

QUARTERLY REPORT TO 31 JULY 2013

Luirigold Limited

ASX Code: LGM

www.luirigold.com

Corporate Structure

Shares on issue	268.70m
Options	23.1m
52 week high	A\$0.051
52 week low	A\$0.010

Cash (as at 31 July) A\$1.06m

Company Directors

Melissa Sturgess
Executive Chairman

Evan Kirby
Technical Director

Mike Langoulant
Executive Director

Robert Brown
Non-Executive Director

HIGHLIGHTS OF THE QUARTER

Luirigold Hill Gold Project, Zambia

- Probable Ore Reserve (JORC 2004) at Dunrobin 1.0 Million tons @ 2.7 g/t for 87,000 ounces gold based on gold price of USD 1225 per ounce
- Matala Open pit mining optimisation studies at \$1200 per ounce indicate potential for an additional 1.0 million tons of ore at 3.21 g/t for processing at Dunrobin. This could significantly extend the life of the Dunrobin project in a low gold price scenario
- A review of all exploration data by an independent consulting geologist has been completed. Three high quality exploration targets have been identified adjacent to the Dunrobin Gold Resource. Recommendations prioritising future exploration work across the license area have been received

Corporate

- Corporate strategy is based on a two pronged approach:
 - Fast-track establishment of a small gold project at Dunrobin to satisfy the conditions of the mining license reinstatement and establish the "Producer" credentials of the Company
 - Further exploration and development to unlock the potential of the entire mining license area, including Matala as a near term contributing supplier to the Dunrobin processing plant
- Funding negotiations progressing with potential financiers
- Cash on hand at quarter end was A\$1 million
- Directors' fees cut by 50%, executive consulting fees reduced by between 20 and 80% to preserve cash reserves

For further information please contact:

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Luirigold Limited (ASX:LGM), (“Luirigold” or the “Company”) a Zambia located gold exploration and development company, is pleased to announce its Quarterly Activities Report for the 3 months ended 31 July 2013.

LUIRI HILL GOLD PROJECT

Dunrobin Ore Reserve

The establishment of a Probable Ore Reserve was undertaken to satisfy the due diligence requirements of potential funders.

Upgrade of Resource Statement to Ore Reserve status

In its derivation of the Ore Reserve, Coffey considered the costing and technical work completed by the independent consultants who contributed to the Feasibility Study.

The feasibility study addresses the technical and financial viability of the Dunrobin Gold Project and considers open pit mining of the Dunrobin deposit with the processing of 200,000 tons of ore per year by crushing, grinding and cyanide leaching.

The Dunrobin deposit is only one of the mineral deposits located on Luirigold’s mining licence area, approximately 120 km west-northwest of the Zambian capital, Lusaka.

Companies involved in the study and their areas of responsibility are shown below:

Responsibility	Company
Resource modelling, mine planning and ore reserve estimation	Coffey Mining Pty Ltd
Mining operating cost	Quote from Avantech
Processing plant design, operating & capital costs	Consulmet Metals (Pty) Ltd
Metallurgical review and recovery estimate	ENC Minerals
Site infrastructure costs	Weatherhaven RCS, Zesco, FeZa, Luirigold
Tailings storage facility	Tailex International Limited
General and administration costs	Luirigold
Hydrogeology	GCS (Pty) Ltd, Geophex Surveys Limited
Geotechnical	African Mining Consultants
Mining dilution and recovery	Coffey Mining
Social and environmental	African Mining Consultants
Legal Tenure	Chibesakunda & Co Advocates
Government	Luirigold
Financial Modelling	FeZa

Ore Reserve Determination

The Ore Reserve determined by Coffey Mining is summarised below

Classification	Ore Reserves		
	Tonnes	Gold Grade	Ounces in Situ
	(millions)	(g/t)	(koz)
Probable	1.0	2.7	87

Coffey Mining has compiled this statement in accordance with the guidelines provided by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code), effective December 2004.

The Ore Reserves were determined as an extension of the mine planning work that Coffey Mining undertook for Luri Gold Limited for the Dunrobin Feasibility Study. The tonnages were based on mine planning work that was undertaken utilising the Measured and Indicated Resources. Reserves were predicated on the Whittle Four-X pit optimisation result that was based on Measured and Indicated Resources only.

Coffey Mining used the following parameters in the determination of the ore reserve:

Parameter	Units	Value
Processing plant feed rate	Tonnes per year	200,000
Gold price	USD per ounce	1,225
Refining & transport as % of revenue	%	1
Royalty payment	%	6
Total capital expenditure	USD millions	17.5
Processing cost	USD per tonne milled	24.99
General & administration cost	USD per tonne milled	6.65
Average mining cost based on contractor mining	USD per tonne of ore and waste mined	5.10
Mining stripping ratio (waste : ore)	Ratio	4.8:1
Processing recovery	%	90
Mining dilution added	%	0
Mining recovery	%	97
Overall pit wall slope inclusive of ramp system	Degrees	47
Note: The resource estimate is based on MIK grade estimation which inherently includes dilution		

Based on the above parameters, the economic cut-off grade is 1.0 g/t, and the average cash cost inclusive of royalties is USD 827 per ounce.

The reported Ore Reserves have been compiled by Mr Harry Warriès. Mr Warriès is a Fellow of the Australasian Institute of Mining and Metallurgy and an employee of Coffey Mining Pty Ltd. He has sufficient experience, relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking, to qualify as a Competent Person as defined in the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves' of December 2004 ("JORC Code") as

prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia. Mr Warries gives Luirigold Limited consent to use this reserve estimate in reports.

Consideration of Open Pit Mining at Matala to Extend the Life of the Dunrobin Gold Project

Supplementary ore sources have been considered as a means of extending the life of Dunrobin, particularly during a low gold price environment. Whilst promising exploration results have been obtained from a number of prospect areas, presently it is only at Matala that there is sufficient exploration data to support a detailed geological model and a JORC compliant resource.

Gold Project Pit optimisation studies at Matala have been undertaken for a range of gold prices down to USD 1000 per ounce based on the “Indicated and Inferred Mineral Resources”. Optimisation at \$1200 per ounce indicates that a Matala open pit mining development could supply about one million tonnes of plant feed at 3.32 g/t for processing at Dunrobin. This could significantly extend the life of the Dunrobin project in a low gold price scenario.

This Matala material cannot yet be considered as an “Ore Reserve”. However, the Company believes that this scoping level work is of some significance.

New exploration targets identified

Historical exploration focussed on gold anomalies identified at surface in soil, rock and trenching samples. The 2012 Fugro aerial survey gave much improved definition of the structural geology in the project area. Based on observations at Dunrobin and Matala, two major structural-geological features appear to influence the distribution of the mineralisation: (1) the unconformity surface and; (2) faults. Interpretation of similar geological features within the data led to the identification of new potentially prospective areas within the company’s mining license.

Greg Hall, Consulting Geologist, has now completed a new review integrating all of Luirigold’s exploration data, including the Fugro report. The review focussed on delineating targets for drill testing to establish additional gold resources initially adjacent to Dunrobin gold resource and secondly throughout the mining license areas. The results of the interpretation are encouraging and indicate several areas that could be prospective for economically significant gold mineralisation. Three of these areas, all within 2 km of Dunrobin, are considered significant priority one targets.

In the new review, all available geological information was considered and targets were generated by integration of the following datasets:

- 1 Geological mapping at 1:25000 by COGEMA geologists in 1990-1994)
- 2 University of Southampton Doctor of Philosophy thesis by Kasolo 1992
- 3 Soil geochemistry compiled by Geoquest
- 4 Airborne magnetic and radiometric data and interpretation by Fugro
- 5 Rock chip, trench and drill hole data
- 6 Induced Polarisation survey (both gradient array and 3 lines of pole-dipole survey) by Geophysical Surveys and Systems

It was noted that an Induced Polarisation survey at the Dunrobin deposit had established that gold mineralisation is chargeable and provides the capability to map the down plunge extension of that mineralisation. In each target area, the pattern of a gold-in-soil anomaly; sometimes with low-grade gold resources defined by drilling; combined with an underlying chargeability high and down plunge

extension in the Induced Polarisation data has been identified. Furthermore, the existing drilling in these target areas has not tested the chargeability anomaly.

Follow-up work, targeting the areas identified by the new interpretation, is warranted with drilling to be preceded by ground magnetic and pole-dipole induced polarisation surveys. This work will be undertaken as new funds become available for exploration.

CORPORATE

The Probable Ore Reserve established at Dunrobin is small but is a good fit with the Company's corporate strategy, which is based on a two pronged approach:

- Fast-track establishment of a small gold project at Dunrobin to satisfy the conditions of the mining license reinstatement and establish the "Producer" credentials of the Company.
- Further exploration and development to unlock the potential of the entire mining license area.

The Company has advanced its negotiations with a number of different funding institutions aimed at providing a minimum of US\$10 million of debt funding for the Dunrobin project. These negotiations are on-going and the Company is hopeful of making a more definitive announcement in the near future.

Cash on hand at the quarter end was A\$1 million.

Cost controls

As noted in the previous quarter report the Company committed to various up front development costs including environmental licencing fees, mine scheduling optimisation, plant design finalisation and detailed engineering drawings and various due diligence costs re potential funding. As the majority of the committed up front development activities have now been completed the cash outflow for the coming quarter will be significantly reduced.

In addition the Board has taken the decision to make a range of cost savings to preserve the cash of the Company. The Board members have taken a 50% fee cut; executive management have taken salary/fee cuts of between 20 – 80% and a range of other cost cutting initiatives have been undertaken to reduce spending to a minimum whilst negotiations with potential funders continue.

About Luir Gold Ltd

Luir Gold Limited is a gold exploration and development company that holds 2 mining licences in Zambia that cover the historic Dunrobin and Matala gold deposits. Coffey Mining Pty Ltd of Perth have estimated the current Multiple Indicator Kriging derived open pit 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.

Luir 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

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 Luir 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 Luir 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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

LUIRI GOLD LIMITED

ACN

139 588 926

Quarter ended ("current quarter")

31 July 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(747)	(2,280)
1.3 Dividends received	(89)	(891)
1.4 Interest and other items of a similar nature received	12	42
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other - Government drilling grant		
Net Operating Cash Flows	(824)	(3,132)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		(6)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	-	(6)
1.13 Total operating and investing cash flows (carried forward)	(824)	(3,138)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(824)	(3,138)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		1,958
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other - capital raising costs	(7)	(200)
	Net financing cash flows	(7)	1,758
Net increase (decrease) in cash held			
		(831)	(1,380)
1.20	Cash at beginning of quarter/year to date	1,899	2,450
1.21	Exchange rate adjustments to item 1.20	(5)	(7)
1.22	Cash at end of quarter	1,063	1,063

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	182
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	200
4.2	Development	
4.3	Production	
4.4	Administration	100
Total		300

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	43	60
5.2	Deposits at call	1,020	1,839
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		1,063	1,899

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	268,702,571	268,702,571		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	12,666,667	12,666,667	\$0.03	\$0.03
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	100,000	-	<i>Exercise price</i> AUD\$0.45	<i>Expiry date</i> 01/04/2015
	100,000	-	AUD\$0.60	01/04/2015
	100,000	-	AUD\$0.85	01/04/2015
	8,800,000	-	AUD\$0.17	30/06/2015
	12,000,000	-	AUD\$0.10	30/06/2015
	2,000,000	-	AUD\$0.08	30/06/2015
7.8 Issued during quarter	2,000,000	-	AUD\$0.08	30/06/2015
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)		
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX](#) (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:
Company Secretary

Date: ..16 August 2013

Print name: Michael Langoulant

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.