

Luri Gold Limited
(A Development Stage Company)

**UNAUDITED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

NINEMONTHS ENDED JULY 31, 2011

(Stated in Australian Dollars)

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Luir 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 Luir 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 Australian dollars)

As at	July 31 2011 \$	October 31 2010 \$
ASSETS		
Current Assets		
Cash and equivalents	2,353,592	3,545,485
Amounts receivable	41,416	160,857
Advances and prepaid expenses	5,958	15,176
	2,400,966	3,721,518
Mineral Properties (Note 6)	12,651,095	12,575,345
Equipment	22,627	52,297
	15,074,688	16,349,160
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	379,227	300,308
Future income tax liabilities	325,347	333,727
	704,574	634,035
SHAREHOLDERS' EQUITY		
Share Capital (Note 7)	17,751,133	16,869,883
Contributed Surplus (Note 9)	4,595,052	4,479,852
Currency translation adjustments	(390,012)	39,269
Deficit	(7,586,059)	(5,673,879)
	14,370,114	15,715,125
	15,074,688	16,349,160

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 Australiandollars)

	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	10,119,816	3,894,684	382,939	(4,879,236)	39,269	9,557,472
Shares issued on Australian Fundraising net of issuance costs of \$706,494	40,000,000	6,904,478	-	-	-	-	6,904,478
Value of agents options granted on Australian Fundraising	-	(154,411)	154,411	-	-	-	-
Stock option compensation expense	-	-	47,818	-	-	-	47,818
Valuation of warrants expired	-	-	382,939	(382,939)	-	-	-
Net loss for the year	-	-	-	-	(794,643)	-	(794,643)
Balance – October 31, 2010	111,556,905	16,869,883	4,479,852	-	(5,673,879)	39,269	15,715,125
Net loss for the period	-	-	-	-	(1,912,180)	-	(1,912,180)
Stock option compensation expense	-	-	115,200	-	-	-	115,200
Shares issued on Australian Fundraising	5,875,000	881,250	-	-	-	-	881,250
Translation of foreign currency financial statements	-	-	-	-	-	(429,281)	(429,281)
Balance – July 31, 2011	117,431,905	17,751,133	4,595,052	-	(7,586,059)	(390,012)	14,370,114

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

Luiri Gold Limited

(A Development Stage Company)

Unaudited Consolidated Statements of Operations and Deficit

(expressed in Australian dollars)

	Three Months ended July 31, 2011 \$	Three Months ended July 31, 2010 \$	Nine Months ended July 31, 2011 \$	Nine Months ended July 31, 2010 \$
Revenue	-	-	-	-
Expenses				
Consultancy fees	9,006	28,076	585,476	28,076
Foreign exchange loss / (gain)	(51,776)	62,485	(95,466)	213,636
Wages, salaries and directors fees	55,448	29,343	84,278	90,375
Insurance	18,942	5,594	25,213	17,389
Investor relations	19,126	20,036	53,826	137,075
Management fees	23,946	61,050	274,830	201,482
Office and administration	86,245	21,685	134,301	57,340
Stock-based compensation	115,200	-	115,200	202,229
Professional fees	142,012	33,583	312,342	104,917
Transfer agent and filing fees	10,206	25,607	52,978	75,677
Travel & accommodation	100,127	28,127	143,628	46,752
Exploration written off	278,288	-	278,288	-
Project generation	48,204	-	48,204	-
	854,974	315,586	2,013,098	1,174,948
Loss for the period before the undernoted	(854,974)	(315,586)	(2,013,098)	(1,174,948)
Interest Income	28,623	65,390	100,918	171,538
Net loss for the period	(826,351)	(250,196)	(1,912,180)	(1,003,410)
Deficit - beginning of period	(6,759,708)	(5,632,450)	(5,673,879)	(4,879,236)
Deficit - end of period	(7,586,059)	(5,882,646)	(7,586,059)	(5,882,646)
Net loss per Share - Basic and diluted	(0.01)	(0.00)	(0.02)	(0.01)
Weighted average number of common shares - Basic and diluted	117,431,905	111,556,905	114,969,589	109,066,063

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

Luir Gold Limited

(A Development Stage Company)

Unaudited Consolidated Statements of Cash Flows

(expressed in Australian dollars)

Cash provided by (used in):	Three Months ended July 31 2011	Three Months ended July 31 2010	Nine Months ended July 31 2011	NineMonths ended July 31 2010
Operating Activities	\$	\$	\$	\$
Net Loss for the period	(826,351)	(250,196)	(1,912,180)	(1,003,409)
Adjustments for non-cash items:				
Stock-based compensation	115,200	-	115,200	202,229
Foreign exchange loss	168,905	-	21,290	-
Changes in non-cash working capital items:				
Amounts receivable	115,352	(31,179)	167,645	(62,401)
Advances and prepaid expenses	2,930	1,153	9,220	284,884
Accounts payable and accrued liabilities	281,028	47,663	228,917	(339,979)
Net cash used in Operating Activities	(142,936)	(232,559)	(1,369,908)	(918,676)
Financing Activities				
Issuance of common shares, for cash	-	-	881,250	7,610,972
Share issue costs	-	-	-	(706,494)
Net cash provided from Financing Activities	-	-	881,250	6,904,478
Investing Activities				
Expenditures on mineral Properties	(316,690)	(1,208,405)	(703,235)	(3,105,280)
Acquisition of property and Equipment	-	(6,228)	-	(6,228)
Net cash used in Investing Activities	(316,690)	(1,214,633)	(703,235)	(3,111,508)
Net change in cash and equivalents	(459,626)	(1,447,192)	(1,191,893)	2,874,294
Cash and equivalents – beginning of period	2,813,218	5,646,436	3,545,485	1,324,950
Cash and equivalents – end of period	2,353,592	4,199,244	2,353,592	4,199,244
Cash and equivalents:				
Cash	2,353,592	125,727	2,353,592	125,727
Equivalents	-	4,073,517	-	4,073,517
	2,353,592	4,199,244	2,353,592	4,199,244
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

July 31, 2011 *(expressed in Australian 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, 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 valid title, 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.

Change in Functional and Reporting Currency

The Company has changed its functional and reporting currency from Canadian dollars to Australian dollars, effective May 1, 2011. Prior period comparative figures have been translated from Canadian dollars to Australian dollars using the prevailing exchange rates on the date that the reporting period being translated ended.

The change in reporting currency is based upon the fact that the vast majority of shareholders are Australian resident, the Company's main corporate office is now located in Australia, the majority of its cash assets are now held in Australian dollars and all of its non-exploration assets are now held in Australia.

Luir Gold Limited

(A Development Stage Company)

Notes to the Unaudited Interim Consolidated Financial Statements

July 31, 2011 *(expressed in Australian dollars)*

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.

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.

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Notes to the Unaudited Interim Consolidated Financial Statements

July 31, 2011 *(expressed in Australian dollars)*

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.

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 nine months ending July 31, 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 July 31, 2011, the Company had a cash balance of \$2,353,592 (October 31, 2010 - \$3,545,485) to settle current liabilities of \$379,227 (October 31, 2010 - \$300,308). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

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Notes to the Unaudited Interim Consolidated Financial Statements

July 31, 2011 (expressed in Australian dollars)

5. Financial Risk Factors (Continued)

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.

(b) Foreign Currency risk

The Company's functional currency has changed from the Canadian dollar to the Australian dollar as most major transactions are in Australian dollars. The Company funds certain operations, exploration and administrative expenses in Zambia on a cash call basis using US dollar currency converted from Australian dollar bank accounts held in Australia. The Company incurs most corporate operating expenses in Australian dollars. 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	-	-	-
Australia	2,215,033	16,423	284,079
Zambia	138,559	24,993	95,148
	2,353,592	41,416	379,227

(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.

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Notes to the Unaudited Interim Consolidated Financial Statements

July 31, 2011 (expressed in Australian dollars)

5. Financial Risk Factors (Continued)

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.

As at July 31, 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, Luir believes the following movements are "reasonably possible" over the next threemonths:

- 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 \$13,125.
- 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:

	Ninemonths ended July 31 2011 \$	Year ended October 31 2010 \$
Acquisition costs		
Opening balance	12,575,345	8,420,347
Incurred in the period	766,141	4,154,998
Written off in period	(278,288)	-
Foreign currency translation adjustments	(412,103)	-
Total	<u>12,651,095</u>	<u>12,575,345</u>

The Company Zambian 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.

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(A Development Stage Company)

Notes to the Unaudited Interim Consolidated Financial Statements

July 31, 2011 (expressed in Australian dollars)

6. Mineral Properties (continued)

Due to the uncertainty surrounding the tenement title the Company has in this quarter commenced to expense all exploration costs as incurred. No impairment has been recorded against the carried forward exploration expenditure, however as the great majority of funds capitalized as mineral properties relate to LML48 the final outcome of these negotiations 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	111,556,901	16,869,881
Private placement	5,875,000	881,250
Balance, July 31, 2011	117,431,901	17,751,131

In February 2011 the Company completed a private placement of 5,875,000 shares common shares of the Company at \$0.15 each for total proceeds of \$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

July 31, 2011 (expressed in Australian 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

	Ninemonths ending July 31, 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	8,000,000	0.17	1,300,000	0.29
Expired or forfeited	(2,403,500)	0.49	(1,400,000)	(0.41)
Balance, end of period.	9,300,000	0.186	3,703,500	0.42

Summary of stock options outstanding as at July 31, 2011:

Expiry Date	Options Outstanding #	Options Exercisable \$	Exercise Price \$	Estimated Fair Value (Recorded) \$
May 13, 2012	1,000,000	1,000,000	0.20	154,000
April 1, 2015	100,000	100,000	0.45	17,000
April 1, 2015	100,000	100,000	0.60	16,000
April 1, 2015	100,000	100,000	0.85	15,000
June 30, 2015	8,000,000	Nil	0.17	115,200
	9,300,000	1,300,000		317,200

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Notes to the Unaudited Interim Consolidated Financial Statements

July 31, 2011 (expressed in Australian dollars)

9. Contributed Surplus

The following summarizes the contributed surplus activity during the period:

	July 31 2011 \$	October 31, 2010 \$
Balance, beginning of period	4,479,852	3,894,684
Value of expired warrants	-	382,939
Value of stock options granted/vesting	115,200	202,229
Balance, end of period	4,595,052	4,479,852

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.

The Company pays directors fees to non-executive directors. The monthly fee for the Chairman is \$3,333 and other directors \$2,500. For the three months ended July 31, 2011 the Company accrued directors fees of \$32,500 (year ended October 31, 2010 - \$122,669).

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Notes to the Unaudited Interim Consolidated Financial Statements

July 31, 2011 (expressed in Australian dollars)

11. Segmented Information

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

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

	July 31 2011 \$	October 31 2010 \$
Canada	-	280,604
Australia	2,231,457	3,283,790
Zambia	12,843,231	12,784,766
	15,074,688	16,349,160

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.

LUIRI GOLD LIMITED
For the nine months ended July 31, 2011

Management's Discussion and Analysis

(All amounts stated in Australian dollars, unless otherwise indicated)

This quarterly report, including the consolidated financial statements and this MD&A contains certain "Forward-Looking Statements", which are prospective and reflect management's expectations regarding Luiiri Gold Limited ("Luiiri Gold")'s future growth, results of operations, performance and business prospects and opportunities.

See our annual information form for additional information on risks, uncertainties and other factors relating to the forward-looking statements and information. Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond our control. Accordingly, readers should not place undue reliance on forward-looking statements or information. We undertake no obligation to reissue or update forward-looking statements or information as a result of new information or events after the date hereof except as may be required by law. All forward-looking statements and information made herein are qualified by this cautionary statement.

Introduction

This discussion and analysis of the operating results and financial condition of Luiiri Gold Limited (“**Luiiri Gold**”, or the “Company”) for the nine months ended July 31, 2011 (the “Quarter”) should be read in conjunction with the unaudited consolidated financial statements for the same period, and is intended to provide the reader with a review of the factors that affected the Company’s performance during the 3 months ended July 31, 2011, and the factors reasonably expected to impact future operations and results.

The unaudited consolidated financial statements and related notes of Luiiri Gold have been prepared in accordance with Generally Accepted Accounting Principles in Canada (“**Canadian GAAP**”).

Since the last reporting period the Company has changed its functional currency to Australian dollars and unaudited consolidated financial statements and related notes are expressed in Australian dollars. All amounts in this report are in Australian dollars, except where otherwise indicated.

The change in functional currency recognises that the Company is now predominantly managed and operated from Australia with the majority of cash assets held in Australian dollars.

Executive Summary

The focus of the Board continues to be holding discussions with various levels of the Zambian government with the aim to resolve the tenement title issues surrounding the Company’s Zambian projects.

In May 2010, the Company was advised by the Director of Mines in Zambia that it was in default of its mining licence LML48.

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

Following the appointment of a new Board and management earlier this calendar year the new Board has suspended all legal actions and is endeavouring to resolve this matter through negotiation with the Zambian government.

Work on both Luiiri projects has been minimised pending the outcome of the tenement tenure discussions. No impairment of the value of these projects has been raised pending the outcome of these negotiations.

During the quarter the annual general meeting of shareholders was held.

Since the end of the quarter the Company has announced a financing via a private placement of 10 million shares at \$0.115 each to raise \$1,150,000 in working capital.

Background

The Company was incorporated as Stirling Exploration Ltd. on February 3, 2004 in the Province of British Columbia under the British Columbia Business Corporations Act. On June 23, 2006, the Company's name was changed to Luri Gold Limited, and its common shares commenced trading on the TSX Venture Exchange under the trading symbol "LGL". In November 2009, the Company dual listed on the ASX where it trades under the symbol "LGM". The Company maintains operational offices in Lusaka, Zambia and Perth, Western Australia and a corporate office at 10th Floor, 595 Howe Street, Vancouver, British Columbia, Canada VC6 2T5.

Nature of Business

Luri Gold holds exploration stage mineral tenements aiming to create shareholder value through the acquisition, exploration and development of mineral opportunities. Currently, Luri Gold's wholly-owned Zambian subsidiary, Luri Gold Mines Limited ("**Luri 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 Luri Hill Project.

Significant Events and Transactions

Corporate Activity

During the Quarter, the annual general meeting of shareholders was held re-appointing the Board comprising executive directors, Chairman/CEO Miss Melissa Sturgess and CFO Mr Michael Langoulant, technical director Dr Evan Kirby, and non-executive director, Mr. Robert Brown.

In addition the meeting approved stock option plans for directors, employees and consultants from which 8 million incentive options exercisable at \$0.17 were issued to the directors.

Tenure Issues

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

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

The current Board has suspended all legal actions and it is the Company's intent to seek a solution to the tenure issue through ongoing negotiations with the Government of Zambia, the Minister of Mines, all appropriate levels of the public service, and the traditional leaders (chiefs) of the local communities.

The Company will continue to seek confirmation of tenure to all tenement areas as a matter of priority.

Exploration Update

Luiru Gold Mines was incorporated under the laws of Zambia in 2003 and holds Zambian mining licenses which cover approximately 1,200km² in south-central Zambia.

The Company's tenements cover approximately 28km² and include the historical Dunrobin and Matala mines. The gold and copper-gold interests in these three contiguous tenements together constitute the Luiru Hill Gold Project.

Notwithstanding the current tenement title uncertainty and as a sign of commitment to our local employees and the project areas the Company's new management team has progressed a trenching program on ground within the P1209 license. This trenching program has provided continuity of employment for over 40 full and part time local employees. The trenching program has continued into the October quarter. Assay results from this program have not yet been received.

Reporting Period

At July 31, 2011, the Company had net working capital of \$2,021,739 (October 31, 2010 \$3,421,210).

Exploration Expenditures

In the July 2011 quarter mineral exploration costs, were mainly related to a trenching program, maintaining the Company's staff and exploration infrastructure, and for consulting fees in relation to ongoing negotiations with the Zambian government.

All exploration incurred in this quarter has been expensed.

Exploration expenditures capitalized to date are as follows:

	Nine months ended July 31 2011 \$	Year ended October 31 2010 \$
Acquisition costs		
Opening balance	12,575,345	8,420,347
Incurred in the period	766,141	4,154,998
Written off in period	(278,288)	-
Foreign currency translation adjustments	(412,103)	-
	<hr/>	
Total	12,651,095	12,575,345

Due to the uncertainty surrounding the tenement title the Company has in this quarter commenced to expense all exploration costs as incurred. No impairment has been recorded against the carried forward exploration expenditure, however as the great majority of funds capitalized as mineral properties relate to LML48 the final outcome

of these negotiations may result in the impairment or loss of all or part of the Company's investment, which could be material.

Significant Expenses

For the three months' ending July 31, 2011

The net loss for the three months ended July 31, 2011 was \$826,351 (July 31, 2010: \$278,000). Major variances when compared to the same period last year were mainly due to the Company writing off all Zambian project related expenditure, expenses relating to the generation of new project opportunities and professional fees re the Zambian tenement issues. A \$51,776 foreign exchange gain was recorded in the period compared to a loss of \$62,485 in the previous period. Also there was a stock based compensation expense of in this period of \$115,200, while in the three months to July 31, 2010, there was no expense.

Summary of Results

Selected financial information for the quarters for the years 2009, 2010 and 2011 is tabulated below.

(In thousands of Australian dollars, except per share amounts)

Fiscal Period	Revenue	Net Income (Loss)	Earnings / (Loss) per Share (\$)		Total Assets	Total L.T. Liabilities	Dividends
			Basic	Diluted			
2011 – Q3	-	(826)	(0.01)	(0.01)	15,075	379	-
2011 – Q2	-	(669)	(0.01)	(0.01)	15,580	335	-
2011 – Q1	-	(459)	(0.00)	(0.00)	15,967	335	-
Total	-	(2,013)	(0.02)	(0.02)	N/A	N/A	-
2010 – Q4	-	216	0.00	0.00	16,349	334	-
2010 – Q3	-	(250)	(0.00)	(0.00)	17,231	-	-
2010 – Q2	-	(414)	(0.00)	(0.00)	17,433	-	-
2010 – Q1	-	(386)	(0.00)	(0.00)	17,388	-	-
Total	-	(834)	(0.01)	(0.01)	N/A	N/A	-
2009 – Q4	-	17	0.00	0.00	10,551	-	-
2009 – Q3	-	(165)	(0.00)	(0.00)	10,823	-	-
2009 – Q2	-	(197)	(0.00)	(0.00)	8,289	-	-
2009 – Q1	-	(144)	(0.00)	(0.00)	9,148	-	-
Total	-	(489)	(0.01)	(0.01)	N/A	N/A	-

Liquidity

The following table summarizes the Company's cash flows and cash on hand:

	July 31, 2011	October 31, 2010
	\$	\$
Cash	2,353,592	3,545,485
Working capital	2,021,739	3,421,210
Cash (used in) operating activities	(1,369,908)	(928,757)
Cash used in investing activities	(703,235)	(3,853,687)
Cash provided by financing activities	881,250	7,002,979

Critical Accounting Policies and Estimates

Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of any contingent assets and liabilities as at the date of the financial statements, as well as the reported amounts of revenues earned and expenses incurred during the period. These estimates are based on historical experience and other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Critical accounting policies and estimates in the period included the continued capitalization of mining property acquisition, exploration and development costs and the potential recognition of impairment of those assets.

Mineral Properties

The decision to capitalize exploration expenditures, and the timing of the recognition that capitalized exploration is unlikely to have future economic benefits, can materially affect the reported earnings of the Company. Luri Gold follows Canadian GAAP. The Company has adopted a policy of deferring property specific acquisition, exploration and development costs. Deferred costs relating to properties that are relinquished, or where continued exploration is deemed inappropriate, are written off in the period such assessment is made. If Luri Gold adopted a policy of expensing all exploration costs, the Company's asset base, shareholders' equity, and loss from operations would be materially different. These deferred costs will be amortized on the unit-of-production basis over the estimated useful lives of the properties following the commencement of production. The cost of mineral properties includes any cash consideration paid, and the fair market value of shares issued on the acquisition of property interests, if any. The recorded amounts represent actual expenditures incurred and are not intended to reflect present or future values. The Company reviews capitalized costs on its property interests on a periodic, or at least annual, basis and will recognize an impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable revenues from the property or from the sale of the property. Management's assessment of the property's estimated current fair market value may also be based upon a review of other property transactions that have occurred in the same geographic area as that of the property under review.

Since the beginning of this quarter the Company has elected to write off all project related expenditure in recognition of the continuing uncertainty of title to the Zambian project areas.

Asset retirement obligations

The Company is required to record a liability for the estimated future costs associated with legal obligations relating to the reclamation and closure of its exploration, development or mining properties. This amount is initially recorded at its discounted present value, with subsequent annual recognition of an accretion amount on the discounted liability. An equivalent amount is recorded as an increase to mineral properties and deferred exploration costs and amortized over the useful life of the properties. The Company is not aware of any material legal obligations relating to the reclamation of its mineral properties; although rehabilitation of historical workings could be considered as part of future development plans.

Risks & Uncertainties

Luir 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 Luir 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. Luir Gold's properties are in the exploration stage and at present do not contain a known body of commercial ore. 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 minerals, any of which could result in damage to life, or property, or the environment. Significant risk factors for the Company include metal prices, government regulations, foreign operations, environmental compliance, asset backed commercial paper, the ability to obtain additional financing, risk relating to recent acquisitions, dependence on management, title to the Company's mineral properties, and litigation. For details of risk factors, please refer to the 2010

year-end audited consolidated financial statements, Management Discussion and

Analysis and Annual Information Form filed on SEDAR at www.sedar.com.

The Company's operations are also subject to the additional risks associated with operating in Africa. All of Luir 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. Any changes in regulations or shifts in political attitudes are beyond Luri 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.

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

In the absence of cash flow from operations, Luri 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.

Notwithstanding the tenement tenure issues noted above, 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 by the Company. 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, 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. 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. 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. 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.

Changes in Accounting Policies

Since the beginning of this quarter the Company has elected to write off all project related expenditure in recognition of the continuing uncertainty of title to the Zambian project areas. Apart from this treatment of project related expenditure there have been no changes in accounting policies during the Quarter.

Future Changes in Accounting Standards

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.

Use of Financial Instruments

Up to July 31, 2011 Luiiri Gold did not enter into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. The principal financial instruments affecting the Company’s financial condition and results of operations are currently its cash, amounts receivable and prepayments, and accounts payable and accrued liabilities.

Off-Balance Sheet Arrangements and Contingent Liabilities

Luir Gold has no off-balance sheet arrangements or contingent liabilities, not already discussed above.

Contractual Obligations and Commitments

- a) Luir Gold had no capital expenditure commitments up to July 31, 2011.
- b) Under the terms of non-cancellable operating leases, the Company is committed to rental payments of \$22,000 due within one year.

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.

At July 31, 2011, the Company had arrangements with a number of contractors to provide most of the administrative, accounting, management, and technical services required. Certain directors provided management and consulting services to the Company.

The Company pays directors fees to directors. The monthly fee for the Chairman is \$3,333 and for other directors it is \$2,500. For the three months ended July 31, 2011 the Company accrued directors' fees of \$32,500. (year ended October 31, 2010: \$122,669).

Outlook

The Company's immediate focus is to resolve its Zambian tenement issues. Only once that has occurred can it recommence substantive exploration activities. As part of this process the Company will determine the current tenement tenure of all its Zambian tenement holdings.

For additional information, please refer to the Company's website at www.luirigold.com and for regulatory filings, including news releases, please refer to www.SEDAR.com.

Supplement to the Financial Statements

As at September 19, 2011, the following items were issued and outstanding:

- 117,431,905 common shares; and
- 9,300,000 common share purchase options with an average exercise price of \$0.0.186 per common share and expiry dates ranging between May 13, 2012 and June 30, 2015.

September 19, 2011

LURI GOLD LIMITED

CORPORATE INFORMATION

Directors

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Executive Chairman & CEO
London, England

Michael Langoulant¹

Chief Financial Officer/Company Secretary
Perth, Western Australia

Robert Brown¹

Non-executive Director
Perth, Western Australia

Evan Kirby¹

Non-executive Technical Director
Perth, Western Australia

¹ Current members of the Audit Committee.

Shareholders' Information

Stock Exchange Listings
TSX Venture Exchange
TSXV Symbol: **LGL**

Australian Securities Exchange
ASX Symbol: **LGM**

Registrar and Transfer Agent

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