

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

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**EMPHASIS OF MATTER ON THE MATERIAL UNCERTAINTY RELATED TO GOING CONCERN  
BY THE INDEPENDENT AUDITOR ON THE AUDITED FINANCIAL STATEMENTS FOR THE  
FINANCIAL PERIOD FROM 1 APRIL 2019 TO 30 JUNE 2020**

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In compliance with Rule 704(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Board of Directors (“**Board**” or “**Directors**”) of LionGold Corp Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the independent auditor of the Company, Baker Tilly TFW LLP (the “**Auditor**”), had, without modifying its audit opinion, included an emphasis of matter on the “Material Uncertainty Related to Going Concern” section in their audit report (the “**Independent Auditor’s Report**”) on the audited financial statements of the Group for the financial period from 1 April 2019 to 30 June 2020 (“**FY2020**”) (the “**2020 Audited Financial Statements**”). The opinion of the Auditor is not modified in respect of this matter.

A copy of the Independent Auditor’s Report is annexed to this announcement and the extracts of the relevant notes of the 2020 Audited Financial Statements are set out below. The Independent Auditor’s Report and the 2020 Audited Financial Statements will form part of the Company’s Annual Report for FY2020 (the “**FY2020 Annual Report**”) which will be released to the shareholders of the Company (the “**Shareholders**”) in due course. Shareholders are advised to read the Independent Auditor’s Report and the FY2020 Annual Report in their entirety.

Relevant extracts from the FY2020 Annual Report are set out below:

**Material Uncertainty Related to Going Concern**

- Independent Auditor’s Report on Page 66 of the FY2020 Annual Report

*We draw attention to Note 2(a) to the financial statements with respect to the Group’s and the Company’s ability to continue as going concerns. Those factors as disclosed in Note 2(a) to the financial statements indicate the existence of a material uncertainty that may cast significant doubt on the Group’s and the Company’s ability to continue as going concerns. Nevertheless, for the reasons disclosed in Note 2(a) to the financial statements, the directors are of the view that it is appropriate for the financial statements of the Group and of the Company to be prepared on a going concern basis. Our opinion is not modified in respect of this matter.*

**Going Concern assumption**

- Note 2(a) of the 2020 Audited Financial Statements on Pages 79-81 of the FY2020 Annual Report

*The financial statements of the Group and Company have been prepared on a going concern basis.*

*The outbreak of COVID-19 has resulted in significant volatility and instability in the financial markets. The Group is uncertain whether the continued demand and rising price of gold could be sustained over the longer term, which may have an impact on the Group’s and Company’s financial positions, financial performances and future cashflows. The outlook remains highly uncertain at the date of these financial statements.*

*Gold production has been classified as an essential business in Australia and so operations are continuing. Contingency plans have been put in place both to protect the workforce and ensure that there are sufficient personnel to continue operations. There is uncertainty around future developments of this matter and this may affect the Group’s ability to deliver the forecast production for the next 12 months.*

*In addition, 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, 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 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.*

*Management has prepared a cash flow forecast to support their assessment that the Group and the Company will be able to continue as going concerns, including consideration of plausible downside scenarios.*

*The Group is taking prudent mitigating actions that can be executed in the necessary timeframe and which will protect liquidity. These include cancelling uncommitted capital expenditures over the period without having an impact on forecast production in the going concern period of assessment and identifying further reductions in operating costs and administrative expenses. Management has also taken the following measures to improve the Group's operational performance and financial position:*

- (i) continuously seek improvements in the production efficiency of the Group's production facilities through technological enhancements and system re-engineering in order to further reduce the costs of production; and*
- (ii) ongoing negotiations with key suppliers to reduce direct material costs in production.*

*In assessing the Group's and Company's ability to continue as going concerns, the directors have made significant judgements about:*

- (i) the cash flow forecast of the Group over the next 12 months from the date of approval of the financial statements which is dependent on gold price fluctuations and the Group's ability to implement the mitigating actions within the Group's control; and*
- (ii) the Group's ability to raise additional funds from various fund raising activities.*

*After considering the measures and mitigating actions described above, the directors of the Company believe that the Group and the Company will be able to generate sufficient positive cash flows from the mining operations to meet the operating requirements of the Group's business, to fund the capital and exploration expenditure and to pay their debts as and when they fall due. 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 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 statement of financial position. 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.*

### **Key sources of estimation uncertainty**

- Note (3) of the 2020 Audited Financial Statements on Page 102 of the FY2020 Annual Report

#### *Investigations by the CAD*

*In April 2014, the Company and one of its subsidiaries were served notices by the 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 financial statements.*

## **Board's Opinion**

After considering the measures and mitigating actions described above, the Board believes that the Group and the Company will be able to generate sufficient positive cash flows from the mining operations to meet the operating requirements of the Group's business, to fund the capital and exploration expenditure and to pay their debts as and when they fall due. As such, the Board has determined that it is appropriate for the Group and the Company to adopt the going concern assumption in preparing the financial statements.

## **Cautionary Statement**

Shareholders are advised to read the FY2020 Audited Financial Statements which will be released on SGXNET and made available on the SGX-ST's website at the URL <http://www.sgx.com> and the Company's website at the URL <http://www.liongoldcorp.com> in due course as part of the Company's Annual Report for FY2020. Shareholders and potential investors are also 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**

Yao Liang  
Executive Director  
2 October 2020

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, W Capital Markets Pte. Ltd. (the "Sponsor").*

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (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.*

*The contact person for the Sponsor is Mr Chia Beng Kwan, Registered Professional, W Capital Markets Pte Ltd, 65 Chulia Street, #43-01 OCBC Centre, Singapore 049513, Telephone (65) 65133541.*