BUKA GOLD LIMITED

60 Wellington Square
North Adelaide SA 5006
Tel: +61 8 8360 8672
Fax: +61 8 8361 7985

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ASX ANNOUNCEMENT, 23 AUGUST 2006

BUKA GOLD CONSOLIDATES PROFIT GAINS

Buka Gold Limited ("Buka Gold") wishes to advise that it has just released its first Preliminary Final Report for the period from incorporation to 30 June 2006, given to ASX under Listing Rule 4.3A. Gold mining operations were commenced in October 2005 and operating results are thus for the nine month period to 30 June 2006.

Highlights

- Gross profit of $1.66m from operations in the second half year
- $1.15m cash generated from operations since December 2005
- Average cash costs $583 per ounce since December operational changes

Operations

Buka Gold has completed a major turnaround of the operations over the six months to June 2006. Since reporting a significant loss to the market for the period to 31 December 2005 and advising that measures were being implemented to improve financial performance, the changes have had a pronounced effect. The Executive Chairman, David Hillier, said:

> *Whilst we do not wish to trivialise the unexpected losses at December, we did promise to make the necessary changes and to turn the operations around quickly. We are pleased that the Gympie operations are back on track and generating significant cash from a presently modest operation.*

Exploration

The new LM 75 rig has been commissioned and is due to be set-up underground over the next fortnight. The in-mine program is focussing on extensions to current resources that could be brought into production with a minimum of development.

The major aircore drilling program is now in its final stages with drilling currently underway in the Butterfly area following up anomalous gold and arsenic values found in previous drilling. Further surface diamond drilling will commence in September 2006 initially targeting potential resource extensions between the N3 North position and the Wilmot shoot.

For further information contact:
David Hillier
Executive Chairman
Mobile: +61 (0) 408 236 408