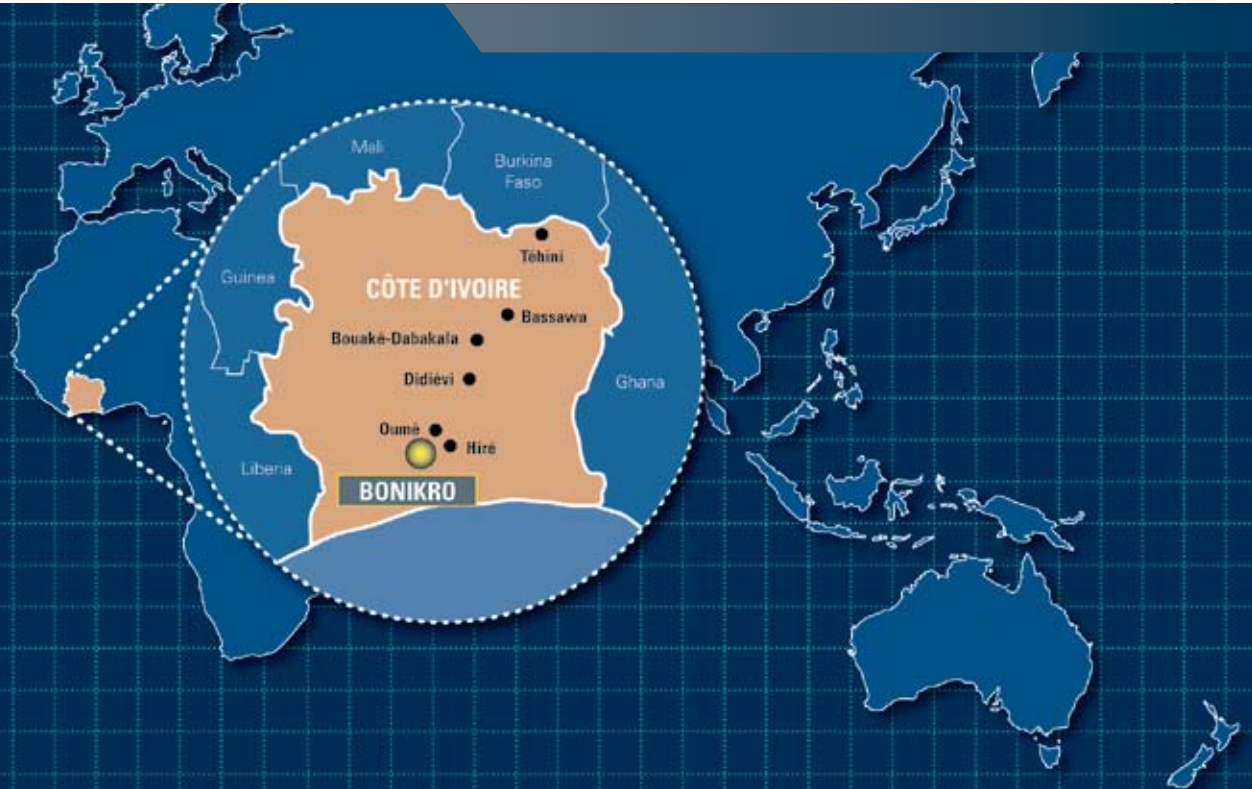


# Bonikro



LGL's 90% owned Bonikro operation is located in the central-southern portion of the West African nation of Côte d'Ivoire, approximately 250 kilometres north-west of the commercial capital Abidjan. The nearest administrative town is Hiré, which is approximately 17 kilometres by road from the project.



## HISTORY

LGL acquired the Bonikro gold project in June 2008 through a merger with Equigold NL. Equigold secured the Oumé project area in 1996 and gold mineralisation was discovered at Bonikro shortly after, following geochemical soil sampling.

In July 2006 Equigold announced the completion of a bankable feasibility study at Bonikro. Construction of the mine began in May 2007, following granting of the first Mining Convention in the history of Côte d'Ivoire. Gold production commenced in October 2008.

## OWNERSHIP

LGL holds 89.9% of the shares in Equigold Mines CI SA which in turn holds a 100% interest in the Bonikro gold project.

The government of Côte d'Ivoire holds a 10% interest in Equigold Mines CI SA, with a small parcel of shares held by a minority shareholder.

## GEOLOGY

The Bonikro deposit is hosted primarily within a small granodiorite intrusion. Mineralisation extends into surrounding basalts to the south, and is controlled along a moderately dipping shear zone. Gold occurs associated with quartz and pyrite, with the highest gold grades occurring around the intersection of the shear and the granodiorite.

## RESOURCE AND RESERVES

### Gold resource (including reserves) at August 2009

	Tonnes (kt)	Average grade (Au g/t)	Contained ounces (kcozs)
<b>HIRÉ</b>			
<b>Akissi-so</b>			
Indicated	3248	3.4	352
Inferred	512	3.1	50
<b>Assondji-so</b>			
Indicated	797	3.5	90
Inferred	219	3.2	22
<b>Agbalé</b>			
Inferred	1324	2.7	115
<b>Chappelle</b>			
Inferred	3636	2.2	263
<b>OUMÉ</b>			
<b>Dougbafla East</b>			
Indicated	5148	1.3	217
Inferred	407	1.2	15
<b>Bonikro</b>			
Measured	7039	1.8	412
Indicated	11540	1.7	635
Inferred	6000	1.6	318
<b>TOTAL</b>			
<b>Measured and Indicated</b>	<b>27772</b>	<b>1.9</b>	<b>1706</b>
<b>Inferred</b>	<b>10774</b>	<b>2.0</b>	<b>784</b>

### Gold reserves at 31 December 2008

	Tonnes (kt)	Average grade (Au g/t)	Contained ounces (kcozs)
<b>Bonikro</b>			
Proved	6913	1.8	407
Probable	9047	1.8	523
<b>Total</b>	<b>15960</b>	<b>1.8</b>	<b>930</b>

*NB: As at 31 December 2008, LGL's interest is 90% of Bonikro, and 98% of the other exploration assets listed.*

#### Competent Person

The information in this report that relates to Exploration Results and Mineral Resources in Côte d'Ivoire is based on information compiled by Mr Roy Kidd. Mr Kidd is a member of the Australian Institute of Geoscientists and is a full time employee of Lihir Services Australia Pty Ltd (LSA) in the role of Principal Geologist. LSA provides services to LGL pursuant to a Managed Services Agreement. Roy Kidd has sufficient experience which is relevant to the style of mineralisation and the 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". Roy Kidd consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Ore Reserves for the Bonikro project was compiled by Mr Morgan Hart.

Mr Hart is a member of The Australian Institute of Mining and Metallurgy and was a full time employee of Equigold NL at the time Resource Estimates were made. Mr Hart has sufficient experience, which is relevant to the style of mineralisation and the 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". Morgan Hart consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## PROJECT PARAMETERS (LIFE OF MINE)

Milled ore	16.0Mt
Grade	1.8 g/t
Recovery	94%
Gold produced	~ 900,000 ozs
Mill throughput	2 – 2.8 Mtpa
Mine life	8 yrs
Operating cash cost	~US\$400/oz
Average annual gold production	~ 120,000 oz

## MINING

Bonikro employs a conventional open pit mining method comprising drill, blast, load and haul. The operation is expected to process approximately 2.8Mtpa (oxide ore) or 2.0Mtpa (fresh ore) extracted from one pit. A total of 80% of the mill feed is categorised as fresh, with the bulk of the oxide ore scheduled to be mined in the early stages.

The project will be owner operated with the exception of the drill and blast function, which has been contracted to a third party.

## PROCESSING

The predominant method of gold recovery is via carbon in leach (CIL) technology, with some gold recovered via a gravity circuit.

## PRODUCTION

Bonikro began gold production in October 2008. For the first full year, production is expected to be approximately 130,000 – 160,000 ounces. Subsequent average annual gold production is expected to be approximately 120,000 ounces.

## BIRIMIAN GREENSTONE BELT

LGL has more than 20,000 square kilometres of exploration licences either granted or under application in Côte d'Ivoire covering in excess of 700 kilometres of strike of highly prospective West African Birimian greenstone belts. The greenstone belts in Côte d'Ivoire are similar to, or extensions of, geology in the surrounding countries of Ghana, Mali, Burkina Faso, Niger and Guinea. This West African geological setting has yielded numerous multi-million ounce gold discoveries in recent years.

## EXPLORATION ACTIVITIES

LGL has six drill rigs working on various projects. The company is currently drilling in excess of 250,000 metres a year and plans to spend more than US\$27 million on exploration to the end of 2009. The tenement package presents the full range of exploration opportunities including numerous drilled geochemical soil anomalies, prospects with anomalous drill intersections requiring follow up, three projects with quoted resources and one with a mineable reserve (Bonikro).

### Bonikro

Strong potential exists to increase the resource base at the Bonikro deposit, especially below current pit outline, as well as along strike to the north and south. Geochemical and geophysical surveys to date, together with limited drill testing, indicate numerous prospects within 30 kilometres of Bonikro that offer strong opportunity to supplement or expand the present mine plan.

### Oumé

The Oumé permit is located approximately 15 kilometres north of the Bonikro deposit. A number of significant results have been returned from reverse circulation (RC) drilling, confirming the presence of significant mineralisation and broad zones of alteration at depth within a number of prospect areas.

### Hiré

The Hiré permit is located 12 kilometres south-east from the Bonikro deposit. The Hiré permit includes individual prospects of Agbale, Akissi-So, Central, Chappelle and Assondji-So (in order from north to south), all of which contain significant gold mineralisation. Mineralisation is hosted within granodiorite, the same host unit to the Bonikro deposit. The Resources at Hiré are likely to add to the Bonikro mineral inventory.

The Chappelle Prospect has significant potential to host economic mineralisation and is located between the Akissi-So and Assondji-So deposits in the central portion of the Hiré licence. Significant (+50ppb) gold in soil anomalies occur over a 1.6 kilometre strike length, trending in a north-easterly direction.

## WORKFORCE

Bonikro's permanent workforce totals 302 people.

Nationals: 253

Expatriates: 49

## MINING FLEET

Trucks:	3 x Cat 777D (90 tonnes)
	4 x Cat 777F (90 tonnes)
	4 x Cat 777F (90 tonnes)
Excavators:	2 x O&K RH90 Excavators (10 cubic metre)
Drills:	1 x Sandvik Pantera 1500 Drill (contractor)

## ABOUT CÔTE D'IVOIRE

Côte d'Ivoire is located in West Africa. It has a population of approximately 19 million people.

Côte d'Ivoire became independent in 1960. It was always regarded as one of the most politically stable countries in West Africa. A failed coup attempt in September 2002 saw a brief period of fighting between rebel groups and government forces and led to rebel groups controlling the northern half of the country. A buffer zone was created to separate the two factions and was manned by French and United Nations peace keepers. The ongoing peace and reconciliation process has made significant progress in recent times with the signing of a peace accord between the parties in Ouagadougou (Burkina Faso) on 4 March 2007. This peace accord saw the appointment of former Forces Nouvelle leader Guillaume Soro as the Prime Minister, whilst Laurant Gbagbo remained as President. This peace accord has been viewed as a positive, concrete step towards the reunification of the country as has the subsequent downsizing of the UN and French peace keeping forces. It is expected that Presidential elections will be held in 2010.

The Côte d'Ivoire economy, one of the strongest in West Africa, has traditionally been based on agriculture, primarily the production of cocoa (of which it produces in excess of 40% of the world supply) and coffee beans. Significant activity in the mining sector in recent times has culminated in several years of sustained exploration permitting to numerous companies (including some of the world's largest gold producers), the development approval of significant mining projects (including the Bonikro project) and substantial investment in offshore oil and gas developments.

The country has a very high standard of infrastructure compared to other countries in the region, with a good quality road system, a reliable electricity grid, significant heavy engineering industry and a large deep water port in Abidjan.

## LGL INVESTOR INFORMATION

### Stock Exchange Listings

Australian Stock Exchange (LGL)

NASDAQ National Market (LIHR)

Port Moresby Stock Exchange (LGL)

Toronto Stock Exchange (LGG)

### Issued Capital

Ordinary shares – 2,368,729,935

### Volume of Shares Traded

(average daily turnover, millions)

	2008	2007	2006
ASX	15.9	13.1	13.3
NASDAQ*	0.6	0.2	0.2

\* Each LIHR ADR on NASDAQ represents 10 shares

### Substantial shareholders

Commonwealth Bank of Australia	9.9%
NWQ/Tradewinds	9.8%
BlackRock	9.7%
Fidelity	8.8%

### Market capitalization

As at November 2009 – A\$8.5 billion



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