# LIONGOLD CORP LTD

(Incorporated in Bermuda)
(Company Registration No. 35500)

**RESPONSE TO FURTHER QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED REGARDING TRADING ACTIVITY**

The board of directors (the "**Board**") of LionGold Corp Ltd (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the announcement dated 11 January 2018 in relation to the queries from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and responses from the Company in connection with the recent unusual volume movements in the shares of the Company (the "**Shares**"). The Company has received further queries from the SGX-ST and wishes to respond to the SGX-ST's further queries as follows:

**SGX-ST Query 1:**

The Long Stop Date to fulfil the conditions under the Debt Restructuring Agreement is 28 Dec 2017. Why did the Company not provide any update of its inability to fulfil the conditions until SGX queried on unusual trading activities on 11 Jan 2018?

**Company's response:**

The Company did not provide any update of its inability to fulfil the conditions of the Debt Restructuring Agreement because the Company intends to negotiate with Premier Equity Fund Sub Fund D ("**Creditor**") and the Creditor's manager, Value Capital Asset Management Private Limited ("**Manager**") to extend the Long Stop Date, and until the negotiations were complete, the Company is not in the position to announce any extension of the Long Stop Date.

**SGX-ST Query 2:**

Has the Company engaged the Creditors to negotiate on the extension of the Long Stop Date? If not, why not?

**Company's response:**

The Company intends to engage with the Creditor and the Manager for an extension of the Long Stop Date.

**SGX-ST Query 3:**

What is the implication if the Creditors do not agree with the extension of the Long Stop Date?

**Company's response:**

On 29 June 2017, in Company's announcement on the Debt Restructuring Agreement, the Company said, in the event that the Company is unable to obtain the Relevant Approvals by the Long Stop Date, the Debt Restructuring Agreement shall terminate and ipso facto cease and the Parties agreed they shall have no rights, claims or causes of action against each other in respect of the Debt Restructuring

Agreement. The Bond Restructuring Agreement shall continue to have full force and effect and automatically be extended by two (2) years from 18 June 2018 ("**Extension**") and the extended final repayment date shall be 18 June 2020.

**SGX-ST Query 4:**

What are the Board's plans to turn around the Group?

**Company's response:**

The Board intends to focus on the gold mining operations carried on by its wholly-owned subsidiary, Castlemaine Goldfields Pty Ltd. The Board is mindful that while gold price appears favourable and stable, there is an overriding need to keep costs low in order to increase margins. The Board therefore intends to keep a close watch on costs so as to ensure profitability. In addition, the Board notes an increasing positive sentiment on the ground for gold producers in Australia, which might open up opportunities for the Company to enter into joint ventures, partnerships or other collaborations so as to expand the operations carried out by Castlemaine Goldfields Pty Ltd. However, the Board cautions that there is no particular or definitive joint venture, partnership or other collaboration being discussed and there is no assurance that any such discussion would be fruitful. For the moment, discussions are preliminary and exploratory in nature, and subject to contract. No discussion is material to warrant an announcement. The Board will make the necessary announcements should any such discussion be fruitful.

**SGX-ST Query 5:**

Please provide the Board's views and justifications on whether the Group is able to operate as a going concern.

**Company's response:**

The Board draws attention to the following disclosures made in the FY2017 Annual Report:

"During the financial year, the Group reported a loss for the year of $50,211,000 (2016: $28,177,000) and as at that date, the Group's and the Company's current liabilities exceeded their current assets by $3,456,000 (2016: $14,072,000 excluding disposal group classified as held for sale and its associated liability) and $47,942,000 (2016: $48,582,000) respectively.

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 directors of the Company however believe that the Group and the Company will be able to raise the necessary funds from the mining operations to enable the Group and the Company to repay their debts and fund their operations for the foreseeable future. In addition, on 29 June 2017, the Company entered into a debt restructuring agreement with its lender to defer the repayment of the restructured loan, as disclosed in Note 27, for a further 5 years from the date of the debt restructuring agreement, subject to the Company obtaining all the relevant approvals necessary in relation to the debt restructuring agreement. In the event that the Company is unable to obtain all the relevant approvals, the Bond Restructuring Agreement shall be extended by 2 years and the new final repayment date shall be 18 June 2020."

There is no change in the views and justifications above. The Board already took into consideration the possibility that the Company may not be able to obtain the relevant approvals in relation to the Debt Restructuring Agreement as at the date of the FY2017 Annual Report. Nonetheless, the Company is

hopeful that an extension of the Long Stop Date may be successfully negotiated and the Company would be able to obtain all the Relevant Approvals before the expiration of the extended Long Stop Date.

**BY ORDER OF THE BOARD**

Tan Soo Khoon Raymond
Executive Director
23 January 2018

*This announcement 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 (the "**SGX-ST**").*

*The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, 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 Bernard Lui:*

*Telephone number: (65) 6389 3000*

*Email address: bernard.lui@morganlewis.com*