LIONGOLD CORP LTD

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

The Board of Directors ("**Board**") of LionGold Corp Ltd (the "**Company**") hereby presents the results of the Company and its subsidiaries (the "**Group**") for the period ended 30 June 2017. 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 period ended 30 June 2017 ("1Q2018") with the corresponding period of the immediately preceding financial year.

	Group		
	3 months period ended		
	30.06.2017	30.06.2016	Change
	S$'000	S$'000	%
CONTINUING OPERATIONS			
Revenue	7,194	14,307	(49.7)
Cost of goods sold	(11,812)	(14,404)	(18.0)
Gross loss	**(4,618)**	**(97)**	**NM**
Other income (Note 2)	73	75	(2.7)
Expenses :			
Administrative expenses	(1,415)	(1,685)	(16.0)
Other expenses (Note 2)	194	1,661	(88.3)
Finance costs	(359)	(396)	(9.3)
Total expenses	**(1,580)**	**(420)**	**276.2**
Loss before income tax from continuing operations	**(6,125)**	**(442)**	**NM**
Income tax expense	-	-	-
Net loss for the period from continuing operations	**(6,125)**	**(442)**	**NM**
DISCONTINUED OPERATIONS (Note 1)			
Loss from discontinued operations, net of tax	-	(45,804)	(100.0)
Total loss after tax for the period	**(6,125)**	**(46,246)**	**(86.8)**
Net loss for the period attributable to :			
Equity holders of the Company			
Loss from continuing operations, net of tax	(6,114)	(281)	NM
Loss from discontinued operations, net of tax	-	(37,782)	(100.0)
Loss for the period attributable to equity holders of the Company	**(6,114)**	**(38,063)**	**(83.9)**

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	Group		
	3 months period ended		
	30.06.2017	30.06.2016	Change
	S$'000	S$'000	%
Non-controlling interests			
Loss from continuing operations, net of tax	(11)	(161)	(93.2)
Loss from discontinuing operations, net of tax	-	(8,022)	(100.0)
Loss for the period attributable to non-controlling interests	**(11)**	**(8,183)**	**(99.9)**

1(a)(ii) A statement of comprehensive income with comparatives for the 3 months period ended 30 June 2016 with the corresponding period of the immediately preceding financial year.

	Group	
	3 months period ended	
	30.06.2017	30.06.2016
	S$'000	S$'000
Total loss for the period	**(6,125)**	**(46,246)**
Reclassification of currency translation differences from equity on disposal of subsidiary to profit and loss	-	10,645
Exchange differences on translating foreign operations	(910)	(2,618)
Total comprehensive loss for the period	**(7,035)**	**(38,219)**
Total comprehensive loss for the period attributable to :		
Equity holders of the Company		
Total comprehensive (loss) / gain from continuing operations, net of tax	(7,166)	1,673
Total comprehensive loss from discontinued operations, net of tax	-	(27,137)
Total comprehensive loss for the period attributable to equity holders of the Company	**(7,166)**	**(25,464)**
Non-controlling interests		
Total comprehensive gain / (loss) from continuing operations, net of tax	131	(4,733)
Total comprehensive loss from discontinuing operations, net of tax	-	(8,022)
Total comprehensive gain / (loss) for the period attributable to non-controlling interests	**131**	**(12,755)**

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FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

Note 1:

Discontinued operations:

	Group		
	3 months period ended		
	30.06.2017	30.06.2016	Change
	S$'000	S$'000	%
Other expenses	-	(45,804)	(100.0)
Total expenses	-	**(45,804)**	(100.0)
Loss before income tax	-	**(45,804)**	(100.0)
Income tax expense	-	-	(100.0)
Net loss for the period	-	**(45,804)**	(100.0)

Discontinued operations comprise the following:

1) Owere Mines Ltd

On 23 May 2016, Signature Metals Limited ("**SML**"), a 76.9% subsidiary of the Company, has entered into a separation agreement (the "**Separation Agreement**") with its joint venture partner, Talos Ghana Limited ("**Talos**"). With reference to the Company's announcement dated 23 May 2016, upon completion of the OML Rights Issue (as defined in the said announcement), SML's interest in Owere Mines Ltd ("**OML**") will be diluted from 70.0% to approximately 0.01%. Although the OML Rights Issue has yet to be completed as at the date of this announcement, management takes the view that subsequent to the execution of the Separation Agreement and the resignation of SML's nominees to the Board of OML, SML no longer exercises any form of control over OML. As a result, OML has been deconsolidated from the Group with effect from 23 May 2016. The Company will make the relevant announcements as and when there are updates on the OML Rights Issue.

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FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

Note 2:
Total costs and expenses included the following charge/(credit):

	Group		
	3 months period ended		
	30.06.2017	30.06.2016	Change
	S$'000	S$'000	%
Cost of goods sold:-			
From continuing operations:			
Amortisation of mining properties	1,726	1,437	20.1
Depreciation of property, plant and equipment	2,132	2,143	(0.5)
Other income:-			
From continuing operations:			
Interest income	53	48	10.4
Rental income	15	23	(34.8)
Others	5	4	25.0
	73	**75**	**(2.7)**
Administrative expenses:-			
From continuing operations:			
Depreciation of property, plant and equipment	42	47	(10.6)
Operating lease - rental expenses	76	79	(3.8)
Other expenses:-			
From continuing operations:			
Allowance for impairment loss on available-for-sale financial assets	-	234	(100.0)
Gain on foreign exchange (net)	(350)	(2,016)	(82.6)
Loss on disposal of property, plant and equipment	-	15	(100.0)
Exploration and evaluation expenditure written off	44	-	NM
Other mining related expenses	112	106	5.7
	(194)	**(1,661)**	**(88.3)**
From discontinued operations:			
Care and maintenance expenses	-	648	(100.0)
Loss on foreign exchange (net)	-	1,081	(100.0)
Loss on disposal of subsidiary	-	44,075	(100.0)
	-	**45,804**	(100.0)

NM: Not Meaningful

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FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

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 30.06.2017	As at 31.03.2017	As at 30.06.2017	As at 31.03.2017
	S$'000	S$'000	S$'000	S$'000
Current assets				
Cash and cash equivalents	1,272	11,153	141	374
Financial assets at fair value through profit or loss	-	-	-	-
Other receivables	448	697	19	20
Due from subsidiaries	-	-	18	18
Other current assets	707	742	463	498
Inventories	11,769	6,168	-	-
	14,196	**18,760**	**641**	**910**
Non-current assets				
Security deposits	4,606	4,657		-
Investment in subsidiaries	-	-	76,014	76,014
Exploration and evaluation expenditure	5,998	5,287	-	-
Mining properties	1,919	2,558	-	-
Property, plant and equipment	17,743	19,609	12	13
	30,266	**32,111**	**76,026**	**76,027**
Total assets	**44,462**	**50,871**	**76,667**	**76,937**
Current liabilities				
Trade and other payables	9,928	9,576	2,090	2,453
Due to subsidiaries	-	-	35,266	34,423
Finance lease liabilities	595	664	-	-
Borrowings	-	11,852	-	11,852
Derivative liability conversion option in convertible bonds	176	124	176	124
	10,699	**22,216**	**37,532**	**48,852**

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FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Group		Company	
	As at 30.06.2017	As at 31.03.2017	As at 30.06.2017	As at 31.03.2017
	S$'000	S$'000	S$'000	S$'000
Non-current liabilities				
Finance lease liabilities	451	546	-	-
Borrowings	15,802	3,951	15,802	3,951
Convertible bonds	801	541	801	541
Deferred consideration	2,168	2,191	-	-
Rehabilitation and preservation provision	5,568	5,615	-	-
	24,790	**12,844**	**16,603**	**4,492**
Total liabilities	**35,489**	**35,060**	**54,135**	**53,344**
Net assets	**8,973**	**15,811**	**22,532**	**23,593**
Equity				
Issued capital and reserves attributable to equity holders of the Company				
Issued capital	582	558	582	558
Share premium	277,821	277,648	277,821	277,648
Other reserves[1]	(256,887)	(249,721)	(255,871)	(254,613)
	21,516	**28,485**	**22,532**	**23,593**
Non-controlling interests	(12,543)	(12,674)	-	-
Total equity	**8,973**	**15,811**	**22,532**	**23,593**

[1] Other reserves comprise the following (i) contributed surplus, (ii) foreign exchange translation reserve, and (iii) accumulated losses.

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FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

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

Amount repayable in one year or less, or on demand

	As at 30.06.2017		As at 31.03.2017	
	S$'000	**S$'000**	**S$'000**	**S$'000**
	Secured	Unsecured	Secured	Unsecured
Borrowings	-	-	-	11,852
Finance lease creditors	595	-	664	-
	595	**-**	**664**	**11,852**

Amount repayable more than one year

	As at 30.06.2017		As at 31.03.2017	
	S$'000	**S$'000**	**S$'000**	**S$'000**
	Secured	Unsecured	Secured	Unsecured
Later than 1 year but not later than 5 years:				
Borrowings	-	15,802	-	3,951
Convertible bonds	-	801	-	541
Finance lease creditors	451	-	546	-
	451	**16,603**	**546**	**4,492**

As at 30 June 2017, the Group's borrowings are secured by property, plant and equipment with a net book value of S$1.3 million (31 March 2017: S$1.6 million).

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FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

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	
	3 months period ended	
	30.06.2017	30.06.2016
	S$'000	S$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(6,125)	(46,246)
Adjustments for:-		
Allowance for impairment loss on available-for-sale financial assets	-	234
Amortisation of mining properties	1,726	1,437
Amortisation of discount on provision for rehabilitation provision	14	13
Depreciation of property, plant and equipment	2,174	2,190
Exploration and expenditure written-off	44	-
Loss on disposal of property, plant and equipment	-	15
Loss on disposal of subsidiary	-	44,075
Unrealised foreign exchange gain	(348)	(375)
Interest income	(53)	(48)
Interest expense	345	382
Operating (loss) / gain before working capital changes	**(2,223)**	**1,677**
Changes in operating assets and liabilities:		
Inventories	(5,601)	(958)
Trade and other receivables	249	110
Other current assets	25	127
Trade and other payables	(158)	954
Other liabilities	133	(556)
Cash (used in) / generated from operations	**(7,575)**	**1,354**
Interest received	53	48
Interest paid	(17)	(133)
Net cash (used in) / generated from operating activities	**(7,539)**	**1,269**
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to mining properties	(1,134)	(1,502)
Disposal of subsidiaries	-	(58)
Exploration and evaluation expenditure	(809)	(565)
Proceeds from disposal of property, plant and equipment	-	251
Purchase of property, plant and equipment	(536)	(1,366)
Net cash used in investing activities	**(2,479)**	**(3,240)**

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FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Group	
	3 months period ended	
	30.06.2017	**30.06.2016**
	S$'000	**S$'000**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of convertible bonds	475	950
Repayment of borrowings	-	(3,003)
Repayment of finance lease creditor	(151)	(161)
Net cash generated from / (used in) financing activities	**324**	**(2,214)**
Net decrease in cash and cash equivalents	**(9,694)**	**(4,185)**
Cash and cash equivalents at beginning of period	11,153	9,705
Effect of foreign exchange rate changes, net	(187)	(276)
Cash and cash equivalents at end of period	**1,272**	**5,244**

LIONGOLD CORP LTD

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

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
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group							
As at 1 April 2017	558	277,648	61,979	(16,335)	(295,365)	(12,674)	15,811
Conversion of shares from convertible bonds	24	173	-	-	-	-	197
Loss for the year	-	-	-	-	(6,114)	(11)	(6,125)
Currency translation differences	-	-	-	(1,052)	-	142	(910)
Total comprehensive loss for the year	-	-	-	(1,052)	(6,114)	131	(7,035)
As at 30 June 2017	**582**	**277,821**	**61,979**	**(17,387)**	**(301,479)**	**(12,543)**	**8,973**
As at 1 April 2016	204	274,162	61,979	(34,792)	(253,229)	(37,009)	11,315
Conversion of shares from convertible bonds	61	1,178	-	-	-	-	1,239
Disposal of subsidiary	-	-	-	-	-	34,634	34,634
Loss for the year	-	-	-	-	(38,063)	(8,183)	(46,246)
Currency translation differences	-	-	-	12,599	-	(4,572)	8,027
Total comprehensive loss for the year	-	-	-	12,599	(38,063)	(12,755)	(38,219)
As at 30 June 2016	**265**	**275,340**	**61,979**	**(22,193)**	**(291,292)**	**(15,130)**	**8,969**

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FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	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	24	173	-	-	197
Loss for the year	-	-	-	(1,258)	(1,258)
Total comprehensive loss for the period	-	-	-	(1,258)	(1,258)
As at 30 June 2017	**582**	**277,821**	**61,979**	**(317,850)**	**22,532**
As at 1 April 2016	204	274,162	61,979	(322,847)	13,498
Conversion of shares from convertible bonds	61	1,178	-	-	1,239
Loss for the year	-	-	-	(572)	(572)
Total comprehensive loss for the period	-	-	-	(572)	(572)
As at 30 June 2016	**265**	**275,340**	**61,979**	**(323,419)**	**14,165**

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 also the number of shares that may be issued on conversion of all the outstanding convertibles 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 2017	**5,580,514,064**	**558**	**277,648**
New ordinary shares issued in relation to conversion of S$200,000 convertible bonds at a conversion price of S$0.00085 on 3 May 2017	235,294,117	24	173
As at 30 June 2017	**5,815,808,181**	**582**	**277,821**

The number of Shares that may be issued on conversion of the outstanding convertibles as at 30 June 2017 and 30 June 2016 is as follows:

As at 30 June 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$1.0 million and the remaining convertible bonds of approximately S$24.5 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.	28,780,850,415	2,878	21,586

As at 30 June 2016	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$1.4 million and the remaining convertible bonds of approximately S$27 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.	31,952,015,817	3,195	23,964

There are no treasury shares and 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 30 June 2017 is 5,815,808,181 (31 March 2017: 5,580,514,064).

1(d)(iv) A statement showing all sales, transfer, disposal, 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.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

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

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

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

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

Other than the adoption of the new and revised Financial Reporting Standards ("**FRS**") as mentioned in paragraph 5 below, 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 2017.

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.

In the current financial period, the Company and the Group have adopted all the new and revised FRS and interpretations of FRS ("**INT FRS**") that are relevant to its operations and are effective for annual periods beginning on 1 April 2017. The adoption of the new FRS and INT FRS will have no material impact on the financial statements.

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.

	As at 30.06.2017	**As at 30.06.2016**
	S$	**S$**
Loss per ordinary share for the financial period:		
Based on weighted average number of ordinary shares of 5,733,067,393 (30 June 2016: 2,268,844,070) - basic and diluted:		
- Continuing operations	(0.11) cents	(0.01) cents
- Discontinued operations	-	(1.67) cents

Earnings or loss per Share is calculated based on the weighted average number of Shares of 5,733,067,393 for the three (3) months ended 30 June 2017 (30 June 2016: 2,268,844,070). There was no difference between the basic and diluted earnings or loss per Share as the effect of all potentially dilutive shares outstanding was anti-dilutive.

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 30.06.2017	**As at 31.03.2017**	**As at 30.06.2017**	**As at 31.03.2017**
	S$	**S$**	**S$**	**S$**
Net assets value per ordinary shares based on issued share capital at end of financial period/year	0.37 cents	0.51 cents	0.39 cents	0.42 cents

Net asset value per share is calculated based on 5,815,808,181 shares in issue at the end of the financial period ended 30 June 2017 (31 March 2017: 5,580,514,064).

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

The Group recorded a decrease in revenue for the first quarter of the financial period ended 30 June 2017 ("**1Q2018**"). Revenue decreased by S$7.1 million from S$14.3 million to S$7.2 million in 1Q2018 as compared to the preceding period ("**1Q2017**"). This was attributed primarily to the decrease in gold sold from 8,254 ounces in 1Q2017 to 4,048 ounces in 1Q2018. Total gold production only decreased marginally from 7,870 ounces in 1Q2017 to 7,563 ounces in 1Q2018, and the reduction in gold sales resulted in an increase in gold inventory as at 30 June 2017. There was no gold sold in the month of June 2017. In addition to the decrease in ounces of gold sold, the average selling price of gold decreased from A$1,722 in 1Q2017 to A$1,699 in 1Q2018. The decrease in revenue from gold sales was partially offset by the appreciation of Australian Dollars ("**AUD**") against the Singapore Dollars ("**SGD**") from an exchange rate of 1 AUD: 1.006 SGD in 1Q2017 to an exchange rate of 1 AUD: 1.046 SGD in 1Q2018.

Gross loss increased by S$4.5 million from S$0.1 million in 1Q2017 to S$4.6 million in 1Q2018. The significant increase in gross loss was mainly due to the decrease in gold sold as described above whilst the cost of gold produced has been recognize in cost of goods sold. Total quantity of gold ore processed decreased by 15.7% from approximately 70,000 tonnes in 1Q2017 to approximately 59,000 tonnes in 1Q2018. Total gold production decreased by 3.9% from 7,870 ounces in 1Q2017 to 7,563 ounces in 1Q2018 as a result of the decrease in the head grade of ore processed from 4.7/t in 1Q2017 to 4.4g/t in 1Q2018. The profits from the gold in inventory will be recognised in the next quarter.

The increase in amortisation of mining properties was mainly due to increase in the estimated cost per unit of production.

Administrative expenses decreased by S$0.3 million in 1Q2018 as compared to 1Q2017. This was mainly attributed to a decrease in professional fees of S$0.1 million and a decrease of S$0.1 million in stamp duties paid for the acquisition of the Group's wholly owned subsidiary and gold mining producer, Castlemaine Goldfields Pty Ltd ("**CGT**").

Other expenses decreased from a positive balance of S$1.7 million in 1Q2017 to S$0.2 million in 1Q2018. The decrease was mainly due to a decrease in foreign exchange gains of S$1.7 million in 1Q2018 as compared to1Q2017. In addition, there was an impairment loss on available-for-sale of financial assets of S$0.2 million in 1Q2017 which did not recur in 1Q2018. Exploration and evaluation expenditure of S$44,000 in 1Q2018 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$112,000 in 1Q2018 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.

Discontinued Operations

There were no results from discontinued operations in 1Q2018 as OML has been derecognised from the Goup with effect from 23 May 2016. Other expenses in 1Q2017 mainly were related to loss on disposal of subsidiary from the derecognition of OML of S$44.1 million and foreign exchange loss of S$1.1 million.

Under total comprehensive income, the reclassification of currency translation differences from equity on disposal of subsidiary to profit and loss in 1Q2017 of S$10.6 million relates to the deconsolidation of OML. There was no such item in 1Q2018.

(B) Financial Position Review

1) The current assets of the Group decreased by S$4.6 million from S$18.8 million as at 31 March 2017 to S$14.2 million as at 30 June 2017. The decrease was mainly due to:

   - The decrease in cash and cash equivalents by S$9.9 million. This was mainly attributed to cash used in operating activities of S$7.5 million, expenditure on mining related activities of S$1.9 million, purchase of property, plant and equipment ("**PPE**") of S$0.5 million and repayment to finance lease creditors of S$0.2 million. This decrease was partially offset by proceeds from issuance of convertible bonds of S$0.5 million.

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

   - The increase in inventory of S$5.6 million mainly attributed to the increase in the quantity and value of gold stockpiles held.

2) The non-current assets of the Group decreased by S$1.8 million from S$32.1 million as at 31 March 2017 to S$30.3 million as at 30 June 2017 The decrease was mainly due to:

   - The decrease in PPE by S$1.9 million which was mainly attributed to depreciation charge of S$2.2 million which was partially offset by additions amounting to S$0.5 million during the period.

   - The decrease in mining properties by S$0.6 million mainly attributed to the amortisation charge of S$1.7 million. The decrease was partially offset by additions amounting to S$1.1 million during the period.

The decrease in non-current assets of the Group was partially offset by:

- The increase in exploration and evaluation expenditure by S$0.7 million was mainly attributed to S$0.8 million additional expenditure capitalised in 1Q2018.

3) The current liabilities of the Group decreased from S$22.2 million as at 31 March 2017 to S$10.7 million as at 30 June 2017. The decrease of S$11.5 million was mainly due to:

- The decrease in borrowings by S$11.8 million, attributed mainly to the reclassification of this loan from current liabilities to non-current liabilities as a result of the debt restructuring agreement entered between the Company, Premier Equity Fund Sub D and Value Capital Asset Management Private Limited on 29 June 2017, further to which the repayment due date of the Balance Sum (as defined in the Company's announcement dated 29 June 2017) was set to 5 years from the date of the debt restructuring agreement subject to the Company obtaining all relevant approvals. In the event that the Company is unable to obtain the relevant approvals, the final repayment date is extended to 18 June 2020.

4) The non-current liabilities of the Group increased from S$12.8 million as at 31 March 2017 to S$24.8 million as at 30 June 2017. The increase was mainly due to:

- The increase in borrowings of S$11.9 million attributed to the reclassification of these borrowings from current liabilities to non-current liabilities as mentioned in paragraph 8(B)(3) above.

- The increase in convertible bonds of S$0.3 million, attributed mainly to the drawdown of convertible bonds amounting to S$0.5 million which was partially offset by the conversion of these bonds into shares of the Company which amounted to S$0.2 million.

Deferred consideration of S$2.2 million pertains to a consideration payable to the previous owner of OML. An aggregate of A$3.0 million will be made payable following a certain production milestones being met. Further details of this deferred consideration can be found on page 93, note 30 of the FY2017 annual report.

The provision for rehabilitation and preservation of S$5.6 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.

5) Issued capital and reserves attributable to equity holders and non-controlling interests of the Company decreased by S$6.8 million from S$15.8 million as at 31 March 2017 to S$9.0 million as at 30 June 2017. These were mainly attributable to the following:

- The decrease in other reserves (excluding accumulated losses) by S$1.1 million, due to a decrease in foreign currency translation reserve.

- The increase in accumulated losses from S$295.4 million as at 31 March 2017 to S$301.5 million as at 30 June 2017, which reflects the Group's consolidated losses attributable to equity holders for the period.

- The decrease in deficit of non-controlling interest to (S$12.5) million as at 30 June 2017 compared to (S$12.7) million as at 31 March 2017, due mainly to a non-controlling interests share of foreign currency translation reserve of S$0.1 million.

(A) Cash Flow Statement

Net cash used in operating activities in 1Q2018 was S$7.5 million as compared to net cash generated from operations of S$1.3 million in 1Q2017. The net operating cash outflow was mainly due to an operating loss before working capital changes of S$2.2 million, adjusted for working capital outflows of S$5.3 million. The working capital outflows in 1Q2018 were attributed mainly to the increase in inventories of S$5.6 million as there was no gold sale in the month of June 2017 and a decrease in trade and other payables of S$0.2 million from repayments made to creditors. Consequently, the carrying value of inventory on the balance sheet of the Group has increased along with the increase in quantity of gold stockpiles held.

Net cash used in investing activities in 1Q2018 was S$2.5 million as compared to S$3.2 million in 1Q2017. This was mainly attributable to a decline in purchase of PPE from S$1.4 million in 1Q2017 to S$0.5 million in 1Q2018.

Net cash generated from financing activities in 1Q2018 was S$0.3 million as compared to net cash used in financing activities of S$2.2 million in 1Q2017. This was mainly attributed to a S$3.0 million repayment of borrowings in 1Q2017. There were no repayment of borrowings made in 1Q2018.

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

There is no forecast or prospect statement which has been previously disclosed.

10. A commentary at the date of the announcement of the significant trends and 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.

On 3 August 2017, the World Gold Council published its "Gold Demand Trends Q2 2017" report (http://www.gold.org/research/gold-demand-trends/gold-demand-trends-q2-2017) and commented that,

"Q2 gold demand of 953.4t was 10% lower than 2016, while H1 demand slowed 14% to 2,003.8t. Y-o-y comparisons are affected by record ETF inflows in 2016: demand from this sector slowed dramatically after last year's H1 surge. Central bank net purchases of 176.7t were also slightly lower in the first half (-3%). By contrast, bar and coin investment improved, as did jewellery demand, although the latter remains weak in a long-term context. Technology demand also made modest gains.

ETF inflows slowed dramatically from last year's record pace. But holdings continued to grow: after adding 56t in Q2, H1 inflows reached 167.9t. European ETFs saw the strongest H1 inflows: holdings in these funds reached a record 977.7t.

Bar and coin investment rebounded from very low levels. Q2 demand gained 13% from Q2 2016, while H1 demand rose 11%. A strong jump in Turkey was fuelled by economic recovery, double-digit inflation and relative currency stability.

Jewellery demand strengthened from a weak 2016, but fell short of the long-term average. India was the main contributor to the 8% gain in Q2, as it recovered from extremely low 2016 demand.

Central banks continued to buy, but at a more modest pace than in recent years. The most recent quarter saw Turkey's central bank add to its gold reserves – the first significant purchase since the 1980s.

Technology demand registered its third consecutive quarter of growth: up 2% to 81.3t. Growth in wireless charging and development of features that use LEDs boosted demand. New smartphone handsets supported chip production."

Following the comments of the World Gold Council, it is the Board's view to be prudent and take a cautious view of the demand for and price of gold going forward.

Given the above, CGT, will continue to focus its efforts on increasing production and reducing operating cost per ounce produced and improving profit margins at its Ballarat Gold Project.

The Group continues to face challenges with depressed share prices for shares in the Company as a result of the issuance of Shares from the redeemable convertible bond issuance and the repayment of its outstanding borrowings.

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/recommended, a statement to that effect

No dividend has been declared/recommended.

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 2017 to 30 June 2017.

14. Confirmation pursuant to Rule 705(5) of the Listing Manual Section B: Rules of Catalist

Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil 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 1Q2018 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
Group Chief Executive Officer
14 August 2017

*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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