

Creating a New Gold Major

Lihir Gold Limited CEO
Arthur Hood



RBC Conference
London, Nov 2006

Forward-looking statements



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This presentation may contain certain forward-looking statements regarding (i) estimated reserves, (ii) anticipated production profiles and characteristics, (iii) expected capital requirements, (iv) forecast cost profiles or (iv) plans, strategies and objectives of management.

Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Lihir, which may cause actual results to differ materially from those contained in this announcement.

Lihir can give no assurances that the estimates, profiles, capital, cost profiles and plans will not materially differ from the statements contained in this release.

Location and geography



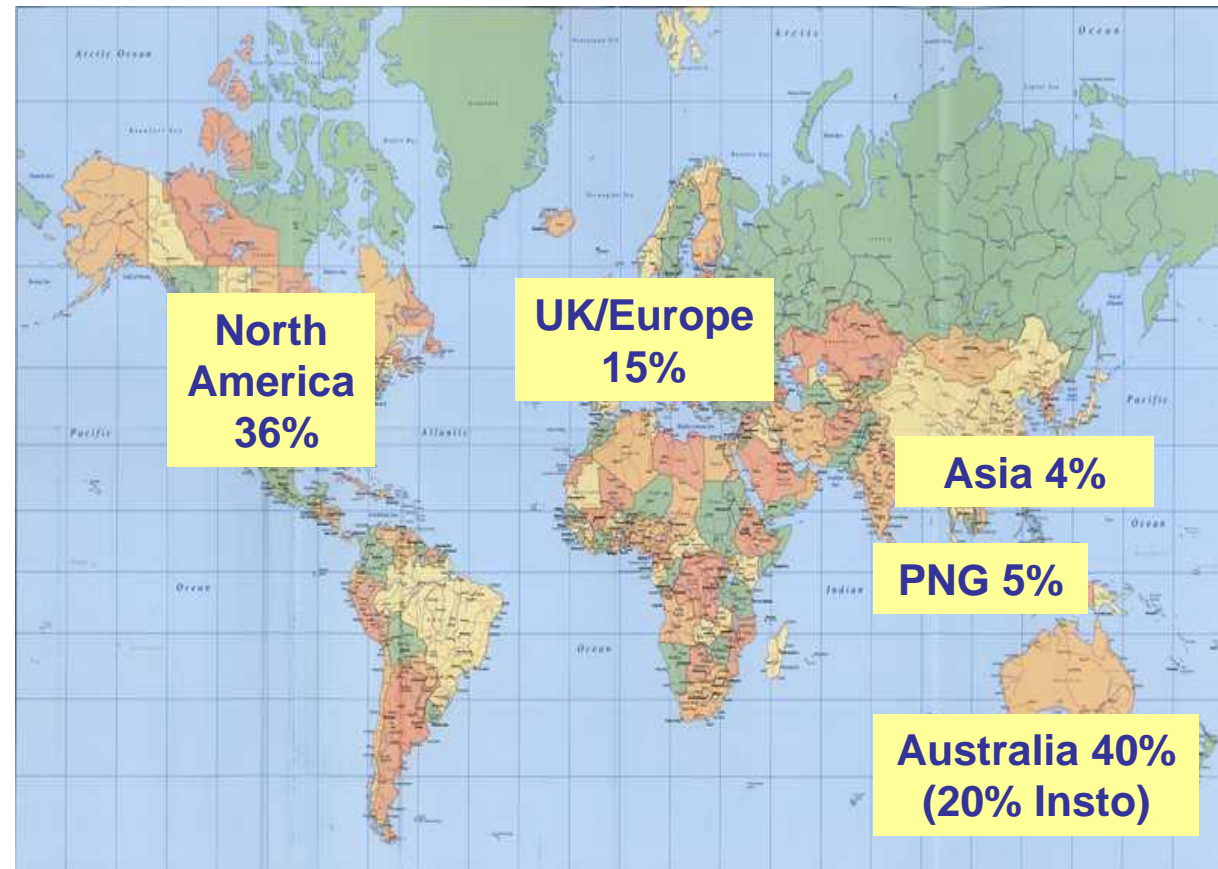
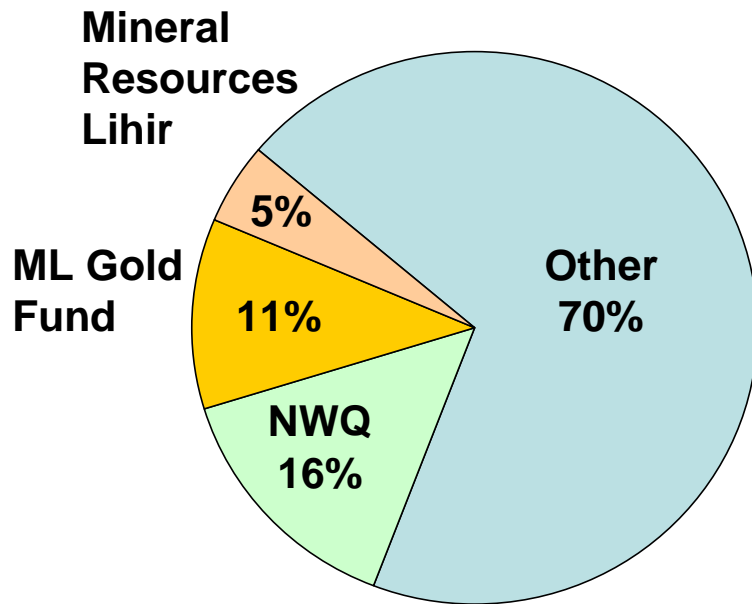
- Single operation gold company
- Good logistics by sea and air
- 13,000 population
- Supportive govt relationship

Global shareholder base



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Major Shareholders



As at August 2006

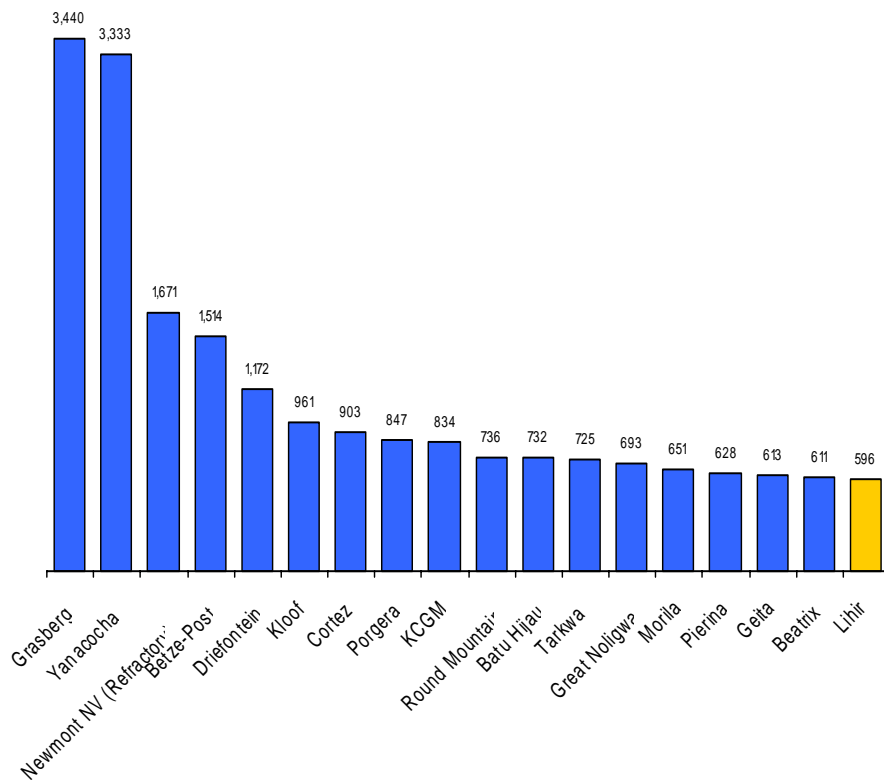
World's largest mines



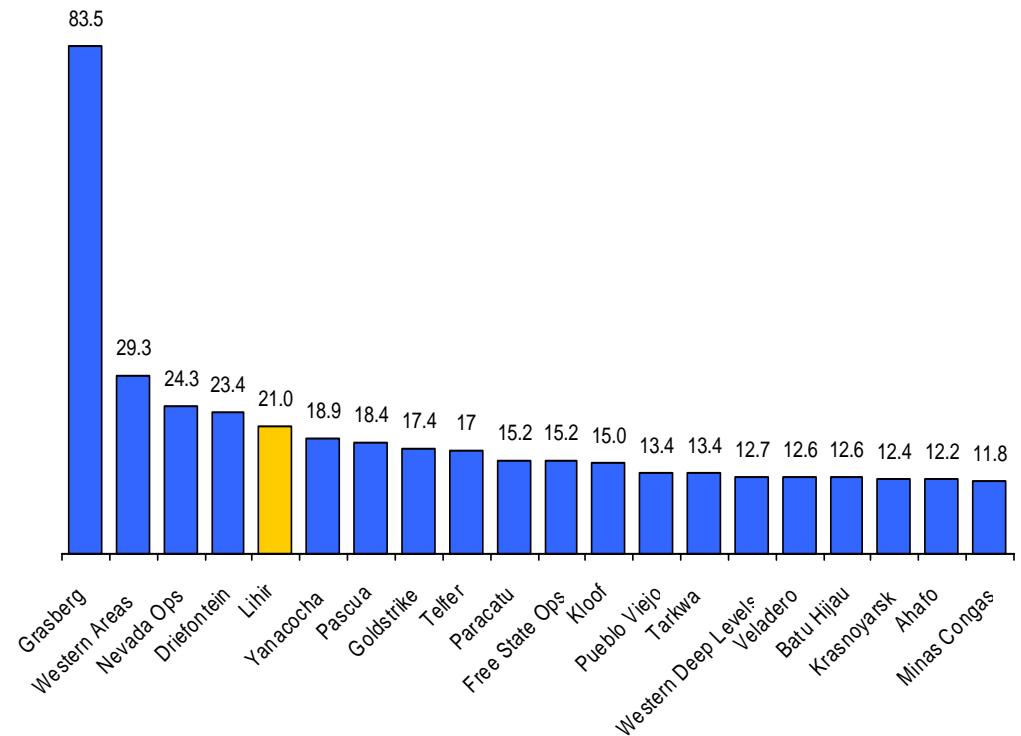
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(Million ounces)

Ranked by Production



Ranked by Reserve



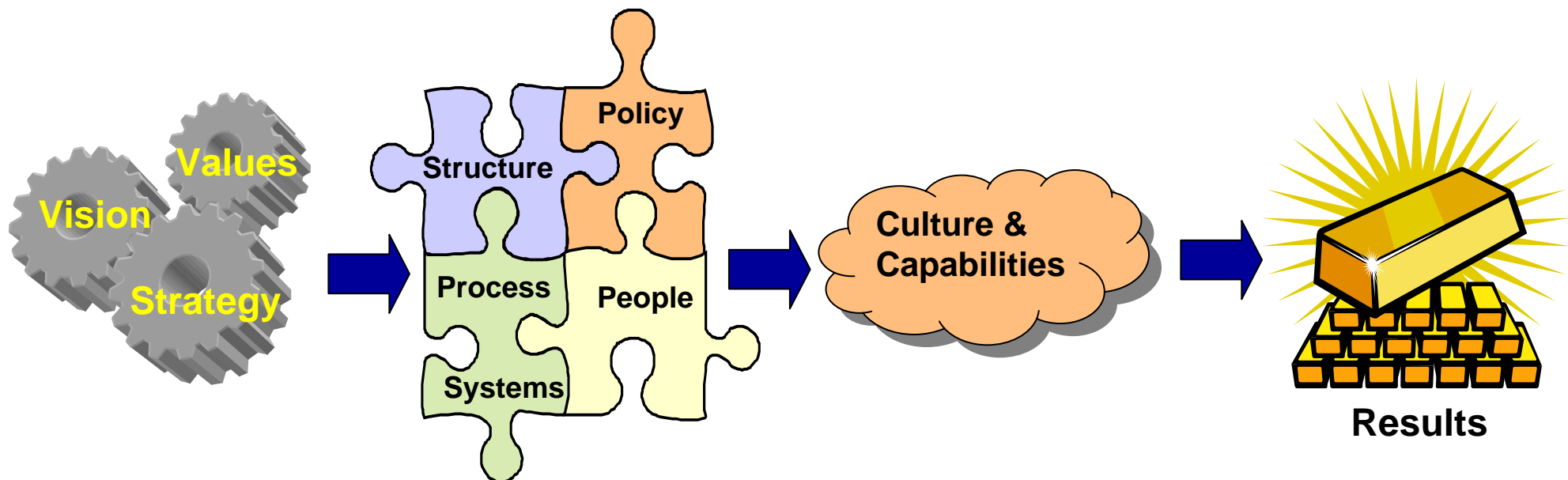
Source: Global Mining Research

Company in transition



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- Rio Tinto management contract ended Oct 2005
- External CEO appointed
- Corporate vision and strategy refined
- Corporate head office established in Australia
- Strengthened management team assembled to build organisational capability, renew corporate culture



Lift performance of existing assets



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Lienetz

Minifie



Geothermal power delivers savings



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- Cheap, reliable power
- 36 MW now in place
- 20MW expansion to be commissioned at year end
- Will save > US\$20 million in 2006, and US\$30 million in 2007, compared with HFO power
- Carbon trading approved



Expanding processing capacity



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- Historical production ~ 600 kozs
- Flotation expansion to lift production to >800 kozs next year
- Options studies under way for +1 million oz from 2009.

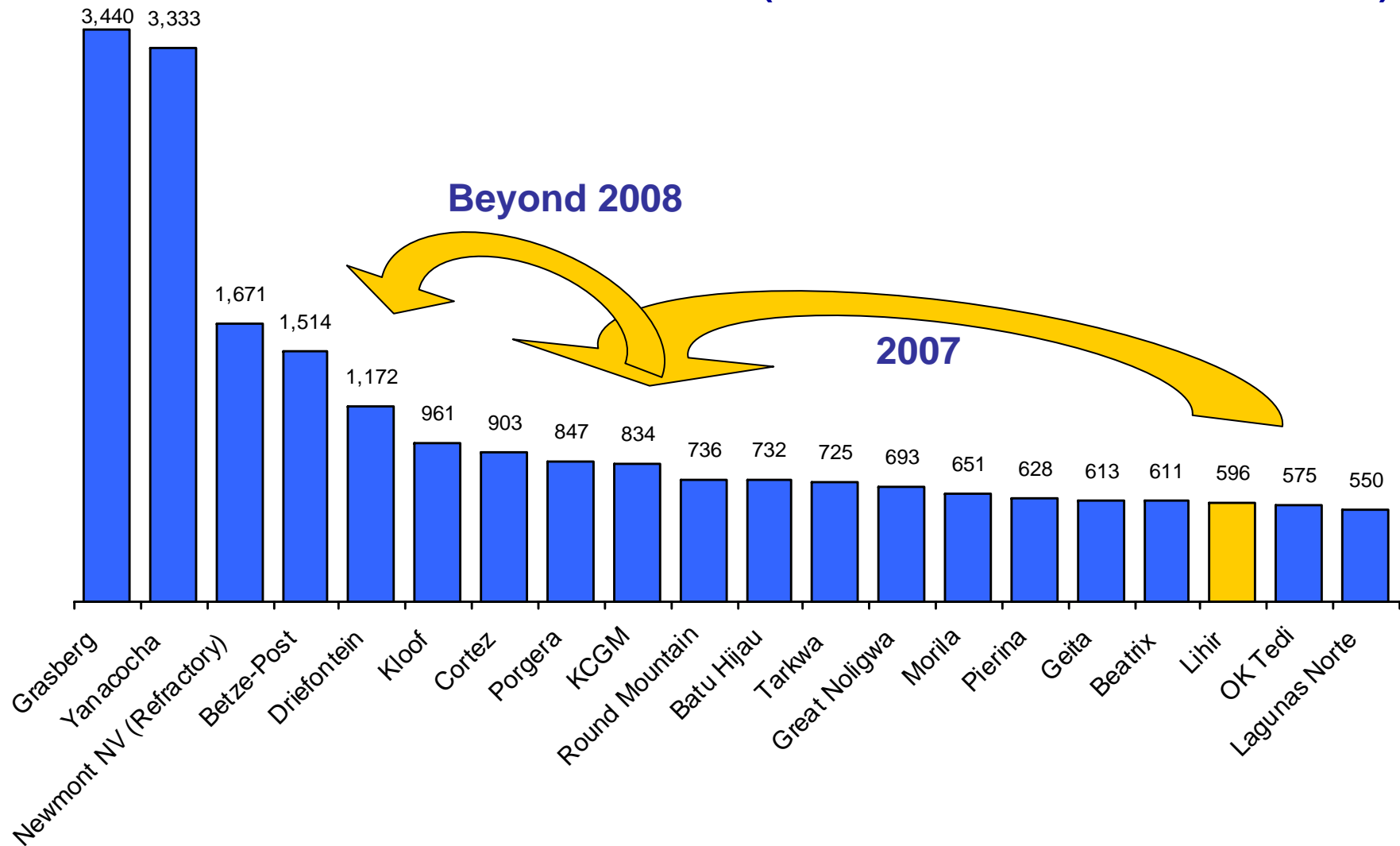


Seizing economies of scale



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(Thousand ounces. Calendar 2005)

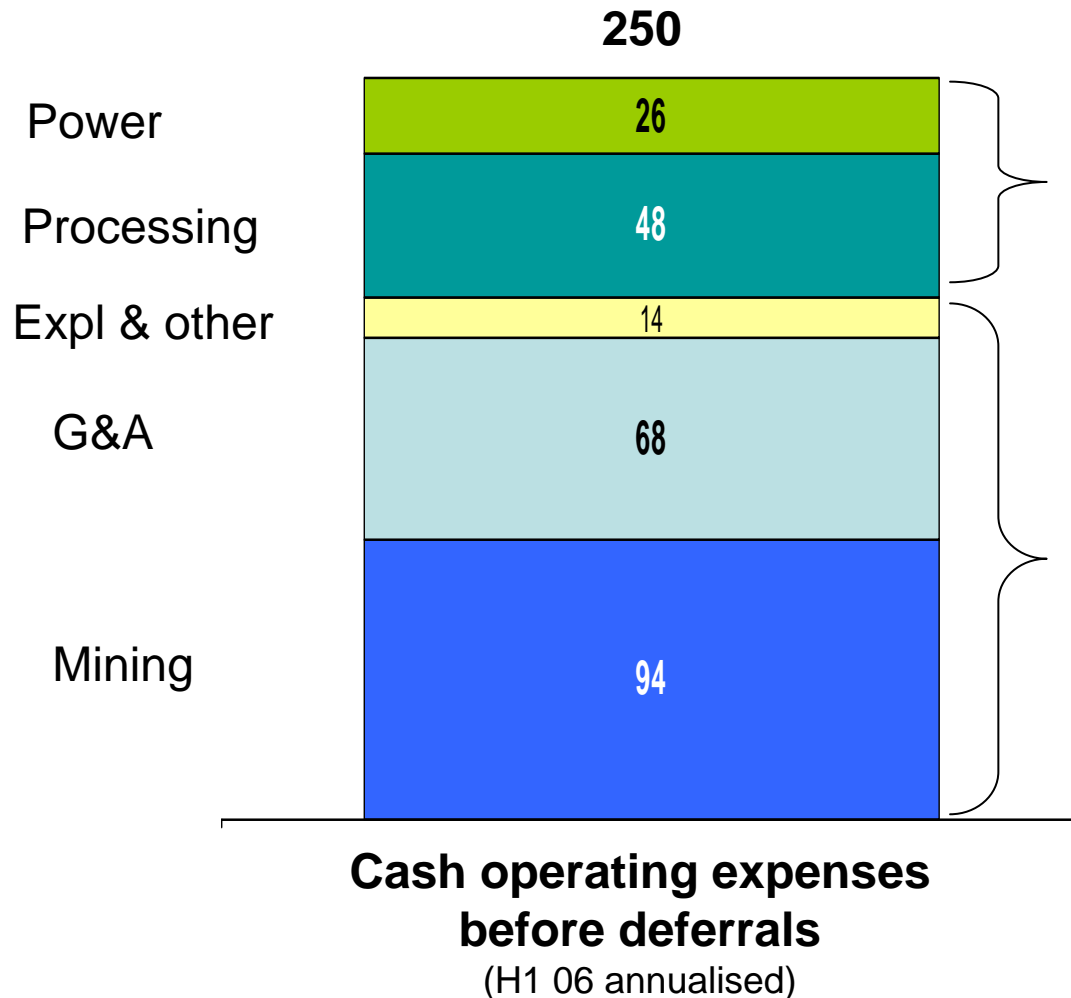


Seizing economies of scale



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(Operating costs \$M)



Variable. Will increase marginally in line with expanded processing capacity. Power costs will reduce with geothermal expansion.

Fixed. These costs will not change significantly, but will be spread over increased production ounces

M&A strategy



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- Provide geographic diversification
- Provide revenue diversification
- Criteria:
 - Must create shareholder value
 - Must be gold
 - Must be a worthwhile size > 200,000 oz
 - Probably in our time zone

Ballarat merger



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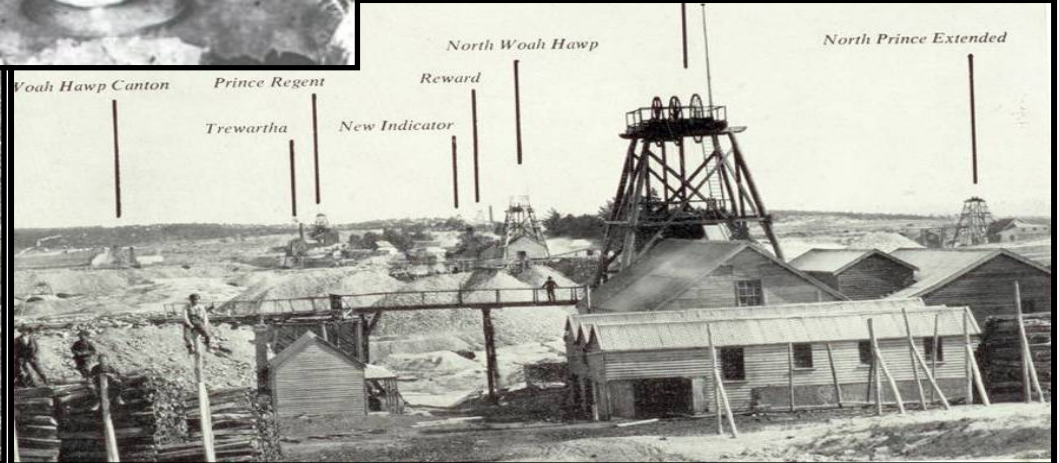
- Lihir Gold acquiring Ballarat Goldfields through scheme of arrangement, unanimously recommended by directors
- Lihir Gold offering one ordinary share for each 10.8 Ballarat shares
- Extensive due diligence completed prior to the offer
- Ballarat shareholders to secure development funding and will emerge with 8% of Lihir Gold
- Will lead to potential 25% increase in Lihir gold production

Agreed merger provides reduced risk and substantial upside for each merger partner

Historical gold mining area



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Multiple mineralized zones



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Ballarat West
1.1Mozs Expl. Pot.

Ballarat East
1.4Mozs Resource
4.5Mozs Expl. Pot.

Ballarat South
2.7Mozs Expl. Pot.

Berringa – 30km sw
Expl. Pot. 0.9Mozs



Established infrastructure



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Tail Dam

Process Plant

Dewatering

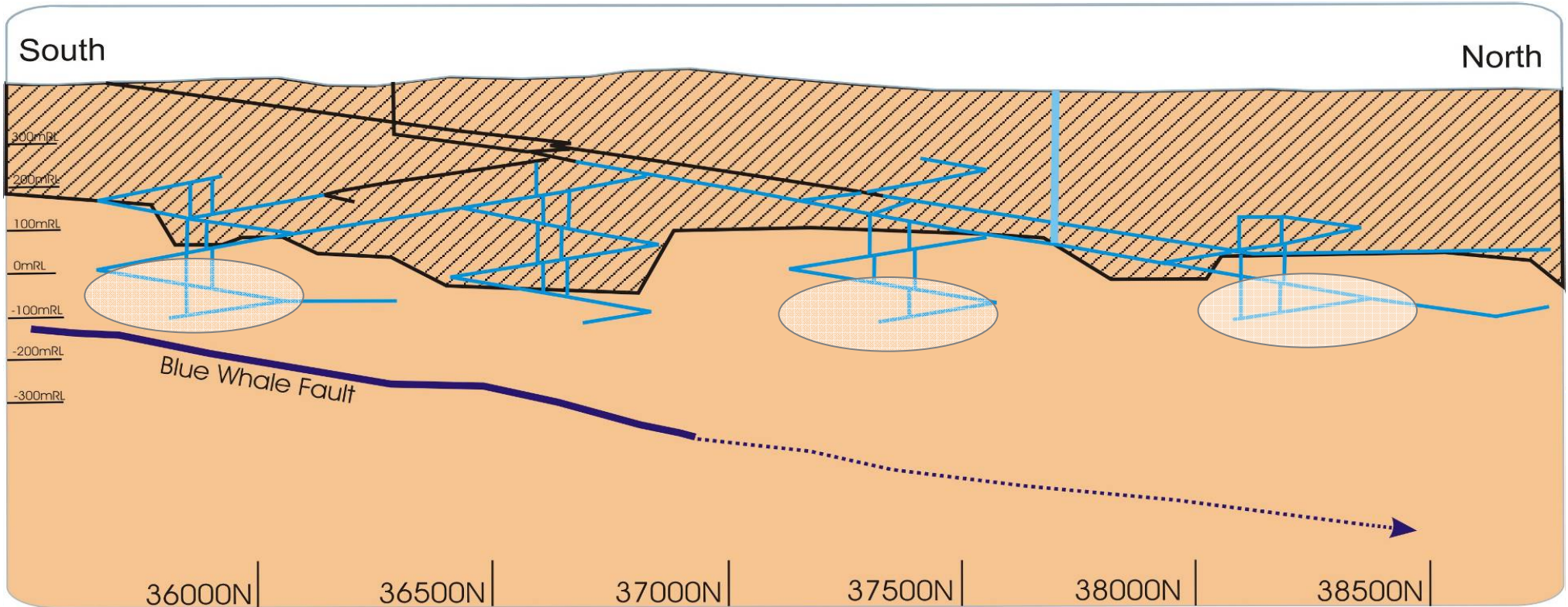
Hard rock Stockpile



Accessing deeper high grade ore



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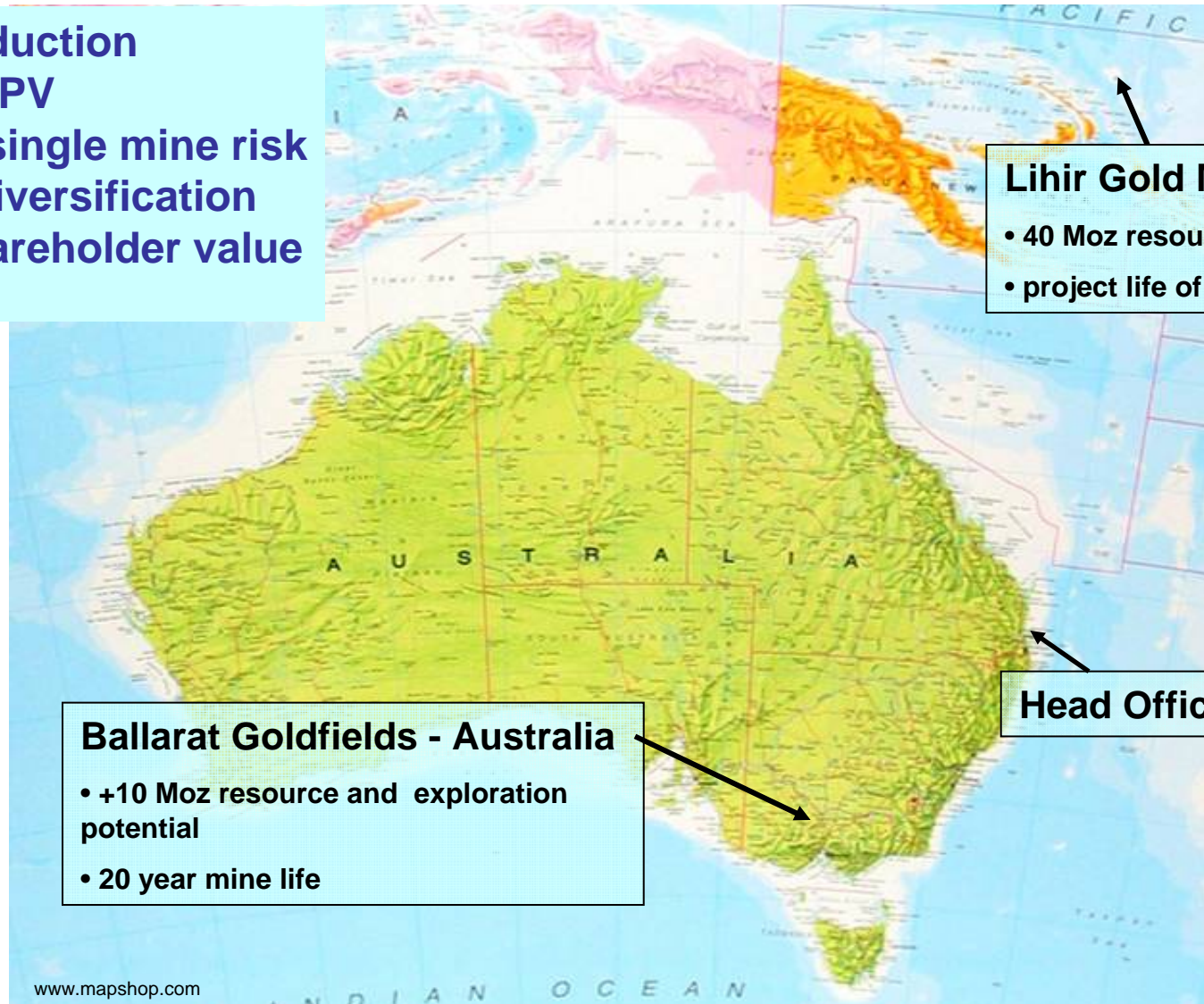


Strategic Rationale



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- Boosts production
- Increases NPV
- Eliminates single mine risk
- Increases diversification
- Delivers shareholder value



Ballarat Goldfields - Australia

- +10 Moz resource and exploration potential
- 20 year mine life

Lihir Gold Mine - PNG

- 40 Moz resource
- project life of +40 years

Head Office - Brisbane

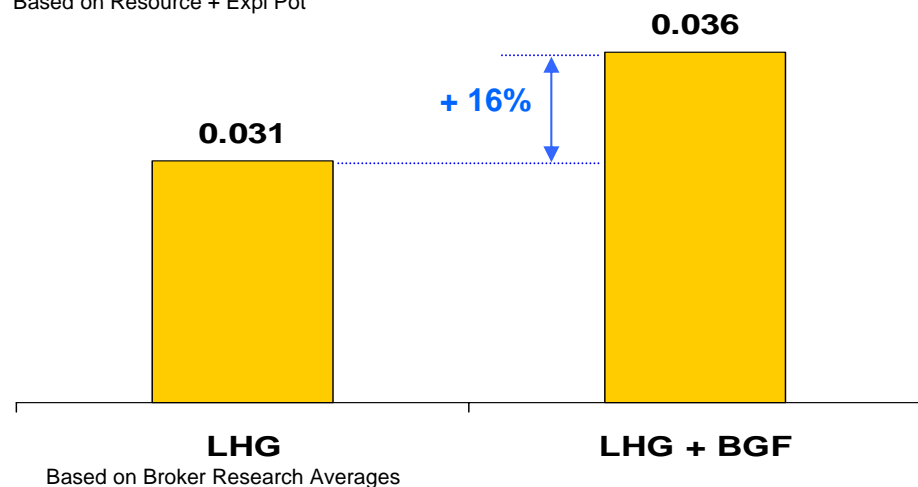
Accretive transaction



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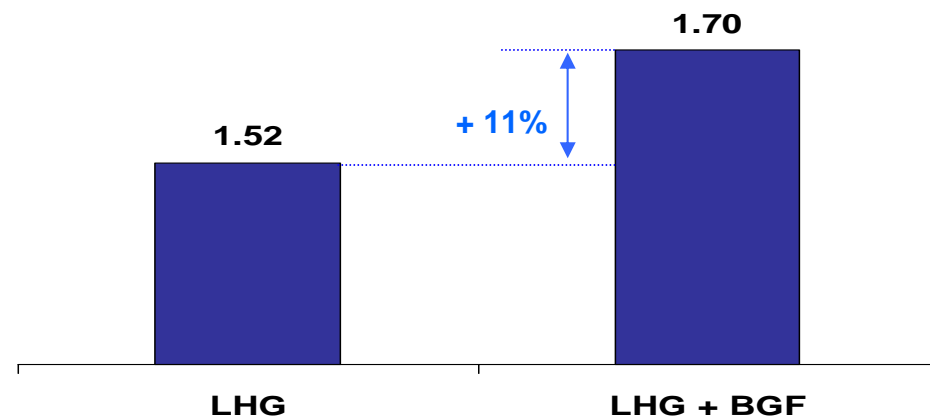
Ounces of gold/share

Based on Resource + Expl Pot



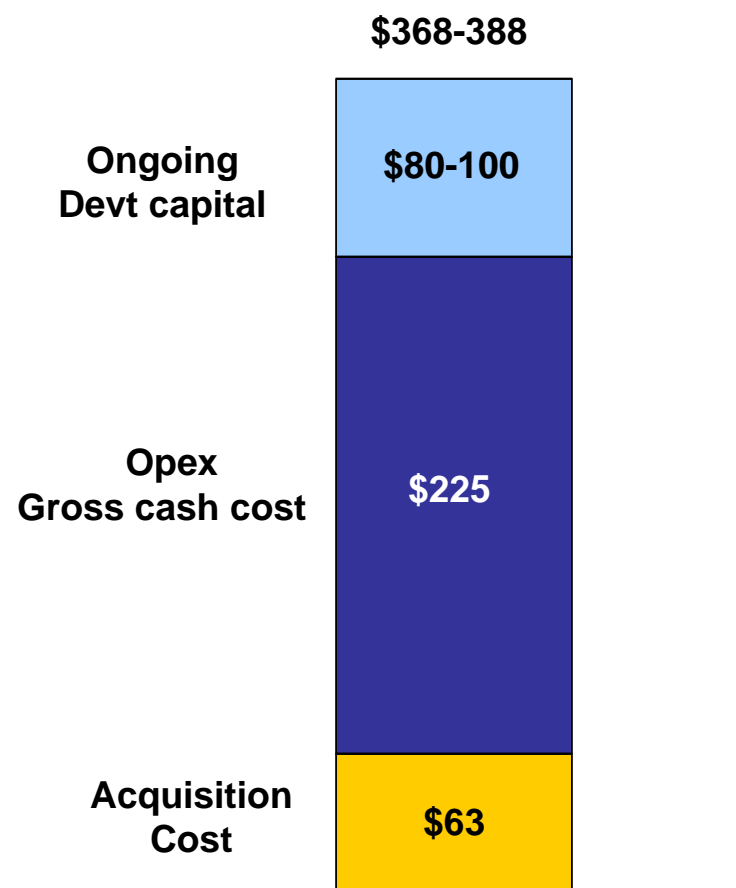
Based on Broker Research Averages

NPV/share (A\$)



Cost/oz acquired (US\$/oz)

Based on 4 Moz for LOM

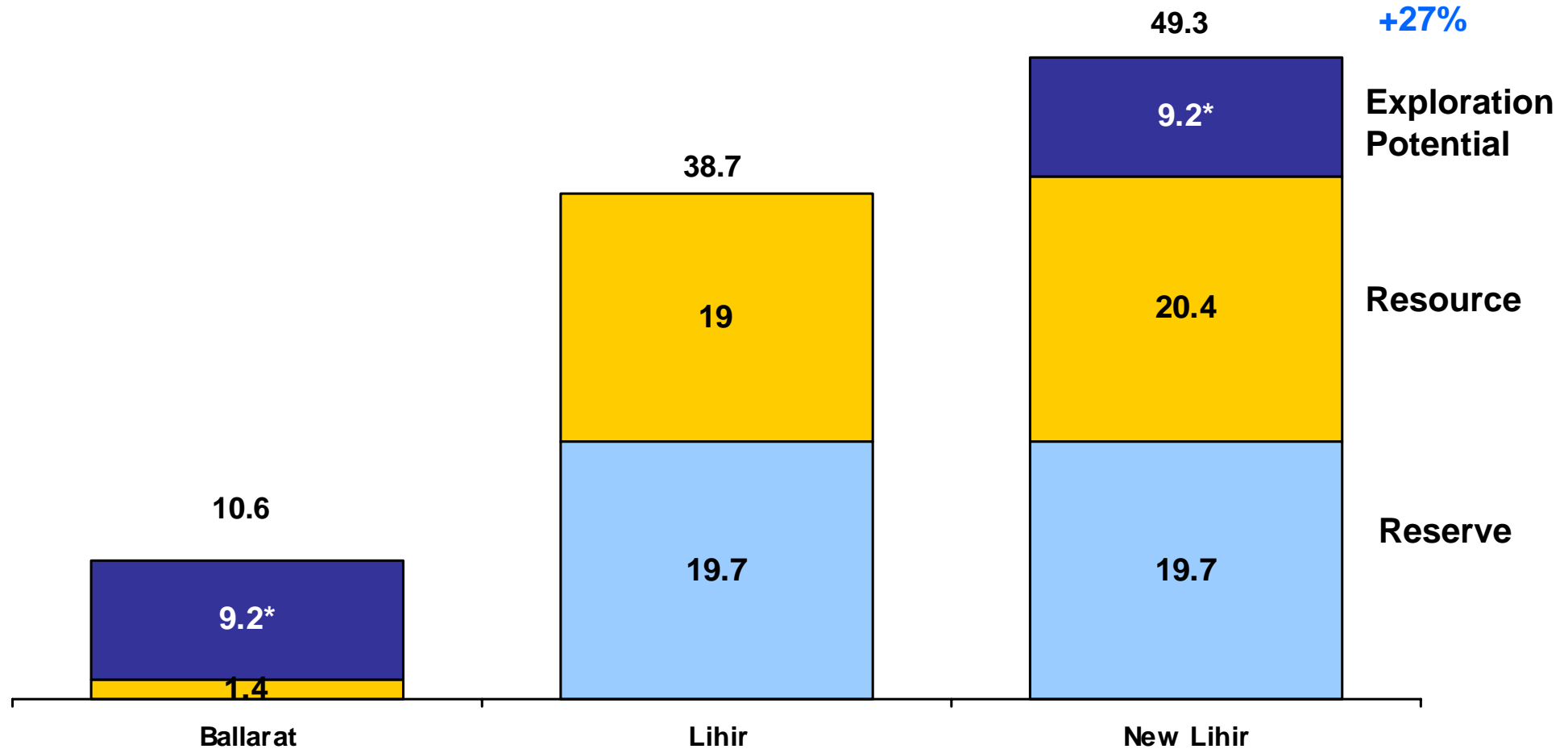


A New Gold Major



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(Resources, Reserves and Exploration Potential, Koz)



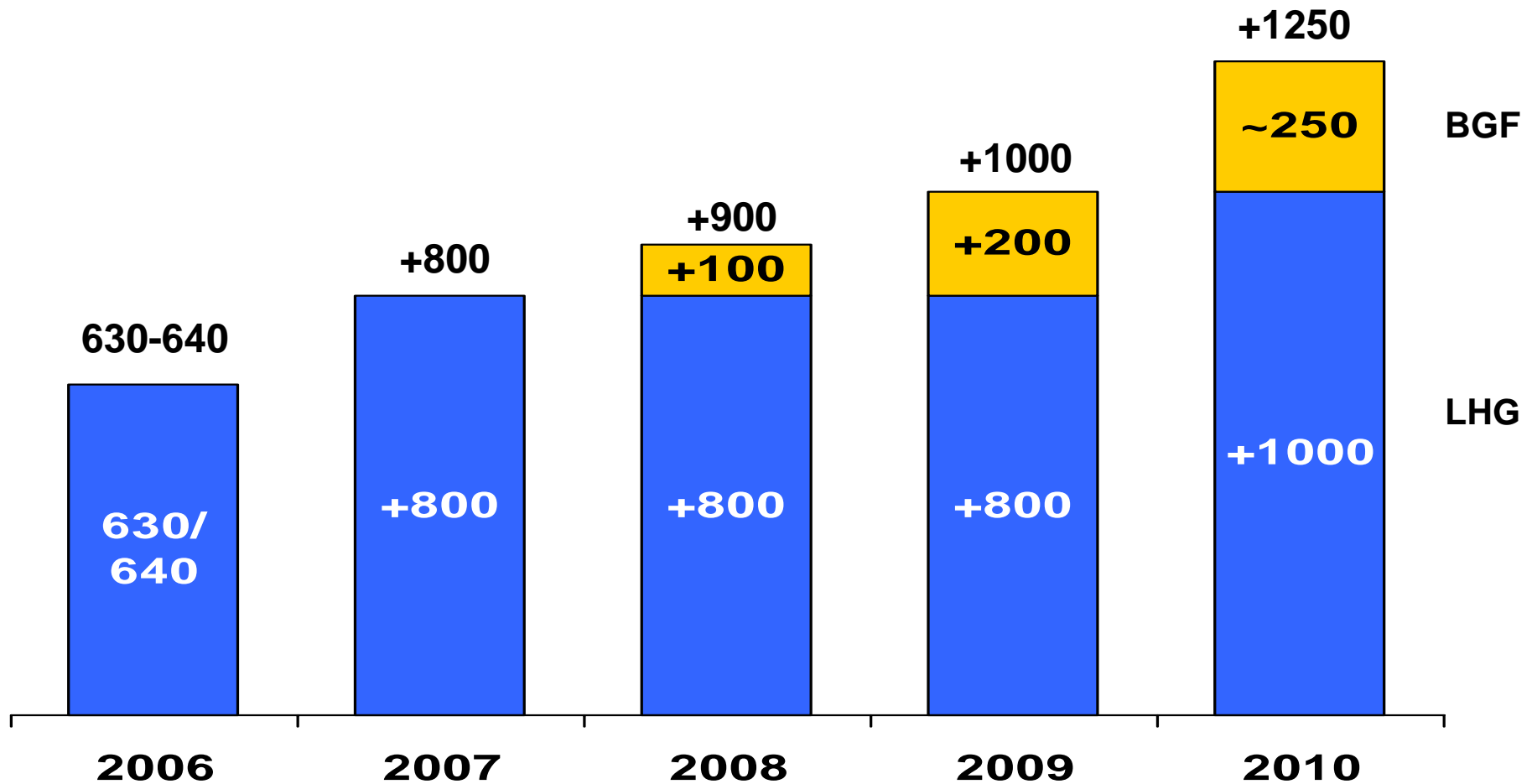
*As at Jun 06. Excludes Blue Whale Fault.
Excludes Lihir Exploration Potential

Growing production profile



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Gold production (kozs)



Lihir Gold

- **World class gold mine**
- **Company in transition**
- **Growing production, reducing costs**

Ballarat Goldfields

- **Exciting, advanced exploration project**
- **Bolt on merger**
- **Boosts production**
- **Diversifies operations**
- **Creates shareholder value**
- **Establishes a New Gold Major**

A close-up photograph showing a hand holding a wooden mallet over a white tray containing several rectangular gold bars. The bars are arranged in a circular pattern. The lighting is warm and yellowish, highlighting the metallic texture of the gold. The background is dark and out of focus.

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