

LIONGOLD CORP LTD

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

The Board of Directors (“**Board**”) of LionGold Corp Ltd (the “**Company**”) is pleased to present the results of the Company and its subsidiaries (the “**Group**”) for the third quarter ended 31 December 2018. The figures presented below have not been audited nor reviewed by the Company’s auditors.

1(a)(i) An income statement (for the Group) with comparatives for the 3 months and 9 months periods ended 31 December with the corresponding period of the immediately preceding financial year.

	Group			Group		
	3 month period ended			9 month period ended		
	31.12.2018	31.12.2017	Change	31.12.2018	31.12.2017	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	19,837	18,843	5.3	54,975	43,354	26.8
Cost of goods sold	(18,758)	(18,887)	(0.7)	(50,398)	(51,219)	(1.6)
Gross profit/(loss)	1,079	(44)	NM	4,577	(7,865)	NM
Other income	40	47	(14.9)	123	167	(26.3)
Expenses :						
Administrative expenses	(805)	(722)	11.5	(2,522)	(3,296)	(23.5)
Other expenses	743	701	6.0	495	495	-
Finance costs	(665)	(656)	1.4	(2,053)	(1,680)	22.2
Profit/(loss) before income tax	392	(674)	NM	620	(12,179)	NM
Income tax expense	(74)	-	NM	(74)	-	NM
Net profit/(loss) for the period	318	(674)	NM	546	(12,179)	NM
Net profit/(loss) for the period attributable to :						
Equity holders of the Company	638	(614)	NM	1,526	(12,349)	NM
Non-controlling interests	(320)	(60)	433.3	(980)	170	NM

NM: Not Meaningful

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

1(a)(ii) A statement of comprehensive income with comparatives for the 3 month and 9 month periods ended 31 December with the corresponding period of the immediately preceding financial year.

	Group		Group	
	3 month period ended		9 month period ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	S\$'000	S\$'000	S\$'000	S\$'000
Total profit/(loss) for the period	318	(674)	546	(12,179)
Reclassification of currency translation differences on loss of control and struck off of subsidiaries from equity to profit or loss	-	(274)	-	(274)
Currency translation differences arising from consolidation	(1,539)	(1,240)	(2,692)	(1,696)
Total comprehensive loss for the period	(1,221)	(2,188)	(2,146)	(14,149)
Total comprehensive (loss)/income for the period attributable to :				
Equity holders of the Company	(1,226)	(2,377)	(1,733)	(14,631)
Non-controlling interests	5	189	(413)	482

LIONGOLD CORP LTD

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

Total costs and expenses included the following charge/(credit):

	Group			Group		
	3 month period ended			9 month period ended		
	31.12.2018	31.12.2017	Change	31.12.2018	31.12.2017	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Cost of goods sold:-</u>						
Amortisation of mining properties	1,814	1,879	(3.5)	6,458	5,712	13.1
Depreciation of property, plant and equipment	918	1,294	(29.1)	2,817	5,267	(46.5)
<u>Other income:-</u>						
Interest income	40	29	37.9	108	115	(6.1)
Rental income	-	16	(100.0)	13	45	(71.1)
Others	-	2	(100.0)	2	7	(71.4)
	40	47	(14.9)	123	167	(26.3)
<u>Administrative expenses:-</u>						
Depreciation of property, plant and equipment	20	22	(9.1)	62	93	(33.3)
Operating lease - rental expenses	30	31	(3.2)	92	189	(51.3)
<u>Other expenses:-</u>						
Exploration and evaluation expenditure written-off	(5)	148	(103.4)	675	227	197.4
Unwind of discount on deferred consideration	110	-	NM	110	-	NM
(Gain)/loss on foreign exchange (net)	(959)	(709)	35.3	(1,662)	(838)	98.3
Loss on disposal of plant and equipment	-	-	-	44	2	2,100.0
Gain on striking-off of subsidiary	-	(274)	(100.0)	-	(274)	(100.0)
Other mining expenses	111	134	(17.2)	338	375	(9.9)
Plant and equipment written-off	-	-	-	-	13	(100.0)
	(743)	(701)	6.0	(495)	(495)	-

NM: Not Meaningful

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	As at 31.12.2018	As at 31.03.2018 (Restated)	As at 31.12.2018	As at 31.03.2018
	S\$'000	S\$'000	S\$'000	S\$'000
Current assets				
Cash and cash equivalents	7,946	3,757	4	5
Trade and other receivables	494	493	14	15
Other current assets	669	557	478	458
Inventories	6,601	7,327	-	-
	15,710	12,134	496	478
Non-current assets				
Security deposits	4,185	4,379	-	-
Investment in subsidiaries	-	-	64,446	64,446
Exploration and evaluation expenditure	4,490	5,519	-	-
Mining properties	2,298	3,598	-	-
Property, plant and equipment	13,569	14,360	2	6
	24,542	27,856	64,448	64,452
Total assets	40,252	39,990	64,944	64,930
Current liabilities				
Trade and other payables	14,207	11,660	5,362	3,440
Due to subsidiaries	-	-	36,815	35,816
Finance lease liabilities	423	705	-	-
Convertible bonds	-	419	-	419
Derivative liability conversion option in convertible bonds	9	97	9	97
	14,639	12,881	42,186	39,772
Non-current liabilities				
Finance lease liabilities	277	-	-	-
Borrowings	15,803	15,803	15,803	15,803
Convertible bonds	44	-	44	-
Deferred consideration	2,277	2,272	-	-
Rehabilitation and preservation provision	5,523	5,739	-	-
	23,924	23,814	15,847	15,803
Total liabilities	38,563	36,695	58,033	55,575
Net assets	1,689	3,295	6,911	9,355

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

	Group		Company	
	As at 31.12.2018	As at 31.03.2018	As at 31.12.2018	As at 31.03.2018
	S\$'000	S\$'000	S\$'000	S\$'000
Equity				
Issued capital and reserves attributable to equity holders of the Company				
Issued capital	870	811	870	811
Share premium	280,000	279,518	280,000	279,518
Other reserves	(266,743)	(265,009)	(273,959)	(270,974)
	14,127	15,320	6,911	9,355
Non-controlling interests	(12,438)	(12,025)	-	-
Total equity	1,689	3,295	6,911	9,355

1(b)(ii) Aggregate amount of Group's borrowings

Amount repayable in one year or less, or on demand

	As at 31.12.2018		As at 31.03.2018	
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Convertible bonds	-	-	-	419
Finance lease liabilities	423	-	705	-
	423	-	705	419

Amount repayable in more than one year

	As at 31.12.2018		As at 31.03.2018	
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Later than 1 year but not later than 5 years:				
Borrowings	-	15,803	-	15,803
Convertible loan	-	44	-	-
Finance lease liabilities	277	-	-	-
	277	15,847	-	15,803

As at 31 December 2018, the Group's borrowings are secured by property, plant and equipment with a net book value of S\$1.0 million (31 March 2018: S\$0.7 million).

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Group	
	3 month period ended		9 month period ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	SS'000	SS'000	SS'000	SS'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax	392	(674)	620	(12,179)
Adjustments for:-				
Amortisation of mining properties	1,814	1,879	6,458	5,712
Unwind of discount on deferred consideration	110	-	110	-
Amortisation of discount on provision for rehabilitation and preservation	13	14	40	42
Depreciation of property, plant and equipment	938	1,316	2,879	5,360
Exploration and evaluation expenditure written off	(5)	148	675	227
Loss on disposal of property, plant and equipment	-	-	44	2
Gain recognised on the striking off of a subsidiary	-	(274)		(274)
Property, plant and equipment written off	-	-	-	13
Unrealised foreign exchange gain	(964)	(706)	(1,667)	(831)
Interest income	(40)	(29)	(108)	(115)
Interest expense	652	642	2,013	1,638
Operating cash flows before working capital changes	2,910	2,316	11,064	(405)
Changes in operating assets and liabilities:				
Inventories	2,664	3,140	725	189
Trade and other receivables	(107)	(2,316)	(1)	(2,062)
Other current assets	(50)	125	(111)	78
Trade and other payables	(482)	838	(921)	631
Other liabilities	516	(119)	1,158	602
Cash generated from/(used in) operations	5,451	3,984	11,914	(967)
Interest received	40	29	108	115
Interest paid	(15)	(15)	(40)	(53)
Tax paid	(74)	-	(74)	-
Net cash generated from/(used in) operating activities	5,402	3,998	11,908	(905)
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditure on exploration, evaluation and capital development	(1,431)	(2,515)	(4,943)	(6,962)
Purchase of property, plant and equipment	(1,421)	(412)	(2,731)	(1,240)
Net cash used in investing activities	(2,852)	(2,927)	(7,674)	(8,202)

LIONGOLD CORP LTD

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

	Group		Group	
	3 month period ended		9 month period ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	SS'000	SS'000	SS'000	SS'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of convertible bonds	-	-	-	950
Net repayment of finance lease creditor	(176)	(223)	(5)	(510)
Returns from security deposits	-	11	-	11
Net cash (used in)/generated from financing activities	(176)	(212)	(5)	451
Net increase/(decrease) in cash and cash equivalents	2,374	859	4,229	(8,656)
Cash and cash equivalents at beginning of period	5,594	1,568	3,757	11,153
Effect of foreign exchange rate changes, net	(22)	(62)	(40)	(132)
Cash and cash equivalents at end of period	7,946	2,365	7,946	2,365

LIONGOLD CORP LTD

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Issued Capital	Share Premium	Contributed Surplus	Foreign Currency Translation Reserve	Accumulated Losses	Non-controlling interests	Total Equity
	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000
Group							
As at 31 March 2018 (As previously reported)	811	279,518	61,979	(21,133)	(305,855)	(12,025)	3,295
Adoption of SFRS(I)	-	-	-	16,335	(16,335)	-	-
As at 31 March / 1 April 2018 (Restated)	811	279,518	61,979	(4,798)	(322,190)	(12,025)	3,295
Conversion of shares from convertible bonds	59	482	-	-	-	-	541
Profit/(loss) for the period	-	-	-	-	888	(660)	228
Currency translation differences	-	-	-	(1,396)	-	242	(1,154)
Total comprehensive (loss)/income for the period	-	-	-	(1,396)	888	(418)	(926)
As at 30 September 2018	870	280,000	61,979	(6,194)	(321,302)	(12,443)	2,910
Profit/(loss) for the period	-	-	-	-	638	(320)	318
Currency translation differences	-	-	-	(1,864)	-	325	(1,539)
Total comprehensive (loss)/income for the period	-	-	-	(1,864)	638	5	(1,221)
As at 31 December 2018	870	280,000	61,979	(8,058)	(320,664)	(12,438)	1,689

LIONGOLD CORP LTD

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

	Issued Capital	Share Premium	Contributed Surplus	Foreign Currency Translation Reserve	Accumulated Losses	Non-controlling interests	Total Equity
	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000
Group							
As at 1 April 2017 (As previously reported)	558	277,648	61,979	(16,335)	(295,365)	(12,674)	15,811
Adoption of SFRS(I)	-	-	-	16,335	(16,335)	-	-
As at 1 April 2017 (Restated)	558	277,648	61,979	-	(311,700)	(12,674)	15,811
Conversion of shares from convertible bonds	118	876	-	-	-	-	994
(Loss)/profit for the period	-	-	-	-	(11,734)	230	(11,504)
Currency translation differences	-	-	-	(520)	-	63	(457)
Total comprehensive (loss)/income for the period	-	-	-	(520)	(11,734)	293	(11,961)
As at 30 September 2017	676	278,524	61,979	(520)	(323,434)	(12,381)	4,844
Conversion of shares from convertible bonds	76	582	-	-	-	-	658
Loss for the period	-	-	-	-	(614)	(60)	(674)
Currency translation differences	-	-	-	(1,763)	-	249	(1,514)
Total comprehensive (loss)/income for the period	-	-	-	(1,763)	(614)	189	(2,188)
As at 31 December 2017	752	279,106	61,979	(2,283)	(324,048)	(12,192)	3,314

LIONGOLD CORP LTD

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

	Issued Capital	Share Premium	Contributed Surplus	Accumulated Losses	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company					
As at 1 April 2018	811	279,518	61,979	(332,953)	9,355
Conversion of shares from convertible bonds	59	482	-	-	541
Loss and total comprehensive loss for the period	-	-	-	(2,313)	(2,313)
As at 30 September 2018	870	280,000	61,979	(335,266)	7,583
Loss and total comprehensive loss for the period	-	-	-	(672)	(672)
As at 31 December 2018	870	280,000	61,979	(335,938)	6,911

	Issued Capital	Share Premium	Contributed Surplus	Accumulated Losses	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company					
As at 1 April 2017	558	277,648	61,979	(316,592)	23,593
Conversion of shares from convertible bonds	118	876	-	-	994
Loss and total comprehensive loss for the period	-	-	-	(3,253)	(3,253)
As at 30 September 2017	676	278,524	61,979	(319,845)	21,334
Conversion of shares from convertible bonds	76	582	-	-	658
Loss and total comprehensive loss for the period	-	-	-	(1,066)	(1,066)
As at 31 December 2017	752	279,106	61,979	(320,911)	20,926

LIONGOLD CORP LTD

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous year reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the company, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The changes in the Company's paid-up capital were as follows:

Issued and fully paid (ordinary shares ("Shares"))	No. of shares	Share Capital (S\$'000)	Share Premium (S\$'000)
As at 1 April 2018	8,109,925,825	811	279,518
New ordinary shares issued in relation to conversion of S\$500,000 convertible bonds at a conversion price of S\$0.00085 on 6 June 2018	588,235,294	59	482
As at 30 September / 31 December 2018	8,698,161,119	870	280,000

The number of Shares that may be issued on conversion of the outstanding convertibles as at 31 December 2018 and 31 December 2017 is as follows:

As at 31 December 2018	No. of Shares that may be issued	Share Capital (S\$'000)	Share Premium (S\$'000)
New Shares to be issued on conversion of current outstanding convertible bonds of S\$50,000 and the remaining convertible bonds of approximately S\$22 million which have yet to be drawn down. For illustrative purposes, the table shows the number of Shares to be issued assuming full conversion of the convertible bonds at the conversion price of S\$0.00085.	25,898,497,477	2,590	19,424

As at 31 December 2017	No. of Shares that may be issued	Share Capital (S\$'000)	Share Premium (S\$'000)
New Shares to be issued on conversion of current outstanding convertible bonds of S\$50,000 and the remaining convertible bonds of approximately S\$23 million which have yet to be drawn down. For illustrative purposes, the table shows the number of Shares to be issued assuming full conversion of the convertible bonds at the conversion price of S\$0.00085.	27,074,968,065	2,707	20,306

LIONGOLD CORP LTD

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

There are no treasury shares or subsidiary holdings as at the end of the current financial period and as at the end of the immediately preceding financial year.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

There are no treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year. The total number of issued Shares as at 31 December 2018 is 8,698,161,119 (31 March 2018: 8,109,925,825).

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There are no treasury shares.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There are no subsidiary holdings.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice (e.g. the Singapore standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard).

The figures have not been audited nor reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial have been applied.

There were no changes in the accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 March 2018, except as disclosed in Note 5 below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

On 1 April 2018, the Group adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)"). It has prepared its first set of financial information under SFRS(I) for the quarter ended 30 June 2018. The Group's previously issued financial statements for periods up to and including financial year ended 31 March 2018 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 April 2018, the Group applied the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group's opening balance sheet under SFRS(I) has been prepared as at 1 April 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

LIONGOLD CORP LTD

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

The adoption of SFRS(I) did not have any significant impact on the financial statements of the Group except the following:

a) Application of SFRS(I) 1 First Time Adoption of SFRS(I)

The Group has elected for the optional exemption to reset its cumulative foreign currency translation reserve for all foreign operations to nil at the date of transition on 1 April 2017. As a result, the foreign currency translation reserve of S\$16,335,000 (in debit balance) determined in accordance with FRSs as at 1 April 2017 will be reclassified to retained earnings as at 1 April 2017.

b) Comparatives

The comparative figures that have been restated with significant impact arising from the adoption of SFRS(I) described above are summarized below:

Group Balance Sheet

	As at 31 March 2018			As at 1 April 2017		
	Reported under SFRS	Effect of transition to SFRS(I)	Restated under SFRS(I)	Reported under SFRS	Effect of transition to SFRS(I)	Restated under SFRS(I)
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Issued capital and reserves attributable to equity holders of the Company						
Other reserves	40,846	16,335	57,181	45,644	16,335	61,979
Accumulated losses	(305,855)	(16,335)	(322,190)	(295,365)	(16,335)	(311,700)

6. **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	3 month period ended		9 month period ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Earnings/(loss) per Share for the financial period:				
Based on weighted average number of Shares - basic and diluted	0.01 cents	(0.01) cents	0.02 cents	(0.19) cents

Earnings or loss per Share is calculated based on the weighted average number of Shares of 8,556,984,648 for the nine (9) months ended 31 December 2018 (31 December 2017: 6,477,412,458) and 8,556,984,648 for the three (3) months ended 31 December 2018 (31 December 2017: 6,477,412,458).

LIONGOLD CORP LTD

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

7. Net asset value (for the issuer and the Group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	Group		Company	
	As at 31.12.2018	As at 31.03.2018	As at 31.12.2018	As at 31.03.2018
Net assets value per share based on issued share capital at end of financial period/year	0.16 cents	0.19 cents	0.08 cents	0.12 cents

Net asset value per Share is calculated based on 8,698,161,119 (31 March 2018: 8,109,925,825) Shares in issue at the end of the financial period ended 31 December 2018.

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

(A) Financial Performance Review

9M2019

The Group recorded an increase in revenue for the nine (9) months of the financial period ended 31 December 2018 ("9M2019"). Revenue increased to S\$55.0 million compared with S\$43.4 million in the preceding period ("9M2018") as total gold sold increased from 24,947 ounces to 32,486 ounces. In addition, there was an increase in average selling price of gold from A\$1,650 in 9M2018 to A\$1,699 in 9M2019.

Gross profit increased by S\$12.4 million from a gross loss of S\$7.9 million in 9M2018 to a gross profit of S\$4.6 million in 9M2019. The significant increase in gross profit was mainly due to the increase in gold sold and increase in average selling price of gold as described above. Total quantity of gold ore processed increased by 6.5% from approximately 192,000 tonnes in 9M2018 to approximately 205,000 tonnes in 9M2019. Total gold production increased by 25.6% from 25,325 ounces in 9M2018 to 31,804 ounces in 9M2019 as a result of the increase in the head grade of ore processed from 5.0g/t in 9M2018 to 5.7g/t in 9M2019. Total mining and production cost per ounce has decreased mainly as a result of the increase in head grade.

The increase in amortisation of mining properties was mainly attributable to the increase in total gold production as described above. There was a decrease in depreciation of property, plant and equipment as some of the assets have been fully depreciated in 9M2019.

Administrative expenses decreased by S\$0.8 million in 9M2019 as compared to 9M2018. This was mainly attributable to a decrease in salary expenses of S\$0.4 million and a decrease of S\$0.1 million in rental expenses.

Other expenses recorded a gain of S\$0.5 million in 9M2019. This was mainly attributable to foreign exchange gains of S\$1.7 million. The gain in other expenses was partially offset by exploration and evaluation expenditure written-off of S\$0.7 million, unwind of discount on deferred consideration of S\$0.1 million and other mining expenses of S\$0.3 million.

LIONGOLD CORP LTD

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

Exploration and evaluation expenditure of S\$0.7 million in 9M2019 were written off as costs incurred and capitalised in relation to an area of interest were deemed to be no longer recoverable through further development and exploitation. Other mining expenses of S\$0.3 million in 9M2019 relate to general mining expenses which could not be allocated to specific area of interest and hence has to be expensed off and these items were individually immaterial.

The increase in finance costs of S\$0.4 million in 9M2019 as compared to 9M2018 was mainly attributable to an increase in interest charged on the outstanding borrowings of S\$15.8 million pursuant to the debt restructuring agreement entered by the Company as announced on 29 June 2017.

3Q2019

The Group recorded an increase in revenue for the three (3) months financial period ended 31 December 2018 (“**3Q2019**”). Revenue increased to S\$19.8 million compared to S\$18.8 million in the three (3) months financial period ended 31 December 2017 (“**3Q2018**”) as total gold sold increased from 10,850 ounces in 3Q2018 to 11,800 ounces in 3Q2019. In addition, there was an increase in average selling price of gold from A\$1,665 in 3Q2018 to A\$1,707 in 3Q2019.

Gross profit increased by S\$1.1 million from a gross loss of S\$44,000 in 3Q2018 to a gross profit of S\$1.1 million in 3Q2019. Total gold production increased by 5.9% from 9,024 ounces in 3Q2018 to 9,560 ounces in 3Q2019 mainly as a result of the increase in the head grade of ore processed from 5.3g/t in 3Q2018 to 5.5g/t in 3Q2019.

Other expenses recorded a gain of S\$0.7 million in 3Q2019. The gain was mainly attributable to foreign exchange gains of S\$1.0 million, which was partially offset by unwind of discount on deferred consideration of S\$0.1 million and other mining expenses of S\$0.1 million.

Finance costs was S\$0.7 million in 3Q2019 which was comparable to 3Q2018. This was mainly attributable to the interest charged on the outstanding borrowings of S\$15.8 million pursuant to the debt restructuring agreement entered by the Company as announced on 29 June 2017.

(B) Financial Position Review

- 1) The Current Assets of the Group increased by S\$3.6 million from S\$12.1 million as at 31 March 2018 to S\$15.7 million as at 31 December 2018. The increase was mainly due to:
 - The increase in cash and cash equivalents by S\$4.2 million. This was mainly attributable to cash generated from operating activities of S\$11.9 million. This increase was partially offset by expenditure on mining related activities of S\$4.9 million and purchase of property, plant and equipment (“**PPE**”) of S\$2.7 million.

The increase in current assets of the Group was partially offset by:

- The decrease in inventories of S\$0.7 million which was mainly attributable to the decrease in the quantity of gold stockpiles held.

LIONGOLD CORP LTD

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

- 2) The non-current assets of the Group decreased by S\$3.3 million from S\$27.9 million as at 31 March 2018 to S\$24.5 million as at 31 December 2018. The decrease was mainly due to:
- The decrease in PPE by S\$0.8 million which was mainly attributable to depreciation charge of S\$2.9 million. In addition, the Group has significant PPE that are held in AUD, and the depreciation of AUD against SGD has resulted in a decrease in the net book value of approximately \$0.6 million. The decrease was partially offset by additions amounting to S\$2.7 million during the period.
 - The decrease in exploration and evaluation expenditure (“E&E”) by S\$1.0 million was mainly attributable to the reclassification of S\$1.1 million to mining properties and write-offs of S\$0.7 million. The decrease was partially offset by additional expenditure capitalised in 9M2018 of S\$0.9 million.
 - The decrease in mining properties by S\$1.3 million mainly attributable to the amortisation charge of S\$6.5 million. The decrease was partially offset by additions amounting to S\$4.0 million and a reclassification of S\$1.1 million from E&E during the period.
- 3) The Current Liabilities of the Group increased from S\$12.9 million as at 31 March 2018 to S\$14.6 million as at 31 December 2018. The increase of S\$1.7 million was mainly attributable to:
- The increase in trade and other payables of S\$2.5 million.

The increase in current liabilities of the Group was partially offset by:

- The decrease in convertible bonds by S\$0.4 million attributable to the conversion of bonds into shares of the Company. The carrying value of the convertible bonds has been reclassified from current liabilities to non-current liabilities as a result of the supplemental agreement entered between the Company, Premier Equity Fund Sub E and Value Capital Asset Management Pte. Ltd. to amend the terms of the Subscription Agreement in relation to the extension of the maturity date to 16 March 2020 (Company’s announcement dated 13 July 2018).

At the Company level, the amount due to subsidiaries increased from S\$35.8 million to S\$36.8 million which was mainly attributable to the funding provided from Castlemaine Goldfields Pty Ltd (“CGT”) to the Company for its operating expenses.

- 4) The non-current liabilities of the Group increased from S\$23.8 million as at 31 March 2018 to S\$23.9 million as at 31 December 2018. The increase was mainly attributable to:
- The increase in finance lease of S\$0.3 million.

The increase in non-current liabilities of the Group was partially offset by:

- The decrease in provision for rehabilitation and preservation of S\$0.2 million attributable to the depreciation of AUD against SGD as the provision is held in AUD.

The provision for rehabilitation and preservation of S\$5.5 million is to cover the estimated costs of land rehabilitation and preservation as a result of past mining and exploration activities at Ballarat and Castlemaine, all in Australia.

Deferred consideration of S\$2.3 million pertains to a consideration payable to the previous owner of Owere Mines Ltd. An aggregate of A\$3.0 million will be made payable following certain production milestones being met. Further details of this deferred consideration can be found on page 92, note 30 of the FY2018 annual report.

LIONGOLD CORP LTD

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

5) Issued capital and reserves attributable to equity holders and non-controlling interests of the Company decreased by S\$1.6 million from S\$3.3 million as at 31 March 2018 to S\$1.7 million as at 31 December 2018. These were mainly attributable to the following:

- The decrease in other reserves (excluding accumulated losses) by S\$3.3 million, due to a decrease in foreign currency translation reserve.
- The decrease in accumulated losses from S\$322.2 million as at 31 March 2018 to S\$320.7 million as at 31 December 2018, which reflects the Group's consolidated profit of S\$1.5 million attributable to equity holders for the period.
- The increase in deficit of non-controlling interest to (S\$12.4) million as at 31 December 2018 compared to (S\$12.0) million as at 31 March 2018, due mainly to a non-controlling interests share of losses of \$1.0 million and increase in currency translation differences of S\$0.6 million.

(C) Cash Flow Statement

9M2019

Net cash generated from operating activities in 9M2019 was S\$11.9 million as compared to net cash used in operations of S\$0.9 million in 9M2018. The net operating cash inflow was mainly due to an operating cash inflow before working capital changes of S\$11.1 million, adjusted for working capital inflows of S\$0.9 million. The working capital inflows in 9M2019 were attributable mainly to the decrease in inventories of S\$0.7 million and increase in other liabilities of S\$1.2 million. The working capital inflows was partially offset by a decrease in trade and other payables of S\$0.9 million.

Net cash used in investing activities in 9M2019 was S\$7.7 million as compared to S\$8.2 million in 9M2018. This was mainly attributable to a decrease in expenditure on exploration, evaluation and capital development of S\$2.0 million in 9M2019, which was partially offset by an increase in purchase of PPE from S\$1.2 million in 9M2018 to S\$2.7 million in 9M2019.

Net cash used in financing activities in 9M2019 was S\$5,000 as compared to net cash generated from financing activities of S\$0.5 million in 9M2018. This was mainly attributable to proceeds of S\$1.0 million from the issuance of convertible bonds in 9M2018. There was no such item in 9M2019.

3Q2019

Net cash generated from operating activities in 3Q2019 was S\$5.4 million as compared to S\$4.0 million in 3Q2018. The net operating cash inflow was mainly due to an operating cash inflow before working capital changes of S\$2.9 million, adjusted for working capital inflows of S\$2.5 million. The working capital inflows in 3Q2019 were attributable mainly to the decrease in inventories of S\$2.7 million and an increase in other liabilities of S\$0.5 million. The working capital inflows were partially offset by an increase in trade and other receivables of S\$0.1 million and a decrease in trade and other payables of S\$0.5 million.

Net cash used in investing activities in 3Q2019 was S\$2.9 million which was comparable to 3Q2018. The net cash used in 3Q2019 was mainly attributable to expenditure on exploration, evaluation and capital development of S\$1.4 million and purchase of PPE of S\$1.4 million. Comparatively, the net cash used in 3Q2018 was mainly attributable to expenditure on exploration, evaluation and capital development of S\$2.5 million and purchase of PPE of S\$0.4 million.

LIONGOLD CORP LTD

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

Net cash used in financing activities in 3Q2019 was S\$0.2 million which was comparable to 3Q2018. The net cash used in financing activities in 3Q2019 was mainly attributable to repayment of finance lease creditor of S\$0.2 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable. There is no forecast or prospect statement which has been previously disclosed.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting year and the next 12 months.

The Board is cautiously optimistic on the outlook for gold prices as the current volatility in the global stock markets, geopolitical uncertainties and trade tensions are likely to support the price of gold in 2019.

Given the above, the Board prefers to take a cautiously optimistic view on the demand for and price of gold going forward as the above factors are generally supportive for demand for gold as an important asset class in times of uncertainty.

11. Dividend

(a) Current Financial Year Reported On

Any dividend declared for the current financial year reported on?

No.

(b) Corresponding Year of the Immediately Preceding Financial Year

Any dividend declared for the corresponding year of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect and the reason(s) for the decision.

As the Company's auditors have issued a disclaimer of opinion on the going concern assumption in its auditors report for the financial year ended 31 March 2018, no final dividend has been recommended.

LIONGOLD CORP LTD

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

- 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained any IPT mandate from its shareholders. There were no IPT transactions for the period from 1 April 2018 to 31 December 2018.

- 14. Confirmation pursuant to Rule 705(5) of the Catalist Listing Manual**

Bernard Soo Puong Yui and Tan Soo Khoon Raymond, being two directors of the Company, have confirmed on behalf of the Board that to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for 3Q2019 to be materially false or misleading in any material aspect.

- 15. Confirmation pursuant to Rule 720(1) of the Catalist Listing Manual**

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual.

- 16. Use of Proceeds**

All proceeds have been fully utilised and announced accordingly as at the date of this announcement.

BY ORDER OF THE BOARD

Tan Soo Khoon Raymond

Executive Director

13 February 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 Sponsor has also not drawn on any specific technical expertise in its review of this announcement.

The announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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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