

# Independent Auditor's Report

To The Members of LionGold Corp Ltd

## Report on the Audit of the Financial Statements

### *Disclaimer of Opinion*

We were engaged to audit the financial statements of LionGold Corp Ltd and its subsidiaries (collectively referred to as the "Group") as set out on pages 43 to 108, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 March 2018, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### *Basis for Disclaimer of Opinion*

#### 1. Going concern assumptions

As disclosed in Note 2(a) to the financial statements, the Group reported a loss for the year of \$10,580,000 for the financial year ended 31 March 2018 and as at that date, the Group's and the Company's current liabilities exceeded their current assets by \$747,000 and \$39,294,000 respectively.

In addition, as disclosed in Notes 36 and 39 to the financial statements, the Group and the Company are exposed to certain material uncertainties in relation to contingent liabilities and guarantees provided that could result in material financial obligations in future periods.

As further 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 of the Singapore Police Force in relation to an investigation into an offence under the Securities and Futures Act, Chapter 289. As the Commercial Affairs Department has not provided details of its investigation, we are 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.

These factors indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group and the Company to continue as going concerns.

As discussed in Note 2(a) to the financial statements, the Company is in the process of seeking an extension of another 18 months from Premier Equity Fund Sub Fund E and its manager, Value Capital Asset Management Private Limited ("Value Capital") for the issuance of redeemable convertible bonds which is expected to end on 17 September 2018. The Company is also seeking other alternative sources of funding such as short term credit facilities with its directors or creditors.

The directors of the Company believe that the Group and the Company will be able to raise the necessary funds from the redeemable convertible bonds and other short term credit facilities as described above, as well as to generate positive cash flows from the mining operations. As such, the directors have determined that it is appropriate for the Group and the Company to adopt the going concern assumption in preparing the accompanying financial statements.

The ability of the Group and the Company to remain as going concerns are therefore dependent on the above assumptions, which are premised on future events and market conditions, the outcomes of which are inherently uncertain.

# Independent Auditor's Report

To The Members of LionGold Corp Ltd

## Report on the Audit of the Financial Statements (cont'd)

### *Basis for Disclaimer of Opinion (cont'd)*

#### 1. Going concern assumptions (cont'd)

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business. Adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to the financial statements.

We were unable to obtain sufficient appropriate audit evidence to conclude on the appropriateness of the use of the going concern assumption for the preparation of the accompanying financial statements. As a result, we were unable to determine whether any adjustments might be necessary in respect of the accompanying financial statements for the financial year ended 31 March 2018.

#### 2. Corresponding figures and opening balances

Our independent auditor's report dated 30 June 2017 on the financial statements of the Group and the balance sheet of the Company for the financial year ended 31 March 2017 included a qualified opinion on the following matters:

- i) Discontinued operations and disposal group held for sale;
- ii) Impairment of loan receivable; and
- iii) Investigation by Commercial Affairs Department.

The extract of the basis for qualified opinion is disclosed in Note 42 to the financial statements.

In view of the matters described in the basis for qualified opinion paragraphs on the financial statements for the financial year ended 31 March 2017, we were unable to determine whether any adjustments might be necessary in respect of the financial statements of the Group and the balance sheet of the Company for the financial year ended 31 March 2017. Since the opening balances as at 1 April 2017 entered into the determination of the financial performance, changes in equity and cash flows of the Group for the financial year ended 31 March 2018, we were unable to determine whether adjustments might have been found necessary in respect of the consolidated financial statements of the Group for the financial year ended 31 March 2018.

Our opinion on the current year's consolidated financial statements of the Group and the balance sheet of the Company is also modified because of the possible effect of these matters on the comparability of the current year's figures and the corresponding figures.

### ***Responsibilities of Management and Directors for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards in Singapore, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

# Independent Auditor's Report

To The Members of LionGold Corp Ltd

## Report on the Audit of the Financial Statements (cont'd)

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our responsibility is to conduct an audit of the accompanying financial statements in accordance with Singapore Standards on Auditing and to issue an independent auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

The engagement partner on the audit resulting in this independent auditor's report is Mr Khor Boon Hong.

Baker Tilly TFW LLP  
Public Accountants and  
Chartered Accountants  
Singapore

29 June 2018