

BUKA GOLD LIMITED
REPORT TO SHAREHOLDERS
JUNE QUARTER 2008

Highlights

- Diamond core drilling commenced at Mt Scotchy, with three holes of a fourteen hole program completed by end of July.
- Assay results from the first hole include gold values greater than 6g/t, and accompanying silver values greater than 30g/t, associated with intense pyritic alteration, fracturing and shearing in host rocks belonging to the Mt Scotchy volcanic complex. Mt Scotchy's status as a significant new greenfields discovery confirmed and enhanced by these results.
- Geochemical exploration is underway in the Maryborough Basin targeting new occurrences of Mt Scotchy-style mineralisation.
- Gympie mine sale progressing satisfactorily

SURFACE EXPLORATION

EPM 16074 "Mt Scotchy"

A diamond core drilling program of 14 holes was implemented late in the Quarter to follow up promising indications of gold, silver and base metal mineralisation from initial shallow RC drilling under surface gossans. Targeting was supported by ground geophysical survey results, which showed that the surface gossans continued at depth as strong to intense IP chargeability/resistivity anomalies. The 14 holes are distributed over 5 principal target areas, with the locations of planned holes, along with the surface gossanous zones and the dipole-dipole IP survey lines, shown in Figure 1.

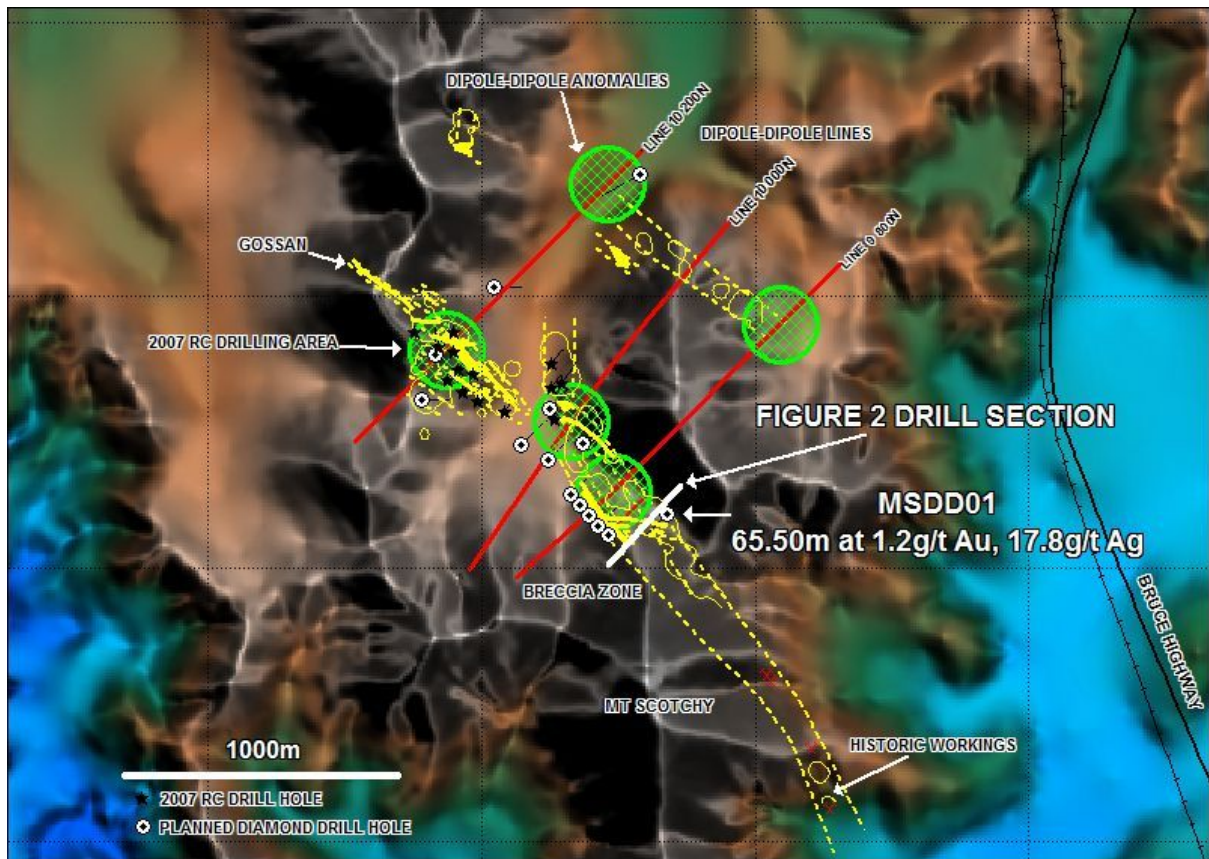


Figure 1: Mt Scotchby project overview

The three diamond holes completed by the end of July were collared over the 'Breccia Zone' gossans 500 metres to the south east of the area previously tested by shallow RC holes. All three holes have intersected veined, brecciated and sheared volcanics and sediments with strong to extreme accompanying alteration with abundant pyrite, subordinate pyrrhotite and base metal sulphides.

Assay results from hole MSDD01 were received at the end of July, and reported in an ASX announcement issued on 28 July 2008. This hole intersected a wide zone of pyritic alteration with accompanying sphalerite, galena, and arsenopyrite **from 38.0 metres to 103.5 metres (65.5 metres) averaging 1.2g/t Au, 17.8g/t Ag, 0.2% Zn, 0.1% Pb and 0.2% As**, as shown on the drill section in Figure 2.

Two main alteration zones have been logged in this interval, both with narrower, higher grade intervals, returning the following composite assay results:

Upper Zone (38.00-56.85m): 18.85 metres at 1.9g/t Au, 14.4g/t Ag, 0.1% Zn, 0.1% Pb, and 0.3% As,

including **1.84 metres (41.16-43.00m), at 6.6g/t Au, 15.1g/t Ag, 0.1% Zn, 0.06% Pb, and 0.9% As** and **5.00 metres (49.00-54.00m), at 3.1g/t Au and 17.3g/t Ag, 0.1% Zn, 0.06% Pb and 0.35% As;** and

Lower Zone (67.03-103.5m): 36.47 metres at 1.1g/t Au, 23.9g/t Ag, 0.3% Zn, 0.1% Pb and 0.4% As,

including **1.70 metres** (78.00-79.70m).at **6.3g/t Au, 35.9g/t Ag**, 0.2% Zn, 0.1% Pb, and 0.7% As.

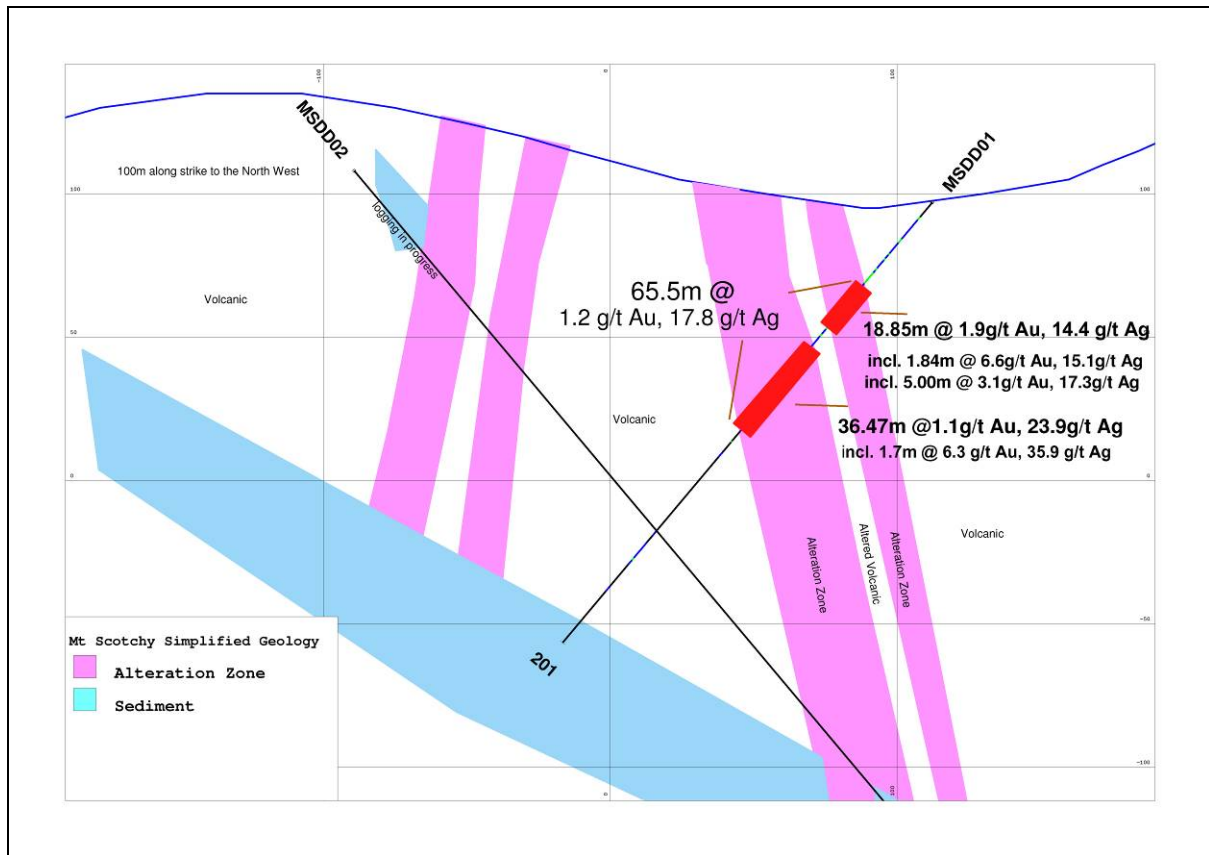


Figure 2: MSDD01 drill section showing intercepts and interpreted geology.

Localised higher base metal and arsenic assays were also returned over narrow intervals, with the highest values from 102.18-102.63 metres (0.45 metres) at 4.9% Zn, 2.7% Pb and 4.1% As. This interval also recorded the highest silver assay in the data set, at 452g/t Ag.

MSDD01 was inclined at -50° into the near vertically dipping altered and sheared mineralised zones, and expected true widths are approximately 75 - 80% of reported intersection widths. Assayed samples were sawn NQ2 half core, with company standards and blanks inserted for quality control. Sample intervals were generally 1 metre, with narrower intervals used in places to cater for smaller scale variations in rock type. The highest gold and silver grades reported came from two of these narrow intervals, consisting of 0.43 metres with 9.5g/t Au, and 0.45 metres with 452 g/t Ag. A detailed listing of assay results from the Upper and Lower Zones summarised above is attached as Appendix A.

The other two completed holes (MSDD02 and MSDD03) are at various stages of the logging, sampling and assaying process, and further assay results are keenly awaited.

The highly encouraging assay results from MSDD01 represent an outstanding exploration outcome from what is the first diamond core hole into the Mt Scotchby greenfields discovery. Particularly significant are the reported higher

gold and silver assays, demonstrating the potential of the environment to yield gold and silver grades at potentially economic levels.

The Mt Scotchby discovery is located some 25 km north west of Gympie, and less than 2km west of the Bruce Highway and main railway line. The Mt Scotchby volcanic and subvolcanic intrusive complex belongs to an extensive volcanic episode in the mid to late Mesozoic Maryborough Basin, and the discovery represents a style of deposit and metal association not previously recognized in this environment. Buka Gold has granted EPMs and EPM applications in progress covering some 2500 km² of the most prospective parts of this Basin, thereby securing the important first mover advantage.

Maryborough Basin Exploration Project

Geochemical sampling and associated fieldwork continued at reconnaissance level within the company's granted tenements (EPMs 16821, 16822, and 16824). Initial stream sediment sample results reported modest levels of gold anomalism, up to 3.6ppb Au.

Stream sediment sampling and associated field mapping will be ongoing during the next quarter, and this will be accompanied by an appraisal of the geophysical survey needs of the project, and other advanced geochemical or geophysical exploration technology that may be applied to expedite exploration outcomes.

EPM 6031 "Woolooga" Portion

No fieldwork was undertaken.

EPM 6031 "Gympie Goldfield" Portion

No surface exploration work was undertaken on the goldfield during the quarter. A renewal application for a further two years of tenure was submitted.

OPERATIONS REVIEW

Two unforeseen interruptions this quarter required rescheduling of mine activity. As reported on 30 April a notice from the Department of Mines regarding site ability to conduct certain rescue operations resulted in a two week shut down whilst retraining was undertaken. In addition no hoisting of broken stock was possible below 15 level for three weeks to allow rewiring of the winder motor at West of Scotland shaft.

Despite the setbacks 7,083 tonnes were milled during the period (previous quarter 6,452 tonnes) at an average recovered grade of 6.23 g/t Au (6.43g/t Au) to produce 1,418 ounces of gold (1,340 ounces).

Gold sales of 1,084 ounces (1,252 ounces) were recorded in the quarter at an average price of A\$949 per ounce (\$1,015/ounce). Total site cash costs were A\$911 (A\$1,024) per ounce.

Mining Operations

One LTI occurred this quarter. A miner twisted his knee, eventually requiring surgery on ligament damage.

The stoppages referred to above resulted in one scheduled milling campaign being deferred and tonnages for subsequent mill runs included areas of lower grade than scheduled. Three parcels of resale ore were also bogged on 13 level. Handheld mill feed was sourced from the Inglewood lode, O'Regans reef, 13-22 limestone stockworks, and the Peel Off B (POB), while long hole mining of chute pillars recovered ore from the POB on 1650 level.

When available both shafts were utilised for ore haulage with ore from the Kitchen Stope trucked up the decline.

Inglewood

In the Museum block, mining of the 124-48 bypass drive was completed and two rises were commenced at the northern end as an access, and an ore pass for the 124-49 ELC stope.

The 124-45 CLC block had a short scraper drive mined on lode from the level to the southern limit defined by faulting. An 8m rise was then mined to a sublevel where a small stoping block has been defined. A series of short jump up rises is planned to fully define the block. The 12-47 WLC was setup, developed and stoped. This was a remnant block previously ignored due to its width, despite an intersection of 0.67m @ 31.60g/t in the middle of the zone. A bypass drive on 13 level, to access 13-47 CLC and two western lode stopes, was commenced late in June.

Outside the Museum Block, the scraping of the 12-41 lower sublevel was completed, with some ore left behind due to hanging wall instability. Rehabilitation of 16 level and 1650 level to access two high grade reserve blocks is nearing completion.

Peel-Off B and slots

Mining of the 13-22 limestone stockworks was completed and a short exploration drive mined to the top break. Set up of the 13-41 was completed with the mining of the drawpoints and final jump up rise. Mining of the lower sublevel has commenced.

Clean up of the slot stope on 16 level produced some tonnes, with final clean up of the 16-18B stope expected to be completed early next quarter.

Stoping of the pillars of 1650 POB has been completed. The Airtrack drill rig was then dropped to 17 level to commence drilling in the 17-12 POB. A 500t sample from the POA block returned 4.9g/t through the mill.

O'Regans

All broken stocks were recovered and bogged from 13 level. The Resue at the end of 13 level was then bogged and three parcels milled, with mixed results.

Mine exploration

Diamond drilling this quarter was reduced to 10 holes for a total of only 184m. Just one hole was drilled with the Kempe rig, into 13-50 block. The other nine were short holes drilled to test the 13-22A and 124-49 blocks.

Significant results were:

Hole No	Depth from	Interval	True width	Grade g / t	Comments
M238	2.10	2.4	2.4	10.5	Stockwork in Curra limestone
M238	14.85	0.9	*	32.3	Peel Off A adjacent to stope
M239	19.70	1.7	1.7	3.0	Stockwork in Curra limestone
M241	65.25	2.1	1.05	16.3	Inglewood CLC in 13-50 block
J061	6.75	0.6	0.6	2.3	Inglewood CLC in 124-49 block

*Intervals are weighted mean grades of half or full-core samples and analysed by ALS Brisbane by Au-AA26 fire assay technique. * = not yet calculated.*

Inglewood

13-50 block: Hole M241 intersected 2.1m (down dip) of CLC quartz grading 16.3 g/t.

124-49 block: Holes J057-062 were drilled to locate the position of the Inglewood ELC stope in the 124-49 block, relative to adjacent unmined CLC and ELC lodes, for mining purposes.

13-22A slot stope: Three holes(M238-240) were drilled to test veining in a possible 13-22A slot stope connecting the 14-21 and 12-24 slot stopes. These holes revealed small stockwork bodies in limestone and showed that the main Peel Off A reef had been stoped.

Rehabilitation

Preliminary work has commenced on rehabilitating TD2 with excavations to drain the dam now completed. Direct revegetation trials on TD1 are continuing in what the company hopes will be a successful effort to significantly reduce the cost of long term rehabilitation of the tailings dam areas.



Figure 3: Completed plantings TD#1

NEXT QUARTER

Exploration

1. The diamond core drilling program will continue at Mt Scotchby to both follow up the encouraging results from the initial hole into the 'Breccia Zone' target, and to progressively test the other four high priority targets nominated in the original plan.
2. Due to its effectiveness to date at Mt Scotchby, additional dipole-dipole IP surveying is planned to extend coverage and to better define the conductive/chargeable zones as potential future drilling targets.
3. The process of securing land access agreements will be ongoing within the granted Maryborough Basin project tenements, and geochemical sampling and mapping will continue. Consideration will be given to geophysical survey needs and the application of advanced geochemical and geophysical technology to expedite outcomes.

Operations

On 17 level, long hole extraction of three blocks of stope chute pillars will be undertaken. Set up of the 15 level Airtrack blocks will commence, this involves driving two nine metre access drives.

The Toro 150 loader will be removed from 18 level to surface by the end of the quarter, when pillar recovery is complete. Inspection of resource blocks on 14 Level will allow scheduling of access works and hence movement to reserve category.

The LM75 will complete two holes from the 123 level Museum Block cuddy before moving to drill the 2680 level resource block to support a reserve upgrade.

First phase short holes in the 2680 Museum block will be drilled with the Kempe, then either Dundee Reef Gympie veins, Nichols area or 11-24A will be completed seeking limestone stockworks.

Competent Persons' Statement:

The information in this report that relates to exploration results is based on information compiled by Liam J Frømyhr, who is a full-time employee of Gympie Eldorado Mining Pty Ltd. This information was reviewed and verified by Dr R J Gunthorpe, a geological consultant to Buka Gold. The information in this report that relates to the operations review, including mine exploration, was based on information compiled by Mr Chris Boreham, who is a contractor to Gympie Eldorado Mining Pty Ltd. Dr RJ Gunthorpe and Mr Boreham are Members of the Australasian Institute of Mining and Metallurgy and have 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 and Mr Boreham consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

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APPENDIX A – MT SCOTCHY DIAMOND HOLE MSDD01 RESULTS*

* All samples ½ NQ2 core according to geological or maximum sample interval and assayed by ALS Brisbane using Au-AA26 and ME-ICP41 techniques.

SAMPLE	FROM	INTERVAL	Au g/t	Ag g/t	Zn %	Pb %	As %
GGD12035	38.00	1.00	1.4	12.7	0	0	0.3
GGD12036	39.00	1.00	0	0.8	0	0	0
GGD12037	40.00	1.16	1.2	6.8	0	0	0.3
GGD12038	41.16	0.96	4.6	7.3	0.1	0.1	0.9
GGD12039	42.12	0.43	9.5	9	0.1	0.1	1.2
GGD12040	42.55	0.45	8.0	37.7	0.1	0.1	0.7
GGD12042	43.00	1.00	0.7	23.7	0.2	0.1	0.1
GGD12043	44.00	1.00	0	0.5	0	0	0
GGD12044	45.00	1.00	1.2	33.5	0.4	0.4	0.2
GGD12045	46.00	1.00	0	3.7	0	0	0
GGD12046	47.00	1.00	0.5	15.6	0.1	0	0.1
GGD12047	48.00	1.00	0.1	24	0.1	0	0
GGD12048	49.00	1.00	1.7	42.9	0.2	0.1	0.2
GGD12049	50.00	1.00	3.9	19.1	0.2	0.1	0.3
GGD12050	51.00	1.00	3.5	7.9	0.2	0.1	0.3
GGD12051	52.00	1.00	3.3	10.8	0.1	0.1	0.5
GGD12052	53.00	1.00	3	5.8	0.1	0	0.4
GGD12053	54.00	1.00	1.4	4.3	0	0	0.2
GGD12054	55.00	1.00	0.6	23.8	0.3	0.2	0.4
GGD12055	56.00	0.85	1.2	8.4	0.1	0	0.2
GGD12068	67.03	0.97	1.4	66.4	1.3	0.1	0.4
GGD12069	68.00	1.00	1.2	13.9	0.2	0.1	0.3
GGD12070	69.00	1.00	0.6	22	0.1	0	0.1
GGD12071	70.00	1.00	0.6	25.8	0.3	0.2	0.3
GGD12072	71.00	1.00	0.9	23.3	0.1	0	0.4
GGD12073	72.00	1.00	0.5	12.6	0.2	0.1	0.2
GGD12074	73.00	1.00	0.4	8	0.1	0	0.1
GGD12075	74.00	1.00	1.3	17.8	0.1	0.1	0.3
GGD12076	75.00	1.00	2.5	39.9	0.3	0.3	1.5
GGD12077	76.00	1.00	2.4	24.1	0.3	0.3	1.3
GGD12078	77.00	1.00	2.7	20	0.9	0.1	0.6
GGD12079	78.00	1.00	6.3	25	0.1	0.1	0.9
GGD12080	79.00	0.70	6.2	51.5	0.3	0.2	0.4
GGD12081	79.70	0.60	0.3	12.6	0.3	0	0
GGD12082	80.30	0.31	0.9	25.1	0.2	0.1	0.2
GGD12083	80.61	0.89	0.3	3.3	0	0	0.1
GGD12084	81.50	1.00	1.1	20.6	0.4	0.2	1.1
GGD12085	82.50	1.00	1.6	4.1	0	0	1.9
GGD12087	83.50	1.00	0.6	44.4	0.2	0	0.2

GGD12088	84.50	1.00	0.3	7.5	0.1	0	0.2
GGD12089	85.50	1.00	0.3	21.4	0.3	0.2	0.1
GGD12090	86.50	0.70	0.7	22.5	0.6	0.2	0.1
GGD12091	87.20	0.37	3.9	53.7	0.4	0.4	0.6
GGD12092	87.57	0.93	0.7	11.4	0.4	0.1	0.1
GGD12093	88.50	0.66	0.5	21.6	0.6	0.1	0.3
GGD12094	89.16	0.84	0.6	27.1	0.4	0.1	0.3
GGD12095	90.00	1.00	0.1	4.8	0.1	0	0.1
GGD12096	91.00	1.00	0.1	6.9	0.2	0	0.1
GGD12097	92.00	1.00	1.4	27.8	0.3	0.1	0.6
GGD12098	93.00	1.00	0	3.7	0.1	0	0.1
GGD12099	94.00	0.55	0	3.8	0.1	0	0.1
GGD12100	94.55	0.95	0.3	9.2	0.3	0.1	0.3
GGD12101	95.50	1.00	0.3	19.1	0.3	0.2	0.1
GGD12102	96.50	1.00	0.1	9.1	0.3	0.1	0
GGD12103	97.50	1.00	0.2	1.8	0.1	0	0
GGD12104	98.50	1.00	0.2	8.5	0.3	0.1	0.1
GGD12105	99.50	1.00	0.7	12.1	0.2	0.1	0.1
GGD12107	100.50	1.00	0.2	6.2	0.4	0.1	0.1
GGD12108	101.50	0.68	0.2	7.3	0.2	0.1	0.1
GGD12109	102.18	0.45	4.4	452	4.9	2.7	4.1
GGD12110	102.63	0.87	0.2	23.1	0.2	0	0.1