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

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED IN RELATION TO THE:

(I) PROPOSED SUBSCRIPTION OF UP TO 21,808,939,540 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT THE ISSUE PRICE OF S$0.001 FOR EACH NEW SHARE; AND

(II) TERMINATION OF THE DEBT RESTRUCTURING AGREEMENT

LionGold Corp Ltd (the "**Company**") has received queries from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**SGX-ST queries**") in relation to the Company's announcement dated 28 December 2018 on the entry into the Subscription Agreement and the termination of the Debt Restructuring Agreement.

The board of directors (the "**Board**") of the Company has provided the following responses to the SGX-ST Queries.

Unless otherwise defined, all terms and references used in this announcement shall bear the same meaning ascribed to them in the Company's announcement dated 28 December 2018.

SGX-ST Query 1:

Why did the Company decide to enter into a Deed of Assignment and Subscription Agreement with the Subscriber instead of utilizing the convertibility feature of the convertible bonds with Premier Equity Sub Fund E and Value Capital Asset Management Private Limited to realise the debts?

Company's response:

Premier Equity Fund Sub Fund E ("**Subscriber**") and the Creditor (Premier Equity Fund Sub Fund D) are two separate entities, albeit they have the same Manager (Value Capital Asset Management Private Limited). The outstanding amount owing to the Creditor under the Debt Restructuring Agreement ("**Debt**") does not come with a convertibility option.

The Company only entered into the Subscription Agreement with the Investor. The Company did not enter into any deed of assignment with Yaoo Capital Pte Ltd ("**Investor**"). The Company was informed by the Manager that it is proposed that the Creditor enter into a deed of assignment with the Investor. Hence, it is one of the conditions of the Subscription Agreement that a deed of assignment relating to the Debt be entered into between the Creditor and the Investor.

Subject to the Deed of Assignment being entered into between the Creditor and the Investor, which would allow the Investor to step into the shoes of the Creditor vis a vis the Company, it is in the interests of the Company to enter into the Subscription Agreement with the Investor since the completion of such Subscription would remove the Company's obligation to repay the Debt and also enhance the balance sheet of the Company.

SGX-ST Query 2:

How much of the interest-free loan of S$3.5m been drawn down and used?

Company's response:

As at the date hereof, no amount has been advanced by Mr Raymond Tan to the Company. Terms of the loan are set out in the Company's announcement dated 13 July 2018.

SGX-ST Query 3:

Does the Company have any going concern issues, prior to the entering of Subscription Agreement?

Company's response:

Taking into consideration the interest-free loan agreement entered into with Mr Raymond Tan whereby up to S$3.5 million would be advanced to the Company as and when needed, the Company does not having going concern issues prior to entering into the Subscription Agreement.

Upon completion of the Subscription Agreement, the balance sheet position of the Company is expected to further improve.

SGX-ST Query 4:

On 29 June 2017, it was announced that the Company, the Creditor and the Manager have entered into a Debt Restructuring Agreement. On 27 July 2018, the announcement stated that the Company was still in negotiations with the Creditor. What were the challenges and relevant conditions precedent which prevented the Company and the Creditor and Manager from completing the Debt Restructuring Agreement?

Company's response:

Again, for clarity's sake, the Debt Restructuring Agreement was entered into with Premier Equity Fund Sub Fund D (the Creditor), and not Premier Equity Fund Sub Fund E.

Following the release of the announcement relating to the Debt Restructuring Agreement on 29 June 2017, the Company received unsolicited offers for the purchase of Castlemaine Goldfields Pty Ltd ("**CGT**") or its assets. Most of the offers were cash offers and some were marginally in excess of the Debt. The Company and the Creditor discussed the possibility of settling the Debt (or part thereof) by way of cash raised from the disposal of all or part of CGT or its assets. The Company facilitated several site visits for prospective buyers and set up a data room for the due diligence exercise that precedes most M&As. This process took quite a bit of time and subsequently affected the timeline for meeting the conditions required for completion of the Debt Restructuring Agreement. Be that as it may, while the Board was considering and evaluating the offers for CGT and/or its assets, the Investor came into the picture.

SGX-ST Query 5:

It was stated in the Annual Report that the Company had 2 customers in FY2015, and 1 customer in FY2016, FY2017 and FY2018, what is the Board's view of the Company's revenue concentration risk especially given that the Company is currently delving in only the mining business segment after it has discontinued its gold investments in Ghana in FY2017?

Company's response:

The Company's gold mining business is carried on by the Company's wholly-owned subsidiary, CGT, in Ballarat, Victoria, Australia. Gold mined, processed and produced by CGT in the form of dore bars is sent to The Perth Mint who refines the dore bars into refined gold. The quantity of refined gold is calculated, and the price is then paid by The Perth Mint to CGT. Hence, CGT has only one customer. This is in the ordinary course of business in the gold mining industry.

The Board is mindful of the revenue concentration risk but is constrained by the lack of sufficient resources to expand the gold mining business or diversify. It is the Board's intention to engage with the Investor post completion of the Subscription Agreement to enhance/expand the gold mining business and/or diversify into other businesses.

SGX-ST Query 6:

Further, the cash balances of the Company has decreased from S$23.5m in FY2014 to S$3.8m in FY2018 (and per latest 2Q2019 results, cash balance is at S$5.6m) largely due to high cash outflows from investing activities and low cash inflows from operating activities. In 1Q2019, the Company has generated a gross profit of S$2.7m and net profit of S$0.9m, however in 2Q2019, the Company has generated a gross profit of S$0.8m and net loss of S$0.7m. What are the Board's and Subscriber's plans for the Company moving forward?

Company's response:

In the Company's announcement dated 28 December 2018, it was stated that the Investor is of the view that there is untapped and discoverable potential in the Group's core gold mining project in Ballarat, Australia. The Investor intends to assess the situation post completion of the Subscription Agreement with a view to strengthening the core business activity of the Group. The Investor also intends to look at other areas of growth with a view to enhancing shareholders' values. Subsequent to completion of the Subscription Agreement, the Investor and the Board would discuss and formulate a fresh business plan, which would then be made known to shareholders. The completion of the Subscription Agreement is subject to Sponsor's clearance, regulatory and shareholders' approval and this is anticipated to happen no later than the 3rd quarter of 2019.

BY ORDER OF THE BOARD

Tan Soo Khoon Raymond
Executive Director
30 January 2019

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.

The announcement has not been examined or approved by 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.

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