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BUKA GOLD LIMITED

REPORT TO SHAREHOLDERS

MARCH QUARTER 2007

HIGHLIGHTS

- Two separate mineralisation styles intercepted in diamond drilling at Meadvale including Cu-Zn-Ag-Pb sulphides in silica alteration zones and sheeted Mo-Bi-W-bearing vein packets
- Detailed reassessment of mine reserves and planning underway with a view to future production
- New regional tenement acquisitions to kick-start exploration for intrusion-related and caldera-associated mineralisation in the greater Gympie-Rawdon Corridor
- New exploration plan for the systematic evaluation of the Gympie Goldfield underway

OPERATIONS REVIEW

On 18 April the company announced that production from the Gympie Eldorado mine was to cease by early May. Production tonnes are currently limited and with significant development metres required to access remaining reserves the high operating costs are unlikely to be covered by gold sales revenue.

A detailed revision of the mine plan is being completed concurrent with the ongoing exploration program. The focus of the mine planning and exploration programs is the re-establishment of efficient and profitable mining operations based on remnant and/or new resources.

During the quarter 9,613 tonnes were milled (previous quarter 12,407 tonnes) at an average recovered grade of 7.04 g/t (5.4 g/t) to produce 2,174 Au ounces (2,166 oz). Lower ore tonnages were a result of ongoing development in several stopes, with lower productivity achieved from rising and sublevel mining. This was largely compensated by the higher grades achieved, which was a general reflection of development and stoping in higher grade ore blocks.

Gold sales of 1,799 ounces (2,435 oz) were recorded in the quarter at an average price of $831 per ounce ($785/oz). Cash costs continued to rise over the quarter, with costs of $1,075 per ounce ($945/oz) for the 2,175 oz produced, This reflected the relatively low levels of gold production over a high fixed cost base, and led to the decision to cease production.

MINE EXPLORATION

Fourteen holes totalling 1558.8m were drilled at four targets during the first quarter of 2007. These holes and significant results are listed in the table below.

Hole ID	Depth From	Interval	True Width	Grade g/t	Comments
S089	62.77	0.43	0.40	6.71	POB
S090	19.20	1.50	Not calculated	5.90	POA quartz vein
S090	69.10	0.5	0.40	22.00	POB
S091	59.85	0.65	0.60	0.23	POB and fault breccia
S092	10.20	0.50	Not calculated	22.20	POA quartz vein
S092	65.80	0.20	0.20	0.48	POB
S093	87.70	0.50	0.40	5.65	POB
S094	76.40	0.35	0.30	9.25	POB
S095	0.00	0.90	Not calculated	8.32	POA quartz vein
S095	69.60	0.38	0.35	0.51	POB
S096	34.45	0.55	0.55	31.20	Caldwell Reef, quartz + dolerite
S097	-	-	-	-	Hole above target
S098	35.30	0.70	0.70	12.40	Caldwell Reef, quartz + carb shale break
M219	-	-	-	-	No reef
M220	-	-	-	-	Hole abandoned - rods jammed
M221	-	-	-	-	No quartz
M223	254.15	2.45	Unknown	*	ELC with vis Au *results awaited

Intervals are weighted mean grades of half or full-core samples and analysed by ALS Brisbane by Au-AA26 fire assay technique.

Caldwell Reef

As previously reported, holes S096 and S098 successfully intersected the Caldwell Reef with visible gold located in contact with the Top Break graphitic slate. The reefs have been accessed some 35m below 18 Level and the potential for further development will be considered in the mine plan revision.

Peel-Off B

Ten holes have been drilled in the last two quarters to test for payable shoots in the Peel-Off B below 18 Level. Four of the holes returned gold values greater than 5 g/t, distributed in two separate shoots (see Table above). However, average width of the reef is only 0.4m which, at a minimum mining width of 1.2m, currently makes development and production uneconomic.

Resource estimates of the two shoots are:

19-12B

Based on mean width of 0.5m: 1,850 tonnes @ 26.1 g/t (1,500 oz)
At minimum mining width of 1.2m 4,000 tonnes @ 10.8 g/t

19-10B

Based on mean width of 0.4m: 1,000 tonnes @ 10.5 g/t (340 oz)
At minimum mining width of 1.2m: 3,000 tonnes @ 3.2 g/t

Oriental Consols

Drill hole M219 was drilled east of the Oriental Consols shaft to test for repetition of the East Oriental and Glanmire ore body which occurs in a sharp flexure at the base of the Pengelly Siltstone. No reef or flexure was found and the program has been suspended.

Inglewood

The LM75 rig commenced drilling to test for payable Inglewood lodes north of existing workings between 16 and 20 Levels (commonly referred to as 18 Inglewood). Initial holes are being drilled from an existing cuddy at 6800N on 13 Level. At the same time a crosscut is being mined for a more suitable cuddy at 6700N on 15 Level, due for completion in about four weeks.

The first hole, M220 had to be abandoned at 84.9m when the bit and rods jammed and could not be released. The second hole, M221, intersected the Inglewood structure with no quartz in an untested zone above the target area. Hole M223 intersected 2.45m of quartz with trace visible gold mixed with dolerite located in the Eastern Lode Channel position at the northern end of the target zone. Samples have been sent for assay.

SURFACE EXPLORATION

The diamond drilling program initiated in October 2006 continued into the third quarter, with an additional 677.8m conducted on the Butterfly (EPM6031) and Meadvale (EPM14860) projects. Drilling was suspended on 31 January 2007 to allow for re-evaluation of targets and regrouping, having completed 2691.8m.

Gympie Goldfield (EPM 6031)

Butterfly
After aircore drilling at the Butterfly prospect identified significant Productive Bed horizons displaying strong Au and As values, 8 diamond holes for 1340m were planned to test for a shallow, readily extractable resource. Early in the program, a strongly attenuated Productive Bed sequence unconformably overlying the Lower Volcanics was encountered, restricting the size of any potentially economic deposit. The drill program was suspended due to the limited extent of host rock and quartz veining (3 holes for 531.8m completed).

The current interpretation indicates that the Butterfly prospect shares many similar relationships to the geology of the Two Mile Block (as reported last quarter) and as such is restricted in mineralisation potential. No further work is planned.

Gympie Regional Exploration

EPM 14860 "Gympie South"

Meadvale
After highly encouraging Cu-Zn-Ag results were returned last quarter from rock chip sampling at Meadvale Quarry, two diamond holes for 310.5m were drilled directly into the main sulphide zone exposed in the quarry pit. Two distinct mineralisation events were intercepted:

- Shallow Cu-Zn-Ag-Pb sulphides disseminated in narrow silica alteration zones (as identified in rock chip sampling); and
- Sheeted Mo-Bi-W-bearing veinlet systems with zones up to 10m thick and containing up to 1% sulphides per metre

Hole ID	Depth from	Interval (m)	Grade (g/t Au)	Comments
G332	22.85	0.22	<0.04	21.9g/t Ag, 748ppm Pb, 844ppm Zn in silicic alteration
G332	26.00	2.00	<0.01	0.03% Mo in sheeted vein system
G333	0.00	1.00	0.11	5.5g/t Ag, 3220ppm As, 357ppm Cu, 516ppm Zn in silicic alteration
G333	130.00	3.00	0.02	0.03% Mo interval within a 10m sheeted vein system

All intervals are downhole weighted mean grades of half NQ2 core or fillet assay and analysed by ALS Brisbane by Au-AA22 and ME-ICP61 techniques.

The Meadvale quarry is currently the subject of work programs being undertaken by several companies interested in extracting the barren host rock and leaving or discarding the more sulphidic portions (those of interest to Buka Gold). In return for logistical support and As, Fe and S assay results, Buka Gold has sampled and logged the drillholes. If economic potential is identified in future work, a mutually beneficial agreement is expected to be able to be reached, and with rail infrastructure and extractive permits already in place any development should be streamlined. The combination of different mineralisation styles makes this an interesting prospect and further work will be determined once sampling, assaying and interpretation is complete.

EPM 14859 "Gympie East"
Infill stream sediment work was conducted throughout the quarter and results are awaited.

EPM 16032 "Mount Perry"
This EPM was recently granted for 99 sub-blocks in the Mount Perry region. The tenement lies within the Gympie-Rawdon Corridor and is located in close proximity to the current Mount Rawdon gold mining operations. The company is targeting bulk tonnage intrusion-related, porphyry, replacement, and epithermal gold mineralisation. NNW and ENE trending linears associated with major regional mineralising conduits have been interpreted from available datasets, and radiometric, magnetic and gravimetric anomalies indicate that intrusive centres and alteration zones are present. Historic Cu-Au vein workings are also located within the tenement.

Eight target areas of primary interest have been defined and will be the subject of first pass reconnaissance mapping and sampling to be conducted in the next quarter. Topography will be challenging, however the proximity and similarity of these targets to major gold accumulations such as the Mount Rawdon deposit and the Mount Perry mining region enhance the viability of a greenfields exploration initiative in the area.

EPM 16074 "Mount Scotchy"
The Mount Scotchy Project EPM was recently granted for 37 sub-blocks adjoining EPM6031 to the immediate northwest of Gympie. Previous exploration by Freeport in the early 1980s identified significant gold-arsenic anomalies, with - #80 mesh stream sediment results to 85ppb Au and soil samples to 260ppb Au and 740ppm As. This strong gold concentration is associated with an altered porphyritic andesite intrusive and two large target zones (5x3km and 2.5x1km) are highlighted, coincident with radiometric anomalism. The company plans to conduct rapid evaluation of the area with repeat soil and stream sediment sampling to be undertaken via modern multi-element techniques early in the next quarter.

Next Quarter

Due to the highly intensive nature of diamond drilling in the Gympie Goldfield over the past two to three years, the generation of new targets has been restricted to the recent aircore drilling program. Follow-up diamond drilling of the geochemical anomalies generated from this work has met limited success and a period of review and adjustment is required to re-focus exploration priorities and deliver results upon re-commencing the diamond contract.

Buka Gold is committed to exploring the 4 million oz Gympie Goldfield and a systematic approach to exploration is underway aiming to: update the goldfield geology; conduct multi-element sampling of outcrop to identify vectors to mineralisation and to locate and delineate carbonaceous horizons and quartz/stockwork zones via structural studies and reviews of past work. This approach will form a strong foundation for a renewed exploration push to define quality drill targets and locate additional deposits in the near-mine environment. New tenements to the northwest of Gympie have been granted, and additional tenure in the Gympie-Rawdon Corridor is being examined with aims to actively explore and develop the strong mineralisation potential of the region.

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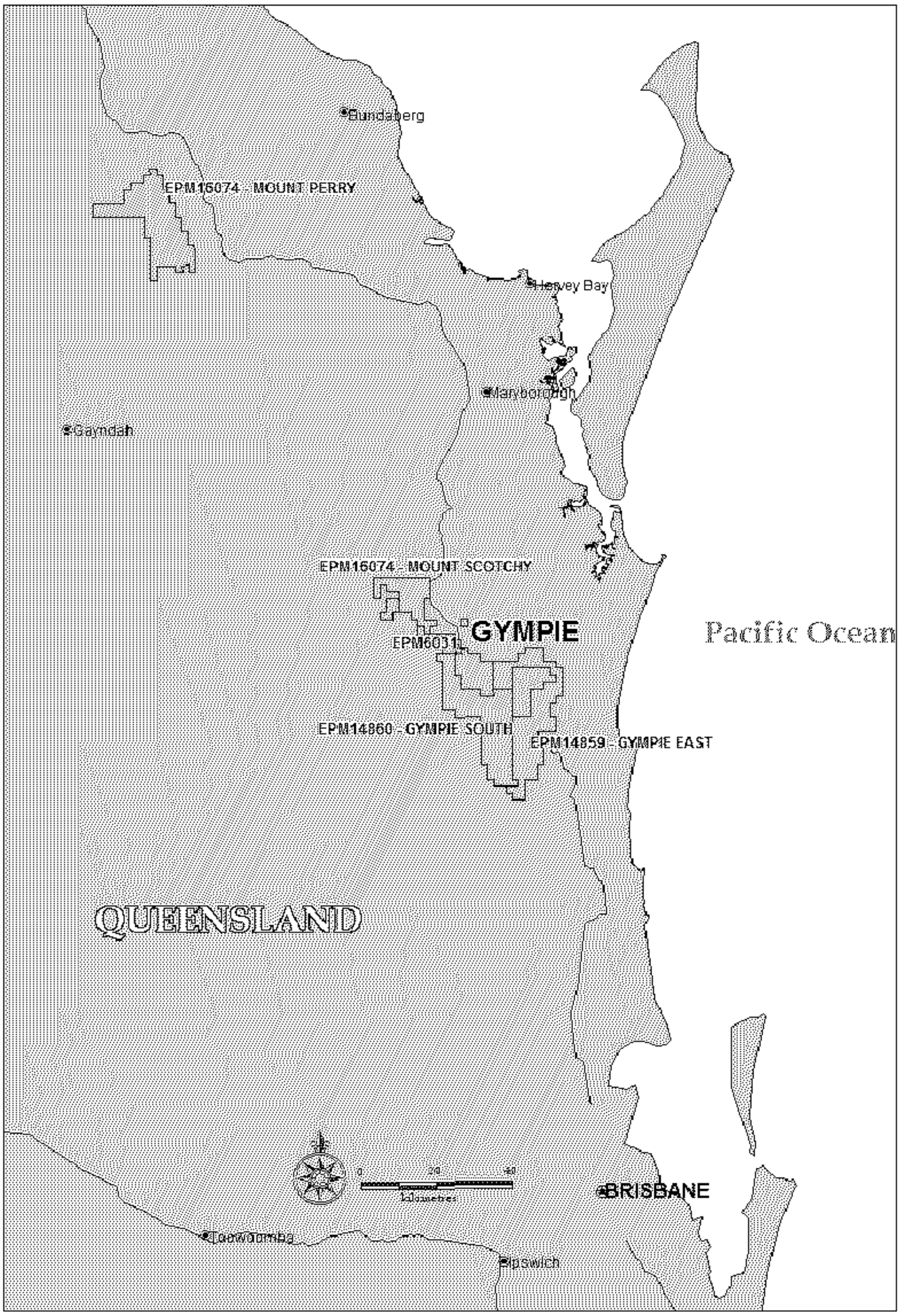

Competent Person's Statement:

The information in this report that relates to exploration results is based on information compiled by Patrick Stidolph, who is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Patrick Stidolph is a contractor to Gympie Eldorado Mining Pty Ltd and 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". Patrick Stidolph consents to the inclusion in this report of the matters based on his information in the form and context in which the Australasian Institute of Mining and Metallurgy appears.