

Quarterly Report to 31 July 2012

Luirigold Limited

ASX Code: LGM

www.luirigold.com

Corporate Structure

| | |
|-----------------|----------|
| Shares on issue | 197.43m |
| Options | 21.1m |
| 52 week high | A\$0.20 |
| 52 week low | A\$0.045 |

Cash (as at 31 July) A\$4.2m

Company Directors

Melissa Sturgess
Executive Chair

Evan Kirby
Director and Chief Executive Officer

Mike Langoulant
Executive Director

Robert Brown
Non-Executive Director

HIGHLIGHTS OF THE QUARTER

Luirigold Hill Gold Project, Zambia

- Positive result on Scoping Study for fast track development at Dunrobin;
- Phase One drill program complete - Dunrobin Feasibility Study infill program comprising 3,205 metres of RC drilling to establish a proportion of measured resource;
- Phase Two drill program underway as part of an exploration target to grow the resource inventory to over 1 million ounces of gold.
- Airborne geophysical survey flying permit received and survey completed by Fugro Airborne Surveys;
- Matala Scoping Study underway.

Zopkhito Gold and Antimony Project, Georgia

- Option agreement entered into to acquire the Zopkhito gold and antimony project located in Georgia, central Europe.

Corporate

- Cash on hand at end of Quarter: A\$4.2 million.

Luirigold Limited (ASX:LGM), (“Luirigold” or the “Company”) a gold exploration and development company, is pleased to announce its Quarterly Activities Report for the 3 months ended 31 July 2012.

LUIRI HILL GOLD PROJECT

Positive Dunrobin Scoping Study

A scoping study completed in June 2012 has indicated that the Dunrobin Gold Project is economically viable. The investment evaluation was done at a gold price of US\$ 1500 per troy ounce. The study was based on the existing 13,313 metres drilled and a resource estimate (indicated plus inferred) by Coffey Mining (Perth), of 2.862 million tons @ 2.064 g/t for 190,000 in situ gold ounces.

The pit design and scheduling by Coffey Mining Johannesburg shows that a total of 890,000 tons at a gold grade of 2.38 g/t (for 68 koz) can be mined over the initial 8 years by extending the existing open pit. This included allowances for a 5% mining loss as well as 5% dilution, over an initial 8 year project life. Using 95% gold recovery (as indicated by existing testwork on oxide ore), gold production will average 8,723 oz per year.

Capital and operating costs for the plant were estimated by Consulmet Metals Pty Ltd and Feza Pty Ltd, both of South Africa. Financial modeling by Feza indicates that the Dunrobin Project will yield an attractive IRR.

Dunrobin Feasibility Study

The scoping study at Dunrobin has been upgraded to a feasibility study with the following additional work underway:

- During the Quarter “Phase One Exploration Drilling” of an additional 3,205 metres of RC drilling was completed by Geohydro Consulting Services Ltd. This program was aimed at upgrading a portion of the resource to “measured” status. The Company expects to announce assay results from this drill program in due course.
- A comprehensive analytical program was launched whereby all drill samples are sent for fire assay for gold, and all samples over 0.5 g/t gold go for additional analytical work to determine cyanide soluble gold, as well as acid soluble, cyanide soluble and total copper. Analytical results will provide geo-metallurgical information, which will allow accurate estimation of reagent consumptions and metals recoveries.
- Open pit mining designs will be developed and formal enquiries will be issued to obtain capital and operating costs for owner mining.
- Detailed topographic survey work on the areas designated for the process plant and tailings storage facility has been completed.
- Process plant equipment selection and design work has progressed.
- Implementation planning for project development is underway

Once the Dunrobin Feasibility Study is complete, it will be subject to independent review in support of and prior to any investment decision.

Exploration Target of over 1 million ounces*

During the Quarter the Company announced that its 2012 exploration target was to grow its overall resource inventory to over 1 million ounces of gold. Phases Two and Three of the 2012 exploration campaign are aimed at achieving that goal. Progress and planned work is as follows:

- Phase Two Resource drilling commenced during the quarter. This is focused on increasing the overall resource inventory from extensions to the Dunrobin orebody and also by establishing new resources at Chosa, Shadreck, Eclipse and Matala West. Previous drilling has intersected gold values at these targets but insufficient drilling has been undertaken for resource estimation.
- Phase Three Discovery drilling will take place up to the end of the year and will be focused on new previously unidentified deposits from anomalies determined by the aerial survey and additional trenching results.

Two trenching teams have been active in the field during the Quarter and initial trenching results will be announced in the October Quarter. These teams have also cleared drill platforms and have cut survey lines through dense bush.

**Exploration targets are conceptual in nature, since there has been insufficient work completed to define them beyond exploration targets and that it is uncertain if further exploration will result in the determination of additional mineral resources within the meaning of the JORC Code. Thus the information relating to exploration targets in this quarter report should not be misunderstood or misconstrued as an estimate of mineral resource or ore reserve within the meaning of the JORC Code.*

Airborne Geophysical Survey Completed

During the Quarter, Fugro Airborne Surveys undertook a low altitude airborne high resolution magnetic and radiometric survey across the entire exploration area. Preliminary examination of the raw and processed data indicates that this will be a useful aid to improving the Company's understanding of its tenement area and for targeting future exploration soil sampling and drilling.

The exploration area is located within the "No Fly Zone" surrounding Zambia's main Air Force base at Mumbwa. The survey could not have been completed without the help and assistance of the ZAF and the full support of the Zambian Government.

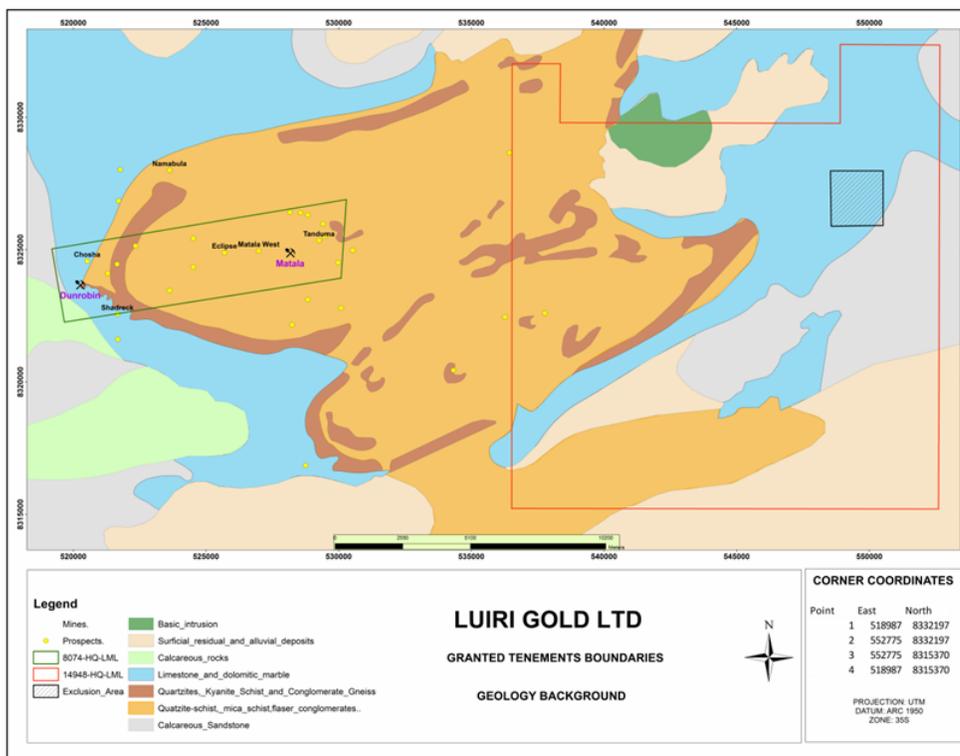
Matala Scoping Study

At Matala, a scoping study is in progress to compare underground and open pit mining and to establish workable project development parameters. This study is currently based on the existing 27,526 metres drilled and a resource estimate by Coffey Mining (Perth), of 7.729 million tons @ 2.286 g/t for 568,000 in situ gold ounces. Mine scheduling based on typical sub level open stoping mining methods supports a production rate of about 30,000 oz per year. Open pit mining at similar production rates has also been considered.

The scoping study will provide the following outcomes:

- Indicate whether a financially viable development is possible with the existing resource or whether further resource drilling is required,
- Recommend the scale of operations,
- Establish whether underground or open pit mining is most appropriate, and
- Provide the development parameters for a future feasibility study.

Figure One – Location of the Company Mining License areas



ZOPKHITO GOLD AND ANTIMONY PROJECT

Since the end of the Quarter the Company entered into an option to acquire the Zopkhito gold and antimony project in Georgia, Europe (refer announcement of 9 August 2012). Due diligence is currently underway and numerous samples have been taken for verification assays. Assay results are expected to be received during the October quarter.

Extensive historical exploration has been undertaken, which has exposed significant gold and antimony mineralisation. Approximately 27.3 km of tunnels have been developed within mineralised veins while longitudinal continuity of veins has been proved over distances approaching one kilometre by adit development on vein. In addition there are a large number of known mineralised veins not yet sampled.

In addition, the Company has appointed Wardell Armstrong International ("WAI") as an independent expert to review the Zopkhito Project. WAI have substantial experience of reviewing projects and analyzing/ converting geological data from projects within eastern European and the former Soviet Union.

CORPORATE ACTIVITY

Cash on hand at the quarter end was \$4.2 million.

On behalf of the Board of Directors of the Company,

"Evan Kirby"
Director and CEO

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About Luirigold Ltd

Luirigold Limited is a gold exploration and development company that holds 2 mining licences in Zambia that cover the historic Dunrobin and Matala gold deposits. Coffey Mining Pty Ltd of Perth have estimated the current gold resource at the Matala and Dunrobin deposits to be a combined (indicated plus inferred) resource of 10.591 million tonnes at 2.2 g/t Au, for 758,000 ounces of gold, at a cut-off of 1.0 g/t. Refer to the below table.

| Luirigold Hill Gold Project Summarized Resource Estimate at 1 g/t Gold Cut-Off | | | | |
|---|---------------------------------|----------------|---------------------------|----------------|
| Matala Deposit | | | | |
| | Lower Cut-Off Grade (g/t Au) | Tonnes (000's) | Average Grade (g/t Au) | Ounces (000's) |
| Indicated | 1.0 | 3,204 | 2.7 | 278 |
| Inferred | 1.0 | 4,525 | 2.0 | 290 |
| Dunrobin Deposit | | | | |
| | Lower Cut-Off Grade (g/t Au) | Tonnes (000's) | Average Grade (g/t Au) | Ounces (000's) |
| Indicated | 1.0 | 1,851 | 2.3 | 134 |
| Inferred | 1.0 | 1,011 | 1.7 | 56 |
| Matala and Dunrobin Deposits Combined | | | | |
| | Lower Cut-Off Grade (g/t Au) | Tonnes (000's) | Average Grade (g/t Au) | Ounces (000's) |
| Indicated | 1.0 | 5,055 | 2.5 | 412 |
| Inferred | 1.0 | 5,536 | 1.9 | 346 |

Competent Person

The information in this report that relates to Mineral Resources is based on information compiled by Mr Brian Wolfe, B.Sc Hons (Geol), MAIG an employee of Coffey Mining Limited. Mr Wolfe has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Wolfe consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The technical exploration and mining information contained in this Announcement has been reviewed and approved by Mr C White B Sc (Hons) in Applied Geology, General Manager for Luirigold Limited. Mr White has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr White is a contractor to Luirigold Limited and is a Member of the Institute of Materials, Minerals and Mining. Mr White consents to the inclusion in this Announcement of such information in the form and context in which it appears.

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 July 2012

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|----------------------------|------------------------------------|
| 1.1 Receipts from product sales and related debtors | - | - |
| 1.2 Payments for (a) exploration and evaluation | (973) | (2,284) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (306) | (781) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 67 | 116 |
| 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 | (1,212) | (2,949) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: (a) prospects | - | (330) |
| (b) equity investments | - | - |
| (c) other fixed assets | (55) | (134) |
| 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 | (55) | (464) |
| 1.13 Total operating and investing cash flows (carried forward) | (1,267) | (3,413) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|------|--|---------|---------|
| 1.13 | Total operating and investing cash flows (brought forward) | (1,267) | (3,413) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | - | 5,250 |
| 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 (share issue costs) | - | (340) |
| | Net financing cash flows | - | 4,910 |
| | Net increase (decrease) in cash held | (1,267) | 1,497 |
| 1.20 | Cash at beginning of quarter/year to date | 5,486 | 2,727 |
| 1.21 | Exchange rate adjustments to item 1.20 | (1) | (6) |
| 1.22 | Cash at end of quarter | 4,218 | 4,218 |

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 | 187 |
| 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

Nil

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

Nil

+ 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 | 750 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 200 |
| Total | 950 |

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 | 367 | 1,678 |
| 5.2 Deposits at call | 3,851 | 3,808 |
| 5.3 Bank overdraft | | |
| 5.4 Other (provide details) | | |
| Total: cash at end of quarter (item 1.22) | 4,218 | 5,486 |

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 | - | - | - |
| 6.2 | Interests in mining tenements acquired or increased | - | - | - |

+ 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 (description) | | | | |
| 7.2 Changes during quarter (a) Increases through issues (b) Decreases | | | | |
| 7.3 +Ordinary securities | 197,431,905 | 197,431,905 | | Fully Paid |
| 7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | | | | |
| 7.5 +Convertible debt securities (description) | | | | |
| 7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 Options | 100,000 100,000 100,000 8,800,000 12,000,000 | | <i>Exercise price</i> AUD\$0.45 AUD\$0.60 AUD\$0.85 AUD\$0.17 AUD\$0.10 | <i>Expiry date</i> 01/04/2015 01/04/2015 01/04/2015 30/06/2015 30/06/2015 |
| 7.8 Issued during quarter: | | | | |
| 7.9 Exercised during quarter | | | | |
| 7.10 Expired during quarter | | | | |
| 7.11 Debentures (totals only) | | | | |
| 7.12 Unsecured notes (totals only) | | | | |

+ 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:

Date: 31 August 2012

Company Secretary

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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