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# LUIRI GOLD LIMITED

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**ANNUAL INFORMATION FORM**

**Year Ended October 31, 2010**

**January 28, 2011**

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## **ITEM 1: PRELIMINARY NOTES**

### **1.1. Incorporation of Financial Statements, Proxy Circular and Reports**

Specifically incorporated by reference and forming a part of this Annual Information Form are the audited financial statements for the Company for the period ending October 31, 2010, together with the auditor's report thereon. All financial information in this Annual Information Form is prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP").

### **1.2. Forward Looking Statements**

This Annual Information Form contains forward-looking statements, concerning the Company's operations and planned future acquisitions and other matters. Any statements that involve discussions with respect to predictions, expectations, belief, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "might", or "will" be taken to occur or be achieved) are not statements of historical fact and may be "forward looking statements" and are intended to identify forward-looking statements, which include statements relating to, among other things, the ability of the Company to continue to successfully compete in its market. Such forward-looking statements are based on the beliefs of the Company's management as well as on assumptions made by and information currently available to the Company at the time such statements were made. Forward looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward looking statements, including, without limitation, the failure to obtain adequate financing on a timely basis and other risks and uncertainties. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set forth or incorporated in this Annual Information Form generally and certain economic and business factors, some of which may be beyond the control of the Company. Some of the important risks and uncertainties that could affect forward looking statements are described further in this document under the headings Item 5 - Risk Factors and Item 4 - Description of the Business.

### **1.3. Date of Information**

All information in this Annual Information Form is as of January 28, 2011, unless otherwise indicated.

### **1.4. Currency and Exchange Rates**

The Canadian dollar is the reporting currency and currency of measurement of the Company. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

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## ITEM 2: CORPORATE STRUCTURE

### 2.1. Name and Incorporation

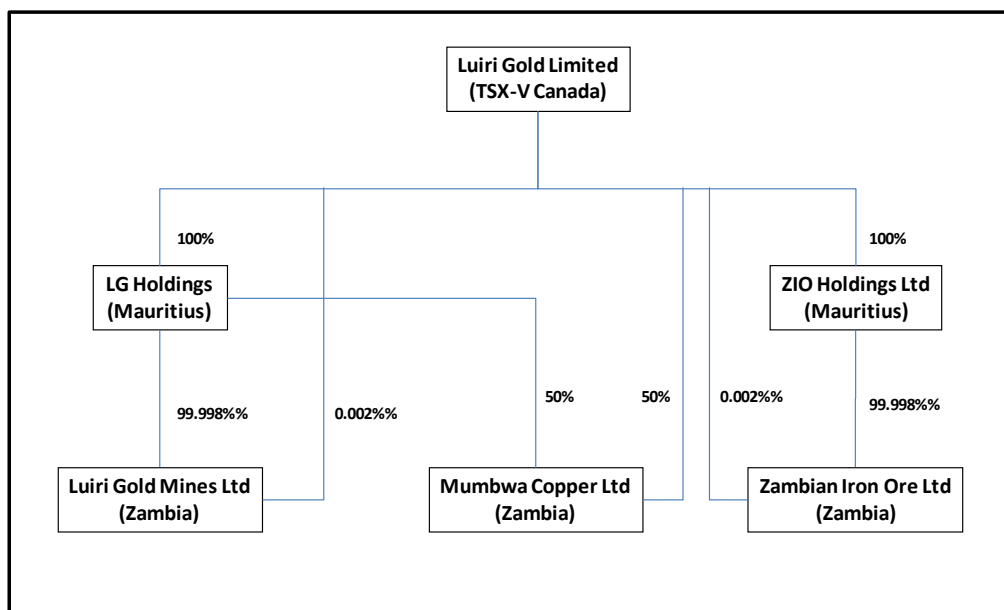
Luir Gold Limited (the "Company" or "Luir" or "Luir Gold") was incorporated pursuant to the laws of British Columbia under the British Columbia Business Corporations Act, on February 3, 2004 under the name "Stirling Exploration Ltd", by Memorandum and Articles filed with the Registrar of Companies for British Columbia. On June 23, 2006 the Issuer changed its name to "Luir Gold Limited"

The head office of Luir is located at Suite 502, 155 Rexdale Blvd, Ontario Toronto M9W 5Z8 Canada. The registered and records offices of Luir are located at Suite 1750, 1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6.

The common shares of the Company are listed on the TSX Venture Exchange ("TSXV") under the trading symbol "LGL" and the Australian Stock Exchange under the trading symbol "LGM". The Company is a "reporting issuer" as defined under applicable securities legislation in British Columbia and Alberta.

### 2.2. Intercorporate Relationships

The following chart sets out the Company's corporate structure including all subsidiaries. The Company is incorporated under the laws of the Province of British Columbia. The Company has five wholly owned subsidiaries: (i) LG Holdings, incorporated pursuant to the laws of Mauritius on October 31, 2003; (ii) ZIO Holdings Ltd., incorporated pursuant to the laws of Mauritius on January 16, 2008; and (iii) Luir Gold Mines Ltd., incorporated pursuant to the laws of Zambia on September 3, 2003 (iv) Mumbwa Copper Ltd, incorporated on June 27, 2008 under the laws of Zambia (v) Zambian Iron Ore Ltd. incorporated pursuant to the laws of Zambia on December 4, 2007.



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## ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS

### 3.1. Three Year History

#### Financings

##### 2008

In January 2008, the Company completed a private placement of 6,000,000 units at a price of \$0.50 per unit for gross proceeds of \$3,000,000. Each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable for two years at \$0.75 per common share. The Company incurred finder's fees of \$254,359.

##### 2009

In July and August 2009 the Company completed a private placement for 21,892,500 shares at \$0.12 per share. After taking into account the cost of the offering of \$35,590, the Company received \$2,591,510. The private placement was completed in two tranches. The first tranche consisted of 12,416,101 shares, which were issued prior to the end of July 2009. The second tranche consisted of 9,476,399 shares, which were issued in August 2009.

In November 2009 the Company completed an Australian Securities Exchange ("ASX") listing and fundraising of Aus\$8,000,000 (approximately Can\$ 7,690,000). The new shares were issued at A\$0.20 (approx C\$0.192). As at October 31, 2009 the Company had incurred finance costs of \$261,026. These costs will be expensed to share issue costs in November 2009.

##### 2010

There were no financings during 2010

### 3.2. Significant Acquisitions

The Company made no significant acquisitions during its most recently completed financial year for which disclosure is required under Part 8 of National Instrument 51-102.

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## ITEM 4: DESCRIPTION OF THE BUSINESS

Luir Gold is a developing resource company creating shareholder value through the acquisition, exploration and development of gold and iron ore opportunities in Africa. Currently, Luir Gold's wholly owned Zambian subsidiary, Luir Gold Mines Limited ("**Luir Gold Mines**"), holds mineral tenements within southern-central Zambia covering approximately 1,200 square kilometres focused on the historic Dunrobin and Matala gold mines collectively called the Luir Hill Project.

### 4.1. Company Projects

#### **Luir Gold Mines Limited - Zambia**

##### Tenure Issue

At the end of May 2010, Luir Gold Mines was advised by the Director of Mines in Zambia that it was in default of its mining licence LML48.

The default notice was lodged by the Director of Mines on the basis that Luir Gold Mines had failed to start mining operations as it was allegedly required to do under the terms of the mining licence.

Luir Gold Mines disagrees with both the decision and the interpretation of the requirements of its mining licence.

Luir Gold Mines position is supported by the Company's correspondence records with the Zambian Government, an independent legal audit of the licences completed in May and the recent advice of legal counsel in Zambia that the programme attached to the licence did not require Luir Gold Mines to begin mining by a fixed date.

Instead, the programme attached to the licence requires mining to commence once a sufficient resource size has been delineated to underpin a positive feasibility study for the establishment of a mine.

Since the granting of the mining licence, Luir Gold Mines has been working to delineate that resource and undertake feasibility work so that they can begin mining as quickly as possible.

As part of those representations, Luir Gold Mines has proposed possible resolutions that meet both parties' objectives.

The Luir Gold Mines provided the Zambian Department of Mines with documentation supporting its continued tenure. However this response was rejected. A subsequent appeal to the Minister of Mines was also rejected at the end of July.

Under the terms of the Mines and Minerals Development Act of 2008, the Company lodged an appeal against the decision to revoke its mining licence to the High Court in Zambia by Friday 27 August 2010. Luir Gold Mines has also successfully received a stay against the cancellation of LML48 from the Zambian High Court until the full appeal process is completed.

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Notwithstanding the legal process, it is the Company's preference to seek a solution to the tenure issue through its ongoing negotiations with the Government of Zambia and the Minister of Mines.

### Exploration Update

Luiru Gold Mines was incorporated under the laws of Zambia in 2003 and is a gold and iron exploration company that holds the Zambian Prospecting and Mining licenses which cover approximately 1,200km<sup>2</sup> in south-central Zambia.

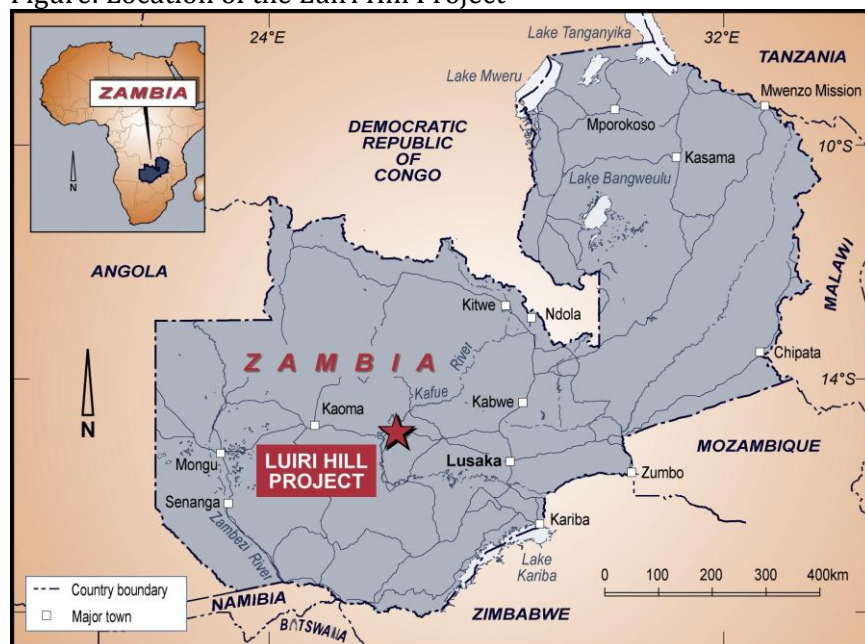
The Company's tenements comprise two granted Prospecting Licenses (PL173 and PL209) and a single granted Mining License (LML48 - refer to earlier discussion regarding tenure) which covers approximately 28km<sup>2</sup> and includes the historical Dunrobin and Matala mines. The gold and copper-gold interests in these three contiguous tenements together constitute the Luiru Hill Gold Project. The Nambala Iron Project is situated on PL209 approximately 20km to the west of the Luiru Hill Gold Project.

Note that all work on the Luiru Hill Gold Project has been stopped pending the outcome of the negotiations and appeal on the mining license LML48.

### ***Luiru Hill Project***

The Luiru tenements comprise two granted Prospecting Licenses (PL173 and PL209) and a single granted Mining License (LML48) which includes the historical Dunrobin and Matala mines. The gold and copper-gold interests in these three contiguous tenements together constitute the 'Luiru Hill Gold Project'. The Nambala Iron Project is situated on PL209 approximately 20km to the west of the Luiru Hill Gold Project.

Figure: Location of the Luiru Hill Project



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## Luri Hill Gold Project

The Luri Hill Gold Project area has shown significant gold potential both of the structurally controlled mineralization (Matala style) within the basement rocks of the Matala Dome and a combination of structural and chemically controlled mineralization (Dunrobin style) adjacent to the Matala Dome within the surrounding carbonates of the surrounding Katangan rocks.

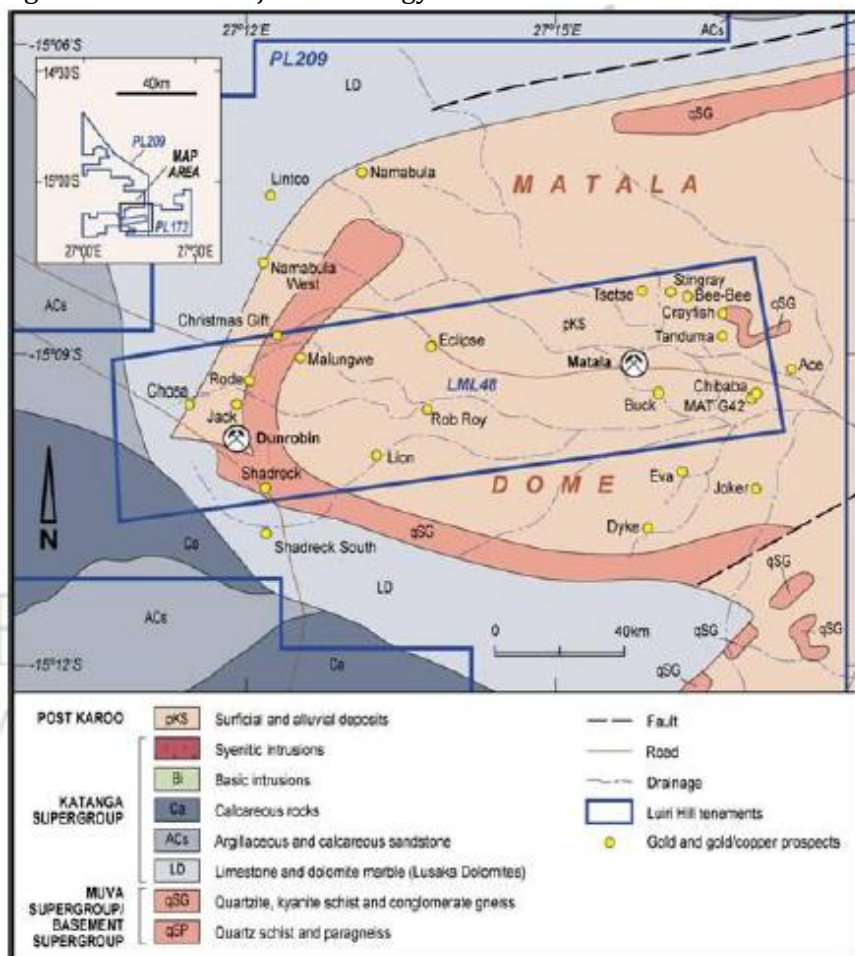
Currently at the project, two main gold deposits have been defined, namely, Matala and Dunrobin.

The Matala deposit is a relatively thin tabular steeply dipping high grade mineralized structure associated with a brecciated shear zone within the Matala Dome.

The Dunrobin deposit is a shallow thick tabular plunging mineralized zone dipping at approximately 30 degrees to the south-west on the contact between the Matala Dome and the surrounding Lusaka Formation carbonates.

The following figure shows the occurrences of the two main deposits at Matala and Dunrobin, and the other main exploration targets associated with the Matala Dome mineralized structure that are in close proximity to the two main deposits.

Figure: Luri Hill Project – Geology and Mineralization at LML 48



### **Mineral Resources**

An updated resource estimate has been prepared for the Matala deposits by Coffey Mining which has been reported for the plus 250m below surface portion of the Matala mineralization.

Based on this new resource estimate, the total ounces in the indicated mineral resource category for the Luiji Hill Project have increased significantly as can be seen from the table below.

<b>Category</b>	<b>Previous Estimates</b>	<b>Current Estimates</b>	<b>% Change</b>
Indicated - ounces	144,000	422,000	+ 193 %
Indicated - Gold (g/t)	2.1	2.4	+ 14%
Inferred - ounces	656,000	386,000	- 41%
Inferred - Gold (g/t)	2.7	2.4	- 11%

The conversion of a significant proportion of the previously inferred category resource inventory to the indicated category has been achieved without the loss of any gold resources.

The Luiji Hill project currently has 422,000 ounces gold in the indicated category and 386,000 ounces gold in the inferred category. These mineral resources ounces are contained in 5.4 million tonnes at 2.4 Au g/t for the indicated category and 5.1 million tonnes at 2.4 Au g/t for the inferred category.

<b>Matala and Dunrobin Mineral Resource Estimate as at June 2010</b>							
<b>Deposit</b>	<b>Cut-off</b>	<b>Indicated</b>			<b>Inferred</b>		
		<b>Au (g/t)</b>	<b>Tonnes (000)</b>	<b>Au (g/t)</b>	<b>Ounces (000)</b>	<b>Tonnes (000)</b>	<b>Au (g/t)</b>
Dunrobin <sup>1</sup>	0.5	2,235	2.1	144	1,510	1.2	59
Matala (shallow) <sup>2</sup>	1	3,204	2.7	278	3,208	2.1	217
Matala (deep) <sup>3</sup>	5				359	9.5	110
<b>Total</b>		<b>5,439</b>	<b>2.4</b>	<b>422</b>	<b>5,077</b>	<b>2.4</b>	<b>386</b>

Note:

1. Based on previous Coffey Mining estimate.
2. Based on new Coffey Mining Estimate (reported to 250m below surface - 850mRL), depleted for underground workings.
3. Based on previous Luiji Gold estimate (reported below 250m below surface).

The Matala resource model incorporates the Matala deposit within a tabular, south-dipping zone extending over 1,000 metre of strike. The average dip of the mineralization zone is estimated to be 65 degrees to the south although locally the dip ranges between 45 degrees to 85 degrees. The width of the mineralization ranges from a few meters to over 40 metres.

Within the mineralization zone there is a fairly consistent main zone and a number of smaller footwall and hanging wall zones of mineralization. Coffey Mining has included all these zones into a single wireframe model except for a small hangingwall zone in the far east.

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Previously, two different methods of estimation were used for the calculation of the Matala mineral resource depending on the potential of the mineralization to sustain open pit or underground mining operations respectively. The main criteria for the choice of estimation used were orebody width and the depth below surface.

A single three dimensional estimation method was adopted by Coffey Mining for the whole of the Matala deposit, but was only reported to 250m below surface. This shallow part of the deposit makes up the majority of the Matala resource. The mineralization domain was defined or modeled by applying a 0.5 g/t gold cut-off. Multiple Indicator Kriging (“MIK”) was used in the grade estimation.

MIK is considered a robust estimation methodology for gold deposits such as at the Matala deposit when adequate consideration is given to restricting the influence of high-grade data and the possible mixture of grade populations. The MIK grade estimate, with change of support reflecting a Selective Mining Unit (“SMU”) adjustment, has been applied to produce estimates targeting an SMU of 10mEast x 5mNorth x 5mRL.

However, while the new mineral resource estimate for the shallow Matala deposit was in line with expectation as the new wireframe of the mineralization model included a significantly higher proportion of low grade material than the previous estimate which has resulted in a significant increase in the tonnage, and reduction in gold grade. The new model is viewed as a fully diluted model and will not require mining dilution in the conversion to reserves, compared to the previous model where 10% dilution at zero grade was added when mining studies carried out.

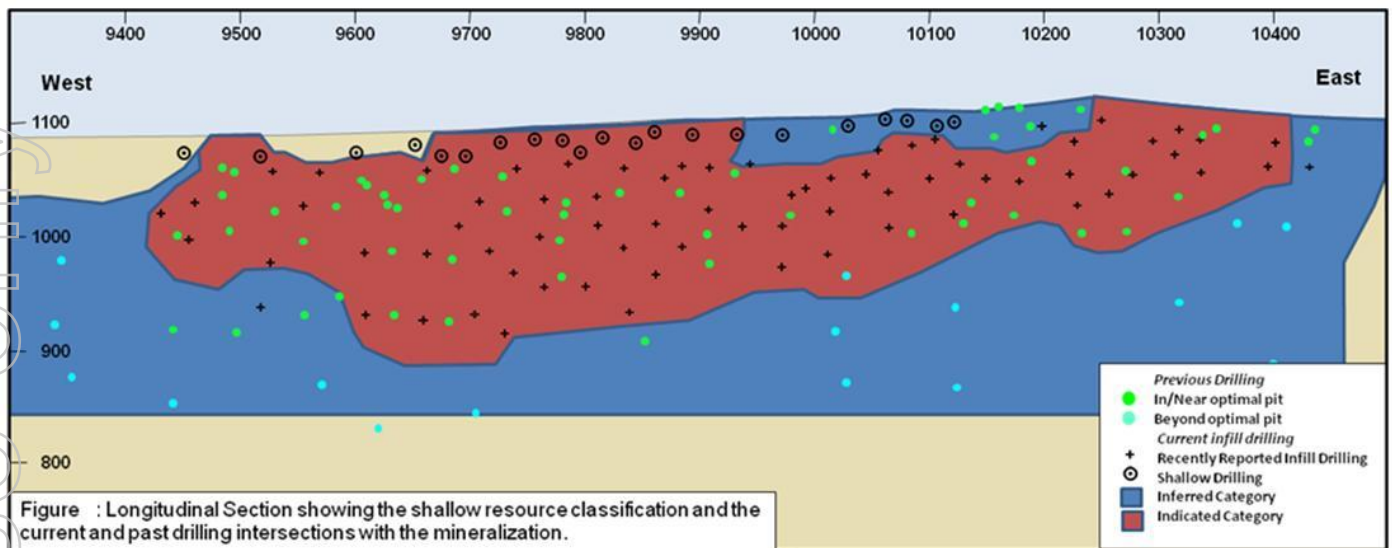
Based on historical mining and mapping of on-reef development, Luiiri still believes that there is the potential for a consistent and continuous higher grade zone that can be logged geologically and therefore mined as a separate unit.

To confirm this geological continuity, all drill holes logs need to be relogged to assess whether this unit can be identified across the whole deposit, or in large areas.

The following table shows the grade and tonnages at different cut-offs for the Matala shallow region, June 2010

<b>Indicated Category</b>			
<b>Cut-off</b>	<b>Tonnes (000)</b>	<b>Gold (g/t)</b>	<b>Ounces (000)</b>
0.3	4,289	2.2	301
0.5	4,015	2.3	298
<b>1</b>	<b>3,204</b>	<b>2.7</b>	<b>278</b>
<b>Inferred Category</b>			
<b>Cut-off</b>	<b>Tonnes (000)</b>	<b>Gold (g/t)</b>	<b>Ounces (000)</b>
0.3	4,807	1.6	252
0.5	4,453	1.7	248
<b>1</b>	<b>3,208</b>	<b>2.1</b>	<b>217</b>

The following figure shows a longitudinal section of the mineral resource categories for the shallow Matala deposit resource estimate.



### ***Exploration Potential***

#### ***Matala Dome – Shadrek, Dunrobin, Chosa***

A total of 3,969m of RC drilling (23 drill holes) was completed focused on the nose of the main Dome structure from Shadrek - Dunrobin – Chosa. The programme was designed to test some of the mineralization continuity found at Shadrek during the previous drilling programme, and then the rest of the contact zone between the carbonates and the basement in the area.

The drilling again confirmed the presence of primary mineralization both at Shadrek and Chosa, but that there are no apparent major mineralized zones between Shadrek and Dunrobin.

Additional work will be planned both at Chosa and Shadrek once the tenure issue is resolved and additional geological interpretation is completed.

#### ***Matala Dome – Namabula and Namabula West***

The Namabula prospects comprises Dunrobin-style mineralization, i.e., dolomite-hosted and are located about eight and ten kilometres north and north-northwest of Dunrobin.

At Namabula, a total of 890m of RC drilling (10 drill holes) was completed in March. The drilling programme was based on from outcrop mapping, trench sampling and historical drilling results.

Although, a number of drill holes intersected dolomite-hosted gossanous and/or sulphidic rocks, over drill widths of up to 10 metres, the mineralization tenor appeared to be weak. This was confirmed by weak gold assay results. The assays basically confirm the visual assessment at the time of drilling. No further work is planned at this stage. Furthermore, Namabula West is under review, where trenches have been sampled and assays are awaited.

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At Namabula West, sixty-six samples were collected from the trenches with 16 assaying between 0.5 Au g/t and 7.51 Au g/t. In addition, to the gold samples there were assays up to 3.00% As and 1.39% Cu.

The sampling comprised two types as follows;

- Hand grabs; i.e., selected inferred mineralized rock samples
- Vertical continuous samples; locations were selected along the trenches and the walls were then sampled on a metre x metre basis vertically, allowing for continuous rock sampling between 2 and 5 metres to the base of the trench.

Initially a total of 12 drill holes for a planned total of 1,380m on 4 lines are planned.

This drilling is on hold pending the resolution of the tenure issue.

#### *Matala Dome – Eclipse*

Eclipse is approximately five kilometers west of the main Matala deposit and is inferred to be prospective for the same style of mineralization, i.e., Proterozoic basement gneiss/schist shear-hosted.

A previous drilling programme comprised 14 RC drill holes covering a strike of approximately 800 metres. The drill holes were drilled in a scissor pattern, i.e., opposing direction but in this instance not on the same drill lines. The best results from the previous Eclipse drilling included; ECRC004, 7m @ 3.7 Au g/t; ECRC008, 4m @3.1 Au g/t & 12m @1.8 Au g/t & ECRC014, 2m @ 1.5 Au g/t (previously reported on Sedar).

Additional trench sampling indicated the presence of two, possibly three parallel, lines of mineralization.

In addition to the previous trench and RC drilling there are also at least three substantial historical exploratory shafts in the area, presumably completed at, or around, the time of mining at Matala.

As a consequence of the work outlined above, a first pass RC drilling programme comprising a total of 2,300m of RC drilling (21 drill holes) was planned including up to four scissor drill holes all to be completed on lines 100 metres apart and covering approximately 600 metres of strike.

Unfortunately, the drill results were not positive and no further work has been planned pending a comprehensive assessment of the drilling. It would appear that whilst gold anomalism can be demonstrated to continue westwards along strike from the Matala deposit, the gold tenor in this instance is not sufficient to comprise economic grade.

This does not deter from the overall prospectively east and west from Matala, for example, Matala West & Rob Roy to the west; and Tanduma, Tanduma East & Crayfish to the east; as there is no reason that the gold tenor cannot repeat itself similar to that of Matala, somewhere else along the main mineralized Matala Shear.

#### *Matala Dome – Matala West*

During July, 15 RC drill holes for 1,866m were completed at Matala West. This drilling plan was based on the results of a previous drilling programme completed at Matala West in 2008, along with a additional field work. Best

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previous results included as follows; MTWRC001, 1m @ 16.8 Au g/t; MTWRC002, 2m @ 1.7 Au g/t, 2m @ 2.0 Au g/t & 1m @ 5.4 Au g/t; MTWRC018, 7m @ 1.0 AU g/t & MTWRC019, 7m @ 3.5 Au g/t (previously reported on Sedar).

The drilling concentrated on the west end of the Matala West prospect area as this is where the best drill results were obtained previously, i.e., around MTWRC018 & 019. As with the drilling at Eclipse some scissor drill holes were completed.

Unfortunately the completion of the drilling programme coincided with the cancellation of the mining licence and a 'stop' was put on all assaying as a result. Therefore to date, no assay results have been received.

*Matala Dome (Southern Lobe) - Chikwashia Target.*

In December 2009, a comprehensive exploration programme was carried out over two selected targets on the southern lobe of the Matala Dome, specifically at Chikwashia and Sankawande, two areas in very similar structural positions as Dunrobin and Matala respectively and therefore with the potential to produce similar styles of gold mineralization.

A RC drilling programme including 38 drill holes was completed at the Chikwashia area. The drilling was on a spacing of five lines at 200 metres apart and perpendicular to the overall strike of the anomalies.

The gold results were generally disappointing. However, despite the low gold tenor returned in the drilling, there is significant As (>250ppm) & Cu (>1000ppm) anomalism, which is often not accompanied by even low order gold (<0.1ppm Au) values.

The presence of the anomalous As and Cu does indicate that Chikwashia constituted a genuine drill target as indicated by the soil sampling and also indicates that further review of the results is required as it is considered unusual for particularly anomalous As and Cu values to exist such as here without accompanying anomalous gold in the Luiji Project area.

Further work exploration work is on holding pending the outcome of the tenure issue.

The exploration results from Sankawanda were also encouraging but more work is required in the field before a focused target drilling programme can be planned.

Note that the drilling, assaying and QA/QC procedures are carried out as previously reported in the Company's News Releases and the Technical Reports lodged on Sedar according to the requirements of the NI43-101.

***Metallurgical and Mining Studies***

An extensive programme of metallurgical test work was undertaken during 2010. However, the test work has not been completed due to the problems with the tenure. Similarly mining, infrastructure, and environmental studies were undertaken but not completed in sufficient detail to allow for reporting according to the requirements of the NI 43-101.

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## **Nambala Iron Project**

The Company also owns 100% of the large, prominently outcropping hematitic Nambala iron deposit which is located 20km to the west of the Luiji Gold Project. This project contains iron mineralisation within a belt including several iron-rich hills that together form a range (the Nambala Range) approximately 25km long, and rising to over 260 metres above the surrounding plains. Limited work during the 1970s and 1980s has tested iron mineralisation over a strike length of 4.3 km at the Nambala Hill, with five drill holes completed in the 1980s all returning significant iron mineralisation over substantial widths.

The iron mineralisation consists of massive hematite and breccia. Grades in the massive mineralisation as high as 70% Fe have been encountered in the drilling.

A review by Coffey Mining indicated that on part of the mineralized body there exists the 'mineral potential' of between 100 and 300 million tonnes of mineralisation at grades of 55-60% Fe. Interpretation of the regional geology indicates that the iron mineralisation contained in this deposit could be significantly larger than this figure.

Luiji is currently researching a range of options of how best to maximize the potential of this deposit.

Note that the potential quantity and grade is conceptual in nature. There is insufficient exploration to define a mineral resource and therefore it is uncertain if further exploration will result in the target being delineated as a mineral resource.

### **4.2. Risk factors**

Luiji 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 Luiji 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. Luiji Gold's properties are in the exploration stage and at present do not contain a known body of commercial ore. Exploration to date has delineated an initial gold resource and the proposed exploration programmes include both a programme to expand the known resource to form the basis for a sustainable mining operation, as well as an exploratory search for new deposits. 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 gold and copper, any of which could result in damage to life, or property, or the environment. The Company's operations may be subject to disruptions caused by unusual or unexpected formations,

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formation pressures, fires, power failures, flooding, explosions, cave-ins, landslides, the inability to obtain suitable or adequate equipment or machinery, labour disputes or adverse weather conditions. Although the Company maintains insurance to cover normal business risks, the availability of insurance for many of the hazards and risks is extremely limited or uneconomical at this time. Through high standards and continuous improvement, Luiji Gold works to reduce these risks.

The Company's operations are also subject to the additional risks associated with operating in Africa. All of Luiji 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, including restrictions on production, price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation, employment practices and mine safety. Any changes in regulations or shifts in political attitudes are beyond Luiji 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.

In the event the Company is fortunate enough to discover additional gold (or other mineral) resources, the economics of commercial production depend on many factors, including the cost of operations, the grade of the gold and any other associated minerals, proximity to infrastructure, metal prices, financing costs and Government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. The effects of these factors cannot be accurately predicted, but any combination of these factors could adversely affect the economics of commencement or continuation of commercial production.

The profitability of the Company's operations will be dependent, inter alia, on the market prices of gold and copper, which are affected by numerous factors beyond the control of the Company, including international economic and political conditions, levels of supply and demand, and international currency exchange rates.

Success in establishing reserves is a result of a number of factors, including the quality of management, the Company's level of geological and technical expertise, the quality of land available for exploration, the availability of suitable contractors, and other factors. If mineralization is discovered, it may take several years in the initial phases of exploration until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish reserves through drilling, to determine the optimal metallurgical process and to construct mining and processing facilities. Because of these uncertainties, no assurance can be given that exploration programmes will result in the establishment or expansion of resources or reserves.

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

In the absence of cash flow from operations, Luiji 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.

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 for the Properties. 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,

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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. The Company may also assign all or a portion of its interest in a particular project to any of these companies due to the financial position of the other company or companies. In accordance with the laws of the province of British Columbia, the directors are required to act honestly and in good faith with a view to furthering the best interest of the Company. In determining whether or not the Company will participate in a particular programme and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time. 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. While it has entered into contracts and adopted a stock option plan with the aim of securing the services of the existing management, the retention of their services cannot be guaranteed. 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.

### **Change In Accounting Policy**

#### **Mining exploration costs**

On March 27, 2009, the Emerging Issues Committee of the CICA approved an abstract EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The adoption of this abstract had

no impact on the Company's presentation of its financial position or results of operations as at October 31, 2010.

**Credit risk and the fair value of financial assets and financial liabilities**

In January 2009, the Emerging Issues Committee of the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", which applies to interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of this standard had no impact on the Company's presentation of its financial position or results of operations as at October 31, 2010. The Company is continually evaluating its counterparties and their credit risks.

**ITEM 5: DIVIDEND RECORD AND POLICY**

The Company has not paid dividends since incorporation and it has no plans to pay dividends in the immediate future. The directors of the Company will determine if and when dividends should be declared and paid in the future based on the Company's financial position at the relevant time. All of the common shares of the Company are entitled to an equal share in any dividends declared and paid. To the knowledge of the Company, there are no restrictions that would prevent the Company from paying dividends.

**ITEM 6: DESCRIPTION OF SHARE CAPITAL**

**6.1. General Description of Share Capital**

The authorized share capital of the Company consists of unlimited common shares without par value. The Company has only one kind and class of shares and there are no unusual rights or restrictions attached to that class. As of January 28, 2011, the Company had a total of 111,556,905 common shares issued and outstanding. All of the issued common shares of the Company are fully paid and not subject to any future call or assessment.

In the event of the liquidation, dissolution or winding-up of the Company or other distribution of its assets, the holders of the common shares will be entitled to receive, on a pro rata basis, all of the assets remaining after the Company has paid out its liabilities. Distribution in the form of dividends, if any, will be set by the board of directors.

All of the common shares of the Company rank equally as to voting rights, participation in a distribution of the assets of the Company on a liquidation, dissolution or winding-up of the Company and the entitlement to dividends. The holders of the common shares are entitled to receive notice of all meetings of shareholders and to attend and vote the shares at the meetings. Each common share carries with it the right to one vote.

**ITEM 7: MARKET FOR SECURITIES**

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## 7.1. Trading Price and Volume

The Company is a reporting issuer in British Columbia and Alberta, and its common shares are listed on the TSXV under the symbol "LGL" and on the ASX under the symbol "LGM". The price ranges and volume traded of the Company's common shares on the TSXV on a monthly basis for the most recently completed fiscal year are:

PERIOD	HIGH (\$)	LOW (\$)	VOLUME TRADED
October 2010	0.115	0.090	24,334
September 2010	0.170	0.075	207,300
August 2010	0.110	0.100	109,500
July 2010	0.200	0.150	566,750
June 2010	0.250	0.160	212,000
May 2010	0.280	0.215	152,500
April 2010	0.320	0.220	718,350
March 2010	0.360	0.205	316,300
February 2010	0.355	0.210	296,400
January 2010	0.395	0.300	601,200
December 2009	0.400	0.290	728,800
November 2009	0.380	0.180	2,146,800

The price ranges and volume traded of the Company's common shares on the ASX on a monthly basis for the most recently completed fiscal year are:

PERIOD	HIGH (\$AUD)	LOW (\$AUD)	VOLUME TRADED
October 2010	0.250	0.165	457,525
September 2010	0.205	0.135	599,257
August 2010	0.200	0.135	387,304
July 2010	0.165	0.130	230,934
June 2010	0.210	0.140	130,032
May 2010	0.260	0.200	227,972
April 2010	0.295	0.245	219,881
March 2010	0.325	0.270	315,551
February 2010	0.330	0.250	437,838
January 2010	0.390	0.290	560,163
December 2009	0.605	0.330	2,479,826
November 2009	0.390	0.285	442,269

## 7.2. Prior Sales

There were no securities of the Company of a class that are not listed or quoted on a marketplace that were issued during the financial year ending October 31, 2010.

## ITEM 8: ESCROWED SECURITIES

### 8.1. Escrowed Shares

To the Company's knowledge there are no shares of the Company held in escrow or that are subject to contractual restrictions on transfer.

## ITEM 9: DIRECTORS AND OFFICERS

### 9.1. Name and Occupation

The following is a list of the current directors and officers of the Company, their municipalities of residence, their current positions with the Company, and their principal occupations during the past five years.

NAME AND MUNICIPALITY OF RESIDENCE <sup>(7)</sup>	DIRECTOR SINCE	NUMBER OF SHARES BENEFICIALLY OWNED, DIRECTLY OR INDIRECTLY, OR OVER WHICH CONTROL OR DIRECTION IS EXERCISED AT THE DATE OF THIS INFORMATION CIRCULAR <sup>(1)</sup>	PRINCIPAL OCCUPATION AND IF NOT AT PRESENT AN ELECTED DIRECTOR, OCCUPATION DURING THE PAST FIVE (5) YEARS
<b>Robert Brown</b> <sup>(2)(3)(4)</sup> Nedlands Western Australia	November 3, 2010	5,365,000 common shares	Chairman
<b>Michael Sperinck</b> <sup>(4)</sup> Bull Creek Western Australia	June 21, 2006	1,381,861 common shares	President, Chief Executive Officer and Director
<b>Peter Tanham</b> Scarborough Western Australia	June 21, 2006	100,000 common shares	Chief Financial Officer and Director
<b>Gordon Richards</b> <sup>(2)</sup> <sup>(3)(4)</sup> Delta British Columbia	February 3, 2004	275,000 common shares	Director
<b>Richard Billingsley</b> <sup>(2)(3)(4)</sup> Vancouver, British Columbia	October 25, 2006	Nil	Director

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- 1) The information as to Common Shares owned or over which the Nominees exercise control or direction, not being within the knowledge of the Company, has been furnished by the respective Nominees.
  - 2) A member of the Audit Committee.
  - 3) A member of the Compensation Committee.
  - 4) A member of the Corporate Governance Committee.
  - 5) Michael McMullen and Declan Franzmann resigned as directors on November 29, 2010.

The directors of the Company are elected by the shareholders at each annual general meeting and typically hold office until the next annual general meeting at which time they may be re-elected or replaced. The articles of the Company permit the directors to appoint directors to fill any casual vacancies that may occur on the board. The articles also permit the directors to add additional directors to the board between successive annual general meetings so long as the number appointed does not exceed more than one-third of the number of directors appointed at the last annual general meeting. Individuals appointed as directors to fill casual vacancies on the board or added as additional directors hold office like any other director until the next annual general meeting at which time they may be re-elected or replaced.

### **Shareholdings of Directors and Officers**

To the best of the Company's knowledge, as at January 28, 2011, directors and officers, as a group, beneficially owned, directly or indirectly, or exercised control over 7,121,861 common shares (not including common shares issuable upon the exercise of stock options) of the Company, representing 6.4% of the then outstanding common shares.

### **9.2. Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

To the Company's knowledge no director, officer, Insider or promoter of the Company or a shareholder anticipated to hold a sufficient number of securities of the Company to affect materially the control of the Company is, or within 10 years before the date of this Annual Information Form, has been a director, officer, insider or promoter of any other person or company that, while that person was acting in that capacity:

- a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days; or
- b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### **Penalties or Sanctions**

To the Company's knowledge, no proposed director, officer, insider, or promoter of the Company nor a shareholder anticipated to hold sufficient securities of the Company to affect materially the control of the Company, or a personal holding

company of any such person has been subject to any penalties or sanctions imposed by a court relating to securities legislation, or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

### **Personal Bankruptcies**

To the Company's knowledge no director or proposed director, officer, insider, or promoter or a shareholder anticipated to hold sufficient securities of the Company to affect materially the control of the Company, or a personal holding company of any such person has, within the ten years prior to the date of the Annual Information Form, as applicable become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

### **Conflicts of Interest**

There are potential conflicts of interest to which all of the directors, officers, insiders and promoters of the Company will be subject in connection with the operations of the Company. All of the directors, officers, insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the Company. Accordingly, situations may arise where all of the directors, officers, insiders and promoters will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies as provided under The Business Corporations Act of British Columbia.

## **ITEM 10: LEGAL PROCEEDINGS**

At the end of May 2010, Luiiri Gold Mines was advised by the Director of Mines in Zambia that it was in default of its mining licence LML48. The default notice was lodged by the Director of Mines on the basis that Luiiri Gold Mines had failed to start mining operations as it was allegedly required to do under the terms of the mining licence. Luiiri Gold Mines disagrees with both the decision and the interpretation of the requirements of its mining licence.

Luiiri Gold Mines position is supported by the Company's correspondence records with the Zambian Government, an independent legal audit of the licences completed in May and the recent advice of legal counsel in Zambia that the programme attached to the licence did not require Luiiri Gold Mines to begin mining by a fixed date. Instead, the programme attached to the licence requires mining to commence once a sufficient resource size has been delineated to underpin a positive feasibility study for the establishment of a mine. Since the granting of the mining licence, Luiiri Gold Mines has been working to delineate

that resource and undertake feasibility work so that they can begin mining as quickly as possible.

As part of those representations, Luiiri Gold Mines has proposed possible resolutions that meet both parties' objectives. The Luiiri Gold Mines provided the Zambian Department of Mines with documentation supporting its continued tenure. However this response was rejected. A subsequent appeal to the Minister of Mines was also rejected at the end of July.

Under the terms of the Mines and Minerals Development Act of 2008, the Company lodged an appeal against the decision to revoke its mining licence to the High Court in Zambia by Friday 27 August 2010. Luiiri Gold Mines has also successfully received a stay against the cancellation of LML48 from the Zambian High Court until the full appeal process is completed.

Notwithstanding the legal process, it is the Company's preference to seek a solution to the tenure issue through its ongoing negotiations with the Government of Zambia and the Minister of Mines.

## **ITEM 11: TRANSFER AGENTS AND REGISTRARS**

The registrar and transfer agent of the common shares of the Company is Computershare Company, 3rd floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

## **ITEM 12: INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

### **12.1 Employment agreement for the services of Michael Sperinck**

By an agreement between the Company and Michael Sperinck, the Company has employed Michael Sperinck as President, Managing Director and Chief Executive Officer of the Company. The material terms of the agreement are as follows:

- The term of the employment agreement is two years with an effective commencement date of 1 October 2009. The Company may terminate the consultancy agreement on one month's notice by paying three months' salary, or immediately due to circumstances including breach of the agreement, misconduct, bankruptcy, permanent incapacity of Mr. Sperinck or ineligibility to hold office as a director. Mr. Sperinck may terminate the consultancy agreement upon three months' notice to the Company, or upon breach by the Company or upon the Company's insolvency.
- Annual salary is A\$250,000, to be reviewed every 12 months. The agreement makes provision for the Company to pay Mr. Sperinck an additional short term incentive at the discretion of the Board.

- All reasonable out-of-pocket expenses incurred in the performance of the services by Mr Sperinck will be reimbursed by the Company.

## **12.2 Consulting agreement for the services of Peter Tanham**

By a consultancy agreement between the Company and Westland Corporate Pty Ltd (**Westland**), the Company has engaged Westland to procure the provision to the Company of the services of Peter Tanham as Chief Financial Officer of the Company. The material terms of the agreement are as follows:

- The term of the consultancy agreement is two years with an effective commencement date of 1 October 2009. The Company may terminate the consultancy agreement on one month's notice by paying three months of consultancy fees, or immediately due to circumstances including breach of the agreement, misconduct, bankruptcy, permanent incapacity of Mr. Tanham or ineligibility to hold office as a director. Westland may terminate the consultancy agreement upon three months' notice.
- Annual fees payable to Westland under the consultancy agreement are A\$75,600 plus GST, to be reviewed every 12 months. The agreement makes provision for the Company to pay Westland an additional short term incentive at the discretion of the Board.
- All reasonable out-of-pocket expenses incurred in the performance of the services by Westland or Mr, Tanham will be reimbursed by the Company.

## **ITEM 13: INTERESTS OF EXPERTS**

The auditors of the Company are McGovern, Hurley, Cunningham, LLP, Chartered Accountants, 2005 Sheppard Avenue East, Suite 300 Toronto, Ontario, Canada, M2J 5B4. The Auditor's Report for the Company's annual audited financial statements for the year ended October 31, 2010 issued by McGovern, Hurley, Cunningham LLP, Chartered Accountants was filed under National Instrument 51-102. To the knowledge of the Company, McGovern, Hurley, Cunningham and the principals of McGovern, Hurley, Cunningham as a group beneficially own, directly or indirectly, none of the outstanding common shares of the Company.

Mike Sperinck, a director, President and CEO of the Company is a "qualified person" as defined in NI 43-101. Mr. Sperinck is responsible for preparation of technical information in the Company's news releases and other disclosure documents. Mr. Sperinck owns directly and indirectly 1,381,861 common shares of the Company and 1,435,500 options to purchase common shares.

## **ITEM 14: ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities,

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and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's information circular for its most recent annual meeting of shareholders that involved the election of directors. Additional information is also provided in the Company's comparative financial statements for its most recently completed financial year and MD&A for its most recently completed financial year.