LIONGOLD CORP LTD
COMPANY ANNOUNCEMENT
PROPOSED SALE OF ACADIAN MINING CORPORATION

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1. INTRODUCTION

The Board of Directors (the "**Directors**") of LionGold Corp Ltd (the "**Company**" and together with its subsidiaries, the "**Vendor Group**") wishes to announce that the Company, in its capacity as the guarantor, and its wholly-owned subsidiary, LionGold Mining Canada Inc. (the "**Vendor**"), have entered into a share purchase agreement (the "**Agreement**") on 30 August 2014 with Atlantic Gold Corporation (the "**Purchaser**"), for the sale by the Vendor to the Purchaser of 67,686,662 shares in the capital of Acadian Mining Corporation (the "**Target**" and, collectively with its subsidiaries, the "**Target Group**"), being all of the issued and outstanding shares in the capital of the Target (the "**Transaction**").

2. INFORMATION ON THE TARGET

2.1 The Target is a company incorporated in Canada. As at the date of this Announcement, the Target has 67,686,662 issued and outstanding shares (the "**Sale Shares**"), all of which are legally and beneficially owned by the Vendor.

2.2 The Target Group is the sole registered and beneficial owner of certain mining claims located in Nova Scotia, Canada, mainly comprising the Beaver Dam Property located in east central Nova Scotia on N.T.S. 11E/2 about 80 km distance northeast of Halifax and the Fifteen Mile Stream Property located in eastern Halifax County, Nova Scotia (together, the "**Properties**").

2.3 The resources attributable to the Beaver Dam Property and Fifteen Mile Stream Property are set out below.

Category	**Mineral Type**	**Gross Attributable to License**		**Net Attributable to the Company**		
		Tonnes (t)	**Grade (g/t Au)**	**Tonnes (t)**	**Grade (g/t Au)**	**Contained Gold Ounces (oz Au)**
Beaver Dam Property						
Indicated Resources	Gold	5,600,000	1.3	5,600,000	1.3	230,000
Inferred Resources	Gold	11,000,000	1.3	11,000,000	1.3	470,000
Total Resources	**Gold**	**16,600,000**	**1.3**	**16,600,000**	**1.3**	**700,000**
Fifteen Mile Stream						
Inferred Resources	Gold	10,000,000	1.3	10,000,000	1.3	430,000
Total Resources	**Gold**	**10,000,000**	**1.3**	**10,000,000**	**1.3**	**430,000**

Note:

Resources are reported at 0.5g/t Au cut-off. No Ore Reserves are defined. The Target is 100% owned by the Vendor, the net attributable to the Vendor is 100%. Probable Ore Reserves are derived from, and included in, Indicated Mineral Resources. Mineral Resources which are not Ore Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. It is uncertain if further exploration will result in upgrading the Inferred Mineral Resource to an Indicated or Measured Mineral Resource category. Tonnages and Ounces are rounded to the nearest two significant figures. Small discrepancies may occur due to rounding.

The information in the report to which this statement is attached that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by the Competent Persons listed below for the respective projects. A Competent Person is a Member of Fellow of the Australasian Institute of Mining and Metallurgy or the Australian Institute of Geoscientists of a 'Recognised Professional Organisation' (RPO) included in a list posted on the ASX website from time to time which can be found on www.liongoldcorp.com. The Competent Persons have consented to the public reporting of the respective Qualified Persons Report in the form and context which it originally appeared. Competent Persons: 1. Dr Simon C Dominy is employed by Snowden Mining Industry Consultants Limited; 2. Richard J Horne is a full-time employee of the Vendor Group.

2.5 Based on the unaudited consolidated financial statements of the Vendor Group for the financial year ended 31 March 2014 ("**FY2014**"), the net asset value of the Target Group (including intangible assets and attributable goodwill) was S$8.7 million and the net tangible asset ("**NTA**") value was S$7.4 million.

3. INFORMATION ON THE PURCHASER

The Purchaser is a well-financed growth-oriented group with a long term strategy to create a mid-tier gold development group focused on mining-friendly jurisdictions. The Purchaser's existing assets include two gold development projects in Nova Scotia: the fully permitted Touquoy gold project and the preliminary economic assessment ready Cochrane Hill gold project. The Purchaser is listed on the TSX Venture Exchange ("**TSXV**") and the Australian Securities Exchange ("**ASX**") with the stock codes TSXV:AGB and ASX:AGB, and has a registered office at Suite 3083, Three Bentall Centre, 595 Burrard Street, Vancouver, B.C. Canada.

4. PRINCIPAL TERMS OF THE TRANSACTION

4.1 Consideration

Subject to adjustment in accordance with the provisions of paragraph 4.3 below, as consideration ("**Sale Consideration**") for the Sale Shares to be acquired by the Purchaser, the Purchaser shall:

(a) pay to the Vendor a cash consideration of Canadian Dollars ("**C$**") 4,260,740 (equivalent to approximately S$4,857,244[1]) (the "**Cash Consideration**"); and

(b) allot and issue to the Vendor 8,876,542 fully paid and non-assessable shares in the capital of the Purchaser (the "**Consideration Shares**") at a deemed value of C$0.48 per Consideration Share, representing an aggregate value of approximately C$4,260,640 (equivalent to approximately S$4,857,244[1]).

[1] In this Announcement, all conversion from C$ to S$ is based on the exchange rate of C$1: S$1.14.

Based on the above, the aggregate Sale Consideration is equivalent to approximately C$8,521,480 (equivalent to approximately S$9,714,488[1]).

Based on the market price of the Consideration Shares as at the date of this Announcement of C$0.30 per Consideration Share, the Consideration Shares will represent a total value of approximately C$2,662,963 (equivalent to approximately S$3,035,777) as at the date of this Announcement.

The Sale Consideration was negotiated on a willing-buyer and willing-seller basis after taking into account the resources attributable to the Target and the net asset value of the Target.

4.2 **Payment Terms**

Subject to adjustment in accordance with the provisions of paragraph 4.3 below, on the Closing Date the Cash Consideration will be paid by the Purchaser to the Vendor and the Consideration Shares will be issued by the Purchaser to the Vendor.

4.3 **Adjustment**

A net liability adjustment will be made at the Closing Date, to first reduce the Cash Consideration and if required thereafter to reduce the number of Consideration Shares (calculated using $0.48 per Consideration Share), to reflect:

(a) the existing net liabilities of C$600,000; plus

(b) any increase in the actual total liabilities of the Target over its cash assets, excluding any shareholder's loan or intercorporate debt, which shall be capitalized or forgiven on or before the Closing Date.

If audited consolidated financial statements for the Target Group as at and for the period ended June 30, 2014 are not provided at least two (2) business days prior to the Closing, the adjustment will be calculated based on unaudited consolidated financial statements, and the Purchaser will also be entitled to hold back 2,000,000 Consideration Shares.

4.4 **Conditions Precedent**

(a) Mutual Conditions Precedents

The obligation of the parties to consummate the Transaction on the Closing Date is subject to the prior completion of the following mutual conditions:

(aa) TSXV will have conditionally accepted the Transaction;

(bb) the Consideration Shares to be issued in connection with the Transaction will have been conditionally accepted for listing by TSXV, subject to the Purchaser fulfilling the listing requirements of TSXV;

(cc) there will not be in force any order or decree restraining or enjoining the transfer of the Sale Shares to the Purchaser; and

(dd) all consents, orders and approvals required, necessary or desirable for the completion of the Transactions shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, all on terms satisfactory to each of the parties to the Transaction, acting reasonably.

(b) Vendor's Conditions Precedent

The obligation of the Vendor Group to consummate the Transaction on the Closing Date is subject to the prior completion of, amongst others, the following conditions:

(aa) the representations and warranties of the Purchaser contained in the Agreement will have been true and correct as of the date of the Agreement and shall be true and correct as at the Closing Date with the same force and effect as if such representations and warranties had been made on and as of the Closing Date, save and except in any case which would not have a material adverse effect on the Purchaser;

(bb) the Purchaser will have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in the Agreement to be fulfilled or complied with by the Purchaser at or prior to the Closing Date; and

(cc) the Agreement and all other documents necessary or reasonably required to close the Transaction, all in form and substance reasonably satisfactory to the Vendor, will have been executed and delivered to the Vendor.

(c) Purchaser's Conditions Precedent

The obligation of the Purchaser to consummate the Transaction on the Closing Date is be subject to the prior completion of, amongst others, the following conditions:

(aa) the representations and warranties of the Target, the Vendor and the Company set forth in the Agreement will be true, correct and complete in all material respects as of the Closing Date and with the same effect as if made at and as of the Closing Date and the Purchaser will have received from the Target a certificate executed by an officer or director of the Vendor and Guarantor, respectively, Target certifying that the representations and warranties of the Target and Guarantor, as appropriate, set forth in the Agreement are true and correct in all material respects as at the Closing Date;

(bb) the Purchaser, at its own cost and expense, shall have obtained a title report (and, if required, title insurance), in form and substance acceptable to the Purchaser, confirming that the Properties are free and clear of all liens, charges, encumbrances or other defects in title;

(cc) the Purchaser will be satisfied, in its sole discretion, with its due diligence review of the Target, including, without limitation, that the Purchaser's due diligence, analysis and other customary examinations that it has performed regarding the Properties, the financial position of the Target and the business

of the Target are consistent, in all material respects, with the representations and warranties of the Target set forth in the Agreement;

(dd) all required approvals, consents, authorizations and waivers relating to the consummation of the Transaction will have been obtained;

(ee) the Target, the Vendor and the Company will have performed, fulfilled or complied with, in all material respects, all of their respective obligations, covenants and agreements contained in the Agreement to be fulfilled or complied with by the Target or the Vendor, as applicable, at or prior to the Closing Date;

(ff) no claim will have been asserted or made that any person (other than the Purchaser or the Vendor) is the holder or the beneficial owner of, or has the right to acquire or to obtain beneficial ownership of, any of the Sale Shares, or any other voting, equity, or ownership interest in, the Target or (other than the Vendor) is entitled to all or any portion of the Consideration Shares;

(gg) all proceedings to be taken in connection with the Transactions will be satisfactory in form and substance to the Purchaser, acting reasonably, and the Purchaser will have received copies of all instruments and other evidence as it may reasonably request in order to establish the consummation or closing of such transactions and the taking of all necessary proceedings in connection therewith; and

(hh) the Agreement and all other documents necessary or reasonably required to close the Transaction, all in form and substance reasonably satisfactory to the Purchaser, will have been executed and delivered to the Purchaser.

4.5 **Resale Moratorium and Standstill**

Pursuant to the terms of the Agreement, the Vendor has agreed not to, save as allowed under the Agreement, transfer, sell, assign or otherwise dispose of any interest in the Consideration Shares for a period of 1 year from the Closing Date without the prior written consent of the Purchaser, which consent may be arbitrarily withheld or delayed by the Purchaser

The Vendor has agreed that neither the Vendor nor its affiliates will acquire any interest in the securities of the Purchaser for a period of 2 years from the Closing Date without prior express written consent of the Purchaser.

4.6 **Company's Guarantee**

In connection with the Transaction, the Company has agreed to execute a guarantee in favour of the Purchaser in relation to the Vendor's and Target's obligations under the Agreement.

4.7 **Closing**

The Transaction is expected to close by the end of September, 2014.

5. FINANCIAL EFFECTS OF THE TRANSACTION

5.1 **Gain/Loss on Disposal**

The total Sale Consideration of C$8,521,480 or S$9,714,488, represents a shortfall of S$318,621 over the aggregate net asset value of the Sale Shares as at 31 March 2014, after taking into account the capitalization of an intercompany loan of S$1,332,804. There is a loss on disposal of approximately S$1,107,284, after taking into account the current market value of the Consideration Shares, attributable foreign currency translation reserve and 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 FY2014, the proforma financial effects of the Transaction on the consolidated NTA of the Group for FY2014 will be as follows:

	As at 31 March 2014	**After Completion of the Transaction**
Consolidated NTA attributable to the shareholders of the Company (S$'000)	107,203	107,679
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)	10.37	10.41

5.3 **Earnings per Share ("EPS")**

For illustrative purposes only and assuming that the Transaction had been completed on 1 April 2013 being the beginning of FY2014, the proforma financial effects of the Transaction on the consolidated EPS of the Group for FY 2014 will be as follows:

	FY 2014	**After Completion of the Transaction**
Consolidated profit after taxation and minority interests (S$'000)	(143,098)	(142,622)
Weighted average number of shares (excluding treasury shares)	958,288,898	958,288,898
Consolidated EPS (Singapore cents)	(14.93)	(14.88)

6. RATIONALE FOR THE TRANSACTION

The Company completed the acquisition of 100% of the Target by way of a plan of arrangement in October 2013 and was part of the Company's then plans to gain a foothold in North America. Since completing the acquisition of the Target, the Company has updated the Target's resources to be in compliance with the JORC 2012 Code, but has not taken other steps to develop the tenements. Having regard to the current low gold price, the Directors take the view that the Company's efforts and resources may be better deployed in developing the Group's other assets.

7. DISCLOSEABLE TRANSACTION

The relative figures in relation to the Transaction computed on the bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual are as follows:

Rule 1006	Bases	Sale Shares	Group	Relative Figures (%)
(a)	Net asset value [(1)] of the Sale Shares compared with the net asset value of the Group	S$8.70 million	S$123.99 million	7.02
(b)	Net profit[(2)] attributable to the Sale Shares compared with the net profit of the Group	S$(1.48) million	S$(154.03) million	(0.96)
(c)	The Sale Consideration for the Sale Shares compared with the market capitalisation[(3)] of the Group	S$9.71 million	S$72.58 million	13.38
(d)	Number of shares issued by the Company as consideration for the Transaction as compared with the total number of issued shares of the Company	N.A.	N.A.	N.A.
(e)	Aggregate volume of amount of proved and probable reserves to be disposed in relation to the Transaction as compared with the aggregate of the Group's proved and probable reserves.	N.A.[(4)]	801,000 oz Au	N.A.

Notes:

(1) Under Rule 1002 of the SGX-ST Listing Manual, "net asset" means total assets less total liabilities as derived from the unaudited consolidated accounts of the Group for FY 2014.

(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 unaudited consolidated accounts of the Group for FY 2014.

(3) The market capitalisation of the Company is derived from the volume weighted average price of S$0.065 for each share of the Company on 29 August 2014, being the market day preceding the date of the execution of the Agreement.

(4) Snowden Mining Industry Consultants Limited, an independent technical consultant, has prepared a qualified persons' report for each project held by the Company's wholly owned subsidiary, Acadian Mining Corporation. The qualified persons' reports setting out the resource estimates for the Fifteen Mile Stream Property and Beaver Dam Property are available on the Company's website at http://www.liongoldcorp.com/resources-and-reserves/.

As the relative figures under Rule 1006(c) above exceeds 5% but does not exceed 20%, the Transaction constitutes a discloseable transaction as defined in Chapter 10 of the SGX-ST Listing Manual.

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.

9. Responsibility Statement

The Directors of the Company, individually and collectively, accept full responsibility for the accuracy of the information in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts and the opinions expressed in this announcement are fair and accurate in all material respects as at the date of this announcement, and that there are no material facts the omission of which would make any statement in this announcement misleading.

By Order of the Board

Tan Soo Khoon Raymond
Executive Director
1 September 2014