

BUKA GOLD LIMITED
REPORT TO SHAREHOLDERS
DECEMBER QUARTER 2008

Highlights**Mt Scotchy**

- Assay results from all 16 diamond core holes in the initial drilling program have now been received, confirming Mt Scotchy as a significant new gold/silver/ base metals discovery.
- Positive assay results from holes into new mineralised structures adjoining the main trend have expanded the size and potential of the host epithermal system.
- Additional geophysical surveying to extend IP (dipole-dipole) coverage has revealed a pattern of strong chargeability/resistivity anomalies indicating that the mineralised corridor now has an overall potential strike in excess of 2 kilometres.

Maryborough Basin

- Follow up soil sampling of anomalous stream sediment results from the Mt Elizabeth Prospect (EPM16822) has returned anomalous values up to 0.12 g/t Au, and results from further soil sampling are currently being evaluated.

Operations

- Final gold sales completed and mining equipment and freehold properties to be sold.

SURFACE EXPLORATION**EPM 16074 “Mt Scotchy”****Diamond Drilling**

The assay results from the remaining seven holes of the first Mt Scotchy diamond drilling program were received late in the Quarter, and released as an ASX announcement on 5 December 2008. Three of these holes contained significant intercepts, as follows:

- 0.96m at 3.3g/t Au, 419g.0/t Ag, 3.6% Pb and 0.8% Zn (MSDD11, 146.44-147.40m)

- 1.70m at 1.5g/t Au, 177.2g/t Ag, 0.4% Pb and 2.1% Zn (MSDD13, 61.20-62.90m)
- 2.00m at 2.2g/t Au, 101.9g/t Ag, 0.5% Pb and 2.4% Zn (MSDD16, 82.00-84.00m)

Hole locations for these intercepts are shown in Figure 1, together with the locations of some notable intercepts reported previously from earlier holes. All seven holes intersected sulphide-bearing and altered lithologies of the volcanic complex, with varying degrees of fracturing and shearing. A summary of assay results from these seven holes is provided in Appendix A.

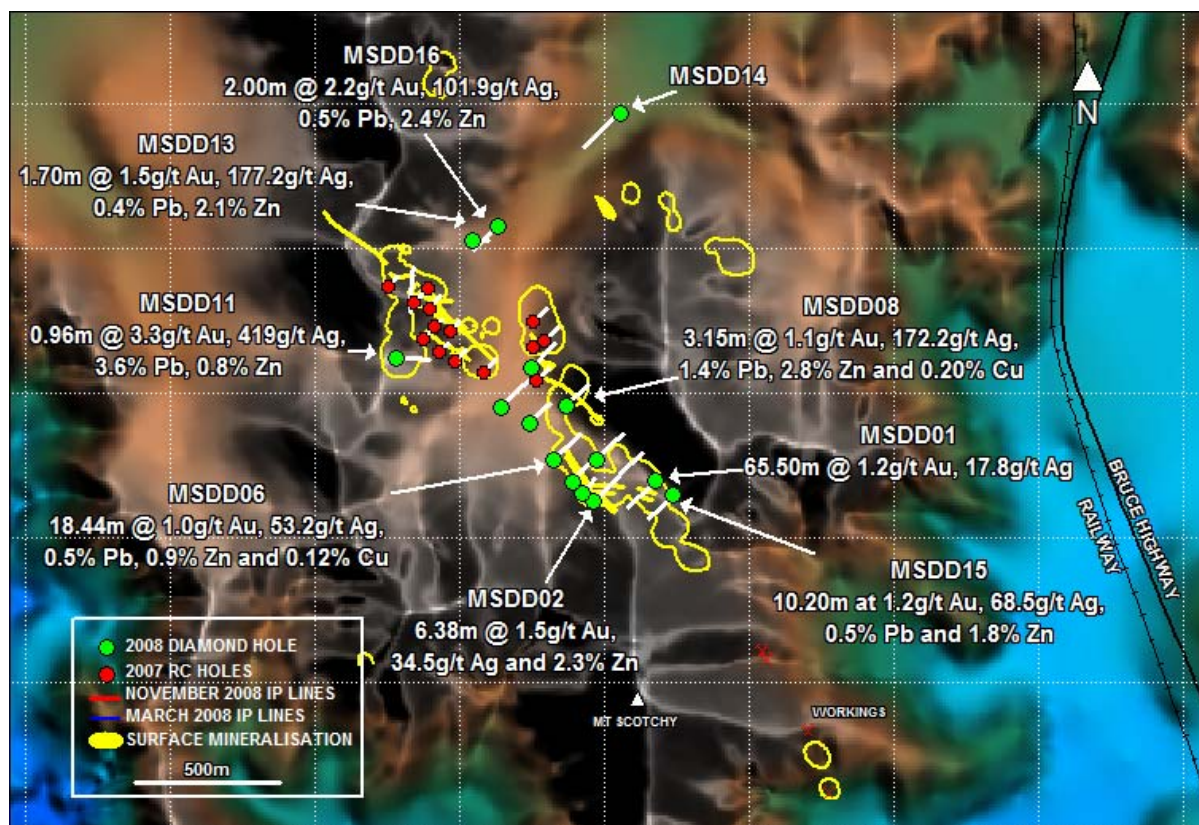


Figure 1: Mt Scotchby – Drill Hole Location Plan

These new intercepts are highly significant as they come from mineralised structures off the main Breccia Zone-Discovery Trend targeted by earlier holes. Hole MSDD11 was drilled into an anomalous zone adjacent and to the south west of the Discovery Trend, and may represent a subsidiary parallel mineralised structure. Holes MSDD13 and 16 tested a new target zone some 250 metres to the north east of the Discovery Trend, significantly enlarging the known footprint of the Mt Scotchby epithermal system.

Geophysical Surveys

The initial dipole-dipole IP (Induced Polarisation) surveying was shown to be highly effective in mapping the sulphide-bearing alteration zones below surface, and was a key input into targeting the first round of core drilling just completed. This initial survey also showed strong conductors extending beyond the survey limits, and a

follow-up IP survey was conducted during the Quarter to extend the survey coverage and to define additional potential drilling targets.

The location and extent of the initial IP survey coverage, and the location of the second phase IP survey lines are shown in Figure 2. Two new IP survey lines at 400 metre spacing were used to explore the south east strike extension of the Breccia Zone mineralisation (Lines 8800N and 9200N). A strong chargeability/resistivity anomaly was defined below the south east extension of the Breccia Zone on Line 9200N, but along strike on Line 8800N was present as only a weak chargeability anomaly.

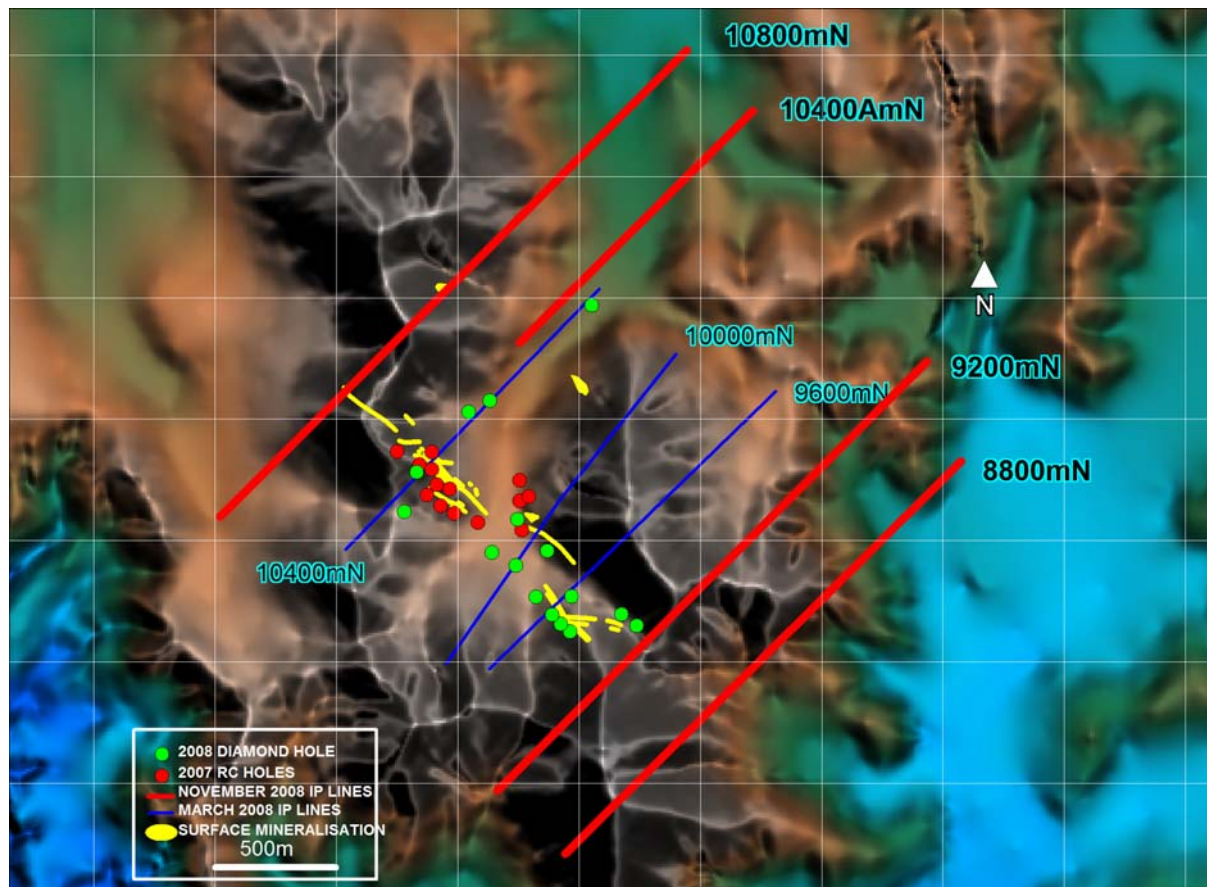


Figure2: A plan view of the recent Mt Scotchby Dipole-Dipole Induced Polarization Survey (IP)

The two other new IP survey lines are located to the north-west and north of the initial survey area. Line 10400N was extended for an additional 1,000 metres to better define a strong chargeability high partially defined at the end of the initial survey line. This anomaly was tested by hole MSDD14, which intersected zones with strong sulphidic alteration, but only low metal values. It is now apparent that this hole was located just to the south west of the main chargeability anomaly, and additional follow-up drilling will be required.

The remaining new IP survey line (Line 10800N) is located over the strike extension of the Discovery Zone, and is also testing the potential strike extent of the strong conductor targeted by MSDD14. The Discovery Zone on Line 10800N was represented by only a relatively weak chargeability anomaly, however a very strong chargeability anomaly was defined along strike from the strong conductor on Line 10400N, suggesting a new high priority target for investigation.

Geochemical Surveys

Additional soil sampling was undertaken on the Mt Scotchby EPM during the Quarter to locate other potential new targets. Follow up soil sampling was conducted over a repeatable 296 ppb Au stream sediment anomaly some 3.5 km west of the main prospect location, with positive results. Further follow up is underway, consisting of more detailed mapping and sampling.

Geology

A detailed geological mapping project has commenced over the Mt Scotchby volcanic/sub volcanic intrusive complex to better define its stratigraphic and structural architecture. This will be used as the basis for a more coherent geological model of the discovery, incorporating all existing geophysical and geochemical data.

An outcome of a review of progress to date conducted during the Quarter was the advice from specialist consultant, Dr Greg Corbett, that Mt Scotchby has similarities to several of the known low sulphidation epithermal carbonate-base metal group gold-silver deposits of Central and South America, most notably Palmajero and Fresnillo in Mexico, and Arcata in Peru.

A set of drillcore samples representing a variety of grade ranges and mineralogy is currently undergoing some preliminary leach testwork to get an initial understanding of potential metallurgical behaviour.

Maryborough Basin Exploration Project

EPMs16819 and 16820 were granted during the Quarter, bringing the total area of granted tenure to 1800 sq kms, Figure 3.

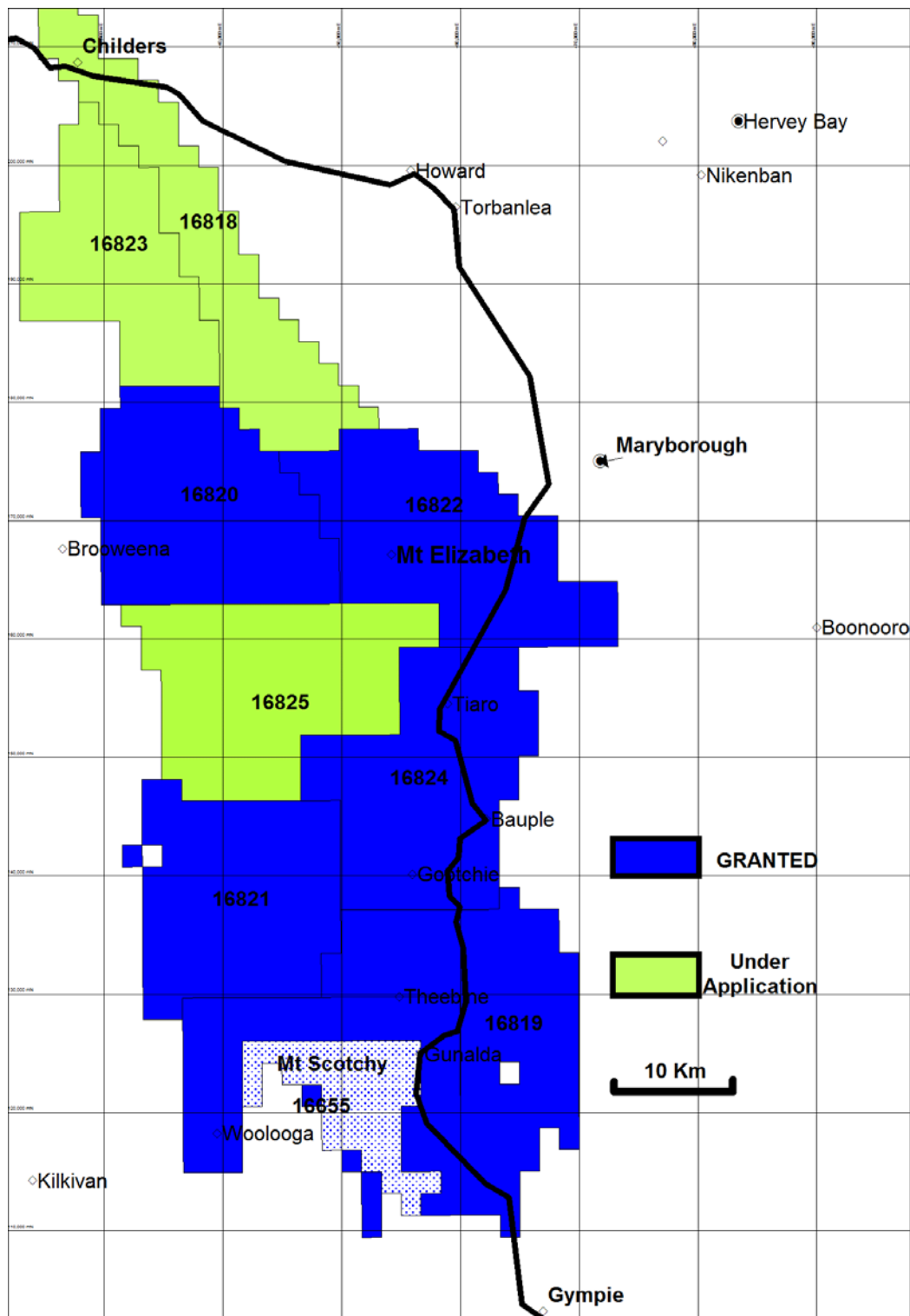


Figure 3: Tenement holdings, Gympie / Maryborough region

Reconnaissance mapping and stream sediment sampling continued during the Quarter within the company's granted tenements.

The Mt Elizabeth area (EPM16822) has already emerged as a potential high priority prospect. Initial sampling returned soil values up to 0.12g/t Au, and further follow up has been conducted and results are awaited. The geological environment at Mt Elizabeth is interpreted as shallow to flat dipping volcanics of the Grahams Creek

Formation overlain by younger sediments of the Maryborough Formation, inferred to be post-mineralisation.

Exploration results to date from the Basin confirm the validity of the Mt Scotchby model, and the potential of the terrain to host similar deposits.

EPM 6031 and EPM 14 860 “Gympie Goldfield” and “Woolooga”

No surface exploration work was undertaken during the quarter.

OPERATIONS

The last gold shipment from the Monkland mine, including clean up around the mill, was made in mid December. Sale proceeds of \$2.06m for the quarter, together with \$0.25m from the sale of a freehold property enabled the company to increase cash balances by \$245,000 after operating costs and retrenchment costs for all employees. Cash at the quarter end stood at \$3.15m including deposits held as security for rehabilitation commitments.

The Gympie Eldorado operations will now complete clean up and rehabilitation obligations in line with the Queensland DME approved operating plan. All mining equipment and a considerable portfolio of freehold property will be sold with the proceeds to be used to fund the ongoing Mt Scotchby and Maryborough Basin exploration programmes.

NEXT QUARTER

Exploration

1. Completion of detailed mapping of Mt Scotchby igneous complex, and initiation of new phase of target definition based on results of this work.
2. Expand reconnaissance exploration coverage over the Company's granted tenements in the Maryborough Basin, and commence initial follow up work where justified.
3. Continuation of follow up work at the Mt Elizabeth project to determine its target status, and whether initial shallow drill testing is justified.

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 Patrick McDowall, a full-time employee of Buka Gold Ltd. Mr McDowall is a Member of the Australian Institute of Geoscientists 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”.

For further information contact:

David Hillier
Executive Chairman
Mobile: + 61 (0) 408 236 408
Email: dh@buka.com.au

APPENDIX A – MT SCOTCHY DIAMOND DRILL HOLE 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.

HOLE ID	FROM	TO	INT	Au g/t	Ag g/t	Cu %	Pb %	Zn %	As %	Other notes/summary observations
MSDD09	115.00	118.00	3.00	0.1	9.6	0.02	0.1	1.1	0.4	Altered sediment, minor stockwork veining
	146.20	146.80	0.60	1.5	41.4	0.41	0.1	0.3	4.9	Massive sulphide and carbonate vein
	172.00	172.70	0.70	0.2	11.0	0.07	0.0	4.4	0.3	Hi Zn interval in silicic volcanic
	172.70	173.30	0.60	1.3	124.0	0.49	0.6	0.2	0.8	Veining in altered volcanic
	179.50	180.80	1.30	1.0	24.2	0.03	0.1	0.2	0.4	Pyritic shear zone
	195.60	196.00	0.40	1.7	64.0	0.33	0.1	0.4	5.1	Pyrite/arsenopyrite breccia
MSDD10	-	-	-	-	-	-	-	-	-	No signifcant results
MSDD11	99.00	99.70	0.70	2.6	6.2	<0.01	<0.01	0.1	0.7	Brecciated siltstone with carbonate-pyrite infill
	146.44	147.40	0.96	3.3	419.0	0.05	3.6	0.8	0.3	Semi-massive sulphide carbonate breccia
MSDD12	93.00	96.00	3.00	0.7	17.2	0.01	0.2	0.5	0.2	Sulphidic quartz-carbonate breccia
	100.80	103.50	2.70	0.9	4.3	<0.01	<0.01	0.0	0.2	Bleached and weakly brecciated volcanic
	133.00	134.50	1.50	1.3	19.1	0.01	0.0	0.2	1.1	Sulphidic volcanic breccia
MSDD13	61.20	62.90	1.70	1.5	177.2	0.06	0.4	2.1	0.5	Sulphide-carbonate breccia.
MSDD14	202.60	203.15	0.55	0.1	37.5	0.35	0.2	2.1	0.0	Narrow sulphide veinlet
MSDD15	137.00	140.00	3.00	1.0	14.2	0.02	0.1	1.1	0.1	Altered mineralised epiclastic
MSDD16	79.00	80.00	1.00	1.4	6.3	0.01	<0.01	0.0	0.7	Brecciated epiclastic with sulphide veinlets
and	82.00	84.00	2.00	2.2	101.9	0.10	0.5	2.4	3.9	Brecciated epiclastic to fault breccia
incl.	82.00	83.00	1.00	3.4	177.0	0.17	0.6	3.0	6.3	1025ppm Sb