

BUKA GOLD LIMITED

ASX ANNOUNCEMENT, 16 DECEMBER 2005

EXPLORATION AND OPERATIONS UPDATE

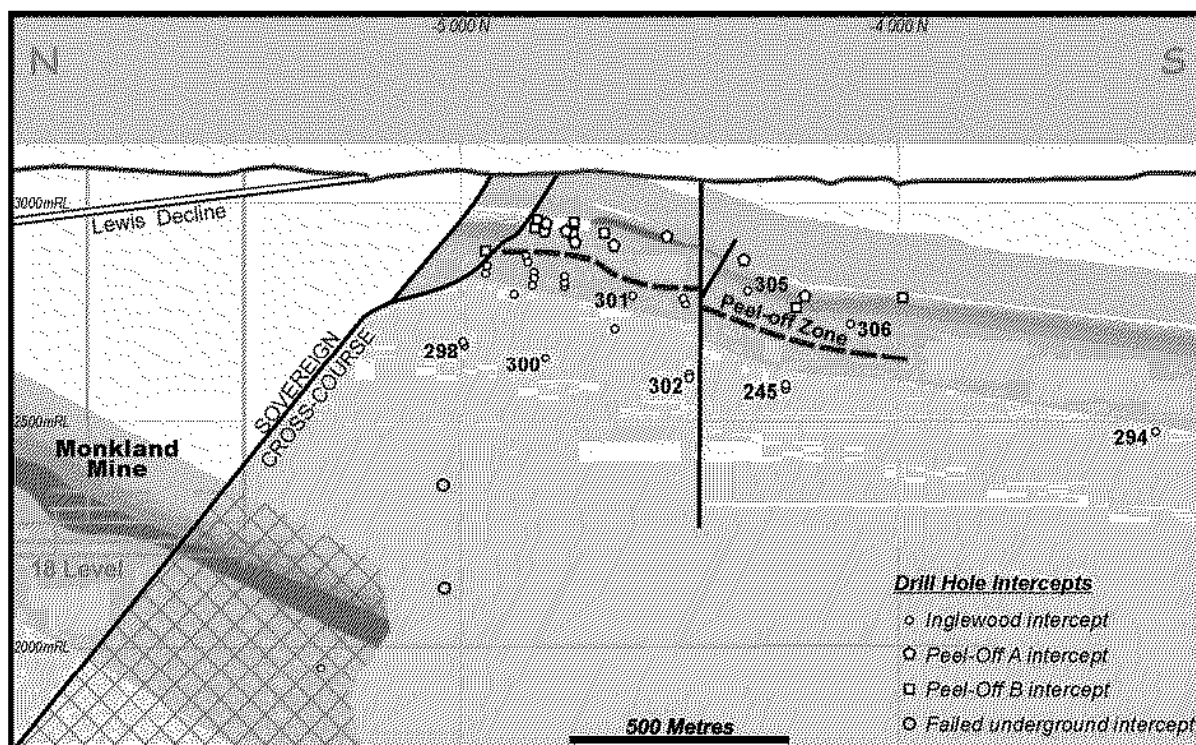
- **Exploration at South Inglewood has defined nearly two kilometres of strike length on the Inglewood Structure.**
- **Follow-up drilling to commence on Peel-Off zone at South Inglewood.**
- **Difficult operating conditions in the Monkland mine have resulted in operating losses. A review of future mining options is being carried out.**

Exploration

Two contract drill rigs have continued surface exploration activities with one rig devoted exclusively to the South Inglewood prospect, while the other rig tested targets to the north of the Monkland mine.

The drilling at South Inglewood was planned to test the Inglewood structure at depth at intervals of 200 metres along strike. The drilling has extended the prospective strike length of the mineralised Inglewood structure, considered to be the feeder structure for most of the gold produced from the Gympie goldfield, to nearly two kilometres. The structure has been intersected in all holes drilled in this programme.

Figure 1: South Inglewood – Long Section



Assay data is incomplete because of processing delays at the laboratory. However a number of the holes have intersected quartz veining with visible gold confirming the prospectivity of the structures at South Inglewood. Significant intersections include:

Hole	From (m)	Interval (m)	Au (g/t)	Comment
G300	166.6	0.12	12.95	Quartz vein with visible gold
G300	473.6	3.70	2.32	Inglewood structure with 21% quartz
G301	527.1	0.70	3.36	Quartz vein with visible gold

1. Intervals are estimated true widths.
2. Halved HQ core samples were analysed by 50g Fire Assay (AAS) or by Screen Fire Assay (AAS) on 1kg splits of 0.25m-0.5m samples if coarse gold was present.

The next drilling target at South Inglewood will be infill drilling of the Peel-Off A zone (see Figure 2) above the Inglewood structure in which several promising intercepts were made in earlier drilling. Significant intercepts are shown below:

Hole	From (m)	Interval (m)	Au (g/t)	Comment
GOP044	46.0	0.71	8.02	Quartz vein
G219	136.0	10.8	3.91	Stockwork with visible gold
G224	193.0	1.93	3.74	Quartz-dolerite structure with visible gold
G245	299.8	1.67	4.88	Quartz veining with visible gold

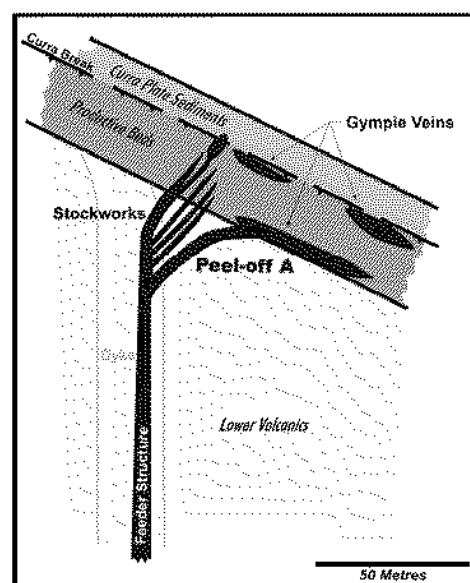
1. Intervals are estimated true widths and grades are weighted mean grades.
2. No top-cuts were applied when compiling interval grades.
3. Halved HQ core samples were analysed by 50g Fire Assay (AAS) or by Screen Fire Assay (AAS) on 1kg splits of 0.25m-0.5m samples if coarse gold was present.
4. Hole GOP044 was a reverse circulation hole and minimum sample intervals were 1m. Approximately 3kg splits of each sampled interval was analysed for gold by 50g Fire Assay (AAS).

Operations

Monkland Mine

Mine operations in the past three months have been problematic. Equipment failures, a restricted number of working areas and ground control problems have contributed to below planned ore tonnages being produced. The mine head grade has been adversely affected by stope dilution and this is below plan. As a result of these factors, the mine has incurred operating losses (EBITDA from unaudited management accounts) of \$0.9 million in the period from September to November. A review of operations for the future is currently underway and is expected to be completed in coming weeks.

Figure 2: Mineralisation Styles



With drilling at South Inglewood (and second phase drilling at Partridge and Wilmot) not having yet generated a mineable target and in order to avoid exposure to potential further cash outflows, this review will include evaluation of a substantial restructuring of the Monkland operations. This will focus on mining the deeper, high grade orebodies. Regrettably, this would involve retrenchment of the majority of the current workforce. It is estimated that this would incur a cost of approximately \$2.3 million.

Toll Treatment

Toll treatment of ore from Norton Gold Fields' Norton mine began earlier this month. The initial programme will treat a parcel of approximately 3,000 tonnes of gold-bearing ore. If successful, further batches will be treated in 2006.

Competent Persons' Statement:

The information in this report that relates to exploration results is based on information compiled by Mr Anthony Woodward, who is a Member of the Australian Institute of Scientists and the Australasian Institute of Mining and Metallurgy. Mr Woodward is a full-time employee of Gympie Eldorado Mining Pty Ltd. Mr Woodward has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Woodward consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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