

Quarterly Report to 31 October 2011

Luirigold Limited

ASX Code: LGM

TSXV Code: LGL

www.luirigold.com

Corporate Structure

Shares on issue	127.43m
Options	10.1m
52 week high	A\$0.27
52 week low	A\$0.09

Cash (as at 31 Oct) A\$2.7m

Company Directors

Melissa Sturgess
Chairman

Evan Kirby
Managing Director

Mike Langoulant
Executive Director

Robert Brown
Non-Executive Director

HIGHLIGHTS OF THE QUARTER

Luirigold Hill Gold Project, Zambia

- Negotiations with the Zambian Government continued during the quarter culminating in the Zambian Ministry of Mines and Mineral Development reinstating the Company's Large Scale Mining License, LML 48.
- Exploration work progressed with trenching to expose extensions to known mineral resources and to delineate drilling targets.
- Maxwell GeoServices engaged to reorganize, validate and maintain the Company's exploration database.
- Coffey Associates contracted to produce a new resource estimate.
- An agreement was reached with Senior Chief Shakumbila to establish and fund a Community Development Trust for the benefit of the communities in the vicinity of the Company's area of operations.
- Recruitment of two experienced Zambian geologists to oversee exploration activities at Luirigold Hill well advanced.

Corporate

- Completion of a private placement of 10,000,000 common shares at an issue price of A\$0.115 to raise A\$1.15 million.
- Cash on hand at end of Quarter: A\$2.7 million.

Luir Gold Limited (ASX:LGM; TSXV:LGL), (“Luir” or the “Company”) an East African gold exploration and development company, is pleased to announce its Quarterly Activities Report for the 3 months ended 31 October 2011.

LUIRI HILL GOLD PROJECT

Mining License Reinstatement

With the reinstatement of the large-scale mining license, the Company is gearing up to recommence full-scale exploration activities and development studies in Zambia. The mining license 8074-HQ-LML (previously called LML 48) contains the Matala and Dunrobin gold deposits in the Company’s Luir Hill Gold Project.

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

- The Government of Zambia has extinguished the Cancellation Notice issued on 15 June 2010 in respect of LML 48, 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. Under the new naming system, this license is now known as 8074-HQ-LML.
- 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 and development studies. The directors of Luir believe this provides the Company with sufficient time to complete the necessary exploration activities prior to commencing possible mine development.
- 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 15 additional personnel on short-term contracts to progress exploration trenching in preparation for a new drilling program.

Other Tenement Matters

During the quarter, negotiations with the Zambian government also considered future access to the ground previously covered by the Company’s two prospecting licenses. The following outcomes have been established at the date of this report as a result of these negotiations:

- PL209 and PL 173 were due to expire on 1 October 2011 and 31 July 2011 respectively which was, in both cases, earlier than Company records had indicated;
- Both licenses had previously been renewed by the former management for the maximum number of times so further renewals were not possible;
- The former management of the Company had applied for a new mining license on the part of PL173 that was to the east of 8074-HQ-LML (LML48) and prospective for gold mineralisation. However, this application had not progressed due to the suspension of LML48.

Negotiations are continuing with the Zambian Government in regard to these license issues.

As a result of these outcomes, the Company has sharpened its strategic focus onto the development of a gold project. These outcomes have also resulted in the Nambala Iron Ore prospect no longer being held by the Company.

The Company had reviewed the Nambala Iron Ore prospect and considered it as a possible source of iron ore for a small-scale Zambian steelmaking operation. Regional transport infrastructure constraints added to the limited known geological potential of the project contributed to the Company placing little immediate value on the Nambala Iron Ore prospect. The new management has focused on ensuring the Company regained access to its gold prospective areas as the source of future shareholder value.

Exploration Activities

During the quarter, the Company initiated work in preparation for the resumption of full-scale exploration activities. Discussions were held with Coffey Associates, Perth Office, ("Coffey") who had been responsible for the major part of previous resource estimates. Following recommendations from Coffey, Maxwell GeoServices ("Maxwell") were engaged to reorganize, validate and maintain the Company's geological database. The information comprising the geological database has been collected and provided to Maxwell. Coffey Associates will be in Zambia during November 2011, for site visits to the Luri Hill Project, and to the Company's Lusaka office. Core samples from previous exploration are kept on the project site whilst hard copies of exploration records are kept in the Lusaka office.

The Company also updated its geological mapping hardware and software. Local copies of the geological database will be used in planning and coordination of field activities.

Recruitment of Local Geologists

During the quarter, geologists and other technical staff from Caracle Creek International Consulting (CCIC) supported the Company's exploration activities. The Company has entered a consulting agreement with CCIC, who will supply long term support to the exploration work.

The Company also plans to engage two experienced local geologists to oversee exploration work on the Luri Hill Gold Project. Recruitment activities were commenced and at the time of publication of this report, two suitable candidates had been engaged.

Community and Environment

A key plank in the Company's negotiations in securing a reinstatement of its mining lease was reaching agreements with the local community and Senior Chief. These agreements will form a stable base from which the Company can develop strong local alliances into the future. The Company has agreed to:

- pay US\$150,000 to establish and fund a community development trust fund (the "Community Fund"), which has been established by His Royal Highness, Senior Chief Shakumbila.
- issue (or transfer) to the Community Fund shares in Luri 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.
- Facilitate and fund a local community development committee drawn from the Shakumbila Chiefdom. This committee will monitor and administer the funding of social development projects and activities within the Luri Gold project area.
- Engage Senior Chief Shakumbila as a consultant to advise on issues concerning the Company's interaction with the local community as well as the Government of Zambia.

The Company has reviewed previous environmental studies and plans to actively revalidate these in the forthcoming quarter. This will include continuation of the previous base line environmental assessments so that any development activities are in line with international best practices.

On behalf of the Board of Directors of the Company,

"Mike Langoulant"

Director and Corporate Secretary

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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 8074-HQ-LML 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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

LUIRI GOLD LIMITED

ACN

139 588 926

Quarter ended ("current quarter")

31 October 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	(658)	(1,361)
(b) development		
(c) production		
(d) administration	(131)	(1,598)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	25	122
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(764)	(2,837)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects		
(b)equity investments		
(c) other fixed assets	(22)	(22)
1.9 Proceeds from sale of: (a)prospects		
(b)equity investments		
(c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Tenement Expenditure Guarantee (refundable)		
Net investing cash flows	(22)	(22)
1.13 Total operating and investing cash flows (carried forward)	(786)	(2,859)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(786)	(2,859)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1,150	2,031
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	1,150	2,031
Net increase (decrease) in cash held			
		364	(828)
1.20	Cash at beginning of quarter/year to date	2,353	3,545
1.21	Exchange rate adjustments to item 1.20	2	2
1.22	Cash at end of quarter	2,719	2,719

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	118
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	
4.3 Production	
4.4 Administration	150
Total	650

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	951	603
5.2 Deposits at call	1,768	1,750
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	2,719	2,353

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	PL 209 & PL 173	Expired	100%	0%
6.2 Interests in mining tenements acquired or increased	8074-HQ-LML (formerly LML48)	Licence reinstated by agreement with Zambian government	100%	100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases				
7.3 +Ordinary securities	127,431,905	127,431,905		
7.4 Changes during quarter (a) Increases through issues - Placement (b) Decreases	10,000,000	10,000,000	11.5	11.5
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases (b) Decreases				
7.7 Options	1,000,000 100,000 100,000 100,000 8,800,000		<i>Exercise price</i> AUD\$0.20 AUD\$0.45 AUD\$0.60 AUD\$0.85 AUD\$0.17	<i>Expiry date</i> 13/05/2012 01/04/2015 01/04/2015 01/04/2015 30/06/2015
7.8 Issued during quarter:	800,000		AUD\$0.17	30/06/2015
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

(Company Secretary)

Date: 25 November 2011

Michael Langoulant

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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