

Burey Gold Limited

and its controlled entities

(ABN 14 113 517 203)

Half Year Report
31 December 2010

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DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity, comprising Burey Gold Limited (the "Company") and its controlled entities (collectively "Burey" or the "Burey Group") for the half year ended 31 December 2010. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Ron Norbert Gajewski	Non-executive Chairman
Bruce Stainforth	Managing Director
Nigel Munro Ferguson	Part-time Executive director
Susmit Mohanlal Shah	Non-executive director
Kevin Peter Thomson (appointed 23 February 2011)	Non-executive director

Results

The consolidated loss for the half year after tax was \$493,186 (2009: loss \$340,501).

Review of Operations

The principal activity of the consolidated entity during the course of the financial period was acquiring and exploring mineral interests, prospective for precious metals and energy.

The half year to 31 December 2010 has been a busy period for the Company with a focus on planning and preparation of drill programs in the early part of the period followed by commencement of drilling at the Balatindi Project in late September 2010 and closed with the Balatindi diamond drill program still in progress.

Balatindi Licence (Earning 75%; Government 15% + Vendor 10%)

Following the signing of a drill contract and essential logistical arrangements, access tracks and drill pads were completed by mid September and diamond drilling commenced in the last week of September, 2010. The plan was for an initial phase of some 2,000 metres of diamond core drilling, to test the potential of the large polymetallic anomalism (incl Au, Cu, U) outlined by soil sample interpretation and the mapping undertaken in prior periods at Balatindi.

By the close of the half year period, seven diamond core drill holes had been completed for a total of 2,414.1 metres. Drilling progress was disrupted in late November and December due to logistical constraints during the Presidential run-off election process in Guinea, however the logging crew managed to continue with the logging and core cutting process throughout. Subsequent to the period end, 3 further holes were completed for a total of 10 holes and a total of just under 3,500 metres.

All holes were HQ core holes, inclined at an angle of 10° off vertical on an azimuth of 180° (true). Initially designed with a nominal target depth of 150m to 200m, all holes surpassed these depths as a direct result of a perceived persistence in zones of disseminated magnetite and copper sulphide mineralisation in all holes.

The holes form part of a pattern designed to confirm the geometry and tenor of a gold enriched cap to an otherwise polymetallic mineralised setting, which Burey has conjectured to be evident from the recovered portions of the historic Mining Italiana drill results.

Dion-Koulai (Burey 68%; Government 15%; Vendor 17%)

In prior periods, Burey had completed a systematic first-pass field programme, mapping geology ground radiometric data and collecting coincident soil samples. A total of 700 line-kilometre of traverse (>7,000 sample locations were visited) was completed by the end of this first pass programme early in June, 2010.

Review of Operations - continued

During this half year, exploration activity was limited to the interpretation of the first-pass field programme results. No area of strongly anomalous gold-in-soil was indicated by the soil sample assay results. However, Burey is greatly encouraged by the measured strength, breadth and persistence of the domain of Total Count (TC) radiometric results.

With significant results returned by Burey's first pass radiometric/field mapping programme and with an appreciation of the point that this area has never been subject to drilling, Dion-Koulai presents an opportunity for a significant green-fields discovery. Consequently, during the period, Burey exercised its option to acquire an 80% interest in the Dion-Koulai licence (prior to adjusting for the Government's 15% interest).

In-fill radiometrics have been planned for completion by end of March 2011, with drilling (RC and diamond core) anticipated for completion before the onset of the 2011 wet season.

Mansounia Project (Burey earning 70%; Guinea Government 15%; Vendors 15%)

The prevailing wet season conditions up to October 2010 and the non-availability of both dozers and drill rigs meant that no work was carried out at this Project for the period.

However, preparation for an RC (and limited DD) drill program had been completed after the end of the half year and the rig is to be mobilised to site within days. As previously reported, the resumption of drilling at Mansounia will see:

- Exploratory drill fences across the SW extensions to a known zone of mineralisation associated with a sub-cropping mafic dyke which passes to the Southwest from the Mansounia Gold Deposit. The area has not previously been drill tested.
- The area not previously drilled, between Intermediate Creek and the two fences of very weak gold mineralisation located by Gold Fields drill holes (on a weak southern extension of the Mansounia soil anomaly) well to the NE of Sinkalimba Creek, will also be tested by a number of wide spaced infill drill fences hoping for more of the Intermediate Creek style and grade mineralisation.
- A good distance toward the SW corner of the Mansounia licence a number of holes are planned to test for gold mineralisation beneath the steep terrain surrounding "The Magnificent" sulphidic volcanic breccia outcrop.

Kossanke Licence (Burey earning 68%; Government 15%; Vendor 17%)


During the period, Burey entered into an agreement allowing it the right to secure up to an 80% right in the non-government interest of the 354km² Kossanke Licence which is considered prospective for gold mineralisation as indicated by 8km of NNE trending historical workings returning some significant gold intercepts from trenching and reverse circulation drilling along a 2km segment of the trend which include: 6 metres @ 3.5g/t gold; 3 metres @ 92g/t gold; 24 metres @ 1.73g/t gold and 4 metres @ 5.45g/t gold.

Whilst no field activities were completed at the project during the period, logistical preparations for extensional and in-fill soil sampling and geological mapping have commenced at the date of this report. RC drilling will then follow to validate interpretations of past drilling results and to test new areas once soil sample results are available.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires the auditor, BDO Audit (WA) Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on the following page.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306 (3) of the Corporations Act 2001, and on behalf of the Board by:



Ron Gajewski
Chairman
Dated: 16th March 2011

The information in this report that relates to exploration results is based on information compiled by Mr Bruce Stainforth who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Stainforth, a Director and full-time employee of the Company, has sufficient relevant experience in respect of the style of mineralisation, 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 Stainforth 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.

16 March 2011

The Directors
Burey Gold Ltd
30 Ledger Road
BALCATTWA WA 6021

Dear Sirs,

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF BUREY GOLD LTD

As lead auditor of Burey Gold Ltd for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Burey Gold Ltd and the entities it controlled during the period.



Chris Burton
Director



BDO Audit (WA) Pty Ltd
Perth, Western Australia

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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	Notes	Consolidated	
		31 December 2010 \$	31 December 2009 \$
Revenue from continuing operations		67,255	25,127
Consultants and corporate costs		(202,355)	(145,789)
Salaries and wages		(40,900)	(21,277)
Depreciation expense		(2,601)	(3,106)
Exploration expenses written off		-	(15,014)
Occupancy expenses		(31,952)	(16,284)
Travel expenses		(16,979)	(22,898)
Share based payments expense	2	(122,018)	(135,306)
Other expenses	2	(143,636)	(5,954)
Loss before related income tax expense		(493,186)	(340,501)
Income tax (expense) / benefit		-	-
Loss for the half year		(493,186)	(340,501)
Other comprehensive income / (loss)			
Exchange differences on translation of foreign operations		(859,351)	(461,288)
Total comprehensive income / (loss) for the half year attributable to members of Burey Gold Limited		(1,352,537)	(801,789)
Earnings per share			
Basic loss per share (cents per share)		(0.25)	(0.30)

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

		Consolidated	
	Notes	31 December 2010 \$	30 June 2010 \$
Assets			
Current Assets			
Cash and cash equivalents		7,154,757	2,372,547
Trade and other receivables		170,090	78,516
Total Current Assets		<u>7,324,847</u>	<u>2,451,063</u>
Non-Current Assets			
Property, plant and equipment		77,241	94,833
Deferred exploration and evaluation expenditure	3	5,345,496	4,816,122
Total Non-Current Assets		<u>5,422,737</u>	<u>4,910,955</u>
Total Assets		<u>12,747,584</u>	<u>7,362,018</u>
Liabilities			
Current Liabilities			
Trade and other payables		480,893	157,110
Total Current Liabilities		<u>480,893</u>	<u>157,110</u>
Total Liabilities		<u>480,893</u>	<u>157,110</u>
Net Assets		<u>12,266,691</u>	<u>7,204,908</u>
Equity			
Contributed equity	4	17,794,822	11,502,520
Reserves		229,767	967,100
Accumulated losses		(5,757,898)	(5,264,712)
Total Equity		<u>12,266,691</u>	<u>7,204,908</u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	Contributed Equity	Accumulated Losses	Option Premium Reserve	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2009	8,115,693	(4,768,802)	1,017,465	60,866	4,425,222
Total comprehensive income for the half year					
Loss for the half-year	-	(340,501)	-	-	(340,501)
<i>Other comprehensive income</i>					
Exchange differences on translation of foreign operations	-	-	-	(461,288)	(461,288)
Total comprehensive income for the half year	-	(340,501)	-	(461,288)	(801,789)
Transactions with equity holders in their capacity as equity holders					
Shares issued during the half year	2,125,000	-	-	-	2,125,000
Share issue costs	(138,676)	-	-	-	(138,676)
Share based payments expense	-	-	135,306	-	135,306
	1,986,324	-	135,306	-	2,121,630
Balance at 31 December 2009	10,102,017	(5,109,303)	1,152,771	(400,422)	5,745,063
Balance at 1 July 2010	11,502,520	(5,264,712)	1,174,532	(207,432)	7,204,908
Total comprehensive income for the half year					
Loss for the half-year	-	(493,186)	-	-	(493,186)
<i>Other comprehensive income</i>					
Exchange differences on translation of foreign operations	-	-	-	(859,351)	(859,351)
Total comprehensive income for the half year	-	(493,186)	-	(859,351)	(1,352,537)
Transactions with equity holders in their capacity as equity holders					
Shares issued during the half year	6,532,639	-	-	-	6,532,639
Unallocated share capital (see Note 4)	6,176	-	-	-	6,176
Share issue costs	(246,513)	-	-	-	(246,513)
Share based payments expense	-	-	122,018	-	122,018
	6,292,302	-	122,018	-	6,414,320
Balance at 31 December 2010	17,794,822	(5,757,898)	1,296,550	(1,066,783)	12,266,691

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Consolidated	
	31 December	31 December
	2010	2009
	\$	\$
	Inflows/(Outflows)	
Cash flows from operating activities		
Payments to suppliers and employees	(328,066)	(268,758)
Interest received	43,162	15,556
(Increase) / decrease to security deposit	1,236	(635)
Net cash provided by/(used in) operating activities	<u>(283,668)</u>	<u>(253,837)</u>
Cash flows from investing activities		
Payments for plant and equipment	(13,916)	(1,779)
Payments for exploration expenditure	(956,644)	(482,166)
Payments for acquisitions	(94,253)	(28,122)
Reimbursement from joint venture partner	-	10,000
Loans to other entities	-	(64,736)
Net cash provided by/(used in) investing activities	<u>(1,064,813)</u>	<u>(566,803)</u>
Cash flows from financing activities		
Proceeds from issue of shares	6,538,815	2,125,000
Payment for share issue costs	(264,550)	(138,676)
Net cash provided by/(used in) financing activities	<u>6,274,265</u>	<u>1,986,324</u>
Net increase in cash held	4,925,784	1,165,684
Cash and cash equivalents at 1 July	2,372,547	240,265
Effect of exchange rate changes	(143,574)	(5,953)
Cash and cash equivalents at 31 December	<u><u>7,154,757</u></u>	<u><u>1,399,996</u></u>

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****Statement of compliance**

The interim consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB').

These half-year financial statements do not include full disclosures of the type normally included in an annual financial statement. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial statements.

It is recommended that these half-year financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2010 and any public announcements made by Burey Gold Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

These half-year financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim financial statements, the half-year has been treated as a discrete reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

Significant accounting judgments and key estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these half year financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statement for the year ended 30 June 2010.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2010, the Group has reviewed all of the new and revised Standards and interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2010. As a result of this review the Directors have determined that there is no change necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2010. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

NOTE 2: (LOSS)/ PROFIT BEFORE INCOME TAX EXPENSE

	Consolidated	
	31 December 2010	31 December 2009
	\$	\$

The following revenue and expense items are relevant in explaining the financial performance for the half-year:

Exchange rate variation on foreign cash on hand	143,574	5,953
Share based payment expense	122,018	135,306

During the half-year to 31 December 2010, the consolidated entity has recognised an expense of \$122,018 (2009: \$135,306) in relation to the calculated fair value of options over ordinary shares in the Company granted and vesting in the period.

NOTE 3: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2010	30 June 2010
	\$	\$

Costs carried forward in respect of areas of interest:

Exploration and evaluation phase – at cost

Balance at 1 July	4,816,122	4,177,660
Acquisition costs	138,586	50,012
Expenditure incurred	1,242,743	832,432
Exploration expenditure written off	-	(16,086)
Foreign currency translation differences	(851,955)	(227,896)
Total deferred exploration and evaluation expenditure	<u>5,345,496</u>	<u>4,816,122</u>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

The consolidated 30 June 2010 balances are for the year ended 30 June 2010.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

NOTE 4: CONTRIBUTED EQUITY

	31 December 2010 \$	30 June 2010 \$
<i>(a) Ordinary shares</i>		
Issued and fully paid		
245,621,791 (30 June 2010: 174,969,003)	17,794,822	11,502,520
	\$	\$
<i>Movements in ordinary shares on issue</i>		
Balance at 1 July	11,502,520	8,115,693
Placement issue of 85m shares at 2.5 cents July/August 2009	-	2,125,000
Placement issue of 34.8m shares at 4 cents each	-	1,392,000
Placement issue of 60m shares at 10 cents each	6,000,000	-
Shares issued on conversion of options	532,639	30,000
Unallocated share capital (see Note (i))	6,176	-
Share issue expenses	(246,513)	(160,173)
Balance at 31 December / 30 June	17,794,822	11,502,520

Note (i). Funds were received for the exercise of 123,515 BYRO options to shares prior to half year end. The shares were not allotted until 10 January 2011.

(b) Share Options

Options to subscribe for ordinary shares in the Company have been granted as follows:

Exercise Period	Exercise Price	Opening Balance 1 July 2010 <i>Number</i>	Options Issued 2010 <i>Number</i>	Options Exercised/ Cancelled/ Expired 2010 <i>Number</i>	Closing Balance 31 December 2010 <i>Number</i>
On or before 30 June 2011	\$0.05	84,400,000	-	(10,602,788)	73,797,212
On or before 30 June 2011	\$0.05	34,800,000	-	-	34,800,000
On or before 31 December 2012	\$0.05	6,500,000	-	-	6,500,000
On or before 31 December 2012	\$0.05	760,000	-	(50,000)	710,000
On or before 31 March 2013	\$0.15	-	2,500,000	-	2,500,000
On or before 31 March 2014	\$0.20	-	2,500,000	-	2,500,000
On or before 16 October 2013	\$0.35	-	470,000	-	470,000
On or before 31 March 2013	\$0.20	-	750,000	-	750,000
		126,460,000	6,220,000	(10,652,788)	122,027,212

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

NOTE 5: SEGMENT INFORMATION

Management has determined that the Group has one reportable segment, being mineral exploration in Africa. As the Group is focused on mineral exploration, the Board monitors the Group based on actual versus budgeted exploration expenditure incurred by area of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

	31 December 2010 \$	31 December 2009 \$
Revenue from external sources	-	-
Reportable segment loss	(18,271)	(22,713)
Reconciliation of reportable segment profit or loss		
Reportable segment loss	(18,271)	(22,713)
Other revenue / income	67,255	25,127
Unallocated:		
Corporate expenses	(542,170)	(342,915)
Loss before tax	<u>(493,186)</u>	<u>(340,501)</u>
	31 December 2010 \$	30 June 2010 \$
Reportable segment assets	12,747,585	7,362,018

NOTE 6: NON-CASH FINANCING AND INVESTING ACTIVITIES

There have been no non-cash financing and investing activities during the half year ended 31 December 2010.

NOTE 7: CONTINGENT ASSETS AND LIABILITIES

There has been no material change in any contingent assets or contingent liabilities since the last annual reporting date.

NOTE 8: EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances that have arisen since 31 December 2010 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial periods.

NOTE 9: DIVIDENDS

No dividends have been declared during the period.

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DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Burey Gold Limited we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that Burey Gold Limited will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001, and on behalf of the Board by:



Ron Gajewski
Chairman

16th March 2011

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BUREY GOLD LTD

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Burey Gold Ltd, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Burey Gold Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Burey Gold Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Burey Gold Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO Audit


Chris Burton
Director

Signed in Perth, Western Australia
Dated this 16th day of March 2011

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