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Strong third quarter propels LGL towards record year

Leading global gold company Lihir Gold Limited (LGL) has reported record third quarter gold production of 250,000 ounces, an increase of more than 40% on the preceding three month period.

The strong September quarter positions LGL to achieve its production target of 850,000 ounces in 2008, which will be the company's third successive year of record gold output.

Total cash costs for the group during the quarter were US\$412 per ounce, confirming the company's position at the lower end of the global gold production cost curve.

The production increase during the third quarter reflected a strong improvement in performance at LGL's cornerstone asset of Lihir Island, which produced 216,371 ounces, up from 170,000 ounces in the prior quarter. Mt Rawdon in Queensland and Kirkalocka in Western Australia, which became part of the LGL group following the Equigold merger in June, produced 23,838 ounces and 7726 ounces respectively. The Ballarat operation in Victoria commenced its ramp up to commercial production late in the quarter, producing 2176 ounces of gold.

Since quarter-end the Bonikro project in Ivory Coast completed its first gold pour, marking the operation's successful transition to a producing gold mine and heralding a new era for LGL as a genuinely diversified global producer.

LGL Managing Director Mr Arthur Hood said the highlight of the third quarter was the transformation of LGL into a multi-mine producer.

"During the quarter we sourced significant production from our operations in Papua New Guinea and Australia, confirming our progress in diversifying revenues and reducing single mine risk, while at the same time adding significant growth potential," he said.

Mr Hood said the excellent results achieved during the quarter confirmed the progress LGL had made over the past three years in executing on its growth strategy.

"We've built on the rich Lihir Island deposit to create a major, diversified gold producer, with a portfolio of high quality, low cost assets delivering consistent performance and exciting growth potential," he said.

For the full year, the company expects to produce more than 700,000 ounces of gold at Lihir Island, approximately 40,000 ounces from Bonikro, 50,000 ounces from Mt Rawdon, 20,000 ounces from Ballarat and 9,400 ounces from Kirkalocka, with total cash costs forecast to be \$400-420 per ounce.

Mr Hood said the fourth quarter promised to be an exciting period for the company, with Bonikro in full production for the quarter and Ballarat ramping up mining rates and gold production.

"LGL is on track to increase gold production over the full year to a record 850,000 ounces, more than 20% above our 2007 result of 701,000 ounces," he said. "By the end of this year we will have four operating mines in three countries, producing gold at costs towards the lowest quartile of global gold producers."

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