

# LIONGOLD CORP LTD

## COMPANY ANNOUNCEMENT

### PROPOSED DISPOSAL OF THE COMPANY'S REMAINING 10% INTEREST IN AMAYAPAMPA GOLD PROJECT

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#### 1. INTRODUCTION

The Board of Directors (the “**Directors**”) of LionGold Corp Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a conditional share purchase agreement (the “**Agreement**”) on 3 December 2014 with Silvermane Investments Limited (the “**Purchaser**”). Pursuant to the terms of the Agreement the Company has agreed sell and the Purchaser has agreed to purchase from the Company, its remaining 10% interests in Vista Gold Antigua Corp (“**VGA**”), LionGold South America Ltd (“**LGSA**”) and LionGold Bolivia Ltd (“**LGB**”) and together with VGA and LGSA the “**Target Companies**”) (the “**Transaction**”). The number of shares to be sold by the Company in each of the Target Companies (collectively the “**Sale Shares**”) is presented in the table below:

Name of Target Company	Number of Sale Shares	%
LGB	100	10%
LGSA	100	10%
VGA	100	10%

#### 2. INFORMATION ON THE TARGET

- 2.1 LGB and LGSA are companies incorporated in the British Virgin Island and VGA is incorporated in Antigua and Barbuda. The Target Companies collectively wholly-own Compania Inversora Vista S.A. (“**CIV**”). CIV, LGB and LGSA collectively wholly-own Minera Nueva Vista S.A. (“**MNV**”). MNV wholly-owns the Amayapampa Gold Project.
- 2.2 Amayapampa Gold Project is a high-grade 1.8 million ounce open-pit gold resource located approximately 382 km southeast of La Paz in the eastern Altiplano of Bolivia. The Amayapampa Gold Project consists of 38 overlapping concessions totalling 3,367 hectares, all registered as being wholly-owned by MNV.
- 2.3 On 26 September 2014, the Company announced that it had entered into an investment agreement with the Purchaser whereby the Purchaser subscribed for new shares in VGA, LGSA and LGB, pursuant to which the Purchaser gained approximately 90% shareholding control over each of VGA, LGSA and LGB, and indirectly approximately 90% interest in the Amayapampa Gold Project. If the Transaction is successfully completed, the Company will dispose off its remaining 10% interest in each of the Target Companies and thereby cease to have any interest in the Amayapampa Gold Project. Please refer to the Company’s announcement dated 26 September 2014 for further information on the investment agreement, which is available on the website of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) at [www.sgx.com](http://www.sgx.com).

- 2.4 Based on the audited consolidated financial statements of the Group for the year ended 31 March 2014 (“FY2014”), the net asset value attributable to the Target Companies (including intangible assets and attributable goodwill) and the net tangible asset (“NTA”) was negative S\$27.0 million.

### 3. INFORMATION ON THE PURCHASER

The Purchaser is a special purpose vehicle incorporated in British Virgin Islands by Mr. Awang Ahmad Sah. Mr Awang Ahmad Sah is known to the Company as, in March 2014 (*please refer to the Company’s announcement on 31 March 2014*), he entered into a Convertible Bond Subscription Agreement with the Company whereby he agreed to subscribe for unsecured redeemable convertible bonds due 2017 in the principal amount of S\$7,500,000. The issue of the convertible bonds is subject to the approval of the shareholders of the Company in a general meeting.

### 4. PRINCIPAL TERMS OF THE TRANSACTION

#### 4.1 Consideration

The consideration for the sale of the Sale Shares to the Purchaser is S\$3,500,000 (the “**Consideration**”). The Consideration was negotiated on a willing-buyer and willing-seller after taking into account the resources attributable to the Amayapampa Gold Project and the net asset value of the Target Companies.

#### 4.2 Payment Terms

The Consideration shall be paid by the Purchaser to the Company by wire transfer of immediately available funds to such bank account or accounts as the Company may direct at the completion of the Transaction (“**Completion**”).

#### 4.3 Conditions Precedent

Completion is conditional upon the satisfaction of the following conditions (the “**Conditions**”) unless otherwise expressly waived in writing by the Purchaser:

- (a) all necessary consents, approvals and waivers being granted for the Transaction, not being withdrawn or revoked by third parties (including without limitation, government bodies, stock exchanges and other relevant authorities having jurisdiction over the Transaction), and if such approvals, consents and waivers are obtained subject to any conditions and where such conditions affect any party to the Transaction, such conditions being reasonably acceptable to such party concerned, and if such conditions are required to be fulfilled before Completion, such conditions being fulfilled on or before Completion;
- (b) the SGX-ST granting a waiver from the requirement of obtaining shareholders’ approval by the Company for the Transaction (the “**Waiver**”) and if the Waiver is obtained subject to any conditions and where such conditions affect any party to the Transaction, such conditions being reasonably acceptable to such Party concerned;
- (c) in the event the Waiver is not obtained, the Company obtaining approval of its shareholders for the Transaction in a special general meeting;

- (d) the sale of the Sale Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Agreement by any applicable legislative, executive or regulatory body or authority of Singapore or Bermuda; and
- (e) the representations and warranties contained in the Agreement remaining true and correct at all times from the execution of the Agreement until (and including at) Completion.

If any one or more of the Conditions are not fulfilled by 30 June 2015 or such later date as extended by mutual agreement between the parties (the “**Long-Stop Date**”), then the provisions of the Agreement shall from such date *ipso facto* cease and determine and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise.

Each of the Company and the Purchaser has undertaken that it shall use its best endeavours to fulfil the relevant Conditions on or before the Long-Stop Date. The Company shall on or before 31 December 2014 make necessary applications to the SGX-ST in respect of the Waiver. In the event that the Waiver is not obtained by 28 February 2015, the Company shall commence preparing necessary documents to obtain the approval of its shareholders for the Transaction.

#### 4.4 **Completion**

Completion shall take place not later than five (5) business days after all the Conditions are fulfilled or waived, at the offices of the Purchaser or at such other venue and/or date as the parties may mutually agree.

### 5. **FINANCIAL EFFECTS OF THE TRANSACTION**

#### 5.1 **Gain/Loss on Disposal**

The total Consideration of S\$3,500,000, represents a shortfall of S\$3.7 million over the aggregate net asset value of the Sale Shares as at 30 June 2014. There is a loss on disposal of S\$3.8 million, after taking into account the associated costs of the Transaction.

#### 5.2 **NTA per Share**

For illustrative purposes only and assuming that the Transaction had been completed on 31 March 2014, being the end of most recently concluded financial year, being financial year ended 31 March 2014 (“**FY2014**”), the proforma financial effects of the Transaction on the consolidated NTA of the Group for FY2014 will be as follows:

	<b>As at 31 March 2014</b>	<b>After Completion of the Transaction</b>
Consolidated NTA attributable to the shareholders of the Company (S\$'000)	96,016	92,256
Number of shares (excluding treasury shares)	1,033,886,540	1,033,886,540
Consolidated NTA per share attributable to the shareholders of the Company (Singapore cents)	9.29	8.92

### 5.3 Earnings per Share (“EPS”)

For illustrative purposes only and assuming that the Transaction had been completed on 31 March 2014, the proforma financial effects of the Transaction on the consolidated EPS of the Group for FY2014 will be as follows:

	FY2014	After Completion of the Transaction
Consolidated profit after taxation and minority interests (S\$'000)	(174,392)	(178,152)
Weighted average number of shares (excluding treasury shares)	958,288,898	958,288,898
Consolidated EPS (Singapore cents)	(18.20)	(18.59)

### 6. RATIONALE FOR THE TRANSACTION

The Directors consider the remaining 10% interest in the Amayapampa Gold Project as non-strategic and it would be more meaningful for the Group to focus on its existing projects. The Transaction will raise cash proceeds of S\$3,500,000 which will be utilised for the Group's working capital requirements.

### 7. MAJOR TRANSACTION

The relative figures in relation to the Transaction computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual are as follows:

Rule 1006	Bases	Sale Shares (S\$'000)	Group (S\$'000)	Relative Figures (%)
(a)	Net asset value <sup>(1)</sup> of the Sale Shares compared with the net asset value of the Group	7,160	96,016	7.5
(b)	Net profit <sup>(2)</sup> attributable to the Sale Shares compared with the net profit of the Group	(2,215)	(174,392)	1.3
Rule 1006	Bases	Sale Shares (S\$'000)	Group (S\$'000)	Relative Figures (%)
(c)	The Consideration for the Sale Shares compared with the market capitalisation <sup>(3)</sup> of the Group	3,500	25,683	13.6
(d)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves <sup>(4)</sup> (in ounces).	70,000	170,000	41.2

## **Notes**

- (1) Under Rule 1002 of the SGX-ST Listing Manual, "net asset" means total assets less total liabilities as derived from the audited consolidated accounts of the Group for FY2014.
- (2) Under Rule 1002 of the SGX-ST Listing Manual, "net profit" means profit before income tax, minority interests and exceptional items as derived from the audited consolidated accounts of the Group for FY2014.
- (3) The market capitalisation of the Company is derived from the volume weighted average price of S\$0.023 for each share of the Company on 3 December 2014, being the market day preceding the date of the execution of the Agreement.
- (4) Adjusted for the disposal of Acadian Mining Corporation and the reduction in the Company's interest in VGA, LGSA and LGB.

As the relative figures under Rule 1006(d) above exceeds 20%, the Transaction constitutes a major transaction as defined in Chapter 10 of the SGX-ST Listing Manual and as such, subject to the approval of the shareholders of the Company in a special general meeting.

As stated in paragraph 4.3 above, the Company will be making an application to the SGX-ST for the Waiver. The Company will make necessary disclosure at the appropriate time in this regard.

## **8. FURTHER INFORMATION**

### **8.1 Directors' Service Contracts**

No person is proposed to be appointed as a director of the Company or the Seller in connection with the Transaction. Accordingly no service contract is proposed to be entered into between the Company, the Sellers and any such person.

### **8.2 Interests of Directors and Substantial Shareholders of the Company**

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Transaction.

### **8.3 Documents for Inspection**

A copy of the Agreement is available for inspection during normal business hours at the correspondence office of the Company in Singapore at 59 Mohamed Sultan Road, #02-08 Sultan Link, Singapore 238999, for the period of three months commencing from the date of this Announcement.

## **By Order of the Board**

Tan Soo Khoo Raymond  
Executive Director  
3 December 2014