LIONGOLD CORP LTD

COMPANY ANNOUNCEMENT

(A) PROPOSED SUBSCRIPTION OF UP TO 37,313,430 NEW ORDINARY SHARES IN THE CAPITAL OF LIONGOLD CORP LTD ("SHARES") AT S$0.1340 FOR EACH SUBSCRIPTION SHARE TO RAISE GROSS PROCEEDS OF S$5,000,000

(B) PROPOSED ISSUE OF CONVERTIBLE BONDS

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1. INTRODUCTION

1.1 LionGold Corp Ltd (the "**Company**") wishes to announce that it has entered into a subscription agreement dated 31 March 2014 (the "**Share Subscription Agreement**") with Mr. Teo Kek Yeng, Mr. Toh Soon Huat, Mr. Ong King Kok, Ms. Yap Sooi Kuan, Mr. Lee Yee Pin and Mr. Poh Chong Peng (collectively, the "**Share Subscribers**" and individually, a "**Share Subscriber**"). Pursuant to the terms of the Share Subscription Agreement, the Company proposes to raise capital by issuing 37,313,430 Shares (the "**Subscription Shares**") to the Share Subscribers (the "**Share Subscription**"), at an issue price of S$0.1340 for each Subscription Share (the "**Issue Price**"), to raise gross proceeds of approximately S$5,000,000. Further details of the Share Subscription are provided in paragraph 2 of this Announcement.

1.2 In addition, the Company has entered into two (2) separate subscription agreements dated 31 March 2014 (the "**Tranche 1 Bond Subscription Agreements**") with each of Mr. Awang Ahmad Sah and Dr. Vigneswaran T. Subramaniam (collectively the "**Tranche 1 Bond Subscribers**" and individually, a "**Tranche 1 Bond Subscriber**"). Pursuant to the Tranche 1 Bond Subscription Agreements, the Company proposes to issue unsecured redeemable convertible bonds due 2017 (the "**Tranche 1 Bonds**") to the Tranche 1 Bond Subscribers (the "**Tranche 1 Bond Subscription**"), in the principal amount of S$15,000,000, which can be converted into Shares (the "**Tranche 1 Conversion Shares**"). Further details of the Tranche 1 Bond Subscription are provided in paragraph 3 of this Announcement.

1.3 The Company has also entered into a subscription agreement dated 31 March 2014 (the "**Tranche 2 Bond Subscription Agreement**") with Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil (the "**Tranche 2 Bond Subscriber**), Non-Executive Chairman of the Company. Pursuant to the Tranche 2 Bond Subscription Agreement, the Company proposes to issue unsecured redeemable convertible bonds due 2017 (the "**Tranche 2 Bonds**") to the Tranche 2 Bond Subscriber (the "**Tranche 2 Bond Subscription**"), in the principal amount of S$20,000,000, which can be converted into Shares (the "**Tranche 2 Conversion Shares**"). Further details of the Tranche 2 Bond Subscription are provided in paragraph 4 of this Announcement.

1.4 In this Announcement:

(a) the Share Subscription, the Tranche 1 Bond Subscription and the Tranche 2 Bond Subscription are collectively referred to as the "**Proposed Offerings**";

(b) the Tranche 1 Bonds and the Tranche 2 Bonds are collectively referred to as the "**Bonds**";

(c) the Tranche 1 Conversion Shares and the Tranche 2 Conversion Shares are collectively referred to as the "**Conversion Shares**"; and

(d) the Share Subscribers, the Tranche 1 Bond Subscribers and the Tranche 2 Bond Subscriber are collectively referred to as the "**Subscribers**".

1.5 The Company will allot and issue the Subscription Shares and the Tranche 1 Conversion Shares pursuant to the general share issue mandate approved by shareholders of the Company (the "**Shareholders**") at the annual general meeting of the Company held on 30 July 2013.

1.6 As the Tranche 2 Bond Subscriber is a director of the Company, the Tranche 2 Bond Subscription and the issuance of the Tranche 2 Conversion Shares are subject to, amongst others, the approval of the Shareholders in a special general meeting to be convened ("**SGM**") pursuant to Rule 812 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

1.7 There will not be any prospectus or offer information statement issued in connection with the Proposed Offerings as the Proposed Offerings will be made pursuant to Section 272B of the Securities and Futures Act, Chapter 289 of Singapore or any other applicable exemption under the said Act.

2. THE SHARE SUBSCRIPTION AGREEMENT

2.1 The Subscription Shares

The Share Subscribers propose to subscribe for the Subscription Shares as follows:

Name of Share Subscriber	**Number of Subscription Shares**	**Aggregate Issue Price**	**Percentage of enlarged share capital[1]**
Mr. Teo Kek Yeng	3,731,343	S$500,000	0.29%
Mr. Toh Soon Huat	3,731,343	S$500,000	0.29%
Mr. Ong King Kok	7,462,686	S$1,000,000	0.58%
Ms. Yap Sooi Kuan	7,462,686	S$1,000,000	0.58%
Mr. Lee Yee Pin	7,462,686	S$1,000,000	0.58%
Mr. Poh Chong Peng	7,462,686	S$1,000,000	0.58%

Notes:

1. Assuming that the Subscription Shares and the Bonds are fully subscribed for and all the Bonds are converted into Conversion Shares.

The Issue Price represents a discount of approximately 9.52% to the volume weighted average price of S$0.1481 for trades done on Shares on the SGX-ST on 31 March 2014 (being the full market day preceding the execution of the Subscription Agreement) (the "**Benchmark Price**").

2.2 Conditions

Completion of the Share Subscription is conditional upon, amongst others:

(a) 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. TRANCHE 1 BOND SUBSCRIPTION AGREEMENTS

3.1 The Tranche 1 Bonds

The Tranche 1 Bond Subscribers propose to subscribe for the Tranche 1 Bonds as follows:

Name of Tranche 1 Bond Subscriber	Aggregate Principal Amount	Number of Tranche 1 Conversion Shares	Percentage of enlarged share capital[1]
Mr. Awang Ahmad Sah	S$7,500,000	46,875,000	3.63%
Dr. Vigneswaran T. Subramaniam	S$7,500,000	46,875,000	3.63%

Notes:

1. Assuming that the Subscription Shares and the Bonds are fully subscribed for and all the Bonds are converted into Conversion Shares.

3.2 Principal Terms

The principal terms and conditions of the Tranche 1 Bonds under the Tranche 1 Bond Subscription Agreements are as follows:

Principal Size of the Offering	:	Up to S$15,000,000 in aggregate principal amount of Tranche 1 Bonds.
Issue Price	:	100% of the principal amount of the Tranche 1 Bonds.
Interest Rate	:	The Tranche 1 Bonds will bear interest at the rate of 5.0% per annum.
Drawdown	:	At the option of the Company, by serving a drawdown notice during the Drawdown Period, in S$500,000 in principal amount or an integral multiple thereof. For the avoidance of doubt, there can be maximum 15 tranches of drawdown pursuant to each of the Tranche 1 Bond Subscription Agreements.
Drawdown Period	:	Any time during the period commencing from the date falling five (5) business days after the fulfilment of the conditions precedent in the Tranche 1 Bond Subscription Agreements (the "**Commencement Date**") and ending 7 days prior to the Maturity Date.
Maturity Date	:	The date falling 36 months after the Commencement Date.
Conversion Period	:	The conversion right attaching to any Tranche 1 Bonds may be exercised, at the option of the relevant Tranche 1 Bond Subscriber, at any time on or after the 30th calendar day after the date of issuance of the relevant tranche of the Tranche 1 Bonds (the "**Issue Date**") and up to the close of business on the Maturity Date. In the event that the Issue Date of any Tranche 1 Bond is a date which falls within 30 calendar days from the Maturity Date, the conversion right attaching to such Tranche 1 Bond may be exercised at any time up to the close of business on the Maturity Date. If the Maturity Date is not a business day, then the period for the exercise of the conversion right by the relevant Tranche 1 Bond Subscriber shall end on the immediately following business day.

Conversion Price	:	The price at which the Tranche 1 Conversion Shares will be issued upon conversion will be S$0.16 per Tranche 1 Conversion Share, which represents a premium of approximately 8% to the Benchmark Price. The Conversion Price will be subject to adjustment in the manner provided in the applicable terms and conditions of the Tranche 1 Bonds (the "**Conditions**").
Early Redemption Amount	:	For each Tranche 1 Bond, 100% of its principal amount.
Redemption at the Option of the Company	:	On or at any time after the date which is 24 months from the Commencement Date but prior to the Maturity Date, the Company may, having given written notice to the Tranche 1 Bond Subscribers (which notice will be irrevocable), redeem all of the Tranche 1 Bonds then in issue (being S$500,000 in principal amount or an integral multiple thereof).
Conversion for Change of Control		Following the occurrence of a Change of Control Event, each Tranche 1 Bond Subscriber will have the right, at his option, to exercise the conversion right attaching to any Tranche 1 Bond. A "**Change of Control Event**" means: i) an offer which is made to all Shareholders to acquire the whole or any part of the issued share capital or the Company; ii) any person proposing a scheme of arrangement with regard to such acquisition, and (such offer or scheme having become or been declared unconditional in all respects) more than 50% of the voting rights of the issued share capital of the Company have or will become unconditionally vested in the offeror and/or its associates; or iii) an event which has a like or similar effect.
Redemption for Change of Control	:	In the event a Change of Control Event occurs, each Tranche 1 Bond Subscriber shall have the right, at such Tranche 1 Bond Subscriber's option, to require the Company to redeem in whole but not in part the Tranche 1 Bond Subscriber's Tranche 1 Bonds at 100% of a Tranche 1 Bond's principal amount together with accrued interest (calculated up to but excluding the date of redemption) at the date fixed for such redemption.
Redemption on Maturity	:	Unless redeemed, converted or purchased and cancelled as provided in the Conditions, the Company will redeem each Tranche 1 Bond at 100% of its principal amount together with all accrued interest (calculated up to but excluding the Maturity Date).
Governing Law	:	The laws of Singapore.

3.3 **Conditions**

The Tranche 1 Bond Subscription is conditional upon, amongst others:

(a) the approval in-principle of the SGX-ST for the listing and quotation of the Tranche 1 Conversion Shares being obtained and not having been revoked as of the Commencement Date; and

(b) the issue of the Tranche 1 Bonds on the Issue Date not being prohibited by (a) any statute, order, rule or regulation promulgated after the date of the Tranche 1 Bond Subscription Agreements by any legislative executive or regulatory body or authority of Singapore or Bermuda which is applicable to the Company or (b) any injunction or other orders issued by any court of competent jurisdiction.

4. TRANCHE 2 BOND SUBSCRIPTION AGREEMENT

4.1 Principal Terms

The details of the Tranche 2 Bond Subscription are provided below:

Name of Tranche 2 Bond Subscriber	Aggregate Principal Amount	Number of Tranche 2 Conversion Shares	Percentage of enlarged share capital[1]
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil	S$20,000,000	125,000,000	9.69%

Notes:

1. Assuming that the Subscription Shares and the Bonds are fully subscribed for and all the Bonds are converted into Conversion Shares.

Save for the above, the principal terms and conditions of the Tranche 1 Bonds, as specified in paragraph 3.2 of this Announcement apply *mutatis mutandis* to the Tranche 2 Bonds.

4.2 Conditions

The Tranche 2 Bond Subscription is conditional upon, amongst others:

(a) the approval in-principle of the SGX-ST for the listing and quotation of the Tranche 2 Conversion Shares being obtained and not having been revoked as of the Commencement Date; and

(b) the Company obtaining approval from its Shareholders at the SGM for the issuance of the Tranche 2 Bonds and the allotment and issuance of the Tranche 2 Conversion Shares; and

(c) the issue of the Tranche 2 Bonds on the date of issuance of the Tranche 2 Bonds not being prohibited by (a) any statute, order, rule or regulation promulgated after the date of the Tranche 2 Bond Subscription Agreement by any legislative executive or regulatory body or authority of Singapore or Bermuda which is applicable to the Company or (b) any injunction or other orders issued by any court of competent jurisdiction.

4.3 SGM

A circular to Shareholders containing, *inter alia*, the notice of the SGM in relation to the Tranche 2 Bond Subscription will be despatched to Shareholders in due course.

5. STATUS OF THE SUBSCRIPTION SHARES, BONDS AND THE CONVERSION SHARES

5.1 The Subscription Shares and the Conversion Shares, when allotted and issued by the Company, will rank *pari passu* in all respects with the Shares, except for any dividends, rights, allotments or other distributions, the record date for which is prior to the date of issue of the Subscription Shares and the Conversion Shares.

5.2 The Bonds will constitute direct, unconditional and unsecured obligations of the Company, and will rank *pari passu* and rateably and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such

exceptions as may be provided by mandatory provisions of applicable law, at all times rank at least equally with all of the Company's other present and future direct, unconditional and unsecured obligations.

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

6. INFORMATION ON THE SUBSCRIBERS

The Subscribers were independently identified by the directors of the Company. The directors and management of the Company receives indication of interest from investors to invest in the Company's securities from time to time. A brief description of the Subscribers is set out below:

Share Subscribers

Mr. Teo Kek Yeng	Mr. Teo is a Singaporean businessman and currently a director of Teo Tjoe Tjoen Pte Ltd, a company with extensive business interests in property development, management and manufacturing activities in China and Indonesia.
Mr. Toh Soon Huat	Mr. Toh is a Singaporean businessman with more than 20 years experience in business investment, development and expansion. He is currently the executive chairman of Novena Foundation, an investment holding company.
Mr. Ong King Kok	Mr. Ong is a high net worth individual from Malaysia and is currently an executive director of Struktur Prisma Sdn Bhd, a construction company.
Ms. Yap Sooi Kuan	Ms. Yap is a retiree and a high net worth individual from Malaysia with more than 15 years experience in equity investments.
Mr. Lee Yee Pin	Mr. Lee is a retiree and a private investor from Malaysia. He was formerly a senior banker with over 40 years of experience.
Mr. Poh Chong Peng	Mr. Poh is a Singaporean senior civil engineering consultant. He also is an investor in properties and equities.

Tranche 1 Bond Subscribers

Mr. Awang Ahmad Sah	Mr. Awang is a retiree and private investor from Malaysia. He was previously a senior Sabah state government officer and later served on the boards of several Sabah state government linked companies.
Dr. Vigneswaran T. Subramaniam	Dr. Subramaniam is a private investor with experience in investing in real estate and other businesses. He is currently the chairman of the Malaysia India Business Bureau and the honorary chairman of the Indian Chamber of Commerce, Mumbai India.

Tranche 2 Bond Subscriber

Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil	Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil is the Non-Executive Chairman of the Company. His investment in the Company is a display of his continuing confidence in the prospects of the Company.

Each of the Share Subscribers and the Tranche 1 Bond Subscribers 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.

Save for being a director of the Company, the Tranche 2 Bond 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.

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

7. FINANCIAL EFFECTS OF THE PROPOSED OFFERINGS

7.1 Share Capital

On the assumption that all the Subscription Shares are fully subscribed for:

(a) before conversion of any of the Tranche 1 Bonds or the Tranche 2 Bonds, 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$41,355,461.60 comprising 1,033,886,540 Shares to US$42,847,998.80 comprising 1,071,199,970 Shares. The Subscription Shares represent approximately 3.61% of the Existing Share Capital and approximately 3.48% of the enlarged issued and paid-up share capital (excluding treasury shares) of the Company after the Subscription;

(b) upon conversion of all the Tranche 1 Bonds but before conversion of any of the Tranche 2 Bonds, the Existing Share Capital will increase to US$46,597,998.80 comprising 1,164,949,970 Shares. The Tranche 1 Conversion Shares represent approximately 9.07% of the Existing Share Capital. The Subscription Shares and the Tranche 1 Conversion Shares represent approximately 3.20% and 8.05% respectively of the enlarged issued and paid-up share capital (excluding treasury shares) of the Company after completion of the Subscription and the conversion of all the Tranche 1 Bonds; and

(c) upon conversion of all the Bonds, the Existing Share Capital will increase to US$51,597,998.80 comprising 1,289,949,970 Shares. The Tranche 2 Conversion Shares represent approximately 12.09% of the Existing Share Capital. The Subscription Shares, Tranche 1 Conversion Shares and Tranche 2 Conversion Shares represent approximately 2.89%, 7.27% and 9.69% respectively of the enlarged issued and paid-up share capital (excluding treasury shares) of the Company after completion of the Subscription and conversion of all the Bonds.

In this Announcement, any *pro forma* effect of the Proposed Offerings on the Existing Share Capital is presented on the assumption that none of the other 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.

7.2 Financial Effects

The *pro forma* financial effects of the Proposed Offerings (excluding transaction costs), based on the audited accounts of the Company and its subsidiaries (the "**Group**") for the financial year ended 31 March 2013 ("**FY2013**"), 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.

7.3 Net Tangible Assets per Share

The effect of the Proposed Offerings on the Company's NTA per Share as at 31 March 2013 will be as follows:

	As at 31 March 2013	After the Issue of the Subscription Shares[1]	After the Issue of the Subscription Shares and all the Tranche 1 Conversion Shares[2]	After the Issue of the Subscription Shares and all the Conversion Shares[3]
Consolidated NTA attributable to the shareholders of the Company (S$'000)	284,165	289,165	304,165	324,165
Number of Shares (excluding treasury shares)	1,033,886,540	1,071,199,970	1,164,949,970	1,289,949,970
Consolidated NTA per Share attributable to the shareholders of the Company (Singapore cents)	27.49	26.99	26.11	25.13

Notes:

1. Assuming that no Bonds are subscribed for as at 31 March 2013, being the end of FY2013.
2. Assuming that the Subscription Shares and the Tranche 1 Bonds are fully subscribed for and all the Tranche 1 Bonds are converted into Tranche 1 Conversion Shares as at 31 March 2013.
3. Assuming that the Subscription Shares and the Bonds are fully subscribed for and all the Bonds are converted into Conversion Shares as at 31 March 2013.

7.4 Earnings per Share

The effect of the Proposed Offerings on the earnings per Share ("**EPS**") of the Company for FY2013 will be as follows:

	FY2013	After the Issue of the Subscription Shares[1]	After the Issue of the Subscription Shares and the Tranche 1 Conversion Shares[2]	After the Issue of the Subscription Shares and the Conversion Shares[3]
Consolidated profit after taxation and minority interests (S$'000)	(8,116)	(8,116)	(8,116)	(8,116)
Weighted average number of Shares (excluding treasury shares)	858,199,153	895,512,583	989,262,583	1,114,262,583
Consolidated EPS (Singapore cents)	(0.94)	(0.91)	(0.82)	(0.73)

Notes:

1. Assuming that no Bonds are subscribed for as at 1 April 2012, being the beginning of FY2013.
2. Assuming that the Subscription Shares and the Tranche 1 Bonds are fully subscribed for and all the Tranche 1 Bonds are converted into Tranche 1 Conversion Shares as at 1 April 2012.
3. Assuming that the Subscription Shares and the Bonds are fully subscribed for and all the Bonds are converted into Conversion Shares as at 1 April 2012.

8. USE OF PROCEEDS

The net proceeds from the Proposed Offerings (after deducting expenses relating thereto) of approximately S$39.70 million will be used by the Company in the following estimated proportions:

	Use of Proceeds	Percentage Allocation (%)
i.	Working Capital	30
ii.	Gold Mining Operations	70

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 of the Company may, in their absolute discretion, deem fit from time to time.

9. GENERAL

Save as disclosed herein, none of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Offerings.

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

By Order of the Board

Tan Soo Khoon Raymond
Executive Director
31 March 2014