibility of the Salamanca Uranium Project.

On Monday 23 May 2011 Enusa informed Berkeley by letter of its concerns regarding a number of aspects of the Mining Domain Feasibility Study.

On Wednesday 25 May 2011 Berkeley responded to Enusa, supporting the feasibility of the exploitation of the Salamanca Uranium Project and requesting Enusa to complete the formation of the Newco by the agreed deadline of Friday 27 May 2011.

Berkeley and Enusa were under the obligation to incorporate Newco on 27 May 2011. Newco was not incorporated in time. Berkeley subsequently received further information from Enusa detailing the reasons for not incorporating Newco.

Berkeley has taken advice in this matter from the Madrid office of two leading international legal firms and is being advised on legal alternatives. The Company is also seeking to meet with Enusa and the relevant authorities in Spain in the next few days to resolve the matter. Berkeley will advise of further developments in due course.

Berkeley has fulfilled all its obligations under the Co-operation Agreement and the Company always aims to uphold the highest levels of environmental, safety and community responsibility. The Company remains committed to completing the broader feasibility study and commissioning the Salamanca Uranium Project as soon as possible, with all the attendant benefits to the Spanish and local economies.

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