

# Luir Gold

Gold Resource Development & Exploration Company

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## LUIRI GOLD ZAMBIAN MINING LICENCE REINSTATED

**Perth, Australia, 17 October, 2011** Emerging African gold developer Luir Gold Limited (ASX: LGM, TSX-V: LGL) ("Luir" or "Company") announces that the Zambian Ministry of Mines and Mineral Development has reinstated the Company's Large Scale Mining License LML 48 ("LML 48"). LML 48 contains the Matala and Dunrobin gold deposits in the Company's Luir Hill Deposit. The Company is able to immediately recommence full-scale exploration and development activities in Zambia.

Under the terms of the settlement reached with the Government of Zambia and other agreements with relevant stakeholders:

1. The Cancellation Notice issued on 15 June 2010 in respect of LML 48 has been extinguished by the Government of Zambia, and the Company has discontinued its appeal against the decision of the Honourable Minister of Mines. Accordingly, the Government of Zambia has confirmed that LML 48 is once again valid and effective as if the Cancellation Notice had never been issued.
2. As a key part of the settlement, the Company has agreed to continue project development activities and to be in a position to commence construction of a mining project prior to December 31, 2013. The timeframe allows for two complete dry seasons in which to progress and complete field exploration. The directors of Luir believe this provides the Company with sufficient time to complete the necessary exploration activities prior to commencing possible mine development.
3. The Company has also made meaningful commitments to the local community with the initial funding of a community development trust and the facilitation and funding of a community development committee, each as further described below.

The agreements are the result of extensive negotiations by the management team of Luir with the relevant Zambian Government departments and stakeholders to resolve the various issues that had caused the Cancellation Notice. During the negotiations, Luir demonstrated good faith by continuing to employ 29 full time workers and taking on additional personnel on short-term contracts to progress exploration trenching in preparation for a new drilling program.

### Management changes

To reflect the Company's renewed exploration activities, director Melissa Sturgess will move into the role of Non-executive Chairman, while current director Evan Kirby has been appointed as Luir's CEO and Managing Director and will also act as Chairman of Luir's Zambian operating company, Luir Gold Mines Ltd. ("Luir Zambia"). Additionally, Clinton White has been appointed Chief Executive Officer, Country Manager, and General Manager for Luir Zambia.

## **Exploration and Study Program**

Luiru's management believes that the area comprising LML 48 is under-explored and highly prospective for mineralization that could form the basis of commercially viable mining operations. The proposed work program negotiated in conjunction with the full reinstatement of LML 48 is a combination of exploration and project evaluation study work. Additional exploration drilling will be conducted with the express objectives of:

- (i) Increasing the resource base, and
- (ii) identifying a quantity of high-grade ore that is easily mineable by open pit methods to support fast track development of mining and production.

At the same time as the exploration drilling, study work will be progressed to develop potential plans for mining and processing, to accurately evaluate costs and revenue estimates and to assemble a project implementation plan and development schedule. During this period, all necessary permitting for project development will be sought. This work will support a definitive technical and financial evaluation that will be used as the basis for project financing.

Exploration work is expected to be comprised of the following elements:

1. The main drilling program will be undertaken during the 2012 dry season (May – November) with follow up/in-fill drilling being conducted in 2013.
2. A comprehensive reorganisation, verification and audit of the existing exploration and resource database is currently being undertaken by Maxwell GeoServices. Maxwell have been contracted to manage the database on an ongoing basis including the import of new data as exploration results are received.
3. The Company has engaged Coffey Mining Associates to calculate a new JORC compliant resource assessment using the Maxwell-verified database. This new resource is expected to be announced by the end of 2011.
4. A professional Zambian geologist will be recruited to strengthen the in-country exploration team.
5. ArcGIS and Target geological software will be acquired to enable the most prospective unexplored targets to be identified.
6. Limited exploratory works will be continued during the forth-coming wet season (November 2011 – April 2012). It is anticipated that this work will include an airborne geophysical survey and the continuation of current target orientation trenching works.
7. Social and environmental studies will commence early 2012 to establish pre-development baseline conditions in preparation for full compliance with Equator Principles for mine development.

## **Community Development Trust**

In conjunction with the settlement agreement with the Zambian government, Luiri has made formal commitments to the local communities in the vicinity of LML 48 (the "Development Area") in relation to community-development programs during the exploration phase of the project. These commitments of the Company include:

1. Initial funding of a community development trust fund (the "Community Fund"), which has been established by His Royal Highness, Senior Chief Shakumbila, with the Company responsible for the following:
  - Payment of US\$150,000 to the Community Fund,
  - Issue (or transfer) to the Community Fund of shares in Luiri Gold having a value equivalent to 5% of the market value of the project, based on an independent valuation of the project at the date of issue. The issuance of such shares shall be

subject to the approval of the TSX Venture Exchange (the "TSX-V") and, if necessary pursuant to the rules of the ASX, the Company's shareholders.

2. Facilitation and funding of a local community development committee comprising no more than 12 members drawn from the Shakumbila Chiefdom. This committee will monitor and administer the funding of social development projects and activities within the Development Area.

Successful establishment of mining operations is anticipated to provide additional long-term benefits to all stakeholders, including those in the Development Area.

**Chairman of Luiri, Melissa Sturgess, commented,** "We are of course very pleased with this outcome. Thanks are due to the efforts of Luiri's new team and also to the Government of Zambia, and its stakeholders, who have all been integral in achieving an outcome which will see Luiri's exploration and development efforts expand for the benefit of both the shareholders of Luiri and for the people of Zambia."

On behalf of the Board of Directors of the Company,

"Mike Langoulant"

Director and Corporate Secretary

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**Cautionary Note Regarding Forward Looking Statements:** Certain disclosure in this release, including statements regarding the exploration and study program in relation to the area comprising LML 48 and the Company's plans and intentions with respect to the Company's exploration activities and obligations pursuant to the settlement agreement with the Zambian government, constitute forward-looking statements. In making the forward-looking statements in this release, the Company has applied certain factors and assumptions that are based on the Company's current beliefs as well as assumptions made by and information currently available to the Company, including that LML 48 remains in good standing, that the Company is able to obtain any other required government or other regulatory approvals and adequate financing to complete the planned exploration activities, that the Company is able to procure equipment and supplies in sufficient quantities and on a timely basis, and that actual results of exploration activities are consistent with management's expectations. Although the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect, and the forward-looking statements in this release are subject to numerous risks, uncertainties and other factors that may cause future results to differ materially from those expressed or implied in such forward-looking statements. Such risk factors may include, among others, actual results of the Company's exploration activities being different than those expected by management, delays in obtaining required government or other regulatory approvals or financing, inability to procure equipment and supplies in sufficient quantities and on a timely basis, and general market conditions. Readers are cautioned not to place undue reliance on forward-looking statements. The Company does not intend, and expressly disclaims any intention or obligation to, update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.