LIONGOLD CORP LTD

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

ANNOUNCEMENT IN RELATION TO:

(A) UPDATE ON NOTICE TO PROVIDE CASH COVER IN CONNECTION WITH GUARANTEE PROVIDED WITH RESPECT TO INDUSTRIAL POWER TECHNOLOGY PTE LTD; AND

(B) THE GRANT OF A TERM LOAN FACILITY OF S$3,557,442.99 IN PRINCIPAL AMOUNT TO ANNICA HOLDINGS LIMITED

1. INTRODUCTION

The board of directors (the "**Board**") of LionGold Corp Ltd (the "**Company**") refers to the announcement released by the Company on 14 August 2015 in relation to the notice to provide cash cover of S$2,600,000 (the "**Cash Cover Notice**") in connection with the corporate guarantee (the "**Guarantee**") provided by the Company in favour of The Hong Kong and Shanghai Banking Corporation Limited ("**HSBC**"), to secure banking facilities of S$5,200,000 in aggregate (the "**HSBC Facilities**") granted by HSBC to the Company's former subsidiary (and now a 15% owned associated company), Industrial Power Technology Pte Ltd ("**Industrial Power**"). The Guarantee was jointly executed by a co-guarantor, Annica Holdings Limited (the "**Co-Guarantor**"). Industrial Power is now a subsidiary of the Co-Guarantor.

Under the HSBC Facilities, the following performance bonds were issued by HSBC in favour of Songkhla Biomass Company Limited ("**Songkhla**"), the client of an Engineering, Supply, Construction and Testing Project (the "**Project**") secured by Industrial Power:

(a) a Performance Bond for the sum of S$2,600,000 (the "**PB**"); and

(b) an Advance Payment Bond for the sum of S$2,600,000 (the "**APB**").

On 14 May 2015, Songkhla made a claim against the PB. HSBC then issued a cash cover demand of S$2,600,000 for the APB to Industrial Power on 3 August 2015, before issuing the Cash Cover Notice to the Company and the Co-Guarantor on 12 August 2015. On 4 September 2015, Songkhla made a claim against the APB. Pursuant to the Cash Cover Notice, the S$5,200,000 in aggregate under the HSBC Facilities has been rendered due and payable by Industrial Power, the Company and the Co-Guarantor to HSBC.

On 19 June 2015 and 22 October 2015, the Company and the Co-Guarantor entered into separate deeds of settlement (the "**Deeds of Settlement**"), pursuant to which they have agreed to repay S$1,850,850 and S$2,959,150 (this excludes an amount of S$390,000 which has been settled by Industrial Power) of the HSBC Facilities respectively (the "**Repayment Terms**"). According to the terms of the Deeds of Settlement, the Company and the Co-Guarantor have also agreed to be responsible for any incidental costs, tax and any other expenses as may be required to be paid, including but not limited to, interest expenses and other related costs incurred by HSBC in connection with its cash cover demand to Industrial Power and the Cash Cover Notice, in the proportions of 38.5% and 61.5% respectively (the "**Additional Costs**").

In connection with the aforesaid, the Company has from time to time commencing from 9 June 2015 provided the Co-Guarantor with loans to comply with the Repayment Terms and for working capital purposes. As at the date of this announcement, the Company has extended loans in the aggregate sum of S$3,457,442.99 to the Co-Guarantor (the "**Disbursed Loans**") and the Co-Guarantor has informed the Company that it had settled its S$2,959,150 obligation under the Repayment Terms in full.

As at the date of this announcement, the Company has settled S$1,200,850 of its S$1,850,850 obligation under the Repayment Terms, with an amount of S$325,000 payable on or before 31 October 2015 and the balance of S$325,000 payable on or before 15 November 2015. Once the payment of S$650,000 in aggregate is made to HSBC, the Company would have discharged all of its obligations under the Guarantee.

In order to consolidate the terms and conditions of the Disbursed Loans and to avail a further sum of S$100,000 to the Co-Guarantor for the working capital purposes of the Co-Guarantor and its subsidiaries and to enable the Co-Guarantor to cover its proportion of the Additional Costs, the Company had on 22 October 2015 entered into a loan agreement (the "**Loan Agreement**") with the Co-Guarantor, to govern the terms of an unsecured term loan facility of S$3,557,442.99 in principal amount (the "**Facility**"), of which S$3,457,442.99 has been disbursed by the Company to the Co-Guarantor prior to the date of the Loan Agreement, on the terms and subject to the conditions of the Loan Agreement.

2. PRINCIPAL TERMS OF THE LOAN AGREEMENT

The principal terms of the Loan Agreement are summarised as follows:

Facility and Drawdown	:	S$3,557,442.99 in principal amount to be disbursed as follows: i) S$3,457,442.99 being already disbursed prior to the Loan Agreement; and ii) S$100,000.00 to be drawn down on or before 30 November 2015.
Interest	:	The principal amount of the Facility outstanding from the time to time (the "**Loan**") shall be subject to interest of 8.0% per annum and will be payable on the Maturity Date (as defined below).
Maturity Date	:	The Loan shall be due and payable on the date falling 36 months from the date of the Loan Agreement (the "**Maturity Date**").
Repayment	:	The Loan shall be repaid in full, together with all accrued interest and other amounts due or owing to the Company in connection with the Loan, on the Maturity Date.
Conditions	:	The Loan is subject to the accuracy of the representations and warranties contained in the Loan Agreement.

Assignability : The Company shall have the right to assign its rights, benefits or obligations under the Loan Agreement to any third party without the prior consent of the Co-Guarantor.

Events of Default : Upon the occurrence of an Event of Default (as defined below), the Company may cancel all outstanding obligations of the Company under the Loan Agreement and declare that the Loan become immediately due and payable on demand.

The events of default under the Loan Agreement are as follows (each, an "**Event of Default**"):

i) The Co-Guarantor fails to pay any sum due of any principal of or interest on the Loan under the Loan Agreement, whether at maturity, by acceleration or otherwise.

ii) The Co-Guarantor fails to comply with any provision of the Loan Agreement, and where the Company reasonably considers that such default is capable of remedy, such default is subsequently not remedied within 30 days of the Company notifying the Co-Guarantor in writing of the default and the remedy required.

iii) Any representation, warranty or statement made, repeated or deemed made by the Co-Guarantor, or pursuant to, the Loan Agreement is false or misleading in any material respect as of the time made or deemed made or furnished, which is not remedied within 30 days after the Company has notified the Co-Guarantor in writing of the same.

iv) The Co-Guarantor passes a resolution to dissolve, wind-up or liquidate itself.

v) The Co-Guarantor stops or suspends payment of any of its debts, or is unable, or admits in writing its inability to pay its debts as they fall due.

vi) The delisting of the Co-Guarantor's shares on the Catalist of the SGX-ST or a suspension of trading for a period of 15 consecutive Market Days[1] or more.

vii) Any action, proceedings, procedure or step is taken for:

a) the suspension of payments, winding up, dissolution, administration or reorganisation (using

[1] "**Market Day**" means a day on which the SGX-ST is open for trading in securities.

a voluntary arrangement, scheme of arrangement or otherwise) of the Co-Guarantor;

b) the composition, compromise, assignment or arrangement with any creditor of the Co-Guarantor; or

c) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Co-Guarantor or any of its assets.

viii) The Co-Guarantor ceases, or threatens to cease, to carry on all or a substantial part of its business.

3. RATIONALE

The Facility has enabled the Co-Guarantor to meet its obligations under the Guarantee, failing which the Company may have become liable as co-guarantor under the Guarantee. The Facility has also provided Industrial Power with working capital for the purposes of completing the Project in a timely manner. When the claim was made by Songkhla against the PB on 14 May 2015, Industrial Power had to work towards completion of the Project so that Songkhla would not make a claim against the APB, which was still in force. Industrial Power needed additional working capital to complete the Project in a timely manner, and the Company provided that working capital.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed herein, none of the directors or substantial shareholders of the Company has any interest (other than their respective shareholding in the Company), direct or indirect, in the transactions set out in this announcement or in the Co-Guarantor.

5. DOCUMENTS FOR INSPECTION

Copies of the Loan Agreement and the Deeds of Settlement may be inspected at the correspondence office of the Company in Singapore at 59 Mohamed Sultan Road, #02-08 Sultan Link, Singapore 238999 during normal business hours for a period of three (3) months from the date of this announcement.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Board collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the transactions set out in this announcement and the Group, and the Board is not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Board has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

BY ORDER OF THE BOARD

Tan Soo Khoon Raymond
Executive Director
22 October 2015

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd ("**Sponsor**"), for compliance with the relevant rules of Singapore Exchange Securities Trading Limited ("**SGX-ST**").*

The Company's Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by SGX-ST and 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.

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