LIONGOLD CORP LTD

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

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 2016. 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 2016 ("1Q2017") with the corresponding period of the immediately preceding financial year.

	Group		
	3 months period ended		
	30.06.2016	30.06.2015	Change
	S$'000	S$'000	%
CONTINUING OPERATIONS			
Revenue	14,307	15,478	(7.6)
Cost of goods sold	(14,404)	(14,772)	(2.5)
Gross (loss) / profit	**(97)**	**706**	**(113.7)**
Other income (Note 2)	144	1,661	(91.3)
Expenses :			
Administrative expenses	(1,685)	(1,919)	(12.2)
Other expenses (Note 2)	46	(291)	(115.8)
Finance costs	(396)	(412)	(3.9)
Total expenses	**(2,035)**	**(2,622)**	**(22.4)**
Loss before income tax from continuing operations	**(1,988)**	**(255)**	**679.6**
Income tax expense	-	-	-
Net loss for the period from continuing operations	**(1,988)**	**(255)**	**679.6**
DISCONTINUED OPERATIONS (Note 1)			
Loss from discontinued operations, net of tax	(1,050)	(1,524)	(31.1)
Total loss after tax for the period	**(3,038)**	**(1,779)**	**70.8**
Net loss for the period attributable to :			
Equity holders of the Company			
(Loss) / gain from continuing operations, net of tax	(1,184)	265	(546.8)
Loss from discontinued operations, net of tax	(735)	(1,067)	(31.1)
Loss for the period attributable to equity holders of the Company	**(1,919)**	**(802)**	**139.3**

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	Group		
	3 months period ended		
	30.06.2016	30.06.2015	Change
	S$'000	S$'000	%
Non-controlling interests			
Loss from continuing operations, net of tax	(804)	(520)	54.6
Loss from discontinuing operations, net of tax	(315)	(457)	(31.1)
Loss for the period attributable to non-controlling interests	**(1,119)**	**(977)**	**14.5**

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	
	30.06.2016	30.06.2015
	S$'000	S$'000
Total loss for the period	**(3,038)**	**(1,779)**
Fair value gain on available-for-sale financial assets	-	1,564
Realisation of fair value gain on disposal of available-for-sale financial assets	-	(1,564)
Exchange differences on translating foreign operations	(1,891)	(3,766)
Total comprehensive loss for the period	**(4,929)**	**(5,545)**
Total comprehensive loss for the period attributable to :		
Equity holders of the Company		
Total comprehensive loss from continuing operations, net of tax	(4,229)	(1,706)
Total comprehensive gain / (loss) from discontinued operations, net of tax	560	(2,346)
Total comprehensive loss for the period attributable to equity holders of the Company	**(3,669)**	**(4,052)**
Non-controlling interests		
Total comprehensive loss from continuing operations, net of tax	(475)	(269)
Total comprehensive loss from discontinuing operations, net of tax	(785)	(1,224)
Total comprehensive loss for the period attributable to non-controlling interests	**(1,260)**	**(1,493)**

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FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

Note 1:

Discontinued operations:

	Group		
	3 months period ended		
	30.06.2016	30.06.2015	Change
	S$'000	S$'000	%
Administrative expenses	-	(1)	(100.0)
Other expenses	(1,050)	(1,483)	(29.2)
Finance costs	-	(40)	(100.0)
Total expenses	**(1,050)**	**(1,524)**	**(31.1)**
Loss before income tax	**(1,050)**	**(1,524)**	**(31.1)**
Income tax expense	-	-	-
Net loss for the period	**(1,050)**	**(1,524)**	**(31.1)**

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 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%. The OML Rights Issue has yet to be completed as at the date of this announcement.

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FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

Note 2:

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

	Group		
	3 months period ended		
	30.06.2016	30.06.2015	Change
	S$'000	S$'000	%
Cost of goods sold:-			
From continuing operations:			
Amortisation of mining properties	1,437	1,465	(1.9)
Depreciation of property, plant and equipment	2,143	2,379	(9.9)
Other income:-			
From continuing operations:			
Gain on disposal of available-for-sale financial assets	-	1,564	(100.0)
Interest income	118	81	45.7
Rental income	23	16	43.8
Others	3	-	NM
	144	**1,661**	**(91.3)**
Administrative expenses:-			
From continuing operations:			
Depreciation of property, plant and equipment	47	42	11.9
Operating lease - rental expenses	79	79	-
Other expenses:-			
From continuing operations:			
Allowance for impairment loss on available-for-sale financial assets	234	215	8.8
Allowance of impairment on receivables	-	27	(100.0)
Gain on foreign exchange (net)	(401)	(150)	167.3
Loss on disposal of property, plant and equipment	15	8	87.5
Loss on disposal of subsidiary	-	213	(100.0)
Other mining related expenses	106	82	29.3
Expenses for amount payable to non-controlling interest	-	127	(100.0)
Write-back of allowance for impairment loss on receivables	-	(231)	(100.0)
	(46)	**291**	**(115.8)**

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FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	Group		
	3 months period ended		
	30.06.2016	30.06.2015	Change
	S$'000	S$'000	%
From discontinued operations:			
Care and maintenance expenses	1,022	1,334	(23.4)
Loss on foreign exchange (net)	28	149	(81.2)
	1,050	**1,483**	**(29.2)**

NM: Not Meaningful

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FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

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 30.06.2016	As at 31.03.2016	As at 30.06.2016	As at 31.03.2016
	S$'000	S$'000	S$'000	S$'000
Current assets				
Cash and cash equivalents	5,244	9,705	50	1,124
Financial assets at fair value through profit or loss	-	-	-	-
Available-for-sale financial assets	544	803	-	-
Other receivables	533	573	84	112
Due from subsidiaries	-	-	1,045	823
Other current assets	706	1,137	539	852
Inventories	5,683	4,725	-	-
	12,710	**16,943**	**-**	**-**
Disposal group assets classified as held for sale	24,775	25,557	-	-
	37,485	**42,500**	**1,718**	**2,911**
Non-current assets				
Security deposits	4,321	4,467	-	-
Investment in subsidiaries	-	-	63,368	63,368
Exploration and evaluation expenditure	4,731	4,298	-	-
Mining properties	4,868	4,958	-	-
Property, plant and equipment	18,530	20,258	16	18
	32,450	**33,981**	**63,384**	**63,386**
Total assets	**69,935**	**76,481**	**65,102**	**66,297**
Current liabilities				
Trade and other payables	10,471	10,358	3,617	3,456
Due to subsidiaries	-	-	29,175	27,932
Finance lease liabilities	451	552	-	-
Borrowings	-	19,805	-	19,805
Derivative liability conversion option in convertible bonds	247	300	247	300
	11,169	**31,015**	**-**	**-**
Liabilities directly associated with disposal group classified as held for sale	7,636	6,898	-	-
	18,805	**37,913**	**33,039**	**51,493**

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	Group		Company	
	As at 30.06.2016	As at 31.03.2016	As at 30.06.2016	As at 31.03.2016
	S$'000	S$'000	S$'000	S$'000
Non-current liabilities				
Finance lease liabilities	240	328	-	-
Borrowings	16,802	-	16,802	-
Convertible bonds	1,096	1,306	1,096	1,306
Deferred consideration	1,696	1,754	-	-
Rehabilitation and preservation provision	5,119	5,278	-	-
Other non-current liabilities	18,552	18,587	-	-
	43,505	**27,253**	**17,898**	**1,306**
Total liabilities	**62,310**	**65,166**	**50,937**	**52,799**
Net assets	**7,625**	**11,315**	**14,165**	**13,498**
Equity				
Issued capital and reserves attributable to equity holders of the Company				
Issued capital	265	204	265	204
Share premium	275,340	274,162	275,340	274,162
Other reserves	(229,711)	(226,042)	(261,440)	(260,868)
	45,894	**48,324**	**14,165**	**13,498**
Non-controlling interests	(38,269)	(37,009)	-	-
Total equity	**7,625**	**11,315**	**14,165**	**13,498**

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FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

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

Amount repayable in one year or less, or on demand

	As at 30.06.2016		As at 31.03.2016	
	S$'000	**S$'000**	**S$'000**	**S$'000**
	Secured	Unsecured	Secured	Unsecured
Borrowings	-	-	-	19,805
Finance lease creditors	451	-	552	-
	451	**-**	**552**	**19,805**

Amount repayable more than one year

	As at 30.06.2016		As at 31.03.2016	
	S$'000	**S$'000**	**S$'000**	**S$'000**
	Secured	Unsecured	Secured	Unsecured
Later than 1 year but not later than 5 years:				
Borrowings	-	16,802	-	-
Convertible bonds	-	1,096	-	1,306
Finance lease creditors	240	-	328	-
	240	**17,898**	**328**	**1,306**

As at 30 June 2016, the Group's borrowings are secured by property, plant and equipment with a net book value of S$1.6 million (31 March 2016: S$1.8 million).

LIONGOLD CORP LTD

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

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	
	30.06.2016	30.06.2015
	S$'000	S$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(3,038)	(1,779)
Adjustments for:-		
Allowance for impairment loss on available-for-sale financial assets	234	215
Allowance for impairment loss on other receivables	-	27
Amortisation of intangible assets	-	1
Amortisation of mining properties	1,437	1,465
Amortisation of discount on provision for rehabilitation provision	13	-
Depreciation of property, plant and equipment	2,329	2,568
Gain on disposal of available-for-sale financial assets	-	(1,564)
Loss on disposal of property, plant and equipment	15	8
Loss on disposal of subsidiary	-	213
Expenses for amount payable to non-controlling interests	-	127
Unrealised foreign exchange gain	(375)	(550)
Write-back of allowance for impairment loss on receivables	-	(231)
Interest income	(118)	(81)
Interest expense	382	452
Operating gain before working capital changes	**879**	**871**
Changes in operating assets and liabilities:		
Inventories	(958)	(97)
Trade and other receivables	40	(662)
Other current assets	127	192
Trade and other payables	1,729	(887)
Other liabilities	(591)	(582)
Cash generated from / (used in) operations	**1,226**	**(1,165)**
Interest received	118	81
Interest paid	(133)	(16)
Net cash generated from / (used in) operating activities	**1,211**	**(1,100)**

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FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	Group	
	3 months period ended	
	30.06.2016	30.06.2015
	S$'000	S$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to mining properties	(1,502)	(2,372)
Disposal of subsidiaries	-	464
Exploration and evaluation expenditure	(565)	(384)
Proceeds from disposal of available-for-sale financial assets	-	6,958
Proceeds from disposal of property, plant and equipment	250	17
Purchase of property, plant and equipment	(1,366)	(438)
Net cash (used in) / generated from investing activities	**(3,183)**	**4,245**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of convertible bonds	950	-
Repayment of borrowings	(3,003)	(4,046)
Repayment of finance lease creditor	(161)	(224)
Net cash used in financing activities	**(2,214)**	**(4,270)**
Net decrease in cash and cash equivalents	**(4,186)**	**(1,125)**
Cash and cash equivalents at beginning of period	9,705	15,607
Effect of foreign exchange rate changes, net	(275)	(377)
Cash and cash equivalents at end of period	**5,244**	**14,105**

LIONGOLD CORP LTD

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

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	Discount on Capital	Contributed Surplus	Warrant Reserve	Equity Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Non-controlling interests	Total Equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group										
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
Loss for the year	-	-	-	-	-	-	-	(1,919)	(1,119)	(3,038)
Currency translation differences	-	-	-	-	-	-	(1,750)	-	(141)	(1,891)
Total comprehensive loss for the year	-	-	-	-	-	-	(1,750)	(1,919)	(1,260)	(4,929)
As at 30 June 2016	**265**	**275,340**	**-**	**61,979**	**-**	**-**	**(36,542)**	**(255,148)**	**(38,269)**	**7,625**
As at 1 April 2015	67,736	268,598	(3,650)	-	16,308	-	(33,415)	(246,426)	(32,043)	37,108
Loss for the year	-	-	-	-	-	-	-	(802)	(977)	(1,779)
Fair value gain on available-for- sale financial assets	-	-	-	-	-	1,564	-	-	-	1,564
Realisation of fair value gain on disposal of available-for-sale financial assets	-	-	-	-	-	(1,564)	-	-	-	(1,564)
Currency translation differences	-	-	-	-	-	-	(3,250)	-	(516)	(3,766)
Total comprehensive loss for the year	-	-	-	-	-	-	(3,250)	(802)	(1,493)	(5,545)
As at 30 June 2015	**67,736**	**268,598**	**(3,650)**	**-**	**16,308**	**-**	**(36,665)**	**(247,228)**	**(33,536)**	**31,563**

LIONGOLD CORP LTD

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	Issued Capital	Share Premium	Discount on Capital	Warrant Reserve	Contributed Surplus	Accumulated Losses	Total Equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Company							
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**
As at 1 April 2015	67,736	268,598	(3,650)	16,308	-	(348,556)	436
Profit for the year	-	-	-	-	-	155	155
Total comprehensive income for the period	-	-	-	-	-	155	155
As at 30 June 2015	**67,736**	**268,598**	**(3,650)**	**16,308**	**-**	**(348,401)**	**591**

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.

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 2016	**2,034,749,734**	**204**	**274,162**
New ordinary shares issued in relation to conversion of S$200,000 convertible bonds at a conversion price of S$0.003 on 20 April 2016	66,666,666	7	184
New ordinary shares issued in relation to conversion of S$100,000 convertible bonds at a conversion price of S$0.003 on 25 April 2016	33,333,333	3	92

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Issued and fully paid (ordinary shares ("Shares"))	No. of shares	Share Capital (S$'000)	Share Premium (S$'000)
New ordinary shares issued in relation to conversion of S$150,000 convertible bonds at a conversion price of S$0.003 on 26 April 2016	50,000,000	5	138
New ordinary shares issued in relation to conversion of S$150,000 convertible bonds at a conversion price of S$0.0022 on 16 May 2016	68,181,818	7	138
New ordinary shares issued in relation to conversion of S$150,000 convertible bonds at a conversion price of S$0.0022 on 17 May 2016	68,181,818	7	138
New ordinary shares issued in relation to conversion of S$250,000 convertible bonds at a conversion price of S$0.0017 on 13 June 2016	147,058,823	14	228
New ordinary shares issued in relation to conversion of S$200,000 convertible bonds at a conversion price of S$0.0017 on 14 June 2016	117,647,058	12	182
New ordinary shares issued in relation to conversion of S$100,000 convertible bonds at a conversion price of S$0.0017 on 29 June 2016	58,823,529	6	78
As at 30 June 2016	**2,644,642,779**	**265**	**275,340**

The number of Shares that may be issued on conversion of the outstanding convertibles as at 30 June 2016 and 30 June 2015 is as follows:

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

As at 30 June 2015	No. of Shares that may be issued	Share Capital (S$'000)	Share Premium (S$'000)
New ordinary shares to be issued on the conversion of the total outstanding warrants. For illustrative purposes, the table shows the number of LGC Shares to be issued assuming full conversion of the warrants. These warrants were expired on 17 December 2015.	250,893,523	13,556	296,724

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 2016 is 2,644,642,779 (31 March 2016: 2,034,749,734).

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.

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

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.

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 2016.

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 2016. 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 30.06.2016	As at 30.06.2015
	S$	S$
(Loss) / gain per ordinary share for the financial period:		
Based on weighted average number of ordinary shares of 1,563,011,291 (30 June 2015: 1,221,658,597) - basic and diluted:		
- Continuing operations	(0.08) cents	0.02 cents
- Discontinued operations	(0.05) cents	(0.09) cents

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 30.06.2016	As at 31.03.2016	As at 30.06.2016	As at 31.03.2016
	S$	S$	S$	S$
Net assets value per ordinary shares based on issued share capital at end of financial period/year	1.74 cents	2.37 cents	0.54 cents	0.66 cents

Net asset value per share is calculated based on 2,644,642,779 (31 March 2016: 2,034,749,734) shares in issue at the end of the financial period ended 30 June 2016.

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 2016 ("**1Q2017**"). Revenue decreased by S$1.2 million from S$15.5 million to S$14.3 million in 1Q2017 as compared to the preceding period ("**1Q2016**"). This was attributed primarily to the decrease in gold sold from 9,681 ounces in 1Q2016 to 8,254 ounces in 1Q2017. Although the average selling price of gold increased from A$1,535 to A$1,722, this was offset by the depreciation of Australian Dollars ("**AUD**") against the Singapore Dollars ("**SGD**") from an exchange rate of 1 AUD: 1.041 SGD in 1Q2016 to an exchange rate of 1 AUD: 1.006 SGD in 1Q2017.

Gross profit decreased from S$0.7 million in 1Q2016 to a gross loss of S$0.1 million in 1Q2017. Total quantity of gold ore processed increased by 20.7% from approximately 58,000 tonnes in 1Q2016 to approximately 70,000 tonnes in 1Q2017. Total gold production decreased by 20.5% from 9,901 ounces in 1Q2016 to 7,870 ounces in 1Q2017 as a result of the decrease in the head grade of ore processed from 6.2/t in 1Q2016 to 4.7g/t in 1Q2017. With the decline in head grade, total mining and production cost per ounce has increased.

The decrease in depreciation of property, plant and equipment was mainly attributed to the depreciation of AUD against the SGD.

Other income recorded a decrease of S$1.5 million in 1Q2017 compared to 1Q2016, mainly attributed to a S$1.6 million gain on disposal of available-for-sale financial assets in 1Q2016. There was no such gain in 1Q2017.

Administrative expenses decreased by S$0.2 million in 1Q2017 as compared to 1Q2016. This was mainly attributed to a decrease in professional fees of S$0.1 million and a decrease in audit fees of S$0.2 million.

There was a decrease in other expenses of S$0.3 million in 1Q2017 as compared to 1Q2016. The decrease was mainly due to an increase foreign exchange gains of S$0.3 million in 1Q2017 as compared to the preceding period. In addition, there was a loss on disposal of S$0.2 million and a gain in relation to a write back of allowance for impairment loss on receivables of S$0.2 million in 1Q2016. Both of these were one-off items and they did not recur in 1Q2017.

Discontinued Operations

The decrease in other expenses was mainly due to the decrease in care and maintenance expenses of S$0.3 million from Owere Mines Limited.

(B) Financial Position Review

1) The current assets of the Group decreased by S$5.0 million from S$42.5 million as at 31 March 2016 to S$37.5 million as at 30 June 2016. The decrease was mainly due to:

- The decrease in cash and cash equivalents by S$4.5 million. This was mainly attributed to the expenditure on mining related activities of S$2.1 million, repayment of borrowings amounting to S$3.0 million, purchase of property, plant and equipment ("**PPE**") of S$1.4 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$1.0 million, proceeds from disposal of PPE amounting to S$0.3 million and net cash generated from operating activities of S$1.2 million.

- The decrease in disposal group assets classified as held for sale by S$0.8 million, attributed mainly to the depreciation of the AUD against the SGD.

- The decrease in available-for-sale financial assets by S$0.3 million, attributed mainly to the decline in fair value and the disposal of these financial assets in 1Q2017.

- The decrease in other current assets by $0.4 million, attributed mainly to a decrease of $0.3 million in prepayments.

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

- The increase in inventory of S$1.0 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$1.5 million from S$34.0 million as at 31 March 2016 to S$32.5 million as at 30 June 2016 The decrease was mainly due to:

- The decrease in PPE by S$1.7 million which was mainly attributed to depreciation charge of S$2.2 million and disposals amounting to S$0.3 million. In addition, the Group has significant PPE that are held in AUD which resulted in a decrease in net book values of approximately S$0.6 million. The decrease was partially offset by purchases amounting to S$1.4 million during the period.

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

- The increase in exploration and evaluation expenditure ("**E&E**") by S$0.4 million was mainly attributed to S$0.6 million additional expenditure capitalised in 1Q2017. This increase was partially offset by the depreciation of AUD against the SGD, resulting in a decrease in the net book value of the E&E assets by approximately S$0.1 million.

3) The current liabilities of the Group decreased from S$37.9 million as at 31 March 2016 to S$18.8 million as at 30 June 2016. The decrease of S$19.1 million was mainly attributable to:

- The decrease in borrowings by S$19.8 million, attributed mainly to the reclassification of the S$16.8 million loan from current liabilities to non-current liabilities as a result of the supplemental agreement to the bond restructuring agreement dated 19 June 2016 ("**Supplemental Agreement**") entered into between the Company, Premier Equity Fund Sub Fund D and Value Capital Asset Management Pte. Ltd. on 5 July 2016, further to which the final repayment date of the Balance Sum (as defined in the Company's announcement dated 20 June 2015) was extended from 18 June 2017 to 18 June 2018. Further details of the Supplemental Agreement can be found in the announcement made by Company on 5 July 2016. In addition, the Company also made repayments amounting to S$3.0 million during 1Q2017.

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

- The increase in liabilities associated with disposal group classified as held for sale by S$0.7 million attributed mainly to the expenses that were accrued for 1Q2017.

4) The non-current liabilities of the Group increased from S$27.3 million as at 31 March 2016 to S$43.5 million as at 30 June 2016. The increase was mainly attributed to:

   - The increase in borrowings of S$16.8 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 non-current liabilities of the Group was partially offset by:

   - The decrease of S$0.2 million in rehabilitation and preservation provision, attributed mainly to the depreciation of AUD against the SGD.

   - The decrease in convertible bonds by S$0.2 million, attributed mainly to the partial conversion of these bonds into shares of the Company.

5) Issued capital and reserves attributable to equity holders and non-controlling interests of the Company decreased by S$3.7 million from S$11.3 million as at 31 March 2016 to S$7.6 million as at 30 June 2016. These were mainly attributable to the following:

   - The decrease in other reserves (excluding accumulated losses) by S$1.8 million, due to a decrease in foreign currency translation reserve.

   - The increase in accumulated losses from S$253.2 million as at 31 March 2016 to S$255.1 million as at 30 June 2016, which reflects the Group's consolidated losses attributable to equity holders for the period.

   - The decrease in non-controlling interest ("**NCI**") to (S$38.3) million as at 30 June 2016 compared to (S$37.0) million as at 31 March 2016, due mainly to a decrease in non-controlling interests share of results and foreign currency translation reserve of S$0.1 million and S$1.1 million respectively.

(C) Cash Flow Statement

Net cash generated from operating activities in 1Q2017 was S$1.2 million as compared to net cash used in operations of S$1.1 million in 1Q2016. The net operating cash inflow was mainly due to an operating profit before working capital changes of S$0.9 million, adjusted for working capital inflows of S$0.3 million. The working capital inflows in 1Q2017 were attributed mainly to the increase in trade and other payables of SS$1.7 million which was partially offset by the decrease in inventories and other liabilities of S$1.0 million and S$0.6 million respectively.

Net cash used in investing activities in 1Q2017 was S$3.2 million as compared to net cash generated from investing activities of S$4.2 million in 1Q2016. This was mainly attributed to proceeds from disposal of available-for-sale financial assets of S$7.0 million in 1Q2016. There were no proceeds from disposal of available-for-sale financial assets in 1Q2017.

Net cash used in financing activities in 1Q2017 was S$2.2 million as compared to S$4.3 million in 1Q2016. This was mainly attributed to a S$3.0 million repayment of borrowings in 1Q2017 as compared to a repayment of S$4.0 million in 1Q2016. In addition, there were proceeds of S$1.0 million from the issuance of convertible bonds in 1Q2017. There were no proceeds from the issuance of convertible bonds in 1Q2016.

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.

The Group continues to operate in uncertain circumstances. In late June 2016, the World Gold Council ("**WGC**") reported (at http://www.gold.org/research/gold-surges-after-brexit) that, "*With Britain voting to exit the European Union, we expect to see strong and sustained inflows into the gold market driven by the staggering level of protracted uncertainty that investors now face.*" The WGC went on to comment that "*Gold is fulfilling its classic role as a safe haven asset and performing exactly as the many investors that bought it in the run up to the referendum will have hoped. We expect to see strong and sustained inflows into the gold market driven by the intense market uncertainty that now faces the global markets.*" Notwithstanding the positive views of the WGC, it is the Board's view to be prudent and take a cautiously optimistic view of the demand for and price of gold going forward.

Given the above, our wholly-owned gold mining producer, Castlemaine Goldfields Pty Ltd will continue to focus its efforts on reducing operating cost per ounce produced to improve 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.

The Board and Management monitor the gold industry continually and should gold prices and operating costs reach an unsustainable level where gold mining becomes not economically viable, the Company may diversify into other minerals or businesses. As at the date of this announcement, the Board and Management have yet to identify any other prospective businesses or investments.

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.

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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 2016 to 30 June 2016.

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

We, Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil and Tan Soo Khoon Raymond, being two directors of the Company, do hereby confirm on behalf of the Board that to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for 1Q2017 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
12 August 2016

*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.*

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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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