

BUKA GOLD LIMITED
REPORT TO SHAREHOLDERS
DECEMBER QUARTER 2007

HIGHLIGHTS

- **Mt Scotchy exploratory drilling results**
 - All 14 shallow RC drill holes testing the Mt Scotchy Prospect intersected fresh primary sulphides at depth
 - Initial 3 metre composite assay results returned widespread anomalous values up to 1.5g/t Au, 55g/t Ag, 0.8% Pb and 2.1% Zn
 - Substantial low grade mineralised intersections reported, up to 12 metres at 0.9g/t Au and 26g/t Ag.
- **Mt Scotchy surface exploration**
 - Surface expression of mineralizing system extended to > 3km²
 - Ongoing soil sampling ('C' horizon) has defined a new 'Breccia Zone' anomaly, returning soil values up to 3.5g/t Au, 49g/t Ag and 2.2% Pb
 - Initial surface sampling of a new gossanous trend 700 metres north of the 'Discovery Trend' returned values up to 3.3g/t Au, 35g/t Ag and 0.2% Pb
- **Maryborough Basin Project**
 - Four of nine EPM applications have been granted, and initial fieldwork is scheduled for March 2008

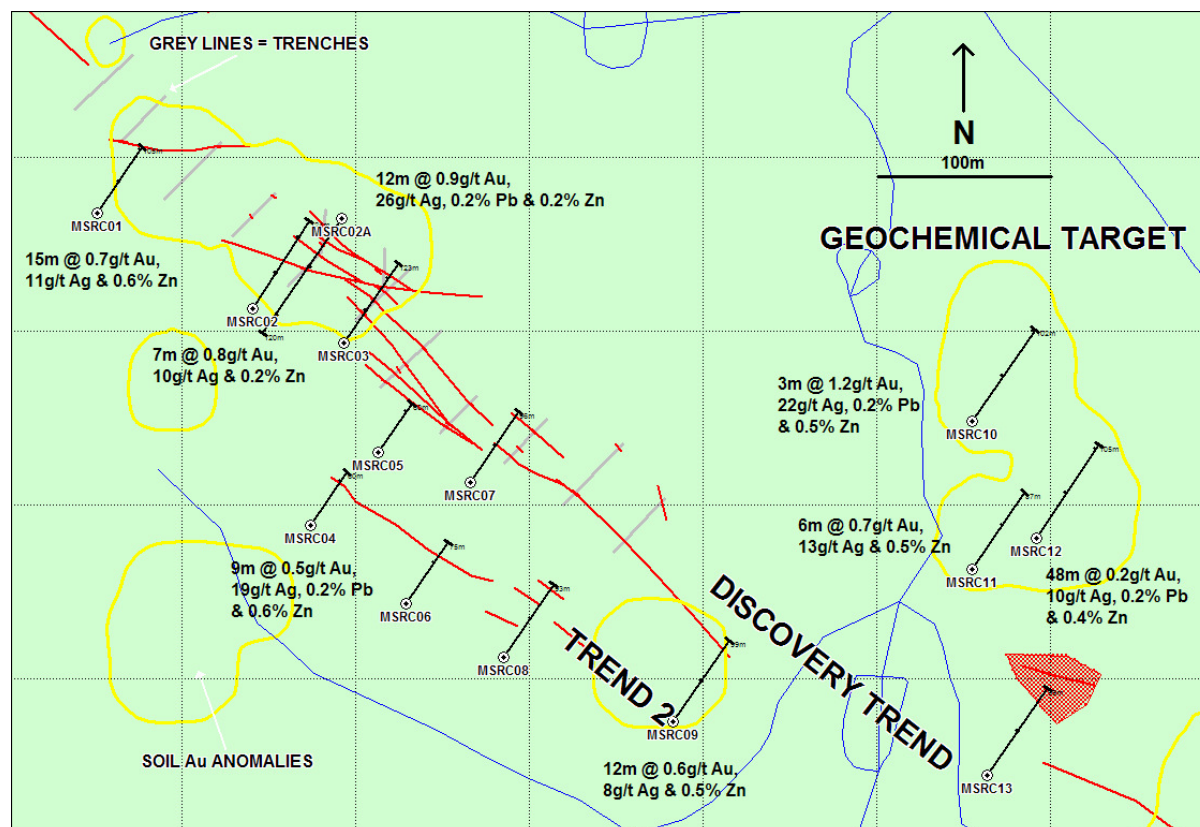
SURFACE EXPLORATION

EPM 16074 "Mt Scotchy"

RC Percussion Drilling

A program of 14 inclined RC percussion holes totalling 1348 metres (Figure 1) tested three targets based on results from surface soil sampling and trenching. The purpose of this initial drilling was to sample the mineralised zones below the influence of surface oxidation and weathering where localised surface enrichment and depletion is common, particularly in gossans. Eight holes were drilled under the 'Discovery Trend' gossanous zone, three holes were drilled to intersect the down-dip extension of the 'Trend 2' gossanous zone, and three holes were drilled into the adjacent 'Geochemical Target' where anomalous soil values mapped out a well-defined target under shallow cover.

Figure 1: Mt Scotchby RC Drill Hole Location Plan and Notable Assay Results



All 14 holes intersected fresh primary sulphides in highly altered zones within the sub-volcanic intrusive host rocks. The dominant sulphide intersected was pyrite, from <10% to >90% of the alteration zones, with several 1 metre drilled intervals essentially massive pyrite, (>90%). This was accompanied by less abundant base metal sulphides and sulpharsenides, with species to be confirmed by a mineralogical study currently underway. In addition, multiple sulphide intersections were made in the majority of drill holes.

The sulphides are concentrated in zones of intense carbonate and silica alteration, surrounded by a less intense alteration halo in the host rocks. These alteration zones are associated with a steeply dipping complex fracture/shear system in the host volcanics, containing sulphide rich breccias and stockworks, multiple veins and massive pyrite. Downhole alteration zone widths varied from less than 1 metre, to a more typical 2 to 3 metres, to a maximum of 12 metres in hole MSRC12 carrying an average of 20% sulphide. Results from selected holes are listed in Table 1, and a more complete listing of assay results is attached as Appendix A.

Table 1: Mt Scotchby Initial Drilling Summary Assay Results*

Hole ID	Depth From (m)	Interval (m)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	As (%)
MSRC01	81	15	0.7	11	0.1	0.6	0.2
MSRC02	117	7	0.8	10	0.1	0.2	0.3
MSRC02A	30	3	0.6	4	0.1	0.1	0.7
and	69	12	0.9	26	0.2	0.2	0.5
MSRC04	33	9	0.5	19	0.2	0.6	0.3
MSRC09	21	12	0.6	8	0.1	0.5	1.1
and	39	33	0.2	10	0.2	0.4	0.2
MSRC10	51	15	0.2	7	0.1	0.3	0.2
and	78	3	1.2	22	0.2	0.3	0.5
MSRC11	33	6	0.7	13	-	0.5	0.3
MSRC12	51	48	0.2	10	0.1	0.4	0.2

*Results are downhole weighted mean, 3m/3kg (1kg/m) composite spear samples analysed by ALS Brisbane using Au-AA26 and ME-ICP41s techniques. True widths are approximately 60-70% of tabulated intervals. Full table of results is presented in Appendix A

Initial assay results from 3 metre drill hole composites show that the sulphidic alteration zones contain anomalous precious (Au, Ag) and base metal (Pb, Zn). Individual maximum assays from the 3 metre sampling intervals were 1.5g/t Au, 55g/t Ag, 0.8% Pb, and 2.1% Zn. Arsenic (As) up to 2.8% was also recorded, along with elevated Bi, Cd, Sb, and less abundant Cu. Re-sampling at 1 metre intervals is underway to refine the assay data across the mineralised alteration zones and obtain a more detailed picture of metal ratios and value ranges.

These assay results confirm the discovery of a significant new environment in the Maryborough Basin with the potential to host economic precious/base metal deposits. The results from the first test of what is emerging as a large mineralised system are highly encouraging, and the data from these initial drill holes will be invaluable for future drill hole targeting. These initial holes also show that the mineralized zones represent excellent geophysical targets, and detailed ground magnetics and EM or IP/resistivity surveys will be given high priority in planned follow-up work.

The mineralisation is interpreted as being of moderate to high sulphidation epithermal style, and is associated with a widespread early Cretaceous volcanic event that occurred throughout the Mesozoic Maryborough Basin.

Surface Exploration

Systematic 'C' horizon soil sampling of the expanding Mt Scotchby prospect area, and chip sampling of sub-outcropping gossanous alteration zones continued throughout the Quarter (Figure 2).

Shallow rip-line sampling of the Trend 2 and Trend 3 gossanous zones returned similar highly anomalous values to the Discovery Trend, including 5 metres at 5.7g/t Au, 28g/t Ag, 5.4% As and 3.1% Pb, and 2.5 metres at 8.2g/t Au, 117g/t Ag, 3.2% As and 8.2% Pb from Trend 2, plus 1 metre at 5.1g/t Au, 473g/t Ag, 2.2% As and 0.3% Pb from Trend 3. These high values again clearly reflect localised supergene enrichment during gossan development but are of value in outlining the extent of the mineralised system.

Soil sampling ('C' horizon) over the 'Breccia Zone', south east of the Discovery Trend, returned the highest soil values yet reported, up to **3.5g/t Au, 49g/t Ag and 2.2% Pb** adjacent to a sub-outcropping gossanous zone. Accompanying anomalous soil values included As (to 4.7%), Zn (to 0.5%), Cu (to 0.1%), Cd (to 128ppm) and S (to 1.5%). In sub-outcrop, this new zone resembles the silicified and gossanous breccia exposed in Trench 8 on the Discovery Trend, but is of greater extent. This area is

a high priority for follow-up work once access issues that currently restrict more invasive sampling (e.g. trenching and drilling) are resolved as expected.

Some 700 metres north of the Discovery Trend, a new poorly-exposed gossanous zone has been defined by mapping gossan float in soil and scarce sub-outcrop. Initial chip sampling of this gossanous material returned anomalous values up to **3.3g/t Au, 35g/t Ag, 0.2% Pb and 0.9% As**, and follow-up soil sampling has been conducted with results awaited. Soil sampling some 850m north-east of the Discovery Trend has also highlighted a linear zone of anomalous Au results and further gossanous material. These new zones represent a major expansion to the Mt Scotchy mineralising system which now extends over more than 3km², and further enhances its potential to host a significant body of precious/base metal mineralisation.

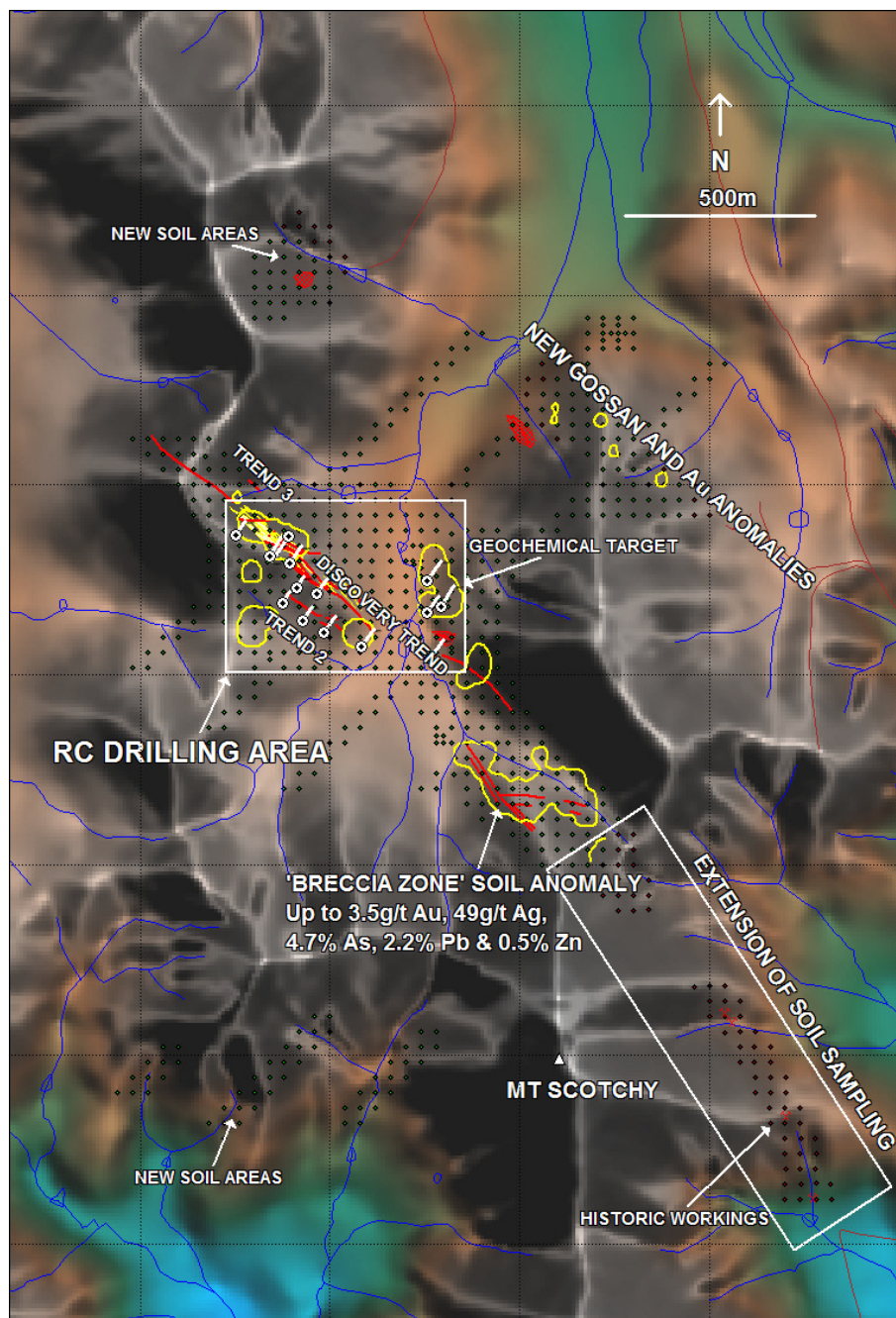


Figure 2: Mt Scotchy Project overview

Maryborough Basin Exploration Project

As reported previously, Buka Gold has applied for nine new EPMs totalling some 2,531 square kilometres covering the southern half of the Maryborough Basin. Four of these have now been granted:

EPM 16655 (Mt Scotchby Extended)
EPM 16821 (Maryborough Basin Project)
EPM 16822
EPM 16824

Granting of the remaining five is expected in due course.

This exploration initiative is based on:

- Recognition that the Mt Scotchby discovery represents a 'style' of gold-silver-base metal mineralisation previously unknown in the region, and is within a geological environment that has undergone very little previous exploration
- The potential for similar prospective geological environments to occur in association with the many sub-volcanic intrusive complexes of similar age and character to Mt Scotchby (along with coeval volcanics) developed throughout the southern half of the Maryborough Basin

The results from initial scout drilling at Mt Scotchby have validated this exploration model, and confirm that the company is ideally positioned to maximise the advantage accruing from its Mt Scotchby discovery.

The planning process is underway, including ground access arrangements, and initial fieldwork is scheduled to commence in March 2008.

EPM6031 "Woolooga"

Seven RC drill holes totalling 600 metres tested targets in the Woolooga portion of EPM6031.

At Mulholland's Breccia, four holes totalling 300 metres intersected propylitically-altered granodiorite, mafic volcanic skarns and minor metasediments, with minor sulphides. Assays received to date report low Au, Ag and Cu values, and no immediate follow-up work is planned.

At the Fig Tree Dam 'porphyry gold' target, three holes totalling 300m intersected variably-altered diorite with quartz and minor sulphide veining, and assay results are awaited. This program was incomplete at the end of the Quarter, and drilling of the remaining 1400 metres is now underway.

OPERATIONS REVIEW

Operations continue on a small scale in the Monkland mine in order to finance in-mine exploration aimed at ensuring that no significant ore blocks are left behind when final retreat from the mine commences at some future point. 6,278 tonnes (previous quarter 2,436 tonnes) were milled at an average recovered grade of 4.87g/t Au (5.91g/t) to produce 928 ounces Au (468 ounces).

Sales of 1,198 ounces (175 ounces) at an average price of \$879 per ounce (\$818 per ounce) generated \$1.05m.

MINE EXPLORATION

During the quarter, 17 diamond drill holes for 569.3m were completed at four targets. Significant intercepts are listed in Table 2.

Table 2: Underground Exploration Drilling Significant Results

Hole ID	Depth From (m)	Interval (m)	Grade g/t Au	Comments
M229	44.15	0.30	39.9	Visible Au at Pengelly/Calton contact
J053*	2.00	0.75	38.0	Visible Au at Pengelly/Calton contact
J053*	51.05	0.30	30.0	Visible Au in Pengelly Siltstone
J055	0.40	0.30	112.0	Visible Au in Upper Nash Clastics
M209	32.25	0.20	8.6	11cm quartz vein
M212	43.60	0.24	15.4	24cm quartz vein

**Completed last quarter. LM75 – NQ, Kempe – LTK48. Intervals are weighted mean grades of half or full-core samples and analysed by ALS Brisbane by Au-AA26 fire assay technique. Note – true widths not yet calculated and estimated 60-70% of downhole intervals.*

Five holes were drilled by the company's LM75 rig, testing the potential of down-faulted extensions and repeats of the mineralised flexures as recorded in the East Oriental and Glanmire workings. One hole intersected visible gold at the base of the Pengelly, returning 0.3m at 39.9g/t Au (M229, 44.15m). Two holes terminated in old workings and the remaining two holes failed to intersect notable mineralisation. No further work is planned.

Seven holes were completed by the Kempe rig testing three targets. Drilling was completed at the Kitchen Stope target (as identified last quarter), and results from the work included 0.3m at 112g/t Au (J055, 0.5m depth), 0.75m at 38g/t Au (J053, 2m) and 0.3m at 30g/t Au (J053, 51.05m). This has outlined a small extractable resource centred on the drilling chamber.

Three holes were completed at the Consols Reef (M200, M209 and M212), with narrow vein intercepts in the Calton Volcanics. This was below the prospective Pengelly Siltstone, and returned grades of 8-15g/t. Further work was not warranted and the Kempe was then moved to begin drilling on the Inglewood structure (L106 – in progress).

In addition, five bazooka holes were drilled to test the down dip extension of the Caldwell Reef system. A crosscut which exposed the Western Reef (noted last quarter) assayed 139g/t however drilling failed to confirm the continuity of this reef, with the quartz pinching out several metres from the crosscut.

NEXT QUARTER

Soil and stream sediment sampling coverage will be extended within both EPM 16074 (Mt Scotchy) and EPM 16655 (Mt Scotchy Extended) to define the boundaries of the Mt Scotchy mineralised system. Further interpretation and review of drilling results is also planned on receipt of detailed assay data at 1 metre sample intervals, along with results of mineralogical work. Detailed geophysical surveys will also be initiated to map the Mt Scotchy mineralised system at depth to guide future drill targeting.

Planning and ground access applications for the Maryborough Basin Project will continue with initial fieldwork scheduled to commence in March 2008.

Mining in the Monkland mine will continue only whilst sales cover all in mine and related administration costs.

All samples analysed by ALS Brisbane using AA-Au22 (AA-Au26 where Au >1000ppb) for gold and ME-ICP61s and ME-OG46 techniques (soil and rock chips). Au- and Ag- CN12 and ME-ICP41s (stream sediments).

Competent Persons' Statement:

The information in this report that relates to exploration results was compiled by Liam J Frømyhr, who is a full-time employee of Gympie Eldorado Mining Pty Ltd. This information was then reviewed and verified by Dr R J Gunthorpe, a geological consultant to Buka Gold. Dr RJ Gunthorpe is a Member of the Australasian Institute of

Mining and Metallurgy 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". Dr RJ Gunthorpe 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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APPENDIX A – MT SCOTCHY SUMMARY ASSAY RESULTS (All holes, 3 metre composite samples)

Hole ID	Depth From (m)	Interval (m)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	S (%)	As (%)	Additional Notes
MSRC01	81	15	0.7	11	0.1	0.6	3.8	0.24	
<i>including</i>	<i>81</i>	<i>3</i>	<i>1.5</i>	<i>19</i>	<i>0.3</i>	<i>0.6</i>	<i>4.7</i>	<i>0.36</i>	
	<i>90</i>	<i>3</i>	<i>1.5</i>	<i>22</i>	<i>0.1</i>	<i>0.5</i>	<i>3.5</i>	<i>0.72</i>	104 ppm Cu, 59 ppm Sb.
	<i>93</i>	<i>3</i>	<i>0.5</i>	<i>13</i>	<i>0.1</i>	<i>2.1</i>	<i>9.0</i>	<i>0.13</i>	156 ppm Cu, 132ppm Cd, 23 ppm Sb, 11% Fe.
MSRC02	117	7	0.8	10	0.1	0.2	3.0	0.31	
<i>including</i>	<i>123</i>	<i>1</i>	<i>2.0</i>	<i>60</i>	<i>0.7</i>	<i>1.1</i>	<i>11.9</i>	<i>1.31</i>	1metre sample at EOH with 2.0 g/t Au, 268 ppm Cu, 292 ppm Sb, 73 ppm Cd, 11% Fe.
MSRC02A	30	3	0.6	4	0.1	0.1	3.6	0.7	53ppm Sb
and	69	12	0.9	26	0.2	0.2	3.8	0.48	50ppm Sb
<i>including</i>	<i>69</i>	<i>3</i>	<i>1.4</i>	<i>55</i>	<i>0.3</i>	<i>0.4</i>	<i>4.9</i>	<i>0.75</i>	
<i>and</i>	<i>78</i>	<i>3</i>	<i>1.4</i>	<i>26</i>	<i>0.2</i>	<i>0.2</i>	<i>3.1</i>	<i>0.8</i>	
MSRC03	30	18	0.2	5	0.1	0.1	1.6	0.13	
and	96	3	0.4	12	0.3	0.2	12.5	0.19	211ppm Cu, 12.8% Fe%.
MSRC04	33	9	0.5	19	0.2	0.6	3.9	0.28	
<i>including</i>	<i>36</i>	<i>3</i>	<i>1.0</i>	<i>44</i>	<i>0.5</i>	<i>1.5</i>	<i>5.0</i>	<i>0.51</i>	76ppm Cd, 70ppm Sb.
MSRC05	42	3	0.5	9	0.1	0.1	2.9	0.76	
MSRC06	57	9	0.2	7	0.2	0.2	0.8	0.11	
<i>including</i>	<i>63</i>	<i>3</i>	<i>0.1</i>	<i>21</i>	<i>0.6</i>	<i>0.5</i>	<i>1.7</i>	<i>0.24</i>	Low Au with elevated Ag, Pb, Zn and As
MSRC07	78	3	0.2	24	0.7	0.9	5.2	0.54	184ppm Cu, 61ppm Cd.
MSRC08	84	3	-	7	0.2	0.3	3.5	-	0.03 ppm Au, 69ppm As
MSRC09	21	12	0.6	8	0.1	0.5	3.4	1.12	31ppm Cd, elevated Bi and Sb
and	39	33	0.2	10	0.2	0.4	4.7	0.24	28ppm Cd, elevated Bi, Cu, Fe and Sb
MSRC10	51	15	0.2	7	0.1	0.3	4.4	0.22	
and	78	3	1.2	22	0.2	0.3	4.2	0.51	370ppm Sb
MSRC11	33	6	0.7	13	<0.1	0.5	7.5	0.29	500ppm Cu, 36ppm Bi, 31ppm Cd, 10.5% Fe
MSRC12	51	48	0.2	10	0.2	0.4	3.9	0.16	22ppm Cd
<i>including</i>	<i>51</i>	<i>6</i>	<i>0.4</i>	<i>27</i>	<i>0.7</i>	<i>1.0</i>	<i>7.2</i>	<i>0.29</i>	190ppm Cu, 53ppm Cd.
	<i>69</i>	<i>3</i>	<i>0.8</i>	<i>16</i>	<i>0.2</i>	<i>0.4</i>	<i>3.5</i>	<i>0.65</i>	170ppm Cu, 26ppm Cd, 127ppm Sb and elevated Bi
MSRC13	-	-	-	-	-	-	-	-	No significant results

* All results 3m, 3kg composite spear RC chip samples dispatched to ALS Brisbane for analysis by Au-AA26 (Au) and ME-ICP41s (Ag, Al, As, Bi, Ca, Cd, Cu, Fe, Pb, S, Sb and Zn) methods.