

LIONGOLD

CORP



ANNUAL REPORT 2018

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Notice of Annual
General Meeting

This annual report 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 Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Listing Manual**"). The Sponsor has not drawn on any specific technical expertise in its review of this annual report.

The Sponsor has not independently verified the contents of this annual report including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements or opinions made or reports contained in this annual report. This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr. Bernard Lui. (Tel: 6389 3000 or email: bernard.lui@morganlewis.com)



Corporate Profile

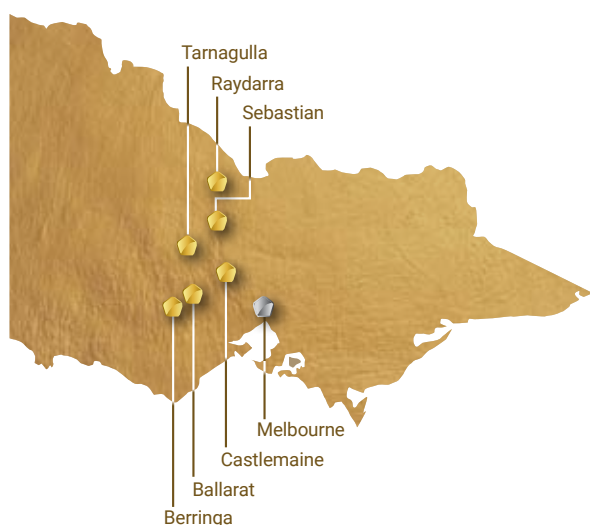
LionGold Corp Ltd ("**LionGold**" or the "**Company**") is a Singapore head-quartered gold mining and exploration company with operations in Australia. In accordance with the Joint Ore Reserves Committee ("**JORC**") Code 2012, LionGold's estimated net attributable ounces as at 31 March 2018 stand at 136,000 ounces of gold resources, with an annual production target of 40,000 ounces of gold. The Company's wholly owned subsidiary, Castlemaine Goldfields Pty Ltd ("**Castlemaine Goldfields**" or "**CGT**"), produced approximately 35,000 ounces of gold in FY2018, contributing to S\$59.1 million in revenue.

Gold Operations

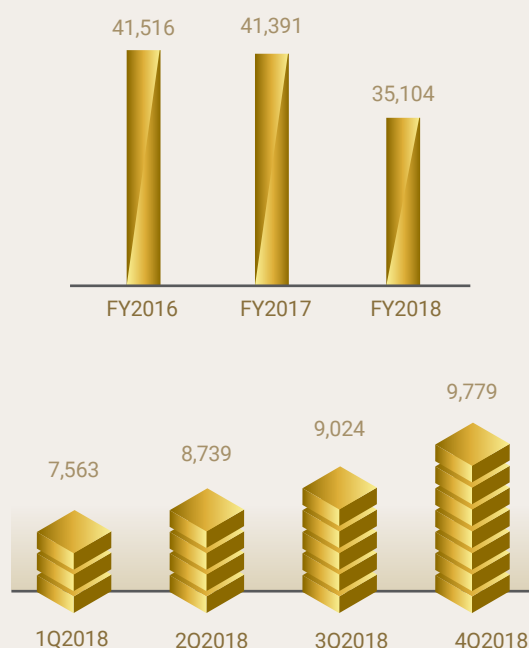
Castlemaine Goldfields

COUNTRY: AUSTRALIA

STATUS: PRODUCTION AND EXPLORATION



Gold Production (Ounces)



CGT's Operations Summary

	FY2018	FY2017	4Q2018	3Q2018	2Q2018	1Q2018
Ounces Produced	35,104	41,391	9,779	9,024	8,739	7,563
Cash operating cost / ounce sold	A\$1,395	A\$1,088	A\$1,140	A\$1,342	A\$1,442	A\$2,011
All-in sustaining cost /ounce sold	A\$1,762	A\$1,485	A\$1,549	A\$1,619	A\$1,771	A\$2,401
Selling price / ounce sold	A\$1,661	A\$1,669	A\$1,693	A\$1,665	A\$1,615	A\$1,699

Cash operating cost and all-in sustaining cash cost per gold ounce in the gold mining industry is a common performance measure but a non-IFRS measure. The Group follows the recommendations of the Gold Institute Production Cost Standard. The Gold Institute, which ceased operations in 2002, was a non-regulatory body and represented a global group of suppliers of gold and gold products. The production cost standard developed by the Gold Institute remains the generally accepted standard of reporting cash costs of production by gold mining companies. All-in sustaining cash cost includes sustaining capital, corporate general & administrative expenses and exploration expense.



LionGold, through its wholly owned subsidiary Castlemaine Goldfields, operates a well-established gold mine at Ballarat ("**Ballarat Gold Mine**") in Australia's premier Victoria gold belt and owns several tenements around the Ballarat Gold Mine and in nearby goldfields. Besides the producing Ballarat Gold Mine, Castlemaine Goldfields' other main asset is its regional exploration land holding.

Castlemaine Goldfields produces approximately 40,000 ounces of gold per year at the underground Ballarat Gold Mine with facilities that include a 600,000 tonne per annum processing plant with gravity gold and concentrate recovery circuits.

The project maintains its production rate with an underground drilling programme targeting resources adjacent to existing workings. The project has significant additional potential for mine life extension at depth and along strike from the current workings.

In FY2018, the Ballarat Gold Mine processed 260,165 tonnes of gold-bearing ore through its gold processing plant, at a grade of 5.19g/t. In all, the Ballarat Gold Mine produced 9,779 ounces in 4Q2018 and 35,104 ounces in the entire FY2018. Total all-in sustaining cost for the year was A\$1,762/ounce and the Ballarat Gold Mine achieved an average gold price of A\$1,661/ounce during the period.

The Ballarat Gold Mine drilled 389 underground diamond drill holes in FY2018, totalling 58,259 metres. The drilling centred on the continuation of exploration efforts in the Llanberris, Britannia and Canton compartments along with new campaigns in the Victoria and Normanby compartments. The purpose of this core drilling was to identify geological conditions related to gold mineralisation and to identify mineralisation or significant structures. This drilling was a combination of exploration and in-fill drilling – the former activity conducted to discover further sources of gold-bearing mineralisation, the latter to better define known areas and improve the level of knowledge to allow detailed mine planning to be completed ahead of mining.

Some 3.51 kilometres of tunnels were developed underground with 229,362 tonnes of waste rock removed in the process. The main areas of development were in the Canton, Llanberris, Victoria and Normanby compartments. 262,559 tonnes of ore were mined at an average grade of 5.19g/t.

During the year, development headings were directed towards the base of the historic New Normanby Mine and a mine dewatering exercise was established via purpose-drilled diamond drill holes. This is the first step in accessing the increasingly attractive ore extensions beneath this successful historic mine.

Work commenced on extending the capacity of the current Tailings Storage Facility ("**TSF**") in Terrible Gully in the form of an upstream lift, as well as works aimed at siting, designing and permitting a new TSF. The new TSF is an enabler that will allow the benefits from the Ball Mill project and Tailings Reclaim Project to be fully realised.

Also during the year, a number of regional exploration tenement structures have been either simplified or relinquished. Castlemaine Goldfields continued its regional exploration program, focused on low-impact exploration and target generation. An exploration strategy to best-match the CGT business (focused on longer-term ore supply to the operating mill at Ballarat) has resulted in new applications along strike from the existing Ballarat Mine, and on prospective areas west of the Mine. Key exploration focus is on the Ballarat tenements. Geochemistry, remodelling, research and structural interpretation have continued through the year.

Community & Social Responsibility

LionGold's operations are located in Ballarat where responsible mining is a core value of the operations. Responsible mining at Ballarat is based on the following principles:

- Implementing and maintaining ethical business practices and sound systems of corporate governance;
- Integrating sustainable development considerations within the decision-making process;
- Upholding fundamental human rights and respecting cultures, customs and values in dealings with employees and others who are affected by our activities;
- Implementing risk management strategies based on valid data and sound science;
- Continually improving our health and safety performance;
- Continually improving our environmental performance;
- Contributing to conservation of biodiversity and integrated approaches to land use planning;
- Contributing to the social, economic and institutional development of the communities in which we operate; and
- Implementing and maintaining effective and transparent engagement, communication and reporting arrangements with our stakeholders.

Our actions to manage the environment responsibly include the following:

- minimising emissions;
- monitoring and reporting environmental parameters, including air and water quality;
- re-using and recycling materials, where possible, and carrying out proper waste management practices;
- rehabilitating areas affected by our activities; and
- complying with laws and regulations as a minimum standard.

LionGold has managed to build and develop constructive relationships with the community in Ballarat and other stakeholders by engaging them in frequent consultation and dialogue. Listening closely to the residents in the area around our mine and working to resolve any issues that arise have helped us to establish mutual support, understanding and trust. Some of the ways we demonstrate our commitment to the community include:

- communicating openly and honestly to understand and address concerns raised by the community;
- hosting an independently-run environmental review committee consisting of local stakeholders, regulatory authorities and company representatives;
- employing and training local residents; and
- supporting local service and supply companies.





In particular, Castlemaine Goldfields prides itself on contributing to the Victorian economy with a special focus in Ballarat, which is a large regional city 110km west of Melbourne.

For FY2018, approximately A\$43 million (72%) of Castlemaine Goldfields' total expenditure was in the Victorian economy. Given that the vast majority of the workforce live in the greater Ballarat area, and taking into account the 'multiplier' effect for indirect expenditure, Castlemaine Goldfields' actual economic contribution to the Victorian economy (and the Ballarat region in particular) is significantly greater than this amount.

Castlemaine Goldfields values its social licence to operate and is always looking for opportunities to give back to the community beyond economic benefit. As such, Castlemaine Goldfields also contributes within the community through education projects. This year, Castlemaine Goldfields hosted 150 visitors and eight presentations across a broad range of groups, from local primary/secondary schools and universities to industry and regulatory groups.

An example of Castlemaine Goldfields' commitment to promoting and supporting the local community is its continued association with the Ballarat Federation University Australia to provide a work placement program for students currently studying Geology, Mining Engineering and Metallurgy at the Ballarat University's School of Mines. This year, the program provided six students with access to professionals working within the mining industry and the opportunity to obtain hands-on experience and observe the application of techniques and knowledge within the Ballarat-based business.

Additionally, Castlemaine Goldfields personnel also undertook 180 proactive community engagement contacts for the year.

Our efforts to manage the environment responsibly and contribute to the community are part of LionGold's commitment to sustainability in its business practices and operations. In compliance with the SGX-ST's requirements on sustainability reporting, LionGold plans to release its first Sustainability Report this year in the second quarter of FY2019, based on the Global Reporting Initiative framework. The Sustainability Report will set out our sustainability initiatives in greater detail and provide more information on the environmental, social and governance issues that are material to us and our stakeholders.

Resources & Reserves Table

LionGold is reporting its Mineral Resource and Ore Reserve estimates as at 31 March 2018. The Mineral Resource and Ore Reserve estimates below have been prepared and classified in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2012 (the "JORC Code 2012").

Category	Mineral type	Gross attributable to licence		Net attributable to issuer (100%)		
		Tonnes (kt)	Grade (g/t Au)	Tonnes (kt)	Grade (g/t Au)	Change in ounces Increase %/ (Decrease %)

Castlemaine Goldfields, Australia Ballarat East Mine

Measured Resources	-	-	-	-	-	-
Indicated Resources	Gold	34	13.0	34	13.0	14
Inferred Resources	Gold	381	9.9	381	9.9	3
Total Resources	Gold	414	10.2	414	10.2	4

Proved Ore Reserves	-	-	-	-	-	-
Probable Ore Reserves	Gold	36	7.1	36	7.1	(17)
Total Reserves	Gold	36	7.1	36	7.1	(17)

Probable Ore Reserves are derived from, and included in, Indicated Mineral Resources. Mineral Resources which are not Ore Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. It is uncertain if further exploration will result in upgrading the Inferred Mineral Resource to an Indicated or Measured Mineral Resource category. Tonnages are rounded to the nearest 500 t and ounces are rounded to the nearest 100 oz Au. All resources are reported at a 0 (g/t Au) cut-off grade.

The information in the report to which this statement is attached that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Philip Petrie and Mr Matthew Hernan. Each of them is a full-time employee of the Group and a Member of the Australasian Institute of Mining and Metallurgy and/ or the Australian Institute of Geoscientists, and each of them has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code 2012. Both Mr Petrie and Mr Hernan are also Qualified Persons as defined in the Listing Manual, based on the requirements set out therein.

Each Qualified Person consents to the public reporting of the Qualified Persons' Report which can be found on www.liongoldcorp.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcement.

More details regarding the Mineral Resource and Ore Reserve estimation can be found in the Qualified Persons' Report.



Letter to Shareholders

Dear Shareholders,

On behalf of your Board of Directors ("**Board**"), we are pleased to present you with LionGold Corp Ltd's Annual Report for the financial year ended 31 March 2018 ("**FY2018**"). Before going further, sadly, this will be the Chairman's last message to Shareholders. Tan Sri Dato' Nik Ibrahim Kamil has given notice to the Board that he does not wish to seek re-election as a Director and will retire as a Director of the Company at the conclusion of the forthcoming Annual General Meeting. His reasons for retiring are that he is already into his mid-70s and his energy levels are not as before. He also wishes to devote more of his time and energies towards his other pursuits. On behalf of the Board and Shareholders, we wish Tan Sri Dato' Nik Ibrahim Kamil good health and best wishes.

Compared with the previous financial year ended 31 March 2017 ("**FY2017**"), FY2018 has not been as good for your Company. For FY2018, the Group recorded revenue of S\$59.1 million as compared to S\$72.6 million in FY2017. The decrease of about S\$13.5 million in revenue arose primarily because of a decrease in the amount of gold that your Company's wholly owned subsidiary, Castlemaine Goldfields Pty Ltd ("**CGT**") produced and sold in FY2018. In FY2017, CGT produced 41,391 ounces of gold, but in FY2018, CGT only managed to produce 35,104 ounces of gold, of which 33,949 ounces were sold in the same period. The primary reason for this is, simply put, that high-grade gold deposits were harder to find. This is all part and parcel of the inherently unpredictable and risky nature of exploration and mining, especially in high-nuggety narrow-vein gold deposits such as those found in our mine at Ballarat. For FY2018, the Group incurred a gross loss of S\$5.9 million compared to a gross profit in the previous financial year and this was mainly because while mining costs remained relatively constant, lesser gold was produced and sold as a result of the lower grade of deposits mined. In an effort to mitigate the losses in FY2018, the Board managed to reduce administrative expenses including salaries, rental and professional expenses by S\$1.2 million. Going forward, this would be another objective of the Board – to reduce expenses in an effort to raise profitability.

On the corporate front, during FY2018, your Company dissolved its dormant wholly owned subsidiary, LionGold Mining Canada Inc. Also, on 1 December 2017, your Company announced the completion of the rights issue undertaken by Owere Mines Limited ("**OML**") that finally and effectively reduced your Company's indirect interest in OML to less than 0.01%. This concludes your Company's objective of exiting its mining investments in Africa.

During FY2018, your Company issued 2,529,411,761 new shares pursuant to the Redeemable Convertible Bond ("**RCB**") program approved by Shareholders in 2015. That raised S\$1.9 million in cash. As at 31 March 2018, the outstanding amount owed by your Company under the RCB program was S\$550,000, but as at the time of this Annual Report, a sum of S\$500,000 was converted into new Shares leaving only S\$50,000 outstanding. Therefore, as at the time of this Annual Report, the number of Shares in issue increased by a further 588,235,294 new Shares to 8,698,161,119.

Going ahead, your Board is cautiously optimistic that the operations at CGT would improve. However, mining for gold is an inherently unpredictable undertaking and its success is dependent not only on capital investment, exploration success and competent management, but also luck. While your Company is confident that CGT possesses the necessary hardware and facilities to process ore into gold, there is no assurance that gold-bearing ore of sufficient quantity and grade may be found. Be that as it may, your Board is confident that the demand for and price of gold may be maintained going forward. The World Gold Council ("**WGC**") in its market update published on 7 June 2018 alluded to growth in China's demand for gold. The WGC took the view that jewellers' efforts to modernise their product mix, improve design, and seamlessly blend customers' online and offline experiences are starting to bear fruit. It is the WGC's view that China's jewellery market has turned a corner and the WGC believes a more consumer-focused industry, combined with China's rising wealth, will support global gold demand and gold's long-term performance.

Before concluding, it remains for us to thank Shareholders for enduring with the Company through difficult times. Last but not least, your Board wishes to reiterate its thanks to your outgoing Chairman, Tan Sri Dato' Nik Ibrahim Kamil for his guidance and leadership for the past seven years. Again, your Board wishes Tan Sri Dato' Nik Ibrahim Kamil good health and success in all his future endeavours.

Yours sincerely,

Tan Sri Dato' Nik Ibrahim Kamil Bin
Tan Sri Nik Ahmad Kamil

EXECUTIVE CHAIRMAN

Tan Soo Khoon Raymond

GROUP CHIEF EXECUTIVE OFFICER

Board of Directors

Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil

Executive Chairman, Executive Director

Tan Sri Dato' Nik Ibrahim Kamil joined the Company as Non-Executive Chairman on 13 April 2011 and was re-designated as the Executive Chairman on 1 October 2015.

Tan Sri Dato' Nik Ibrahim Kamil has several decades of managerial and business experience across diverse industries, including mining, petroleum, media, finance and port management. At present, he is the Independent Non-Executive Chairman of OCB Berhad and an Independent Non-Executive Director of Westports Holdings Berhad, both public-listed companies in Malaysia. His previous appointments in Malaysian-listed companies include Managing Director of The New Straits Times Press (Malaysia) Berhad, Independent Non-Executive Chairman of Octagon Consolidated Berhad, Chairman of QSR Brands Bhd and Non-Executive Independent Director of Camerlin Group Berhad.

He holds a Bachelor of Science degree in Economics and Business Administration from Georgetown University, Washington D.C., USA.

Tan Soo Khoon Raymond

Group Chief Executive Officer, Executive Director

Mr Tan joined the Company as Company Secretary on 7 August 2007 before joining the Board on 1 October 2012 as a Non-Executive Non-Independent Director. He was re-designated as Executive Director and Group General Counsel on 1 January 2013. Mr Tan was appointed as Group Chief Executive Officer and resigned from his positions as the Group General Counsel and Company Secretary on 1 October 2015.

Mr Tan was formerly a partner at Robert Wang & Woo LLP where he was the head of its Corporate and Commercial Department. With over 30 years of experience as a practicing lawyer specialising in corporate and commercial work, he has acted for public-listed companies in various corporate finance matters and advised them in areas of compliance and corporate governance. Mr Tan was previously an Independent Director of ISR Capital Limited and the Lead Independent Director of Annica Holdings Limited.

He obtained his degree in law from the National University of Singapore in 1982 and was admitted to the Singapore Bar in 1983.

Roland Kenneth Selvanayagam

Non-Executive, Lead Independent Director

Mr Selvanayagam joined the Company as Non-Executive Independent Director on 4 January 2010. He is the Chairman of the Remuneration Committee and a member of the Nominating Committee and Audit Committee. He is also the Lead Independent Director.

He is a professionally qualified Chartered Management Accountant with more than 35 years of post qualifying experience. He was the President of the Chartered Institute of Management Accountants – Malaysia Division. He is the recipient of the Institute's Bronze medal in recognition of his contribution to the Institute and the profession at large.

He has worked for and managed companies in Malaysia, Thailand, Sri Lanka and Australia besides serving on the boards of listed companies in South Africa, Malaysia and Australia.

Mr Selvanayagam served on the Council of the Federation of Malaysian Manufacturers for a number of years and was the Chairman of the Audit Committee and Deputy Chairman of the Malaysian Food Manufacturing Group.

Bernard Soo Puong Yii

Non-Executive, Independent Director

Mr Soo joined the Company as Non-Executive Independent Director on 29 July 2008. He is the Chairman of the Audit Committee and a member of the Nominating Committee and the Remuneration Committee.

Mr Soo has wide experience in project, finance and business development with various international companies and he is associated with the Foundation and Trust that provide funds to various projects in the Asia Pacific region. He graduated with an honours degree in Accountancy from the University of Bolton (UK).

Dr Denis Edmund Clarke

Non-Executive, Independent Director

Dr Clarke joined the Company as Non-Executive Independent Director on 1 October 2012. He was appointed as Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee on 1 August 2017.

Dr Clarke possesses over 40 years of experience in senior technical, financial and corporate positions in the mining and exploration industry globally. In particular, Dr Clarke played a significant role in the extraordinary growth of Plutonic Resources Limited through his positions as General Manager of Exploration, Finance and Administration, and Corporate divisions of the company. He was part of the team which transformed Plutonic Resources Limited to one of Australia's largest gold producers with up to five operating mines and a market capitalisation of over A\$1 billion before it was absorbed by Homestake Mining Company in 1998.

Subsequently, as Director and Consultant for 10 years, he contributed to the development of Troy Resources Limited from small explorer to successful international gold miner. Prior to joining Plutonic, he spent 10 years in exploration mostly in Canada with Rio Algom Limited (a subsidiary of Rio Tinto). He was previously Non-Executive Chairman of Hill End Gold Limited and Cullen Resources Limited both of which are listed on the ASX. He is currently Non-Executive Director of ASX-listed Dart Mining N L.

He has a Ph.D. (Geology) from Stanford University.



Goh Sian Hin Brendan

Chief Financial Officer

Mr Goh was appointed as Chief Financial Officer on 1 December 2012.

He has over 20 years of experience in investment banking and corporate advisory and was previously Co-Head of Corporate Finance at DMG & Partners Securities Pte Ltd for 5 years. He has been involved in a broad range of corporate financial transactions for listed companies and private entities throughout the Asia-Pacific region, including initial public offers, acquisitions, private placements, rights issues, bond and warrant offers and other corporate advisory work. He was also Head of Corporate Finance at HL Bank and has served as Chief Financial Officer for a Singapore-listed company.

Mr Goh is qualified as a Chartered Accountant of Singapore who graduated from the National University of Singapore with a Bachelor of Accountancy in 1988.

Stephen Robert Jeffers

General Manager – Victoria

Mr Jeffers was appointed to the role of General Manager – Victoria in April 2016. He is responsible for all aspects of the Victorian operations including safety, environment and community relations, development and execution of site operational strategies and the production plan ensuring all safety and production targets are met in compliance with all Company standards and legislative requirements.

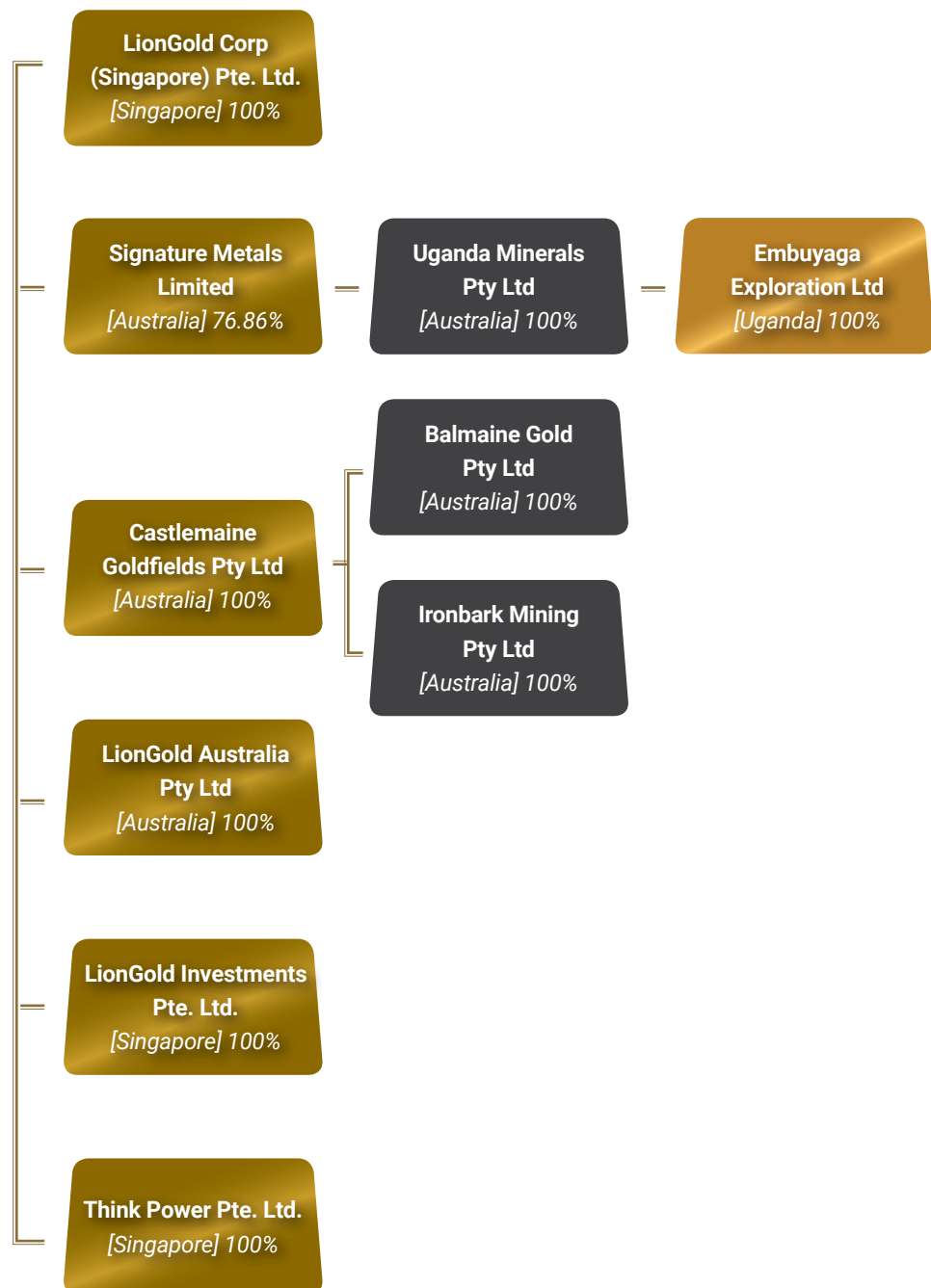
Mr Jeffers has over 29 years experience in the mining industry, of which more than 20 years were held at Manager and General Manager levels of underground and open pit mining operations. Mr Jeffers has vast experience in operational and management positions, having worked on gold, nickel sulphide, nickel laterite, copper, uranium, zinc, lead and silver projects. In particular, he has held Chief Operating Officer and General Manager positions with Norilsk Nickel Australia and General Manager positions with Mincor Resources and, most recently, with Kingsgate Consolidated.

Mr Jeffers holds a degree in Mining Engineering from the Ballarat College of Advanced Education and a First Class Underground Mine Manager's Certificate of Competency. He is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) with over 30 years of continuous membership.



Group Structure

LIONGOLD
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Corporate Information

Board of Directors

EXECUTIVE

**Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri
Nik Ahmad Kamil**
(Executive Chairman, Director)

Tan Soo Khoon Raymond
(Group Chief Executive Officer, Director)

NON-EXECUTIVE

Roland Kenneth Selvanayagam
(Lead Independent Director)

Bernard Soo Puong Yii
(Independent Director)

Dr Denis Edmund Clarke
(Independent Director)

Company Secretary
Ong Sing Huat

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35500

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Representative**
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Principal Share Registrar

Esteria Management (Bermuda) Limited
Canon's Court
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Hamilton HM12 Bermuda

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Singapore Share Transfer Agent

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8 Robinson Road, #03-00
ASO Building
Singapore 048544
Tel : +65 6593 4848
Fax : +65 6593 4847

Auditors

Baker Tilly TFW LLP
600 North Bridge Road
#05-01, Parkview Square,
Singapore 188778
Tel : +65 6336 2828
Fax : +65 6339 0438
Partner in Charge : Khor Boon Hong
Appointed since 14 September 2015

Principal Bankers

DBS Bank Ltd
Macquarie Bank Limited

The Board ("**Board**") of Directors (collectively "**Directors**" and individually "**Director**") of LionGold Corp Ltd (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining a high standard of corporate governance within the Group. The Board recognises the importance of practising good corporate governance as a fundamental part of its responsibilities to look after and enhance shareholders' value and the financial performance of the Group.

This Report describes the Company's corporate governance practices with specific reference to the Code of Corporate Governance 2012 ("**Code**") for the financial year ended 31 March 2018 ("**FY2018**"). Where there are deviations from the Code, appropriate explanations are provided.

BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: *The Company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and Management remains accountable to the Board.*

The Board provides entrepreneurial leadership, oversees the business affairs and dealings of the Group, determines and sets the Group's corporate strategies and objectives, and ensures that the necessary financial and human resources are in place for the Company to meet its objectives. It also monitors and evaluates the Group's operations and financial performance, establishes targets for the management of the Company (the "**Management**") and monitors the achievement of these targets. The Board has overall responsibility for establishing and maintaining a framework of good corporate governance in the Group, including the risk management systems and internal control to safeguard shareholders' interests and the Group's assets.

The Board has three (3) committees to assist it in the execution of its responsibilities, namely the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"), which are formed under the Code. Each Committee has its own terms of reference and operating procedures, which are reviewed periodically. Where necessary, the terms of reference and operating procedures would be updated to keep in line with the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Listing Manual**") and the Code.

The Board holds regular meetings to review, consider and approve strategic, operational and financial matters. Important matters concerning the Group are put before the Board to be decided on and approved. The Company does not have a document with guidelines setting forth matters reserved for the Board's decision or material transactions that require Board approval and relies on the Listing Rules for guidance. Furthermore, given that the size of the Company's Board is small and all members are contactable via e-mail, Management informs and discusses with the Board on every potential transaction, be it material or not. Ad-hoc meetings will be held when required. The Bye-Laws of the Company allow for Directors who are unable to attend Board or Committee meetings personally to participate by way of telephonic or video-conferencing. Matters that are specifically reserved for the approval of the Board include:

- approving the Group's policies, strategies and financial objectives, and monitoring the performance of Management;
- overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- approving the nominations of persons to the Board and appointment of key Management staff;
- monitoring and reviewing the Management's performance;
- approving annual budgets, major funding proposals, investments and divestment proposals; and
- assuming responsibility for corporate governance and compliance with the Listing Manual, the Code and the rules and requirements of regulatory bodies that the Company is subject to.

Corporate Governance

In addition to the above and in line with the Code, the Board also:

- identifies key stakeholder groups to gain their perceptions of the Company's reputation and standing;
- sets the Company's values and standards (including ethical standards) to ensure that obligations to shareholders and other stakeholders are understood and met; and
- as part of its core business activity of gold mining, considers sustainability issues, including environmental and social issues as part of its strategic formulation.

The attendance of the Directors at Board and Committee meetings for FY2018 is tabulated below:

Attendance at Meetings

Board Members	Board Committees							
	Board		AC		NC		RC	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil	5	5	4 [#]	4 [#]	1	N.A.	1	N.A.
Tan Soo Khoo Raymond	5	5	4 [#]	4 [#]	1	N.A.	1	N.A.
Bernard Soo Puong Yii	5	5	4	4	1	1	1	1
Roland Kenneth Selvanayagam	5	5	4	4	1	1	1	1
Dr Denis Edmund Clarke ⁽¹⁾	5	5	2	2	1	N.A.	1	N.A.
Ng Su Ling ⁽²⁾ (resigned on 28 July 2017)	3	1	2	1	1	1	1	1

By invitation.

Notes:

- (1) Dr Denis Edmund Clarke was appointed as Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee on 1 August 2017.
- (2) Ng Su Ling tendered her resignation as non-executive independent Director on 28 July 2017 and relinquished her positions as Chairman of the Nominating Committee, and a member of the Audit Committee and the Remuneration Committee.

For newly appointed Directors, the Company will send a formal letter of appointment setting out their duties and responsibilities as Directors. The Company conducts induction and orientation programmes for all incoming directors to introduce and familiarise them with the Company's management, business and governance practices. To get a better understanding of the Group's business, the Directors are also given the opportunity to visit the Group's operational facilities and meet with the management. All Directors are kept informed of updates and developments in relevant areas such as corporate governance, financial reporting standards and mining regulations. The Company encourages its Directors to attend appropriate courses, conferences or training programmes to develop themselves professionally, at the Company's expense.

Board Composition and Guidance

Principle 2: *There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.*

As at the date of this Annual Report, the Board comprises two (2) executive Directors and three (3) non-executive independent Directors:

Name of Director	Board of Directors	Date of Appointment	Date of last Re-election	AC	NC	RC
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil	Executive Chairman	13 Apr 2011	29 July 2016	N.A.	N.A.	N.A.
Tan Soo Khoo Raymond	Group Chief Executive Officer, Executive Director	1 Oct 2012	29 July 2016	N.A.	N.A.	N.A.
Bernard Soo Puong Yii	Non-executive independent Director	29 Jul 2008	28 July 2017	Chairman	Member	Member
Roland Kenneth Selvanayagam	Non-executive, lead independent Director	4 Jan 2010	28 July 2017	Member	Member	Chairman
Dr Denis Edmund Clarke	Non-executive independent Director	1 Oct 2012	29 July 2016	Member	Chairman	Member

The Board comprises individuals who have experience in commerce, accounting, legal, media and gold mining.

The Board's composition, size, balance and independence of each independent Director are reviewed by the NC.

The Board has sought and obtained written confirmation from each of the current non-executive independent Directors that, apart from their office as Directors of the Company, none of them has any other relationship (business or otherwise) with the Company, its subsidiaries, related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgement with a view to the best interests of the Company. The written confirmations were reviewed by the NC and the NC found, and recommended to the Board, that each non-executive independent Director is independent in character, has exercised independent judgement, made decisions objectively in the best interests of the Company and its shareholders and that there are no relationships or circumstances which are likely to affect, or could appear to affect, the directors' judgement. Following the NC's recommendation, the Board is of the view that more than half of the Board comprises independent Directors, which is in line with the Code that provides that independent Directors should make up at least half of the Board where the Chairman of the Board is not an independent Director.

In addition, non-executive Directors work with Management by constructively challenging and helping to develop proposals on strategy, reviewing the performance of the Management in meeting agreed goals and objectives, and monitoring the reporting of such performance. Where necessary, the non-executive Directors are encouraged to meet without the presence of Management to facilitate a more effective check on Management.

Corporate Governance

Mr Bernard Soo Puong Yui has been an independent Director of the Board for almost ten years from the date of his first appointment on 29 July 2008. The Board, with the concurrence of the NC, has rigorously reviewed the independence of Mr Bernard Soo and is satisfied that he is independent in character and judgement, and found no evidence to indicate that the length of his service has in any way affected his independence. Given his experience and professionalism in carrying out his duties, the NC has found Mr Bernard Soo suitable to act as independent Director. The Board has accepted the NC's recommendation that Mr Bernard Soo be considered independent. Mr Bernard Soo has abstained from deliberating on his independence and nomination.

The Board holds the view that continuity and stability of the Board is important and considers it is not currently in the interests of the Company and shareholders to require directors who have served for nine years or longer to retire. The Board nevertheless will on a continual basis, review the need for progressive refreshing of the Board.

Subject to the foregoing, the Directors consider the Board's present size and composition appropriate, taking into account the nature and scope of the Group's operations, the requirements of the Group's business and the skills and knowledge of the Directors.

Chairman and Chief Executive Officer ("CEO")

Principle 3: *There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.*

Presently, the position of Chairman and Group CEO are held by two (2) separate individuals to maintain an effective balance of power and authority in the Group.

The executive Chairman, Tan Sri Dato' Nik Ibrahim Kamil, is unrelated to the Group CEO. The Chairman is responsible for ensuring that Board meetings are held as and when necessary, scheduling and preparing agendas and exercising control over the information flow between the Board and Management. The Chairman monitors communications and relations between the Company and its Shareholders, within the Board and between the Board and Management, with a view of encouraging constructive relations and dialogue amongst them. The Chairman also works to facilitate the effective contribution of non-executive Directors and promotes high standards of corporate governance.

The Group CEO, Mr Raymond Tan, holds full executive responsibility for the running of the Group's operations on a day-to-day basis, sets the long-term business direction and strategy of the Group, the implementation of the Group's corporate plans and policies, and executive decision-making.

Although the roles and responsibilities of Chairman and Group CEO are vested in Tan Sri Dato' Nik Ibrahim Kamil and Mr Raymond Tan respectively, major decisions are made in consultation with the Board. They are assisted by the Company Secretary at all Board Meetings and on statutory matters. Where necessary, the Auditors of the Company and other external consultants are invited to attend Board Meetings to assist them and the other Directors in their deliberations.

Tan Sri Dato' Nik Ibrahim Kamil has given notice of his intention not to seek for re-election as a Director of the Company at the forthcoming Annual General Meeting. Accordingly, the Group will no longer have a Chairman after the Annual General Meeting. The Board will review and appoint one of its Board Members to be the Chairman in due course.

In FY2017, Mr Roland Kenneth Selvanayagam was appointed as the Lead Independent Director of the Company. This is to ensure that a separate channel of communication is always available to shareholders in the event that normal interactions with the Chairman, the Group CEO or the Chief Financial Officer have failed to resolve their concerns or where such channel of communication is considered inappropriate. Led by the Lead Independent Director, the independent Directors will meet periodically without the presence of the executive Directors and Management, and the Lead Independent Director will provide feedback to the Chairman after such meetings.

Board Membership

Principle 4: *There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.*

The NC comprises three (3) Directors, namely Mr Bernard Soo Puong Yii, Mr Roland Kenneth Selvanayagam and Dr Denis Edmund Clarke, all of whom are non-executive independent Directors. The chairman of the NC is Dr Denis Edmund Clarke. The NC meets at least once a year.

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the necessary experience, knowledge, business, finance and management skills required by the Group, and each Director, through his contribution, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The NC ensures that there is a formal and transparent process for all new appointments to the Board. Where a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new Director with particular skills or to replace a retiring Director, the NC will be responsible for nominating the new Director. The NC will meet and interview the shortlisted candidates to assess their suitability and ensure that the candidates are aware of the expectations and the level of commitment required before making recommendations to the Board for consideration and approval.

The NC also has at its disposal, executive search companies, personal contacts and recommendations in its search and nomination process for the right candidates.

The key terms of reference of the NC are to:

- review succession plans for the Board, in particular, the Executive Chairman and the Group CEO;
- identify suitable candidates and review all nominations for appointment to the Board before making recommendations to the Board for appointment;
- assess the independence of the Directors annually, in accordance with the guidelines contained in the Code and the NC's view that the Directors who have been classified as independent are indeed independent;
- provide nominations for the re-appointment of Directors, having regard to their competencies, commitment, contribution and performance;
- decide whether a Director is able to and has adequately carried out his duties as a Director of the Company, in particular, where the Director concerned has multiple board representations;
- decide how the performance of the Board, its board committees and the Directors of the Company may be evaluated and to propose objective performance criteria; and
- review the training and professional development training programmes for the Board.

All Directors shall submit themselves for re-nomination and re-election at regular intervals and at least once every three (3) years.

In its deliberations on the re-appointment of the Directors, the NC takes into consideration the Director's competencies, commitment, contributions and performance (including attendance, participation and candour), to meet the evolving needs of the Group.

For FY2018, the NC met once to consider and deliberate on the re-election and independence of Directors.

Corporate Governance

At the forthcoming Annual General Meeting of the Company, one-third of the Board shall retire and if desired, the persons retiring may offer themselves for re-election as Directors. The Directors who are due to retire at the forthcoming Annual General Meeting are Mr Raymond Tan and Tan Sri Dato' Nik Ibrahim Kamil. After due review, the NC recommended the re-election of Mr Raymond Tan and Tan Sri Dato' Nik Ibrahim Kamil as Directors of the Company. However, Tan Sri Dato' Nik Ibrahim Kamil has notified the Company of his intention not to seek re-election as he is getting on in years and also wishes to devote more of his time and energies towards his other pursuits. The NC, having interviewed Tan Sri Dato' Nik Ibrahim Kamil and considered the reasons offered by him, has recommended to the Board to accept his decision not to offer himself for re-election. Accordingly, Tan Sri Dato' Nik Ibrahim Kamil will cease to be a Director of the Company at the conclusion of the Annual General Meeting. In place of Tan Sri Dato' Nik Ibrahim Kamil, the NC has recommended that Dr Denis Clarke retire and offer himself for re-election as a Director of the Company. Mr Raymond Tan and Dr Denis Clarke, being eligible, have offered themselves for re-election. The Board wishes to express its gratitude to Tan Sri Dato' Nik Ibrahim Kamil for his invaluable contribution and service during his tenure.

Please refer to pages 10 to 11 of this Annual Report for details of the qualifications and experience of Mr Raymond Tan and Dr Denis Clarke.

The Board does not prescribe the maximum number of listed company board representations which Directors may hold as long as each of the Directors is able to commit his time and attention to the affairs of the Group. The Board believes that each Director is best placed to decide whether he has sufficient capacity to discharge his duties and responsibilities as Director in the best interests of the Group. The NC, having considered the other board representations and principal commitments of the Directors, is satisfied that sufficient time and attention has been given by each Director to the affairs of the Company and that each Director is able to and has adequately carried out his duties as a Director of the Company.

The Company does not have any alternate Director on the Board.

The list of directorships or chairmanships held by the Directors presently or in the last three (3) years in other listed companies is set out in the table below:

Name of Director	Company	Date of Appointment	Date of Cessation
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil	Westports Holdings Berhad ⁽¹⁾	7 Sep 1994	N.A.
	OCB Berhad ⁽¹⁾	2 Jan 2007	N.A.
Tan Soo Khoo Raymond	NIL	N.A.	N.A.
Bernard Soo Puong Yii	NIL	N.A.	N.A.
Roland Kenneth Selvanayagam	Mitrajaya Holdings Bhd ⁽¹⁾	23 Apr 1998	N.A.
Dr Denis Edmund Clarke	Cullen Resources Limited ⁽²⁾	1 Apr 1999	21 Nov 2017
	Hill End Gold Limited ⁽²⁾	25 Feb 2010	19 Jan 2016
	Dart Mining NL ⁽²⁾	14 Mar 2018	N.A.

Notes:

(1) Listed on Bursa Malaysia

(2) Listed on the Australian Securities Exchange

Board Performance

Principle 5: *There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and contribution by each Director to the effectiveness of the Board.*

The NC is also responsible for deciding how the Board's performance may be evaluated, proposing objective performance criteria for the Board's approval and implementing corporate governance measures to achieve good stewardship of the Company.

Once a year, the Board assesses the performance of the Directors, individually and collectively, by means of a performance appraisal that evaluates Board size, the proportion of non-executive Directors versus executive Directors, whether the Board has an adequate degree of independence and the right mix of expertise, experience and skills, and whether the Board has made sound, balanced and well-considered decisions on the various issues that come before them. The NC evaluates each Director based on the following review parameters, including:

- attendance at Board/Committee meetings;
- participation at meetings;
- involvement in management;
- availability for consultation and advice, when required;
- independence of the Directors; and
- appropriate skill, experience and expertise.

In addition to the above, the NC also evaluates the performance and effectiveness of the Board as a whole, taking into account the Board's balance and mix.

The NC evaluates the performance of the Board, Board committees and individual Directors based on the performance criteria set by the Board, which does not change from year to year. The NC will further decide on how the Board's performance may be evaluated and propose objective performance criteria. Such performance criteria, which allow for comparison with industry peers, will be approved by the Board and will address how the Board has enhanced long-term Shareholders' value.

The criteria for assessing the Board and Board committees' performance include composition and size, processes, accountability, standard of conduct and performance of its principal functions and fiduciary duties, and guidance provided to and communication with the Management. The criteria for assessing the contribution by Directors include the level of contribution to Board meetings, commitment of time and overall effectiveness. As part of the evaluation process, each Director completes an appraisal form which is then collated by the Company Secretary who will submit to the Chairman of the NC in the form of a summary report. The summary report will be discussed during the NC meeting with a view to implement recommendations to further enhance the effectiveness of the Board.

The Chairman may act on the performance evaluation result and, in consultation with the NC, where appropriate, propose new members to be appointed to the Board or seek the resignation of Directors.

Access to Information

Principle 6: *In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.*

Directors have unrestricted access to the Company's records and information, all Board and committee minutes, and receive management accounts (including but not limited to disclosure documents, budgets, forecast and monthly internal financial statements) so as to enable them to carry out their duties. Directors have separate and independent access to Management and may also liaise with senior executives of the Company and other employees to seek additional information, if required.

Detailed board papers and agendas (which include background or explanatory information relating to matters brought before the Board) are sent out to the Directors before meetings so that all Directors may better understand the issues beforehand, allowing more time at such meetings for questions and deliberations that the Directors may have.

Should Directors, whether as a group or individually, require professional advice, the Company, upon approval by the Board, shall appoint a professional advisor to render advice. The costs shall be borne by the Company.

The Company Secretary attends all Board meetings and is responsible to the Board for ensuring that the Board's procedures are followed and for advising on the implementation of the Group's compliance requirements pursuant to the relevant statutes and regulations. The Company Secretary also ensures that clear information flows to and within the Board and its committees, as well as between Management and non-executive Directors. All Directors have separate and independent access to the Company Secretary. The appointment and removal of the Company Secretary is subject to approval of the Board as a whole.

Procedures for Developing Remuneration Policies

Principle 7: *There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.*

The RC is responsible for determining the remuneration of Directors and key management executives ("Key Executives") of the Group. The RC comprises three (3) non-executive independent Directors, namely Mr Bernard Soo Puong Yii, Mr Roland Kenneth Selvanayagam and Dr Denis Edmund Clarke. The Chairman of the RC is Mr Roland Kenneth Selvanayagam.

The key terms of reference of the RC are to:

- make recommendations to the Board on matters relating to remuneration, including but not limited to fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind, of the Directors and Key Executives;
- review and recommend to the Board the terms and terms of renewal of the service agreements of the Directors and Key Executives;
- review the Company's obligations arising in the event of the termination of the Directors and Key Executives to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous;
- determine the appropriateness of the remuneration of the Directors and Key Executives; and
- consider the disclosure requirements for Directors' and Key Executives' remuneration as required by the Listing Manual and the Code.

No Director is involved in deciding his or her own remuneration.

The remuneration packages of the executive Directors are based on service contracts. Non-executive independent Directors are paid yearly fees of an agreed amount and these fees are subject to shareholders' approval at the Annual General Meeting.

The RC has the right to seek professional advice internally and externally relating to the remuneration of all Directors and Key Executives of the Company. During FY2018, the RC did not engage any remuneration consultant in relation to remuneration matters of the Group.

Level and Mix of Remuneration

Principle 8: *The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. However, the Company should avoid paying more than is necessary for this purpose.*

The remuneration policy of the Group is to provide compensation packages at market rates that reward successful performance and attract, retain and motivate Directors and Key Executives.

The Group's remuneration policy comprises a fixed component and a variable component; the fixed component is in the form of fixed monthly salary whereas the variable component is linked to the performance of the Group and individual. The Company ensures that such performance-related remuneration is aligned with the interests of the shareholders, promotes the long-term success of the Group and takes into account the risk policies of the Group.

In setting remuneration packages, the RC ensures that the Directors and Key Executives are adequately but not excessively remunerated as compared to the industry and other comparable companies. The remuneration for the Group's Executive Directors and Key Executives comprises a basic salary component and a variable component which is a discretionary bonus, based on the performance of the Group as a whole and their individual performance. There are no pre-determined performance conditions for the discretionary bonus. The discretionary bonus for the executive Directors and Key Executives is recommended by the RC and subject to approval by the Board, which is based on qualitative criteria (including leadership, people development, commitment, current market and industry practices) and quantitative criteria (including production, profit after tax and relative financial performance of the Group to its industry peers). In addition, the RC also reviews whether the Directors and Key Executives are eligible for share awards under the LionGold Performance Share Plan. Further Details of the LionGold Performance Share Plan can be found on pages 35 to 36 of the Annual Report.

All non-executive Directors receive Directors' fees which are recommended by the Board based on the level of contribution by the non-executive Directors, taking into account factors such as effort, time spent and responsibilities, and are subject to approval by Shareholders at each Annual General Meeting. The executive Directors are not paid Directors' fees.

The Company is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of remuneration from executive Directors and Key Executives paid in prior years in exceptional circumstances of mismanagement of financial results, or of misconduct resulting in financial loss. The executive Directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the executive Directors in the event of such breach of fiduciary duties.

Corporate Governance

Disclosure on Remuneration

Principle 9: *The Company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the Company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.*

Details of the Directors' remuneration for FY2018 are set out below:

Remuneration Band and Name of Director	Salary	Bonus	Directors' fees	Allowances and other benefits	Total
\$500,000 to \$750,000					
Tan Soo Khoon Raymond	87.5%	NIL	NIL	12.5%	100%
Below \$250,000					
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil	100%	NIL	NIL	NIL	100%
Bernard Soo Puong Yii	NIL	NIL	100%	NIL	100%
Roland Kenneth Selvanayagam	NIL	NIL	100%	NIL	100%
Dr Denis Edmund Clarke	NIL	NIL	100%	NIL	100%
Ng Su Ling ⁽¹⁾	NIL	NIL	100%	NIL	100%

Note:

(1) Ng Su Ling resigned as a Director on 28 July 2017.

After taking into consideration the industry practice and assessing the advantages and disadvantages in relation to disclosing the remuneration of each Director and Key Executive to the nearest thousand, the Company is of the view that such disclosure would not be in the interest of the Company given the highly competitive environment of the gold mining industry that the Company operates in.

For the financial year ending 31 March 2019, the RC has recommended that the non-executive independent Directors be paid an aggregate fee of S\$135,000, which will be tabled at the Annual General Meeting for approval by the shareholders. If approved, payment would be made quarterly in arrears after the Annual General Meeting. The sum was arrived at after taking into consideration the performance of the Company, the current economic situation and the contributions of the eligible Directors.

Details of the remuneration of the Key Executives for FY2018 are set out below:

Remuneration band of Top Executives	Designation, Company	Salary	Bonus	Allowances and other benefits	Total
S\$250,000 to S\$500,000					
Goh Sian Hin Brendan	Chief Financial Officer, LionGold Corp Ltd	76.3%	NIL	23.7%	100%
Stephen Robert Jeffers	General Manager – Victoria Castlemaine Goldfields Pty Ltd	91.3%	NIL	8.7%	100%

The aggregate amount of the total remuneration paid to the top Key Executives (who are not Directors) is S\$745,307.

There is no employee who is related to a Director or is an immediate family member of any Director or any Key Executive for FY2018.

In FY2013, the LionGold Performance Share Plan ("Plan") was approved by shareholders at a Special General Meeting of the Company. The Plan was introduced to increase the Company's flexibility and effectiveness in its efforts to reward, retain and motivate senior Executives and key senior Management. The Plan contemplates the award of fully-paid shares, when and after pre-determined performance or service conditions are accomplished. The selection of a participant, the number of shares to be awarded under the Plan and the performance targets to be met will be determined by a committee comprising Directors who have been duly authorised and appointed by the Board.

No shares were awarded to anyone (including Directors, senior Executives and key senior Management of the Company) pursuant to the Plan in FY2018.

There are no termination, retirement and post-employment benefits that may be granted to Directors, the CEO and Management.

Accountability and Audit

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects

The Board is accountable to the shareholders while the Management is accountable to the Board. The Board approves the quarterly and full year results after review and authorises the release of the results to the SGX-ST and the public via SGXNET. The Board provides shareholders with quarterly and annual financial reports and information pertaining to the operations, performance and financial position of the Group through announcements made on the SGXNET to provide shareholders with a balanced and clear analysis of the Group's financial performance, position and prospects. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

The Management provides the Board with detailed management accounts of the Group's performance, position and prospects on a monthly basis. The Management also presents to the Board the quarterly and full year financial statements and the AC reports to the Board on the results for review and approval.

The Board also ensures compliance with legislative and regulatory requirements, including requirements under the Listing Manual, by establishing written policies where appropriate.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

As the Company does not have a risk management committee, the AC and the Management assume the responsibility of the risk management function. The Management reviews regularly the Company's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant policies and procedures and highlights all significant matters to the Board and the AC.

The Board acknowledges that it is responsible for determining the Company's levels of risk tolerance and risk policies, and overseeing the Management in the design, implementation and monitoring of risk management and internal controls and the Board reviews, annually, the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. However, the Board recognises that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement, human error, losses, fraud or other irregularities.

Corporate Governance

The controls in place include:

- regular submissions, either on a monthly or quarterly basis, by the operating business units of updated financial information, and if necessary, follow-up meetings with the Management of the business units on any irregular or extraordinary expenses; and
- regular submissions, either on a monthly or quarterly basis, by the operating business units of operating milestones, and if necessary, follow-up meetings with the Management of the business units on any milestones not achieved.

During FY2018, the Group's internal auditors conducted reviews of the effectiveness of the Group's internal controls, based on the scope of work as directed and approved by the AC. Any non-compliance and recommendations for improvement were reported to the AC.

For FY2018, the Board has received assurance from the Group CEO and the Chief Financial Officer that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and (ii) the Group's risk management and internal control systems are operating effectively in all material aspects given its current business environment.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors and reviews performed by Management, the Board and the AC are of the opinion that the Group's internal controls addressing financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at 31 March 2018 and met the needs of the Group in its current business environment.

The Board recognises risk management is embedded into the operations of the Company and that it addresses material financial, operational and compliance risks to safeguard shareholders' interests and the Group's assets.

Audit Committee

Principle 12: *The Board should establish an Audit Committee with written terms of reference, which clearly set out its authority and duties.*

The AC consists of three (3) Directors, namely Mr Bernard Soo Puong Yii, Mr Roland Kenneth Selvanayagam and Dr Denis Edmund Clarke, all of whom are non-executive independent Directors. The Chairman of the AC is Mr Bernard Soo. The AC has specific terms of reference and met four (4) times in FY2018.

The AC assists the Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the effectiveness of the financial reporting, management of financial and control risks, and monitoring of the internal control systems.

The key terms of reference of the AC are to:

- review, at least annually, the adequacy and effectiveness of the Company's audit function;
- review the audit plans of the external auditors and ensure the adequacy of the Group's system of accounting controls and the co-operation given by the Management to the external auditors;
- review significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group before their submission to the Board and before their announcement;
- review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;
- review the cost effectiveness and the independence and objectivity of the external auditors;

- review the nature and extent of non-audit services provided by the external auditors;
- review the assistance given by the Group's officers to the auditors;
- making recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditors;
- approve the remuneration and terms of engagement of the external auditors;
- review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, and by such amendments made thereto from time to time;
- review interested person transactions in accordance with the requirements of the Listing Manual; and
- review and report to the Board at least annually on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls.

The Board is of the view that the members of the AC are appropriately qualified to discharge their responsibilities and they have the requisite accounting or related financial management expertise or experience.

The AC has power to conduct or authorise investigations into any matter within the AC's terms of reference.

During FY2018, the AC reviewed and deliberated on acquisitions and disposals made (or proposed to be made) by the Company of assets in both the gold exploration and mining industry.

For FY2018, the AC has reviewed all non-audit services provided by the external auditors and confirmed that the non-audit service fees would not affect the independence and objectivity of the external auditors. Details of the aggregate amount of fees paid to the external auditors in FY2018 and the breakdown of fees paid in respect of audit and non-audit services can be found in Note 8 to the Financial Statements. The AC recommends to the Board the re-appointment of Baker Tilly TFW LLP as the external auditors of the Company at the forthcoming Annual General Meeting.

The subsidiaries of the Company will also re-appoint Baker Tilly TFW LLP or member firms of Baker Tilly TFW LLP as their auditors.

In appointing the audit firms for the Group, the AC is satisfied that the Company has complied with Listing Rules 712 and 715.

The AC has full access and cooperation of the Management and also full discretion to invite any Director or Key Management to attend its meetings, and has been given reasonable resources to enable it to discharge its functions. The AC also meets with the external auditors and the internal auditors without the presence of the Management at least once a year.

The external auditors provide regular updates and periodic briefings to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any. Directors are also invited to attend the relevant seminars on changes to accounting standards and issues by leading accounting firms.

The Group also has in place a whistle-blowing policy. The policy aims to provide an avenue for employees to raise concerns about possible improprieties in confidence, and at the same time assure them that they will be protected from victimisation for whistle-blowing in good faith. Any employee who has evidence of any misconduct may report such misconduct to any of the Independent Directors. Provided that adequate evidence has been tendered, the report will be investigated by the AC and appropriate action will be taken.

Corporate Governance

Internal Audit

Principle 13: *The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.*

The Board recognises its responsibilities for maintaining a system of internal control processes to safeguard shareholders' investments and the Group's assets and business.

Currently, the Chairman of the AC requests for and relies on reports from the Management as well as the internal auditors on any material non-compliance and internal control weaknesses. The AC oversees and monitors the implementation of any improvements thereto. The AC has reviewed with the internal auditors their findings on the existence and adequacy of material control matters as part of its audit for the financial year under review. The AC is of the view that the work carried out by the internal auditors is adequate and effective.

The Company has outsourced its internal audit function to Virtus Assure Pte. Ltd. The internal auditors have the requisite skill sets and experience and have carried out their function according to the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The internal auditors have reported their audit findings and recommendations directly to the AC Chairman. The internal audit reports have also been given to the external auditors to ensure effective use of resources and to avoid duplication of effort.

Shareholders Rights and Responsibilities

Principle 14: *The Company should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.*

Principle 15: *The Company should actively engage its shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.*

Principle 16: *The Company should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.*

The Company believes that prompt disclosure of relevant information and a high standard of disclosure are the keys to raise the level of corporate governance. The Board believes in regular and timely communication with our shareholders. In line with continuous disclosure obligations of the Company pursuant to the Corporate Disclosure Policy of the SGX-ST, the Company's policy is that all shareholders should be equally and timely informed of all major developments that impact the Group.

Information is communicated to our shareholders on a timely basis and made through:

- Annual Reports. The Board makes every effort to ensure that the Annual Report includes all relevant information about the Group, including future developments and disclosures required by the Companies Act and Financial Reporting Standards; and
- SGXNET and press releases on major developments of the Group.

The Company maintains an up-to-date website at www.liongoldcorp.com where shareholders and investors can access information on the Company including press releases, corporate announcements and financial statements.

The Company's register of shareholders indicates that its shareholding base is highly fragmented. There is also currently no analyst coverage on the Company. As such, it would not be meaningful for the Company to hold any roadshows or analyst briefings. The Company has a dedicated investor relations team which communicates with its shareholders on a regular basis and attends to their queries or concerns. Shareholders may provide their feedback to the Group's investor relations team via telephone or e-mail.

The Annual General Meeting is the principal forum for dialogue with the Company's shareholders. The Company encourages its shareholders to attend the Annual General Meeting to ensure a high level of accountability and to keep shareholders informed of the Group's strategy and goals. In addition to being sent to every shareholder of the Company, notices of general meetings are released on SGXNET and published in newspapers to inform shareholders of upcoming meetings.

The Bye-Laws of the Company allow shareholders (who are not relevant intermediaries as defined in Section 181(6) of the Companies Act) to appoint up to two (2) proxies to attend general meetings and vote on their behalf. The Bye-Laws of the Company allow shareholders (who are relevant intermediaries as defined in Section 181(6) of the Companies Act) to appoint more than two (2) proxies to attend general meetings, so that shareholders who hold shares through a relevant intermediary can attend and participate in general meetings as proxies. In accordance with the Code, the Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages. There are no provisions for absentia voting at general meetings as the Company's Bye-Laws do not specifically mention absentia voting. However, this is implemented through the use of proxies and accompanying forms and processes.

In general, separate resolutions are proposed for substantially separate issues and for items of special business. Where appropriate, an explanation for any proposed resolution would be provided. Shareholders are also informed of the rules, including voting procedures that govern general meetings.

The Board welcomes questions and views of shareholders on matters affecting the Company raised either informally or formally before or at the Annual General Meeting. The Board and the Management will be present to answer any queries shareholders may have. The Company's external auditors are also invited to attend the Annual General Meeting and will assist the Board in addressing queries relating to the conduct of the audit and the preparation and content of the auditors' report.

The Company will prepare minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting and responses from the Board, and will make these minutes available to Shareholders upon their request.

The Company does not have a fixed policy on payment of dividends at present. The form, frequency and amount of dividends will depend on the Group's current and projected performance, the Company's cash position and any other factors as the Board may deem fit. The Company will consider establishing a dividend policy when it is likely that the Company has the ability to pay a dividend.

Other Corporate Governance Matters

Internal Code on Dealings in Securities

The Company has put in place an internal code on dealings with securities, which has been issued to all Directors and employees.

The internal code prohibits the dealing in securities of the Company by Directors and employees while in possession of price-sensitive information, and during the period beginning one (1) month before the announcement of the quarterly and full-year results, and ending on the date of the announcement. Directors are required to report securities dealings to the Company Secretary who will assist in making the necessary announcements.

Directors and employees are required to comply with and observe the laws on insider trading even if they trade in the Company's securities outside the prohibited periods. They are discouraged from dealing in the Company's securities on short-term considerations and are reminded to observe insider trading laws at all times.

Corporate Governance

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported to the AC in a timely manner and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

For FY2018, there were no interested person transactions as set out in Chapter 9 of the Listing Manual.

Material Contracts

There were no material contracts or loan by the Company or its subsidiary companies involving the interest of any Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

Non-Sponsor Fees

In compliance with Rule 1204(21) of the Listing Manual, there were no non-sponsor fees paid to the Sponsor during FY2018, and approximately S\$89,452 of legal fees were paid to Morgan Lewis Stamford LLC, a related corporation of the Sponsor.

Use of Proceeds

a) Proceeds from eighth to eleventh sub-tranche of Tranche 1 of Redeemable Convertible Bonds ("RCBs")

The Company has fully utilised the proceeds of approximately S\$1,893,000 arising from the issue of the eighth to eleventh sub-tranches of the Tranche 1 RCBs to the Subscriber on 28 December 2016, 20 January 2017, 8 February 2017 and 28 April 2017 respectively.

The Company fully utilised the proceeds of the eighth to eleventh sub-tranches of the Tranche 1 RCBs as follows:

Date of Announcement	Use of Proceeds	Amount Utilised S\$
9 June 2017	Working capital:	989,092
	a) Advance of working capital to subsidiaries	304,312
	b) Group general administration expenses	27,669
	c) Professional fees	657,111
	Settlement with Bass Metals Limited	903,908
	Total	1,893,000

b) Proceeds from twelfth sub-tranche of Tranche 1 of Redeemable Convertible Bonds ("RCBs")

The Company has fully utilised the proceeds of approximately S\$473,250 arising from the issue of the twelfth sub-tranche of the Tranche 1 RCBs to the Subscriber on 8 August 2017.

During FY2018, the Company fully utilised the proceeds of the twelfth sub-tranche of the Tranche 1 RCBs as follows:

Date of Announcement	Use of Proceeds	Amount Utilised S\$
12 September 2017	Working capital:	473,250
	a) Advance of working capital to subsidiaries	88,119
	b) Group general administration expenses	221,184
	c) Professional fees	163,947
	Total	473,250

c) **Proceeds from thirteenth and fourteenth sub-tranches of Tranche 1 of Redeemable Convertible Bonds ("RCBs")**

The Company has fully utilised the proceeds of approximately S\$946,500 arising from the issue of the thirteenth and fourteenth sub-tranches of the Tranche 1 RCBs to the Subscriber on 17 January 2018 and 13 March 2018 respectively.

After FY2018, the Company fully utilised the proceeds of the thirteenth and fourteenth sub-tranches of the Tranche 1 RCBs as follows:

Date of Announcement	Use of Proceeds	Amount Utilised S\$
12 April 2018	Working capital:	946,500
	a) <i>Advance of working capital to subsidiaries</i>	252,389
	b) <i>Group general administration expenses</i>	208,399
	c) <i>Professional fees</i>	485,712
	Total	946,500

Directors' Statement

The directors present their statement to the members together with the consolidated financial statements of LionGold Corp Ltd (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 March 2018 and the balance sheet of the Company at 31 March 2018.

Opinion of the directors

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the balance sheet of the Company, together with the notes thereto, as set out on pages 43 to 108, are drawn up so as to present fairly, in all material respects, the financial position of the Group and of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended in accordance with Financial Reporting Standards in Singapore ("FRS"); and
- (b) at the date of this statement, after considering the matters as disclosed in Note 2(a) to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Executive directors

Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil
Tan Soo Khoon Raymond

Non-executive directors

Bernard Soo Puong Yii
Roland Kenneth Selvanayagam
Dr Denis Edmund Clarke

Principal activities

The principal activity of the Company is investment holding. The principal activities of the Group's subsidiaries are described in Note 16 to the financial statements.

Financial performance and dividends

Details of the financial performance of the Group for the financial year ended 31 March 2018 and the financial position of the Group and of the Company at that date are set out in the financial statements on pages 43 to 108.

No final dividend has been proposed for the current financial year (2017: Nil).

Arrangements to enable directors to acquire shares and debentures

Save for the LionGold Performance Share Plan as disclosed below, neither at the end of the financial year nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

Name of director and corporation in which interests are held	Holdings registered in name of a director or nominee		Holdings in which director is deemed to have an interest	
	At the end of financial year	At the beginning of financial year	At the end of financial year	At the beginning of financial year
The Company				
<u>Ordinary Shares</u>				
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil *	1,500,000	1,500,000	40,000,000	40,000,000
Tan Soo Khoo Raymond	1,800,000	1,800,000	—	—
Bernard Soo Puong Yii	950,000	950,000	—	—
Roland Kenneth Selvanayagam	950,000	950,000	—	—
Dr Denis Edmund Clarke	1,300,000	1,300,000	—	—

* Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil is deemed to have an interest in these shares through Forte Services Limited, which owns an approximately 0.49% (2017: 0.72%) equity interest in the Company.

Subsequent to the end of the financial year, Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil is no longer a director or shareholder of Forte Services Limited and therefore no longer has any deemed interest in LionGold Corp Ltd shares held by Forte Services Limited as at 21 April 2018.

Save for the disclosure above, the directors' shares in the ordinary shares of the Company at 21 April 2018 were the same as those at 31 March 2018.

LionGold Performance Share Plan

The LionGold Performance Share Plan ("LPSP") was approved by shareholders at a Special General Meeting of the Company on 20 December 2012. The LPSP was introduced to increase the Company's flexibility and effectiveness in its efforts to reward, retain and motivate senior executives and key senior management. The LPSP contemplates the award of fully-paid shares, when and after pre-determined performance or service conditions are accomplished. The selection of a participant, the number of shares to be awarded under the LPSP and the performance targets to be met will be determined by a committee comprising directors who have been duly authorised and appointed by the directors.

Directors' Statement

Directors' interests in shares and debentures (cont'd)

LionGold Performance Share Plan (cont'd)

The aggregate number of shares which may be issued or transferred under the LPSP, when added to (i) the number of shares issued and issuable and/or transferred and transferable in respect of all share awards granted thereunder; and (ii) all shares issued or issuable and/or transferred and transferable in respect of all options granted or share awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force, should not exceed 15% of the issued share capital of the Company on the day preceding the relevant date of the share awards.

In financial year 2015, the Company granted 5,750,000 additional new shares under the LPSP to the directors of the Company on 30 June 2014 which at the date of grant had a market value of \$0.084 each share. Details of the shares awarded to the directors of the Company are as follows:

Name	Aggregate no. of shares granted during the financial year under review	No. of new shares issued during the financial year under review	Aggregate no. of shares which have not been released at the end of the financial year under review	Aggregate no. of shares granted since commencement of the LPSP to the end of the financial year under review	No. of new shares allotted since commencement of the LPSP to the end of the financial year under review
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil	—	—	—	1,500,000	1,500,000
Tan Soo Khoo Raymond	—	—	—	1,800,000	1,800,000
Bernard Soo Puong Yui	—	—	—	950,000	950,000
Roland Kenneth Selvanayagam	—	—	—	950,000	950,000
Dr Denis Edmund Clarke	—	—	—	1,200,000	1,200,000

No shares were granted to any directors or employees of the Company or its subsidiaries during the financial year and no participant has received 5% or more of the total shares available under the LPSP. No shares were granted at a discount during the financial year.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a corporation in which he has a substantial financial interest, except that certain directors have received remuneration from related corporations in their capacity as directors and/or executives of those related corporations and except as disclosed in the accompanying financial statements.

Options to take up unissued shares

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

Options outstanding

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

Audit Committee

The Audit Committee ("AC") consists of three directors, namely Mr Bernard Soo Puong Yii, Dr Denis Edmund Clarke and Mr Roland Kenneth Selvanayagam, all of whom are non-executive independent directors. The AC has specific terms of reference and met four times during the financial year ended 31 March 2018.

The AC assists the directors in maintaining a high standard of corporate governance, particularly by providing an independent review of the effectiveness of the financial reporting, management of financial and control risks, and monitoring of the internal control systems.

The key terms of reference of the AC are to:

- review the audit plans of the external auditors and ensure the adequacy of the Group's system of accounting controls and the co-operation given by the Management to the external auditors;
- review the financial statements of the Group before their submission to the directors and before their announcement;
- review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;
- review the cost effectiveness and the independence and objectivity of the external auditors;
- review the nature and extent of non-audit services provided by the external auditors;
- review the assistance given by the Group's officers to the auditors;
- nominate external auditors for re-appointment;
- approve the remuneration and terms of engagement of the external auditors;
- review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, and by such amendments made thereto from time to time;
- review interested person transactions in accordance with the requirements of the Listing Manual; and
- review and report to the directors at least annually on the adequacy and effectiveness of the Group's internal controls.

The directors are of the view that the members of the AC are appropriately qualified to discharge their responsibilities and they have the requisite accounting or related financial management expertise or experience.

Directors' Statement

Audit Committee (cont'd)

The AC has power to conduct or authorise investigations into any matter within the AC's scope of responsibility.

During the financial year, the AC reviewed and deliberated on acquisitions and disposals made (or proposed to be made) by the Company of assets in the gold exploration and mining industry.

During the financial year, the AC has reviewed all non-audit services provided by the external auditor of the Company and confirmed that the non-audit service fees would not affect the independence and objectivity of the external auditor. The AC recommends to the Board the re-appointment of Baker Tilly TFW LLP as the external auditor of the Company at the forthcoming Annual General Meeting.

The subsidiaries of the Company will also re-appoint Baker Tilly TFW LLP or member firms of Baker Tilly International as their auditors.

The AC has full access to and cooperation of the Management and also full discretion to invite any director or key management to attend its meetings, and has been given sufficient resources to enable it to discharge its functions. The AC also meets with the external auditors without the presence of the Management at least once a year.

Changes to accounting standards and accounting issues, if any, will have a direct impact on the financial statements. Management keeps abreast of the changes to accounting standards and accounting issues, and in consultation with the external auditors, updates the AC on a regular basis.

The Group also has in place a whistle-blowing policy. The policy aims to provide an avenue for employees to raise concerns about possible improprieties in confidence, and at the same time assure them that they will be protected from victimisation for whistle-blowing in good faith. Any employee who has evidence of any misconduct may report such misconduct to any of the Independent Directors. Provided that adequate evidence has been tendered, the report will be investigated by the AC and appropriate action will be taken.

Internal audit

The directors recognise its responsibilities for maintaining a system of internal control processes to safeguard shareholders' investments and the Group's assets and business.

Currently, the Chairman of the AC requests for and relies on reports from the Management as well as the internal auditors on any material non-compliance and internal control weaknesses. The AC oversees and monitors the implementation of any improvements thereto. The AC has reviewed with the internal auditors their findings on the existence and adequacy of material control matters as part of its audit for the financial year under review. The AC is of the view that the work carried out by the internal auditors is adequate.

The Company has outsourced its internal audit function to Virtus Assure Pte. Ltd. The internal auditors have the requisite skill sets and experience and have carried out their function according to the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal auditors have reported their audit findings and recommendations directly to the AC. The internal audit report has also been given to the external auditors to ensure effective use of resources and to avoid duplication of effort.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors and reviews performed by Management, the AC and the directors are of the opinion that the Group's internal controls addressing financial, operational and compliance and information technology risks were adequate at 31 March 2018.

In the opinion of the directors, the Group has complied with the Code of Corporate Governance's guidelines on audit committees as well as Rules 712 and 715 of the SGX-ST Listing Manual, Section B: Rules of Catalyst.

Directors' Statement

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil
Director

Tan Soo Khoon Raymond
Director

29 June 2018

Independent Auditor's Report

To The Members of LionGold Corp Ltd

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of LionGold Corp Ltd and its subsidiaries (collectively referred to as the "Group") as set out on pages 43 to 108, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 March 2018, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Going concern assumptions

As disclosed in Note 2(a) to the financial statements, the Group reported a loss for the year of \$10,580,000 for the financial year ended 31 March 2018 and as at that date, the Group's and the Company's current liabilities exceeded their current assets by \$747,000 and \$39,294,000 respectively.

In addition, as disclosed in Notes 36 and 39 to the financial statements, the Group and the Company are exposed to certain material uncertainties in relation to contingent liabilities and guarantees provided that could result in material financial obligations in future periods.

As further disclosed in Note 3 to the financial statements, in April 2014, the Company and one of its subsidiaries were served notices by the Commercial Affairs Department of the Singapore Police Force in relation to an investigation into an offence under the Securities and Futures Act, Chapter 289. As the Commercial Affairs Department has not provided details of its investigation, we are unable to ascertain (i) whether the investigation would have an impact on the Group's and the Company's ongoing business operations; and (ii) the significance of adjustments, if any, that may arise from the investigation, to the accompanying financial statements.

These factors indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group and the Company to continue as going concerns.

As discussed in Note 2(a) to the financial statements, the Company is in the process of seeking an extension of another 18 months from Premier Equity Fund Sub Fund E and its manager, Value Capital Asset Management Private Limited ("Value Capital") for the issuance of redeemable convertible bonds which is expected to end on 17 September 2018. The Company is also seeking other alternative sources of funding such as short term credit facilities with its directors or creditors.

The directors of the Company believe that the Group and the Company will be able to raise the necessary funds from the redeemable convertible bonds and other short term credit facilities as described above, as well as to generate positive cash flows from the mining operations. As such, the directors have determined that it is appropriate for the Group and the Company to adopt the going concern assumption in preparing the accompanying financial statements.

The ability of the Group and the Company to remain as going concerns are therefore dependent on the above assumptions, which are premised on future events and market conditions, the outcomes of which are inherently uncertain.

Independent Auditor's Report

To The Members of LionGold Corp Ltd

Report on the Audit of the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

1. Going concern assumptions (cont'd)

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business. Adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to the financial statements.

We were unable to obtain sufficient appropriate audit evidence to conclude on the appropriateness of the use of the going concern assumption for the preparation of the accompanying financial statements. As a result, we were unable to determine whether any adjustments might be necessary in respect of the accompanying financial statements for the financial year ended 31 March 2018.

2. Corresponding figures and opening balances

Our independent auditor's report dated 30 June 2017 on the financial statements of the Group and the balance sheet of the Company for the financial year ended 31 March 2017 included a qualified opinion on the following matters:

- i) Discontinued operations and disposal group held for sale;
- ii) Impairment of loan receivable; and
- iii) Investigation by Commercial Affairs Department.

The extract of the basis for qualified opinion is disclosed in Note 42 to the financial statements.

In view of the matters described in the basis for qualified opinion paragraphs on the financial statements for the financial year ended 31 March 2017, we were unable to determine whether any adjustments might be necessary in respect of the financial statements of the Group and the balance sheet of the Company for the financial year ended 31 March 2017. Since the opening balances as at 1 April 2017 entered into the determination of the financial performance, changes in equity and cash flows of the Group for the financial year ended 31 March 2018, we were unable to determine whether adjustments might have been found necessary in respect of the consolidated financial statements of the Group for the financial year ended 31 March 2018.

Our opinion on the current year's consolidated financial statements of the Group and the balance sheet of the Company is also modified because of the possible effect of these matters on the comparability of the current year's figures and the corresponding figures.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards in Singapore, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Independent Auditor's Report

To The Members of LionGold Corp Ltd

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the accompanying financial statements in accordance with Singapore Standards on Auditing and to issue an independent auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

The engagement partner on the audit resulting in this independent auditor's report is Mr Khor Boon Hong.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

29 June 2018

Consolidated Statement of Profit or Loss

For The Financial Year Ended 31 March 2018

	Note	2018 \$'000	2017 \$'000
CONTINUING OPERATIONS			
Revenue	4	59,136	72,592
Cost of sales	8	(65,004)	(65,804)
Gross (loss)/profit		(5,868)	6,788
Other income	5	208	375
Expenses:			
Administrative expenses		(4,349)	(5,597)
Other gains/(expenses), net	6	1,839	(777)
Finance costs	7	(2,410)	(1,297)
Total expenses		(4,920)	(7,671)
Loss before income tax from continuing operations	8	(10,580)	(508)
Income tax credit	10	–	–
Loss from continuing operations, net of tax		(10,580)	(508)
DISCONTINUED OPERATIONS			
Loss from discontinued operations, net of tax	19	–	(49,703)
Loss for the year		(10,580)	(50,211)
Loss for the year attributable to:			
Equity holders of the Company		(10,490)	(42,136)
Non-controlling interests		(90)	(8,075)
		(10,580)	(50,211)
Attributable to:			
Equity holders of the Company			
Loss from continuing operations, net of tax		(10,490)	(640)
Loss from discontinued operations, net of tax		–	(41,496)
Loss for the year attributable to equity holders of the Company		(10,490)	(42,136)
Non-controlling interests			
(Loss)/profit from continuing operations, net of tax		(90)	132
Loss from discontinued operations, net of tax		–	(8,207)
Loss for the year attributable to non-controlling interests		(90)	(8,075)
Loss per share attributable to equity holders of the Company (cents)	11		
Continuing and discontinued operations			
- Basic and diluted		(0.15)	(1.15)
Continuing operations			
- Basic and diluted		(0.15)	(0.02)
Discontinued operations			
- Basic and diluted		–	(1.13)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For The Financial Year Ended 31 March 2018

	2018 \$'000	2017 \$'000
Loss for the year	(10,580)	(50,211)
Other comprehensive (loss)/income, net of tax		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Currency translation differences	(3,784)	2,262
Reclassification of currency translation differences on loss of control and struck off of subsidiaries from equity to profit or loss	(274)	10,766
Total comprehensive loss for the year	(14,638)	(37,183)
Total comprehensive loss for the year attributable to:		
Equity holders of the Company	(15,287)	(23,679)
Non-controlling interests	649	(13,504)
	(14,638)	(37,183)
Attributable to:		
Equity holders of the Company		
Total comprehensive (loss)/income from continuing operations, net of tax	(15,287)	7,051
Total comprehensive loss from discontinued operations, net of tax	–	(30,730)
Total comprehensive loss for the year attributable to equity holders of the Company	(15,287)	(23,679)
Non-controlling interests		
Total comprehensive income/(loss) from continuing operations, net of tax	649	(5,297)
Total comprehensive loss from discontinued operations, net of tax	–	(8,207)
Total comprehensive income/(loss) for the year attributable to non-controlling interests	649	(13,504)

The accompanying notes form an integral part of these financial statements.

Balance Sheets

As At 31 March 2018

		Group		Company	
	Note	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	12	3,757	11,153	5	374
Financial assets at fair value through profit or loss	13	— [^]	— [^]	— [^]	— [^]
Available-for-sale financial assets	14	—	—	—	—
Other receivables	15	493	697	15	20
Due from subsidiaries	16	—	—	—	18
Other current assets	17	557	742	458	498
Inventories	18	7,327	6,168	—	—
		12,134	18,760	478	910
Non-current assets					
Available-for-sale financial assets	14	—	—	—	—
Security deposits	20	4,379	4,657	—	—
Investments in subsidiaries	16	—	—	64,446	76,014
Exploration and evaluation expenditure	21	5,519	5,287	—	—
Mining properties	22	3,598	2,558	—	—
Property, plant and equipment	23	14,360	19,609	6	13
		27,856	32,111	64,452	76,027
Total assets		39,990	50,871	64,930	76,937
LIABILITIES					
Current liabilities					
Trade and other payables	25	11,660	9,576	3,440	2,453
Due to subsidiaries	16	—	—	35,816	34,423
Finance lease liabilities	26	705	664	—	—
Borrowings	27	—	11,852	—	11,852
Convertible bonds	28	419	—	419	—
Derivative liability conversion option in convertible bonds	29	97	124	97	124
		12,881	22,216	39,772	48,852
Non-current liabilities					
Finance lease liabilities	26	—	546	—	—
Borrowings	27	15,803	3,951	15,803	3,951
Convertible bonds	28	—	541	—	541
Deferred consideration	30	2,272	2,191	—	—
Rehabilitation and preservation provision	31	5,739	5,615	—	—
		23,814	12,844	15,803	4,492
Total liabilities		36,695	35,060	55,575	53,344
Net assets		3,295	15,811	9,355	23,593

[^] Amount less than \$1,000

The accompanying notes form an integral part of these financial statements.

Balance Sheets

As At 31 March 2018

		Group		Company	
		2018	2017	2018	2017
	Note	\$'000	\$'000	\$'000	\$'000
EQUITY					
Issued capital and reserves attributable to equity holders of the Company					
Issued capital	32	811	558	811	558
Share premium	32	279,518	277,648	279,518	277,648
Other reserves		(265,009)	(249,721)	(270,974)	(254,613)
Equity attributable to equity holders of the Company		15,320	28,485	9,355	23,593
Non-controlling interests		(12,025)	(12,674)	–	–
Total equity		3,295	15,811	9,355	23,593

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For The Financial Year Ended 31 March 2018

	Attributable to equity holders of the Company						
	Foreign currency			Non-controlling interests		Total equity	
	Issued capital \$'000	Share premium \$'000	Contributed surplus \$'000	translation reserve \$'000	Accumulated losses \$'000	Subtotal \$'000	\$'000
At 1 April 2017	558	277,648	61,979	(16,335)	(295,365)	28,485	15,811
Loss for the year	-	-	-	-	(10,490)	(10,490)	(10,580)
Other comprehensive (loss income for the year, net of tax	-	-	-	(4,798)	-	(4,798)	(4,059)
Total comprehensive loss for the year	-	-	-	(4,798)	(10,490)	(15,288)	(14,639)
Conversion of shares from convertible bonds	253	1,870	-	-	-	2,123	2,123
At 31 March 2018	811	279,518	61,979	(21,133)	(305,855)	15,320	3,295

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For The Financial Year Ended 31 March 2018

	Attributable to equity holders of the Company							
	Issued capital \$'000	Share premium \$'000	Contributed surplus \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Subtotal \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 April 2016	204	274,162	61,979	(34,792)	(253,229)	48,324	(37,009)	11,315
Loss for the year	-	-	-	-	(42,136)	(42,136)	(8,075)	(50,211)
Other comprehensive income/(loss) for the year, net of tax	-	-	-	18,457	-	18,457	(5,429)	13,028
Total comprehensive loss for the year	-	-	-	18,457	(42,136)	(23,679)	(13,504)	(37,183)
Loss of control over a subsidiary	-	-	-	-	-	-	34,634	34,634
Struck off of subsidiaries	-	-	-	-	-	-	3,205	3,205
Conversion of shares from convertible bonds	354	3,486	-	-	-	3,840	-	3,840
At 31 March 2017	558	277,648	61,979	(16,335)	(295,365)	28,485	(12,674)	15,811

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For The Financial Year Ended 31 March 2018

	Note	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Total loss before income tax		(10,580)	(50,211)
Adjustments for:			
Write-back of allowance for impairment loss on other receivables	6	(500)	(1,010)
Allowance for impairment loss on other receivables	6	4	–
Amortisation of			
- discount on provision for rehabilitation and preservation	7	57	56
- mining properties	8	7,088	9,620
Depreciation of property, plant and equipment	23	6,440	7,570
Exploration and evaluation expenditure written off	6	323	546
Gain arising from loss of control over subsidiary	6	(274)	–
Gain on disposal of available-for-sale financial assets	5	–	(102)
Loss arising from loss of control over subsidiaries	A	–	44,075
Loss on struck off of subsidiaries	19	–	3,326
Loss on transfer of available-for-sale financial assets to a third party	6	–	340
Loss on disposal of property, plant and equipment	6	2	17
Plant and equipment written off	6	12	–
Unwind of discount on deferred consideration	6	215	371
Unrealised foreign exchange and currency translation (gain)/loss		(2,090)	1,655
Interest income	5	(142)	(172)
Interest expense	7	2,353	1,241
Operating cash flows before working capital changes		2,908	17,322
Changes in operating assets and liabilities:			
Inventories		(1,158)	(1,443)
Other receivables		690	886
Other current assets		148	54
Trade and other payables		(460)	(514)
Other liabilities		161	991
Cash generated from operations		2,289	17,296
Interest received		142	172
Interest paid		(65)	(196)
Net cash generated from operating activities		2,366	17,272
Cash flows from investing activities			
Loss of control over subsidiaries, net of cash and cash equivalents disposed	A	–	(58)
Additions to mining properties	22	(6,532)	(7,309)
Proceeds from disposal of available-for-sale financial assets		–	99
Exploration and evaluation expenditure	21	(2,781)	(1,278)
Proceeds from disposal of property, plant and equipment		–	298
Purchases of property, plant and equipment	23	(1,754)	(5,611)
Net cash used in investing activities		(11,067)	(13,859)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For The Financial Year Ended 31 March 2018

	Note	2018 \$'000	2017 \$'000
Cash flows from financing activities			
Proceeds from issuance of convertible bonds	B	1,900	2,850
Repayment of borrowings		–	(4,003)
Repayment of finance lease liabilities	B	(435)	(868)
Refund of security deposits		10	–
Net cash from/(used in) financing activities		1,475	(2,021)
Net (decrease)/increase in cash and cash equivalents		(7,226)	1,392
Cash and cash equivalents at the beginning of the financial year		11,153	9,705
Effect of foreign exchange rate changes, net		(170)	56
Cash and cash equivalents at the end of the financial year		3,757	11,153

Note A:

Loss of control over subsidiaries

On 23 May 2016, Signature Metals Limited ("SML"), a 76.86% owned subsidiary of the Company, entered into a separation agreement with its business partner, Talos Ghana Limited ("Talos"). The effect of the separation agreement was to dilute SML's interest in Owere Mines Limited ("OML") from 70.00% (Group's effective interest was 53.80%) to 0.01%. Management is of the view that subsequent to the execution of the separation agreement and the resignation of SML's nominees from the Board of OML, SML no longer exercises any form of control over OML. As a result, OML has been derecognised from the Group with effect from 23 May 2016.

The aggregate effects of the loss of control over the above subsidiaries on the cash flows of the Group were as follows:

	2017 \$'000
Property, plant and equipment	3,467
Exploration and evaluation expenditure	20,824
Intangible assets	10
Other non-current assets	1,007
Security deposit	280
Trade and other receivables	3
Cash and cash equivalents	58
Trade and other payables	(5,926)
Other non-current liabilities	(1,813)
Identified net assets derecognised	17,910
<u>Loss arising from loss of control</u>	
Net assets derecognised	(17,910)
Reclassification of foreign currency translation reserve	(10,645)
Derecognition of non-controlling interests	(34,634)
Liabilities written back	19,114
Loss arising from loss of control	(44,075)
Consideration received in cash and cash equivalents	–
Less: Cash and cash equivalents of subsidiaries disposed of	(58)
Net cash outflow on loss of control over subsidiaries	(58)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For The Financial Year Ended 31 March 2018

Note B:

Reconciliation of movements of liabilities to cash flow arising from financing activities:

	Convertible bonds \$'000	Finance lease liabilities \$'000	Borrowings		Total \$'000
			Principal \$'000	Interest* \$'000	
Balance at 1 April 2018	541	1,210	15,803	766	18,320
Changes from financing cash flows					
- proceeds	1,900	–	–	–	1,900
- repayments	–	(435)	–	–	(435)
- interest paid	–	(63)	–	–	(63)
Non-cash changes					
- conversion of convertible bonds	(1,744)	–	–	–	(1,744)
- amortisation of management fees	(37)	–	–	–	(37)
- derivative liability conversion component of convertible bonds	(352)	–	–	–	(352)
- interest expenses	111	63	–	2,177	2,351
- currency translation differences	–	(70)	–	–	(70)
	419	705	15,803	2,943	19,870

* Interest is recorded under accrued operating expenses

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

1 General

The Company was incorporated in Bermuda on 23 June 2004 as an exempt company with limited liability under the Companies Act 1981 of Bermuda with its registered office at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. Its principal place of business is located at 100 Beach Road, #21-01 Shaw Tower, Singapore 189702. The shares of the Company are listed on the Singapore Exchange Securities Trading Limited.

The principal activity of the Company is investment holding. The principal activities of the Group's subsidiaries are described in Note 16.

2 Summary of significant accounting policies

(a) Going concern assumptions

During the financial year, the Group reported a loss for the year of \$10,580,000 (2017: \$50,211,000) and as at that date, the Group's and the Company's current liabilities exceeded their current assets by \$747,000 (2017: \$3,456,000) and \$39,294,000 (2017: \$47,942,000) respectively.

As further disclosed in Notes 36 and 39, the Group and the Company are exposed to certain material uncertainties in relation to contingent liabilities and guarantees provided that could result in material financial obligations in future periods.

In addition, as disclosed in Note 3, in April 2014, the Company and one of its subsidiaries were served notices by the Commercial Affairs Department of the Singapore Police Force in relation to an investigation into an offence under the Securities and Futures Act, Chapter 289. As the Commercial Affairs Department has not provided details of its investigation, the management is unable to ascertain (i) whether the investigation would have an impact on the Group's and the Company's ongoing business operations; and (ii) the significance of adjustments, if any, that may arise from the investigation, to the accompanying financial statements.

These factors indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group and the Company to continue as going concerns.

The Company is in the process of seeking an extension of another 18 months from Premier Equity Fund Sub Fund E and its manager, Value Capital Asset Management Private Limited ("Value Capital") for the issuance of redeemable convertible bond which is expected to end on 17 September 2018. The Company is also seeking other alternative sources of funding such as short term credit facilities with its directors or creditors.

The directors of the Company believe that the Group and the Company will be able to raise the necessary funds from the redeemable convertible bonds and other short term credit facilities as described above, as well as to generate positive cash flows from the mining operations. As such, the directors have determined that it is appropriate for the Group and the Company to adopt the going concern assumption in preparing the accompanying financial statements.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities or realise their assets in the normal course of business. Adjustments may have to be made to reflect the situation that assets may need to be realised at amounts which could differ from the amounts at which they are currently recorded in the balance sheets and additional liabilities may arise. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made in the financial statements.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

2 Summary of significant accounting policies (cont'd)

(b) Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Company, expressed in Singapore dollar ("S") (rounded to the nearest thousand ("S'000") except when otherwise indicated), have been prepared in accordance with Financial Reporting Standards in Singapore ("FRSs") and under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRSs requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2(a) and Note 3.

New and revised standards

On 1 April 2017, the Group adopted the new or amended FRSs and Interpretations to FRSs ("INT FRSs") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs and INT FRSs.

From 1 April 2017, as a result of the amendments to FRS 7 *Statement of Cash Flows (Disclosure Initiative)*, the Group has provided additional disclosure in relation to changes in liabilities from financing activities for the current financial year.

The adoption of these new and revised FRSs and INT FRSs did not have any material effect on the financial performance or position of the Group and the Company.

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 March 2018 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company except as disclosed below:

Convergence with International Financial Reporting Standards (IFRS)

Singapore Exchange ("SGX") announced in December 2016 that all SGX-listed companies regardless of their place of incorporation currently reporting under FRSs will be required by SGX to apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS Convergence"), known as Singapore Financial Reporting Standards (International) ("SFRS(I)", with effect from annual periods beginning on or after 1 January 2018.

Application of SFRS(I) 1 and IFRS Convergence

When the Group adopts SFRS(I) in its 2019 financial statements, the Group will apply SFRS(I) 1 with 1 April 2017 as the date of transition for the Group and the Company.

SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, subject to certain mandatory exceptions and optional exemptions under SFRS(I) 1. The Group plans to elect relevant optional exemptions. Except as described below, the Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

2 Summary of significant accounting policies (cont'd)

(b) Basis of preparation (cont'd)

New and revised standards (cont'd)

Application of SFRS(I) 1 and IFRS Convergence (cont'd)

Foreign currency translation reserve

The Group plans to elect the optional exemption to reset its cumulative foreign currency translation reserve for all foreign operations to nil at the date of transition on 1 April 2017. As a result, the foreign currency translation reserve of \$16,335,000 (in debit balances) determined in accordance with FRSs as at 1 April 2017 will be reclassified to retained earnings as at 1 April 2017.

Subsequent to the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 replaces FRS 18 'Revenue', FRS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. SFRS(I) 15 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in SFRS(I) 15 by applying a 5-step approach.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. SFRS(I) 15 includes disclosure requirements that will result in disclosure of comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group plans to adopt SFRS(I) 15 in its financial statements for the financial year ending 31 March 2019 using the full retrospective approach. As a result, the Group will apply the changes in accounting policies retrospectively to each reporting year presented.

Management has performed a preliminary impact assessment of applying the new standard on the Group's financial statements and expect that there is no material impact to the financial statements for the financial year ended 31 March 2018.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 which replaces FRS 39, includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model and replace FRS 39 incurred loss model.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

2 Summary of significant accounting policies (cont'd)

(b) Basis of preparation (cont'd)

New and revised standards (cont'd)

SFRS(I) 9 Financial Instruments (cont'd)

The Group plans to apply the changes in accounting policies retrospectively to each reporting year presented, using the full retrospective approach.

(a) *Classification and measurement*

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9:

- Loans and receivables that are currently accounted for at amortised cost are expected to continue to be measured at amortised cost.
- The Group elects to present changes in fair value in other comprehensive income ("OCI") for equity instruments currently classified as available-for-sale ("AFS") financial assets because these investments are not held for trading.
- The Group will continue to measure its currently held-for-trading equity securities at fair value through profit or loss ("FVTPL"), and hence no change to the accounting.

Unquoted equity securities currently classified as AFS but which is measured at cost under FRS 39 will be measured at fair value under SFRS(I) 9. The Group will present changes in fair value of these assets in OCI.

Upon the adoption of SFRS(I) 9, the Group expects to have no material financial impact to the opening retained earnings or other component of equity arising from the re-measurement of AFS unquoted equity securities from cost to fair value.

(b) *Impairment*

SFRS(I) 9 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables. The Group does not expect a significant impact on the impairment allowance for its trade receivables for the financial year ended 31 March 2018.

The Group will adopt SFRS(I) 9 when it becomes effective in financial year ending 31 March 2019. The Group does not expect that there is material impact from the initial adoption of SFRS(I) 9 on its financial statements.

SFRS(I) 16 Leases

SFRS(I) 16 replaces the existing FRS 17 'Leases'. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their balance sheets to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 January 2019. The Group will assess the potential impact of SFRS(I) 16 and plans to adopt the standard on the required effective date.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

2 Summary of significant accounting policies (cont'd)

(c) Group accounting

Subsidiaries

Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any accumulated impairment losses. An assessment of recoverable amounts of investments in subsidiaries is performed when there is an indication that the asset has been impaired or the impairment losses recognised in the prior years no longer exist.

Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises of the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the identifiable net assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with accounting policy for goodwill stated on Note 2(e). In instances where the latter amount exceeds the former, the excess is recognised in profit or loss as a gain from bargain purchase on the acquisition date.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

2 Summary of significant accounting policies (cont'd)

(c) Group accounting (cont'd)

Subsidiaries (cont'd)

Disposals of subsidiaries or businesses

When a change in the Group ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific FRS.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(d) Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2(v) on borrowing costs) and any fair value gains or losses on qualifying cash flow hedges of property, plant and equipment that are transferred from the hedging reserve.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

No depreciation is provided on freehold land. Depreciation on items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Leasehold land and building	- 5 years
Leasehold improvements	- 3 to 5 years
Plant and machinery	- 5 to 10 years
Office and electronic equipment	- 3 to 10 years
Motor vehicles	- 5 to 10 years
Field equipment	- 2 to 5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

2 Summary of significant accounting policies (cont'd)

(d) Property, plant and equipment (cont'd)

Construction in progress is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

(e) Intangible assets

Computer software

Acquired computer software licenses are initially capitalised at cost which includes the purchase price and other directly attributable cost of preparing the asset for its intended use. Capitalised computer software licenses are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of five years.

Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

(f) Exploration and evaluation expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest where the rights to tenure of the area of interest are current. Expenditure for each area of interest is carried forward as an asset provided that at least one of the following conditions is met:

- such costs are expected to be recouped through further development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of resources, and active operations in relation to the area are continuing to provide the additional information required to make a determination.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

2 Summary of significant accounting policies (cont'd)

(f) Exploration and evaluation expenditure (cont'd)

Expenditure which fails to meet the conditions outlined above are expensed in the period in which they are incurred. When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off in full against profit in the year in which the decision to abandon the area is made.

Exploration and evaluation assets acquired under an acquisition of assets or business combination are recognised at fair value. Expenditure incurred subsequent to acquisition in respect of an exploration asset is accounted for in accordance with the policy outlined above.

Directors regularly review the carrying value of exploration and evaluation expenditure to determine the appropriateness of continuing to carry forward capitalised costs in relation to an area of interest.

When production of an area of interest commences, the exploration and evaluation expenditure will be reclassified to mining properties. The accumulated costs for the relevant area of interest will then be amortised over the life of the area according to the rate of depletion.

(g) Mining properties

Mining properties includes costs that are required to bring a property from an evaluation phase to production. Expenditure includes direct and indirect costs that are required to provide access to ore sources and to provide facilities for extracting, gathering, transporting and treatment of the minerals. These costs may include the purchase price for development assets, expenditure associated with the development of open-cut or underground areas of interest, the establishment or refurbishment and recommissioning of processing facilities and the costs of dismantling and restoring the site where such obligations arise when the asset is acquired or constructed. Mining property expenditure may occur when a mine or facility is acquired or constructed and during production to provide further expansion or access to ore sources during the life of the mine or facility.

Expenditures are capitalised to the extent that these costs are expected to be recouped through commercially viable extraction of resources.

Mining property expenditure is amortised on a units of production basis. Where no reserves exist and future expenditure is required to calculate further resources, future production and development costs may need to be taken into account when determining the rate of amortisation.

The amortisation method is reviewed periodically.

Mining property expenditure is stated in the accounts at cost less accumulated amortisation.

(h) Impairment of goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value in use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

2 Summary of significant accounting policies (cont'd)

(i) Impairment of non-financial assets excluding goodwill

Property, plant and equipment, intangible assets (excluding goodwill), mining properties and exploration and evaluation expenditure and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets have been impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs. If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. The impairment loss is recognised in profit or loss unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment is also recognised in profit or loss.

(j) Inventories

Inventories are recognised when it is probable that future economic benefits will flow to the entity and the asset has a cost or value that can be reliably measured. Inventories are stated at the lower of cost and net realisable value. Costs comprise any cost of purchase, costs of conversion or production and any cost incurred in bringing the inventories to their present location and condition. Costs may include direct materials and labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

A financial asset is designated at fair value through profit or loss if acquired principally for the purpose of selling in the short-term or if so designated by management. Assets in this category are classified as current assets if they are expected to be realised within 12 months after the balance sheet date.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

2 Summary of significant accounting policies (cont'd)

(k) Financial assets (cont'd)

Financial assets at fair value through profit or loss (cont'd)

Purchases and sales of investments are recognised on the trade-date - the date on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss are initially recognised and subsequently carried at fair value. Realised and unrealised gains and losses arising from the changes in fair value including the effects of currency translation, interest and dividends, are included in profit or loss in the period in which they arise. The fair values of quoted financial assets are based on quoted market prices.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "other receivables", "other current assets" (excluding prepayments), "cash and cash equivalents", "security deposits" and "due from subsidiaries" on the balance sheet.

Other receivables

Other receivables and amounts due from subsidiaries are recognised initially at fair value plus transaction costs and subsequently carried at amortised costs using the effective interest method, less allowance for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks or financial institutions, including fixed deposits. Cash and cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of changes in value.

Security deposits

Security deposits are short term deposits to support bank guarantees in favour of various parties. These deposits are subject to restrictions relating mainly to the Group's environmental and rehabilitation obligations under exploration and mining licenses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Assets in this category are presented as non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

Available-for-sale financial assets are initially recognised at fair value plus, any direct attributable transaction costs, and subsequently carried at fair value with gains and losses being recognised directly in equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in profit or loss. Available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measurable, are measured at cost less impairment loss.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

2 Summary of significant accounting policies (cont'd)

(k) Financial assets (cont'd)

Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

Available-for-sale financial assets

A significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

For available-for-sale financial assets carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of impairment loss is recognised in profit or loss and such losses are not reversed in subsequent periods.

(l) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid or when the Group becomes a party of the contractual provisions of the financial instruments. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables (excluding provision for unutilised annual leave) are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method. Trade and other payables are de-recognised when the obligation under the liability is discharged.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

2 Summary of significant accounting policies (cont'd)

(m) Borrowings

Loans

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Convertible bonds

The convertible bond is a hybrid instrument that combines feature of derivative liability component and non-convertible bond component.

The derivative liability component (conversion option) is recognised at its fair value, determined by applying the binomial option valuation model. On subsequent measurements, the conversion option is measured at its fair value, with fair value changes recognised in profit or loss. When the conversion option is exercised, its carrying amount is transferred to share capital. When the conversion option lapses, its carrying amount is transferred to accumulated losses.

The difference between the total proceeds and the derivative liability component is allocated to the non-convertible bond component. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

(n) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, and it is probable an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be estimated reliably. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

(o) Contingent consideration

Contingent consideration arises when settlement of all or any part of the cost of a business combination is based upon the achievement of a future event. The consideration is stated at fair value at the date of acquisition. Where the effect of the time value of money is material, the amount of the consideration is the present value of the expenditures expected to be required to settle the obligation.

Contingent consideration balances are reviewed periodically for changes in the estimates of the amount or timing of future cash flows and changes in the discount rate.

(p) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the expected amount payable to the holder. Financial guarantees contracts are amortised in profit or loss over the period of the guarantee.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

2 Summary of significant accounting policies (cont'd)

(q) Income tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided using the liabilities method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(r) Leases

Where the Group is the lessee:

The Group leases certain plant and machinery under finance leases and office space under operating leases from non-related parties.

Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

2 Summary of significant accounting policies (cont'd)

(r) Leases (cont'd)

Operating leases

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are taken to profit or loss on a straight-line basis over the period of the leases.

Where the Group is the lessor:

Operating leases

Leases where the Group retains substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(s) Rehabilitation and preservation provisions

The estimated costs of future site rehabilitation and restoration, including heritage preservation where required, associated with previous mining and/or exploration activity are provided for as and when an obligation arises and are included in the costs of the related area of interest. These costs may include the dismantling and removal of any plant, equipment and building structures and rehabilitation, where such work is deemed required by the relevant government authorities and the cost of making safe any remaining aspects of the previous mining operation.

Closure provisions are measured at the present value of the expected future cash flows that will be required to perform the decommissioning and rehabilitation. The provision is based on the best estimate of future costs, current legal and practical requirements and technology. Provisions are reviewed periodically for changes in the estimates of the amount or timing of future cash flows and changes in the discount rate and are accounted for on a prospective basis.

(t) Revenue and other income recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity, and the amount of revenue and related cost can be reliably measured.

Sale of gold

Revenue from the sale of gold is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer and collectibility of the related receivables is reasonably assured.

Rental income

Rental income from operating leases are recognised on a straight-line basis over the lease term.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

2 Summary of significant accounting policies (cont'd)

(u) Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefits plans under which the Group pays fixed contributions into separate entities. The Group participates in the national schemes as defined by the laws of the countries in which it operates. The Group's contributions are recognised as an expense in profit or loss as and when they are incurred. The Group has no further payment obligations once the contributions have been paid.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Employee leave entitlement

Employee entitlements to annual leave, sick leave or long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave, sick leave or long service leave as a result of services rendered by employees up to the balance sheet date.

(v) Borrowing costs

Borrowing costs incurred to finance the acquisition of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method. The amount of borrowing cost capitalised on that asset is the actual borrowing costs incurred during the period less any investment income on the temporary investment of those borrowings.

(w) Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

(x) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the management who are responsible for allocating resources and assessing performance of the operating segments.

(y) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

2 Summary of significant accounting policies (cont'd)

(z) Currency translation

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar (\$), which is the functional currency of the Company.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the balance sheet date.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

2 Summary of significant accounting policies (cont'd)

(aa) Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

- (i) represents a separate major line of business or geographical area of operations; or
- (ii) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (iii) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

3 Critical accounting judgements and key sources of estimation uncertainty

Critical judgement made on applying accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt in the preceding paragraphs).

Contingent liabilities arising from legal proceedings

Certain legal proceedings as described in Note 36 are pending against the Group. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against the Group often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, the Group consults with legal counsel and certain other experts on matters related to litigation.

The Group recognises a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

During the financial year, no provision (2017: Nil) was recognised in relation to contingent liabilities which arose from legal proceedings as disclosed in Note 36.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Critical judgement made on applying accounting policies (cont'd)

Exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

There was a write-off of \$323,000 (2017: \$546,000) in relation to exploration and evaluation expenditure for the current financial year. The carrying amount of the Group's exploration and evaluation expenditure at 31 March 2018 is disclosed in Note 21.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Investigations by the Commercial Affairs Department

In April 2014, the Company and one of its subsidiaries were served notices by the Commercial Affairs Department ("CAD") of the Singapore Police Force in relation to an investigation into an offence under the Securities and Futures Act, Chapter 289. As the CAD has not provided details of its investigation, management is unable to ascertain (i) whether the investigation would have an impact on the Group's and the Company's ongoing business operations; and (ii) the significance of adjustments, if any, that may arise from the investigation, to the accompanying financial statements.

Impairment of non-current assets

Property, plant and equipment, mining properties and exploration and evaluation expenditure are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, CGU, have been determined based on the higher of fair value less cost to sell and value in use calculations. These calculations involve the use of estimates and assumptions such as forecasted revenue and operating costs, and discount rate. These estimates and assumption involve significant management judgement and are affected by future market and economic conditions. Changes to these estimates and assumptions could result in a change in the carrying value of these assets.

The carrying amounts of the property, plant and equipment, mining properties and exploration and evaluation expenditure at the balance sheet date are disclosed in Notes 23, 22 and 21 respectively.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

3 Critical accounting estimates, assumptions and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

Rehabilitation and preservation provision

Provision is made for environmental rehabilitation and preservation costs when the related environmental disturbance occurs, based on the net present value of estimated future costs. The ultimate cost of environmental disturbance is uncertain and management uses its judgement and experience to provide for these costs over the life of the operations. Cost estimates can vary in response to many factors including changes to the relevant legal or local/national government ownership requirements, the Group's environmental policies, the emergence of new restoration techniques, the timing of the expenditures and the effects of inflation. Experience gained at other mine or production sites is also a significant consideration.

Cost estimates are updated throughout the life of the operation. The expected timing of expenditure included in cost estimates can also change, for example in response to changes in ore reserves, production rates, operating licence or economic conditions. Expenditure may occur before and after closure and can continue for an extended period of time depending on the specific site requirements. Some expenditure can continue into perpetuity.

Cash flows must be discounted if this has a material effect. The selection of appropriate sources on which to base calculation of the risk free discount rate used for this purpose also requires judgement.

As a result of all of the above factors, there could be significant adjustments to the provision for close down, restoration and clean-up costs which would affect future financial results.

The carrying amount of the Group's rehabilitation and preservation provision at 31 March 2018 is disclosed in Note 31.

Ore reserves, mineral resource and exploration target

The Group estimates ore reserves, mineral resources and exploration targets based on information compiled by competent persons. Ore reserves and mineral resources are categorised based on the level of geological confidence and the economic viability of extraction. Resources are an identified mineral occurrence with reasonable prospects for eventual economic extraction and reserves are the economically mineable part of a resource where appropriate assessments demonstrate that economic extraction can be reasonably justified. An exploration target is a hypothetical view of a mineralised reef which is not necessarily economic. It is not a mineral resource or ore reserve. There is no guarantee that tonnages will be either realised or economic. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, production costs, metal prices, mining control, dilution or other relevant issues. Ore reserves, mineral resources, exploration targets, if applicable, determined in this way are taken into account in the calculation of depreciation, amortisation, impairment, mining properties and rehabilitation expenditure.

The determination of ore reserves, mineral resources, exploration targets and mine life affects the Group's financial performance and financial position including asset carrying values impacted by estimated future cash flows, depreciation and amortisation charges, impairment and rehabilitation provision.

The carrying amounts of mining properties and exploration and evaluation expenditure at the balance sheet date are disclosed in Notes 22 and 21 respectively.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

3 Critical accounting estimates, assumptions and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

Amortisation of mining properties

Mining property expenditure is amortised on a cost per ounce basis utilising estimates of total production and projected total capitalised cost. The amortisation method is reviewed half yearly and any changes in expected production and future expenditure on capitalised mine development are accounted for by changing the amortisation calculation, which is a change in accounting estimate.

During the year, amortisation of mining properties recognised was \$7,088,000 (2017: \$9,620,000) (Note 22).

The carrying amount of the Group's mining properties at 31 March 2018 is disclosed in Note 22.

Estimated useful life and residual value of property, plant and equipment

Items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of the property, plant and equipment, therefore future depreciation charges could be revised. Management estimates the useful lives of the individual items of property, plant and equipment to be within 3 to 10 years. The carrying amount of the Group's property, plant and equipment at 31 March 2018, excluding construction in progress, was \$12,050,000 (2017: \$17,964,000).

Any changes in the expected useful lives of these assets would affect the net carrying amount of property, plant and equipment and the depreciation charges for the financial year.

Impairment of other receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

During the financial year, there was a write-back of impairment of \$500,000 (2017: \$1,010,000) in relation to other receivables (Note 6). The carrying amounts of the Group's and the Company's other receivables at 31 March 2018 are disclosed in Note 15.

Impairment of investments in subsidiaries

Management assesses impairment of the above-mentioned assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable or indicate that the recoverable amount of an asset may be higher than the carrying amount. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the impairment loss or write back of impairment. Fair value less cost to sell calculation is based on observable market prices or market valuations less incremental costs for disposing asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows.

There was an impairment of \$11,568,000 (2017: a write-back of impairment of \$12,646,000) in relation to investments in subsidiaries for the current financial year. The carrying amount of the Company's investments in subsidiaries at 31 March 2018 is disclosed in Note 16.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

3 Critical accounting estimates, assumptions and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

Impairment of amounts due from subsidiaries

The Company assesses at each balance sheet date whether there is any objective evidence that the amounts due from subsidiaries is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as industry performance, technology changes and operational and financing cash flows. Management will also consider the financial conditions and business prospects of the subsidiaries.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on the forecasted performance of the subsidiary. The carrying amount of the amounts due from subsidiaries at 31 March 2018 is disclosed in Note 16.

4 Revenue

	Group	
	2018 \$'000	2017 \$'000
Sales of gold	59,136	72,592

5 Other income

	Group	
	2018 \$'000	2017 \$'000
Gain on disposal of available-for-sale financial assets	–	102
Interest income	142	172
Rental income	57	85
Others	9	16
	208	375

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

6 Other (gains)/expenses, net

	Group	
	2018	2017
	\$'000	\$'000
Write-back of impairment loss on other receivables	(500)	(1,010)
Allowance for impairment loss on other receivables	4	–
Exploration and evaluation expenditure written off	323	546
(Gain)/loss on foreign exchange (net)	(2,098)	198
Loss on disposal of property, plant and equipment	2	17
Gain arising from loss of control over subsidiary (Note 16)	(274)	–
Loss on transfer of available-for-sale financial assets to a third party	–	340
Other mining related expenses	477	711
Plant and equipment written off	12	–
Settlement payment with a third party	–	(486)
Unwind of discount on deferred consideration (Note 30)	215	371
Others	–	90
	(1,839)	777

7 Finance costs

	Group	
	2018	2017
	\$'000	\$'000
Late payment interest	2	2
Interest on finance lease liabilities	63	74
Interest on restructured loan and convertible bonds	2,288	1,165
Total interest expense	2,353	1,241
Amortisation of discount on provision for rehabilitation and preservation (Note 31)	57	56
	2,410	1,297

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

8 Loss before income tax from continuing operations

	Group	
	2018	2017
	\$'000	\$'000
Loss before income tax is arrived at after charging:		
Cost of sales		
- cost of inventories sold	51,591	48,790
- depreciation of property, plant and equipment	6,325	7,394
- amortisation of mining properties (Note 22)	7,088	9,620
	65,004	65,804
Included in administrative expenses:		
Employee benefits costs (Note 9)	2,537	3,254
Depreciation of property, plant and equipment	115	176
Royalty fees	15	–
Travelling expenses	71	95
Legal and professional fees	306	360
Operating lease rental on offices and staff quarters	220	306
Audit fees:		
- Auditor of the Company	217	280
- Other auditors*	155	198
Non-audit fees:		
- Auditor of the Company	2	2
- Other auditors*	–	–

* Includes overseas independent member firms of Baker Tilly International network.

9 Employee benefits costs (including key management personnel's remuneration)

	Group	
	2018	2017
	\$'000	\$'000
Salaries and related costs	2,391	3,093
Employer's contributions to defined contribution plans	146	161
	2,537	3,254

Remuneration of key management personnel has been separately disclosed in Note 34.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

10 Income tax credit

A reconciliation of income tax calculated at the applicable corporate tax rate with income tax credit is as follows:

	Group	
	2018	2017
	\$'000	\$'000
Loss before income tax		
- Continuing operations	(10,580)	(508)
- Discontinued operations (Note 19)	–	(49,703)
	(10,580)	(50,211)
Income tax calculated at applicable tax rates	(3,030)	(14,705)
Tax effect of income not subject to income tax	(108)	(130)
Tax effect of expenses not deductible for income tax	1,102	17,248
Utilisation of previously unrecognised tax losses	–	(2,413)
Deferred tax assets not recognised	2,036	–
	–	–

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

At the balance sheet date, unrecognised tax losses of the Group available for offsetting against future taxable profits amount to \$23,457,000 (2017: \$23,719,000). The availability of the unrecognised tax losses for set-off against future taxable profits is subject to compliance with the tax regulations and agreement with the tax authorities of the respective countries in which the Group companies are incorporated. At 31 March 2018, the deferred tax benefit arising from unrecognised tax losses of approximately \$7,037,000 (2017: \$7,116,000) has not been recognised in the financial statements as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised. The tax losses have no expiry date.

11 Loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2018	2017
Loss from continuing operations, net of tax (\$'000)	(10,490)	(640)
Loss from discontinued operations, net of tax (\$'000)	–	(41,496)
Loss for the year attributable to equity holders of the Company (\$'000)	(10,490)	(42,136)
Weighted average number of ordinary shares on issue ('000)	6,831,602	3,686,161
Basic and diluted loss per share (cents)		
Continuing operations	(0.15)	(0.02)
Discontinued operations	–	(1.13)
Total continuing and discontinued operations	(0.15)	(1.15)

There was no difference between the basic and diluted loss per share as the effect of all potentially dilutive shares outstanding was anti-dilutive for the financial years ended 31 March 2018 and 31 March 2017.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

12 Cash and cash equivalents

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	3,757	2,864	5	374
Fixed deposits	–	8,289	–	–
	3,757	11,153	5	374
Average rates of interest at the balance sheet date:				
- Fixed deposits	–	2.34%	–	–

In 2017, fixed deposits had an average maturity of two months.

13 Financial assets at fair value through profit or loss

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Quoted investments	– [^]	– [^]	– [^]	– [^]

[^] Amount less than \$1,000

14 Available-for-sale financial assets

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<i>Current</i>				
Unquoted investment, at cost	2,500	2,500	–	–
Less: Allowance for impairment loss	(2,500)	(2,500)	–	–
	–	–	–	–
<i>Non-current</i>				
Unquoted investments, at cost	5,341	5,341	3,500	3,500
Less: Allowance for impairment loss	(5,341)	(5,341)	(3,500)	(3,500)
	–	–	–	–

The movement in the allowance for impairment loss of available-for-sale financial assets is as follows:

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning and end of the financial year	7,841	7,841	3,500	3,500

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

14 Available-for-sale financial assets (cont'd)

The unquoted investments represent the Group's and the Company's interests in the unquoted equity securities. These investments are carried at cost as the fair values of these unquoted equity securities cannot be measured reliably. These investments have been fully impaired in the prior financial years.

15 Other receivables

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
VAT recoverable	387	432	–	–
Loan receivable	–	2,627	–	2,627
Sundry debtors	1,006	1,161	915	916
Less: Allowance for impairment loss	(900)	(3,523)	(900)	(3,523)
	493	697	15	20

The movements in the allowance for impairment loss of the other receivables are as follows:

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial year	3,523	4,533	3,523	4,533
Allowance made	4	–	4	–
Write-back of allowance	(500)	(1,010)	(500)	(1,010)
Write-off	(2,127)	–	(2,127)	–
Balance at the end of the financial year	900	3,523	900	3,523

Loan receivable

Loan receivable relates to an amount due from a third party, Annica Holdings Limited ("Annica"). The loan arose from Songkhla Biomass Company Limited ("Songkhla"), a customer of Industrial Power Technology Pte. Ltd. ("IPT") which has made claims totalling \$5,200,000 from the Company and Annica, as guarantors of performance securities in respect of the design, engineering, supply, construction, commissioning and testing contract entered into between Songkhla and IPT together with its 49% owned associated company, Industrial Power (Thailand) Co., Ltd, on grounds of project delays (the "SKB Claims"). As a result, the Company entered into two (2) deeds of settlement with Annica whereby the Company and Annica agreed to share the amount under the SKB Claims.

In connection with the aforesaid, the Company provided Annica with a loan of \$3,627,000 during the previous financial years, to repay Annica's share of the SKB Claims and for IPT's working capital purposes. The loan is unsecured, interest-bearing at 8% per annum and is due and payable at the expiration of loan period on 22 October 2018.

In February 2016, the Company entered into an Assignment of Term Loan Facility with Annica and Mr Lim In Chong to assign the unsecured term loan facility with Annica to Mr Lim In Chong for a consideration of \$3,200,000.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

15 Other receivables (cont'd)

Loan receivable (cont'd)

The Group and the Company had recognised a full allowance for impairment loss on the loan receivable in the prior years as the directors are of the opinion that the recoverability of the loan is in doubt.

In December 2016, the Company recovered \$1,000,000 of the loan receivable from Mr Lim In Chong ("Mr Lim").

Following negotiations between the Company and Mr Lim in March 2018, the remaining outstanding amount of the loan was settled for a total consideration of \$500,000. As a result, the remaining amount of \$2,127,000 has been written off against allowance.

16 Investments in subsidiaries and amounts due from/(to) subsidiaries

	Company	
	2018	2017
	\$'000	\$'000
Investments in subsidiaries, at cost	150,942	150,942
Less: Allowance for impairment loss	(86,496)	(74,928)
Investments in subsidiaries, net	64,446	76,014
Due from subsidiaries	85,453	88,763
Less: Allowance for impairment loss	(85,453)	(88,745)
Due from subsidiaries, net	–	18
Due to subsidiaries	(35,816)	(34,423)

The movement in the allowance for impairment loss of the investments in subsidiaries is as follows:

	Company	
	2018	2017
	\$'000	\$'000
Balance at the beginning of the financial year	74,928	87,574
Allowance for impairment loss	11,568	–
Write-back of allowance	–	(12,646)
Balance at the end of the financial year	86,496	74,928

During the financial year, an allowance for impairment of \$11,568,000 (2017: \$Nil) was recognised to impair the net carrying amount of the investment in Castlemaine Goldfields Pty Ltd ("CGT") as at the date of the balance sheet as the fair value less cost to sell of CGT is less than the cost of investment in CGT. In previous year, a reversal of the allowance for impairment of \$12,646,000 was recognised to write-back the net carrying amount of investment in CGT to the recoverable amount at the balance sheet date.

The recoverable amount of CGT of \$64,445,000 (2017: \$76,013,000) was determined based on its fair value less cost to sell. The fair value less cost to sell is computed based on adjusted net assets value of CGT, which is determined by taking into account the fair values of underlying assets and liabilities of the CGT. This fair value measurement is categorised as a Level 3 fair value in the fair value hierarchy based on the inputs in the valuation technique used.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

16 Investments in subsidiaries and amounts due from/(to) subsidiaries (cont'd)

The movement in the allowance for impairment loss of the amounts due from subsidiaries is as follows:

	Company	
	2018 \$'000	2017 \$'000
Balance at the beginning of the financial year	88,745	96,187
Disposal of subsidiaries	(2,916)	(12,528)
Allowance for impairment loss	2,955	4,612
Exchange differences	(3,331)	474
Balance at the end of the financial year	85,453	88,745

The amounts due from subsidiaries are non-trade, unsecured, interest-free and repayable in cash on demand. The amount of \$Nil (2017: \$18,000) due from subsidiaries is not past due but impaired.

The Company has impaired \$85,453,000 (2017: \$88,745,000) of the amounts due from subsidiaries as management considered the relevant amounts to be not recoverable.

The amount due to subsidiary is non-trade, unsecured, bears interest at Australian Bill Swap Rate plus 0.5% per annum and repayable in cash on demand.

Details of the subsidiaries are as follows:

Name of company and country of incorporation/operation	Principal activities	Percentage of equity held directly		Percentage of equity held indirectly	
		2018	2017	2018	2017
		%	%	%	%
<u>Held by the Company</u>					
Think Power Pte. Ltd. ^(a) Singapore	Investment holding	100	100	—	—
LionGold Investments Pte. Ltd. ^(a) Singapore	Investment holding	100	100	—	—
LionGold Corp (Singapore) Pte. Ltd. ^(a) Singapore	Investment holding	100	100	—	—
Signature Metals Limited ^(b) Australia	Investment holding	76.86	76.86	—	—
Castlemaine Goldfields Pty Ltd ^(b) Australia	Gold mining	100	100	—	—
LionGold Australia Pty Ltd ^(b) Australia	Investment holding	100	100	—	—
LionGold Mining Canada Inc. ^{(c) (d)} Canada	Investment holding	—	100	—	—

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

16 Investments in subsidiaries and amounts due from/(to) subsidiaries (cont'd)

Name of company and country of incorporation/operation	Principal activities	Percentage of equity held directly		Percentage of equity held indirectly	
		2018	2017	2018	2017
		%	%	%	%
<u>Held by subsidiaries</u>					
Uganda Minerals Pty Ltd ^(b) Australia	Gold exploration	–	–	76.86	76.86
Embuyaga Exploration Ltd ^(c) Uganda	Gold exploration	–	–	76.86	76.86
Balmaine Gold Pty Ltd ^(b) Australia	Gold exploration	–	–	100	100
Ironbark Mining Pty Ltd ^(b) Australia	Gold exploration	–	–	100	100

^(a) Audited by Baker Tilly TFW LLP, Singapore.

^(b) Audited by independent member firm of Baker Tilly International network in the respective country of incorporation.

^(c) Not required to be audited under the laws of the country of incorporation.

^(d) On 4 December 2017, the entity has been dissolved.

On 4 December 2017, the Company announced that LionGold Mining Canada Inc., a wholly owned subsidiary of the Company incorporated in Canada, has been dissolved with effect from 4 December 2017. The effect of the derecognition of the above subsidiary is as follows:

	2018 \$'000
Net assets derecognised	–
Reclassification of foreign currency translation reserve	274
Gain arising from loss of control over subsidiary included in profit or loss	274

Summarised financial information of subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiaries that have NCI that are considered by management to be material to the Group:

Name of subsidiary	Principal place of business/ Country of incorporation	Ownership interests held by NCI
31 March 2018		
Signature Metals Limited	Australia	23.14%
31 March 2017		
Signature Metals Limited	Australia	23.14%

The following are the summarised financial information of SML which includes consolidation adjustments but before inter-company eliminations. The summarised financial information of OML are included in Note 19.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

16 Investments in subsidiaries and amounts due from/(to) subsidiaries (cont'd)

Summarised financial information of subsidiaries with material non-controlling interests ("NCI") (cont'd)

Summarised Balance Sheet

	SML	
	2018	2017
	\$'000	\$'000
Non-current assets	10	13
Current assets	13	128
Non-current liabilities	(2,272)	(2,192)
Current liabilities	(49,861)	(52,720)
	(52,110)	(54,771)
Net liabilities attributable to NCI	(12,025)	(12,674)

Summarised Statement of Profit or Loss

	SML	
	2018	2017
	\$'000	\$'000
(Loss)/profit from continuing operations	(390)	570
Loss from discontinued operations	–	(32,424)
	(390)	(31,854)
Loss attributable to NCI	(90)	(7,371)

Summarised Cash Flows

	SML	
	2018	2017
	\$'000	\$'000
Cash flows used in operating activities	(293)	(79)
Cash flows used in investing activities	–	–
Cash flows from financing activities	299	77
Net increase/(decrease) in cash and cash equivalents	6	(2)

17 Other current assets

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Sundry deposits	32	78	–	3
Prepayments	525	664	458	495
	557	742	458	498

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

18 Inventories

	Group	
	2018	2017
	\$'000	\$'000
Raw materials, at cost	1,096	1,141
Gold in circuit and in safe, at net realisable value	5,707	4,467
Stockpile of unprocessed ore, at net realisable value	524	560
	7,327	6,168

The cost of inventories recognised as an expense and included in "cost of sales" amounted to \$51,591,000 (2017: \$48,790,000).

19 Discontinued operations and disposal group classified as held for sale

- (a) On 30 March 2016, the Board of Directors approved the plan to dispose or dilute its equity interest in OML to below 10%. Accordingly, the assets and liabilities related to OML have been presented as a disposal group held for sale as at 31 March 2016 and the results from OML is presented separately on the consolidated statement of profit or loss as "Discontinued Operations".

On 23 May 2016, SML entered into a separation agreement with its business partner, Talos in respect of OML. The effect of the separation agreement was to dilute SML's interest in OML from 70% (Group's effective interest was 53.80%) to 0.01%. Management is of the view that subsequent to the execution of the separation agreement and the resignation of SML's nominees from the Board of OML, SML no longer exercises any form of control over OML. Accordingly, OML has been derecognised from the Group with effect from 23 May 2016.

The unaudited management accounts of OML were used to prepare the consolidated financial statements of the Group and for the determination of the loss from the discontinued operations of the Group, as the audited financial statements of OML for the financial year ended 31 March 2016 and for the financial period from 1 April 2016 to the date when control was lost were not available.

The effect of the loss of control over OML on the cash flows of the Group is disclosed in Note A to the consolidated statement of cash flows.

- (b) On 22 December 2016, the Company announced that Mornington Offshore Inc. ("Mornington"), a 70% owned subsidiary of the Company incorporated in the British Virgin Islands ("BVI"), has been struck off from the BVI Registry of Companies with effect from 1 November 2016. Emas Mali S.A. and Emas Keikoro S.A.R.L. (collectively, the "Mornington Subsidiaries"), both incorporated in the Republic of Mali, are 100% and 80% subsidiaries of Mornington respectively. Mornington and the Mornington Subsidiaries have been derecognised from the Group with effect from 1 November 2016.

The effect of the derecognition of the above subsidiaries was as follows:

	2017
	\$'000
Net assets derecognised	—
Derecognition of non-controlling interests	(3,205)
Reclassification of foreign currency translation reserve	(121)
Loss on struck off included in discontinued operations	(3,326)

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

19 Discontinued operations and disposal group classified as held for sale (cont'd)

- (c) An analysis of the results of discontinued operations, and the results recognised on the remeasurement of disposal group for the previous financial year is as follows:

	OML	Mornington and Mornington Subsidiaries	Total
	2017	2017	2017
	\$'000	\$'000	\$'000
Revenue	–	–	–
Cost of sales	–	–	–
Gross profit	–	–	–
Administrative expenses	(1)	(9)	(10)
Other expenses	(45,803)	(3,890)	(49,693)
Finance costs	–	–	–
Loss before tax	(45,804)	(3,899)	(49,703)
Tax expense	–	–	–
Total loss from discontinued operations	(45,804)	(3,899)	(49,703)

- (d) The discontinued operations has no impact on the cash flows of the Group.

20 Security deposits

	Group	
	2018	2017
	\$'000	\$'000
Security deposits with banks	4,379	4,657

Security deposits are short term deposits to support bank guarantees in favour of various parties. The deposits of varying maturities are renewed throughout the life of the related rehabilitation bonds. The current deposits earn interest ranging from 2.40% to 2.45% (2017: 2.45% to 3.00%) per annum with the longest dated maturity of 13 September 2018 (2017: 2 August 2017). The term of future investment periods will take into account relative interest rates. The security deposits are renewed periodically to meet the obligations under the guarantees.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

21 Exploration and evaluation expenditure

	Group	
	2018	2017
	\$'000	\$'000
Cost		
Balance at the beginning of the financial year	5,287	7,724
Struck off of subsidiaries	–	(3,426)
Expenditure capitalised during the financial year	2,781	1,278
Transfer to mining properties	(1,948)	–
Write-off	(323)	(546)
Exchange differences	(278)	257
Balance at the end of the financial year	5,519	5,287
Accumulated impairment		
Balance at the beginning of the financial year	–	3,426
Struck off of subsidiaries	–	(3,426)
Balance at the end of the financial year	–	–
Net carrying amount		
Balance at the end of the financial year	5,519	5,287

Exploration and evaluation expenditure represent the acquisition costs and/or accumulation of exploration and evaluation activities in respect of areas of interest.

22 Mining properties

	Group	
	2018	2017
	\$'000	\$'000
Cost		
Balance at the beginning of the financial year	39,191	30,869
Additions	6,532	7,309
Transfer from exploration and evaluation expenditure	1,948	–
Exchange differences	(2,727)	1,013
Balance at the end of the financial year	44,944	39,191
Accumulated amortisation		
Balance at the beginning of the financial year	36,633	25,911
Amortisation (Note 8)	7,088	9,620
Exchange differences	(2,375)	1,102
Balance at the end of the financial year	41,346	36,633
Net carrying amount		
Balance at the end of the financial year	3,598	2,558

Mining properties represent the acquisition costs and/or accumulation of exploration, evaluation and development expenditure in respect of areas of interest in which mining has commenced. Total mining properties cost is amortised over the estimated units of production.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

23 Property, plant and equipment

Group	Freehold land \$'000	Leasehold land and building \$'000	Leasehold improvements \$'000	Plant and machinery \$'000	Office and electronic equipment \$'000	Motor vehicles \$'000	Field equipment \$'000	Construction in progress \$'000	Total \$'000
2018									
Cost									
At 1 April 2017	5,214	4,487	335	36,166	1,032	760	9,932	1,645	59,571
Additions	-	-	86	741	28	94	428	790	2,167
Disposals/write-offs	-	-	(335)	-	(216)	(108)	(10)	-	(669)
Exchange differences	(300)	(257)	-	(2,090)	(42)	(43)	(587)	(125)	(3,444)
At 31 March 2018	4,914	4,230	86	34,817	802	703	9,763	2,310	57,625
Accumulated depreciation									
At 1 April 2017	-	4,207	302	29,786	929	711	4,027	-	39,962
Charge for the year	-	275	35	2,987	55	44	3,044	-	6,440
Disposals/write-offs	-	-	(325)	-	(214)	(106)	-	-	(645)
Exchange differences	-	(252)	-	(1,816)	(38)	(38)	(348)	-	(2,492)
At 31 March 2018	-	4,230	12	30,957	732	611	6,723	-	43,265
Net carrying amount									
At 31 March 2018	4,914	-	74	3,860	70	92	3,040	2,310	14,360

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

23 Property, plant and equipment (cont'd)

Group	Freehold land \$'000	Leasehold land and building \$'000	Leasehold improvements \$'000	Plant and machinery \$'000	Office and electronic equipment \$'000	Motor vehicles \$'000	Field equipment \$'000	Construction in progress \$'000	Total \$'000
2017									
Cost									
At 1 April 2016	5,049	4,344	349	33,898	978	805	4,924	1,611	51,958
Additions	-	-	-	1,168	6	-	106	5,499	6,779
Disposals/write-offs	-	-	(14)	(730)	(7)	(69)	-	-	(820)
Transfer	-	-	-	744	33	-	4,740	(5,517)	-
Exchange differences	165	143	-	1,086	22	24	162	52	1,654
At 31 March 2017	5,214	4,487	335	36,166	1,032	760	9,932	1,645	59,571
Accumulated depreciation									
At 1 April 2016	-	3,422	245	23,770	818	648	2,797	-	31,700
Charge for the year	-	655	70	5,559	98	79	1,109	-	7,570
Disposals/write-offs	-	-	(13)	(446)	(7)	(39)	-	-	(505)
Exchange differences	-	130	-	903	20	23	121	-	1,197
At 31 March 2017	-	4,207	302	29,786	929	711	4,027	-	39,962
Net carrying amount									
At 31 March 2017	5,214	280	33	6,380	103	49	5,905	1,645	19,609

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

23 Property, plant and equipment (cont'd)

Included within additions of the Group are plant and equipment acquired under finance leases amounted to \$Nil (2017: \$1,168,000) and provision for rehabilitation and preservation of \$413,000 (2017: \$Nil) during the year. The cash outflow on acquisition of property, plant and equipment amounting to \$1,754,000 (2017: \$5,611,000).

At 31 March 2018, the net carrying amount of plant and machinery of the Group held under finance leases was \$734,000 (2017: \$1,565,000).

Company	Office and electronic equipment \$'000
2018	
Cost	
Balance at 1 April 2017	55
Additions	1
Balance at 31 March 2018	56
Accumulated depreciation	
Balance at 1 April 2017	42
Charge for the year	8
Balance at 31 March 2018	50
Net carrying amount	
Balance at 31 March 2018	6
2017	
Cost	
Balance at 1 April 2016	53
Additions	2
Balance at 31 March 2017	55
Accumulated depreciation	
Balance at 1 April 2016	35
Charge for the year	7
Balance at 31 March 2017	42
Net carrying amount	
Balance at 31 March 2017	13

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

24 Intangible assets

	Computer software \$'000	Goodwill \$'000	Total \$'000
2017			
Cost			
Balance at 1 April 2016	23	23,723	23,746
Disposal of subsidiaries	–	(1,720)	(1,720)
Write-offs	–	(22,003)	(22,003)
Reclassified to disposal group assets classified as held for sale	(22)	–	(22)
Exchange differences	(1)	–	(1)
Balance at 31 March 2017	–	–	–
Accumulated amortisation			
Balance at 1 April 2016	8	–	8
Charge for the year	3	–	3
Reclassified to disposal group assets classified as held for sale	(11)	–	(11)
Balance at 31 March 2017	–	–	–
Impairment loss			
Balance at 1 April 2016	–	23,723	23,723
Disposal of subsidiaries	–	(1,720)	(1,720)
Write-offs	–	(22,003)	(22,003)
Balance at 31 March 2017	–	–	–
Net carrying amount			
Balance at 31 March 2017	–	–	–

25 Trade and other payables

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Trade payables	2,223	1,721	–	–
Other payables and accruals	9,437	7,855	3,440	2,453
	11,660	9,576	3,440	2,453

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

26 Finance lease liabilities

	Group	
	2018	2017
	\$'000	\$'000
Minimum lease payments payable:		
- due not later than one financial year	723	709
- due later than one financial year and not later than five financial years	–	564
	723	1,273
Finance charges allocated to future financial years	(18)	(63)
Present value of minimum lease payments	705	1,210
Present value of minimum lease payments:		
Non-current liabilities		
- due later than one financial year and not later than five financial years	–	546
Current liabilities		
- due not later than one financial year	705	664
	705	1,210

The weighted average effective interest rate of the Group's finance leases is 4.75% (2017: 4.75%) per annum.

27 Borrowings

	Group and Company	
	2018	2017
	\$'000	\$'000
Restructured loan	15,803	15,803
Presented on the balance sheet as:		
Current	–	11,852
Non-current	15,803	3,951
	15,803	15,803

Restructured loan

On 22 May 2015, Premier Equity Fund Sub Fund D ("PEFD") completed the purchase of the outstanding \$23,630,000 (US\$17,000,000) in aggregate principal amount of 9% convertible bonds due on 8 May 2015 from the then bondholder. On 19 June 2015, the Company entered into the Bond Restructuring Agreement with PEFD and its manager, Value Capital for the repayment of the outstanding bonds (the "Restructured Loan"). As at the date of the Bond Restructuring Agreement, an outstanding coupon sum of \$954,000 (US\$685,000) was also due and payable to PEFD. Pursuant to the Bond Restructuring Agreement, the Company paid an upfront amount of \$2,780,000 (US\$2,000,000) towards repayment of the Restructured Loan.

Based on the Bond Restructuring Agreement, the interest amount shall be fixed at \$1,308,000 for the first 12 months of the agreement. Subsequently, the outstanding balance of the Restructured Loan shall bear interest at a rate of 6% (2017: 6%) per annum. All sums payable to the PEFD shall be converted into Singapore Dollar at an agreed exchange rate of US\$1: \$1.39 and all payments shall be made in Singapore Dollar. The Restructured Loan including outstanding coupon sum with a minimum payment of \$2,500,000 every quarter starting from 17 September 2015 shall be repaid no later than 18 June 2017.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

27 Borrowings (cont'd)

Restructured loan (cont'd)

On 5 July 2016, the Company, PEFD and Value Capital entered into a supplemental agreement to the Bond Restructuring Agreement, further to which the final repayment date of the Restructured Loan was extended from 18 June 2017 to 18 June 2018. The accrued interest shall be aggregated to the balance sum of loan as at 19 June 2017 (the "Aggregated Sum"), and the Company will repay the Aggregated Sum along with interest payable at a fixed interest rate of 15% of the Aggregated Sum in four quarterly instalments by 18 June 2018. During the previous financial year, the Company has repaid approximately \$2,000,000 of the Restructured Loan.

On 29 June 2017, the Company entered into debt restructuring agreement with PEFD and Value Capital for the repayment of the Restructured Loan ("New Restructured Loan"). The repayment due date of the New Restructured Loan may be extended to 5 years from the date of the debt restructuring agreement, subject to the Company obtaining all the relevant approvals necessary to give effect to the debt restructuring agreement ("Maturity Date") or 2 years from the date of the debt restructuring agreement in the event that the Company is unable to obtain all the relevant approvals. Based on the terms of the New Restructured Loan, the Company agrees to repay \$1,000,000 in cash on 18 June 2019. Thereafter, the Company shall repay \$750,000 on each date falling six months from 18 June 2019 up until the Maturity Date ("Scheduled Repayment"). PEFD shall, at its discretion, have the option to waive the Company's obligations for each of the Scheduled Repayments. Notwithstanding any waivers granted by PEFD, the Company shall repay, in aggregate, a minimum sum of \$1,000,000 for every 12 month period from 18 June 2019 up until the Maturity Date. Upon obtaining the relevant approvals in relation to the debt restructuring agreement, PEFD has the option but not an obligation to subscribe for shares in the Company as a form of repayment of the New Restructured Loan. At the balance sheet date, the Company has not obtained all the relevant approvals and therefore the Bond Restructuring Agreement has been extended by two years and the new final repayment date shall be 18 June 2020.

28 Convertible bonds

	Group and Company	
	2018	2017
	\$'000	\$'000
<i>Current</i>		
Redeemable Convertible Bonds	419	—
<i>Non-current</i>		
Redeemable Convertible Bonds	—	541
	419	541
	Group and Company	
	2018	2017
	\$'000	\$'000
Liability component at the beginning of the financial year	541	1,306
Face value, net of transaction cost, of convertible bonds issued	1,863	2,795
Derivative liability conversion component on initial recognition	(352)	(530)
Liability component on initial recognition	1,511	2,265
Amortisation of interest expense	111	104
Conversion of convertible bonds into ordinary shares	(1,744)	(3,134)
Liability component at the end of the financial year	419	541

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

28 Convertible bonds (cont'd)

On 19 June 2015, the Company entered into a Subscription Agreement with Premier Equity Fund Sub Fund E ("PEFE") and its manager, Value Capital for the issuance of \$100,000,000 in aggregate amount of Redeemable Convertible Bonds ("RCB"). The terms of the Bond Restructuring Agreement and the Subscription Agreement were approved by shareholders at a Special General Meeting on 14 September 2015 and the 1st sub-tranche of \$1,000,000 RCB was issued on 17 September 2015.

On 5 April 2016, the Company entered into a Supplemental Agreement with PEFE and Value Capital to remove the minimum conversion price of \$0.003 per conversion share agreed under the terms of the Subscription Agreement. The terms of the Supplemental Agreement were approved by shareholders at a Special General Meeting on 29 April 2016.

As at 31 March 2018, the maximum number of conversion shares that may be issued pursuant to the conversion of the RCB is 33,333,333,333 conversion shares. After taking into account the 6,846,600,562 shares previously issued pursuant to the conversion of an aggregate \$9,450,000 principal amount of RCB (up to 31 March 2018) and the lowest conversion price of \$0.00085 per conversion share, the Company may issue a balance of an aggregate principal amount of approximately \$23,000,000 of RCB pursuant to the Subscription Agreement.

During the financial year, the Company issued RCB with an aggregate principal amount of \$2,000,000 (2017: \$3,000,000). The RCB are due for repayment 3 years from 17 September 2015 or 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. During the financial year, RCB with an aggregate principal amount of \$2,150,000 (2017: \$4,000,000) were fully converted into ordinary shares of the Company. At the balance sheet date, the principal amount of RCB that has been issued which are yet to be converted into the ordinary shares of the Company amounted to \$550,000 (2017: \$700,000).

29 Derivative liability conversion component on the convertible bonds

	Group and Company	
	2018	2017
	\$'000	\$'000
Derivative liability conversion component at the beginning of the financial year	124	300
Derivative liability conversion component on initial issuance of bonds	352	530
Conversion of convertible bonds into ordinary shares	(379)	(706)
Derivative liability conversion component at the end of the financial year	97	124

The derivative liability conversion option relates to the conversion option of the redeemable convertible bond that is recognised at its fair value, determined by applying the binomial option valuation model. This fair value measurement is categorised in Level 2 fair value of the fair value hierarchy.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

30 Deferred consideration

	Group	
	2018	2017
	\$'000	\$'000
Balance at the beginning of the financial year	2,191	1,754
Unwind of discount on deferred consideration (Note 6)	215	371
Exchange differences	(134)	66
Balance at the end of the financial year	2,272	2,191

The Group via its subsidiary, SML recognised deferred consideration on the option agreement to purchase 70% of the Konongo Gold Project under OML. Under the terms of the agreement, a further payment of 50 million shares or A\$1 million cash will be made once the project achieves 1 million ounces in Measured and Indicated JORC resources (tranche 2). A final payment of A\$3 million in cash or shares at the seller's discretion will be made following the production of 100,000 ounces of gold from the projects (tranche 3). The deferred consideration is recognised as a financial liability at amortised cost at an effective interest rate of 10% to be paid in Year 2021.

31 Rehabilitation and preservation provision

	Group	
	2018	2017
	\$'000	\$'000
Balance at the beginning of the financial year	5,615	5,278
Provision made during the year	413	106
Return of exploration rehabilitation bond	(20)	–
Amortisation of discount (Note 7)	57	56
Exchange differences	(326)	175
Balance at the end of the financial year	5,739	5,615

The provision for rehabilitation and preservation is to cover the estimated costs of land rehabilitation and preservation as a result of past mining and exploration activities at Ballarat and Castlemaine, all in Australia.

32 Issued capital, share premium and discount on capital

	Group	
	2018	2017
	\$'000	\$'000
Authorised:		
2,777,200,000 ordinary shares of \$0.0001 each	277,720	277,720

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

32 Issued capital, share premium and discount on capital (cont'd)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at meetings of the Company.

	Group and Company			
	2018	2017	2018	2017
	No. of shares of \$0.0001 each	No. of shares of \$0.0001 each	\$'000	\$'000
<i>Issued and fully paid:</i>				
Balance at the beginning of the financial year	5,580,514,064	2,034,749,734	558	204
Conversion of shares from convertible bonds	2,529,411,761	3,545,764,330	253	354
Balance at the end of the financial year	8,109,925,825	5,580,514,064	811	558
<i>Share premium:</i>				
Balance at the beginning of the financial year			277,648	274,162
Conversion of shares from convertible bonds			1,870	3,486
Balance at the end of the financial year			279,518	277,648

LionGold Performance Share Plan

The LionGold Performance Share Plan (the "LPSP") for key management personnel and employees of the Group was approved by members of the Company at a Special General Meeting on 20 December 2012.

The LPSP provides a means to reward, retain and motivate employees who have contributed to the development of the Group.

Under the scheme, full-time executives of the Group (the "Participants") whose employment has been confirmed as of the date of the award and hold such rank, as may be designated by the committee comprising directors of the Company (the "Committee"), are eligible to participate in the LPSP. The selection of the participants and the number of Shares to be awarded are determined at the absolute discretion of the Committee taking into account criteria such as the participant's rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort required to achieve the performance target within the performance period. Share awards may be granted at any time during the course of a financial year.

In financial year 2015, the Company has granted 5,750,000 additional new shares under the LPSP (the "2014 Share Award"), and a supplementary performance share award dated 24 June 2014 which at the date of grant had a market value of \$0.084. Details of the shares awarded to the Participants are as follows:

	Aggregate number of shares granted since commencement of the LPSP to the end of the financial year under review	Aggregate number of new shares granted during the financial year under review	Aggregate number of shares which have not been released at the end of the financial year under review
2014 Share Award	18,450,000	—	—

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

33 Other reserves

The amounts of the Group's reserves and the movements therein for the current and prior financial years are presented in the consolidated statement of changes in equity.

Contributed surplus

The Group's contributed surplus represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to a Group re-organisation in prior years, over the nominal value of the Company's shares issued in exchange thereof.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currency is different from that of the Group's presentation currency.

Movements in the foreign currency translation reserve during the financial year are as follows:

	Group	
	2018	2017
	\$'000	\$'000
Balance at the beginning of the financial year	(16,335)	(34,792)
Net currency translation differences of financial statements of foreign subsidiaries	(4,333)	23,794
Non-controlling interests	(739)	5,429
Reclassification of currency translation differences on loss of control and struck off of subsidiaries from equity to profit or loss	274	(10,766)
Balance at the end of the financial year	(21,133)	(16,335)

34 Related party transactions

Compensation of key management personnel

The remuneration of the key management personnel (including the directors) of the Group, were as follows:

	Group	
	2018	2017
	\$'000	\$'000
Salaries and other short term employee benefits	1,416	1,605
Directors' fees	233	259
Contributions to defined contribution plans	57	47
	1,706	1,911
Comprise amounts paid/payable to:		
- Directors of the Company	961	988
- Key management	745	923
	1,706	1,911

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

35 Commitments

(a) Operating lease commitments

The Group leases office premises under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, were analysed as follows:

	Group	
	2018	2017
	\$'000	\$'000
Within one financial year	124	124
Between two to five financial years	161	–
	285	124

The above operating leases do not contain any escalation clauses and do not provide for contingent rents.

(b) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2018	2017
	\$'000	\$'000
Exploration tenements	2,680	2,374
Property, plant and equipment	141	452
	2,821	2,826

36 Contingent liabilities

- (a) In the financial year ended 31 March 2015 ("FY2015"), the Company has been notified of a claim in relation to a proposed subscription for shares in another company amounting to approximately \$2,369,000. The matter is under dispute and the Company's legal advisors are of the view that the Company has strong grounds to rescind the agreement. There has been no update since FY2015. As such, no provision was recognised as at 31 March 2018.

- (b) Potential claim on corporate guarantee

Prior to the disposal of IPT, the Company provided a corporate guarantee for the due performance of IPT's obligations under an Engineering Procurement Construction & Commissioning Turnkey Contract ("EPCC Contract") that IPT had entered into with a customer. Subsequently, IPT received a notice of termination from this customer stating that IPT was in breach and default of its obligations under the EPCC Contract. IPT is disputing that it was in breach and default of its obligations.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

36 Contingent liabilities (cont'd)

(b) Potential claim on corporate guarantee (cont'd)

The Company's legal advisors have advised that in the event it receives a written demand from the customer, the Company will have to discharge its obligations under the corporate guarantee (be it payment of liquidated damages and/or performance of all outstanding obligations under the EPCC Contract), regardless of whether IPT is successful in proving its defense against the customer's claims.

IPT had completed the engineering, procurement and construction of the power plant which IPT has received approximately \$29,300,000 (equivalent of RM78,300,000), being approximately 90% of the EPCC Contract's original contract sum. As at 31 March 2018, according to the terms of the EPCC Contract, the exposure of the maximum liquidated damages is approximately \$5,400,000 (equivalent of RM16,240,000 at the current prevailing exchange rate).

At the date of these financial statements, the directors confirmed that the customer has not made any claim against the Company on the corporate guarantee and thus no provision is required to be made to the accompanying financial statements.

37 Segment information

Management has determined that the Group's reportable segments are its business segments. These business units are managed separately because each business requires different technology, expertise and marketing strategies.

Following the de-consolidation of OML, the Group now operates in one business segment, that of gold mining. Therefore, separate segment information is not presented for the current financial year.

In the previous financial year, the Group discontinued part of its gold investments in Ghana (Note 19) and the identification of the Group's reportable segments was as follows:

Business segments

Investment holdings

Gold investments

Principal activities

Investment holding

Gold exploration and mining projects

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

37 Segment information (cont'd)

(a) Business segments

Group	Investment holdings \$'000	Gold investments \$'000	Discontinued operations \$'000	Consolidated \$'000
31 March 2017				
Segment revenue				
Sales to external customers	–	72,592	–	72,592
Cost of goods sold	–	(65,804)	–	(65,804)
Gross loss	–	6,788	–	6,788
Other income	140	235	–	375
Operating expenses	(4,824)	(1,550)	(49,703)	(56,077)
Segment results	(4,684)	5,473	(49,703)	(48,914)
Finance costs				(1,297)
Income tax				–
Loss for the year				(50,211)
Segment assets	1,109	49,762	–	50,871
Segment liabilities	8,100	9,282	–	17,382
Unallocated liabilities				
- Borrowings				15,803
- Derivative financial instruments				124
- Finance lease liabilities				1,210
- Convertible bonds				541
				35,060
Other segment information				
Capital expenditure				
- property, plant and equipment	6	6,773	–	6,779
Write-back of allowance for impairment loss on other receivables	1,010	–	–	1,010
Amortisation of mining properties	–	(9,620)	–	(9,620)
Amortisation of discount on provision for rehabilitation and preservation	–	(56)	–	(56)
Depreciation of property, plant and equipment	(118)	(7,452)	–	(7,570)
Exploration and evaluation expenditure written off	–	(546)	–	(546)
Impairment loss on available-for-sale financial assets	(340)	–	–	(340)
Loss arising from loss of control over subsidiary	–	–	(44,075)	(44,075)
Loss on struck off of subsidiary	–	–	(3,326)	(3,326)

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

37 Segment information (cont'd)

(b) Geographical segments

The Group operates in one main geographical segment by location of customers, namely Australia.

(c) Information about major customers

Revenue of \$59,136,000 (2017: \$72,592,000) is derived from one (2017: one) external customer who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

		Group	
		2018	2017
		\$'000	\$'000
Attributable segments			
Customer 1	Gold investments	59,136	72,592

38 Financial instruments

Categories of financial instruments

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<i>Financial assets</i>				
Financial assets at fair value through profit or loss	— [^]	— [^]	— [^]	— [^]
Loans and receivables	8,661	16,585	21	415
	8,661	16,585	21	415
<i>Financial liabilities</i>				
At amortised cost	33,084	32,303	55,478	53,220
Derivative financial instruments	97	124	97	124
	33,181	32,427	55,575	53,344

[^] Amount less than \$1,000

Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks, including the effects of interest rate risk, credit risk, foreign currency risk, market risk and liquidity risk arising in the normal course of business. The Company manages and measures such financial risks in the same manner as the Group. The Group's risk management, which remains unchanged from the prior year, seeks to minimise the potential adverse effects from these exposures. There has been no change to the exposure to financial risks or the manner in which these risks are managed and measured. The management reviews and agrees policies for managing each of these risks.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

38 Financial instruments (cont'd)

Financial risk management (cont'd)

The risk factors, risk management policies and related procedures for the Group are summarised as follows:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to market risk for changes in interest rates mainly arise from short-term bank deposits, finance leases, borrowings and convertible bonds. Information relating to the Group's interest rate exposure is disclosed in Notes 12, 26, 27 and 28.

Interest rate risk is managed by the Group and the Company on an on-going basis with the primary objective of limiting the extent to which net interest expense could be impacted from an adverse movement in interest rates. Surplus funds are placed with reputable banks.

The sensitivity analysis to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and the Company's results net of tax has not been disclosed as the Group's exposure to changes in market interest rates is not significant as the majority of the Group's borrowings are charged at a fixed rate.

Credit risk

Credit risk refers to the risk that counterparties may be unable to meet their obligations resulting in financial loss to the Group.

The Group and the Company have policies in place to ensure that the sale of products and services rendered are made to customers with an appropriate credit history. The potential exposures are monitored and reported to management on a timely basis. Allowance for impairment of receivables is made when there is objective evidence that the amounts due will not be collected according to the original terms of the receivables.

For receivables, the Group and the Company adopt the policy of dealing only with customers of appropriate credit history to mitigate credit risk. For other financial assets, the Group and the Company adopt the policy of dealing only with high credit quality counterparties. Cash, fixed deposits and security deposits are held with creditworthy financial institutions.

The Group and the Company does not have concentration of credit risk at 31 March 2018 and 2017.

As the Group and the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet and financial guarantees as disclosed in Note 36.

Financial assets that are past due but not impaired

The Group and the Company do not have any class of financial assets that is past due but not impaired.

Financial assets that are past due and/or impaired

There is no other class of the Group's and the Company's financial assets that is past due and/or impaired except for other receivables and amounts due from subsidiaries.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

38 Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Financial assets that are past due and/or impaired (cont'd)

The carrying amounts of other receivables and amounts due from subsidiaries individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Gross amount	913	3,540	86,366	92,303
Less: Allowance for impairment	(900)	(3,523)	(86,353)	(92,268)
	13	17	13	35
<i>Movement in allowance for impairment:</i>				
Beginning of financial year	3,523	4,533	92,268	100,720
Disposal of subsidiaries	–	–	(2,916)	(12,528)
Allowance made	4	–	2,955	4,612
Allowance written back	(500)	(1,010)	(500)	(1,010)
Allowance written off	(2,127)	–	(2,123)	–
Exchange difference	–	–	(3,331)	474
End of financial year	900	3,523	86,353	92,268

Receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Foreign currency risk

The Group and the Company have exposures arising from transactions, assets and liabilities that are denominated in currencies other than their respective functional currencies of entities in the Group. The currencies giving rise to this risk are primarily the United States Dollar ("USD") and Australian Dollar ("AUD").

The Group and the Company seek to manage its foreign currency exposure by natural hedges, whenever possible, by depositing foreign currency proceeds from sales into foreign currency bank accounts which are primarily used for payments in the same currency. The Group and the Company endeavour to keep the net exposure at a level that is deemed acceptable by management.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

38 Financial instruments (cont'd)

Financial risk management (cont'd)

Foreign currency risk

The Group's and the Company's foreign currency exposure based on the information provided to key management is as follows:

Group	USD \$'000	AUD \$'000
2018		
<i>Financial assets</i>		
Other receivables	–	1
Cash and cash equivalents	6	1
	<u>6</u>	<u>2</u>
<i>Financial liabilities</i>		
Trade and other payables	97	9
Due to subsidiaries	–	35,816
	<u>97</u>	<u>35,825</u>
Currency exposure on net financial liabilities	<u>(91)</u>	<u>(35,823)</u>
2017		
<i>Financial assets</i>		
Other receivables	53	1
Cash and cash equivalents	3	3
	<u>56</u>	<u>4</u>
<i>Financial liabilities</i>		
Trade and other payables	156	13
Due to subsidiaries	–	34,423
	<u>156</u>	<u>34,436</u>
Currency exposure on net financial liabilities	<u>(100)</u>	<u>(34,432)</u>

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

38 Financial instruments (cont'd)

Financial risk management (cont'd)

Foreign currency risk

Company	USD \$'000	AUD \$'000
2018		
<i>Financial assets</i>		
Other receivables	–	1
Cash and cash equivalents	1	1
	<u>1</u>	<u>2</u>
<i>Financial liabilities</i>		
Trade and other payables	96	9
Due to subsidiaries	–	35,816
	<u>96</u>	<u>35,825</u>
Currency exposure on net financial liabilities	<u>(95)</u>	<u>(35,823)</u>
2017		
<i>Financial assets</i>		
Other receivables	–	1
Cash and cash equivalents	1	3
	<u>1</u>	<u>4</u>
<i>Financial liabilities</i>		
Trade and other payables	155	13
Due to subsidiaries	–	34,423
	<u>155</u>	<u>34,436</u>
Currency exposure on net financial liabilities	<u>(154)</u>	<u>(34,432)</u>

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

38 Financial instruments (cont'd)

Financial risk management (cont'd)

Foreign currency risk

A 5% (2017: 5%) strengthening of the relevant functional currencies of the Company and Group's subsidiaries against the following currencies at the balance sheet date would increase/(decrease) the Group's and the Company's loss after income tax approximately by the amounts shown below. This analysis assumes that all other variables remain constant.

	Increase/(decrease) Loss after tax	
	2018	2017
	\$'000	\$'000
Group		
USD	(4)	(4)
AUD	(1,791)	(1,429)
Company		
USD	(4)	(6)
AUD	(1,791)	(1,429)

A 5% (2017: 5%) weakening of the relevant functional currencies of the Company and Group's subsidiaries against the above currencies would have an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Price risk

The Group and the Company are exposed to equity securities price risk because of the investments held by the Group and the Company which are classified as financial assets at fair value through profit or loss or available-for-sale financial assets. These securities are listed in Australia. The management diversifies its portfolio and monitors the fluctuation of the prices of these securities on a regular basis.

The sensitivity analysis for price risk is not disclosed as the effect on the profit or loss and other comprehensive income is considered not significant.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The responsibility for liquidity risk management rests with the Board of Directors.

The Group manages liquidity risk by securing funds through various fund raising activities in the equity market or otherwise to meet the operating requirements of the business. Despite the significant decline in the share price of the Company after 4 October 2013 and the investigations by the Commercial Affairs Department in Singapore into the trading of shares in the Company, which have impacted on the Company's immediate cash resources available to fund the Group's operations, the management has taken various measures to stabilise the operations of the Group.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

38 Financial instruments (cont'd)

Financial risk management (cont'd)

Liquidity risk (cont'd)

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows.

Group	Carrying amount \$'000	Contractual cash flows \$'000	Within one year \$'000	More than one year but less than five years \$'000	More than five years \$'000
2018					
Trade and other payables	11,660	11,660	11,660	–	–
Deferred consideration	2,272	3,024	–	3,024	–
Rehabilitation and preservation provision	5,739	6,029	558	1,641	3,830
Borrowings	15,803	16,395	–	16,395	–
Convertible bonds	419	550	550	–	–
Finance lease liabilities	705	723	723	–	–
	36,598	38,381	13,491	21,060	3,830
2017					
Trade and other payables	9,576	9,576	9,576	–	–
Deferred consideration	2,191	3,209	–	3,209	–
Rehabilitation and preservation provision	5,615	6,029	603	1,628	3,798
Borrowings	15,803	16,395	12,207	4,188	–
Convertible bonds	541	700	–	700	–
Finance lease liabilities	1,210	1,273	709	564	–
	34,936	37,182	23,095	10,289	3,798
Company					
2018					
Due to subsidiaries	35,815	35,815	35,815	–	–
Trade and other payables	3,441	3,441	3,441	–	–
Borrowings	15,803	16,395	–	16,395	–
Convertible bonds	419	550	550	–	–
	55,478	56,201	39,806	16,395	–
2017					
Due to subsidiaries	34,423	34,423	34,423	–	–
Trade and other payables	2,453	2,453	2,453	–	–
Borrowings	15,803	16,395	12,207	4,188	–
Convertible bonds	541	700	–	700	–
	53,220	53,971	49,083	4,888	–

The contractual expiry by maturity of the Group's and the Company's financial guarantees is described in Note 40.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

39 Guarantees

The table below shows the contractual expiry by maturity of the Group's and the Company's contingent liabilities and commitments. The maximum amount of the guarantee contracts are allocated to the earliest period in which the guarantee could be recalled.

	Group and Company	
	2018 \$'000	2017 \$'000
	1 year or less	1 year or less
Corporate guarantee provided to a customer in connection with a project granted to a former subsidiary - unsecured	29,277	27,445
Financial guarantee provided to a supplier in connection with products purchased by a former subsidiary - unsecured	241	245
	29,518	27,690

40 Fair values of assets and liabilities

(a) Fair value hierarchy

The following table presents the assets measured at fair value and classified by level of the following fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

(b) Fair value measurements of assets and liabilities that are measured at fair value

The following table presents the assets measured at fair value at 31 March 2018 and 31 March 2017:

Group	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2018				
Assets				
Financial assets at fair value through profit or loss	— [^]	—	—	— [^]
Liabilities				
Deferred consideration	—	—	2,272	2,272
Derivative financial instruments	—	97	—	97
	—	97	2,272	2,369

[^] Amount less than \$1,000

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

40 Fair values of assets and liabilities (cont'd)

- (b) Fair value measurements of assets and liabilities that are measured at fair value (cont'd)

The following table presents the assets measured at fair value at 31 March 2018 and 31 March 2017 (cont'd):

Group	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2017				
Assets				
Financial assets at fair value through profit or loss	— [^]	—	—	— [^]
Liabilities				
Deferred consideration	—	—	2,191	2,191
Derivative financial instruments	—	124	—	124
	—	124	2,191	2,315
Company				
2018				
Assets				
Financial assets at fair value through profit or loss	— [^]	—	—	— [^]
Liabilities				
Derivative financial instruments	—	97	—	97
2017				
Assets				
Financial assets at fair value through profit or loss	— [^]	—	—	— [^]
Liabilities				
Derivative financial instruments	—	124	—	124

[^] Amount less than \$1,000

Fair values have been determined for measurement purposes based on the following methods:

Quoted investments

The fair values of trading securities traded in active markets are based on quoted market prices at the balance sheet date. The quoted market prices used for the trading securities held by the Group and the Company are the closing price at the balance sheet date. These financial assets are included in Level 1.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

40 Fair values of assets and liabilities (cont'd)

- (b) Fair value measurements of assets and liabilities that are measured at fair value (cont'd)

Fair values have been determined for measurement purposes based on the following methods (cont'd):

Deferred consideration

Included in Level 3 is a contingent consideration payable which is carried at present value of the expenditures expected to be required to settle the obligation. The movements of the Level 3 financial instruments are disclosed in Note 30.

The table below shows an indicative basis on the profit or loss and balance sheet sensitivity to possible changes in other key inputs to valuation of the Level 3 financial instruments.

Increase/(decrease) in financial liability and loss/(gain) in profit or loss from change in key input

	2018 \$'000	2017 \$'000
<i>Deferred consideration</i>		
1% increase in discount rate	(61)	(78)
1% decrease in discount rate	63	82

Derivative financial instruments

The basis for determining fair values at the balance sheet date is disclosed in Note 29.

There were no transfers between Level 1 and 2 during the financial years ended 31 March 2018 and 31 March 2017.

- (c) Assets and liabilities not carried at fair value but approximation to fair values

The carrying amounts of borrowings and convertible bonds approximate their fair values at the balance sheet date, as the market lending rate at the balance sheet date was not significantly different from either the interest rates of borrowings or market lending rate at the initial measurement date of convertible bonds.

The carrying amounts of cash and cash equivalents, security deposits, other receivables and payables approximate their fair values because of the short-term period of maturity and/or where the effect of discounting is immaterial.

41 Capital management

The Group's and Company's primary objective is to maintain an efficient mix of debt and equity and maintain an optimal capital structure. In order to maintain or achieve an optimal capital structure, management will make adjustments to reflect economic conditions, business strategies and future commitments. Capital represents equity attributable to equity holders of the Company and convertible bonds.

There is no capital requirement that is required to be complied with by the Group.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2018

42 Basis for qualified opinion on the financial statements for the financial year ended 31 March 2017

The independent auditor's report dated 30 June 2017 contained a qualified opinion on the financial statements for the financial year ended 31 March 2017. The extract of the basis for qualified opinion is as follows:

Discontinued operations and disposal group held for sale

As disclosed in Note 19(a) to the financial statements, the unaudited management accounts of Owere Mines Limited ("OML") were used to prepare the consolidated financial statements of the Group, as the audited financial statements of OML for the period from 1 April 2016 to the date when control is lost are not available. The loss of \$45,804,000 (2016: \$9,006,000) in respect of OML, prior to it ceasing to be a subsidiary and its consequential loss arising from loss of control was included in the loss from the discontinued operations, net of tax, in the consolidated statement of profit or loss.

We were unable to obtain sufficient information and explanations to enable us to form an opinion as to whether the unaudited management accounts of OML used in the preparation of the consolidated financial statements of the Group, were prepared in accordance with Financial Reporting Standards in Singapore and in form and content appropriate and proper for the purpose of preparation of the consolidated financial statements of the Group and for the determination of the loss from the discontinued operations of the Group. Consequently, we were unable to determine whether any adjustments might be necessary in respect of the consolidated financial statements of the Group for the financial year ended 31 March 2017 and the loss from the discontinued operations of the Group.

Impairment of loan receivable

As disclosed in Note 15 to the financial statements, included in the other receivables as at 31 March 2017 is a loan receivable of \$2,627,000 (2016: \$3,627,000) due from a third party, Annica Holdings Limited ("Annica"). In February 2016, the Company entered into a debt assignment agreement with Annica and Mr Lim In Chong ("Mr Lim") to assign the loan receivable to Mr Lim for a consideration of \$3,200,000. The Group and the Company had recognised a full allowance for impairment loss on the loan receivable in the previous financial year as the directors are of the opinion that the recoverability of the loan is in doubt.

Subsequently in December 2016, the Company recovered \$1,000,000 of the loan receivable from Mr Lim. However, we were unable to obtain sufficient appropriate audit evidence to conclude on the recoverability of the remaining balance of the loan receivable and whether the full allowance for impairment loss provided on the loan receivable is appropriate. Consequently, we were unable to determine whether any adjustments might be necessary in respect of the accompanying financial statements for the financial year ended 31 March 2017.

Investigation by Commercial Affairs Department

As disclosed in Note 3 to the financial statements, in April 2014, the Company and one of its subsidiaries were served notices by the Commercial Affairs Department ("CAD") of the Singapore Police Force in relation to an investigation into an offence under the Securities and Futures Act, Chapter 289. As the CAD has not provided details of its investigation, we were unable to ascertain (i) whether the investigation would have an impact on the Group's and the Company's ongoing business operations; and (ii) the significance of adjustments, if any, that may arise from the investigation, to the accompanying financial statements.

43 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of LionGold Corp Ltd on 29 June 2018.

Shareholders' Information

As At 18 June 2018

STATISTICS OF SHAREHOLDERS

Authorised Capital	S\$277,720,000
Issued and fully Paid-up Capital	S\$869,816.11
Number of Issued Shares	8,698,161,119
Class of Shares	Ordinary share of S\$0.0001 each
Voting Rights	On show of hands : One vote for each member On a poll : One vote for each ordinary share
Treasury Shares	Nil

ANALYSIS OF SHAREHOLDING BY RANGE

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	237	3.45	4,679	0.00
100 - 1,000	417	6.07	235,089	0.00
1,001 - 10,000	1,529	22.25	9,004,279	0.10
10,001 - 1,000,000	3,869	56.30	799,819,453	9.20
1,000,001 & ABOVE	820	11.93	7,889,097,619	90.70
TOTAL	6,872	100.00	8,698,161,119	100.00

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Direct Interest		Deemed Interest	
	Units	%	Units	%
Value Capital Asset Management Private Limited	1,588,235,322	18.26	—	—
Premier Equity Fund Sub Fund E	—	—	1,588,235,322	18.26 ¹

Notes:

- The deemed interest arises by virtue of the interest in Value Capital Asset Management Private Limited. Value Capital Asset Management Private Limited is the Investment Manager for Premier Equity Fund Sub Fund E. Premier Equity Fund Sub Fund E's aggregate interest in 1,588,235,322 shares are held by Value Capital Asset Management Private Limited.

Shareholders' Information

As At 18 June 2018

LIST OF TWENTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	%
DBS VICKERS SECURITIES (S) PTE LTD	1,656,321,946	19.04
PHILLIP SECURITIES PTE LTD	274,196,488	3.15
NEO YAM CHENG OR LEE KWEE LAN	239,284,000	2.75
MAYBANK KIM ENG SECURITIES PTE LTD	181,169,216	2.08
KOH SWEE YONG	180,000,000	2.07
PHANG CHUNG WAH	160,000,000	1.84
LEE EE @ LEE ENG	157,000,000	1.80
OCBC SECURITIES PRIVATE LTD	133,478,329	1.53
DBS NOMINEES PTE LTD	126,413,243	1.45
RAFFLES NOMINEES (PTE) LTD	118,883,869	1.37
CHONG FON KHIAM	118,500,000	1.36
PEH TAI KIM	70,000,000	0.81
HO BENG SIANG	69,500,000	0.80
RHB SECURITIES SINGAPORE PTE LTD	63,504,058	0.73
HUANG QINGPING	60,000,000	0.69
LIM CHIN KHENG	60,000,000	0.69
NG SENG LIN	60,000,000	0.69
ABN AMRO CLEARING BANK N.V.	59,202,351	0.68
CITIBANK NOMINEES SINGAPORE PTE LTD	58,696,671	0.68
TOH CHENG HAI	57,000,000	0.66
TOTAL	3,903,150,171	44.87

DIRECTORS' INTERESTS AS AT 21 APRIL 2018

Name of Director	Direct Interest		Deemed Interest	
	Units	%	Units	%
Tan Soo Khoo Raymond	1,800,000	0.02	—	—
Tan Sri Dato Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil	1,500,000	0.02	—	—
Bernard Soo Puong Yii	950,000	0.01	—	—
Roland Kenneth Selvanayagam	950,000	0.01	—	—
Dr Denis Edmund Clarke	1,300,000	0.02	—	—

SHAREHOLDINGS HELD BY THE PUBLIC

Based on information available to the Company as at 18 June 2018, 81.67% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Listing Manual issued by the SGX-ST is complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of LIONGOLD CORP LTD (“Company”) will be held at Level 3, Meeting Room 333, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Monday, 30 July 2018 at 11.00 a.m., for the following purposes:

AS ORDINARY BUSINESS

- 1 To receive and adopt the audited financial statements for the financial year ended 31 March 2018 (“FY2018”) and the Directors’ Statement and Independent Auditors’ Report thereon.
(Resolution 1)
 - 2 To approve the payment of Directors’ fees of S\$135,000 for the year ending 31 March 2019 (“FY2019”), to be payable quarterly in arrears (Previous year FY2018: S\$165,000).
(Resolution 2)
 - 3 To re-elect the following Directors retiring pursuant to Bye-Law 104 of the Company:
 - (i) Tan Soo Khoon Raymond (Resolution 3)
 - (ii) Dr Denis Edmund Clarke (Resolution 4)
- Note:**
- Tan Sri Dato’ Nik Ibrahim Kamil has notified the Company of his intention not to seek re-election. Accordingly, Tan Sri Dato’ Nik Ibrahim Kamil will cease to be a Director of the Company at the conclusion of the Annual General Meeting. The vacated office by Tan Sri Dato’ Nik Ibrahim Kamil will not be filled.
- 4 To re-appoint Baker Tilly TFW LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.
(Resolution 5)
 - 5 To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions as ordinary resolutions, with or without modifications:

- 6 **Authority to Directors to Issue Shares**

“THAT pursuant to Rule 806 of Section B: Rules of Catalist of the Listing Manual (the “Catalist Rules”) of the Singapore Exchange Securities Trading Limited (“SGX-ST”), authority be and is hereby given to the Directors of the Company to:

 - (a)
 - (i) issue shares in the Company (“Shares”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively “instruments”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and
 - (b) (notwithstanding the authority conferred by this Resolution 6 may have ceased to be in force) issue Shares in pursuance of any instrument made or granted by the Directors while this Resolution was in force,

Notice of Annual General Meeting

provided that:

- (1) the aggregate number of Shares (including Shares to be issued pursuant to instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution 6 shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and instruments to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution 6, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of any convertible securities;
 - (b) new Shares arising from exercising share options or vesting of share awards, which are outstanding or subsisting at the time of the passing of this Resolution 6, provided the options or awards were granted in compliance with the Catalist Rules; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution 6, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-Laws of the Company; and
- (4) unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

(See Explanatory Note A)

(Resolution 6)

7 Authority to Directors to Grant Awards and Issue Shares pursuant to the LionGold Performance Share Plan

"THAT approval be and is hereby given to the Directors to offer and grant share awards in accordance with the provisions of the LionGold Performance Share Plan and to allot and issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the vesting of the share awards under the LionGold Performance Share Plan, provided always that the aggregate number of Shares which may be allotted and issued or transferred pursuant to share awards granted under the LionGold Performance Share Plan, when added to (i) the number of Shares issued and issuable and/or transferred and transferable in respect of all share awards granted thereunder; and (ii) all Shares issued and issuable and/or transferred and transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force shall not exceed fifteen per cent (15%) of the total number of issued shares of the Company (excluding treasury shares) on the day preceding the relevant date of share awards, and provided also that subject to such adjustments as may be made to the LionGold Performance Share Plan as a result of any variation in the capital structure of the Company."

(See Explanatory Note B)

(Resolution 7)

By Order of the Board

Ong Sing Huat
Company Secretary
Singapore
6 July 2018

Notice of Annual General Meeting

EXPLANATORY NOTES ON RESOLUTIONS TO BE PASSED

NOTES TO SPECIAL BUSINESS:

Explanatory Note A

The proposed Resolution 6, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting, to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments up to a number not exceeding, in total 100% of the total number of issued Shares (excluding treasury shares) in the capital of the Company, of which 50% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares) will be calculated based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time the Resolution 6 is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards, which are outstanding or subsisting at the time when the Resolution 6 is passed, provided the options or awards were granted in compliance with the Catalist Rules, and any subsequent bonus issue, consolidation or subdivision of Shares.

Explanatory Note B

The proposed Resolution 7, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting, to offer and grant share awards pursuant to the LionGold Performance Share Plan and to issue and/or transfer fully-paid Shares pursuant to the vesting of the share awards under the LionGold Performance Share Plan provided that the aggregate number of Shares which may be issued and/or transferred under the LionGold Performance Share Plan does not exceed 15% of the total number of issued Shares (excluding treasury shares) in the capital of the Company on the day preceding the relevant date of share award.

At the Special General Meeting held on 20 December 2012, shareholders approved the adoption of the LionGold Performance Share Plan. As at the date of this Notice, the Company has granted the following Awards to the Directors, senior executives and key senior management of the Company pursuant to the LionGold Performance Share Plan:

- (1) 12,700,000 share awards at S\$0.16 on 15 January 2014; and
- (2) 5,750,000 share awards at S\$0.084 on 30 June 2014.

NOTES:

- (a) *A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the appointments shall be invalid unless the proportion of the shareholding concerned to be represented by each proxy is specified in the form of proxy. A proxy need not be a member of the Company.*
- (b) *A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.*
- (c) *"Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act.*
- (d) *The instrument appointing a proxy must be completed and deposited at the office of the Singapore Share Transfer Agent, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00, ASO Building, Singapore 048544, not less than 48 hours before the time appointed for holding the Annual General Meeting.*
- (e) **PERSONAL DATA PRIVACY**

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and/or disclosure of the members' personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and/or disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

- (f) *By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts the personal data privacy terms set out in the Notice of Annual General Meeting.*

LIONGOLD

CORP

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