LIONGOLD CORP LTD

COMPANY ANNOUNCEMENT

PROPOSED SUBSCRIPTION OF 105,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF LIONGOLD CORP LTD BY MOI HSIEN HUR

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1. INTRODUCTION

LionGold Corp Ltd (the "**Company**") wishes to announce that it has entered into a subscription agreement dated 30 December 2014 (the "**Subscription Agreement**") with Mr. Moi Hsien Hur (the "**Subscriber**"), pursuant to which the Company has agreed to allot and issue 105,000,000 new ordinary shares in the capital of the Company (the "**Subscription Shares**") to the Subscriber, at an issue price of S$0.019 (the "**Issue Price**") for each Subscription Share, to raise gross proceeds of S$1,995,000 (the "**Subscription**").

The Company will allot and issue the Subscription Shares pursuant to the general share issue mandate approved by the Shareholders at the annual general meeting of the Company held on 19 November 2014.

The Subscription will be carried out pursuant to Section 272B of the Securities and Futures Act (Cap. 289) of Singapore. As such, no prospectus or offer information statement will be issued in connection with the Subscription.

2. THE SUBSCRIPTION

2.1 The Subscription Shares and the Issue Price

The Issue Price represents a discount of approximately 9.52% to the volume weighted average price of S$0.021 for trades done on shares of the Company (the "**Shares**") on the Singapore exchange Securities Trading Limited (the "**SGX-ST**") on 30 December 2014 (being the full market day preceding the execution of the Subscription Agreement).

The Subscription Shares, when allotted and issued by the Company, will rank *pari passu* in all respects with the Shares existing as at the date of issue of the Subscription Shares, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of issue of the Subscription Shares.

The Company will apply to the SGX-ST for the admission of the Subscription Shares to the Official List of the SGX-ST and for the listing and quotation of the Subscription Shares on the SGX-ST.

2.2 Conditions

The Subscription is conditional upon, *inter alia*:

(a) the approval in-principle for the listing and quotation of the Subscription Shares on the Official List of the SGX-ST being obtained from the SGX-ST and not revoked or amended as at the date of completion; and

(b) the issue and subscription of the Subscription Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Subscription Agreement by any applicable legislative, executive or regulatory body or authority of Singapore or Bermuda.

3. INFORMATION ON THE SUBSCRIBER

The Subscriber is a Malaysian businessman with more than 15 years of experience in the retailing of art and antiques. He is currently a director at HH Art Gallery, a Malaysian art gallery. The Subscriber is also an existing shareholder of the Company. Pursuant to a subscription agreement dated 24 June 2014, the Company allotted and issued to the Subscriber 52,000,000 Shares at an issue price of S$0.08135 per Share to raise gross proceeds of S$4,230,200 (the "**Previous Subscription**"). The Subscriber has since sold all the shares issued to him from the Previous Subscription. Please refer to the Company's announcements dated 24 June 2014, 22 July 2014 and 25 July 2014 for further information on the Previous Subscription.

The Subscriber is independent of the Company, the Directors and substantial shareholders of the Company. He is subscribing for the Subscription Shares for his own investment purposes.

The Subscriber has confirmed and represented that, *inter alia*, he is not a person who falls within Rule 812 of the Listing Manual of the SGX-ST. The Subscriber has also acknowledged in the Subscription Agreement that he is fully aware of the auditor's disclaimer of opinion by the Company's auditors PricewaterhouseCoopers LLP in respect of the Company's audited consolidated financial statements for the financial year ended 31 March 2014 ("**FY2014**"), as incorporated in the Company's annual report for FY2014 (the "**Auditor's Disclaimer of Opinion**"). The Subscriber is fully aware of the implications of the Auditor's Disclaimer of Opinion and has represented to the Company that he is entering into the Subscription Agreement and will fulfil his obligations thereunder notwithstanding the Auditor's Disclaimer of Opinion. Please refer to the Company's annual report for FY2014 and the announcements dated 27 October 2014 and 30 October 2014 for further information on the Auditor's Disclaimer of Opinion.

No placement agent has been appointed in relation to the Subscription and no commission or finder's fee is payable by the Company to any person in relation to the Subscription.

4. FINANCIAL EFFECTS OF THE SUBSCRIPTION

In this Announcement, any *pro forma* effect of the Subscription is presented on the following assumptions that none of the outstanding convertible securities of the Company are converted into Shares. As at the date of this Announcement, the Company has 250,893,523 outstanding warrants and outstanding convertible bonds in the principal amount of US$20,000,000, which can be converted into Shares.

4.1 **Share Capital**

On the assumption that all the Subscription Shares are fully subscribed for, the Company's issued and paid-up share capital (excluding treasury shares) as at the date of this Announcement (the "**Existing Share Capital**") will increase from US$44,666,343.88 comprising 1,116,658,597 Shares to US$48,886,343.88 comprising 1,221,658,597 Shares. The Subscription Shares represent approximately 9.40% of the Existing Share Capital and approximately 8.59% of the enlarged issued and paid-up share capital (excluding treasury shares) of the Company after the Subscription.

4.2 **Financial Effects**

The *pro forma* financial effects of the Subscription (excluding transaction costs), based on the audited accounts of the Company and its subsidiaries (the "**Group**") for FY2014 are set out below. The *pro forma* financial effects are presented for illustration purposes only, and are not intended to reflect the actual future financial situation of the Company or the Group.

4.3 **Net Tangible Assets per Share**

The effect of the Subscription on the Company's net tangible assets ("**NTA**") per Share as at 31 March 2014 will be as follows:

	As at 31 March 2014[(1)]	**After the Issue of the Subscription Shares[(2)]**
Consolidated NTA attributable to the shareholders of the Company (S$'000)	96,963	98,958
Number of Shares (excluding treasury shares)	1,116,658,597	1,221,658,597
Consolidated NTA per Share attributable to the shareholders of the Company (Singapore cents)	8.68	8.10

Notes:

1. Taking into account the effects of the following: (i) 25,022,057 Shares issued to Myriad Opportunities Master Fund Limited as per the announcements released by the Company dated 30 May 2014, 1 July 2014 and 4 July 2014, (ii) 52,000,000 Shares issued to the Subscriber as per the announcements released by the Company dated 24 June 2014, 22 July 2014 and 25 July 2014 and (iii) 5,750,000 Shares issued on 30 June 2014 in relation to the grant of share awards pursuant to the LionGold share performance share plan.

2. Assuming that all 105,000,000 Subscription Shares are fully subscribed for as at 31 March 2014.

4.4 **Earnings per Share**

The effect of the Subscription on the earnings per Share ("**EPS**") of the Company for FY2014 will be as follows:

	FY2014[(1)]	**After the Issue of the Subscription Shares[(2)]**
Consolidated profit after taxation and minority interests (S$'000)	(175,570)	(175,570)
Weighted average number of Shares (excluding treasury shares)	1,041,060,955	1,146,060,955
Consolidated EPS (Singapore cents)	(16.86)	(15.32)

Notes:

1. Taking into account the effects of the following: (i) 25,022,057 Shares issued to Myriad Opportunities Master Fund Limited as per the announcements released by the Company dated 30 May 2014, 1 July 2014 and 4 July 2014 and (ii) 52,000,000 Shares issued to the Subscriber as per the announcements released by the Company dated 24 June 2014, 22 July 2014 and 25 July 2014 and (iii) 5,750,000 Shares issued on 30 June 2014 in relation to the grant of share awards pursuant to the LionGold share performance share plan.

2. Assuming that all 105,000,000 Subscription Shares are fully subscribed for as at 1 April 2013.

5. USE OF PROCEEDS

The net proceeds from the Subscription (after deducting expenses relating thereto) of approximately S$1,895,000 will be used by the Company in the following estimated proportions:

Use of Proceeds	Percentage Allocation (%)
i. Working Capital	50
ii. Gold Mining Operations	50

The Company will make an announcement on the use of the net proceeds as and when such proceeds are materially disbursed, including whether the use is in accordance with the intended use as announced. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

Pending the deployment of the net proceeds, such proceeds may be deposited with banks or financial institutions, invested in short-term money market instruments or marketable securities, and/or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem fit from time to time.

6. GENERAL

Save as disclosed herein, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Subscription.

The Company will make the necessary announcements once the approval in-principle for the listing and quotation of the Subscription Shares has been obtained from the SGX-ST.

By Order of the Board

Tan Soo Khoon Raymond
Executive Director
30 December 2014