BERKLEY RESOURCES INC.

Interim Financial Statements

Six Months Ended June 30, 2009

(unaudited)

Notice to Readers: Under National Instrument 51-102, Part 4.3 (3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statement of the Company have been prepared by and are the responsibility of the Company's management and approved by the Board of Directors of the Company and have not been reviewed by the Company's independent auditor.

BERKLEY RESOURCES INC.
BALANCE SHEETS
(Prepared by Management)

As at	**June 30, 2009**	**December 31, 2008**
	(unaudited)	(audited)
ASSETS		
Current Assets		
Cash	$ 6,861	$ 86,453
Accounts receivable	158,216	176,071
Taxes recoverable	8,023	14,219
Prepaid expenses	7,245	17,595
	180,345	294,338
Oil and gas properties and equipment (Note 5)	4,486,429	5,852,540
Other property plant and equipment (Note 6)	1,344	1,497
	$ 4,668,118	$ 6,148,375
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 325,216	$ 1,484,967
Due to related parties (Note 10b)	43,175	19,609
	368,391	1,504,576
Asset Retirement Obligation	204,738	198,656
	573,129	1,703,232
SHAREHOLDERS' EQUITY		
Share Capital (Note 9)	12,683,811	12,683,811
Contributed Surplus	1,183,554	1,183,554
Deficit	(9,772,376)	(9,422,222)
	4,094,089	4,445,143
	$ 4,668,118	$ 6,148,375

Going concern (Note 1)

Approved by the Directors:

"Matt Wayrynen" Director *"Tyrone Docherty"* Director

The accompanying notes are an integral part of these interim financial statements

BERKLEY RESOURCES INC.
STATEMENTS OF DEFICIT
(Unaudited - Prepared by Management)

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Oil and gas	$ 155,843	$ 586,558	291,576	$ 899,135
Oil and gas production expenses				
Operating costs	143,288	226,030	258,233	401,478
Amortization, depletion and accretion	70,457	155,200	192,084	269,400
	213,745	381,830	450,212	670,878
NET OIL AND GAS INCOME (LOSS)	(57,902)	204,728	(158,741)	228,257
GENERAL AND ADMINISTRATIVE EXPENSES				
Administrative, office services and premises	27,408	56,064	61,656	107,316
Stock based compensation	-	13,916	-	53,668
Management fees	35,600	65,500	68,600	111,000
Consulting fees	15,525	4,908	28,905	7,433
Professional fees	7,249	24,800	19,807	36,258
Filing and transfer agent fees	2,843	7,148	10,357	13,327
Shareholder information	847	5,512	2,172	8,062
Amortization	74	486	152	972
	(89,546)	(175,334)	(191,649)	(338,036)
OTHER INCOME (EXPENSES)				
Interest expense	-	-	-	(281)
Interest and other income	236	213	236	2,271
	236	175,121	236	(336,046)
INCOME (LOSS) BEFORE DISCONTINUED OPERATIONS	(147,212)	29,607	(350,154)	(107,789)
INCOME (LOSS) FOR THE PERIOD	$ (147,212)	$ 29,607	$ (350,154)	$ (107,789)
BASIC AND DILUTED LOSS PER SHARE AFTER DISCONTINUED OPERATIONS	$(0.01)	$(0.01)	$(0.02)	$(0.01)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	21,451,608	21,451,608	21,451,608	21,451,608

The accompanying notes are an integral part of these interim financial statements

BERKLEY RESOURCES INC.
STATEMENTS OF DEFICIT
(Unaudited - Prepared by Management)

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
DEFICIT, beginning of period	(9,625,164)	$ (8,880,546)	$ (9,422,222)	$ (8,743,150)
Gain (loss) for the period	(147,212)	29,607	(350,154)	(107,789)
DEFICIT, end of period	$ (9,772,376)	$ (6,185,738)	$ (9,772,376)	$ (6,185,738)

The accompanying notes are an integral part of these interim financial statements

BERKLEY RESOURCES INC.
STATEMENTS OF CASH FLOWS
(Unaudited - Prepared by Management)

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Loss for the period from continuing operations	$ (147,212)	$ (29,607)	$ (350,154)	$ (107,789)
Items not requiring cash in the year:				
Amortization, depletion and accretion	70,509	155,686	192,084	270,372
Fair value of options issued for consulting services	-	2,320	-	2,370
Stock based compensation	-	13,916	-	53,668
	(76,703)	201,529	(158,070)	218,621
Net change in non-cash working capital balances for continuing operations:				
Accounts receivable	(25,377)	(124,036)	17,855	14,392
Taxes recoverable	(4,874)	(4,793)	6,196	4,612
Prepaid expenses	5,175	300	10,350	3,390
Accounts payable and accrued liabilities	31,543	(86,369)	(1,159,751)	(375,086)
Due to related parties	6,668	68,152	23,566	114,434
	13,135	54,783	(1,101,784)	(19,637)
INVESTING ACTIVITIES				
Oil and gas properties and equipment, net	22,295	(80,141)	1,184,530	(5,952)
	22,295	(80,141)	1,184,530	(5,952)
Net cash increase (decrease) from continuing operations	(41,273)	(25,358)	(79,592)	(25,589)
Cash, beginning of period	48,134	46,826	86,453	47,057
Cash, end of period	$ 6,861	$ 21,468	$ 6,861	$ 21,468

The accompanying notes are an integral part of these interim financial statements

1. Nature of Operations and Going Concern

Berkley Resources Inc. (the "Company" or "Berkley") was created on the amalgamation of Fortune Island Mines Ltd., Kerry Mining Ltd. and Berkley Resources Ltd. under the Company Act (British Columbia) on July 18, 1986. The Company is in the business of acquisition, exploration, development and production from petroleum and natural gas interests in Alberta and Saskatchewan, Canada. The Company also rented commercial office space in a building it owns in Vancouver, Canada. The commercial rental operations have been discontinued as a result of the sale of the building during the year ended December 31, 2007 (Note 2).

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that Berkley will continue in operation for the foreseeable future in regards to its oil and gas operations and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Adverse conditions and events cast substantial doubt upon the validity of this assumption. The Company has incurred significant operating losses over the past several fiscal years. As at June 30, 2009, the Company had a working capital deficit of $188,046 (2008 - $471,261).

The Company's ability to continue as a going concern is dependent upon its ability to raise additional capital through the issuance of treasury shares or debt and achieve profitable operations in the future. The Management of the Company has developed a strategy to address this uncertainty, including additional equity and/or debt financing; however, there are no assurances that any such financing can be obtained on favourable terms, if at all.

If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying values of assets and liabilities, reported revenues and expenses, and the balance sheet classifications used.

2. Significant Accounting Policies

a) Basis of presentation

The accompanying financial statements are stated in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles.

b) Revenue Recognition

Revenue from the sale of crude oil, natural gas and liquids is recognized when title passes to the third party purchaser, delivery has taken place and collection is reasonably assured. The Company assesses third party purchaser credit worthiness, both before entering into contracts and throughout the revenue recognition process.

c) Oil and gas property and equipment

Berkley follows the full cost method of accounting for oil and gas property and equipment whereby all costs of acquiring, exploring for and developing oil and gas reserves are capitalized. Such costs include land acquisition costs, geological and geophysical expenses, carrying charges on non-producing properties, costs of drilling both productive and non-productive wells, costs of production equipment and overhead charges relating to acquisition, exploration and development activities. The Company does not capitalize interest or administrative expenses.

2. Significant Accounting Policies - *Continued*

Capitalized costs of proven reserves and equipment are depleted using a unit of production method based upon estimated proven reserves before royalties. For purposes of this calculation, reserves are converted to common units on the basis that six thousand cubic feet of natural gas is equivalent to one barrel of oil.

Costs of acquiring and evaluating unproved properties are initially excluded from depletion calculations. These unevaluated properties are assessed periodically to ascertain whether impairment has occurred.

When proven reserves are assigned or the property is considered to be impaired, the cost of the property or the amount of the impairment is added to costs subject to depletion calculations.

Unless a significant amount of reserves are involved, proceeds received from the disposition of oil and gas properties are credited to the relevant cost centre unless this results in a change of 20% or more in the depletion rate. In the event of a significant sale of reserves, a proportionate amount of cost and accumulated depletion, based upon the ratio of reserves sold to total reserves, is removed from the appropriate cost centre and the resultant profit or loss is taken into income.

The Company performs a ceiling test in a two-stage test performed at least annually:

i) Impairment is recognized if the carrying value of the oil and gas assets less accumulated depletion and amortization and the lesser of cost and fair value of unproven properties exceeds the estimated future cash flows from proved oil and gas reserves, on an undiscounted basis, using forecast prices and costs.

ii) If impairment is indicated by applying the calculations described in i) above, the Company will measure the amount of the impairment by comparing the carrying value of the oil and gas assets less accumulated depletion and amortization and the lesser of cost and fair value of unproven properties to the estimated future cash flows from the proved and probable oil and gas reserves, discounted at the Company's risk-free rate of interest, using forecast prices and costs. Any impairment is included in earnings for the year.

Substantially all of the Company's oil and gas interests are conducted jointly with others. These financial statements reflect only the Company's share of assets, liabilities and operations.

d) Asset retirement obligation

The recognition of the fair value of obligations associated with the retirement of tangible long-lived assets are recorded in the period the asset is put to use, with the corresponding increase to the carrying amount of the related asset. The obligations recognized are statutory, contractual or legal obligations. The liability is accreted over time for changes in the fair value of the liability through charges to asset retirement accretion which is included in amortization, depletion, and accretion expense. The costs capitalized to the related assets are amortized to earnings in a manner consistent with the depreciation and amortization of the underlying assets. Revisions to the estimated timing of cash flows or to the original estimated undiscounted costs could also result in an increase or decrease to the obligation. Actual costs incurred upon settlement of the retirement obligation are charged against the obligation to the extent of the liability recorded.

2. Significant Accounting Policies - *Continued*

e) Other property and equipment

Other property and equipment consist of computer equipment and furniture, fixtures and equipment and are amortized at the following rates per annum by the declining balance method:

Computer equipment	30%
Furniture, fixtures and equipment	20%

f) Financial instruments

The Company's financial instruments include cash, accounts receivable, due to related parties, and accounts payable and accrued liabilities. Upon initial recognition, all financial instruments are recorded on the balance sheet at fair value. The carrying values of these financial instruments approximate their fair values. Subsequent measurement is then based on the financial instruments being classified into one of five categories: held for trading, held to maturity, loans and receivables, available for sale and other liabilities. The Company has designated its cash as held for trading which is measured at fair value. Gains and losses related to periodic revaluation are recorded to net income or loss. Accounts receivable are classified as loans and receivables and are measured at amortized cost determined using the effective interest method. Accounts payable and accrued liabilities, due to related parties and the revolving line of credit are classified as other liabilities and are measured at amortized cost determined using the effective interest method.

g) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The amounts recorded for depletion and depreciation of petroleum and natural gas properties, the provision for asset retirement obligations, valuation allowances for future income tax assets and stock-based compensation expense are based on estimates. The ceiling test is based on estimates of proven reserves, production rates, oil and gas prices and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates, in future periods, could be significant.

h) Stock-based compensation

Stock-based compensation expense is recorded for the estimated fair value of stock options granted. The estimated fair value of the options at the date of grant is accrued and charged to operations, with an offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital. In the event that vested options expire, previously recognized compensation expense associated with such stock options is not reversed. In the event that unvested options are cancelled, previously recognized compensation expense associated with such options is reversed.

2. Significant Accounting Policies - *Continued*

i) Net loss per share

Basic net loss per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted net loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted net loss per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted net loss per share by application of the treasury stock method. This method assumes the proceeds from the exercise of dilutive options and warrants are used to purchase common shares at the weighted average market price during the period.

j) Income taxes

The Company follows the asset and liability method of accounting for future income taxes. Under this method, future income tax assets and liabilities are recorded based on temporary differences between the carrying amount of balance sheet items and their corresponding tax bases. In addition, the future benefits of income tax assets, including unused tax losses, are recognized, subject to a valuation allowance, to the extent that it is more likely than not that such future benefits will ultimately be realized. Future income tax assets and liabilities are measured using enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

k) Flow-through shares

Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. When resource expenditures are renounced to the investors, future income tax liabilities are recognized thereby reducing share capital.

l) Recent accounting pronouncements

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 has made a preliminary assessment of the significant differences between IFRS and Canadian GAAP and determined that the accounting for oil and gas property and equipment will likely have the most impact to the Company’s reported financial position and results of operations. Development of the Company’s formal plan to commence the transition to IFRS will be undertaken in the summer of 2009.

3. Accounting Changes

Effective January 1, 2009, the Company adopted the following new accounting standard issued by the CICA that was applied on a prospective basis with no restatement of prior period financial statements:

In February 2008, the CICA issued Handbook Section 3064, “Goodwill and intangible assets”, replacing Section 3062, “Goodwill and other intangible assets”, and Section 3450, “Research and development costs”. This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises.

4. Oil and Gas Property and Equipment

	June 30, 2009	December 31, 2008
Oil and gas properties and equipment, cost	$ 18,313,994	$ 19,748,667
Less: Accumulated amortization and depletion	(13,827,565)	(13,626,127)
	$ 4,486,429	$ 5,852,540

At June 30, 2009, oil and gas property and equipment includes the cost of unproven properties of approximately $947,823 (2008 – $1,141,362), which are currently not subject to depletion.

5. Other Property and Equipment

	Cost	Accumulated amortization	Net June 30, 2009	Net Dec. 31, 2008
Computer equipment	$ 28,760	$ (28,639)	$ 122	$ 143
Furniture, fixtures and equipment	8,521	(7,300)	1,221	1,354
	$ 37,281	$ (35,939)	$ 1,343	$ 1,497

6. Bank Loans

The Company has a $50,000 (2008 - $50,000) revolving demand credit line with the CIBC that bears interest at prime plus 1% (2008 – prime plus 1%) per annum. As at June 30, 2009, there was a $nil (2008 - $nil) balance outstanding with regard to the credit line.

7. Share Capital

(a) Authorized

Unlimited common shares, without par value

	June 30, 2009			December 31, 2008		
Issued and fully paid:	Number of Shares		Amount	Number of Shares		Amount
Balance, beginning of period	21,451,608	$	12,683,811	21,451,608	$	12,347,593
Issued in the year for cash:						
Pursuant to private placements:						
- non-flow-through for cash	-		-	2,244,444		404,000
Share issuance costs	-		-	-		(3,270)
Fair value of private placement Warrants	-		-	-		(64,512)
Balance, end of period	21,451,608	$	12,683,811	21,451,608	$	12,683,811

(b) Warrants

	2009		2008	
	Number of Shares Subject to Warrants	Exercise price range	Number of Shares Subject to Warrants	Exercise price range
Outstanding, beginning of year	2,199,999	$0.30/$1.00	220,000	$1.00
Issued	-	-	1,899,999	$0.30
Expired	(220,000)	$1.00	-	-
Outstanding, end of period	1,899,999	$0.30	2,199,999	$0.30/$1.00

At June 30, 2009, the following share purchase warrants were outstanding:

Exercise Price Range	Expiry Date	2009 Number of Warrants	2008 Number of Warrants
$1.00	January 12, 2009	-	220,000
$0.30	July 16, 2009	1,899,999	1,899,999
		1,899,999	2,119,999

(c) Stock options

At the Company's 2008 AGM, the shareholders adopted a 2008 Stock Option Plan (the "Plan") which provides for the granting of options to acquire up to 4,290,321 shares. The Plan provides for the granting of options to employees and service providers, with no single optionee to be granted options in excess of 5% of the number of issued shares of the Company. All options are to be granted at fair value, and the term of the options granted is not to exceed five years. Options to acquire a total of 1,815,000 shares have been granted and are outstanding at June 30, 2009 under the Plan. Options granted under the plan vest as follows:

7. Share Capital – *Continued*

i) 20% during the first six months after the date of grant;
ii) 20% at the end of nine months after the date of grant;
iii) 20% at the end of the twelve months after the date of grant;
iv) 20% at the end of the fifteen months after the date of grant;
v) 20% at the end of the eighteen months after the date of grant.

	June 30, 2009		December 31, 2008	
	Number of shares subject to option	Weighted average exercise price per share	Number of shares subject to option	Weighted average exercise price per share
Balance outstanding, beginning of period	1,815,000	$0.71	2,550,500	$0.66
Activity in the period:				
Granted	-	-	-	-
Expired	-	-	(727,500)	$0.53
Cancelled	-	-	(8,000)	$0.76
Balance outstanding, end of period	1,815,000	$0.71	1,815,000	$0.71

The fair value of the stock options granted in prior periods were determined using the Black-Scholes option pricing model with a risk free interest rate of 4.50%, an expected life of 3 years, a volatility factor of 57% and no dividend yield.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

A summary of stock options outstanding is as follows:

		Number of Shares Remaining Subject to Options at End of Period	
Exercise Price Per Share	**Expiry date**	**June 30, 2009**	**December 31, 2008**
$0.81	October 19, 2009	200,000	200,000
$0.77	October 29, 2009	37,500	37,500
$0.90	December 23, 2010	637,500	637,500
$0.56	September 21, 2011	590,000	595,000
$0.55	July 4, 2012	350,000	350,000
		1,815,000	1,815,000

8. Related Party Transactions

a) There is no amount due from related parties

b) Due to related parties consists of $19,500 (2008 - $105,279) due to Directors of the Company for Directors fees, and to directors and officers for management fees; and $23,675 (2008 – $23,416) to a private company owned by public companies having common Directors that provide administrative services, office supplies and accounting services.

c) Management and consulting fees totaling $81,000 (2008 - $111,000) were paid to Directors and their private companies.

d) Administrative services, office supplies and accounting charges totaling $12,115 (2008 – $47,995) were paid to Oniva International Services Corporation ("Oniva"), a private company owned by public companies having common directors.

e) 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 months' 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 been measured at the exchange amount.

9. Risk Management

The carrying values of financial assets and liabilities approximate their fair value due to their short periods to maturity. The Company is exposed to interest risk on its line of credit facility with the Canadian Imperial Bank of Commerce. The Company is not exposed to significant credit or currency risk on its financial instruments.

The Company manages its exposure to financial risks by operating in a manner that minimizes its exposure to the extent practical. The main financial risks affecting the Company are discussed below:

a) Credit Risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The Company considers this risk to be limited.

b) Liquidity Risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- The Company will not have sufficient funds to settle transactions on the due date;
- The Company will be forced to sell financial assets at a value which is less than what they are worth; or
- The Company may be unable to settle or recover a financial asset at all.

The Company considers this risk to be limited.

10. Risk Management - *Continued*

c) Commodity Price Risk

Commodity price risk is the risk that the cash flows and operations of the Company will fluctuate as a result of changes in commodity prices. Significant changes in commodity prices can also impact the Company's ability to raise capital or obtain debt financing. Commodity prices for crude oil are impacted by world economic events that dictate the levels of supply and demand.

The Company's financial performance is closely linked to crude oil and natural gas prices. While the Company may employ the use of financial instruments in the future to manage these price exposures, it currently does not have enough producing wells to hedge its production and its crude oil and natural gas liquids are sold into spot markets.

11. Capital Disclosures

The Company defines its capital as follows:

- Cash
- Unused line of credit

The amounts included in the Company's capital are as follows:

	June 30, 2009	December 31, 2008
Capital:		
Cash	6,861	86,453
Unused line of credit (Note 6)	50,000	50,000

The Company's objective is to maintain access to sources of capital with which to finance its operations. The Company manages its capital structure and makes changes to it in light of changes in economic conditions and the risk characteristics of the underlying investments. The Company will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate in the specific circumstances. The Company is not subjected to any externally imposed capital requirements.