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BUREY EXECUTES AGREEMENT TO SECURE UP TO 80% OF THE KOSSANKE LICENCE, GUINEA

Highlights

Burey Gold Limited (ASX:BYR “**Burey**”) is pleased to announce that it has executed an agreement with local company, Societe Nonsimba Gold Fields sarl, which will allow Burey to secure an interest of up to 80% in the Kossanke Licence, Mandiana Prefecture, Guinea.

The Company believes the Kossanke Licence ground to be highly prospective for gold mineralisation due to:

- its favourable geological setting, which is reinforced by its long history of artisanal gold mining activity;
- the encouraging exploration findings made more recently during what was a period of depressed commodity prices; and
- the inclusion of additional prospective ground not yet tested in the modern era.

The Kossanke Licence (KL) contains numerous extensive primary, laterite and elluvial gold workings; a line of gold prospects along some 8km of NNE trending strike; and a wealth of significant gold in soil anomalies each generally cover some km’s of strike. Further equally prospective ground, previously not availed for modern testing, is now included within the licence and has yet to be inspected for additional indications of gold mineralisation.

Modern exploration carried out along part of the above mentioned 8km of NNE trending workings returned some significant gold intercepts from trenching and reverse circulation drilling along a 2km section which include:

8 metres @ 2.64g/t gold; 6 metres @ 3.5g/t gold; 3 metres @ 92g/t gold; 24 metres @ 1.73g/t gold; 30 metres @ 1.73g/t gold and 4 metres @ 5.45g/t gold.

Further exploration work will be required by Burey to affirm the tenor and width of this promising and persistent mineralised trend.

Prospectivity for Gold Mineralisation

The KL is located within the highly prospective Paleao-Proterozoic Siguri Basin which hosts numerous ancient artisanal gold districts and has in recent years become the favoured setting within which to secure tenure and explore for gold in Guinea. Current explorers of the basin include

Newmont, Cassidy Gold, Crew Gold, AngloGold Ashanti, SEMAFO, Wega Mining, Burey, Gold Fields (previously in Guinea and now exploring the very promising Komana property along the border in Mali 30km directly east of the Kossanke Licence).

There are several significant gold mining operations within the Siguri Basin - including the world class 25Moz Siguri Gold Mine (65km to the ENE of the KL) operated by AngloGold Ashanti, the Lero mine of Crew Gold in the west of the basin and the smaller +1Moz Kiniero operation managed by SEMAFO on the Siguri Basin's southern margin.

Within the KL, the regional geological trend has been interpreted by Burey staff using regional magnetics and limited mapping to have a generally N-S formational strike- developed in broad basin domains of fine grained (distal facies) sediment and tuff separated by long narrow steep sided belts of andesitic to basaltic lavas and volcano-clastics. Regional compression appears to be E-W and the metamorphic grade inferred to be that of lower greenschist facies.

Burey's technical team is encouraged by the favourable structural setting of the KL and rate its prospectivity highly. This rating is afforded by the recognition of the strong formational contrasts (competence) evident in the aeromagnetic data and the offsets (sinistral), to the NE trending line of mineralisation caused during relaxation on the regionally significant transfer fault array which traverses the KL. Such major transfer fault systems are essential, in Burey's view, in the development of the world class gold deposits in West Africa.

Agreement Terms

Burey has the right to earn an initial 60% interest in the KL by sole funding exploration expenditure for an aggregate amount of US\$2 million. By continuing to sole fund exploration to conclusion of a positive feasibility study, Burey's interest will increase to 80%. Thereafter, Burey has the right to acquire 15% from the licence holder's 20% and the licence holder can elect to retain a free carried interest of 5% or convert that to a royalty interest (Burey's percentage interests are before taking into account the Guinea Government's statutory 15% interest at the mining stage).

LICENCE DETAILS

Location, Description and Access

The Kossanke Licence ("KL"), held by local company Societe Nonsimba Gold Fields sarl, is located in the Prefecture of Mandiana, Haute Guinee near to the Mali border. The KL covering an area of some 354km² is located along and immediately west of the Fie River (a minor tributary of the NE flowing Niger River upstream of the Niger's confluence with the mighty Sankorani River) and, for, part extends to the Mali-Guinea frontier.

The KL, which centres on the village of Siramana, is irregular in shape but approximates that of a N-S rectangle with its SE quadrant (that portion of the quadrant east of the Fie River) removed.

Siramana is located some 65km SE of Anglo Gold Ashanti's 25Moz Siguri Mine, with Burey's regional field office located in Guinea's second city Kankan, some 120km to the SSW.

Road access to the KL area can only be gained from the south through a series of local gravel roads: travelling the Kankan- Mandiana road for some 55km to reach the Kodieran town site, and thereafter travelling some 70km north to reach the KL. Access to the district is problematic during the wet months.

The KL area is largely undulating open grazing country and low savannah scrub which in part is subsistence cropped. The district is relatively lightly populated (estimated at under 30 persons per km²) by people of the Malinke ethnic group. As for much of Haute Guinee, the district about Siramana has an ancient history and culture steeped in part in locally regulated artisanal alluvial gold mining activity which traditionally contributes to the annual subsistence income of the local village families.

Regional Geological Setting

The KL lies central to the eastern sector of the extensive (250+km diameter) prospective Paleoproterozoic Siguri Basin. The Siguri Basin hosts numerous ancient artisanal gold districts and has, in recent years, become the favoured setting within which to secure tenure and explore for gold in Guinea.

The geology of the East Siguri Basin is poorly documented. The regional geological trend at KL is interpreted to be generally N-S and developed largely of broad domains of fine grained volcanic sediments and tuffs separated by elongate narrow steep sided belts of andesitic to basaltic lavas and volcano-clastics. Regional compression appears to be E-W and the metamorphic grade inferred to be that of lower greenschist facies.

Prospectivity

An array of parallel ENE-WSW fault structures impose a dextral off-set to the regional N-S geological trend. These fault structures were generated in response to the influence of an underlying regionally significant and essentially time persistent, ENE-WSW transfer fault system. Such major transfer fault systems are considered to be an essential component in the development of the world class gold deposits of West Africa. In the KL precinct the imprint of such an array of faulting can be interpreted from the development of a set of dextral deflections in the course of the Fie River, the strongest of these passing through the centre of the KL immediately to the south of Siramana village.

The small palaeoproterozoic monzo-granitoid intrusives mapped in the district are considered to be a late response to basin closure tectonics wherein the granitoids were drawn to rise diapirically into the pressure shadows developed at the steep domain change interfaces adjacent to the transfer fault system. Subsequent displacement pauses along the transfer fractures, generated over/under-pressure pulses within local pressure shadows associated with the domain changes and/or consequent in areas effectively buttressed by the newly emplaced monzo-granitoids.

This setting potentially taps and draws from a dual source of mineralised fluids to be injected and potentially mixed in successive “heal and anneal” silica flooded and/or gold bearing sheets hallmarked by a sinistral (left lateral) and sigmoidal geometry.

The angular relationship of the domain change contacts with the transfer fault system as displayed in the east Siguri Basin is conducive to optimal dilation, fluid draw and the fluid mixing essential for

the generation of world class gold deposits. Eluvial gold has been mechanically mined in recent years from the Fie River adjacent to Siramana village.

Previous Exploration

WELLS GOLD NL

The history of modern exploration commenced on a large portion of the KL when the ASX listed junior Wells Gold NL, entered into a JV over ground which was then held by local company SIMIG. A programme of surface mapping, soil sampling, trenching and a high resolution aeromagnetic survey was followed up by a limited programme of RC drilling between 1995 and 1997.

Mapping

The field mapping by Wells Gold highlights the presence of extensive and substantial artisanal workings distributed throughout the licence area. The aeromagnetic survey contracted by Wells Gold provides good quality high resolution geophysical data which clearly defines the favourable structural fabric of the licence area.

Soil Sampling

Some 7,340 soil samples were collected from non alluvial areas using a 1km x 200m grid subsequently infilled on 500m x 200m and 250m x 200m grids where indicated by artisanal workings and/or anomalous gold and arsenic assay returns.

Results returned were promising, with the soil programme suggesting the extension of the strongest soil anomalism was truncated by the N-S eastern boundary of the southern portion of the previous licence. Significantly this boundary has been extended by some 3.88km to the east and now includes the previously untested ground within the current licence.

Numerous untested occurrences of anomalous gold-in-soils are indicated by Well's soil sampling within the northern half of the licence, the geological setting of which is consistent with the structural model invoked by Burey as controlling the emplacement of gold concentrations.

Burey is encouraged by the Wells Gold results, suggesting that, by using sensible structural constraints and the detailed contouring of assay results as could be generated by an infill low-level BLEG soil sampling programme, would provide a highly beneficial guide to the placement of drill holes necessary to assess the significance of gold in the north of KL.

Trenching

Some 550m of trenching was carried out by Wells Gold in 5 trenches at three propect areas generally 1.5 to 2.0m in depth across anomalous zones located by soil sampling and/or testing artisanal workings. Trench samples suggest gold mineralization is within quartz veins, their selvages and the wall-rock. Lengths of 7.7m @ 1.9gAu/t and 6.0m @1.9gAu/t were mapped from the base of the wall of the Daoulemba trench.

Drilling

A total of 76 RC inclined (-60°) drill holes were drilled and sampled for gold. Three prospect areas, namely Kossanke, Seven Leaders and Daoulemba, were thereby preliminarily tested.

Initial assays were completed on 3m composites and those composite intervals returning >0.1ppm Au were then re-sampled metre by metre and subjected to gold determination by fire assay methods. Snowden Associates P/L provided a statistical analysis of the drill sample assay results. Substantial widths (40+m) to zones of mineralization were confirmed.

Results for this drilling are provided here in summary format only from historical data found to date.

Daoulemba Prospect

Fence 1, Hole 1 returned 8m @ 2.64g/t Au to EOH, Hole 2 returned 2m @ 7.8g/t Au;
Fence 2, hole 2 returned 6m @ 3.5g/t Au, whilst hole 4 returned 3m @ 92g/t Au and 24m @ 1.73g/t Au (or 6m @ 4.7g/t Au and 12m @ 3.8g/t Au); whilst hole 5 returned 30m @ 1.73g/t Au (including 18m @ 2.3g/t Au) and 9m @ 1.3g/t Au;
Fence 3, hole 2 showed 4m @ 5.45g/t Au and 6m @ 2.82g/t Au

Seven Leaders Prospect Fence 2 hole 1 returned 4m @ 3.25gAu/t and 7m @ 1.88gAu/t and hole 2 returned 7m @ 1.81gAu/t.

The work by Wells Gold demonstrated the potential tenor, width and persistence to mineralization in the plus 2kms of strike drilled, intersecting significant down-hole widths of mineralization and alteration which will require further interpretation and follow-up by Burey.

Planned Work Program

Burey's experienced and successful gold exploration team will plan a programme for the cost effective evaluation of the Kossanke licence. Data compilation and review has already commenced although significant parts of the data are still to be sourced.

Field mapping to ground truth reported gold occurrences, previous trenching and drill locations will be incorporated within a program of validation and infill soil sampling and careful mapping. This data will be interpreted carefully to define the phase within the structural fabric which best tapped, freed and focussed gold and so will constrain the time and cost associated with drill testing any resource and evaluation of the licence.

As with all exploration, the programmes will be results driven with each programme of work directed by indicative results of the previous. Burey have committed significant funds to the assessment process including an initial phase of some 60 RC drillholes (nom.6,000m).

Field work will commence in earnest as soon as practicable, taking into account access, vegetation cover, the annual burn-off and the programming required to dovetail with commitments on Burey's other projects. A firm drill tender for the nominal drill programme is expected to flow from Burey's current drill contract commitments.

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Chairman

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The information in this update 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 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 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.