

LIONGOLD CORP LTD

COMPANY ANNOUNCEMENT

- (A) PROPOSED SHARE SUBSCRIPTION AND PROPOSED ISSUE OF CONVERTIBLE BONDS – TERMINATION OF SHARE SUBSCRIPTION AGREEMENT
 - (B) PROPOSED SUBSCRIPTION OF 52,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF LIONGOLD CORP LTD TO MOI HSIEN HUR
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1. INTRODUCTION

LionGold Corp Ltd (the “**Company**”) refers to the following announcements:

- (a) the announcement dated 31 March 2014 in relation to the proposed subscription of up to 37,313,430 new ordinary shares in the capital of the Company and the proposed issue of convertible bonds (the “**Previous Announcement**”); and
- (b) the announcement dated 2 May 2014 in relation to the termination of the subscription agreement dated 31 March 2014 between Mr. Teo Kek Yeng, Mr. Toh Soon Huat and the Company.

Unless otherwise defined, all capitalized terms used in this Announcement shall bear the same meanings given to them in the Previous Announcement.

2. TERMINATION OF THE SHARE SUBSCRIPTION WITH THE REMAINING SHARE SUBSCRIBERS

The Company wishes to announce that it and the remaining Share Subscribers, namely Mr. Ong King Kok, Ms. Yap Sooi Kuan, Mr. Lee Yee Pin and Mr. Poh Chong Peng, have today mutually agreed to terminate the Share Subscription Agreement.

The Share Subscribers decided to withdraw from the Share Subscription due to the ongoing investigation by the Commercial Affairs Department into an offence under the Securities and Futures Act (Cap. 289) of Singapore, as announced by the Company on 2 April 2014 and 29 April 2014. The board of directors of the Company (the “**Board**”) reiterates that so far, the Board is not aware if any offence has been committed.

The Company is presently in discussions with the Tranche 1 Bond Subscribers and the Tranche 2 Bond Subscriber in relation to the terms of the Tranche 1 Bonds and the Tranche 2 Bonds respectively and will make relevant announcements as and when necessary.

3. THE PROPOSED SUBSCRIPTION

The Company also wishes to announce that it has entered into a subscription agreement dated 24 June 2014 (the “**Subscription Agreement**”) with Mr. Moi Hsien Hur (the “**Subscriber**”), pursuant to which the Company has agreed to allot and issue 52,000,000 Shares (the “**Subscription Shares**”) to the Subscriber, at an issue price of S\$0.08135 (the “**Issue Price**”) for each Subscription Share, to raise gross proceeds of S\$4,230,200 (the “**Subscription**”).

The Company will allot and issue the Subscription Shares pursuant to the general share issue mandate approved by the Shareholders at the annual general meeting of the Company held on 30 July 2013.

The Subscription will be carried out pursuant to Section 272B of the Securities and Futures Act (Cap. 289) of Singapore. As such, no prospectus or offer information statement will be issued in connection with the Subscription.

3.1 **The Subscription Shares and the Issue Price**

The Issue Price represents a discount of approximately 9.00% to the volume weighted average price of S\$0.0894 for trades done on Shares on the SGX-ST on 24 June 2014 (being the full market day preceding the execution of the Subscription Agreement).

The Subscription Shares, when allotted and issued by the Company, will rank *pari passu* in all respects with the Shares existing as at the date of issue of the Subscription Shares, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of issue of the Subscription Shares.

The Company will apply to the SGX-ST for the admission of the Subscription Shares to the Official List of the SGX-ST and for the listing and quotation of the Subscription Shares on the SGX-ST.

3.2 **Conditions**

The Subscription is conditional upon, *inter alia*:

- (a) the approval in-principle for the listing and quotation of the Subscription Shares on the Official List of the SGX-ST being obtained from the SGX-ST and not revoked or amended as at the date of completion; and
- (b) the issue and subscription of the Subscription Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Subscription Agreement by any applicable legislative, executive or regulatory body or authority of Singapore or Bermuda.

4. **INFORMATION ON THE SUBSCRIBER**

The Subscriber is a Malaysian businessman with more than 15 years of experience in the retailing of art and antiques. He is currently a director at HH Art Gallery, a Malaysian art gallery.

The Subscriber was independently identified by the directors of the Company (the "**Directors**"). He is a strategic investor who believes in the growth and prospects of the Company and has a long-term view of the industry. The Subscriber is independent of the Company, the Directors and substantial shareholders of the Company. He is subscribing for the Subscription Shares for his own investment purposes.

The Subscriber has confirmed and represented that, *inter alia*, he is not a person who falls within Rule 812 of the Listing Manual of the SGX-ST.

No placement agent has been appointed in relation to the Subscription and no commission or finder's fee is payable by the Company to any person in relation to the Subscription.

5. FINANCIAL EFFECTS OF THE SUBSCRIPTION

In this Announcement, any *pro forma* effect of the Subscription is presented on the following assumptions:

- (a) that none of the Bonds are issued and converted into Conversion Shares;
- (b) that none of the new fully paid Shares to be issued pursuant to the set-off and subscription agreement dated 30 May 2014, as announced by the Company on 30 May 2014, are issued; and
- (c) that none of the other convertible securities of the Company are converted into Shares. As at the date of this Announcement, the Company has 250,893,523 outstanding warrants and outstanding convertible bonds in the principal amount of US\$20,000,000, which can be converted into Shares.

5.1 Share Capital

On the assumption that all the Subscription Shares are fully subscribed for, the Company's issued and paid-up share capital (excluding treasury shares) as at the date of this Announcement (the "**Existing Share Capital**") will increase from US\$41,355,461.60 comprising 1,033,886,540 Shares to US\$43,435,461.60 comprising 1,085,886,540 Shares. The Subscription Shares represent approximately 5.03% of the Existing Share Capital and approximately 4.79% of the enlarged issued and paid-up share capital (excluding treasury shares) of the Company after the Subscription.

5.2 Financial Effects

The *pro forma* financial effects of the Subscription (excluding transaction costs), based on the unaudited accounts of the Company and its subsidiaries (the "**Group**") for the financial year ended 31 March 2014 ("**FY2014**"), are set out below. The *pro forma* financial effects are presented for illustration purposes only, and are not intended to reflect the actual future financial situation of the Company or the Group.

5.3 Net Tangible Assets per Share

The effect of the Subscription on the Company's net tangible assets ("**NTA**") per Share as at 31 March 2014 will be as follows:

	As at 31 March 2014	After the Issue of the Subscription Shares ¹
Consolidated NTA attributable to the shareholders of the Company (S\$'000)	121,924	126,154
Number of Shares (excluding treasury shares)	1,033,886,540	1,085,886,540

Consolidated NTA per Share attributable to the shareholders of the Company (Singapore cents)	11.79	11.62
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Notes:

1. Assuming that all 52,000,000 Subscription Shares are fully subscribed for as at 31 March 2014, being the end of FY2014.

5.4 Earnings per Share

The effect of the Subscription on the earnings per Share (“EPS”) of the Company for FY2014 will be as follows:

	FY2014	After the Issue of the Subscription Shares ¹
Consolidated profit after taxation and minority interests (S\$'000)	(143,098)	(143,098)
Weighted average number of Shares (excluding treasury shares)	958,288,898	1,010,288,898
Consolidated EPS (Singapore cents)	(14.93)	(14.16)

Notes:

1. Assuming that all 52,000,000 Subscription Shares are fully subscribed for as at 1 April 2013, being the beginning of FY2014.

6. USE OF PROCEEDS

The net proceeds from the Subscription (after deducting expenses relating thereto) of approximately S\$4,200,000 will be used by the Company in the following estimated proportions:

Use of Proceeds	Percentage Allocation (%)
i. Working Capital	30
ii. Gold Mining Operations	70

The Company will make an announcement on the use of the net proceeds as and when such proceeds are materially disbursed, including whether the use is in accordance with the intended use as announced. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

Pending the deployment of the net proceeds, such proceeds may be deposited with banks or financial institutions, invested in short-term money market instruments or marketable securities, and/or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem fit from time to time.

7. GENERAL

Save as disclosed herein, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Subscription.

The Company will make the necessary announcements once the approval in-principle for the listing and quotation of the Subscription Shares has been obtained from the SGX-ST.

By Order of the Board

Tan Soo Khoo Raymond
Executive Director
24 June 2014