LIONGOLD CORP LTD

COMPANY ANNOUNCEMENT

RESPONSES TO SGX QUERIES ON THE ANNOUNCEMENT ON THE COMPANY'S ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2015 AND NOTICE OF AGM

LionGold Corp Ltd ("**LionGold**" or the "**Company**") has received the following queries from the Singapore Exchange Securities Trading Limited (the "**Exchange**" or "**SGX**") on 24 August 2015 in relation to the Company's announcement of its Annual Report for the year ended 31 March 2015 ("**Annual Report**") and the Company's Notice of AGM made on 21 August 2015.

SGX QUERIES

1. Disclaimer of Opinion

The Company's external auditors, PricewaterhouseCoopers LLP ("PwC"), have issued a Disclaimer of Opinion with regards to the Company's ability to operate as a going concern. For the Exchange's consideration under Rule 1303(3)(c) and noting the Independent Auditor's findings on "going concern", please work with the Company to announce the following information:-

a) the Board's opinion if the Company will be able to operate as going concern and basis for the Board's view.

b) the Board's confirmation that all material disclosures have been provided for trading of the Company's shares to continue.

Company's Responses

a) The Board of Directors (the "**Board**") of the Company are of the opinion that the Company will be able to operate as a going concern.

Details of the Company's proposed fund-raising are set out on page 65 of the Annual Report and the Company's circular to shareholders dated 21 August 2015. The Company is seeking approval from its shareholders at the Special General Meeting on 14 September 2015 for, *inter alia*, the proposed issue of up to S$100,000,000 redeemable convertible bonds ("**RCBS**") and the proposed allotment and issuance of up to 33,333,333,333 conversion shares pursuant to the conversion of the RCBS.

An extract of page 65 (Notes to the Financial Statements) of the Annual Report is attached.

b) The Board confirms that all material disclosures have been provided for trading of the Company's shares to continue.

2. Proposed change of Auditors from PwC to Baker Tilly TFW LLP ("Baker Tilly")

a) What is the Board's rationale in proposing the change in auditors.

b) What are the Board's and the Sponsor's considerations in assessing the suitability of Baker Tilly, especially in view of the fact that PwC had issued a disclaimer of opinion and raised concerns on LionGold's ability to operate as a going concern.

c) What due diligence did the Sponsor perform on Baker Tilly and the partner-in-charge?

d) Has the Board and the Sponsor accessed if Baker Tilly and the proposed audit partner has the resources, expertise and experience in gold mining and exploration activities? (Kindly provide the name of the proposed audit partner in charge of the Company's audit.)

Company's Responses

a) The Board took into consideration the significant decrease in the Company's market capitalisation since October 2013 and the Company's reduced scope of operations. In an effort to reduce costs, the Audit Committee was of the opinion that it will be in the interests of the Company to appoint another audit firm that is suitably qualified and able to provide audit services to the Company at more competitive fees.

b) The Board and the Audit Committee of the Company have considered various factors, including, *inter alia*, the following:

(i) the adequacy of the resources and experience of Baker Tilly;
(ii) the audit engagement partner assigned to the audit;
(iii) Baker Tilly's other audit engagements;
(iv) the size and complexity of the Group's operations;
(v) the number and experience of the supervisory and professional staff to be assigned to the audit of the financial statements of the Company and the Group; and
(vi) Baker Tilly's audit arrangement for the Group,

and are of the opinion that Baker Tilly will be able to meet the audit requirements of the Company and its subsidiaries (the "**Group**"). In addition, subsequent to the recommendations of the Audit Committee to the Board proposing the appointment of Baker Tilly as the new auditors of the Company, arrangements were made for the partner-in-charge at Baker Tilly as well as representatives from the latter's Australian associate firm to visit the Group's operating subsidiary, Castlemaine Goldfields Pty Ltd in Ballarat, Australia in July 2015.

The decision to propose a change of auditors was arrived at in December 2014/January 2015, well before the end of the Company's financial year on 31 March 2015 and before the current auditors, PwC expressed any opinion, including the Disclaimer of Opinion. Discussions with various audit firms, including Baker Tilly commenced in January 2015 and a short list of audit firms, including Baker Tilly was made up. The Audit Committee interviewed the short-listed audit firms in May 2015 and recommended to the Board the proposed appointment of Baker Tilly.

The Company wishes to add that the Audit Opinion for the Company's Financial Statements for the financial year ended 31 March 2014 also contained a Disclaimer of Opinion on concerns of the Company's ability to operate as a going concern.

The Company also confirms that:

i. there were no disagreements with PwC on accounting treatments within the last 12 months from the 21 August 2015;
ii. it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in the circular dated 21 August 2015; and

iii. it is in compliance with Rules 712 and 715 of the Listing Manual in relation to the appointment of Baker Tilly as its new Auditors.

The continuing sponsor of the Company, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**"), considered various factors, including, *inter alia*, the following:

(i) the adequacy of the resources and experience of Baker Tilly;
(ii) the audit engagement partner assigned to the audit;
(iii) the size and complexity of the Group's operations;
(iv) the number and experience of the supervisory and professional staff to be assigned to the audit of the financial statements of the Company and the Group; and
(v) Baker Tilly's audit arrangement for the Group,

and have assessed that Baker Tilly is suitable.

c) Pursuant to the Sponsor's internal guidelines, the Sponsor advised the Company to seek its advice on the proposed auditor prior to its appointment. The Sponsor also performed a telephone interview with the Singapore and Australian audit partners to be appointed, emphasising on the experience of the audit partners in relation to the size and complexity of the Group's operations.

d) Mr Khor Boon Hong will be the audit engagement partner assigned to the audit of the Group. He has more than 19 years of audit and assurance experience in Singapore, Malaysia and the People's Republic of China. Boon Hong's extensive experience includes financial audits of multinationals, local and listed companies and not-for-profit organisations in diverse industries, including companies in the mining industry.

Baker Tilly will be assisted by its associate firm in Australia, Baker Tilly Pitcher Partners, in the audit of the Company's Australian subsidiaries, Castlemaine Goldfields Pty Ltd and Signature Metals Limited. Baker Tilly will also be assisted by its associate firm in Ghana, Baker Tilly Andah + Andah, in the audit of the Company's indirect Ghanaian subsidiary, Owere Mines Limited. Both associate firms in Australia and Ghana have experience auditing gold mining companies.

The Sponsor has reviewed the expertise of the proposed audit partner and has assessed that he is suitable. Please refer to the Sponsor's response in 2(c).

CAUTIONARY STATEMENT

Shareholders are cautioned that there is no assurance that the issuance of the RCBs will be approved by the shareholders at the Special General Meeting. If the issuance of the RCBs is not approved, the Company may be unable to continue as a going concern or may be unable to demonstrate that it is able to do so, and its shares may be suspended by the SGX-ST pursuant to Rule 1303(3) of the SGX-ST Listing Manual Section B: Rules of Catalist.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully and to exercise caution when trading or dealing in their shares of the Company. Shareholders and potential investors should seek advice from their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they have any doubts about the actions they should take.

BY ORDER OF THE BOARD

Tan Soo Khoon Raymond
Executive Director
27 August 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor, for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement. The announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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