

LUIRI HILL FUNDING AND EQUITY AGREEMENT

Luirigold Limited

ASX Code: LGM

www.luirigold.com

Corporate Structure

Shares on issue	268.70m
Options	23.1m
52 week high	A\$0.041
52 week low	A\$0.008

Cash (as at 31 Oct) A\$0.44m

Company Directors

Melissa Sturgess
Executive Chairman

Evan Kirby
Technical Director

Mike Langoulant
Executive Director

Robert Brown
Non-Executive Director

Luirigold Limited (ASX:LGM), (“Luirigold” or the “Company”) a gold exploration and development company, is pleased to advise that it has entered into a binding Heads of Agreement (HOA) with African based mining contractor Bamboo Rock Ltd (Bamboo), for the sale of a 75% majority stake in the Company's subsidiaries that hold the Luirigold Hill Gold Projects in Zambia (“Sale”). Luirigold will retain a contributing 25% equity stake and operational input in the Projects via a shareholder agreement to be negotiated.

LUIRI HILL GOLD PROJECT

The Company's Luirigold Hill Gold Project currently consists of 2 large scale mining licenses, 8074-HQ-LML (32km²) granted in 2003 and 14948-HQ-LML (245km²) granted in 2012, covering a total area of 277km² (“Tenements”). The Tenements have a 25 year renewable term and combined with the recently issued Environmental Permit (refer ASX announcement of 29 October 2013) have all necessary rights to commence mining.

The licence within which both the Dunrobin and Matala projects lie, 8074-HQ-LML, was cancelled in July 2010. Upon its reinstatement in September 2011 a key condition of the renewal agreement with the Zambian government was that Luirigold shall by 14 December 2013:

“...be in a position to complete project implementation, secure the requisite statutory permits for its operations, have commenced construction of the mining operation and have secured the requisite financing to complete a fully operational Large Scale Mine in line with the development plan which shall be submitted to the Respondent [Ministry of Mines] within a reasonable period of time from the filing of this consent settlement order;...”

The Company has previously advised that the only remaining outstanding requirement of the reinstatement consent settlement order was to secure the requisite financing to commence construction. The Company considers the binding HOA satisfies this requirement.

In support of this view the Company has mobilised a grader and dozer to the Dunrobin site to commence development activities. The grader is upgrading the access road into the Dunrobin site area, making it fit for the delivery of major mining equipment during 2014. The dozer has commenced the cleanup of the Dunrobin pit in preparation for mining activities in 2014. Further the Company has commenced the process of discharging pre-development conditions required under the terms of its Environmental Permit.

STRUCTURE OF THE SALE

The HOA envisages the Company selling 75% of various Luir Subsidiaries to Bamboo, who will assume board and management control of the Zambian operations. The Company will maintain a 25% shareholding in the Luir Subsidiaries and will be required to contribute to the funding development activities of the Zambian operations (in proportion to its pro rata shareholding), save that it will not start contributing to such funding until after 31 March 2014 at which time it is envisaged that Bamboo will release an updated development plan for Dunrobin. Bamboo believes that the current Dunrobin development plan can be altered such that the existing Probable Ore Reserve (estimated in accordance with the 2004 edition of the JORC Code) of 87,000 ozs can be profitably mined over a 3 year period rather than the present plan to mine over a 6 year period. Bamboo has already commenced their studies into this altered mining schedule. In the meantime the civil earthworks activities that have commenced will continue. This advanced mining schedule should result in an earlier repayment of capital costs and allow earlier mining of the existing resources at Matala. Subject to further studies it is also possible that the advanced proximal target areas (eg Shadreck and Chosa) will also be mined sooner than previously planned. (There is no certainty that these target areas will prove to be economic and further exploration of these areas is required to determine if they can be economically developed.)

The teams at Luir and Bamboo will work closely on the revised plan to provide shareholders with a technical, operational and financial update as soon as possible.

CONSIDERATION FOR THE SALE

The consideration for the Sale includes:

- Bamboo issuing, upon signing the HOA, Luir with a letter of financial support and commitment that satisfies the final condition applying to the reinstatement of mining licence 8074-HQ-LML;
- Bamboo will fund the equipment, operators and supervisors at Dunrobin free of further charge through to 31 March 2014;
- Bamboo will absorb all Luir employee holiday pay, long service leave and redundancy/termination obligations to the value of USD200,000;
- Bamboo will sole fund operations of the Luir Subsidiaries from Completion (or 1 February 2014 whichever is the earlier) to 31 March 2014; and
- Bamboo will pay Luir USD250,000 from gold sales once production has commenced.

CONDITIONS FOR THE SALE

The conditions precedent to the Sale include:

- Usual financial, accounting, taxation, legal and commercial due diligence investigations by Bamboo into the Luir Subsidiaries;
- Bamboo having satisfied Luir that Bamboo has the capacity to fund the Dunrobin development plan;
- Luir satisfying its outstanding obligations to the Shakumbila Community Trust;
- Luir paying its outstanding 2012/3 & 2013/4 tenement licence fees; and
- Any necessary shareholder approvals being received.

ABOUT BAMBOO ROCK LIMITED

Bamboo Rock Limited is an African focussed opencast mining and infrastructure development specialist. Formed in 2009 Bamboo has built an impressive reputation as a professional and reliable contractor to the mining industry, and covers exploration, construction and mining requirements. It also undertakes civil engineering projects for both the private and public sector.

Bamboo currently has 4 major contracts in Tanzania (contract mining for Shanta Gold Plc, a 200km road contract, an infrastructure project and one mid-tier mining contract). It has over 600 employees and an equipment fleet of in excess of 60 machines. The principal of Bamboo, Gerald Chapman, was the founder and largest shareholder in ProTech Khuthele Holdings Ltd, a mining and contracting business he built from a private base into a JSE listed company with a current market capitalisation of R400 million.

Further announcements will be made in due course.

For further information please contact:

Luirigold

P: +61 8 6313 5155

F: +61 8 9324 2977

E: info@luirigold.com

W: www.luirigold.com

Media and Investor Inquiries:

Greg Galton

Cannings Purple

Tel: +61 8 6314 6300

ggalton@canningspurple.com.au

Ore Reserve Estimate and Competent Person Statement

The Ore Reserve estimate included in this announcement was prepared and first disclosed under the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). It has not been updated to comply with the 2012 Edition of the JORC Code on the basis that the information has not materially changed since it was last reported and all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed. The Ore Reserve estimate was compiled by Mr Harry Warries. Mr Warries is a Fellow of the Australian Institute of Mining and Metallurgy and an employee of Coffey Mining Pty Ltd. He has sufficient experience that is 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 JORC Code. Mr Warries consents to the inclusion in this announcement of the Ore Reserve estimate and information relating to the Ore Reserve estimate in the form and context in which it appears.