

QUARTERLY REPORT FOR THE TWO MONTHS ENDED 31 DECEMBER 2013

Luirigold Limited

ASX Code: LGM

www.luirigold.com

Corporate Structure

Shares on issue	268.7m
Options	23.1m
52 week high	A\$0.041
52 week low	A\$0.008

Cash (as at 31 Dec) A\$0.23m

Company Directors

Melissa Sturgess

Non-Executive Chairman

Evan Kirby

Technical Director

Mike Langouant

Executive Director

Robert Brown

Non-Executive Director

HIGHLIGHTS OF THE QUARTER

Luirigold Hill Gold Project, Zambia¹

- On 6 November, Coffey Mining Pty Ltd (Perth) issued an independent feasibility study confirming that the Dunrobin project is technically feasible and economically viable in the current gold price environment;
- Pit optimisation studies at \$1200 per ounce indicate that an open pit at Matala could supply about one million tonnes of ore at a grade of over 3 g/t. This could significantly extend the life of the Dunrobin project in a low gold price scenario;
- The Company has mobilised a grader and dozer to the Dunrobin site and commenced pre-development activities. The grader is upgrading the access road into the Dunrobin site area, whilst the dozer has commenced the clean-up of the Dunrobin pit in preparation for mining.
- Discussions with the Zambian Electricity Supply Company (Zesco) are progressing. Economic considerations dictate that the development schedule of the project will be tied to the provision of electrical power on site.

Corporate

- On 19 December, the Company announced that it has entered into a binding Heads of Agreement (HOA) (subject to due diligence) 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.
- Cash on hand at quarter end was A\$0.23 million.

For further information please contact:

Luirigold

P: +61 8 6313 5155

F: +61 8 9324 2977

E: info@luirigold.com

W: www.luirigold.com

Luirigold Limited

ARBN 32 139 588 926
Suite 2, 5 Ord Street
West Perth WA 6005

T +61 8 6313 5155
F +61 8 9324 2977
E info@luirigold.com

Plot 1266, Fulwe Close
Rhodes Park, Lusaka
Zambia

Luir Gold Limited (ASX:LGM), (“Luir” or the “Company”) a Zambian located gold exploration and development company, is pleased to announce its Quarterly Activities Report for the 2 months ended 31 December 2013.

LUIRI HILL GOLD PROJECT¹

Dunrobin Feasibility Study

Coffey Mining Pty Ltd of Perth was commissioned to undertake an independent Feasibility Study (Coffey FS) of the Dunrobin project. This work was undertaken to improve project definition to a level required to satisfy the due diligence requirements of potential funders. The report was issued on 6th November 2013 and it confirms that the Dunrobin project is technically and economically feasible in the current low gold price environment. The Coffey Mining study utilised a life of mine USD1,300/oz gold price and indicated a positive IRR of 18.2%. The sensitivity analysis shows that this return will increase substantially with gold price improvement.

At Matala, a review of earlier pit optimisation studies by Coffey Mining indicated that at a gold price US\$1,200 per ounce, a Matala open pit mining development could supply about one million tonnes of ore at a grade of about 3.2 g/t for processing at Dunrobin. This could significantly extend the life of the Dunrobin project in a low gold price scenario

Project Financing

The Company’s Luir 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 Luir 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.

Project Development

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 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).

Electrical power will be required to operate the Dunrobin processing plant and mining infrastructure. Zambia has abundant low cost hydroelectric power and economic considerations dictate that the project development schedule be linked to the timing for the supply of sufficient electrical power to the site. The Zambian Electricity Supply Company (Zesco) has planned an upgrade to the electricity supply in the Mumbwa region for late 2014. The increased Dunrobin power capacity will be implemented as part of this upgrade. Discussions with Zesco and the Zambian department of Mines and Energy are continuing.

CORPORATE

Structure of the Sale

The HOA with Bamboo envisages the Company selling 75% of various Luirigold subsidiary companies to Bamboo, who will assume board and management control of the Zambian operations. The Company will maintain a 25% shareholding in the Luirigold 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.

Finalisation of the deal with Bamboo is subject to the completion of technical due diligence by 24 February 2014.

Full details of the sale consideration and sale conditions can be viewed in the Company announcement of 19 December 2013.

About Luiri Gold Ltd

Luiri 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.

Luiri Hill Gold Project				
Summarized Resource Estimate Reported at 1 g/t Gold Cut-Off ¹				
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 2012 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 Luiri 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr White is an Employee of Luiri 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.

¹ The information relating to past exploration results and reported resources at the Luiri Hill Gold Project was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

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 December 2013

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (14 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(230)	(2,816)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1	46
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other		10
Net Operating Cash Flows	(349)	(3,898)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		(200) (6)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	100	100
1.10 Loans to other entities	37	37
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	137	(69)
1.13 Total operating and investing cash flows (carried forward)	(212)	(3,967)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(212)	(3,967)
	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		(200)
	Net financing cash flows		1,758
	Net increase (decrease) in cash held	(212)	(2,209)
1.20	Cash at beginning of quarter/year to date	438	2,450
1.21	Exchange rate adjustments to item 1.20		(15)
1.22	Cash at end of quarter	226	226

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	49
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		

+ See chapter 19 for defined terms.

3.2 Credit standby arrangements		
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Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	50
4.2	Development	
4.3	Production	
4.4	Administration	50
Total		100

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	200	238
5.2 Deposits at call	26	200
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	226	438

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				
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				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter				
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				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

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: 31 January 2014

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.