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Burey Gold Limited

and its controlled entities

(ABN 14 113 517 203)

**Half Year Report
31 December 2013**

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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 "Group") for the half year ended 31 December 2013. 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 noted below. Directors were in office for this entire period unless otherwise stated.

Ron Norbert Gajewski	Non-executive Chairman
Klaus Peter Eckhof	Managing Director
Susmit Mohanlal Shah	Non-executive director
Kevin Peter Thomson	Non-executive director

Results

The consolidated loss for the half year after tax was \$6,915,212 (2012: \$540,400). The loss for the half year has been impacted by a post period-end decision to withdraw from the Kossanke and Celein projects, as a result of which exploration expenditure on the two projects has been fully written off. The Company has also recognised a write down in the carrying value of the Mansounia Gold Project.

Review of Operations

Balatindi Project (Burey earning 75%, Government 15%, Vendor 10%)

The Balatindi Project is located in east Guinea within a broad tectono-magmatic belt that lies immediately south of the Siguri basin which is highly prospective for gold. Two mineralised domains are observed at Balatindi: Gold/copper-dominated mineralisation within the Central Polymetallic Prospect (CPP) which lies immediately north of an interpreted east-west trending thrust fault, and uranium/copper-dominated mineralisation south of the thrust at Anomaly E. The CPP and Anomaly E prospects are shown in Figure 1.

During the half-year period, MSA Group (Pty) Ltd of Johannesburg, South Africa completed a high level independent review of the geological model which Burey likened to typical IOCGU-style (iron oxide, copper, gold, uranium) mineralisation and the mineralised potential of the project. MSA concluded that although the geochemical association of mineralisation is typical of IOCGU-type deposits, such as the 26Moz Boddington deposit in Western Australia, the iron content is low and other characteristic features of the IOCGU model were lacking. In addition, the interpreted geological setting of the mineralisation within a tectono-magmatic belt adjacent to an interpreted active margin represents a classic setting for porphyry deposits. MSA's interpreted model for mineralisation at Balatindi therefore represents a hybrid between IOCGU and porphyry-type deposits. Following the period end, MSA has carried out a site visit and its report is awaited prior to finalising plans for a 22hole, 3,000m broad-spaced RC drilling programme.

All samples from Anomaly E that reported anomalous uranium results are in the process of being assayed for copper. Results are expected during the first quarter of 2014.

In the latter part of the half-year period, detailed structural logging was carried out on six diamond holes from past drilling. The study concluded that structural measurements on the core were consistent with surface measurements and that holes were drilled sub-parallel to the general foliation/structural trend (northwest-southeast and dipping to the south) at Balatindi.

The Balatindi license renewal has now been completed.

DIRECTORS' REPORT (continued)

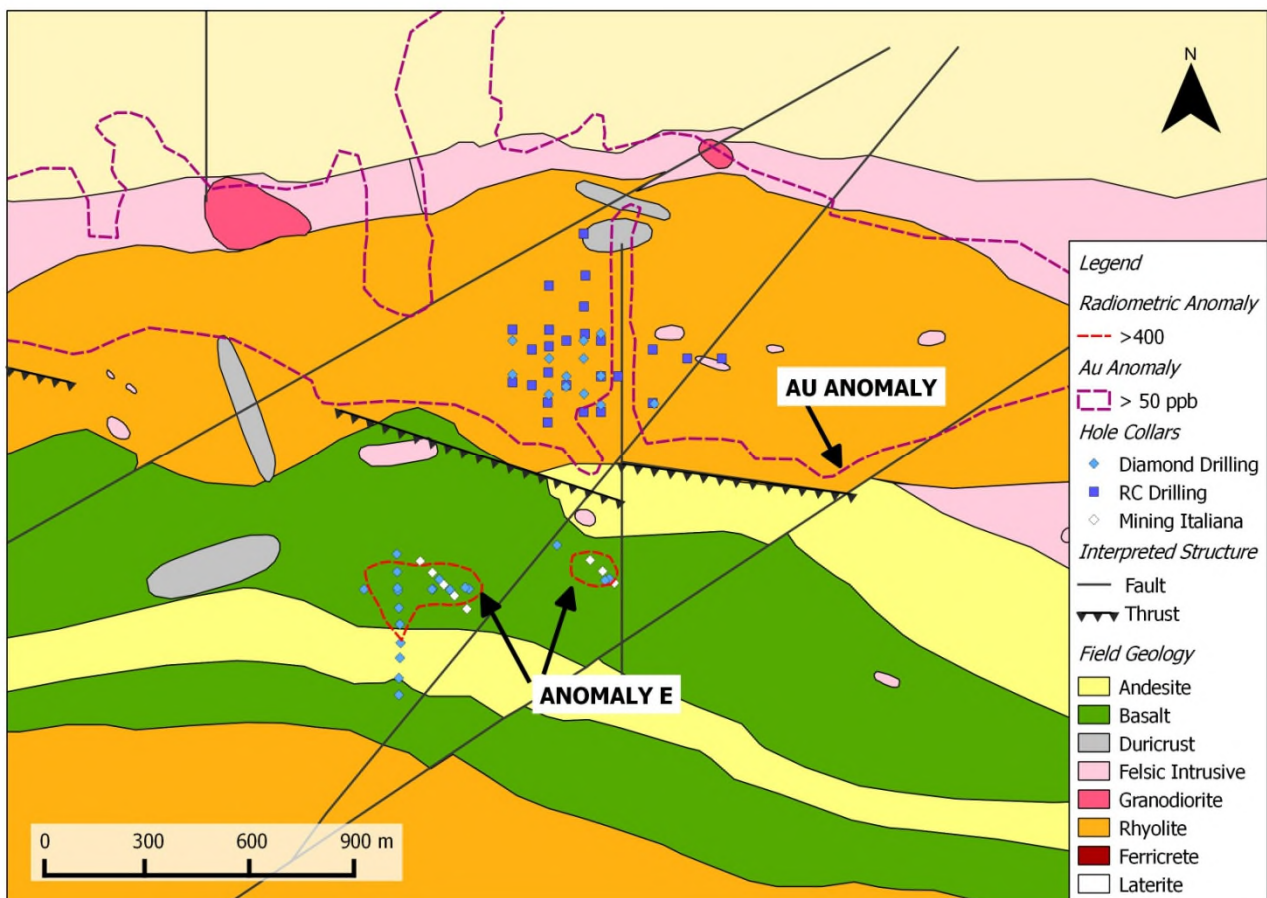


Figure 1: Balatindi Local Geology with Gold Soil Anomaly and Radiometric Anomaly E, and drill collars

Kossanke And Celein Licences

The Kossanke and Celein project area is located in the northern portion of Guinea's gold-rich Mandiana District of the Lower Proterozoic (Birimian) Siguri Basin. Goldfield's 1.46Moz @ 2.62g/t Yanfolilla (Komana) project is located approximately 25km southeast of Kossanke. The Mandiana district has undergone widespread artisanal mining activity since ancient times.

Significant soil anomalies (>50ppb gold) were identified from first-pass and infill soil sampling programmes on both tenements. The most significant of these anomalies is at Kossanke where coherent gold-in-soil anomalies extend over 10km in the south-western licence area. These anomalies are offset along the main north-northeast mineralised trend, probably due to movement along cross-cutting structures.

During the earlier part of the half-year period, the Company mapped and sampled two areas of intense artisanal activity at Kossanke and three areas at Celein. Sixty-seven rock-chip samples were collected and analysed from Kossanke and seven samples from Celein. Reported grades greater than 500ppb were mostly from in situ samples. At Kossanke, artisanal workings cover more than 2km from numerous parallel structures, whereas at Celein only a small portion of the gold-in-soil anomaly has been mined by local means. Mineralisation is generally associated with flat-lying structures and quartz veins, which are often closely associated with banded iron units.

Whilst both project areas have excellent potential for the discovery of significant bulk, low-grade mineralisation, the Company has, subsequent to period-end, resolved to withdraw from these project areas as part of its cost reduction and project prioritisation efforts and in order to focus its efforts on the Balatindi Project.

DIRECTORS' REPORT (continued)

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

Mansounia is a large-tonnage, low-grade gold target with a near-surface sheet-like saprock resource located in eastern Guinea.

No additional work was carried out on the Mansounia Project during the half-year. However, the Company is continuing discussions with parties who expressed interest in jointly developing the Mansounia Gold Project and in conducting further exploration to delineate additional resources.

Corporate

The Company continues to review exploration data from several parties to assess potential new project opportunities. All discussions are currently at a preliminary stage.

The Company continues to review its operational and corporate cost structures both in West Africa and at its Head Office. In light of the continued difficult market conditions for junior exploration companies, the Board is committed to reducing its operating expenditures where possible.

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: 13 March 2014

COMPETENT PERSON'S STATEMENT

The information reported above relating to Mineral Resources and Exploration Results was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to Mineral Resources and Exploration Results is based on, and fairly represents, information and supporting documentation compiled by Mr Klaus Eckhof. Mr Eckhof is the Managing Director of Burey Gold Limited. Mr Eckhof 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'. Mr Eckhof consents to the form and context in which the Exploration Results and estimates of Mineral Resources and the supporting information are presented in this report.

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

As lead auditor for the review of Burey Gold Limited for the half-year ended 31 December 2013, 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 Limited and the entities it controlled during the period.



Chris Burton
Director

Perth, 13 March 2014

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	Notes	Consolidated	
		31 December 2013 \$	31 December 2012 \$
Revenue from continuing operations		25,383	131,886
Consultants and corporate costs		(101,690)	(180,155)
Salaries, wages and employment expenses		(125,925)	(169,477)
Depreciation expense		(3,081)	(2,753)
Exploration expenses written off		(6,617,913)	(9,700)
Occupancy expenses		(37,812)	(44,674)
Travel expenses		(13,242)	(27,423)
Share based payments expense	2	(85,256)	(224,818)
Other expenses	2	44,324	(13,286)
Loss before related income tax expense		(6,915,212)	(540,400)
Income tax (expense) / benefit		-	-
Net Loss for the half year		(6,915,212)	(540,400)
Other comprehensive income / (loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		122,254	(211,479)
Total comprehensive income / (loss) for the half year attributable to members of Burey Gold Limited		(6,792,958)	(751,879)
Loss per share for the half year attributable to members of Burey Gold Limited			
Basic loss per share (cents per share)		(1.95)	(0.15)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Notes	Consolidated	
		31 December 2013 \$	30 June 2013 \$
Assets			
Current Assets			
Cash and cash equivalents		2,631,371	3,666,652
Other receivables		50,386	63,043
Total Current Assets		2,681,757	3,729,695
Non-Current Assets			
Other receivables		20,125	20,125
Property, plant and equipment		56,338	65,534
Exploration and evaluation expenditure	4	6,762,454	12,552,315
Total Non-Current Assets		6,838,917	12,637,974
Total Assets		9,520,674	16,367,669
Liabilities			
Current Liabilities			
Trade and other payables		109,012	248,305
Total Current Liabilities		109,012	248,305
Total Liabilities		109,012	248,305
Net Assets		9,411,662	16,119,364
Equity			
Contributed equity	5	23,142,488	23,142,488
Reserves		2,834,450	2,626,940
Accumulated losses		(16,565,276)	(9,650,064)
Total Equity		9,411,662	16,119,364

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	Contributed Equity	Accumulated Losses	Option Premium Reserve	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2012	23,142,488	(6,856,191)	1,984,995	(995,063)	17,276,229
Total comprehensive income for the half year					
Loss for the half-year	-	(540,400)	-	-	(540,400)
<i>Other comprehensive income</i>					
Exchange differences on translation of foreign operations	-	-	-	(211,479)	(211,479)
Total comprehensive loss for the half year	-	(540,400)	-	(211,479)	(751,879)
Transactions with equity holders in their capacity as equity holders					
Share based payments expense	-	-	224,818	-	224,818
	-	-	224,818	-	224,818
Balance at 31 December 2012	23,142,488	(7,396,591)	2,209,813	(1,206,542)	16,749,168
Balance at 1 July 2013	23,142,488	(9,650,064)	2,310,572	316,368	16,119,364
Total comprehensive income for the half year					
Loss for the half-year	-	(6,915,212)	-	-	(6,915,212)
<i>Other comprehensive income</i>					
Exchange differences on translation of foreign operations	-	-	-	122,254	122,254
Total comprehensive loss for the half year	-	(6,915,212)	-	438,622	(6,792,958)
Transactions with equity holders in their capacity as equity holders					
Share based payments expense	-	-	85,256	-	85,256
Balance at 31 December 2013	23,142,488	(16,565,276)	2,395,828	438,622	9,411,662

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	Consolidated	
	31 December	31 December
	2013	2012
	\$	\$
	Inflows/(Outflows)	
Cash flows from operating activities		
Payments to suppliers and employees	(279,789)	(393,549)
Interest received	26,721	163,663
Net cash used in operating activities	<u>(253,068)</u>	<u>(229,886)</u>
Cash flows from investing activities		
Payments for plant and equipment	-	(19,416)
Payments for exploration expenditure	(826,538)	(2,325,728)
Net cash used in investing activities	<u>(826,538)</u>	<u>(2,345,144)</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	-
Payment for share issue costs	-	-
Net cash provided by financing activities	<u>-</u>	<u>-</u>
Net decrease in cash held	(1,079,606)	(2,575,030)
Cash and cash equivalents at 1 July	3,666,652	7,472,006
Effect of exchange rate changes	44,325	(13,286)
Cash and cash equivalents at 31 December	<u>2,631,371</u>	<u>4,883,690</u>

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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 annual financial statements. 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 2013 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 2013.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2013, 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 2013. As a result of this review the Directors have determined that there is no change necessary to Group accounting policies. From 1 July 2013 the Group applied AASB 13 Fair Value Measurement. The Group has reassessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurements of assets and liabilities. AASB 13 also requires additional disclosures (refer to Note 3). Application of AASB 13 has not materially impacted the fair value measurements of the Group.

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 2013. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

NOTE 2: EXPENSES

Consolidated	
31 December 2013	31 December 2012
\$	\$

Loss includes the following specific expenses:

Foreign exchange (gain)/loss	(44,324)	13,286
Share based payment expense	85,256	224,818

During the half-year to 31 December 2013, the consolidated entity has recognised an expense of \$85,256 (2012: \$224,818) in relation to the calculated fair value of options over ordinary shares in the Company vesting in the period. The 30 June 2013 annual report has all the disclosures surrounding the calculation methodology.

NOTE 3: FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Due to their short term nature, the carrying amounts of current receivables and current payables are assumed to approximate their fair values.

NOTE 4: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

31 December 2013	30 June 2013
\$	\$

Costs carried forward in respect of areas of interest:

Exploration and evaluation phase – at cost

Balance at 1 July	12,552,315	9,816,261
Expenditure incurred	688,127	3,393,819
Exploration expenditure written off	(6,617,913)	(1,942,967)
Foreign currency translation differences	139,925	1,285,202
Total exploration and evaluation expenditure	6,762,454	12,552,315

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

NOTE 5: CONTRIBUTED EQUITY

	31 December 2013	30 June 2013
	\$	\$
(a) <i>Ordinary shares</i>		
Issued and fully paid (i)		
354,219,003 (30 June 2013: 354,219,003)	23,142,488	23,142,488

(i) *There was no movement in ordinary shares on issue for the half-year period.*

(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 2013 <i>Number</i>	Options Issued 2013 <i>Number</i>	Options Exercised/ Cancelled/ Expired 2013 <i>Number</i>	Closing Balance 31 December 2013 <i>Number</i>
1 January 2012 - 31 March 2014	\$0.20	2,500,000	-	-	2,500,000
17 November 2011 - 16 October 2013	\$0.35	470,000	-	(470,000)	-
6 February 2013 – 6 February 2015	\$0.08	6,000,000	-	-	6,000,000
6 February 2014 – 6 February 2015	\$0.12	6,000,000	-	-	6,000,000
		14,970,000		(470,000)	14,500,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

NOTE 6: 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 2013 \$	31 December 2012 \$
Revenue from external sources	-	-
Reportable segment loss	(6,525,704)	(26,100)
Reconciliation of reportable segment profit or loss		
Reportable segment loss	(6,525,704)	(26,100)
Other revenue / income	25,383	131,886
Unallocated:		
Corporate expenses	(414,891)	(646,186)
Loss before tax	<u>(6,915,212)</u>	<u>(540,400)</u>
Reportable segment assets	<u>9,520,673</u>	<u>12,119,894</u>

NOTE 7: NON-CASH FINANCING AND INVESTING ACTIVITIES

There have been no non-cash financing and investing activities during the half year ended 31 December 2013.

NOTE 8: CONTINGENT ASSETS AND LIABILITIES

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

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances that have arisen since 31 December 2013 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial periods.

NOTE 10: DIVIDENDS

No dividends have been declared during the period.

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 2013 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 other mandatory professional reporting requirements.
- (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

13 March 2014

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Burey Gold Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated 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 company 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 company 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 internal 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 half-year 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 2013 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 Limited, 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 Limited, would be in the same terms if given to the directors as at the time of this auditor's review 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 Limited 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 2013 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


Chris Burton

Partner

Perth, 13th March 2014

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