

Luri Gold Limited
(A Development Stage Company)

**UNAUDITED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
SIX MONTHS ENDED APRIL 30, 2011**

(Stated in Canadian Dollars)

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Luri Gold Limited
(A Development Stage Company)

NOTICE TO READER

Responsibility for the Unaudited Interim Consolidated Financial Statements

The accompanying unaudited interim consolidated financial statements for Luri Gold Limited (the "Company") have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the October 31, 2010 audited annual consolidated financial statements of the Company. Only changes in accounting principles have been disclosed in these unaudited interim consolidated financial statements. **These interim consolidated financial statements are unaudited and have not been reviewed by the Company's auditors.** These unaudited interim consolidated financial statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the unaudited interim consolidated financial statements, management is satisfied that these unaudited interim consolidated financial statements have been fairly presented.

Luir Gold Limited
(A Development Stage Company)
Unaudited Consolidated Balance Sheets
(expressed in Canadian dollars)

As at	April 30 2011 \$	October 31 2010 \$
ASSETS		
Current Assets		
Cash and equivalents	2,918,579	3,559,009
Amounts receivable	107,220	161,471
Advances and prepaid expenses	8,709	15,234
	<u>3,034,508</u>	<u>3,735,714</u>
Mineral Properties (Note 6)	13,024,336	12,623,314
Equipment	53,372	52,496
	<u><u>16,112,216</u></u>	<u><u>16,411,524</u></u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	244,379	301,454
Future income tax liabilities	338,012	335,000
	<u>582,391</u>	<u>636,454</u>
SHAREHOLDERS' EQUITY		
Share Capital (Note 7)	17,815,483	16,934,233
Contributed Surplus (Note 9)	4,496,940	4,496,940
Currency translation adjustments	39,419	39,419
Deficit	(6,822,017)	(5,695,522)
	<u>15,529,825</u>	<u>15,775,070</u>
	<u><u>16,112,216</u></u>	<u><u>16,411,524</u></u>

Going Concern (Note 2)

APPROVED ON BEHALF OF THE BOARD

signed "Melissa Sturgess"
Melissa Sturgess, Director

signed "Michael Langoulant"
Michael Langoulant, Director

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

Luir Gold Limited

(A Development Stage Company)

Unaudited Consolidated Statement of Shareholders' Equity

(expressed in Canadian dollars)

	Common Shares	Common Shares	Contributed Surplus	Share Purchase Warrants	Deficit accumulated during the development stage	Currency Translation Adjustments	Shareholders' Equity
	#	\$	\$	\$	\$	\$	\$
Balance – October 31, 2009	71,556,905	10,158,418	3,909,540	384,400	(4,897,848)	39,419	9,593,929
Shares issued on Australian Fundraising net of issuance costs of \$709,189	40,000,000	6,930,815	-	-	-	-	6,930,815
Value of agents options granted on Australian Fundraising	-	(155,000)	155,000	-	-	-	-
Stock option compensation expense	-	-	48,000	-	-	-	48,000
Valuation of warrants expired	-	-	384,400	(384,400)	-	-	-
Net loss for the year	-	-	-	-	(797,674)	-	(797,674)
Balance – October 31, 2010	111,556,905	16,934,233	4,496,940	-	(5,695,522)	39,419	15,775,070
Net loss for the period	-	-	-	-	(1,126,495)	-	(1,126,495)
Shares issued on Australian Fundraising	5,875,000	881,250	-	-	-	-	881,250
Balance – April 30, 2011	117,431,905	17,815,483	4,496,940	-	(6,822,017)	39,419	15,529,825

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

Luri Gold Limited

(A Development Stage Company)

Unaudited Consolidated Statements of Operations and Deficit

(expressed in Canadian dollars)

	Three Months ended April 30, 2011 \$	Three Months ended April 30, 2010 \$	Six Months ended April 30, 2011 \$	Six Months ended April 30, 2010 \$
Revenue	-	-	-	-
Expenses				
Consultancy fees	397,718	-	598,060	-
Foreign exchange loss / (gain)	(68,181)	94,097	(45,326)	151,728
Directors Fees	2,298	30,603	29,910	61,265
Insurance	3,167	6,695	6,506	11,840
Investor relations	18,000	87,443	36,000	117,486
Management fees	154,087	70,310	260,280	140,968
Office and administration	39,875	17,454	49,856	35,791
Stock-based compensation	-	48,000	-	203,000
Professional fees	97,629	45,226	176,708	71,606
Transfer agent and filing fees	31,731	19,575	44,374	50,261
Travel & accommodation	27,595	11,103	45,130	18,695
	703,919	430,506	1,201,498	862,640
Loss for the period before the undernoted	(703,919)	(430,506)	(1,201,498)	(862,640)
Interest Income	35,345	44,454	75,003	106,553
Net loss for the period	(668,574)	(386,052)	(1,126,495)	(756,087)
Deficit - beginning of period	(6,153,443)	(5,267,883)	(5,695,522)	(4,897,848)
Deficit - end of period	(6,822,017)	(5,653,935)	(6,822,017)	(5,653,935)
Net loss per Share - Basic and diluted	(0.01)	(0.00)	(0.01)	(0.01)
Weighted average number of common shares - Basic and diluted	115,963,155	111,556,905	113,711,072	107,799,999

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

Luri Gold Limited

(A Development Stage Company)

Unaudited Consolidated Statements of Cash Flows

(expressed in Canadian dollars)

	Three Months ended April 30 2011	Three Months ended April 30 2010	Six Months ended April 30 2011	Six Months ended April 30 2010
Cash provided by (used in):				
Operating Activities	\$	\$	\$	\$
Net Loss for the period	(668,574)	(386,052)	(1,126,495)	(756,087)
Adjustments for non-cash items:				
Stock-based compensation	-	48,000	-	203,000
Changes in non-cash working capital items:				
Amounts receivable	(3,467)	(47,713)	54,251	(31,341)
Advances and prepaid expenses	4,556	26,148	6,525	284,814
Accounts payable and accrued liabilities	(3,519)	(127,595)	(54,063)	(389,120)
Net cash used in Operating Activities	(671,004)	(487,212)	(1,119,782)	(688,734)
Financing Activities				
Issuance of common shares, for cash	881,250	-	881,250	7,640,004
Share issue costs	-	-	-	(709,189)
Net cash provided from Financing Activities	881,250	-	881,250	6,930,815
Investing Activities				
Expenditures on mineral Properties	(224,883)	(1,099,700)	(401,022)	(1,894,111)
Acquisition of property and Equipment	-	-	(876)	-
Net cash used in Investing Activities	(224,883)	(1,099,700)	(401,898)	(1,894,111)
Net change in cash and equivalents	(14,637)	(1,586,912)	(640,430)	(4,347,970)
Cash and equivalents – beginning of period	2,933,216	7,264,886	3,559,009	1,330,004
Cash and equivalents – end of period	2,918,579	5,677,974	2,918,579	5,677,974
Cash and equivalents:				
Cash	2,918,579	428,596	2,918,579	428,586
Equivalents	-	5,249,378	-	5,249,378
	2,918,579	5,677,974	2,918,579	5,677,974
Supplemental information				
Interest and taxes paid	-	-	-	-

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

Luri Gold Limited

(A Development Stage Company)

Notes to the Unaudited Interim Consolidated Financial Statements

April 30, 2011 *(expressed in Canadian dollars)*

1. Nature of Operations and Basis of Presentation

Luri Gold Limited (the "Company") was incorporated on February 3, 2004 in the Province of British Columbia under the British Columbia Business Corporations Act. The Company was set up as a capital pool company under the policies of the TSX Venture Exchange (the "Exchange") and was listed on the Exchange on June 8, 2004. Following the closing of the qualifying transaction on June 23, 2006 the principal business activity of the Company changed to become the acquisition, exploration and development of mineral properties. To date, the Company has not earned revenues and is considered to be in the development stage, as defined by the Canadian Institute of Chartered Accountants Handbook Accounting Guideline 11. The Company has entered into agreements in respect to properties in Zambia.

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

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, other land claims and non-compliance with regulatory requirements. Assets located outside of North America are subject to the risk of foreign investment, including currency exchange fluctuations and restrictions and political uncertainty.

2. Going Concern

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these unaudited interim consolidated financial statements do not reflect any adjustments in the carrying values of the assets and liabilities, the reported expenses, and the balance sheet classifications used that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

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Notes to the Unaudited Interim Consolidated Financial Statements

April 30, 2011 (expressed in Canadian dollars)

2. Going Concern (Continued)

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

3. Future Changes in Accounting Policies

International Financial Reporting Standards (IFRS)

In February 2008, the CICA Accounting Standards Board ("AcSB") confirmed that the use of International Financial Reporting Standards ("IFRS") will be required in 2011 for public companies in Canada (IFRS will replace Canadian GAAP for public companies). The official changeover date will apply for interim and annual financial statements relating to the Company's fiscal year beginning on November 1, 2011. The Company is currently assessing the impact of the implementation of IFRS and developing a changeover plan. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policy which must be addressed. The Company has begun assessing the adoption of IFRS and is developing a changeover plan; however, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Business combinations

CICA Handbook Section 1582 "Business Combinations", replaces Section 1581 - "Business Combinations" and provides the Canadian equivalent to International Financial Reporting Standards ("IFRS") 3 - Business Combinations. This applies to a transaction in which the acquirer obtains control of one or more businesses. Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be improbable, will be measured at fair value. Any interest in the acquiree owned prior to obtaining control will be remeasured at fair value at the acquisition date, eliminating the need for guidance on step acquisitions. Additionally, a bargain purchase will result in recognition of a gain and acquisition costs must be expensed. The Company expects to adopt this standard on November 1, 2011.

Consolidations and non-controlling interests

CICA Handbook Sections 1601 "Consolidations" and Section 1602 "Non-Controlling Interests" replace Section 1600 "Consolidated Financial Statements". Section 1602 provides the Canadian equivalent to International Accounting Standard 27 - "Consolidated and Separate Financial Statements", for non-controlling interests. The Company expects to adopt this standard on November 1, 2011.

4. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

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April 30, 2011 *(expressed in Canadian dollars)*

4. Capital Management (Continued)

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

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

There were no changes in the Company's approach to capital management during the six months ending April 30, 2011. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

5. Financial Risk Factors

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

Credit risk

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

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2011, the Company had a cash balance of \$2,918,579 (October 31, 2010 - \$3,559,009) to settle current liabilities of \$244,379 (October 31, 2010 - \$301,454). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

(a) Interest rate risk

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

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April 30, 2011 (expressed in Canadian dollars)

5. Financial Risk Factors (Continued)

(b) Foreign Currency risk

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

	Cash and equivalents \$	Amounts receivable \$	Accounts payable \$
Canada	48,760	17,273	42,745
Australia	2,805,786	67,563	104,354
Zambia	64,033	22,384	97,280
	2,918,579	107,220	244,379

(c) Price risk

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

Fair Values

Canadian GAAP requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The carrying amounts for cash and equivalents, amounts receivable and accounts payable and accrued liabilities on the balance sheet date approximate fair value because of the limited term of these instruments.

Sensitivity analysis

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

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April 30, 2011 (expressed in Canadian dollars)

5. Financial Risk Factors (Continued)

As at April 30, 2011, the carrying and fair value amounts of the Company's financial instruments are the same.

Based on management's knowledge and experience of the financial markets, Luri believes the following movements are "reasonably possible" over the next six months:

- Cash equivalents include deposits at call, which are at variable rates. Fluctuations in variable interest rates of plus or minus 1% change in rates would affect the net loss by \$14,000.
- The Company does hold significant balances in foreign currencies and therefore does have an exposure to foreign exchange risks.
- Price risk is remote since the Company is not a producing entity.

6. Mineral Properties

The cumulative costs of the Company's interest in its Zambian mineral properties are as follows:

	Six months ended April 30 2011 \$	Year ended October 31 2010 \$
Acquisition costs		
Opening balance	78,296	78,296
Incurred in the period	-	-
Closing balance	78,296	78,296
Drilling, Sampling and assays		
Opening balance	7,646,034	5,342,829
Incurred in the period	37,560	2,303,205
Closing balance	7,683,594	7,646,034
Labour		
Opening balance	846,008	565,991
Incurred in the period	85,889	280,017
Closing balance	931,897	846,008
Geological and reporting		
Opening balance	1,589,736	1,116,831
Incurred in the period	162,368	472,905
Closing balance	1,752,104	1,589,736
Project management fees		
Opening balance	1,682,836	798,195
Incurred in the period	92,784	884,641
Closing balance	1,775,620	1,682,836
Other		
Opening balance	780,404	582,567
Incurred in the period	22,421	197,837
Closing balance	802,825	780,404
Total	13,024,336	12,623,314

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Notes to the Unaudited Interim Consolidated Financial Statements

April 30, 2011 (expressed in Canadian dollars)

6. Mineral Properties (Continued)

Luir Hill Project, Zambia

The Company holds two Prospecting Licenses (PL173 and PL209) and a Mining License (LML48) in Zambia. These three contiguous tenements together constitute the Company's "Luir Hill Project", which the Company is exploring for gold and copper-gold deposits.

In May 2010, the Zambian Department of Mines and Minerals Development ("Mines Department") advised the Company that it was in default of its mining license LML48 which was cancelled.

This matter was not resolved through an initial legal appeal process.

The Company continues its endeavours to resolve this matter through negotiation with the Zambian government.

No impairment has been recorded as at April 30, 2011 as a result of this analysis. The great majority of funds capitalized as mineral properties relate to LML48. The final outcome of the negotiations remains uncertain and may result in the impairment or loss of all or part of the Company's investment, which could be material.

7. Share Capital

Authorized:

Unlimited number of common shares without par value.

Issued:

Common Shares	Number of Shares #	Amount \$
Balance, October 31, 2010	111,556,905	16,934,233
Private placement	5,875,000	881,250
Balance, April 30, 2011	117,431,905	17,815,483

In February 2011 the Company completed a private placement of 5,875,000 shares common shares of the Company at A\$0.15 each for total proceeds of A\$881,250. No financing costs were incurred in relation to this private placement.

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Notes to the Unaudited Interim Consolidated Financial Statements

April 30, 2011 (expressed in Canadian dollars)

8. Stock-Based Compensation

The Company may grant incentive stock options to its officers, directors, employees and consultants, for the purchase of up to 10% of the outstanding number of common shares of the Company. Stock options are non-transferable. The Board of Directors of the Company determines the exercise price, but it may be no less than the current market price at the time of the grant. Options have a maximum term of five years and terminate 90 days after the termination of employment or other contracting arrangement of the option holder. Vesting of options may be at the time of granting of the option or over a period as set out in each option agreement. Once approved and vested, stock options are exercisable at any time until expiry or termination. The Company records the stock-based compensation expense over the vesting term of the options granted.

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

The following summarizes the stock option activity during the period

	Six months ending April 30, 2011		Year ending October 31, 2010	
	Number of Options #	Weighted average exercise price \$ per share	Number of Options #	Weighted average exercise price \$ per share
Balance, beginning of period.	3,703,500	0.42	3,803,500	0.45
Granted	-	-	1,300,000	0.29
Expired or forfeited	-	-	(1,400,000)	(0.41)
Balance, end of period.	3,703,500	0.42	3,703,500	0.42

Summary of stock options outstanding as at April 30, 2011:

Expiry Date	Options Outstanding #	Options Exercisable \$	Exercise Price \$	Estimated Fair Value (Recorded) \$
June 23, 2011	2,207,000	2,207,000	0.50	653,394
March 13, 2012	146,500	146,500	0.40	43,950
March 7, 2013	50,000	50,000	0.40	14,500
May 13, 2012	1,000,000	1,000,000	A0.20	155,000
April 1, 2015	100,000	100,000	A0.45	17,000
April 1, 2015	100,000	100,000	A0.60	16,000
April 1, 2015	100,000	100,000	A0.85	15,000
	3,703,500	3,703,500		914,844

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Notes to the Unaudited Interim Consolidated Financial Statements

April 30, 2011 (expressed in Canadian dollars)

9. Contributed Surplus

The following summarizes the contributed surplus activity during the period:

	April 30 2011 \$	October 31, 2010 \$
Balance, beginning of period	4,496,940	3,909,540
Value of expired warrants	-	384,400
Value of stock options granted/vesting	-	203,000
Balance, end of period	4,496,940	4,496,940

10. Related Party Transactions

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

During the quarter the Company had cancelled a number of arrangements with certain directors and significant shareholders that provided management and consulting services to the Company.

In the period to April 30, 2011 the Company's ex-President and former Chief Executive Officer resigned as a full time employee. In the six months ended April 30, 2011 he was paid \$204,862 for his services (year ended October 31, 2010 - \$234,119). A termination payment of \$62,500 is included in the above.

In the period to April 30, 2011 Westland Group Pty Ltd, a private company, was paid \$55,418 in the six months ended April 30, 2011 (year ended October 31, 2010 - \$71,025) for the services of the Company's previous Chief Financial Officer, including a \$18,900 termination payment.

The Company pays directors fees to non-executive directors. The monthly fee for the Chairman is A\$3,333 and other directors A\$2,500. For the six months ended April 30, 2011 the Company paid directors fees of \$29,910 (year ended October 31, 2010 - \$123,137).

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Notes to the Unaudited Interim Consolidated Financial Statements

April 30, 2011 (expressed in Canadian dollars)

11. Segmented Information

The Company considers its business to consist of three geographical segments, Zambia, the corporate head office in Canada and bank accounts held in Australia.

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

	April 30 2011	October 31 2010
	\$	\$
Canada	136,209	281,674
Australia	2,805,786	3,296,316
Zambia	13,170,221	12,833,534
	16,112,216	16,411,524

12. Commitments and Contingencies

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