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, 2009 and should be read in conjunction with the December 31, 2008 audited year-end financial statements and the notes thereto.

This Management Discussion and Analysis ("MD&A") is dated August 24, 2009 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 and on the Frankfurt Stock Exchange under the symbol W80 and WKN 871666.

Overall Performance and Outlook

An overview analysis of the oil and gas segment is as follows:

Oil and Gas Industry Overview

The oil and gas industry followed the downward slide experienced by the financial sector throughout 2008 and into 2009. After seeing a price of US $145.29 per barrel for oil on July 3, 2008, the industry continues to manage its way through the collapse to near US$35.00 in March 2009, then regaining strength through the second quarter 2009 to approximately US$70. Natural gas prices are more problematic after dropping from a July 1, 2008 price of C$11.70/per thousand cubic feet (MCF) to approximately C$3.50 at mid-May 2009 and C$3.00 in August 2009. Although operating costs have not tracked price declines, this is steadily changing as more and more oilfield equipment continues to stand idle. The entire circumstance continues to be further aggravated in Alberta by an intransigent government which continues to implement a punishing royalty regime although it has offered some short-term incentives for new drilling.

Company Activity

The Company continued to pursue quality projects with experienced partners in high opportunity areas. The Company put its primary efforts into fully developing its existing properties and maintaining its representation in new projects now underway such as Crossfield, Alberta.

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

Berkley (10%) and its operating partner, Galleon Energy Inc. (90%) have consolidated their land holdings in this area at approximately 40 sections. This land base will provide the Company with a large block on which to develop all three formations considered prospective. The formations are: Keg River (oil), Slave Point (oil) and Blue Sky (gas). The Company and its partner own a large 3D seismic program over the joint lands which is essential to determine new drilling opportunities. Increasing oil prices will significantly help this project which has comparatively high operating costs.

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

The licensing process of this sour-gas prospect is progressing. The Company and its partners have negotiated extensions to all of its freehold leases which will serve to maintain our existing drilling lease block of six sections. The Company and its partners have sufficient leasehold interests to proceed with their own drilling plans; however, negotiations are being pursued with other parties to increase their acreage position. The Company expects to have its licensing hearing before the end of September 2009 which would permit drilling to take place during the first quarter 2010. If access to new capital continues to be tight, the Company may consider reducing its interest through farm out or otherwise, to help finance its 20% share of this project.

Summary

The Company made a major commitment to the Senex Area over the past five years. Large reserves of oil have been identified in two Devonian formations and a significant natural gas reserve in shallow lower Cretaceous sand. The Company has participated in drilling 20 wells in the Senex area. The price received for this high-quality oil greatly affects the economics of this project in which Berkley holds a 10% interest after reducing from 20% in return for its partner assuming the next $1,700,000 in capital expenditures for the account of Berkley. Good progress is being made in the licensing process at Crossfield. It continues as an exciting natural gas prospect. The Company now expects to drill this prospect by the end of 2009 or during the first quarter 2010.

Results of Operations

Three months' ended June 30, 2009 ("Q2-2009") compared with the three months ended June 30, 2008 ("Q2-2008").

<u>Oil and Gas</u>

Oil and gas revenue was $155,843 for Q2-2009 compared to $586,558 for Q1-2008, a decrease of $430,715. The decrease in revenue is a result of the Company having decreased revenues from its properties due to decreased production volumes and lower oil prices, as well as a reduced interest in certain of its producing properties. Production expenses in Q2-2009 were lower at $143,288 as compared to $226,030 in Q2-2008, a decrease of $82,742, due mainly to lower production volumes. There was a net oil and gas loss of $57,902 in Q2-2009 compared to net oil and gas income of $204,728 in Q2-2008, a difference of $262,630.

<u>Head Office - General and Administrative Expenses</u>

General and administrative expenses totaled $89,546 for Q2-2009 compared with $175,334 in Q2-2008. The decrease of $85,788 is the result of cost decreases in all categories except for consulting fees. The decreases included $13,916 in stock-based compensation, $25,656 in administrative, office services and premises, $29,900 in management fees, $17,551 in professional fees, $4,305 in filing and transfer agent fees, $4,665 in shareholder information and $412 in amortization. Offsetting this is an increase in consulting fees of $10,617.

<u>Net loss for the Period</u>

There was a net loss of $147,212 in Q2-2009 compared with net income of $29,607 in Q2-2008. The primary difference is related to lower oil and gas revenues. Overall, the Company has seen lower general and administrative expenses due to cost cutting measures implemented throughout the quarter and reduced corporate activity.

Six months' ended June 30, 2009 compared with the six months ended June 30, 2008.

Oil and Gas

Oil and gas revenue was $291,576 for the six months ended June 30, 2009 compared to $899,135 for the same period in 2008, a decrease of $607,559. The decrease in revenue is a result of the Company having decreased revenues from its properties due to decreased production volumes and lower oil prices, as well as a reduced interest in certain of its producing properties. Production expenses in the six months ended June 30, 3009 were lower at $258,233 as compared to $401,478, a decrease of $143,245, due mainly to lower production volumes. There was a net oil and gas loss of $158,741 in the six months ended June 30, 2009 compared to net oil and gas income of $228,257 for the same period in 2008, a difference of $386,998.

Head Office - General and Administrative Expenses

General and administrative expenses totaled $191,649 for the six months ended June 30, 2009 compared with $338,036 in the same period 2008. The decrease of $146,387 is the result of cost decreases in all categories except for consulting fees. The decreases included $53,668 in stock-based compensation, $45,660 in administrative, office services and premises, $42,400 in management fees, $16,451 in professional fees, $2,970 in filing and transfer agent fees, $5,890 in shareholder information and $820 in amortization. Offsetting this is an increase in consulting fees of $21,472.

Net loss for the Period

There was a net loss of $350,154 in the six months ended June 30, 2009 compared with a net loss of $107,789 during the same period in 2008. The primary difference is related to lower oil and gas revenues. Overall, the Company has reduced its general and administrative expenses due to cost cutting measures implemented throughout the period and has seen reduced corporate activity.

Summary of Quarterly Results

Period Ended	2009	2009	2008	2008	2008	2008	2007	2007
	June 30 Q2 $	Mar. 31 Q1 $	Dec. 31 Q4 $	Sept. 30 Q3 $	Jun 30 Q2 $	Mar 31 Q1 $	Dec 31 Q4 $	Sep 30 Q3 $
Net oil and gas income (loss)	(57,902)	(100,886)	(271,356)	135,240	204,728	23,529	(4,482,642)	(281,167)
Discontinued operations	-	-	-	-	-	-	(17,913)	1,941,312
Income (loss) for the period	(147,212)	(202,942)	(529,788)	(41,495)	29,607	(137,396)	(3,786,130)	1,228,718
Basic and diluted income (loss) per share after discontinued operations	(0.01)	(0.01)	(0.01)	(0.00)	0.01	(0.01)	(0.07)	0.06

Liquidity

At June 30, 2009 the Company had current assets of $180,345, of which $6,861 (2008 - $46,826) was comprised of cash. Current liabilities totaled $368,391 and consisted of trade payables relating to property operating costs as well as payables relating to accounting and engineering fees associated with its year-end audit.

Total working capital deficiency as at June 30, 2009 was $188,046 (2008 – $471,261). The Company continues to explore and identify other financial opportunities in order to address its ongoing financial requirements.

Capital Resources

The Company plans to continue its participation in the two projects discussed above. The Company expects to finance expenditures on these projects by way of 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 $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.

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

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

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, $36,000 (2008 – $36,000 paid to the former C.E.O.) was paid to the President and C.E.O. for services as director and officer of the Company, $15,000 (2008 - $15,000) was paid to the former V.P. Finance for services as director and officer of the Company, $60,000 (2008 - $60,000) was paid to the V.P. Operations for services as director and officer of the Company and $12,000 (2008 - $2,250 paid to the Corporate Secretary) was paid to the Corporate Secretary and Chief Financial Officer for services as an officer of the Company.

Changes in Accounting Policies

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.

Outstanding Share Data

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

As at June 30, 2009 and August 24, 2009 the Company had 23,696,052 issued and outstanding common shares.

The following is a summary of stock options outstanding as at June 30, 2009 and August 23, 2009:

Expiry Date	Exercise Price Per Share	Number of Shares Remaining Subject to Options (March 31, 2009)	Number of Shares Remaining Subject to Options (May 25, 2009)
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	590,000	590,000
July 4, 2012	$0.55	350,000	350,000
		1,815,000	**1,815,000**

The following is a summary of share purchase warrants outstanding as at June 30, 2009 and August 24, 2009:

Expiry Date	Exercise Price Per Share	Number of Shares Remaining Subject to Options (June 30, 2009)	Number of Shares Remaining Subject to Options (August 25, 2009)
July 16, 2009	$0.30	1,899,999	-
		1,899,999	**-**

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, 2009 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, 2009 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 year ended June 30, 2009 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 May 25, 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.