LIONGOLD CORP LTD

(Incorporated in Bermuda)
(Company Registration No. 35500)

ANNOUNCEMENT PURSUANT TO RULE 704(4) OF THE CATALIST RULES IN CONNECTION WITH THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

In compliance with Rule 704(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), LionGold Corp Ltd (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the independent auditors of the Company, Baker Tilly TFW LLP (the "**Auditors**"), have issued a qualified opinion in the Independent Auditor's Report (the "**Independent Auditor's Report**") for the audited financial statements of the Company and the Group for the financial year ended 31 March 2017 ("**FY2017**") (the "**Financial Statements**"), and included a material uncertainty in respect of the Group's and the Company's ability to continue as going concerns and an emphasis of matter concerning uncertainty in relation to potential claims arising from unsecured corporate guarantee provided by the Company in the Financial Statements.

A copy of the Independent Auditor's Report, together with the extract of the relevant Notes to the Financial Statements, is annexed to this announcement. Shareholders are advised to read the Financial Statements in the Company's annual report for FY2017, which will be despatched by 5 July 2017.

Board's Opinion

The Board of Directors (the "**Board**") of the Company would like to provide clarification on the following:

(A) Basis of Qualified Opinion:

i) Discontinued operations and disposal group held for sale

Further to 23 May 2016, being the date of the separation agreement entered into between Talos Ghana Limited ("**TGL**"), Signature Metals Limited ("**SML**") and Owere Mines Limited ("**OML**"), the then directors of OML who were appointed by SML resigned from the Board of OML with immediate effect and all responsibility for the operations of OML is currently concentrated in the Board of TGL. Accordingly, the Company has no access to the accounts of OML. As set out in the Company's announcement dated 23 May 2016, the Konongo Gold Project (the "**Project**") was on care and maintenance since November 2013 and drilling and exploration work had been suspended since mid-May 2014. By January 2016, the situation at the Project had deteriorated and there were risks of social, security and environmental problems. Around that period, there were reports of mine closures around the area and the retrenchment of thousands of mine workers. The Company also received frequent intrusions by illegal miners into the tenements of OML. Although such intrusions did not result in material financial losses to the Group's gold resources, security risks existed and as a precaution, visitors were discouraged on site. The Company could not guarantee the safety of the external auditors on site.

ii) Impairment of loan receivable

As disclosed in Note 15 to the Financial Statements, included in the other receivables as at 31 March 2017 is a loan receivable of $2,627,000 (2016:$3,627,000). In February 2016, the

Company entered into a debt assignment agreement to assign the loan receivable to Mr Lim In Chong ("**Mr Lim**") for a consideration of $3,200,000. The Company had recognised a full allowance for impairment loss on the loan receivable in the audited financial statements of the Company and the Group for the financial year ended 31 March 2016 as the directors of the Company (the "**Directors**") were of the opinion that the recoverability of the loan was in doubt.

Subsequently in December 2016, the Company recovered $1,000,000 of the loan receivable from Mr Lim. However, the Independent Auditors were unable to obtain sufficient appropriate audit evidence to conclude on the recoverability of the remaining balance of the loan receivable and whether the full allowance for impairment loss provided on the loan receivable is appropriate. Consequently, the Independent Auditors were unable to determine whether any adjustments might be necessary in respect of the Financial Statements.

iii) Investigation by Commercial Affairs Department

As disclosed in Note 3 to the financial statements, in April 2014, the Company and one of its subsidiaries were served notices by the Commercial Affairs Department ("**CAD**") of the Singapore Police Force in relation to an investigation into an offence under the Securities and Future Act, Chapter 289. As the CAD has not provided details of its investigation, the Independent Auditors were unable to ascertain (i) whether the investigation would have an impact on the Group's and the Company's ongoing business operations; and (ii) the significance of adjustments, if any, that may arise from the investigation, to the accompanying financial statements.

(B) Material Uncertainty Related to Going Concern:

The Board is of the opinion that the Company will have sufficient working capital for the next 12 months and will be able to pay its debts as and when they fall due based on the following reasons:

i) Ability to raise necessary funds from mining operations

As disclosed in Note 2(a) of the Financial Statements, the Directors believe that the Group and the Company will be able to raise the necessary funds from the mining operations to enable the Group and the Company to repay their debts and fund their operations in the foreseeable future.

ii) Extension of outstanding borrowings with debt restructuring agreement

On 29 June 2017, the Company entered into a debt restructuring agreement (the "**Debt Restructuring Agreement**") with Premier Equity Fund Sub Fund D (the "**Creditor**") and its manager, Value Capital Asset Management Private Limited (the "**Manager**"), to defer the repayment of the restructured loan, as disclosed in Note 27, for a further 5 years from the date of the Debt Restructuring Agreement, subject to the Company obtaining all the relevant approvals necessary in relation to the Debt Restructuring Agreement.

In the event that the Company is unable to obtain all the relevant approvals, the bond restructuring agreement dated 19 June 2015, as amended, modified or supplemented by a supplemental agreement dated 5 July 2016, entered into between the Company, the Creditor and the Manager shall be extended by two years and the new final repayment date shall be 18 June 2020. Please refer to the Company's announcement dated 29 June 2019 for further details of the Debt Restructuring Agreement.

(C) Emphasis of Matter:

As disclosed in Note 37(c) to the Financial Statements, there is an uncertainty in relation to potential claims arising from unsecured corporate guarantee provided to a customer in connection with a project granted to a former subsidiary. As of the date of the Independent Auditor's Report, the Directors have confirmed that the customer has not made any claim against the Company on the corporate guarantee and thus no provision is required to be made to the accompanying financial statements. The Independent Auditors' opinion is not further modified in respect of the aforesaid matter.

The Board confirms that all material disclosures have been provided for trading of the Company's shares to continue. The Board also confirms that it is unaware of any information that would cause the Financial Statements to be false or misleading.

Cautionary Statement

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully and to exercise caution when trading or dealing in their shares of the Company. Shareholders and potential investors should seek advice from their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they have any doubts about the actions they should take.

By Order of the Board

Tan Soo Khoon Raymond
Group Chief Executive Officer
3 July 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 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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