The following discussion and analysis of the operations, results and financial position of Berkley Resources Inc. (the "Company" or "Berkley") for the six months ended June 30, 2008 should be read in conjunction with the December 31, 2007 audited year-end financial statements and the related notes.

This Management Discussion and Analysis ("MD&A") is dated August 26, 2008 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 in 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 and Outloook

Since the year ended December 31, 2007, the Company became a pure oil and gas company after the sale of the Company's real estate assets in Vancouver, B.C. An overview analysis of the oil and gas segment is as follows:

Oil and Gas Industry Overview

The mid-2008 oil and gas Industry is re-forming in a significant way following the demise of Royalty Income Trusts on October 31, 2006 and the wild spike in world oil prices into mid-2008 over 2007. West Texas Intermediate (WTI) hit a high on July 3, 2008 of US $145.29 per barrel which was up 79.90% from US $75.14 per barrel in July 2007. Late July 2008 prices have dropped back to US $115-120 per barrel. Spot gas prices (AECO) in Alberta began July 1, 2008 at Cdn. $11.70 per thousand cubic feet (MCF) and closed out July at Cdn $7.75/mcf. Alberta spot prices averaged Cdn $9.51/mcf for July 2008 which was 80.70% higher than July 2007 average price of Cdn $5.26/mcf. These dramatic price changes coupled with the reforming of Royalty Income Trust into conventional corporate structures has created a level of uncertainty across Industry. Huge surges in income in a short period of time, followed by 30-40% swing in prices, created significant challenges to corporate budgeting. These factors plus severe labour shortages throughout the Industry mainly due to the several major projects underway in the Alberta Oil Sands, make for an overall unpredictable dynamics. The Alberta Government too was unhelpful in its proposed Crown Royalty Regime which is scheduled to become effective January 1, 2009. Certain parts of the Royalty proposal would/will result in Royalty rates increasing from a maximum of 30% to 50% - a 66.67% increases. This proposal is causing huge amounts of investment to go to Saskatchewan and British Columbia. The positive component for the Company is that Berkley's leasehold rights at Crossfield are mostly freehold with total royalties of less than 25%.

Company Activity

Subsequent to the year end, the Company arranged a non-brokered private placement of 2,800,000 units at a price of $0.18 per unit, each unit consisting of one common share and one non-transferable share purchase warrant. Each warrant will entitle the Investor to purchase one additional share at a price of $0.30 until July 16, 2009. The private placement was accepted for filing by the TSX Venture Exchange on July 15, 2008. No commissions were paid on this transaction. The hold period for all securities issued under this private placement will expire on November 16, 2009.

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

There has been little change in this project since last report. The Company holds 20% interest in 20 wells in this area. These 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). Its 80% interest partner (operator) is regrouping as it develops a go-forward plan that would likely include a new operator with new investment. Berkley would be open to further participation with respect to its 20% share if a qualified Operator/Farmee is found. High operating costs plague this project, however the Company believes that with good planning and close attention to costs, much of the large oil reserve identified to date can be produced within reasonable economic parameters. As of the date of this MD&A, the Company has an unresolved dispute with its partner with respect to the Senex area operations that is subject to a default notice. Several items in this account are disputed by the Company. However, the Company is making headway and full resolution is expected by the end of the third quarter, 2008.

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

Following the period ended June 30, 2008, the Company announced the sale of 25% interest in its Crossfield Project to an individual, in an arm's length transaction, for the sum of $300,000. The Company estimates that it will cost approximately $6,000,000 to licence, drill, complete and tie-in the first of four wells planned for this Project. Each of the subsequent three wells is expected to cost about $5,000,000 for total exposure to 100% interest being $20/22,000,000. The new Participant is a well financed individual, experienced in oil and gas investments. He will be a significant asset to the Crossfield Project. The Company now holds between 35% and 50% interest in this Project which is a well defined, seismically controlled, sour-gas prospect in the Crossfield member of the Wabamun formation. This is the same formation that has produced nearly 1 tcf (one trillion cubic feet) of its projected 1.8 tcf of natural gas reserves from the giant Crossfield gas field situated two to five miles east of the Berkley et al prospect which in turn is about 25 miles north of the City of Calgary.

The Company now plans to move forward with the licensing process which will include a public hearing later this year. Success would enable the parties to commence drilling during the first quarter of 2009.

Summary

The Company has made a major commitment to the Senex Area in north-central Alberta. Large resources of oil have been identified in two Devonian formations and a significant natural gas reserve in shallow lower Cretaceous sand. As stated above, we are currently focused on stabilizing our Keg River producers. The licensing process at Crossfield has recommenced and the Company is working towards a new hearing date

Results of Operations

Three months ended June 30, 2008 ("Q2-2008") compared with the three months ended June 30, 2007 ("Q2-2007").

Oil and Gas

Oil and gas revenue was $586,558 for Q2-2008 compared to $452,564 for Q2-2007, an increase of $133,994. The increase in revenue is due primarily to the Company having revenue from the Senex property forfeited until a dispute with the operator is settled. The production expenses for Q2-2008 were lower at $381,830 compared to $594,717 for Q2-2007, a decrease of $212,887. There were decreases of $55,825 in operating costs, $50,262 in interest charges and $106,800 in amortization, depletion and accretion. The demand for labour, services and equipment continues to be strong along with rising prices for such items but less operating activity has kept costs lower during the current period. Interest charges were nil in the current period as a result of the Company paying off its long-term debt in the prior year.

There was a net income of $204,728 for Q2-2008 compared to a net loss of $142,153 reported for Q2-2007, a difference of $346,881. All production expenses have decreased in the current year.

Head Office - General and Administrative Expenses

General and administrative expenses totaled $175,334 for Q2-2008 compared with $366,555 for Q2-2007. The decrease of $191,221 is the result of cost decreases in all categories except for filing and transfer agent fees and management fees which increased by $566 and $8,554, respectively. The decreases were $48,866 in finance fees, $47,287 in administrative, office services and premises, $60,559 in stock based compensation, $13,327 in consulting fees, $21,012 in professional fees, and $9,255 in shareholder information.

There are several reasons for the various cost decreases. The financing fees were associated with a financing arrangement that expired in the prior year. Consulting fees are down because of two five-year consulting agreements that had expired in the prior year as well. Management fees are lower as a result of one less officer being paid. Stock based compensation expense is lower as there were no new stock options granted. In regards to administrative, office services and premises expenses, the Company is now paying a smaller percentage of the head office cost sharing arrangement with Oniva.

Real Estate (Discontinued Operations)

The current year no longer has real real-estate operations so it is only the prior year's quarters that will have a loss or income to report. In this case, Q2-2007 had a loss of $42,015. There were interest charges on long term debt up until the time the property was sold and this was enough to turn a profit situation into a loss.

Income for the Period

There was income of $29,607 for Q2-2008 compared with a loss of $590,577 for Q2-2007, a difference of $620,184. As noted above, each segment experienced a positive change over the comparative period. There were no significant other income or expense items that had an impact on the loss for the period. Overall, the Company has seen interest charges drastically reduced along with lower general and administrative expenses.

Six months ended June 30, 2008 ("YTD-2008") compared with the six months ended June 30, 2007 ("YTD-2007").

Oil and Gas

Oil and gas revenue was $899,135 for YTD-2008 compared to $926,541 for YTD-2007, a decrease of $27,406. The production expenses for YTD-2008 were lower at $670,878 compared to $1,109,453 for YTD-2007, a decrease of $438,575. There were decreases of $93,203 in operating costs, $99,972 in interest charges and $245,400 in amortization, depletion and accretion. The demand for labour, services and equipment continues to be strong along with rising prices for such items but less operating activity has kept costs lower during the current period. Interest charges were nil in the current period as a result of the Company paying off its long-term debt in the prior year. There was a net income of $228,257 for YTD-2008 compared to a net loss of $182,912 reported for YTD-2007, a difference of $411,169.

Head Office - General and Administrative Expenses

General and administrative expenses totaled $338,036 for YTD-2008 compared with $664,823 for YTD-2007. The decrease of $326,787 is the result of cost decreases in all categories. The decreases were $97,195 in finance fees, $78,272 in administrative, office services and premises, $73,271 in stock based compensation, $4,123 in management fees, $39,112 in consulting fees, $15,151 in professional fees, $2,847 in filing and transfer agent fees, and $9,255 in shareholder information.

There are several reasons for the various cost decreases. The financing fees were associated with a financing arrangement that expired in the prior year. Consulting fees are down because of two five-year consulting agreements that had expired in the prior year as well. Stock based compensation expense is lower as there were no new stock options granted. In regards to administrative, office services and premises expenses, the Company is now paying a smaller percentage of the head office cost sharing arrangement with Oniva.

Real Estate (Discontinued Operations)

The current year no longer has real real-estate operations so it is only the prior year's quarters that will have a loss or income to report. In this case, YTD-2007 had a loss of $68,745. There were interest charges on long term debt up until the time the property was sold and this was enough to turn a profit situation into a loss.

Loss for the Period

Loss for the period of YTD-2008 was $107,789 compared with a loss of $968,510 for YTD-2007, a difference of $860,721. As noted above, each segment experienced a positive change over the comparative period. There were no significant other income or expense items that had an impact on the loss for the period. Overall, the Company has seen interest charges drastically reduced along with lower general and administrative expenses.

Summary of Quarterly Results

Period Ended	2008	2008	2007	2007	2007	2007	2006	2006
	Jun 30 Q2 $	Mar 31 Q1 $	Dec 31 Q4 $	Sep 30 Q3 $	June 30 Q2 $	Mar 31 Q1 $	Dec 31 Q4 $	Sep 30 Q3 $
Net oil and gas income (loss)	228,257	(23,529)	(4,482,642)	(281,167)	(142,153)	(40,759)	(2,912,029)	19,890
Discontinued operations	-	-	(17,913)	1,941,312	(42,015)	(26,730)	(33,905)	(64,441)
Income (loss) for the period	(107,789)	(137,396)	(3,786,130)	1,228,718	(590,577)	(377,933)	(2,060,027)	(504,034)
Basic and diluted income (loss) per share after discontinued operations	(0.01)	(0.01)	(0.07)	0.06	(0.03)	(0.02)	(0.13)	(0.04)

Liquidity

At June 30, 2008 the Company had current assets of $264,734, of which $21,468 was comprised of cash. Current liabilities totaled $735,995, 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 $5,952 in the three months ended June 30, 2008.

Total working capital deficiency at June 30, 2008 is $471,261. The Company is addressing its' working capital needs by arranging for additional equity financing. (See Subsequent Events Note 11). During 2007, the Company raised $1,400,100 with a flow-through private placement and $264,000 with a non-flow-through private placement. The Company also continues 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

Amounts owing to related parties consists of $105,279 (December 31, 2007 - $7,000) due to Directors of the Company for Directors fees, management fees and expense reimbursements and $23,416 (December 31, 2007 - $7,261) 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.

Management and consulting fees totaling $111,000 were paid to Directors and their private companies in the period (2007: $115,123).

Administrative services, office supplies and accounting charges totaling $47,995 were paid to Oniva (2007: $64,522). 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 period, $30,000 (2007: $17,677) was paid to the President for services as director and officer of the Company, $36,000 (2007: $36,000) was paid to the C.E.O. for services as director and officer of the Company, $15,000 (2007: $15,000) was paid to the V.P. Finance for services as director and officer of the Company, $30,000 (2007: $30,000) was paid to the V.P. Operations for services as director and officer of the Company, and $2,250 (2007: $2,147) was paid to the Corporate Secretary for services as an officer of the Company.

Changes in Accounting Policies

Effective January 1, 2008, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"). These accounting policy changes were adopted on a retrospective basis with no restatement of prior period financial statements:

i) CICA Section 1400 *General Standards of Financial Statement Presentation* provides revised guidance on management's responsibility to assess and disclose the Company's ability to continue as a going concern.

ii) CICA Section 1535 *Capital Disclosures* establishes standards for the disclosure of the Company's objectives, policies and processes for managing capital, capital management strategies, as well as quantitative information about capital.

iii) CICA Section 3031 *Inventories* contains expanded guidance related to cost measurement and disclosure requirements. The Company expects no significant impact on the Company's interim and annual financial statements for fiscal 2008 as a result of this standard.

iv) CICA Section 3064 *Goodwill and Intangible Assets* replaces Section 3062 *Goodwill and Intangible Assets*, and Section 3450 *Research and Development Costs,* which also resulted in

amendments to related guidance contained in AcG-11 *Enterprises in the Development Stage* and Section 1000 *Financial Statement Concepts.* These pronouncements and amendments affect the recognition and measurement of intangible assets that include deferred costs related to mineral property exploration. On January 1, 2009 the Company will adopt this standard, and management is currently assessing its impact on the Company's interim and annual financial statements for fiscal 2009.

v) CICA Section 3862 *Financial Instruments - Disclosures* and Section 3863 *Financial Instruments - Presentation* replaces Section 3861 *Financial Instruments - Disclosure and Presentation.* These new sections revise and enhance current disclosure requirements for financial instruments, and place an increased emphasis on disclosure of risk exposure and risk assessments.

vi) In February 2008, the CICA Accounting Standards Board confirmed that public companies will be required to prepare interim and annual financial statements under International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. Management is currently assessing the impact of adopting IFRS and it has not yet determined its affect on the Company's financial statements.

Outstanding Share Data

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

As at June 30, 2008 the Company had 21,451,608 issued and outstanding common shares and 24,251,608 at August 26, 2008.

The following is a summary of stock options outstanding as at June 30, 2008 and August 26, 2008:

Expiry Date	Exercise Price Per Share	Number of Shares Remaining Subject to Options (Jun 30/08)	Number of Shares Remaining Subject to Options (Aug 26/08)
September 19, 2008	$0.52	577,500	577,500
September 19, 2008	$0.57	150,000	150,000
October 19, 2009	$0.81	200,000	200,000
October 29, 2009	$0.77	37,500	37,500
December 23, 2010	$0.90	637,500	637,500
September 21, 2011	$0.56	590,0500	590,0500
July 4, 2012	$0.55	350,000	350,000
		2,545,000	**2,545,000**

The following is a summary of share purchase warrants outstanding as at June 30, 2008 and August 26, 2008:

Expiry Date	Exercise Price Per Share	Number of Shares Remaining Subject to Options (Jun 30/08)	Number of Shares Remaining Subject to Options (Aug 26/08)
January 12, 2009	$1.00	220,000	220,000
July 16, 2009	$0.30	--	2,800,000
		220,000	**3,020,000**

Commitment

As at June 30, 2008, $1,400,100 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, 2008.

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 June 30, 2008 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 June 30, 2008 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 steps to mitigate these risks by hiring additional personnel, 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 June 30, 2008 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 August 26, 2008. 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.