

OPTION TO ACQUIRE GOLD & ANTIMONY PROJECT

Luirigold Limited

ASX Code: LGM

www.luirigold.com

Corporate Structure

Shares on issue	195.73m
Options	22.1m
52 week high	A\$0.20
52 week low	A\$0.047

Cash (as at 30 April) A\$5.49m

Company Directors

Melissa Sturgess
Executive Chair

Evan Kirby
Director and Chief Executive Officer

Mike Langoulant
Executive Director

Robert Brown
Non-Executive Director

HIGHLIGHTS

- Option agreement to acquire Zopkhito gold and antimony project located in Georgia, central Europe ;
- Extensive historical exploration undertaken exposing significant gold and antimony mineralisation;
- Approx 27.3 km of tunnels have been developed within mineralised veins;
- Longitudinal continuity of veins has been proved over distances approaching one kilometre by adit development on vein;
- Large number of known mineralised veins not yet sampled.

The directors of Luirigold Limited ("**Luirigold**" or "**the Company**") advise that an option agreement ("**Option Agreement**") has been signed with JSC Zopkhito Gold ("**Zopkhito**") for the sum of USD100,000 to undertake a 45 day due diligence on Zopkhito's gold and antimony project in Georgia ("**Zopkhito Project**"). This due diligence period can be extended for an additional 45 days with the payment of a further USD50,000.

Luirigold and Zopkhito have commenced preliminary negotiations for the acquisition (whether by way of a share or asset purchase, earn-in or other arrangement) of between 50-100% of the Zopkhito Project ("**Proposed Transaction**"). The Proposed Transaction would be subject to the satisfactory completion of legal, technical and financial due diligence and the execution of a formal sale agreement which will contain various conditions including the approval of the Proposed Transaction by shareholders of the Company in general meeting.

Luirigold CEO, Dr Evan Kirby commented "*in the Board's opinion there is clear potential at the Zopkhito Project for a significant sized and economically viable gold and antimony project. The historic work appears to be of a high standard and the extensive existing exploration work will assist in making the assessment of the project more straightforward than is often the case.*"

On behalf of the Board of Directors of the Company,

"Evan Kirby"

Director and CEO

The Zopkhito Project

The Zopkhito Project is located in the mountainous Mestia-Racha region of northern Georgia close to the country's border with Russia, approximately 450km by road from Tbilisi.



Zopkhito project location, Georgia

The area has been explored extensively since 1929, largely by way of some 27.3km of exploration tunnels developed within mineralized veins. Mineralisation comprises principally of antimony, gold and silver in quartz veins and altered country rock, which demonstrate excellent strike and depth continuity.

Most of the exploration was for antimony and, although extensive work took place, no commercial extraction was undertaken. Subsequently work commenced to look at the area for gold mineralisation with the main exploration work taking place in the 1980's and 1990's. Lack of available funds and the break-up of the Soviet Union between 1992 and 2003 prevented any further work. In 2003 the Zopkhito Project was taken up by a foreign company but not progressed.

Historical Exploration

Previous exploration of the Zopkhito Project area has identified a series of mineralised vein structures with associated mineralised wallrock alteration that occur inside a mountain and alongside a river valley. Longitudinal continuity of veins has been proved over distances approaching one kilometre by adit development on vein and developing raises between adits on a number of levels has proven vertical continuity.

In total more than 27km of exploration adits have been developed, typically measuring approximately 2.5m in height and 1.5m wide.

Historical exploration results indicate at least 60 vein occurrences can be seen at surface. Of these, only 16 have been subject to adit development, survey, sampling and mapping. Initial exploration work targeted antimony and only three of the veins have been explored for gold on the basis of ease of access rather than prospectivity. The vein system is open to depth and to the northwest and northeast (deeper into the mountain).

The significant amount of past exploration work generated a vast array of maps, high density of assay results and geological reports, all of which are in Russian and are not compliant with the JORC Code. The Company is arranging for the most important and relevant documents translated into English and once this information can be reported in accordance with the ASX Listing Rules then it will be released.

Project Potential and Due Diligence

The objective of Luirigold's due diligence is to establish a greater degree of certainty in the potential of the Zopkhito Project to host an economic gold and antimony project as well as to determine the required project expenditures and timeline to development and production.

The due diligence will involve an analysis of the legal and fiscal operating environment in Georgia and a geological verification exercise which will comprise of work to confirm the veracity of the data already supplied by Zopkhito and to take further samples for preliminary geological and metallurgical test work.

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.

Related party issues under the ASX Listing Rules

Melissa Sturgess, the Chairman of the Board of Luirigold, has disclosed that she indirectly holds a substantial minority interest in Zopkhito through a shareholder of Zopkhito. Accordingly, the Proposed Transaction may require the approval of shareholders of Luirigold in general meeting under Chapter 10 of the ASX Listing Rules.

Antimony Market Dynamics

Antimony is a rare metal used mainly in flame retardants and alloys for batteries. It has been rated by the British Geological Survey in 2011 as having the highest risk of supply of all elements and currently commands a price of approximately USD12,000 per tonne.

In 2011, global antimony ore reserves reached 1.80 million tons, while the static reserve-production ratio is only 12.4 years thus it is expected that the supply of antimony ore raw material will be tight for the foreseeable future. China has the world's most abundant ore reserves, but it still has a gap in the supply of antimony ore raw materials and has become increasingly dependent on international sources of antimony.

Georgia Country Overview

Georgia is situated in south-western Asia and borders the Black Sea to the west, Russia to the north and Turkey to the south. It is a democratic semi-presidential Republic and the country is currently seeking EU and NATO membership.

Georgia currently ranks 16th out of the 183 economies of the World Bank's Ease of Doing Business Index and is 68th on the Transparency International's Corruption Index making it the top country in the post-Soviet region in regards to combating corruption. According to the World Bank report "Investing Across Borders 2010" Georgia is a very open country for foreign equity ownership.

A number of base and precious metals are mined within Georgia. One of the largest mining sectors in Georgia has been the extraction of manganese and the production of ferroalloys. Manganese has been extracted for over a century at the Chiatura deposit and remains an important source of manganese. Gold and copper are other important metals mined within Georgia.

Since becoming independent from the former Soviet Union, Georgia has opened up its economy to foreign investment. One of the government's core economic policies involves promoting the development of a business climate which facilitates foreign investment and integration with international markets.

For further information please contact:

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About Luiri Gold Limited

Luir Gold 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 Mineral Resource at the Matala and Dunrobin deposits to be a combined (Indicated and Inferred) Mineral 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.

Luir Hill Gold Project Summarized Mineral 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 announcement that relates to Mineral Resources in relation to the Luir Hill Gold Project is based on information compiled by Mr Brian Wolfe, B.Sc Hons (Geol), MAIG, who is a Member of The Australasian Institute of Geoscientists. Mr Wolfe is 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 this announcement of the matters based on this information in the form and context in which they appear.

The information in this announcement that relates to exploration results, technical exploration and mining information in relation to the Zopkhito Project has been reviewed and approved by Mr C White B Sc (Hons) in Applied Geology, who is a Member of the Institute of Materials, Minerals and Mining. Mr White is an employee of and General Manager for Luir Gold Ltd. 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 consents to the inclusion in this announcement of such information in the form and context in which it appears.