

**LIONGOLD CORP LTD**  
(Incorporated in Bermuda)  
(Company Registration No. 35500)

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**RESPONSE TO QUERIES FROM THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE)**

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The board of directors (the “**Board**”) of LionGold Corp Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the queries from the Securities Investors Association (the “**SIAS**”) (the “**SIAS queries**”) and wishes to respond to the SIAS queries as follows:

**SIAS Query 1:**

The group’s remaining asset is the producing Ballarat Gold Mine and the regional exploration land holding (through its wholly owned subsidiary Castlemaine Goldfields).

In the Corporate Profile (page 1 of the annual report), the group reported that, in accordance with the Joint Ore Reserves Committee (“**JORC**”) Code 2012, its “estimated net attributable ounces as at 31 March 2017 stand at 130,600 ounces of gold resources, with an annual production target of 40,000 ounces of gold.”

**a) At the rate that the Ballarat mine is being mined, can management confirm that Ballarat will be exhausted in less than 4 years?**

**Company’s response:**

Our 100% owned subsidiary, Castlemaine Goldfields Pty Ltd (“**CGT**”) operates a well-established gold mine at Ballarat, Victoria. The Ballarat property of 171.96 km<sup>2</sup> consists of two Mining Licences and an Exploration Licence (details can be found in LionGold Corp Ltd’s Annual Qualified Persons Report for the Ballarat Gold Mine, Australia for the Year Ended 31 March 2017, released on 5 July 2017).

LionGold Corp Ltd (“**LGC**”) has about 5 years of continuous mining at the Ballarat Mine and the mine has been operating with less than 3 years of resources at the end of each financial year. On-going exploration activities at Ballarat are totally focused in-Mine on continually replacing resources that are being depleted by mining. The table below demonstrates CGT’s ability to replace resources depleted by on-going mining.

Year ended	Mineral Resource & Ore Reserve	Gold production
31 Mar 2015	Total Resource of 540,000t at 8.4g/t Au; Probable Reserves of 130,000t at 7.6g/t Au	46,039 oz
31 Mar 2016	Total Resource of 391,000t at 8.8g/t Au; Probable Reserves of 26,000t at 12.8g/t Au	41,516 oz
31 Mar 2017	Total Resource of 393,500t at 10.3/t Au; Probable Reserves of 30,000t at 12.8g/t Au	41,391 oz

Based on the Company’s track record to replace resources depleted by on-going mining, management can confirm that the Ballarat mine will not be exhausted in 4 years.

**b) What are the exploration and evaluation activities planned?**

**Company's response:**

For the last five years the Company has maintained a program of underground drilling utilising multiple diamond drilling rigs to discover and evaluate new gold-mineralised zones. All mining is carried out at a single mine referred to as "Ballarat East". Information on the drilling and mining at the Ballarat Gold Mine is found on pages 2-3 of the FY2017 Annual Report. The on-going program has been successful in adding to the mine's resources.

**c) What is the projected exploration and evaluation expenditure and how is the group going to fund it?**

**Company's response:**

The Company does not provide any forecast or prospect statement in relation to exploration and evaluation expenditure. Any exploration and evaluation expenditure will be funded from internal resources.

**SIAS Query 2:**

As disclosed in Note 19 (page 81 - Discontinued operations and disposal group classified as held for sale), the group lost control over Owere Mines Limited, and its 70% owned subsidiary Mornington Offshore Inc. was struck off from the BVI Registry of Companies with effect from 1 November 2016.

**a) What were the efforts by the board and management to try to extract any value from these two investments before the lost of control/being struck off?**

**Company's response:**

As disclosed in the announcement dated 23 May 2016 and the Company's third quarter financial statement and dividend announcement for the financial period ended 31 December 2015 dated 12 February 2016, the Company has been in discussions with parties to exit its investment in the Konongo Gold Project. By January 2016, the board of Signature Metals Limited ("**SML**") determined that no further reasonable options were available to fund OML's continuing operations. The situation at the Project had by then deteriorated and there were risks of social, security and environmental problems. Signature Metals Limited entered into a separation agreement with its joint venture partner, Talos Ghana Limited. The net tangible asset of Owere Mines Limited as at 23 May 2016 was S\$(80,908,629).

Mornington Offshore Inc. is a dormant company.

**b) Who are the directors on the board of Signature Metals Limited and on Mornington?**

**Company's response:**

The directors on the board of Signature Metals Limited are Mr Tan Soo Khoo Raymond, Dr Denis Edmund Clarke and Mr Roland Kenneth Selvanayagam. The director on the board of Mornington was Mr Peter Chen Hing Woon.

**c) How did the group allow Mornington to be struck off with effect from 1 November 2016 and only to be informed of it on 19 December 2016?**

**Company's response:**

Instructions were given for Mornington to be struck off with effect from 1 November 2016. The Company requested for a status update from the Company Secretary of Mornington and was informed about the striking off of Mornington on 19 December 2016.

**SIAS Query 3:**

In Note 28 (page 92 – Convertible bonds), the company has outstanding Redeemable Convertible Bonds (RCBs) that are “convertible into shares of the Company at the holder's option at the share conversion price valued at 85% of the average of the traded volume weighted average price per share of the Company for any 3 consecutive market days”.

The company has also made announcements on SGX as and when the subscriber of the bonds exercises its right to convert the RCBs into “Conversion shares”. One such conversion that happened in January 2017 is shown below.

The Conversion Price of S\$0.00085 was determined by taking 85% of the average of the traded volume weighted average price per Share for any three (3) consecutive Trading Days determined at the sole and absolute discretion of the Bondholder, during the 30 Trading Days immediately preceding the relevant Conversion Date, being 24 January 2017. The three (3) consecutive Trading Days and their average of the traded volume weighted average price per Share are as follows:

Date	Volume Weighted Average Price
22 December 2016	S\$0.0010 (“X”)
27 December 2016	S\$0.0010 (“Y”)
28 December 2016	S\$0.0010 (“Z”)

As such, the Conversion Price is determined by the following calculation:

$$\text{Conversion Price} = \frac{X + Y + Z}{3} \times 0.85 = \text{S\$0.00085}$$

(Source: Company announcement dated 24 January 2017)

Also, as announced on SGX on 25 January 2017, the subscriber promptly disposed of 160,000,000 shares on 24 January 2017 via market transaction, the same day as their subscription.

**a) Has the board deliberated and considered the dilutive impact of the redemption convertible bonds to the existing shareholders?**

**Company's response:**

The Board had deliberated and considered the dilutive impact of the redemption convertible bonds to the existing shareholders. However, as stated in the Letter to Shareholders in the Annual Report of the Company for the financial year ended 31 March 2015, fund raising was difficult owing to the crash in the Company's share price in October 2013 and the subsequent CAD investigations. Be that as it may, the the US\$20 million bonds issued in 2012 were due for redemption in May 2015. Hence, the Company decided to enter into the Bond Restructuring Agreement and Subscription Agreement to restructure the Company's obligations under the existing bonds. Shareholders were given an opportunity to approve or

not approve the redeemable convertible bonds program at a Special General Meeting of the Company on 14 September 2015. The shareholders approved the program at the Special General Meeting. In addition, shareholders further approved amendments to the terms of the Subscription Agreement in relation to the redeemable convertible bonds program at another Special General Meeting of the Company on 29 April 2016.

**b) To prevent the dilutive impact of any conversion, can the board agree to not issue any new RCBs with a floating conversion price (with discount)?**

**Company's response:**

The redeemable convertible bonds program together with the feature of issuing RCBs with a floating conversion price (with discount) is an integral term of the Subscription Agreement, which has been approved by shareholders in general meeting. Pursuant to the terms of the Subscription Agreement, the issue of RCBs is at the option of the Subscriber. As such, the Board is not in the position to agree to not issue any new RCBs with a floating conversion price (with discount). Be that as it may, the proceeds from the issue of RCBs go towards assisting the Company meet its repayment obligations under the Bond Restructuring Agreement and for general working capital of the Group.

**c) Has the board and management deliberated on other sources of funding that would not cause severe dilution to the existing shareholders?**

**Company's response:**

As stated in the Letter to Shareholders in the Annual Report of the Company for the financial year ended 31 March 2015, fund raising was difficult owing to the crash in the Company's share price in October 2013 and the subsequent CAD investigations.

**BY ORDER OF THE BOARD**

Tan Soo Khoo Raymond  
Executive Director  
11 August 2017

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the SGX-ST.*

*The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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