The following discussion and analysis of the operations, results and financial position of Berkley Resources Inc. (the "Company" or "Berkley") for the period ended September 30, 2007 should be read in conjunction with the September 30, 2007 interim financial statements and the related notes.

This Management Discussion and Analysis ("MD&A") is dated November 27, 2007 and discloses specified information up to that date. Berkley is classified as a "venture issuer" for the purposes of National Instrument 51-102. The Company's financial statements are prepared in accordance with generally accepted accounting principles in Canada. Unless otherwise cited, references to dollar amounts are Canadian dollars.

We recommend that readers consult the "Cautionary Statement" on the last page of this report.

Description of Business

The Company's principal business activities are the acquisition, development, exploration and production of petroleum and natural gas reserves in Alberta and Saskatchewan. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol BKS, on the OTC as a foreign issuer under the symbol BRKDF and on the Frankfurt Stock Exchange under the symbol W80 and WKN 871666.

Overall Performance

During the period ended September 30, 2007 the Company became a pure oil and gas company after the sale of the Company's real estate assets in Vancouver, B.C. The Company received $4 million gross proceeds from the sale. From the proceeds, $3.3 million was used to pay the Company's outstanding corporate debt and the balance was used for exploration and working capital purposes.

Oil and Gas Industry Overview

The oil and gas industry had a readjustment in the first and second quarters 2007. With the current change in tax legislation outlined by the Canadian Finance Minister on October 31, 2006 has slowed down the activities of the Royalty Income Trusts ("RITS"). We believe this change will benefit the oil and gas junior companies, like Berkley, in cost of operations, opportunities and more funds flowing into these juniors where over the past few years the funds were being directed into the RITS. Oil prices fluctuated between $51 US and 96.50 US per barrel over the first 10 months of 2007, with prices closing at $94.42 on November 27, 2007 ($per barrel for West Texas Intermediate (WTI)). Natural gas prices have also been very volatile through the first 10 months of 2007 fluctuating between $5.50/mcf US and $9/mcf US during the year, closing at $7.58/mcf US on November 27, 2007. Costs of all related services have been high for 2006 but with the changes to the RITS, discussed above, we believe that both competition for labour, goods and services throughout industry and costs related to drilling and new exploration will soften going through 2007. This apparent softening has happened as rig utilization in Alberta is way down and should translate into reduce drilling costs.

Company Activity

Senex Area, Alberta (Townships. 92/93, Ranges 6/7 W5M):

Berkley (20% ±) and its operating partner Onefour Energy Ltd. (80% ±) have increased their land holdings in this area to approximately 70 sections. This increase in land holdings will provide the Company with a very large block on which to develop all three productive formations identified to date. The formations are: Keg River (oil), Slave Point (oil) and Blue Sky (gas).

The Company and its partner have changed their focus on this program and are now concentrating on stabilizing production from both the Keg River and Slave Point producing wells while the capital program that was mentioned earlier has been put on hold. The Company and its partner continue to inject water into the Slave Point zone and are currently waiting to see results.

Crossfield West Area, Alberta (Township 28, Range 1 W5M):

The licensing process of this sour-gas prospect is well underway. The Company (35%) and its partners have negotiated extensions to certain of its freehold leases which will maintain our existing drilling lease block of six sections. The Company is currently negotiating to improve its land position in the area; however, it considers it has sufficient holdings to move ahead with its own drilling plans. The Company's licensing pre-hearing has been scheduled for December 5, 2007 and the licensing hearing is now expected by March/April 2008. The Company anticipates receiving drilling approval during the summer of 2008.

Summary

The Company has made a major commitment to the Senex Area in north-central Alberta. Large resource of oil has been identified in two Devonian formations and a significant natural gas reserve in shallow lower Cretaceous sand. All three opportunities are being evaluated and the Company has drilled 5 successful Keg River wells between August 2006 and February 2007. As stated above, we are currently focused on stabilizing our Keg River and Slave Point producers. Good progress is being made in the licensing process at Crossfield and the Company has been granted a pre-hearing in December 2007. The Company now expects to have its hearing on licensing by March/April 2008 and anticipates to drill in the summer of 2008

Real Estate

The Company sold its real estate property in downtown Vancouver for $4 million on August 31, 2007. From the proceeds, $3.3 million was used to pay the Company's outstanding corporate debt and the balance was used for exploration and working capital purposes. This property had been disclosed as discontinued operations in the December 31, 2006 year end and subsequent interim financial statements.

Results of Operations

Three months ended September 30, 2007 ("Q3-2007") compared with the three months ended September 30, 2006 ("Q3-2006").

Oil and Gas

Oil and gas revenue was $317,129 for Q3-2007 compared to $382,094 for Q3-2006, a decrease of $64,965. The decrease in revenue is due to less production from the Senex property as there continues to be a focus on water injection activities in the current year. The production expenses for Q3-2007 were higher at $598,296 compared to $362,204 for Q3-2006, an increase of $236,092. There were increases of $54,837 in operating costs, $25,455 in interest charges, and $155,800 in amortization, depletion and accretion. The demand for labour, services and equipment has continued to put upward pressure on prices as is evident with the increase in operating costs. The interest charges are due to the paid off Quest Capital Corp. ("Quest") loan whereby 60% of the loan's interest was charged to the oil and gas segment. There was a net loss of $281,167 for Q3-2007 compared to a net income of $19,890 reported for Q3-2006, a negative difference of $301,057. The increase in depletion and accretion charges in Q3-2007 accounts for most of the difference.

Head Office - General and Administrative Expenses

General and administrative expenses totaled $412,582 for Q3-2007 compared with $462,164 for Q3-2006. The decrease of $49,582 was a result of a combination of cost increases and decreases. Increases of $68,692 in management fees, $28,927 in consulting fees, $5,060 in professional fees, $6,637 in filing and transfer agent fees, and $13,604 in shareholder information were experienced while there were decreases of $8,888 in administrative, office services and premises, $4,813 in stock based compensation, and $158,948 in finance fees on debt. Management fees were higher due to the timing of bonus payments otherwise base management fees remained similar. Consulting fees were higher due to a financial consulting agreement in place in the current period but not the prior year's period. Shareholder information costs were higher due to the timing of expenditures that normally occur in each year whereas the level of company promotion remained consistent. Administrative, office services and premises expenses decreased in Q3-2007 due to less office overhead costs. The finance fees on debt charged during Q3-2007 was that quarter's portion of $134,247 in deferred costs booked at the 2006 year end. The finance fees on debt in Q3-2006 were much higher but there was the adjustment made at year end to defer a portion of those costs to subsequent periods.

Real Estate (Discontinued Operations)

There was a net rental loss before other items of $33,399 for Q3-2007 compared to $64,441 for Q3-2006, a decrease of $31,042. While the building continued to be at or near full capacity, there were only two months of normal building operations in the current quarter due to the sale of the building. Monthly operating costs stayed pretty consistent along with monthly revenues. There was however significantly less interest charges in the current period as it decreased by $50,763. There was no amortization recorded for Q3-2007 due to the status of the asset being changed to that of an asset being held for sale whereas there was $3,363 in amortization charged in the previous year's quarter.

Overall, there was a net income of $1,941,312 for Q3-2007 compared with a net loss of $64,441 for Q3-2006, a positive difference of $2,005,753. Because the building was sold during the current period there was a gain of $1,974,711 which accounts for the big difference between periods.

Loss for the Period

There was an income for Q3-2007 of $1,228,718 compared with a loss of $504,034 for Q3-2006, a difference of $1,732,752. As noted above, there were losses in the oil and gas and general and administrative expenses segments during Q3-2007 and an overall increase of $273,001 in costs when these two segments are looked at separately from the rental operations segment. The gain of $1,974,711 from the sale of the building which is recorded under discontinued operations is the reason there is an income instead of a loss in the current period. Interest income did not change very much between the periods but Q3-2007 did incur interest charges of $21,876 compared to $4 in Q3-2006. These interest charges were associated with current liabilities other than the loans which were paid off with the building sale proceeds.

Nine months ended September 30, 2007 ("YTD-2007") compared with the six months ended September 30, 2006 ("YTD-2006").

Oil and Gas

In total, there was a net oil and gas loss of $464,079 for YTD-2007, compared to a net income of $44,693 for YTD-2006, a negative difference of $508,772. Revenue was up $53,276 due to higher oil prices but operating costs were up by $217,621. Overall production expenses increased $562,048 in YTD-2007 including the increase in operating costs in addition to increases of $125,427 in interest on loans and $219,000 in amortization, depletion and accretion.

Head Office - General and Administrative Expenses

General and administrative costs for YTD-2007 were $1,077,405 compared to $1,100,667 for YTD-2006, a decrease of 23,262. There were increases of $3,493 in administrative, office services and premises, $28,026 in stock based compensation, $61,654 in management fees, $6,643 in filing and transfer agent fees, and $20,684 in shareholder information. The administrative, office services and premises expense was higher in YTD-2007 due to some costs associated with flow-through expenditure renouncements whereas other overhead items has remained consistent or seen modest decreases. Management fees are higher for the same reason explained for the three month comparison. Filing and transfer agent fees were higher due to the private placements that have taken place in the current year. Shareholder information costs were higher in YTD-2007 as a result of increased company promotion and trade show participation.

There were decreases of $67,094 in consulting fees, $15,359 in professional fees, and $61,753 in finance fees on debt. The decrease in consulting fees is because of the expiration of long-term consulting agreements that had a total cost of $8,000 per month, a decrease in monthly consulting fees to a director, and less consulting fees to unrelated parties providing financial services. The change in professional fees was due to a variety of factors. There was a decrease in legal services in regards to evaluating new business opportunities but an increase in audit fees.

Real Estate (Discontinued Operations)

The net rental loss before other items for YTD-2007 was $102,144 compared to $134,223 in YTD-2006, a decrease of $32,079. While the rental revenue decreased by $18,831 due to one less month of revenue, operating costs instead increased by $9,944. The reason for this was higher overhead costs along with more repair and maintenance expenses. As was the case with the three month comparison, the current period's interest charges were considerable less with there being a decrease of $50,763.

Overall, there was a net income for YTD-2007 of $1,872,567 compared to a net loss of $134,223 in YTD-2006, a positive difference of $2,006,790. Once again, the gain from the sale of the building of $1,974,711 created a net income situation for the current period instead of a loss.

Loss for the Period

There was an overall income of $260,208 for YTD-2007 compared with an overall loss of $1,176,732 for YTD-2006, a positive increase of $1,436,940. The increase for the income in the current period and the difference between the comparative year-to-date periods is primarily due to the same reasons discussed above in the *Loss for the period* section concerning the three month comparative periods. Other items include a write down of a receivable of $11,995 in YTD-2007 compared to no such item in YTD-2006. And instead of interest revenue slightly increasing as it did in the three month comparison, it has decreased from $14,314 in YTD-2007 to $4,077 in YTD-2006, a difference of $10,237.

Summary of Quarterly Results

Period Ended	2007 Sep 30 Q3 $	2007 June 30 Q2 $	2007 Mar 31 Q1 $	2006 Dec 31 Q4 $	2006 Sep 30 Q3 $	2006 Jun 30 Q2 $	2006 Mar 31 Q1 $	2005 Dec 31 Q4 $
Net oil and gas income (loss)	(281,167)	(142,153)	(40,759)	(2,912,029)	19,890	(51,335)	76,138	(199,710)
Discontinued operations	1,941,312	(42,015)	(26,730)	(33,905)	(64,441)	(36,694)	(33,088)	(8,576)
Income (loss) for the period	1,228,718	(590,577)	(377,933)	(2,060,027)	(504,034)	(404,968)	(267,730)	18,544
Basic and diluted income (loss) per share after discontinued operations	0.06	(0.03)	(0.02)	(0.13)	(0.04)	(0.03)	(0.02)	0.00

Liquidity

At September 30, 2007 the Company had current assets of $791,771, of which $160,556 was comprised of cash. Current liabilities totaled $886,552, of which there is no longer bank loans included since the sale of the real estate property. Current assets were used to further investment in oil and gas properties and equipment by $1,780,408 in YTD-2007.

Total working capital deficiency at September 30, 2007 is $94,781. This amount has been drastically reduced from a deficiency balance of $4,607,060 on June 30, 2007 due to the proceeds from the sale of the real estate property being used to pay out a bank demand loan of $539,749 and a loan of $2,800,000 to Quest.

The Company is addressing its' working capital needs by pursuing additional equity financing. During the three month period ended September 30, 2007, the Company raised $1,400,100 with a flow-through private placement and $242,000 with a non-flow-through private placement. The Company also has agreements with financial consultants to explore other financial opportunities.

Capital Resources

The Company plans to continue its participation in the two projects discussed above. The Company expects to finance expenditures on these projects through private placements, existing production revenue and a farm out of a portion of its property interests (if required). In addition, the Company may make further oil and gas expenditures on new properties as finances permit.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Transactions

Due to related parties consists of $3,789 due to Directors of the Company for Directors fees, management fees and expense reimbursements and $5,724 to Oniva International Services Corp. ("Oniva"), a private company owned by public companies having common Directors that provides administrative services, office supplies and accounting services.

For the nine month period ended September 30, 2007 the Company paid management fees totaling $241,401 to Directors and their private companies; consulting fees totaling $16,000 to a former Director and his spouse; directors' fees totaling $11,395 to the Directors of the Company; and administrative services, office supplies and accounting charges totaling $86,428 to Oniva. The Company takes part in a cost sharing arrangement to reimburse Oniva for a variable percentage of its overhead expenses, to reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage fee based on the total overhead and corporate expenses. The agreement may be terminated with one-month notice by either party.

The transactions were in the normal course of operations and agreed to by the related party and the Company and have had been measured at the exchange amount.

Disclosure of Management Compensation

During the nine month period ended September 30, 2007, $89,901 was paid to the President for services as director and officer of the Company; $84,000 was paid to the C.E.O. for services as director and officer of the Company; $22,500 was paid to the V.P. Finance for services as director and officer of the Company, $45,000 was paid to the V.P. Operations for services as director and officer of the Company, and $6,158 was paid to the Secretary for services as an officer of the Company.

Changes in Accounting Policies

In early 2005, the CICA issued new standards for Comprehensive Income (CICA 1530), Financial Instruments (CICA 3855) and Hedges (CICA 3865), which are effective for fiscal years beginning on or after October 1, 2006. The new standards bring Canadian rules more into line with current rules in the United States. These new standards do not affect the Company at present and consequently no statement of comprehensive income is required to be included with the interim financial statements.

Section 1530 introduces the concept of comprehensive income, which includes net income and other comprehensive income. Other comprehensive income represents changes in shareholders' equity during a period arising from such items as unrealized foreign currency translation gains or losses arising from self-sustaining foreign operations, unrealized gains and losses on available-for-sale investments, and changes in the fair value of the effective portion of cash flow hedging instruments. The application of this new standard did not result in comprehensive income being different from net income for the periods presented.

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It also specifies how financial instrument gains and losses are to be presented. All financial instruments must be classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities. Initial and subsequent recognition and measurement of changes in the value of financial instruments depends on their initial classification. The application of Section 3855 did not have an impact on the Company's interim financial statements.

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes, and specifies how hedge accounting is applied and what disclosures are necessary when it is applied. The application of Section 3865 did not have an impact on the Company's interim financial statements as there are no transactions which have been designated as hedges for accounting purposes.

Outstanding Share Data

The Company's authorized share capital consists of unlimited common shares without par value.

As at November 27, 2007 the Company had 21,451,608 issued and outstanding common shares.

The following is a summary of stock options outstanding as at November 27, 2007:

Expiry Date	Exercise Price Per Share	Number of Shares Remaining Subject to Options
September 19, 2008	$0.52	580,500
September 19, 2008	$0.57	150,000
October 19, 2009	$0.81	200,000
October 29, 2009	$0.77	37,500
December 23, 2010	$0.90	637,500
September 21, 2011	$0.56	595,000
July 4, 2012	$0.55	350,000
		2,550,500

The following is a summary of share purchase warrants outstanding as at November 27, 2007:

Expiry Date	Exercise Price Per Share	Number of Underlying Shares
December 28, 2007	$1.25	636,000
December 31, 2007	$1.50	377,800
January 12, 2009	$1.00	220,000
		1,233,800

Commitments

On December 12, 2006, the Company entered into a consulting agreement with an unrelated party. The consultant will provide assistance in various financing activities. The Company will pay a cash fee of 7% of the gross amount of proceeds of an equity financing or mezzanine financing and 3% of gross amount and proceeds of a debt financing, loan, line of credit or other non-equity financing sourced by the consultant respectively. The agreement terminates on November 9, 2007.

On March 1, 2007, the Company entered into a consulting agreement with an unrelated party. The consultant will provide financial consulting services. For the period of March 1, 2007 to September 30, 2007, the Company has paid total fees of $96,600. The Company is to pay $13,800 per month for the three months ended December 31, 2007. The Company has also granted the consultant 50,000 stock options at a price of $0.55. In addition, the Company may pay a finders' fee to the consultant for placing a new board member or a new member of senior management only as requested and approved by the Company. The finders' fee will be $2,500 per placement, with a maximum to be paid of $5,000. The agreement may be terminated with 30 days written notice by either party.

As at September 30, 2007, $2,042,348 of eligible Canadian exploration expenditures had not yet been expended by the Company. The Company is expected to spend this amount on qualifying expenditures by December 31, 2007.

Disclosure Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for evaluating the effectiveness of the Company's disclosure controls and procedures and have concluded, based on our evaluation, that they are effective as at September 30, 2007 to ensure that information required to be disclosed in reports filed or submitted under Canadian securities legislation is recorded, processed, summarized and reported within the time period specified in those rules and regulations.

Internal Controls over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Company assessed the design of the internal controls over financial reporting as at September 30, 2007 and concluded that there are material weaknesses in internal controls over financial reporting, which are as follows:

a) Due to the limited number of staff resources, the Company believes there are instances where a lack of segregation of duties exist to provide effective controls; and
b) Due to the limited number of staff resources, the Company may not have the necessary in-house knowledge to address complex accounting and tax issues that may arise.

The weaknesses and their related risks are not uncommon in a company the size of the Company because of limitations in size and number of staff. The Company believes it has taken initial steps to mitigate these risks by consulting outside advisors and involving the Audit Committee and Board of Directors in reviews and consultations where necessary. However, these weaknesses in internal controls over financial reporting could result in a more than remote likelihood that a material misstatement would not be prevented or detected. The Company believes that it must take additional steps to further mitigate these risks by consulting outside advisors on a more regular and timely basis.

There have been no changes in the Company's internal controls over financial reporting that occurred during the quarter ended September 30, 2007 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Cautionary Statement

This MD&A is based on a review of the Company's operations, financial position and plans for the future based on facts and circumstances as of November 27, 2007. Except for historical information or statements of fact relating to the Company, this document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change. These statements involve known and unknown risks, uncertainties, and other factor that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements.