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ASX / Media Release

Exercise of Option over Uranium Properties

Highlights

- Burey Gold Ltd (ASX:BYR) has acquired an exciting portfolio of uranium interests in Western and South Australia within known uranium mineral provinces (regionally significant areas of known uranium deposits, uranium occurrences and radiometric anomalies) through the exercise of an option granted by Kalgoorlie Boulder Resources Ltd (“KBRL”).
- Burey’s uranium interests cover a total area of approximately 4,850 km², including 3,645 km² of granted exploration licences. These include 12 exploration licences in South Australia and 5 exploration licences in Western Australia. In addition, Burey’s interest includes 10 applications for exploration licences covering a further 1,205 km² of prospective ground in Western Australia.
- Uranium interests include an option to acquire 90% of the Jailor Bore property, 250km north east of Carnarvon, Western Australia. A previous ground radiometric survey and exploration drilling of some 245 Reverse Circulation drill holes has identified 6.5 hectares of uranium mineralization (U₃O₈) within 4 to 10 metres of the surface. Average length (of hole) weighted grades for a selection of drill holes ranged from 423ppm to 1,049ppm U₃O₈ with a number of 1 metre intercepts in the range 1,200ppm to 1,800ppm U₃O₈. This property will receive immediate attention.
- KBRL option terms renegotiated and now exercised mainly for a cash consideration, thus preventing a significant (28%) dilution in Burey’s share capital. Total consideration to KBRL comprises \$1.75m cash and the issue of 2m shares.
- A capital raising of \$1.86 million has been completed to assist with the exercise of the KBRL option.
- A staged exploration program will be conducted on the uranium properties on a priority basis.

Fig 1: Location of Projects



Burey has acquired an extensive portfolio of exploration assets within known uranium provinces in South Australia and Western Australia (Figure 1). These cover a total area of approximately 4,850 km².

Granted exploration licences cover an area of approximately 3,645 km² (12 Exploration Licences in South Australia and 5 Exploration Licences in Western Australia), whilst 1,205 km² is subject to applications in Western Australia.

Burey's uranium assets are located in the Gascoyne Province, Paterson Province and Canning Basin of Western Australia and the Gawler Craton, Frome Embayment and Mount Painter area of South Australia. Burey's licence package contains a wide range of different styles of potential uranium mineralization as well as the potential for iron oxide hosted copper and gold mineralization. These include:

- Surficial type, calcrete hosted uranium (such as Yeelirrie) targets in Western Australia. This includes the Jailor Bore tenement where previous drilling and a subsequent ground radiometric survey by Minplex Resources (1980-1985) established five significant anomalous areas containing U₃O₈ within the Jailor Bore tenement. This tenement provides immediate targets for follow up work.
- High grade, unconformity related, vein type uranium mineralization (such as Nabarlek,

Ranger) targets in South Australia and Western Australia.

- Sandstone type, uranium targets in palaeochannels (such as Beverley, Honeymoon) in South Australia.
- Magnetic anomalies associated with basement rocks are also present in a number of Burey's tenements in South Australia. These present Burey with several exploration targets for possible iron oxide copper gold (IOCG) style mineralization.

Winning Pool, Gascoyne Province, Western Australia

Priority projects include the:

- Jailor Bore Prospect (Exploration Licence 09/1180),
- Bordah Well Prospect (Exploration Licence Application 09/1244),
- Winmar Creek Prospect (Exploration Licence 09/1224, Exploration Licence Applications 09/1244, 09/1305),
- Eudamullah Prospect (Exploration Licences 09/1225, 09/1226) and
- Jamieson Well Prospect (Exploration Licence Application 09/1306)

All of these contain areas of surficial type uranium concentration in calcrete, similar to that at Yeelirrie in the northern Yilgarn Craton. All tenements are within 100km of each other and contain similar lithologies.

Palaeo Proterozoic granites and gabbroic rocks of the Gascoyne Complex along with Schists and Calcsilicate rocks of the Morrissey Metamorphics are the dominant basement lithologies in all areas. Basement granites typically exhibit anomalous (up to 8 times background) radioactivity.

These areas have been the subject of uranium exploration in the 1970s' and 1980s'. Aerial and ground radiometric surveys identified anomalous areas within calcrete as well as the basement rocks. Assay values up to 450ppm uranium were recorded in pit samples from calcretes.

Burey will focus its efforts on the Jailor Bore Project where previous explorers including Pacminex, completed some 245 Reverse Circulation drill holes for a total of 1,638 metres. Drilling at the main prospect area was completed on a 100 metre by 50 metre grid and in regional areas, on a 200 metre by 700 metre pattern. Significant results are tabulated below.

| Drill Hole | DH 89 | DH101 | DH102 | DH104 | DH105 | DH106 | DH147 |
|----------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Depth (m) | U ₃ O ₈ (ppm) | U ₃ O ₈ (ppm) | U ₃ O ₈ (ppm) | U ₃ O ₈ (ppm) | U ₃ O ₈ (ppm) | U ₃ O ₈ (ppm) | U ₃ O ₈ (ppm) |
| 0-1 | 335 | 1,128 | | | 500 | 700 | |
| 1-2 | 400 | 848 | 563 | | 1,500 | 1,500 | 240 |
| 2-3 | 324 | 298 | 880 | | 1,700 | 500 | 225 |
| 3-4 | 353 | 36 | 845 | 928 | 957 | 390 | 182 |
| 4-5 | 542 | 251 | 536 | 1,171 | 526 | 103 | 156 |
| 5-6 | 347 | 874 | 1,201 | 1,800 | 408 | 130 | 271 |
| 6-7 | 879 | 300 | 632 | 296 | 238 | | 752 |
| 7-8 | 200 | | 107 | | 600 | | 1,229 |
| 8-9 | | | | | 319 | | 494 |
| 9-10 | | | | | 153 | | 200 |
| Average | 423 | 534 | 681 | 1,049 | 804 | 554 | 436 |

After interrogation of the data, the Company believes that the Jailor Bore Prospect provides potential for a target tonnage of between 350,000 to 540,000 tonnes of ore at an estimated grade between 680ppm U_3O_8 and 1,200ppm U_3O_8 . Burey intends to complete further detailed work on this prospect towards realizing this target.

Mt Phillips, Gascoyne Province, Western Australia

Both Unconformity and Calcrete hosted uranium mineralisation occur within one granted exploration licence and two applications for exploration licences within this province. The licences contain Gascoyne Complex Palaeo-proterozoic mobile belt granites and gabbros overlain by calcsilicate units of the Morrissey Metamorphics and the Mt James Formation schists.

Previous explorers such as Urangesellschaft and PNC (Aust) Pty Ltd located unconformity related uranium mineralisation of Uraninite, Brannerite and Uranophane within Palaeo-proterozoic metasediments, all of which require further follow up exploration. PNC located subsurface uranium mineralisation (uraninite) within graphitic biotite schists and calcsilicate units of the Morrissey Metamorphics. Limited drilling of these anomalies returned a best intersection of 8 metres of 1,000ppm U_3O_8 with individual assays of up to 5,200ppm U_3O_8 . This mineralisation is considered to be associated with a core of high grade gneiss within the Gascoyne Complex and requires further follow up field work.

Esso (1973), Noranda (1973), Amax (1973) and Agip (1974-77) also completed aerial and ground radiometric studies within the area and located several anomalous areas of uranium mineralisation. Assays of up to 450ppm Uranium were recorded from pit samples within calcrete, but no follow up drilling was ever undertaken.

Paterson Province, Western Australia

Burey is targeting three styles of uranium mineralisation within this province. These are the Unconformity, Calcrete and Sandstone hosted styles within the four licences of Lake Auld, Lake George, Lake Winifred and Lake Blanche, all currently under application.

The Paterson Province contains three world class deposits including the Telfer Gold Mine, the Nifty Copper Mine and the Kintyre Uranium Deposit, all of which are contained within Paterson Orogen mobile belt lithological units. The Kintyre Deposit which contains an estimated 36,000t of U_3O_8 is an unconformity uranium vein deposit with associated hydrothermal gold, base metals and platinum group element mineralisation. Burey will primarily target the Kintyre style of mineralisation which is similar to the East Alligator River uranium occurrences.

South Australia

The project areas contained within the South Australian package are held under 12 licences obtained by Burey covering areas within the Gawlor Craton, the Frome Embayment and the Mount Painter region. All three areas are known for their potential for uranium mineralisation. Targeted styles of mineralisation include: unconformity; high grade vein; sandstone; and breccia complex type mineralisation.

Most areas are associated with exposures of Palaeo Proterozoic high grade metasediments and gneisses that host diverse styles of mineralisation. Several known occurrences of uranium mineralisation of the unconformity related vein type are present within or in the vicinity of the licences. Some of these reported to the South Australian Mines Department include the following:

- The Wild Dog Uranium Mine developed on several levels to extract uranophane, gummite, pitchblende and meta-autunite mineralisation. Production above the 25m level averaged 3,700ppm U₃O₈ from the Number 1 Lode and 2,200ppm U₃O₈ from the Number 2 Lode.
- The Gibson Prospect 1 (Hospital Prospect) with estimates based on Mines Department investigations (1954) indicating 85 tons at average grades between 1,000ppm to 1,500ppm U₃O₈.
- The Gibson Prospect 2 (Hargistrom Prospect) where highly radioactive boulders containing uranophane and gummite assayed 2,100ppm U₃O₈.
- The Gibson Prospect 3 (Ainslee South Prospect) with an anomalous area of approximately 60m length. Grab samples contained 1,400ppm – 7,000ppm U₃O₈. Bulk samples returned 500ppm-1,000ppm U₃O₈.
- The Davey Wollaston Occurrence which contains disseminated uranium mineralisation (pitchblende) along foliation and in fractures as concordant zone in sodic hornblende granite gneiss.

The Company considers the Palaeo Proterozoic metasediments of the Lincoln Complex to be prospective for vein type uranium and gold deposits with the composition of the host rocks implying favourable conditions for the concentration of high grade uranium-gold mineralisation.

Burey intends to apply a variation of the East Alligator River Uranium Field (Nabarlek type) model over areas of the Lincoln Complex. Initially a combination of stratigraphic and structural features favourable for the concentration of uranium will be identified using detailed magnetic interpretation, field geological and geochemical investigations. Drilling will then be conducted to test potential target areas.

A staged exploration program is proposed. The program for the first year is further divided into 3 phases with each preceding phase determining the nature and conduct of follow up programs for succeeding stages. The program for the second year is designed to drill test target areas defined in the first year program.

Acquisition and Other Commercial Terms

Burey has purchased:

- KBRL's rights in a number of granted tenements and applications for exploration licences. Some of these tenement interests are subject to joint venture arrangements with other third parties. Please refer to Attachment 1 for a list of tenement interests; and
- KBRL's option to acquire a 90% interest (which may be reduced to a 30% free carried interest in specified circumstances) in the Jailor Bore property (EL 09/1180) owned by Mr. William Richmond.

The purchase consideration payable by Burey to KBRL for the uranium interests comprises \$1,750,000 in cash (already paid) and the issue of 2,000,000 fully paid ordinary shares. The issue of shares is expected to be completed by no later than 14 August 2007 and following the refreshment of the Company's capacity to issue up to 15% of its issued shares without prior shareholder approval.

Under the terms of the assignment of the option to acquire the Jailor Bore property interest, Burey is also obliged to issue 500,000 fully paid ordinary shares and pay \$40,000 cash to Mr. William Richmond by no later than 14 August 2007.

In the event that all necessary consents and approvals can not be obtained for the transfer of KBRL's uranium assets in a form reasonably acceptable to Burey, the purchase transaction will terminate. If this happens through no fault of Burey, KBRL will be required to repay the full cash consideration (\$1,750,000) to Burey. If Burey is at fault in this regard, KBRL will only be required to repay \$1,575,000 to Burey.

If Burey is unable to issue the shares to KBRL by 14 August 2007, KBRL can elect one of the following options:

- (i) terminate the transaction and repay \$1,575,000 to Burey; or
- (ii) require Burey to pay a cash equivalent in lieu of the 2,000,000 shares. The cash equivalent would be calculated by reference to the then market price of Burey shares.

Capital Raising

The directors of Burey, after taking appropriate advice, concluded that renegotiating the option over KBRL's uranium assets so that the majority of the consideration is payable in cash was a better outcome for Burey compared to the 28% dilution in share capital that would have occurred if the option had been exercised on the original terms (ie issue of 17,200,000 shares to KBRL). This view was reinforced when Burey concluded negotiations for the placement of securities with Delta Securities Pty Limited. Burey has completed the placement of 6,789,000 shares to clients of Delta at an issue price of 27.5 cents each. The placement terms also require Burey to issue 3,394,500 free attaching options (BYRO class) on a 1 for 2 basis. The issue of the free attaching options will be completed after refreshment of the Company's capacity to issue up to 15% of its issued shares without prior shareholder approval. The funds raised of \$1,866,975 have been used to fund the cash purchase price of the uranium assets acquired from KBRL.

Richmond Option Agreement & the Jailor Bore Joint Venture Agreement

As noted above, KBRL has assigned to Burey its option to acquire an interest in the Jailor Bore Property from Mr. William Richmond. By agreement dated 8 June 2005 KBRL entered into an

option agreement with William Richmond (“**Richmond Option Agreement**”) and Burey is now bound by the terms of the Richmond Option Agreement. The Richmond Option Agreement is in relation to EL 09/1180 (“**Richmond Tenement**”) granted on 24 July 2006.

Under the Richmond Option Agreement:

- (a) Burey is granted an exclusive option (Richmond Option) to purchase a 90% interest in the Richmond Tenement (Option Interest) at any time up to July 2012 (**Option Period**).
- (b) In consideration of the Richmond Option, Burey must pay \$25,000 to William Richmond (**Richmond**) on each anniversary of the execution of the Richmond Option Agreement within the Option Period until the Option is exercised, expires or is terminated (**Annual Option Payment**).
- (c) If Burey exercises the Richmond Option, a contract of sale arises between Richmond and Burey (Richmond Sale Contract) whereby:
 - (i) Richmond will transfer to Burey the 90% interest in the Richmond Tenement and the mining information (Richmond Interest).
 - (ii) Settlement of the Richmond Sale Contract (Settlement) will be within 7 days of exercise of the Richmond Option at which time Burey will acquire full beneficial ownership of the Richmond Interest.
 - (iii) Upon settlement, Burey must pay cash consideration to Richmond that could vary between \$700,000 and \$1,500,000 dependent upon the spot price of uranium (per pound) as follows:

| Uranium Spot Price | Amount to be paid |
|---------------------------|--------------------------|
| Less than US\$25 | \$700,000 |
| US\$25 to US\$30 | \$850,000 |
| US\$30 to US\$35 | \$1,000,000 |
| US\$35 to US\$40 | \$1,150,000 |
| US\$40 to US\$50 | \$1,300,000 |
| Greater than US\$50 | \$1,500,000 |

- (d) Subject to Burey maintaining the Richmond Tenement in good standing, it:
 - (i) has sole and exclusive possession of the mining information from the date of execution of the Richmond Option Agreement; and
 - (ii) has exclusive possession of the Richmond Tenement;
 - (iii) may conduct and manage exploration on the Richmond Tenement; and
 - (iv) may exercise all rights that the registered and beneficial holder of the Richmond Tenement may hold.
- (e) Upon exercise of the Richmond Option, the Jailor Bore Joint Venture Agreement (already executed) between Burey and Richmond will become effective for the purposes of exploring, and if warranted, developing and mining the Richmond Tenement for uranium (Richmond Joint Venture). Burey will manage the Richmond Joint Venture. Richmond's 10% interest in the Richmond Joint Venture is free-carried to the commencement of mining operations.

- (f) At the election of Richmond (at any time) the Option Interest may be amended to reduce it from 90% to 30% - ie Burey would then only be able to acquire a 30% interest in the Richmond Joint Venture. If, the Richmond Option Agreement is amended to reduce Burey's interest to 30%, the amount payable under paragraph (c) (ii) above and each Annual Option Payment payable in the Option Period subsequently will each be reduced by two thirds. Also, in this case, Burey's 30% interest in the Richmond Joint Venture will be free-carried until the decision to proceed with the development and commissioning of mining and mineral processing operations on the joint venture area. If Richmond makes the election referred to in this paragraph, Richmond shall be the manager of the Richmond Joint Venture.

Seven Tenements Joint Venture Agreement

The Seven Tenements Joint Venture Agreement between Burey and Richmond is in relation to seven tenements, listed on Appendix 1. Each party has a 50% participating interest and the agreement has standard industry terms. If either party is diluted to 5%, then that 5% interest shall be free carried until a decision to mine is made.

Kintyre East Uranium Project Joint Venture

KBRL and Redport Limited (ACN 061 559 840) (**Redport**) entered into an unincorporated joint venture in respect of exploration for uranium in the Kintyre East area of Western Australia (**Kintyre East Joint Venture**). No formal agreement was prepared by those parties. An emailed Letter of Understanding between KBRL and Redport dated 16 September 2005 (**Kintyre East Letter**) outlines the parameters of the joint venture.

Following the acquisition of KBRL's uranium assets as detailed in this announcement, Burey now replaces KBRL in this joint venture with Redport.

The tenements the subject of this joint venture are detailed on Appendix 1 (all tenement areas are presently under application).

Each party has a 50% interest in the joint venture and the underlying tenements. Redport will manage the Kintyre East Joint Venture upon grant of the tenements.



Ron Gajewski
Chairman

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The information in this update that relates to exploration results is based on information compiled by Mr Mohan Varkey who is a Fellow of the Australian Institute of Geoscientists. Mr Varkey, a self employed consultant, has sufficient relevant experience in respect of the style of mineralization, the type of deposit under consideration and the activity being undertaken to qualify as a Competent Person within the definition of the 2004 Edition of the AusIMM's "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Varkey consents to the inclusion in this report of the matters that are based on his information in the form and context in which it appears.

Appendix 1
List of mineral interests acquired from Kalgoorlie Boulder Resources Ltd

| Tenement Number | Burey's Interest | Notes |
|---------------------------|-------------------------|--------------|
| EL 09/1224 | 50% | 1 |
| EL 09/1225 | 50% | 1 |
| EL 09/1226 | 50% | 1 |
| EL 52/1889 | 50% | 1 |
| EL 09/1180 | - | 2 |
| EL 3687 (SA) | 100% | |
| EL 3656 (SA) | 100% | |
| EL 3657 (SA) | 100% | |
| EL 3658 (SA) | 100% | |
| EL 3659 (SA) | 100% | |
| EL 3660 (SA) | 100% | |
| EL 3661 (SA) | 100% | |
| EL 3662 (SA) | 100% | |
| EL 3663 (SA) | 100% | |
| EL 3664 (SA) | 100% | |
| EL 3665 (SA) | 100% | |
| EL 3524 (SA) | 100% | |
| Application Number | | |
| ELA 09/1244 | 50% | 1 |
| ELA 09/1304 | 50% | 1 |
| ELA 09/1305 | 50% | 1 |
| ELA 08/1551 | 100% | |
| ELA 09/1306 | 100% | |
| ELA 09/1307 | 100% | |
| ELA 45/2789 | 50% | 3 |
| ELA 45/2790 | 50% | 3 |
| ELA 45/2791 | 50% | 3 |
| ELA 45/2792 | 50% | 3 |

Note 1: These tenements and applications comprise the Seven Tenements Joint Venture between Burey and William Richmond. Each joint venturer has a 50% participating interest.

Note 2: EL 09/1180 is the Jailor Bore property, which is beneficially held by William Richmond ("Richmond"). Burey has the sole right to explore the property and has an option to acquire a 90% interest in the tenement, by making cash payments. Richmond has the right to issue a notice at any time, as a result of which Burey would be able to acquire a 30% interest (as opposed to 90%) with Richmond retaining 70% - in that case, Burey's 30% interest is free carried until the decision to proceed with the development and commissioning of mining and mineral processing operations.

Note 3: Burey and Redport Limited have formed a 50/50 unincorporated joint venture (Kintyre East Joint Venture) in respect of exploration for uranium in the Kintyre East area of Western Australia).