



Securities Investors Association (Singapore)

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Issuer: LionGold Corp Ltd

Security: LionGold Corp Ltd

Meeting details:

Date: 30 July 2018

Time: 11.00 a.m.

Venue: Level 3, Meeting Room 333, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593

Company Description

LionGold Corp Ltd, an investment holding company, engages in the exploration and mining of gold projects. Its primary concessions are located in Australia. The company was formerly known as The Think Environmental Company Limited and changed its name to LionGold Corp Ltd. LionGold Corp Ltd was incorporated in 2004 and is based in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=A78)

1. In FY2018, Castlemaine Goldfields Pty Ltd (“Castlemaine Goldfields” or “CGT”), the company’s wholly owned subsidiary, produced 35,104 ounces of gold, down 15% from 41,391 ounces. Coupled with a lower selling price of gold (A\$1,661 per ounce), total revenue achieved was A\$59.1 million and the group reported a loss for the \$(10.6) million.

The group reported an average grade of 5.8g/t in FY2017 and experienced a drop to 5.19g/t in FY2018.

- (i) What is the historical ore grade at Castlemaine Goldfields?**
- (ii) Assuming a stable price of gold and volume of ore processed, what is the ore grade required for CGT to achieve break-even?**
- (iii) In addition, progress was said to be made to reach the historic New Normanby Mine. What are the other milestones to be achieved before the group can mine at the New Normanby Mine?**
- (iv) Furthermore, the group invested and capitalised \$2.8 million exploration and evaluation expenditure in 2018, up from \$1.3 million a year ago. What are the tangible outcomes from the exploration efforts?**

2. On 30 June 2018, the company announced that the independent auditor of the company had issued a disclaimer of opinion in the Independent Auditor’s Report for the audited financial statements of the Company and the Group for the financial year ended 31 March 2018.

The basis for Disclaimer of Opinion were Going concern assumptions and Corresponding figures and opening balances.

With regard to going concern assumptions, the directors of the company have stated the following:

[...] will be able to raise the necessary funds from the redeemable convertible bonds (subject to the extension being approved) and/or other short term credit facilities as described above, as well as to generate positive cash flows from mining operations carried on by its wholly-owned subsidiary, Castlemaine Goldfields Pty Ltd.. As such, the Board is of the opinion that the Company will have sufficient working capital for the next 12 months and will be able to pay its debts as and when they fall due based on the foregoing reasons.

On 13 July 2018, the company announced that it had entered into a loan agreement with Mr Tan Soo Khoon Raymond (CEO) to grant an unsecured interest-free loan of up to \$3.5 million to the company to be used for general working capital.

- (i) Can the board update shareholders on its other efforts to raise funds through other short term credit facilities, with its directors or other potential lenders?**

- (ii) **How much more cost-cutting measures can be implemented?**
- (iii) **Should the \$3.5 million loan be fully drawn down, how long would it be able to support the group for? What is the current cash burn-rate of the group?**
- (iv) **Mr Tan has a direct interest in an aggregate of 1,800,000 ordinary shares in the capital of the Company representing approximately 0.02% of the entire issued share capital of the Company. This falls under the definition of an interested person transaction. Can Mr Tan help shareholders understand the rationale to loan the company \$3.5 million when the entire market capitalisation of the company is approximately \$8.7million?**

3. Also highlighted in the Basis of Disclaimer of opinion are the group's exposure to certain material uncertainties in relation to contingent liabilities and guarantees provided that could result in material financial obligations in future periods, summarised as follows:

- Note 36(a): Claim related to a proposed subscription of \$2.4 million
- Note 36(b): Potential claim on corporate guarantee of \$4.5 million
- Note 39: Maximum amount of the guarantee contracts of \$29.5 million

Would the directors provide shareholders with an update of the above mentioned liabilities? What are the board's efforts to resolve the potential claim and to remove such liabilities from the group's balance sheet?

A copy of the questions for the Annual Report for the financial year ended 31 March 2017 could be found here:

https://sias.org.sg/index.php?option=com_qaannualreports&view=qareports&filter_company=248

The company's response could be found here:

https://sias.org.sg/media/qareport/company_responce/1505183876_LionGold_Response-to-SIAS-queries_-11-Aug-2017.pdf