

LUIRI GOLD LIMITED

(Incorporated in Bermuda with registration No 46884)
(ABN 139 588 926)

Annual Report
October 31,
2012

Website: www.luirigold.com

LUIRI GOLD LIMITED

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LUIRI GOLD LIMITED

CORPORATE DIRECTORY

Directors

Melissa Sturgess¹
Executive Chairman

Evan Kirby
CEO & Technical Director

Michael Langoulant¹
Chief Financial Officer/Company
Secretary

Robert Brown¹
Non-executive Director

¹ Current members of the Audit Committee.

Shareholders' Information

Stock Exchange Listing

Australian Securities Exchange

ASX Symbol: **LGM**

Share Registrar

Computershare Investor Services Pty Ltd
Perth, Western Australia, Australia

Executive Offices

Australia

Suite 2, 5 Ord Street
PO Box 368
West Perth, Western Australia
Australia 6005
Telephone: +61 8 6313-5155
Facsimile: +61 8 9324-2977

Zambia

Plot 1266, Fulwe Close
Rhodes Park, Lusaka
Zambia
Telephone: +260 1 256 752

Auditors

McGovern, Hurley, Cunningham, LLP
Toronto, Ontario

Legal Counsel

Australia

Allen & Overy Solicitors
Perth Western Australia

Bermuda

Conyers Dill & Pearman
Bermuda

LUIRI GOLD LIMITED
For the year ended October 31, 2012

Management's Discussion and Analysis

(All amounts stated in Australian dollars, unless otherwise indicated)

This annual report, including the consolidated financial statements and this MD&A contains certain "Forward-Looking Statements", which are prospective and reflect management's expectations regarding Luiiri Gold Limited ("Luiiri Gold")'s future growth, results of operations, performance and business prospects and opportunities.

See our annual information form for additional information on risks, uncertainties and other factors relating to the forward-looking statements and information. Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond our control. Accordingly, readers should not place undue reliance on forward-looking statements or information. We undertake no obligation to reissue or update forward-looking statements or information as a result of new information or events after the date hereof except as may be required by law. All forward-looking statements and information made herein are qualified by this cautionary statement.

Introduction

This discussion and analysis of the operating results and financial condition of Luir Gold Limited (“**Luir Gold**”, or the “Company”) for the year ended October 31, 2012 should be read in conjunction with the audited consolidated financial statements for the same period, and is intended to provide the reader with a review of the factors that affected the Company’s performance during the year ended October 31, 2012, and the factors reasonably expected to impact future operations and results.

The audited consolidated financial statements and related notes of Luir Gold have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

All amounts in this report are in Australian dollars, except where otherwise indicated.

Background

Luir Gold Limited (the “Company”) was incorporated on February 3, 2004, in the Province of British Columbia under the British Columbia Business Corporations Act. On 13 September 2012 the Company changed its place of incorporation (via a continuance) from Canada into Bermuda such that it is now a Bermudan company. The Company maintains operational offices in Lusaka, Zambia and Perth, Western Australia.

The Company’s shares are traded on the Australian Stock Exchange (ASX) under the code LGM.

Nature of Business

Luir Gold is an Australian based exploration company holding exploration stage mineral tenements aiming to create shareholder value through the acquisition, exploration and development of mineral opportunities. Currently, the Company holds two mining licences within southern-central Zambia focused on the historic Dunrobin and Matala gold mines collectively called the Luir Hill gold project. A JORC compliant gold resource of 10.591 million tonnes at 2.2 g/t Au, for 762,000 ounces of gold has been estimated.

Significant Events and Transactions

Corporate Activity

As of January 20, 2012 the Company voluntarily delisted from TSXV as less than 5% of the total number of common shares of the Company were owned by Canadian residents and the trading volume of the Company’s shares on the TSXV had substantially diminished compared to the trading activity on the ASX.

Further in September 2012 the Company changed its place of incorporation, via a continuance, such that it is now a Bermudan registered company. An application to cease being a reporting issuer in Canada has been lodged with the BC and Alberta Securities Commissions.

During the year the Company raised fresh working capital by completing a private placement in April 2012 by issuing 70,000,000 shares at \$0.07 to raise \$5,250,000, before issue costs.

Operations Report

Highlights

- New resource estimate by Coffey Mining delivers Measured Resource at Dunrobin of 978,000 tons @ 2.6 g/t for 81,000 ounces gold (42% of Dunrobin ounces now in Measured Category);
- Pit optimisation and mine scheduling based on upgraded Measured Resource to be fed into the Dunrobin fast-track development feasibility study;
- Dunrobin Feasibility Study documents provided to potential debt and mezzanine finance funders;
- Matala underground mining scoping study nearing completion;
- Revised gold resource estimate of Measured, Indicated & Inferred resource of 10.53 million tonnes at 2.2 g/t Au, for 761,000 ounces;
- 8,000 metre diamond & RC drill program completed; and
- Low Level High Resolution Magnetic and Radiometric survey completed by Fugro Airborne Surveys.

Dunrobin Measured Resource & Feasibility Study

In November 2012 the Company announced that a JORC compliant Measured, Indicated and Inferred Resource has been defined at Dunrobin. (Refer ASX announcement 26 November 2012). The new Resource at Dunrobin as defined by Coffey Associates is outlined in the table below.

Dunrobin Deposit - Summarized Resource Estimate Reported at 1 g/t Gold Cut-Off				
	Lower Cut-Off Grade (g/t Au)	Tonnes (000's)	Average Grade (g/t Au)	Ounces (000's)
Measured	1.0	978	2.6	81
Indicated	1.0	1,063	2.0	69
Inferred	1.0	763	1.8	43

The new Resource incorporates assay results received during the quarter from the 2012 infill and extension drilling (4,139 metres of RC drilling in 63 boreholes). In addition the Company supplied Coffey Associates with 106 additional rock bulk density measurements on selected diamond core samples from the area covered by the infill drilling. (Refer ASX announcement of 30 November for further detail.)

An initial in-house feasibility study for the fast-track development of an open pit mine and processing operation at Dunrobin, based on the January 2012 Inferred and Indicated resource estimate has been completed. The study outcome was positive with attractive financial parameters being generated. This study enabled the Company to lodge debt finance applications with selected South African financial institutions, to fund the estimated Dunrobin capital expenditure.

A pit optimisation exercise based on the geological information used for the November 2012 resource update is being undertaken. The aim of this work is to define the pit shell that will maximise the project NPV, and to generate a schedule of mining tonnages and ore grades for an initial 8 years of production. The output of this work will be used for a definitive update of the Dunrobin feasibility financial model.

Matala Scoping Study

The Company has advanced its scoping level study of underground mining at Matala. The mining component of this study was recently completed by Coffey Associates Johannesburg. The Matala scoping study will estimate capital and operating costs for an underground mining operation producing up to about 30,000 ozs per annum. The Company expects to complete this scoping study early this financial year.

Updated Resource Statement

In November 2012 Coffey Mining Pty Ltd of Perth estimated the current gold resource at the Matala and Dunrobin deposits to be a combined (Measured, Indicated plus Inferred) resource of 10.53 million tonnes at 2.2 g/t Au, for 761,000 ounces of gold reported at a cut-off of 1.0 g/t. Refer to the table below.

Luri Hill Gold Project Summarized Resource Estimate Reported at 1 g/t Gold Cut-Off				
Matala Deposit				
	Lower Cut-Off Grade (g/t Au)	Tonnes (000's)	Average Grade (g/t Au)	Ounces (000's)
Indicated	1.0	3,204	2.7	278
Inferred	1.0	4,525	2.0	290
Dunrobin Deposit				
	Lower Cut-Off Grade (g/t Au)	Tonnes (000's)	Average Grade (g/t Au)	Ounces (000's)
Measured	1.0	978	2.6	81
Indicated	1.0	1,063	2.0	69
Inferred	1.0	763	1.8	43
Matala and Dunrobin Deposits Combined				
	Lower Cut-Off Grade (g/t Au)	Tonnes (000's)	Average Grade (g/t Au)	Ounces (000's)
Measured	1.0	978	2.6	81
Indicated	1.0	4,267	2.5	347
Inferred	1.0	5,288	2.0	332

Drill program

In this year's dry season the Company completed an 8,087 metre drill program. Significant assay results were received from drilling at Dunrobin which lead to the initial Measured Resource. (Refer to ASX announcements dated 11 October and 30 November for assay results.)

Low Altitude – High Resolution Geophysical Survey

During the year Fugro Airborne Surveys flew and then subsequently completed an interpretation of the high resolution low altitude magnetic and radiometric survey across the Company's license tenure. The results appear to demonstrate the success of this method of exploration with excellent signature of the contact between the basement schists and the overlying unconformable carbonate rocks being identified.

The data interpretation highlights the two elongated dome structures separated by a reverse fault and also has identified strong NW-SE fault-sets and less well developed NE-SW faults. The main conclusions from the interpretation are that mineralisation is controlled by the unconformity surface and the presence of structural discontinuities and has highlighted four new principle areas that are prospective for gold mineralisation which will be targeted for ground geochemistry survey next dry season.

Other Projects

During the year the Company looked to expand its operations by taking an option to acquire the Zopkhito gold/altimony project in Georgia. Although the due diligence work on the project was positive the Company declined to acquire the project in November 2012 as it did not have sufficient funding available to pursue this opportunity.

Reporting Period

At October 31, 2012, the Company had net working capital of \$1,731,089 (October 31, 2011 \$2,027,058).

Exploration Expenditures

The Company expenses all exploration expenditure other than costs associated with acquiring and maintaining title to the properties, which are capitalised.

Exploration expenditures capitalised at year end are:

	Year ended October 31 2012 \$	Year ended October 31 2011 \$
Opening balance	715,209	75,352
Incurred in the period	448,000	639,853
Total	<u>1,163,209</u>	<u>715,209</u>

Significant Expenses

For the year ended October 31, 2012:

The net loss for the year ended October 31, 2012 was \$6,386,941 (October 31, 2011: \$2,877,931). The major variances between the two years were the amount of Zambian project related expenditure written off; the increased overheads resulting from increased activities; costs of the continuance out of Canada into Bermuda and costs associated with pursuing new project opportunities. Also there was a stock based compensation expense in this year of \$1,094,092 while in the year ended October 31, 2011, there was a \$374,635 of stock based compensation expense.

For the three months ended October 31, 2012:

The net loss for the three months ended October 31, 2012 was \$2,713,318 (October 31, 2011: \$174,856). The major variances between the two years were the amount of Zambian project related expenditure written off; the increased overheads resulting from increased activities; costs of the continuance out of Canada into Bermuda and costs associated with pursuing new project opportunities.

Summary of Results

Selected financial information for the quarters for the years 2011 and 2012 is tabulated below.

(In thousands of Australian dollars, except per share amounts)

Fiscal Period	Revenue	Net Income (Loss)	Earnings / (Loss) per Share (\$)		Total Assets	Total L.T. Liabilities	Dividends
			Basic	Diluted			
2012 – Q4	-	(2,714)	(0.01)	(0.01)	4,002	-	-
2012 – Q3	-	(1,435)	(0.01)	(0.01)	5,253	-	-
2012 – Q2	-	(1,295)	(0.01)	(0.01)	6,439	-	-
2012 – Q1	-	(942)	(0.01)	(0.01)	2,472	-	-
Total	-	(6,386)	(0.04)	(0.04)	N/A	N/A	-
2011 – Q4	-	(175)	(0.00)	(0.00)	3,561	-	-
2011 – Q3	-	(1,152)	(0.01)	(0.01)	14,363	319	-
2011 – Q2	-	(915)	(0.01)	(0.01)	15,514	323	-
2011 – Q1	-	(636)	(0.01)	(0.01)	16,000	337	-
Total	-	(2,878)	(0.02)	(0.02)	N/A	N/A	-

Liquidity

The following table summarizes the Company's cash flows and cash on hand:

	October 31, 2012	October 31, 2011
	\$	\$
Cash	2,499,477	2,727,167
Working capital	1,731,089	2,027,058
Cash (used in) operating activities	(5,071,464)	(2,208,310)
Cash used in investing activities	(127,956)	(369,722)
Cash provided by financing activities	4,921,730	2,031,250

Critical Accounting Policies and Estimates

Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of any contingent assets and liabilities as at the date of the financial statements, as well as the reported amounts of revenues earned and expenses incurred during the period. These estimates are based on historical experience and other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Critical accounting policies and estimates in the period included the continued capitalization of mining property acquisition and holding costs and the potential recognition of impairment of those assets.

Mineral Properties

The decision to capitalize exploration expenditures, and the timing of the recognition of that capitalized exploration is unlikely to have future economic benefits, can materially affect the reported earnings of the Company. The Company has adopted a policy of deferring only property specific title acquisition and holding costs. All other exploration and development costs are expensed as incurred. Deferred costs relating

to properties that are relinquished, or where continued exploration is deemed inappropriate, are expensed in the period such assessment is made.

The deferred costs will be amortized on the unit-of-production basis over the estimated useful lives of the properties following the commencement of production. The cost of mineral properties includes any cash consideration paid, and the fair market value of shares issued on the acquisition of property interests, if any. The recorded amounts represent actual expenditures incurred and are not intended to reflect present or future values. The Company reviews capitalized costs on its property interests on a periodic, or at least annual, basis and will recognize an impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable revenues from the property or from the sale of the property. Management's assessment of the property's estimated current fair market value may also be based upon a review of other property transactions that have occurred in the same geographic area as that of the property under review.

Asset retirement obligations

The Company is required to record a liability for the estimated future costs associated with legal obligations relating to the reclamation and closure of its exploration, development or mining properties. This amount is initially recorded at its discounted present value, with subsequent annual recognition of an accretion amount on the discounted liability. An equivalent amount is recorded as an increase to mineral properties and deferred exploration costs and amortized over the useful life of the properties. The Company is not aware of any material legal obligations relating to the reclamation of its mineral properties; although rehabilitation of historical workings could be considered as part of future development plans.

Risks & Uncertainties

Luir Gold's business of exploring for mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future, and Luir Gold's common shares should be considered speculative.

Nature of Mineral Exploration and Development Projects

The business of exploring for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into mines. Luir Gold's properties are in the exploration stage. The long term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programmes, which may be affected by a number of factors that are beyond the control of the Company.

The Company's operations are subject to all the hazards and risks normally associated with the exploration for minerals, any of which could result in damage to life, or property, or the environment. Significant risk factors for the Company include metal prices, government regulations, foreign operations, environmental compliance; asset backed commercial paper, the ability to obtain additional financing, risk relating to acquisitions, dependence on management, title to the Company's mineral properties, and litigation.

The Company's operations are also subject to the additional risks associated with operating in Africa. Luri Gold's property interests are located in Zambia and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability in that country. Zambia's economy continues to strengthen and the Government continues to foster and promote political stability. Mineral exploration and mining activities may be affected to varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political attitudes are beyond Luri Gold's control and may adversely affect the Company's business. The Company, at present, does not maintain political risk insurance for its foreign operations.

Financing risk, until such time as the Company is cash flow positive

In the absence of cash flow from operations, Luri Gold relies on the capital markets to fund operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that additional funding will be available, or available under terms favourable to the Company. Failure to obtain such additional finance could result in delay or the indefinite postponement of further exploration and the development of the Company's properties.

Licenses and Permits, Laws and Regulations

Luri Gold's exploration activities require permits from various government authorities, and are subject to extensive federal, provincial and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. Luri Gold draws on the expertise and commitment of its management team, their advisors, its employees and contractors to ensure compliance with current laws and fosters a climate of open communication and co-operation with regulatory bodies.

Notwithstanding the tenement tenure issues noted above, the Company believes that it holds all necessary licenses and permits under applicable laws and regulations and believes it is presently complying in all material respects with the terms of such licenses and permits. There is no assurance that future changes in such regulations, if any, will not adversely affect the Company's operations. Government approvals and permits are required in connection with the exploration activities proposed by the Company. To the extent such approvals are required and not obtained, the Company's planned exploration, development and production activities may be delayed, curtailed, or cancelled entirely.

Failure to comply with applicable laws, regulations and requirements may result in enforcement action against the Company, including orders calling for the curtailment or termination of operations on the properties, or calling for corrective or remedial measures requiring considerable capital investment. Parties engaged in mineral exploration and mining activities may be subject to civil and criminal liability as a result of failure to comply with applicable laws and regulations.

Amendments to current laws, regulations and permitting requirements affecting mineral exploration and mining activities could have a material adverse impact on the Company's operations and prospects.

Conflicts of Interest

Certain of the Company's directors, officers and significant shareholders are or may become shareholders, directors and/or officers of other natural resource companies, and, to the extent that such other companies may participate in ventures with the Company, these individuals may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or of its terms. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which one or more directors or officers may have a conflict. From time to time, the Company, together with several other companies, may be involved in a joint venture opportunity where several companies participate in the acquisition, exploration and development of natural resource properties, thereby permitting the Company to be involved in a greater number of larger projects with an associated reduction of financial exposure in any given project. Other than as indicated, the Company has no procedures or mechanisms to deal with conflicts of interest.

Environmental

Mining operations are subject to various environmental laws and regulations including, for example, those relating to waste treatment, emissions and disposal, and companies must generally comply with permits or standards governing, among other things, tailing dams and waste disposal areas, water consumption, air emissions and water discharges. Existing and possible future environmental legislation, regulations and actions could cause significant expense, capital expenditures, restrictions and delays in the Company's activities, the extent of which cannot be predicted and which may well be beyond the capacity of the Company to fund. The Company's right to exploit any minerals it discovers is subject to various reporting requirements and to acquiring certain Government approvals and there is no assurance that such approvals, including environmental approvals, will be granted without inordinate delays or at all.

Dependence on Key Personnel

The Company's performance is dependent upon the performance and continued services of its current key management. Accordingly, the loss of any key management of the Company may have an adverse effect on the future of the Company's business. The Company competes with numerous other companies and individuals in the search for and acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and contractors.

Changes in Accounting Policies

Transition to IFRS

The Company has adopted IFRS effective November 1, 2011 with a transition date of November 1, 2010. For further details, please refer to notes 2 and 17 of the October 31, 2012 audited consolidated financial statements for further information regarding the adoption of IFRS.

Future Changes in Accounting Standards

IFRS 9 Financial Instruments

This standard introduces new requirements for the classification and measurement of financial instruments and is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the period beginning November 1, 2012, and has not yet considered the potential impact of the adoption of IFRS 9.

IFRS 10 Consolidated Financial Statements

IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are special purpose entities in the scope of Standing Interpretations Committee Standard 12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 Consolidated and Separate Financial Statements. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet determined the impact of the amendments to IFRS 10 on its financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 deals with how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company has not yet determined the impact of the amendments to IFRS 13 on its financial statements.

IFRS 7 Financial instruments – Disclosures

Amendments to IFRS 7 introduces new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained. The amendments to IFRS 7 are effective for annual periods beginning on or after July 1, 2011. The Company has not yet determined the impact of the amendments to IFRS 7 on its financial statements.

IAS 1, Presentation of Financial Statements

IAS 1 has been amended to require entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The amendment is effective for annual periods beginning on or after July 1, 2012 with

earlier application permitted. The Company has not yet determined the impact of the amendments to IFRS 7 on its financial statements.

Use of Financial Instruments

Up to October 31, 2012 Luii Gold did not enter into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. The principal financial instruments affecting the Company's financial condition and results of operations are currently its cash, amounts receivable and prepayments, and accounts payable and accrued liabilities.

Off-Balance Sheet Arrangements and Contingent Liabilities

Luii Gold has no off-balance sheet arrangements or contingent liabilities, not already discussed above other than in conjunction with the settlement agreement with the Zambian government, the Company has made formal commitments to the local communities in relation to community-development programs during the exploration phase of the project.

These commitments of the Company include:

- Initial funding of a community development trust fund (the "Community Fund"), which is to be established, with the Company responsible for the following:
 - payment of US\$150,000 to the Community Fund; and
 - issuance to the Community Fund of shares of the Company having a value equivalent to 5% of the market value of the project, based on an independent valuation of the project at the date of issue. The issuance of such shares shall be subject to regulatory approval and shareholder approval, if required.
- Facilitation and funding of a local community development committee. This committee will monitor and administer the funding of social development projects and activities within a certain area of the project.

As of October 31, 2012, no payments of cash or shares have been made to the Community Fund. As at October 31, 2012, the Company had accrued for the US\$150,000 payment that is to be made to the Community Fund. In addition the Company has made an accrual of \$448,000 representing the estimated cost of meeting its share issue obligation to the Community Trust. A formal agreement in relation to the payment of cash and the equity issue is being prepared and the Company expects to make this payment and to issue this equity to the Community Trust early in the coming financial year.

Contractual Obligations and Commitments

Luii Gold had no capital expenditure commitments up to October 31, 2012.

Under the terms of non-cancellable operating leases, the Company is committed to rental payments of \$22,000 due within one year.

Related Party Transactions

Related party transactions occurred in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

At October 31, 2012, the Company had arrangements with a number of contractors to provide administrative, accounting, management, and technical services. Certain directors provide management and consulting services to the Company.

The Company pays directors fees to directors. The monthly fee for the Chairman is \$3,333 and for other directors it is \$2,500. For the year ended October 31, 2012 the Company paid directors' fees of fees of \$116,515. (2011: \$61,693).

Outlook

The Company's immediate focus is to complete its feasibility study at Dunrobin and to secure development funding such that development of the Dunrobin gold mine can commence during 2013.

For additional information, please refer to the Company's website at www.luirigold.com and for regulatory filings, including news releases, please refer to www.SEDAR.com or www.asx.com.au.

Supplement to the Financial Statements

As at December 21, 2012, the following items were issued and outstanding:

- 197,431,905 common shares; and
- 21,100,000 common share purchase options with an average exercise price of \$0.137 per common share and expiry dates ranging between April 1, 2015 and June 30, 2015.

December 21, 2012

Competent Persons

The information in this report that relates to both the Dunrobin and Matala Mineral Resources is based on information compiled or supervised by Mr Ingvar Kirchner who is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Kirchner is employed by Coffey Mining and has reviewed this report and consents to the inclusion, form and context of the relevant information herein as derived from the original resource reports. Mr Kirchner has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as Competent Persons as defined in the 2004 Edition of the JORC 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The technical exploration and mining information contained in this report has been reviewed and approved by Mr C White B Sc (Hons) in Applied Geology, General Manager for Luri Gold Limited. Mr White has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to 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 White is an Employee of Luri Gold Limited and is a Member of the Institute of Materials, Minerals and Mining. Mr White consents to the inclusion in this report of such information in the form and context in which it appears.

Luri Gold Limited

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED OCTOBER 31, 2012

(Stated in Australian Dollars)

2005 Sheppard Avenue East, Suite 300
Toronto, Ontario
M2J 5B4, Canada
Phone 416-496-1234
Fax 416-496-0125
Email info@mhc-ca.com
Web www.mhc-ca.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Luir Gold Limited

We have audited the accompanying consolidated financial statements of Luir Gold Limited and its subsidiaries, which comprise the consolidated statements of financial position as at October 31, 2012, October 31, 2011 and November 1, 2010, and the consolidated statements of changes in equity, consolidated statements of operations and comprehensive loss, and consolidated statements of cash flows for the years ended October 31, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Financial Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Luir Gold Limited and its subsidiaries as at October 31, 2012, October 31, 2011, and November 1, 2010 and their financial performance and cash flows for the years ended October 31, 2012 and 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes that the Company has a history of losses and a need for working capital. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP



Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
December 21, 2012

Luri Gold Limited
(A Development Stage Company)
Consolidated Statements of Financial Position
(expressed in Australian dollars)

As at	October 31, 2012 \$	October 31, 2011 \$ (Note 16)	November 1, 2010 \$ (Note 16)
ASSETS			
Current Assets			
Cash and equivalents	2,449,477	2,727,167	3,545,485
Receivables	235,375	49,469	160,857
Prepaid expenses and deposits	10,416	5,650	15,176
Total current assets	2,695,268	2,782,286	3,721,518
Non-current assets			
Exploration and evaluation assets (Note 6)	1,163,209	715,209	75,352
Equipment (Note 7)	143,433	63,010	52,297
TOTAL ASSETS	4,001,910	3,560,505	3,849,167
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	964,179	677,147	300,308
Non-current Liabilities			
Provisions (Note 8)	124,264	78,081	-
TOTAL LIABILITIES	1,088,443	755,228	300,308
EQUITY			
Share capital (Note 9)	25,653,478	20,731,748	18,700,498
Shares to be Issued (Note 6)	448,000	-	-
Share-based payments reserve (Note 11)	6,540,770	5,446,678	5,072,043
Foreign currency translation reserves	(1,569,817)	(1,601,125)	(1,329,589)
Deficit	(28,158,965)	(21,772,024)	(18,894,093)
Total Equity	2,913,466	2,805,277	3,548,859
TOTAL LIABILITIES AND EQUITY	4,001,910	3,560,505	3,849,167

Going Concern (Note 1)
Commitments and Contingencies (Notes 6 and 12)

APPROVED ON BEHALF OF THE BOARD

signed "Evan Kirby"
Evan Kirby, Director

signed "Michael Langoulant"
Michael Langoulant, Director

(The accompanying notes are an integral part of these consolidated financial statements.)

Luir Gold Limited
(A Development Stage Company)
Consolidated Statements of Equity
(expressed in Australian dollars)

	Share Capital	Share Capital	Shares to be Issued	Share Based Payments Reserve	Deficit	Foreign Currency Translation Reserves	Shareholders' Equity
	#	\$	\$	\$	\$	\$	\$
Balance – November 1, 2010	111,556,905	18,700,498	-	5,072,043	(18,894,093)	(1,329,589)	3,548,859
Shares issued on fundraising	15,875,000	2,031,250	-	-	-	-	2,031,250
Stock option compensation expense	-	-	-	374,635	-	-	374,635
Currency translation adjustments	-	-	-	-	-	(271,536)	(271,536)
Net loss for the year	-	-	-	-	(2,877,931)	-	(2,877,930)
Balance – October 31, 2011	127,431,905	20,731,748	-	5,446,678	(21,772,024)	(1,601,125)	2,805,277
Shares issued on fundraising (net of share issue costs)	70,000,000	4,921,730	-	-	-	-	4,921,730
Shares to be issued for exploration and evaluation assets	-	-	448,000	-	-	-	448,000
Stock option compensation expense	-	-	-	1,094,092	-	-	1,094,092
Currency translation adjustments	-	-	-	-	-	31,308	31,308
Net loss for the year	-	-	-	-	(6,386,941)	-	(6,386,941)
Balance – October 31, 2012	197,431,905	25,653,478	448,000	6,540,770	(28,158,965)	(1,569,817)	2,913,466

(The accompanying notes are an integral part of these consolidated financial statements.)

Luri Gold Limited

Consolidated Statements of Operations and Comprehensive Loss

(expressed in Australian dollars)

For the years ended October 31	2012 \$	2011 \$
Expenses		
Consulting and advisory fees	660,052	674,053
Exploration and evaluation expenses	2,968,879	407,214
Professional fees	647,677	394,488
Share-based payments (Note 10)	1,094,092	374,635
Management fees	120,000	318,569
Office and administration	332,335	210,744
Employee expenses	80,559	208,233
Investor relations	37,783	162,305
Travel and accommodation	356,462	105,671
Transfer agent and filing fees	79,859	82,404
Directors fees (Note 13)	116,515	61,693
Insurance	36,592	35,137
Amortisation	46,676	10,527
	<hr/>	<hr/>
Loss for the year before the undernoted	(6,577,480)	(3,045,673)
Interest income	193,865	128,689
Foreign exchange gain / (loss)	(3,326)	39,053
	<hr/>	<hr/>
Net loss and comprehensive loss for the year	(6,386,941)	(2,877,931)
	<hr/> <hr/>	<hr/> <hr/>
Loss per share - basic and diluted	(0.04)	(0.02)
Weighted average number of common shares - basic and diluted	166,759,501	115,816,152

(The accompanying notes are an integral part of these consolidated financial statements.)

Luir Gold Limited
Consolidated Statements of Cash Flows
(expressed in Australian dollars)

For the years ended October 31	2012 \$	2011 \$
Cash and cash equivalents provided by (used in)		
Operating Activities		
Net loss for the year	(6,386,941)	(2,877,931)
Adjustments for non-cash items:		
Amortisation	46,676	10,527
Share-based payments (Note 10)	1,094,092	374,635
Foreign exchange	32,166	(271,536)
Changes in non-cash working capital items:		
Receivables	(185,906)	111,388
Prepaid expenses and deposits	(4,766)	9,526
Accounts payable and accrued liabilities	287,032	163,545
Provisions	46,183	-
Net cash used in Operating Activities	(5,071,464)	(2,479,846)
Financing Activities		
Issuance of common shares and warrants	5,250,000	2,031,250
Share issue costs	(328,270)	-
Net cash provided from Financing Activities	4,921,730	2,031,250
Investing Activities		
Expenditures on exploration and evaluation assets	-	(348,482)
Acquisition of property and equipment	(127,956)	(21,240)
Net cash used in Investing Activities	(127,956)	(369,722)
Change in cash and equivalents	(277,690)	(546,782)
Cash and equivalents - beginning of year	2,727,167	3,545,485
Cash and equivalents - end of year	2,449,477	2,727,167
Cash and equivalents consists of:		
Cash	377,241	959,663
Equivalents	2,072,236	1,767,504
	2,449,477	2,727,167
Supplemental information		
Interest and taxes paid	-	-
Change in accrued mineral properties expenditures	-	(291,375)
Share to be issued for exploration and evaluation assets	448,000	-

(The accompanying notes are an integral part of these consolidated financial statements.)

Luri Gold Limited

Notes to Consolidated Financial Statements

October 31, 2012

(expressed in Australian dollars)

1. Nature of Operations and Going Concern

Luri Gold Limited (the "Company") was incorporated on February 3, 2004, in the Province of British Columbia under the British Columbia Business Corporations Act. On September 13, 2012, the Company changed its place of incorporation (via a continuance) from Canada into Bermuda such that it is now a Bermudan company. To date, the Company has not earned revenues and is considered to be in the exploration and evaluation stage. The Company's head office is at Suite 2, 5 Ord Street, West Perth, Western Australia.

The Company is in the process of exploring its mineral property interests in Zambia, and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. The Company's continuing operations, the underlying value and the recoverability of the amounts shown for mineral properties are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests and on future profitable production or proceeds from the disposition of the mineral property interests. The business of exploring for and mining of minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, other land claims and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of operations. Accordingly, these audited consolidated financial statements do not reflect any adjustments in the carrying values of the assets and liabilities, the reported expenses and the statement of financial position classifications used that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

The Company's ability to meet its obligations and continue as a going concern is dependent upon its ability to obtain additional financing, the discovery, development or sale of mining reserves and the achievement of profitable operations. The Company is planning to meet its future expenditures and obligations by raising funds through public offerings, private placements or by farm outs of mineral properties. It is not possible to predict whether these efforts will be successful or whether the Company will attain profitable levels of operation.

Continued...

Luri Gold Limited

Notes to Consolidated Financial Statements

October 31, 2012

(expressed in Australian dollars)

2. Basis of Preparation

(a) Basis of Presentation

These audited consolidated financial statements of the Company and its subsidiaries were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). As these financial statements represent the Company's initial presentation of its results and financial position under IFRS, they were prepared in accordance with International Accounting Standard ("IAS") 1, Presentation of financial statements and by IFRS 1, First-time Adoption of IFRS. The Company's accounting policies are based on the IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations. The policies set out below were consistently applied to all the periods presented unless otherwise noted below.

The Company's audited consolidated financial statements were previously prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). Canadian GAAP differs in some areas from IFRS. Certain information and footnote disclosures which are considered material to the understanding of the Company's audited consolidated financial statements and which are normally included in annual financial statements prepared in accordance with IFRS are provided in note 16 along with reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on the financial statements.

The preparation of financial statements in accordance with IAS 1 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

(b) Approval of the financial statements

These consolidated financial statements of the Company were approved for issue by the Board of Directors on December 19, 2012.

(c) Future accounting changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning after November 1, 2012 or later periods. Updates that are not applicable or are not consequential to the Company have been excluded thereof.

IFRS 9 Financial Instruments

This standard introduces new requirements for the classification and measurement of financial instruments and is effective for annual periods beginning on or after January 1, 2015, with early adoption permitted. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the period beginning November 1, 2012, and has not yet considered the potential impact of the adoption of IFRS 9.

IFRS 10 Consolidated Financial Statements

IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are special purpose entities in the scope of Standing Interpretations Committee Standard 12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 Consolidated and Separate Financial Statements. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet determined the impact of IFRS 10 on its financial statements.

Continued...

Luri Gold Limited

Notes to Consolidated Financial Statements

October 31, 2012

(expressed in Australian dollars)

2. Basis of Preparation (continued)

IFRS 13 Fair Value Measurement

IFRS 13 deals with how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company has not yet determined the impact of the amendments to IFRS 13 on its financial statements.

IAS 1, Presentation of Financial Statements

IAS 1 has been amended to require entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The amendment is effective for annual periods beginning on or after July 1, 2012 with earlier application permitted. The Company has not yet determined the impact of the amendments to IAS 1 on its financial statements.

IFRS 11 Joint Arrangements

IFRS 11 establishes the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement. This standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted. The Company has not yet determined the impact of this standard on its consolidated financial statements.

IFRS 12 Disclosure of Involvement with Other Entities

IFRS 12 requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. This standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted. The Company has not yet determined the impact of this standard on its consolidated financial statements.

IAS 32 Financial Instruments - presentation

IAS 32 was amended to clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial instruments. Amendments to IAS 32 are applicable to annual periods beginning on or after January 1, 2014 with retrospective application required. Earlier application is permitted. The Company has not yet determined the impact of IAS 32 on its consolidated financial statements.

(d) Currency translation

The Company's functional and presentation currency is the Australian dollar ("A\$").

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Foreign currency gains and losses are presented in operations in the period in which they occur.

Continued...

Luri Gold Limited
Notes to Consolidated Financial Statements
October 31, 2012
(expressed in Australian dollars)

2. Basis of Preparation (continued)

(e) Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Exploration and evaluation assets

Management has determined that exploration and evaluation costs incurred in acquiring tenure to mineral tenements have future economic benefits and are economically recoverable. The Company, however, reviews the capitalised costs on its mineral tenements on a periodic basis and will recognize an impairment in value based upon various factors including the stage of exploration and work programs proposed. See Note 3(c) for details of the Company's policy regarding capitalised exploration and evaluation assets.

Impairment of exploration and evaluation assets

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Reductions in commodity price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realising income tax assets recognised, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Future changes in tax laws could limit the Company from realising the tax benefits from the deferred tax assets. The Company reassesses unrecognised income tax assets at each reporting period.

Continued...

Luri Gold Limited
Notes to Consolidated Financial Statements
October 31, 2012
(expressed in Australian dollars)

2. Basis of Preparation (continued)

Share-Based Payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Contingencies

See Notes 6 and 12.

Continued...

Luri Gold Limited
Notes to Consolidated Financial Statements
October 31, 2012
(expressed in Australian dollars)

3. Significant accounting policies

(a) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its wholly-owned subsidiaries. All material intercompany transactions and balances between subsidiaries are eliminated on consolidation. Subsidiaries are entities over which the Company has control, where control is defined as the power to govern financial and operating policies of an entity so as to obtain benefit from its activities. Generally, the Company has a shareholding of more than one half of the voting rights in its subsidiaries. The effects of potential voting rights that are currently exercisable are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date control is transferred to the Company, and are de-consolidated from the date control ceases. The Company's subsidiaries are Luri Gold Australia Pty Ltd, LG Holdings Ltd and Luri Gold Mines Ltd.

(b) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand.

(c) Exploration and evaluation assets

Direct property acquisition costs and holding costs are deferred until the properties to which they relate are brought into production, at which time they will be amortised on a unit of production basis, or until the properties are sold, abandoned or allowed to lapse, at which time they will be written off.

Costs include the cash consideration paid and the fair market value of the shares as they are issued, if any, on the acquisition of mineral properties. Properties acquired under option agreements whereby payments are made at the sole discretion of the Company are recorded in the accounts at such time as the payments are made. Any proceeds from options granted are applied to the cost of the related property and any excess is included in income for the year.

All other exploration costs are charged to operations.

The recorded amounts for acquisition costs of properties represent actual expenditures incurred and are not intended to reflect present or future values. The Company, however, reviews the capitalised costs on its properties on a periodic basis and will recognize an impairment in value based upon the stage of exploration and/or development, work programs proposed, current exploration results and upon management's assessment of the future probability of profitable revenues from each property, or from the sale of the relevant property. Management's assessment of a property's estimated current fair market value may also be based upon a review of other property transactions that have occurred in the same geographic area as that of the property under review.

(d) Equipment

Equipment is generally depreciated on a declining balance basis or straight line basis over their estimated useful lives ranging from 10-30%.

An item of equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of operations when the asset is derecognised. The assets' residual values, useful lives and methods of depreciation/amortisation are reviewed at each reporting period, and adjusted prospectively if appropriate.

Continued...

Luri Gold Limited
Notes to Consolidated Financial Statements
October 31, 2012
(expressed in Australian dollars)

3. Significant accounting policies (continued)

(e) Impairment of non-financial assets

The carrying values of capitalised mine properties and property, plant and equipment are assessed for impairment when indicators of such impairment exist. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use. If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the operations so as to reduce the carrying amount to its recoverable amount.

(f) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit or loss differs from profit or loss as reported in the consolidated statement of operations because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is not virtually certain that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Continued...

Luri Gold Limited
Notes to Consolidated Financial Statements
October 31, 2012
(expressed in Australian dollars)

3. Significant accounting policies (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(g) Financial assets

Financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments, available-for-sale financial assets, or derivatives. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognised on the trade date.

The Company's financial assets include cash and cash equivalents and receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income and finance costs in operations. The Company has classified its cash equivalents as fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method ("EIR"), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of operations. The losses arising from impairment are recognised in the statement of operations. The Company has classified its cash and receivables as loans and receivables.

Continued...

Luri Gold Limited
Notes to Consolidated Financial Statements
October 31, 2012
(expressed in Australian dollars)

3. Significant accounting policies (continued)

(h) Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in operations. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in operations.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

Continued...

Luri Gold Limited
Notes to Consolidated Financial Statements
October 31, 2012
(expressed in Australian dollars)

3. Significant accounting policies (continued)

(i) Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings.

The Company's financial liabilities include accounts payable and accrued liabilities. The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Financial liabilities are classified as at FVTPL if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement. The Company has not designated any financial liabilities as at FVTPL.

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in operations when the liabilities are derecognised, as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the statement of operations.

Loans and borrowings includes accounts payable and accrued liabilities.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in operations.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Continued...

Luri Gold Limited
Notes to Consolidated Financial Statements
October 31, 2012
(expressed in Australian dollars)

3. Significant accounting policies (continued)

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

(j) Interest revenue

Interest revenue is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(k) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based payment note.

The fair value is determined at the grant date of the equity-settled share-based payments and is recognised on a graded vesting basis over the period during which the employee becomes unconditionally entitled to equity instruments, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(l) Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method and foreign exchange gains and losses on foreign currency borrowings.

(m) Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss available to common shareholders equals the reported loss. The diluted loss per share calculation assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In the Company's case, diluted loss per share is the same as basic loss per share as the effects of including all outstanding options and warrants would be anti-dilutive.

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Luri Gold Limited

Notes to Consolidated Financial Statements

October 31, 2012

(expressed in Australian dollars)

4. Capital Management

The capital of the Company consists of share capital, warrants and options. As at October 31, 2012 total equity (managed capital) was \$2,913,466 (2011 - \$2,805,277; November 1, 2010 - \$3,548,849). The Company manages its capital structure, and makes adjustments to it, based on the funds available to the Company in order to support the acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage and as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay the administrative costs, the Company will spend its existing working capital and will attempt to raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no significant changes in the Company's approach to capital management during the years ended 2012 and 2011. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

5. Financial Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarised below. There have been no changes in the risks, objectives, policies and procedures from the previous period.

Credit risk

The Company's credit risk is primarily attributable to cash and equivalents in current assets. The Company has no significant concentration of credit risk arising from operations. Cash equivalents consist of term deposits, which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. Amounts receivable consist of GST/VAT/HST due from the governments of Canada, Australia and Zambia and receivables from unrelated companies. Management believes that the credit risk concentration with respect to financial instruments is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2012, the Company has a cash and equivalents balance of \$2,449,477 (2011 - \$2,727,167; November 1, 2010 - \$3,545,845); to settle current liabilities of \$964,179 (2011 - \$677,147; November 1, 2010 - \$300,308). The Company's financial liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

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Luri Gold Limited
Notes to Consolidated Financial Statements
October 31, 2012
(expressed in Australian dollars)

5. Financial Risk Factors (continued)

(b) Foreign Currency risk

The Company's functional currency is the Australian dollar as major transactions are in Australian dollars. The Company funds certain operations, exploration and administrative expenses in Zambia on a cash call basis using US dollar currency converted from its Australian dollar bank accounts held in Australia. The Company also incurs certain operating expenses in Canadian dollars and British pounds. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not currently hedge its foreign exchange risk.

Balances in non-Australian dollar currencies are presented in Australian dollars as follows:

	Canadian dollars	US Dollars	Zambian Kwacha
Cash and cash equivalents	3,592	250,631	31,952
Receivables	10,511	-	184,300
Accounts payable	-	118,823	179,176

(c) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Fair Values

Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying value of cash equivalents, amounts receivable and accounts payable and accrued liabilities approximate fair value because of the limited term of these instruments. At October 31, 2012, the Company's financial instruments that are carried at fair value, consisting of cash equivalents have been classified as follows within the fair value hierarchy: Level 2 - \$2,072,236 (2011 - \$1,767,504; November 1, 2010 - \$3,166,575).

Sensitivity analysis

The Company has designated its cash equivalents as held-for-trading, which are measured at fair value. Cash and amounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as loans and borrowings, which are measured at amortized cost.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible":

- Cash equivalents include deposits at call, which are at variable rates. Sensitivity to a 1% change in rates would have a corresponding impact on net loss of approximately \$25,000, based on current cash equivalents balances.
- A 10% increase in foreign exchange rates relative to the Australian dollar would have impacted net loss for the year by approximately \$1,000.
- Price risk is remote since the Company is not a producing entity.

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Luri Gold Limited
Notes to Consolidated Financial Statements
October 31, 2012
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6. Exploration and evaluation assets

The Company's Zambian tenements together constitute the Company's "Luri Hill Project", which the Company is exploring for gold and copper-gold deposits. The cumulative acquisition costs of the Company's interest in its Zambian mineral properties are as follows:

	October 31 2012	October 31 2011	November 1 2010
	\$	\$	\$
Balance, beginning of the year	715,209	75,352	75,352
Capitalised in the year	448,000	639,857	-
	<hr/>	<hr/>	<hr/>
Balance, end of the year	1,163,209	715,209	75,352

The Company has made formal commitments to the local communities in relation to community development programs during the exploration phase of the Luri Hill Project.

These commitments of the Company include:

- Initial funding of a community development trust fund (the "Community Fund"), which is to be established, with the Company responsible for the following:
 - payment of US\$150,000 to the Community Fund; and
 - issuance to the Community Fund of shares of the Company having a value equivalent to 5% of the market value of the project, based on an independent valuation of the project at the date of issue. The issuance of such shares shall be subject to regulatory approval and shareholder approval, if required.
- Facilitation and funding of a local community development committee. This committee will monitor and administer the funding of social development projects and activities within a certain area of the project.

During the year ended October 31, 2012, the Community Fund was established and is known as the Shakumbila Trust. A formal agreement with the Shakumbila Trust is being prepared and is expected to be executed in 2013. Once this agreement is signed the Company can proceed to make the cash payment and share issuances as have been agreed.

As at October 31, 2012, the Company had accrued for the US\$150,000 payment that is to be made to the Community Fund. In addition, the Company has recorded an accrual for shares to be issued to the value of \$448,000 representing the estimated 5% of the market value of the project, based on an independent valuation of the project to meet its share issue obligation to the Community Trust. These accruals have been capitalised as exploration and evaluation assets.

7. Equipment

	Cost	Accumulated Amortisation	Net Book Value
	\$	\$	\$
Balance, November 1, 2010	108,955	(56,658)	52,297
	<hr/>	<hr/>	<hr/>
Balance, October 31, 2011	128,065	(65,055)	63,010
	<hr/>	<hr/>	<hr/>
Balance, October 31, 2012	256,021	(112,588)	143,433

Continued...

Luri Gold Limited
Notes to Consolidated Financial Statements
October 31, 2012
(expressed in Australian dollars)

8. Provisions

	October 31 2012 \$	October 31 2011 \$	November 1 2010 \$
Payroll termination costs	124,264	78,081	-

9. Share Capital

Authorised:

600,000,000 common shares with par value of \$US0.01 each.

Issued:

	Number of Shares #	Amount \$
Balance, November 1, 2010	111,556,905	18,700,498
Funds received for shares, net of offering costs(i)	15,875,000	2,031,250
Balance, October 31, 2011	127,431,905	20,731,748
Funds received for shares, net of offering costs (i)	70,000,000	4,921,730
Balance, October 31, 2012	197,431,905	25,653,478

(i) Share Issues

In April 2012, the Company completed a private placement of 70,000,000 shares at \$0.075 per share, raising \$5,250,000. Share issues costs incurred related to this private placement were \$328,270.

In October 2011, the Company completed a private placement of 10,000,000 shares at \$0.115 per share, raising \$1,150,000. There were no share issue costs incurred related to this private placement.

In February 2011, the Company completed a private placement of 5,875,000 shares at \$0.15 per share, raising \$881,250. There were no share issue costs incurred related to this private placement.

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Luri Gold Limited
Notes to Consolidated Financial Statements
October 31, 2012
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10. Share-Based Payment

The Company may grant incentive stock options to its officers, directors, employees and consultants, for the purchase of common shares of the Company. Stock options are non-transferable. The Board of Directors of the Company determines the exercise price, but it may be no less than the current market price at the time of the grant. Options have a maximum term of five years and terminate 90 days after the termination of employment or other contracting arrangement of the option holder. Vesting of options may be at the time of granting of the option or over a period as set out in each option agreement. Once approved and vested, stock options are exercisable at any time until expiry or termination as described above. The Company records the stock-based compensation expense over the vesting term of the options granted.

In June 2012, 12,000,000 options were issued as an incentive to directors. The options are exercisable at \$0.10 on or before June 30, 2015. The stock options vest, subject to continuity of service obligations, 50% on July 1, 2013 and 50% on July 1, 2014. During the year ended October 31, 2012 a share based payment expense of \$333,011 was recorded in the consolidated statement of operations and comprehensive loss (2011- \$nil). The fair value of options was \$0.08, estimated using the Black-Scholes option pricing model assuming a risk-free interest rate of 1.43% per annum, expected volatility of 130%, expected dividend rate of \$nil and an expected life of 2.24 years.

In August 2011, 800,000 options were issued to an employee as part of his compensation. The options are exercisable at \$0.17 on or before June 30, 2015. The stock options vested on August 31, 2012. During the year ended October 31, 2012 a share based payment expense of \$65,510 was recorded in the consolidated statement of operations and comprehensive loss (2011- \$21,957). The fair value of options was \$0.11, estimated using the Black-Scholes option pricing model assuming a risk-free interest rate of 1.2% per annum, expected volatility of 130%, expected dividend rate of \$nil and an expected life of 3.83 years.

In June 2011, 8,000,000 options were issued as an incentive to directors. The options are exercisable at \$0.17 on or before June 30, 2015. The stock options vested on July 17, 2012. During the year ended October 31, 2012 a share based payment expense of \$695,572 was recorded in the consolidated statement of operations and comprehensive income (2011- \$363,837). The fair value of options was \$0.13, estimated using the Black-Scholes option pricing model assuming a risk-free interest rate of 2.2% per annum, expected volatility of 119%, expected dividend rate of \$nil and an expected life of 3.5 years.

The exercise price of all share purchase options granted was greater than or equal to the market price at the grant date.

Option pricing models require the input of highly subjective assumptions. Changes in the assumptions can materially affect the fair value estimate, and therefore, the existing model does not necessarily provide a reliable measure of the fair value of the Company's options at the date of grant.

	October 31, 2012		October 31, 2011	
	Number of Options #	Weighted average exercise price \$ per share	Number of Options #	Weighted average exercise price \$ per share
Balance, beginning of the year	10,100,000	0.19	3,703,500	0.48
Granted	12,000,000	0.10	8,800,000	0.17
Expired	(1,000,000)	0.20	(2,403,500)	(0.49)
Balance, end of the year	21,100,000	0.14	10,100,000	0.19

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Luri Gold Limited
Notes to Consolidated Financial Statements
October 31, 2012
(expressed in Australian dollars)

10. Share-Based Payment (continued)

The weighted average grant date fair value of options granted during 2012 was \$0.08 (2011 - \$0.13), while the weighted average remaining life of options at October 31, 2012 was 2.76 years (2011 – 3.33 years).

Summary of stock options outstanding as at October 31, 2012:

Expiry Date	Options Outstanding #	Options Exercisable #	Exercise Price \$	Estimated Grant Date Fair Value \$
April 1, 2015	100,000	100,000	0.45	18,267
April 1, 2015	100,000	100,000	0.65	17,192
April 1, 2015	100,000	100,000	0.85	16,118
June 30, 2015	8,800,000	8,800,000	0.17	1,146,875
June 30, 2015	12,000,000	Nil	0.10	960,000
	21,100,000	9,100,000		2,158,452

11. Share-based payments reserve

	\$
Balance, November 2010	5,072,043
Share –based payment	<u>374,635</u>
Balance, October 31, 2011	5,446,678
Share –based payment	<u>1,094,092</u>
Balance, October 31, 2012	<u>6,540,770</u>

12. Commitments and Contingencies

- a) Under the terms of non-cancellable operating leases, the Company is committed to rental payments of \$22,000 due within one year.
- b) The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.
- c) See Note 6.

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Luri Gold Limited
Notes to Consolidated Financial Statements
October 31, 2012
(expressed in Australian dollars)

13. Related Party Transactions

Related party transactions occurred in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties. The following amounts were paid to related parties during the year ended October 31, 2012:

- Palace Trading Limited, a company associated with the Company's Chairman, was paid \$120,000 (2011 - \$80,000) for the Chairman's corporate and management services;
- Metallurgical Management Services Pty Ltd, a company associated with the Company's CEO, was paid \$250,000 (2011 - \$52,500) for the CEO's management services; and
- Lanza Holdings Pty Ltd, a company associated with the Company's CFO, was paid \$120,000 (2011 - \$33,333) for the CFO's corporate and accounting services;

Directors' fees are paid on the basis of \$3,333 per month for the Chairman and \$2,500 per month for other directors. For the year ended October 31, 2012 the Company paid directors fees of \$116,515 (2011 - \$61,693).

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel during the year were as follows:

	Year ended October 31,	
	2012	2011
Short-term benefits	\$606,515	\$473,063
Share-based payments	\$1,094,092	\$375,635

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

14. Segmented Information

The Company considers its business to consist of two geographical segments, Zambia and the corporate head office in Australia.

Geographic segmentation of the Company's assets is as follows:

	October 31 2012 \$	October 31 2011 \$	November 1 2010 \$
Canada	-	-	280,604
Australia	2,236,812	2,706,374	3,283,790
Zambia	1,765,098	854,131	284,773
	4,001,910	3,560,505	3,849,167

All of the Company's mineral properties are located in Zambia.

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Luri Gold Limited
Notes to Consolidated Financial Statements
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15. Income Taxes

(a) Provision for Income Taxes

Major items causing the Company's income tax rate to differ from the Canadian statutory rate of approximately 28% (2011 – 29%) were as follows:

	<u>2012</u>	<u>2011</u>
Loss before income taxes	<u>6,386,941</u>	<u>2,877,931</u>
Expected income tax benefit based on statutory rate	1,791,000	826,000
Adjustments to benefit resulting from:		
Share issue costs	(123,000)	-
Expired non-capital losses	(2,350,000)	(271,000)
Share-based payment	-	(94,000)
Non-deductible mineral properties	(134,000)	(192,000)
Differences in income tax rates	-	(107,000)
Change in income tax rates	-	-
Change in foreign exchange rates	-	(250,000)
Other	(145,000)	(262,000)
Change in tax assets not recognized	<u>961,000</u>	<u>350,000</u>
Provision for income taxes	<u>-</u>	<u>-</u>

(b) Deferred Income Tax Balances

The tax effects of temporary differences that give rise to future income tax assets and liabilities in Canada approximate the following:

	<u>2012</u>	<u>2011</u>
Deferred income tax assets (liabilities)		
Non-capital losses	3,460,000	4,181,000
Mineral properties	(349,000)	(215,000)
Fixed assets	-	(17,000)
Share issue costs	-	123,000
Tax assets not recognized	<u>(3,111,000)</u>	<u>(4,072,000)</u>
Deferred income tax liabilities	<u>-</u>	<u>-</u>

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Luri Gold Limited
Notes to Consolidated Financial Statements
October 31, 2012
(expressed in Australian dollars)

15. Income Taxes (continued)

(c) Income Tax Loss Carry-Forwards

The following table summarizes the non-capital losses of the Company in Zambia, along with their expiry dates, which may be used, under certain circumstances, to reduce taxable income of future years:

<u>Expiry Date</u>	<u>Zambia</u>
2013	2,372,000
2014	1,757,000
2015	1,011,000
2016	2,531,000
2017	880,000
2018	2,305,000
None	-
	<hr/>
	10,856,000

The loss carry-forwards in Zambia of \$10,856,000 have been converted based on a Kwacha balance of approximately K\$58,370,450,000. The Company has loss carry forwards in Australia of \$677,000 to be carried forward indefinitely.

16. Transition to IFRS

The Company's consolidated financial statements for the year ending October 31, 2012 are the first annual financial statements that comply with IFRS, including the application of IFRS 1. IFRS 1 requires an entity to adopt IFRS in its first annual financial statements prepared under IFRS by making an explicit and unreserved statement in those financial statements of compliance with IFRS.

IFRS 1 also requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was November 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company is October 31, 2012. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adopters.

Initial elections upon adoption

Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS.

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Luri Gold Limited
Notes to Consolidated Financial Statements
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(expressed in Australian dollars)

16. Transition to IFRS (continued)

IFRS Exemption Options Applied

1. Share-based payments - IFRS 2, Share-based Payments, encourages application of its provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had not vested by the Transition Date. The Company elected to avail itself of the exemption provided under IFRS 1 and applied IFRS 2 for all equity instruments granted after November 7, 2002 that had not vested by its Transition Date.
2. Business combinations - IFRS 1 provides the option to apply IFRS 3, Business Combinations, retrospectively or prospectively from the Transaction Date. The Company elected to apply IFRS 3 prospectively from the Transition Date. The retrospective basis would require the restatement of all business combinations that occurred prior to the Transition Date.
3. IAS 27 – Consolidated and Separate Financial Statements

In accordance with IFRS 1, if a Company elects to apply IFRS 3 Business Combinations retrospectively, IAS 27 Consolidated and Separate Financial Statements must also be applied retrospectively. As the Company elected to apply IFRS 3 prospectively, the Company has also elected to apply IAS 27 prospectively.

IFRS Mandatory Exceptions

Estimates - Hindsight is not used to create or revise estimates. The estimates previously made by the Company under Canadian GAAP were not revised for application of IFRS except where necessary to reflect any difference in accounting policies.

Reconciliations of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile its equity, comprehensive loss and cash flows for prior periods. As there has been no changes made to the consolidated statements of financial position nor the consolidated statements of comprehensive loss there have been no changes to the net cash flows; hence no cash flow reconciliations have been presented.

Changes in accounting policies

In addition to the exemptions and exceptions discussed above, the following narratives explain the significant differences between the previous historical Canadian GAAP accounting policies and the current IFRS policies applied by the Company.

- a) Share-based compensation - Forfeitures

Canadian GAAP - Forfeitures of awards are recognized as they occur.

IFRS – An estimate is required of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate. There was no material adjustment required as a result of this difference.

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Luri Gold Limited
Notes to Consolidated Financial Statements
October 31, 2012
(expressed in Australian dollars)

Reconciliation of consolidated statement of financial position as of November 1, 2010
(expressed in Australian dollars)

	Canadian GAAP Balances \$	IFRS Adjustments \$	IFRS Balances \$
ASSETS			
Current assets			
Cash and cash equivalents	3,545,485	-	3,545,485
Receivables	160,857	-	160,857
Prepaid expenses and deposit	15,176	-	15,176
Total Current Assets	<u>3,721,518</u>	-	<u>3,721,518</u>
Non-current assets			
Exploration and evaluation assets	75,352	-	75,352
Property, plant and equipment	52,297	-	52,297
Total Assets	<u>3,849,167</u>	-	<u>3,849,167</u>
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	300,308	-	300,308
EQUITY			
Share capital	18,700,498	-	18,700,498
Share-based payments reserves	5,072,043	-	5,072,043
Foreign currency translation reserves	(1,329,589)	-	(1,329,589)
Deficit	(18,894,093)	-	(18,894,093)
Total Equity	<u>3,548,859</u>	-	<u>3,548,859</u>
Total Liabilities and Equity	<u>3,849,167</u>	-	<u>3,849,167</u>

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Luri Gold Limited
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(expressed in Australian dollars)

Reconciliation of consolidated statement of financial position as of October 31, 2011
(expressed in Australian dollars)

	Canadian GAAP Balances \$	IFRS Adjustments \$	IFRS Balances \$
ASSETS			
Current assets			
Cash and cash equivalents	2,727,167	-	2,727,167
Receivables	49,469	-	49,469
Prepaid expenses and deposit	5,650	-	5,650
Total Current Assets	<u>2,782,286</u>	-	<u>2,782,286</u>
Non-current assets			
Exploration and evaluation assets	715,209	-	715,209
Property, plant and equipment	63,010	-	63,010
Total Assets	<u>3,560,505</u>	-	<u>3,560,505</u>
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	755,228	-	755,228
EQUITY			
Share capital	20,731,748	-	20,731,748
Share-based payments reserves	5,446,678	-	5,446,678
Foreign currency translation reserves	(1,601,125)	-	(1,601,125)
Deficit	(21,772,024)	-	(21,772,024)
Total Equity	<u>2,805,277</u>	-	<u>2,805,277</u>
Total Liabilities and Equity	<u>3,560,505</u>	-	<u>3,560,505</u>

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Luri Gold Limited
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(expressed in Australian dollars)

Reconciliation of consolidated statement of operations and comprehensive loss for the year ended October 31, 2011
(expressed in Australian dollars)

	Canadian GAAP Balances \$	IFRS Adjustments \$	IFRS Balance \$
Revenue	-	-	-
Expenses			
Consulting and advisory fees	674,053	-	674,053
Mineral properties expenses	407,214	-	407,214
Professional fees	394,488	-	394,488
Stock-based compensation	374,635	-	374,635
Management fees	318,569	-	318,569
Office and administration	210,744	-	210,744
Employee expenses	208,233	-	208,233
Investor relations	162,305	-	162,305
Travel and accommodation	105,671	-	105,671
Transfer agent and filing fees	82,404	-	82,404
Directors fees	61,693	-	61,693
Insurance	35,137	-	35,137
Amortisation	10,527	-	10,527
	(3,045,673)	-	(3,045,673)
Interest Income	128,689	-	128,689
Foreign exchange gain	39,053	-	39,053
Loss and comprehensive loss for the period	(2,877,931)	-	(2,877,931)
Loss per Share - Basic and diluted	(0.02)	-	(0.02)
Weighted average number of common shares -			
Basic and diluted	115,816,152	-	115,816,152

Corporate governance statement

Introduction

Luir Gold Limited (the "Company") considers the adoption of appropriate systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this report. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd edition (**Principles & Recommendations**) the Company has followed each Recommendation where the Board has considered the recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

Further information about the Company's corporate governance practices, policies and Charters are set out on the Company's website at www.luirgold.com. In accordance with the Principles and Recommendations, information published on the Company's website includes charters (for the Board and its sub-committees), codes of conduct and other policies and procedures relating to the Board and its responsibilities.

Disclosure – Principles & recommendations

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations financial year ended 31 October 2012 ("**Reporting Period**").

Board

Roles and responsibilities of the Board and Senior Executives (Recommendations: 1.1, 1.3)

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter.

A copy of the Company's Board Charter is disclosed on the Company's website.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Senior executives are responsible for supporting the Chief Executive Officer (CEO) and assisting the CEO in implementing the running of the general operations and

financial business of the Company in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the CEO or, if the matter concerns the CEO, directly to the Chair or the lead independent director, as appropriate.

**Skills, experience, expertise and period of office of each Director
(Recommendation: 2.6)**

A profile of each Board member as at the date of this report is as follows:

M J Sturgess BSc, MBA. *Executive Chairman.* Aged 46

Experience and expertise

Appointed in February 2011, Ms Sturgess' early career was with British Airways and lawyers Mallesons Stephen Jacques. She has worked in the corporate development and promotion of a range of public companies, including Aquarius Platinum Limited where she was primarily responsible for attracting institutional shareholders.

Other current directorships

Nil

Former directorships in last 3 years

Nyota Minerals Ltd; Carlton Resources plc

Special responsibilities

Chair; member of audit committee.

Interests in shares and options

2,000,000 options exercisable at \$0.17 on or before 30 June 2015 and 5,000,000 options exercisable at \$0.10 on or before 30 June 2015

E Kirby BSc (Hons) Metallurgy, PhD Metallurgy, MAusIMM, MSthAfrIMM. *Chief Executive Officer.* Aged 61

Experience and expertise

Appointed in February 2011, Dr Kirby has worked for major companies such as Impala Platinum, Rand Mines, Rustenburg Platinum Mines, Minproc Engineers and Bechtel before starting his own consulting business in 2002. He has broad experience with the development of a wide range of mining and minerals processing projects particularly in Africa and Australia.

Other current directorships

Non-executive director of Nyota Minerals Ltd & Bezant Resources Plc

Former directorships in last 3 years

China Goldmines Plc, Great Australian Resources Limited

Special responsibilities

CEO/Technical director

Interests in shares and options

2,000,000 options exercisable at \$0.17 on or before 30 June 2015 and 3,500,000 options exercisable at \$0.10 on or before 30 June 2015

M J Langoulant B Com, CA. *Finance director.* Aged 56

Experience and expertise

Appointed in February 2011, Mr Langoulant is a Chartered Accountant with over 20 years experience in public company corporate administration and fundraising. After 10 years with large international accounting firms he has acted as finance director,

CFO, company secretary and non-executive director with a number of publicly listed companies.

Other current directorships

Chairman of White Cliff Minerals Limited, Director of Nyota Minerals Ltd

Former directorships in last 3 years

None.

Special responsibilities

Finance director; member of audit committee.

Interests in shares and options

100,000 shares; 2,000,000 options exercisable at \$0.17 on or before 30 June 2015, 3,500,000 options exercisable at \$0.10 on or before 30 June 2015

R Brown *Non-executive director.* Aged 60

Experience and expertise

Appointed in October 2011, Mr Brown has been an active investor in African exploration companies for more than 12 years and brings to the Board his extensive corporate experience in the fields of venture capital, land development and bio-technology. He is Deputy Chairman and a major shareholder of Cedar Woods Properties Ltd.

Other current directorships

Deputy Chairman Cedar Woods Properties Ltd

Former directorships in last 3 years

Nil

Special responsibilities

Audit committee member

Interests in shares and options

5,365,000 shares; 2,000,000 options exercisable at \$0.17 on or before 30 June 2015

The mix of skills and diversity for which the Board is looking to achieve in membership of the Board are: ability to provide guidance on the development of the Company's assets; independence; understanding of gold exploration; capital markets; geological; accounting and finance; and mining engineering experience.

Director independence

(Recommendations: 2.1, 2.2, 2.3, 2.6)

For the Reporting Period the Board did not have a majority of directors who were independent.

The Company has not complied with this Recommendation. The Board does not have a non-executive independent director. Given the size and scope of the Company's operations, the Board considers that it has the relevant experience in the exploration and mining industry and is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its Shareholders from both a long-term strategic and operational perspective.

Whilst the Company recognises the benefit of having an independent director as Chair, the Board was of the view that Melissa Sturgess continues to be the most appropriate person for the position of Chair.

The Chief Executive Officer is Evan Kirby who is not also Chair of the Board.

**Independent professional advice
(Recommendation: 2.6)**

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

**Selection and (Re)Appointment of Directors
(Recommendation: 2.6)**

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed process whereby it evaluates the mix of skills, experience and expertise of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

Each director other than the CEO, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

Board committees
Nomination Committee
(Recommendations: 2.4, 2.6)

The Board has not established a separate Nomination Committee. The Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board did not officially convene as a Nomination Committee during the Reporting Period, however nomination-related discussions occurred from time to time during the year as required.

Audit Committee

(Recommendations: 4.1, 4.2, 4.3, 4.4)

The Board has established an Audit Committee and adopted an Audit Committee Charter that describes the role, composition, functions and responsibilities of the Audit Committee.

A copy of the Company's audit Committee Charter is disclosed on the Company's website.

For the Reporting Period the Audit Committee comprised of Rob Brown, Michael Langoulant and Melissa Sturgess.

The Audit Committee is not structured in compliance with Recommendation 4.2, as Ms Sturgess and Mr Langoulant (both executive directors) were members and the committee did not comprise a majority of independent directors. The Board considers that the members of the Audit Committee are and were the most appropriate for the Company's needs, given their experience and qualifications.

Details of each of the director's qualifications are set out above. All committee members consider themselves to be financially literate and have industry knowledge. Further Mr Langoulant's qualification and experience as a Chartered Accountant enable him to meet the test of financial expertise.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

Remuneration Committee

(Recommendations: 8.1, 8.2, 8.3, 8.4)

The Board has not established a Remuneration Committee.

The Board considers that no efficiencies or other benefits would be gained by establishing a separate Remuneration Committee. The Company's constitution provides that the remuneration of Non-Executive Directors will not be more than the aggregate fixed sum determined by general meeting. Time is set aside at one Board meeting each year specifically to address the matters usually considered by a Remuneration Committee.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report. The Company's policy is to remunerate non-executive directors at market rates (for comparable companies) for time, commitment and responsibilities. Fees for non-executive directors are not linked to the performance of the Company. Given the Company's stage of development and the financial restriction placed on it, the Company may consider it appropriate to issue unlisted options to non-executive directors, subject to obtaining the relevant approvals. The grant of options is designed to attract and retain suitably qualified non-executive directors.

Performance evaluation

Senior executives

(Recommendations: 1.2, 1.3)

The CEO is responsible for evaluating the performance of senior executives. The performance evaluation of senior executives is undertaken by meetings held with each senior executive and the CEO on an informal basis at least once a year.

During the Reporting Period an evaluation of senior executives took place in accordance with the process disclosed above.

Board, its committees and individual directors

(Recommendations: 2.5, 2.6)

The Chair is responsible for evaluating the performance of the Board and, when deemed appropriate, Board committees and individual directors. Evaluations of the Board and its committees are undertaken by way of round-table discussions and individual directors by one on one interviews.

During the Reporting Period an evaluation of the Board and individual directors took place in accordance with the process disclosed above.

Ethical and responsible decision making

Code of Conduct

(Recommendations: 3.1, 3.5)

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A summary of the Company's Code of Conduct is disclosed on the Company's website.

Diversity

(Recommendations: 3.2, 3.3, 3.4, 3.5)

Given the small size of the Company, Recommendations 3.2, 3.3, 3.4 and 3.5 were not adopted for the year ended 31 October 2012 as the Company has not set a

policy concerning diversity. However, the Company's Board does take into account the gender, age, ethnicity and cultural background of potential Board members, executives and employees.

As at the date of this report 25% of the board, 25% of the executive management and 21% of the total group organisation are female. In addition the Company's Community Social responsibility programs in Zambia have a gender enhancement focus.

Continuous Disclosure
(Recommendations: 5.1, 5.2)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance. A summary of these policies and procedures can be viewed on the Company's website at www.luirgold.com.

Shareholder Communication
(Recommendations: 6.1, 6.2)

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings. A summary of this policy can be viewed on the Company's website at www.luirgold.com.

Risk Management
Recommendations: 7.1, 7.2, 7.3, 7.4)

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the CEO, who is responsible for identifying, assessing, monitoring and managing risks. The CEO is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the CEO may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval; and
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations.

The process of formalising and documenting the material business risks facing the Company is continuing. During the Reporting Period, the issue of risk was considered by the Board on a regular basis. The risk management system includes a risk register which management uses to identify the Company's material business risks and risk management strategies for these risks. In addition, the process of management of material business risks is allocated to members of senior management. The risk register is reviewed and updated as required.

The key categories of risk of the Company, as reported on by management, include:

- cash management;
- financial reporting;
- ASX reporting compliance;
- project ownership retention and ongoing title security;
- executive travel safety;
- maintaining local community and government relationships;
- employee health and safety;
- retention of key employees;
- environmental compliance;
- foreign exchange risk; and
- sovereign risk.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks for the Reporting Period.

The CEO and the CFO equivalent have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

**LUIRI GOLD LIMITED
ADDITIONAL ASX INFORMATION**

CHAPTER 6, 6A, 6B AND 6C OF THE AUSTRALIAN CORPORATIONS ACT

As a Bermudan incorporated company Luir Gold is not subject to Chapters 6, 6A, 6B and 6C of the *Australian Corporations Act 2001*. Under Bermudan Law there are no takeover protection provisions.

The Company's has however adopted in its corporate bye-laws (as far as possible and practicable) provisions which are broadly similar to those found in Chapter 6, 6B and 6C of the *Australian Corporations Act 2001* in order to protect the interests of Shareholders in situations where a person seeks to acquire a substantial interest in, or control of, the Company.

A summary of these shareholder protection bye-law provisions can be viewed at <http://luirigold.com/index.php/summary-of-shareholder-protection-provisions/> on the Company's website.

STATEMENT OF ISSUED CAPITAL AT FEBRUARY 21, 2013

Size of Holding	Number of shareholders	Number of Common Shares
1 - 1,000	5	146
1,001 - 5,000	31	109,654
5,001 - 10,000	33	284,042
10,001 - 100,000	166	8,471,472
100,001 - and over	205	217,933,257
Total	440	226,798,571

The number of shareholders holding less than a marketable parcel is 76.

NUMBER OF QUOTED LUIRI GOLD LIMITED SECURITIES

There are 226,798,571 common shares of Luir Gold Limited ('Luir' or the 'Company') on issue.

NUMBER OF LUIRI SECURITIES NOT QUOTED

There are 21,100,000 unlisted incentive options allotted for issuance under the Luir Stock Option Plans.

VOTING RIGHTS

All Luir common shares carry one vote per share.

QUOTATION

Luiru Common Shares are quoted on the ASX, code 'LGM'.

SUBSTANTIAL SHAREHOLDERS

Name	No. of Common Shares	%
Zero Nominees Pty Ltd	25,917,891	11.43
JP Morgan Nominees Australia Limited (Cash Income Act)	12,991,334	5.73

TOP 20 SHAREHOLDERS

As at February 21, 2013 the twenty largest shareholders as known by the Company, held 54.17% of the total common shares in the Company as follows:

Name	No. of Common Shares	%
Zero Nominees Pty Ltd	25,917,891	11.43%
JP Morgan Nominees Australia Limited (Cash Income Act)	12,991,334	5.73%
Portico Investments Ltd	10,250,000	4.52%
Shukran GMBH	10,250,000	4.52%
National Nominees Limited	6,187,981	2.73%
HSBC Custody Nominees (Australia) Limited	6,096,423	2.69%
Carlton Resources Plc	5,843,328	2.58%
Nyota Minerals Limited	5,312,362	2.34%
Jutland Nominees Pty Ltd (Robert Brown Family A/C)	4,615,000	2.03%
Citicorp Nominees Pty Limited	4,148,208	1.83%
Mr Keith William Sheppard (Sheppard Family A/C)	4,000,000	1.76%
Pelamis Investments Ltd	3,333,333	1.47%
Elwood Holdings Limited	3,200,000	1.41%
Teska Limited	3,200,000	1.41%
Mr David Kenneth Anderson + Mrs Charmayne Anderson <Canterbury Superfund A/C>	3,000,000	1.32%
Inkese Pty Ltd	3,000,000	1.32%
Roseville Trading Limited	2,941,177	1.30%
Towers Investments SARL	2,941,176	1.30%
Tilpa Pty Ltd (Super Fund A/C)	2,886,430	1.27%
Fitel Nominees Limited	2,733,333	1.21%

ON-MARKET BUY-BACK

There is no current on-market buy-back of the Company's shares in place.

TENEMENT SCHEDULE

All Tenements are held in Zambia over the Luiru Hill Project.

Tenement	% Held
8074-HQ-LML	100%
14948-HQ-LML	100%