

LIONGOLD CORP LTD
(Incorporated in Bermuda)
(Company Registration No. 35500)

**THE PROPOSED DISPOSAL OF 14.9% OF THE ISSUED AND PAID UP SHARE CAPITAL OF
IRONBARK MINING PTY LTD**

1. INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of LionGold Corp Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that a wholly-owned subsidiary of the Company, Castlemaine Goldfields Pty Ltd (“**CGT**”) had on 23 September 2020 entered into a conditional sale and purchase agreement (the “**Agreement**”) with Yaoo Investments Pty Ltd (“**Yaoo Investments**”) and together with CGT, the “**Parties**”) for the sale of 17,880 shares (the “**Target Shares**”), representing 14.9% in Ironbark Mining Pty Ltd (“**Ironbark**”) (the “**Proposed Disposal**”) to Yaoo Investments. The aggregate consideration for the Target Shares shall be SGD55,000 (the “**Consideration**”) and will be satisfied fully in cash.

Further details on the principal terms of the Proposed Disposal are set out in this announcement.

2. INFORMATION RELATING TO IRONBARK AND YAOO INVESTMENTS

2.1 Information on Ironbark

Ironbark, incorporated in Australia, is a wholly-owned subsidiary of CGT with its principal activity being that of gold exploration. Ironbark has an issued and paid-up share capital of AUD100,000, comprising 120,000 ordinary shares.

Through Ironbark, the Company holds Exploration Licence EL6036 and Retention Licence RL2027 which covers tenements at Tarnagulla, a highly prospective ground not obscured by the thick cover sequences typical in the area, located 90 kilometres north of the Ballarat Gold Project.

The Tarnagulla Gold Project is centred on the historic and famous Poverty Reef (360,000 ounces mined from 122,000 tonnes ore between 1853 and 1866 [92g/t], with a further 53,000 ounces mined from 57,400 tonnes ore between 1994 and 2000 [29g/t]).

As disclosed in the Company's announcement detailing its financial results for the financial year ended 30 June 2020 (“**FY2020**”), the Group commenced exploration diamond drilling at the Tarnagulla Gold Project on 18 August 2020.

Exploration diamond drilling will commence from Freehold Land (which is situated to the south of the historic workings at Poverty Reef), targeting mineralisation associated with the eastern parallel Crystal Reef, with a historic production of 6,710 ounce mined at 53g/t.

The exploration programs of Ironbark will be evolving programs, that is, as each drill hole is advanced and completed, geological reviews will be undertaken, and the planning and design for future drilling will be updated accordingly.

As at the date of this announcement, there are no conclusive findings from the two (2) drill holes conducted and data collected from exploration activities conducted at the Tarnagulla Gold Project is insufficient to support estimation of any mineral resource or to provide any assurance of an

economic development. As such, no valuation report has been prepared in relation to the Tarnagulla Gold Project.

The financial information of Ironbark based on its unaudited financial statements for FY2020 are as follows:

- (a) net loss of AUD884,024 (approximately SGD825,926 based on the average exchange rate of AUD1:SGD0.93428 for FY2020);
- (b) net liability of AUD5,637,744 (approximately SGD5,396,674 based on the closing exchange rate of AUD1:SGD0.95724 as at 30 June 2020);
- (c) after adjusting for inter-company balances, net asset of AUD338,454 (approximately SGD323,982 based on the closing exchange rate of AUD1:SGD0.95724 as at 30 June 2020).

2.2 Information on Yao Investments

Yao Investments is a company incorporated in Australia on 7 September 2020. Its principal business activity is investment holding. Yao Investments is 95.1% owned by Mr Yao Liang and 4.9% owned by Mr Wang Yong. Both Mr Yao Liang and Mr Wang Yong are also directors of Yao Investments.

Mr Yao Liang is the Executive Chairman and CEO of the Company. As at the date of this announcement, Mr Yao Liang is deemed interested in an aggregate of 18,008,044,936 shares in the Company ("**Shares**"), held under Yao Capital Pte. Ltd., representing 55.91% of the issued share capital of the Company by virtue of his 51% interest in Yao Capital Pte. Ltd.. As such, under Chapter 9 of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), CGT is an "entity at risk" and Yao Investments is an associate of Mr Yao Liang and therefore an "interested person". The Proposed Disposal is accordingly classified as an interested person transaction under the Catalist Rules, further details of which are set out in Section 7 of this announcement.

Mr Wang Yong is an executive officer of the Company, holding the position of General Manager (Balmaine). As at the date of this announcement, Mr Wang Yong does not own any Shares in the Company.

3. RATIONALE AND USE OF PROCEEDS

3.1 Rationale

The Company only recently commenced exploration at the Tarnagulla Gold Project. Resource exploration can be a challenging and long drawn process. Aside from having to commit a significant amount of financial resources, having an experienced and competent team of professionals is also key to increasing the odds of making a commercially viable discovery.

COVID-19 has brought about unprecedented challenges to the mining industry. Closures of borders have resulted in mines having to switch suppliers and professional services providers often leading to project delays and higher operating costs. Certain employees who are affected by travel restrictions have to decide whether to relocate. New health and safety measures implemented have also made it more challenging for employees, suppliers and professional services providers to perform their duties. Working under these conditions have thus resulted in a significant level of difficulty in all aspects of mining operations.

In consideration of the above, Mr Yao Liang intends to award the Target Shares to employees, key suppliers and professional services providers who remain committed to the Tarnagulla Gold Project. He believes that this would align the interests of these employees, key suppliers and professional services providers with the interest of the Group. Mr Yao Liang hopes that this would reduce the costs that would otherwise have to be borne solely by the Company.

3.2 Use of Proceeds

The Consideration is nominal, nevertheless, the Company intends to use the entire proceeds from the Proposed Disposal as working capital.

4. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

4.1 Consideration

The Consideration for the Target Shares was arrived at on a willing-buyer and willing-seller basis, taking into account the net asset value of Ironbark (after making adjustments for inter-company balances) as at 30 June 2020 and the rationale for the Proposed Disposal as set out in Section 3.1 of this announcement.

Based on the net asset value attributable to the Target Shares (after adjustment for inter-company balances) of approximately SGD48,273 as at FY2020, the estimated gain from the Proposed Disposal is approximately SGD6,727.

4.2 Conditions Precedent

Completion of the Proposed Disposal is conditional upon, amongst other things, the fulfillment and satisfaction of the following conditions precedent:

- (a) the approval of the Board having been obtained in respect of the Proposed Disposal, and the same not having been withdrawn or revoked and if such consents or approvals are obtained subject to any conditions, such conditions being acceptable to Parties;
- (b) the Proposed Disposal not being prohibited by any applicable laws or regulations; and
- (c) the warranties contained in the Agreement being true, complete and accurate in all respects.

4.3 Completion Date

Completion will take place within 10 business days commencing from the date on which the last condition precedent set out in the Agreement is fulfilled or waived (or such other date as may be agreed in writing between the Parties).

5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

Based on the latest audited consolidated financial statements of the Group for the financial year ended 31 March 2019:

- (a) assuming the Proposed Disposal was completed on 1 April 2018, the net earnings per share of the Group would increase from 0.0142 cents to 0.0144 cents; and
- (b) assuming the Proposed Disposal was completed on 31 March 2019, the net tangible asset value per share of the Group would decrease from 0.1579 cents to 0.1578 cents.

The financial effects of the Proposed Disposal set out above are for illustrative purposes only and are therefore not indicative of the actual financial performance or position of the Group following the completion of the Proposed Disposal.

6. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures for the Proposed Disposal as computed on the bases set out in Rule 1006 of the Catalist Rules and the latest announced unaudited consolidated financial information of the Group for FY2020 are as follows:

Rule 1006	Bases	Relative Figures
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value.	0.13% ⁽¹⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	- 6.95% ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalization based on the total number of issued shares excluding treasury shares	0.17% ⁽³⁾
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable ⁽⁴⁾

Notes:

- (1) Computed based on the net asset value attributable to the Target Shares (after adjustment for inter-company balances) and the net asset value of the Group as at FY2020 of approximately SGD48,273 and SGD37,049,000 respectively.
- (2) The net loss attributable to the Target Shares for FY2020 is approximately SGD123,063 whereas the Group recorded a net profit of approximately SGD1,771,000 for FY2020.
- (3) Computed based on the Consideration of SGD55,000 and the Company's market capitalisation of approximately S\$32.2 million. The market capitalisation of the Company is determined by multiplying the number of Shares in issue (being 32,206,206,055 Shares) by the weighted average price of S\$0.001 on 22 September 2020 (being the last market day on which the Shares were traded prior to the date of signing of the Agreement).
- (4) The Company just commenced exploration drilling for tenements held under Ironbark and as at the date of this announcement there are no gold reserves reported for these tenements.

7. PROPOSED DISPOSAL AS AN INTERESTED PERSON TRANSACTION

As stated in Section 2.2 of this announcement, the Proposed Disposal constitutes an interested person transaction under Chapter 9 of the Catalist Rules.

The value of the Proposed Disposal, which is the Consideration of SGD55,000, represents 4.08% of the Group's latest audited net tangible asset value of SGD1,347,000 as at the end of the financial year ended 31 March 2019.

As the aggregate value of the Proposed Disposal does not exceed the threshold of 5%, no approval from shareholders is required for the Proposed Disposal under Chapter 9 of the Catalist Rules.

Save for the Proposed Disposal as disclosed above, as at the date of this announcement, the Group has not entered into any transactions with Yaoo Investments or Mr Yao Liang or any of his associates in the current financial year ending 30 June 2021 ("FY2021"). Further, as at the date of this announcement, there have been no interested person transaction entered into by the Group in FY2021.

8. AUDIT COMMITTEE STATEMENT

The Audit Committee, having reviewed and considered, *inter alia*, the terms and conditions of, financial effects of and rationale for and benefit of the Proposed Disposal, is satisfied that the terms of the Proposed Disposal are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

9. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal and accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for Mr Yao Liang who is a Director and controlling shareholder of the Company, none of the Directors and, as far as the Directors are aware, none of the Substantial Shareholders have any interest, direct or indirect, in the Proposed Disposal.

Mr Yao Liang has recused himself from all deliberation by the Board on the Proposed Disposal.

11. DOCUMENTS FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours at the correspondence office of the Company at 9 Temasek Boulevard, #24-01, Suntec Tower 2, Singapore 038989 for a period of three (3) months from the date of this announcement. Shareholders who wish to inspect the Agreement should call the Company at +65 6690 6860 to make an appointment so that the relevant arrangements can be made in view of the COVID-19 control measures.

12. DIRECTORS RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors of the Company has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

13. CAUTIONARY STATEMENT

Shareholders are advised to exercise caution when dealing in the Shares of the Company as there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed. The Company will make the necessary announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments in respect of the Proposed Disposal. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

BY ORDER OF THE BOARD

Yao Liang
Executive Director
23 September 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, W Capital Markets Pte. Ltd. (the "Sponsor").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes 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.

The contact person for the Sponsor is Mr Chia Beng Kwan, Registered Professional, W Capital Markets Pte Ltd, 65 Chulia Street, #43-01 OCBC Centre, Singapore 049513, Telephone (65) 65133541.