

16 June 2009

LGL – Ballarat Update

Lihir Gold Ltd (LGL) gold production for the first five months of 2009 totalled 510,000 ozs, and the company remains on track for full year production of between 1.04 million and 1.2 million ozs.

To the end of May the three primary assets performed well with Lihir Island producing 389,000 ozs, Bonikro in Cote d'Ivoire 70,000 ozs and Mt Rawdon 44,000 ozs for the period.

At Ballarat, the company in April announced a streamlining of operations following mixed results from early mining in the southern and central zones of the goldfield and the ongoing review commenced earlier in the year. Following completion of the ventilation infrastructure at the end of 2008 and the refinement of mining strategies, the company resumed development work to enable access to larger anticipated ore zones located in the northern areas of the mine. Progress to the north is continuing to plan and is expected to be well advanced by the end of the year. This should enhance understanding of the long term production capability of the mine.

In the meantime, the ongoing reassessment of the project has led to a reduction in estimated production in the current year to approximately 20,000 ozs. Longer term annual production at Ballarat is now anticipated to be in the range of 80,000 – 100,000 ozs and is dependant on a successful drilling and development program in the northern zone.

Consequently, the company will take an impairment charge against earnings in the forthcoming half-year results in the range of US\$250-350 million after tax (at today's exchange rate), to reduce the book value of the net operating assets of the Ballarat project. As noted in the 2008 audited annual accounts, the net operating assets stood at US\$457 million as at 31 December 2008.

The precise impairment charge to be brought to account as at 30 June 2009 is subject to internal and external review and the exchange rate at that time.

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