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LGL CEO Arthur Hood Steps Down

The Board of Directors of Lihir Gold Ltd (LGL) has accepted the resignation of the company's chief executive Arthur Hood, chairman Ross Garnaut announced.

Mr Hood will step down immediately and Chief Financial Officer Phil Baker has been appointed as interim CEO pending a global search for a new chief executive.

Mr Hood said that after more than four successful years as CEO, he had achieved his primary goal of overseeing the transformation of LGL from a single mine operation to a multi-mine company producing in excess of one million ounces of gold per year.

"LGL is now one of the world's leading gold producers and is consistently performing very well, with excellent growth options for the future," he said. "It is therefore the right time for me to step aside to enable an orderly transition to a new CEO."

Dr Garnaut paid tribute to Mr Hood for his contribution to the company.

"Arthur has successfully led LGL through a major growth phase which has seen production increase from around 600,000 ounces per year in 2005 to more than 1.1 million ounces in 2009, with diversified operations in Papua New Guinea, Australia and West Africa. He built a strong management team to take the company forward into its next phase of growth, and under his stewardship the group's financial position has been significantly enhanced. LGL's share price has increased from A\$1.63 at the announcement of Arthur's appointment in September, 2005, to A\$3.29 on Friday, and the company is now ranked among the world's largest gold producers. On behalf of the Board, I wish Arthur well for the future," he said.

Mr Hood's termination package includes a cash payment of A\$2.3million and 3.5 million share rights previously awarded. Mr Hood has four weeks to elect to retain these share rights for their respective three year terms or to receive shares or cash equivalents on a pro-rata basis. If he chooses to retain the rights, the extent to which they will vest will remain subject to company performance in accordance with the terms of the shareholder-approved executive share plan.

In addition, Mr Hood will receive a cash payment of A\$1.3 million in lieu of share rights that he would have been entitled to in the current year, had his contract run its full term.

Phil Baker has been CFO at LGL since January 2007, and is ideally qualified to be acting CEO. The bulk of his career has been in the mining industry, including 22 years at MIM in a variety of senior management roles.

Mr Baker will present the company's production report for the fourth quarter of 2009 on January 22. LGL's production for the full year of 2009 was another record at 1.12 million ounces, in line with guidance for the year of 1-1.2 million

ounces. Total cash costs for the year were also in line with guidance provided to the market (below US\$400/ounce excluding Ballarat).

"The company's operational performance has been excellent," said Mr Baker. "I look forward to providing full details on January 22," he said.

For further information please contact:

Joe Dowling

GM Corporate Affairs

07 3318 3308 or 0421 587755