

# LIONGOLD CORP LTD

## FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

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 2019. 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 2019 (“1Q2020”) with the corresponding period of the immediately preceding financial year.

	<b>Group</b>		
	<b>3 months period ended</b>		
	<b>30.06.2019</b>	<b>30.06.2018</b>	<b>Change</b>
	<b>S\$’000</b>	<b>S\$’000</b>	<b>%</b>
Revenue	16,791	18,700	(10.2)
Cost of goods sold	(17,461)	(16,006)	9.1
<b>Gross (loss)/profit</b>	<b>(670)</b>	<b>2,694</b>	<b>NM</b>
Other income	142	41	NM
Expenses :			
Administrative expenses	(923)	(876)	5.4
Other gains/(expenses)	315	(240)	NM
Finance costs	(759)	(727)	4.4
<b>Total expenses</b>	<b>(1,367)</b>	<b>(1,843)</b>	<b>(25.8)</b>
<b>(Loss)/profit before income tax</b>	<b>(1,895)</b>	<b>892</b>	<b>NM</b>
Income tax expense	-	-	-
<b>Net (loss)/profit for the period</b>	<b>(1,895)</b>	<b>892</b>	<b>NM</b>
<b>Net (loss)/profit for the period attributable to :</b>			
Equity holders of the Company	(1,799)	1,301	NM
Non-controlling interests	(96)	(409)	(76.5)

**LIONGOLD CORP LTD****FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

1(a)(ii) A statement of comprehensive income with comparatives for the 3 months period ended 30 June 2019 with the corresponding period of the immediately preceding financial year.

	<b>Group</b>	
	<b>3 months period ended</b>	
	<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Total (loss)/profit for the period</b>	<b>(1,895)</b>	<b>892</b>
Exchange differences on translating foreign operations	(673)	(25)
<b>Total comprehensive (loss)/income for the period</b>	<b>(2,568)</b>	<b>867</b>
<b>Total comprehensive (loss)/income for the period attributable to :</b>		
Equity holders of the Company	(2,611)	1,270
Non-controlling interests	43	(403)

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**FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

Note 1:

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

	<b>Group</b>		
	<b>3 months period ended</b>		
	<b>30.06.2019</b>	<b>30.06.2018</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<u>Cost of goods sold:-</u>			
Amortisation of mining properties	1,595	2,653	(39.9)
Depreciation of property, plant and equipment	423	912	(53.6)
<u>Other income:-</u>			
Interest income	29	26	11.5
Rental income	-	13	(100.0)
Fair value adjustment	63	-	NM
Others	50	2	NM
	<b>142</b>	<b>41</b>	<b>NM</b>
<u>Administrative expenses:-</u>			
Depreciation of property, plant and equipment	19	21	(9.5)
Operating lease - rental expenses	30	31	(3.2)
<u>Other (gains)/expenses:-</u>			
Gain on foreign exchange (net)	(419)	(12)	NM
Loss on disposal of property, plant and equipment	1	42	(97.6)
Exploration and evaluation expenditure written off	-	99	(100.0)
Other mining related expenses	103	111	(7.2)
	<b>(315)</b>	<b>240</b>	<b>NM</b>

NM: Not Meaningful

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**FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**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 30.06.2019	As at 31.03.2019	As at 30.06.2019	As at 31.03.2019
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Current assets</b>				
Cash and cash equivalents	2,794	5,580	5	6
Trade and other receivables	2,506	488	1	3
Other current assets	490	570	426	459
Inventories	6,970	9,189	-	-
	<b>12,760</b>	<b>15,827</b>	<b>432</b>	<b>468</b>
<b>Non-current assets</b>				
Security deposits	4,134	4,180	-	-
Investment in subsidiaries	-	-	67,790	67,790
Exploration and evaluation expenditure	4,929	4,649	-	-
Mining properties	2,424	2,587	-	-
Property, plant and equipment	15,298	14,706	1	1
	<b>26,785</b>	<b>26,122</b>	<b>67,791</b>	<b>67,791</b>
<b>Total assets</b>	<b>39,545</b>	<b>41,949</b>	<b>68,223</b>	<b>68,259</b>
<b>Current liabilities</b>				
Trade and other payables	15,121	15,116	6,993	6,336
Due to subsidiaries	-	-	37,975	37,636
Income tax liabilities	825	834	-	-
Finance lease liabilities	404	402	-	-
Convertible bonds	48	46	48	46
Derivative liability conversion option in convertible bonds	9	9	9	9
	<b>16,407</b>	<b>16,407</b>	<b>45,025</b>	<b>44,027</b>
<b>Non-current liabilities</b>				
Finance lease liabilities	68	173	-	-
Borrowings	16,151	15,803	16,151	15,803
Deferred consideration	2,359	2,386	-	-
Rehabilitation and preservation provision	5,781	5,833	-	-
	<b>24,359</b>	<b>24,195</b>	<b>16,151</b>	<b>15,803</b>
<b>Total liabilities</b>	<b>40,766</b>	<b>40,602</b>	<b>61,176</b>	<b>59,830</b>
<b>Net (liabilities)/assets</b>	<b>(1,221)</b>	<b>1,347</b>	<b>7,047</b>	<b>8,429</b>

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**FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	Group		Company	
	As at 30.06.2019	As at 31.03.2019	As at 30.06.2019	As at 31.03.2019
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Equity</b>				
<b>Issued capital and reserves attributable to equity holders of the Company</b>				
Issued capital	870	870	870	870
Share premium	280,000	280,000	280,000	280,000
Other reserves	(269,743)	(267,132)	(273,823)	(272,441)
	<b>11,127</b>	<b>13,738</b>	<b>7,047</b>	<b>8,429</b>
Non-controlling interests	(12,348)	(12,391)	-	-
<b>Total (deficit)/equity</b>	<b>(1,221)</b>	<b>1,347</b>	<b>7,047</b>	<b>8,429</b>

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

**Amount repayable in one year or less, or on demand**

	As at 30.06.2019		As at 31.03.2019	
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Convertible bonds	-	48	-	46
Finance lease liabilities	404	-	402	-
	<b>404</b>	<b>48</b>	<b>402</b>	<b>46</b>

**Amount repayable more than one year**

	As at 30.06.2019		As at 31.03.2019	
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Later than 1 year but not later than 5 years:				
Borrowings	-	16,151	-	15,803
Finance lease liabilities	68	-	173	-
	<b>68</b>	<b>16,151</b>	<b>173</b>	<b>15,803</b>

As at 30 June 2019, the Group's borrowings are secured by property, plant and equipment with a net book value of S\$0.7 million (31 March 2019: S\$0.9 million).

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**FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<b>Group</b>	
	<b>3 months period ended</b>	
	<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before income tax	(1,895)	892
Adjustments for:-		
Amortisation of mining properties	1,595	2,653
Amortisation of discount on provision for rehabilitation provision	13	13
Depreciation of property, plant and equipment	442	933
Exploration and expenditure written-off	-	99
Fair value adjustment	(63)	-
Loss on disposal of property, plant and equipment	1	42
Interest income	(29)	(26)
Interest expense	746	714
<b>Operating gain before working capital changes</b>	<b>810</b>	<b>5,320</b>
Changes in operating assets and liabilities:		
Inventories	2,219	(1,960)
Trade and other receivables	(2,018)	105
Other current assets	80	74
Trade and other payables	(468)	(461)
Other liabilities	(285)	754
Currency translation adjustments	(419)	(13)
<b>Cash (used in)/generated from operations</b>	<b>(81)</b>	<b>3,819</b>
Interest received	29	26
Interest paid	(12)	(8)
<b>Net cash (used in)/generated from operating activities</b>	<b>(64)</b>	<b>3,837</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to mining properties	(1,454)	(946)
Exploration and evaluation expenditure	(324)	(293)
Purchase of property, plant and equipment	(1,202)	(206)
<b>Net cash used in investing activities</b>	<b>(2,980)</b>	<b>(1,445)</b>

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**FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	<b>Group</b>	
	<b>3 months period ended</b>	
	<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	400	-
Repayment of finance lease creditor	(103)	(227)
<b>Net cash generated from/(used in) financing activities</b>	<b>297</b>	<b>(227)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,747)</b>	<b>2,165</b>
Cash and cash equivalents at beginning of period	5,580	3,757
Effect of foreign exchange rate changes, net	(39)	-
<b>Cash and cash equivalents at end of period</b>	<b>2,794</b>	<b>5,922</b>

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### FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

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
<b>Group</b>							
As at 1 April 2019	870	280,000	61,979	(8,138)	(320,973)	(12,391)	1,347
Loss for the period	-	-	-	-	(1,799)	(96)	(1,895)
Currency translation differences	-	-	-	(812)	-	139	(673)
Total comprehensive loss for the period	-	-	-	(812)	(1,799)	43	(2,568)
As at 30 June 2019	<b>870</b>	<b>280,000</b>	<b>61,979</b>	<b>(8,950)</b>	<b>(322,772)</b>	<b>(12,348)</b>	<b>(1,221)</b>
As at 1 April 2018 (As previously reported)	811	279,518	61,979	(21,133)	(305,855)	(12,025)	3,295
Adoption of SFRS(I)	-	-	-	16,335	(16,335)	-	-
As at 1 April 2018 (Restated)	811	279,518	61,979	(4,798)	(322,190)	(12,025)	3,295
Conversion of shares from convertible bonds	59	482	-	-	-	-	541
Loss for the period	-	-	-	-	1,301	(409)	892
Currency translation differences	-	-	-	(30)	-	5	(25)
Total comprehensive loss for the period	-	-	-	(30)	1,301	(404)	867
As at 30 June 2018	<b>870</b>	<b>280,000</b>	<b>61,979</b>	<b>(4,828)</b>	<b>(320,889)</b>	<b>(12,429)</b>	<b>4,703</b>



**LIONGOLD CORP LTD**

**FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	Issued Capital	Share Premium	Contributed Surplus	Accumulated Losses	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Company</b>					
As at 1 April 2019	870	280,000	61,979	(334,420)	8,429
Loss and total comprehensive loss for the period	-	-	-	(1,382)	(1,382)
As at 30 June 2019	<b>870</b>	<b>280,000</b>	<b>61,979</b>	<b>(335,802)</b>	<b>7,047</b>
As at 1 April 2018	811	279,518	61,979	(332,953)	9,355
Conversion of shares from convertible bonds	59	482	-	-	541
Loss and total comprehensive loss for the period	-	-	-	(1,513)	(1,513)
As at 30 June 2018	<b>870</b>	<b>280,000</b>	<b>61,979</b>	<b>(334,466)</b>	<b>8,383</b>

**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 2019 / 30 June 2019	8,698,161,119	870	280,000

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### FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

The number of Shares that may be issued on conversion of the outstanding convertibles as at 30 June 2019 and 30 June 2018 is as follows:

As at 30 June 2019	No. of Shares that may be issued	Share Capital (\$'000)	Share Premium (\$'000)
New Shares to be issued on conversion of current outstanding convertible bonds of S\$50,000 and the remaining convertible bonds of approximately S\$22 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.	25,898,497,477	2,590	19,424

As at 30 June 2018	No. of Shares that may be issued	Share Capital (\$'000)	Share Premium (\$'000)
New Shares to be issued on conversion of current outstanding convertible bonds of S\$50,000 and the remaining convertible bonds of approximately S\$22 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.	25,898,497,477	2,590	19,424

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 2019 is 8,698,161,119 (31 March 2019: 8,698,161,119).

**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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### FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

**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.

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

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 2019, except as disclosed in Note 5 below.

**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.**

The Group has adopted the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which became effective for the financial period beginning on or after 1 April 2019. The adoption of the new and revised standards did not have material effect on the financial position or financial performance of the Group except as follows:

SFRS(I) 16 Leases

The Group has adopted SFRS(I) 16 Leases, which introduces a single, on-balance sheet lease accounting model. It requires a lessee to recognise a right-of-use asset representing its use of the underlying assets and a lease liability representing its obligation to make lease payments.

The adoption of SFRS(I) 16 Leases does not result in any material effect on the amounts reported for the current financial period or prior financial years, as the leases are short-term leases and leases of low-value items which are recognised on a straight-line basis as expense in the profit and loss.

**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 30.06.2019	As at 30.06.2018
	S\$	S\$
(Loss)/earnings per ordinary share for the financial period:		
Based on weighted average number of ordinary shares of 8,698,161,119 (30 June 2018: 8,271,528,928) - basic and diluted	(0.02) cents	0.02 cents

There was no difference between the basic and diluted loss per share as the effect of all potentially dilutive shares outstanding for the current financial period was anti-dilutive and was insignificant for the financial period ended 30 June 2018.

Earnings or loss per Share is calculated based on the weighted average number of Shares of 8,698,161,119 for the three (3) months ended 30 June 2019 (30 June 2018: 8,271,528,928).

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### FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

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 30.06.2019	As at 31.03.2019	As at 30.06.2019	As at 31.03.2019
	S\$	S\$	S\$	S\$
Net assets value per ordinary shares based on issued share capital at end of financial period/year	0.13 cents	0.16 cents	0.08 cents	0.10 cents. <sup>(1)</sup>

Note(s):

(1) The change of the net assets value per ordinary share from that previously disclosed in the Company's unaudited results announcement on 29 May 2019 for the financial year ended 31 March 2019 was due to a write-back of allowance of S\$3,345,000 in the investment in Castlemaine Goldfields Pty Ltd ("CGT") upon the finalisation of the valuation report of the property, plant and equipment and thus the computation of the estimated recoverable amount of the investment in CGT. The material differences between unaudited financial statements and published audited financial statements were announced on 27 June 2019.

Net asset value per share is calculated based on 8,698,161,119 shares issued at the end of the financial period ended 30 June 2019 (31 March 2019: 8,698,161,119).

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 2019 ("1Q2020"). Revenue decreased by S\$1.9 million from S\$18.7 million to S\$16.8 million in 1Q2020 as compared to the preceding period ("1Q2019"). This was attributed primarily to the decrease in gold sold from 10,740 ounces in 1Q2019 to 9,457 ounces in 1Q2020. The decrease in revenue was partially offset by an increase in average selling price of gold from A\$1,727 in 1Q2019 to A\$1,857 in 1Q2020.

In 1Q2020, the Group recorded a gross loss of S\$0.7 million as compared to a gross profit of S\$2.7 million in 1Q2019. The significant decrease in gross profit was mainly due to the decrease in gold sold as described above whilst the cost of gold produced has been recognised in cost of goods sold. Total quantity of gold ore processed decreased by 1.2% from approximately 71,000 tonnes in 1Q2019 to approximately 70,000 tonnes in 1Q2020. Total gold production decreased by 18.8% from 11,317 ounces in 1Q2019 to 9,186 ounces in 1Q2020 mainly as a result of the decrease in the head grade of ore processed from 5.5g/t in 1Q2019 to 4.9g/t in 1Q2020.

The decrease in amortisation of mining properties was mainly attributed to the decrease in total gold production. There was a decrease in depreciation of property, plant and equipment as some of the assets have been fully depreciated in 1Q2020.

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Other expenses decreased from a loss of S\$0.2 million in 1Q2019 to a gain of S\$0.3 million in 1Q2020. The decrease was mainly due to an increase in foreign exchange gains of S\$0.4 million in 1Q2020 as compared to 1Q2019. In addition, there was exploration and evaluation expenditure of S\$0.1 million in 1Q2019 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. There was no such expense in 1Q2020. Other mining related expenses of S\$0.1 million in 1Q2020 relate to general mining expenses which could not be allocated to specific area of interest and hence have to be expensed off.

#### (B) Financial Position Review

1) The current assets of the Group decreased by S\$3.1 million from S\$15.8 million as at 31 March 2019 to S\$12.8 million as at 30 June 2019. The decrease was mainly due to:

- The decrease in cash and cash equivalents by S\$2.8 million. This was mainly attributed to expenditure on mining related activities of S\$1.8 million, purchase of property, plant and equipment (“PPE”) of S\$1.2 million and repayment to finance lease creditors of S\$0.1 million. The decrease was partially offset by unsecured interest-free loan from Group CEO of S\$0.4 million.
- The decrease in inventories of S\$2.2 million mainly attributed to the decrease in the quantity and value of the gold stockpiles held.

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

- The increase in trade and other receivables of S\$2.0 million.

2) The non-current assets of the Group increased by S\$0.7 million from S\$26.1 million as at 31 March 2019 to S\$26.8 million as at 30 June 2019. The increase was mainly due to:

- The increase in PPE by S\$0.6 million. The increase was mainly attributed to additions amounting to S\$1.2 million, which was partially offset by depreciation charge of S\$0.4 million during the period.
- The increase in exploration and evaluation expenditure by S\$0.3 million was mainly attributed to S\$0.3 million additional expenditure capitalised in 1Q2020.

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

- The decrease in mining properties by S\$0.2 million mainly attributed to the amortisation charge of S\$1.6 million. The decrease was partially offset by additions amounting to S\$1.4 million during the period.

3) The non-current liabilities of the Group increased by S\$0.2 million from S\$24.2 million as at 31 March 2019 to S\$24.4 million as at 30 June 2019. The increase was mainly attributed to:

- The increase in borrowings of S\$0.4 million from the Group CEO.

The increase in non-current liabilities of the Group was partially offset by:

- The decrease in finance lease creditors of S\$0.1 million attributed to the repayments made during the period.

Deferred consideration of S\$2.4 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 91, note 28 of the FY2019 annual report.

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The provision for rehabilitation and preservation of S\$5.8 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.

- 4) Issued capital and reserves attributable to equity holders and non-controlling interests of the Company decreased by S\$2.6 million from a positive S\$1.3 million as at 31 March 2019 to a negative S\$1.3 million as at 30 June 2019. These were mainly attributable to the following:
- The increase in accumulated losses from S\$321.0 million as at 31 March 2019 to S\$322.8 million as at 30 June 2019 due to the Group's consolidated losses attributable to equity holders for the period of \$1.8 million.
  - The decrease in other reserves (excluding accumulated losses) by S\$0.8 million, due to a decrease in foreign currency translation reserve.

The decrease in issued capital and reserves attributable to equity holders and non-controlling interests of the Company was partially offset by:

- The decrease in deficit of non-controlling interest to (S\$12.3) million as at 30 June 2019 compared to (S\$12.4) million as at 31 March 2019, due mainly to a non-controlling interests share of results of S\$0.1 million.

The Group has net current liabilities of S\$3.6 million as at 30 June 2019. The Company has on 13 July 2018 entered into an unsecured interest-free loan agreement with the Group CEO of up to S\$3.5 million. Further, on 28 December 2018, the Company entered into a subscription agreement with Yaoo Capital Pte Ltd (the "Subscriber") whereby (a) the Subscriber intends to acquire the Company's debt owing to Premier Equity Sub Fund D (the "Creditor") and Value Capital Asset Management Private Limited (the "Manager") amounting to approximately \$23.0 million (the "Outstanding Amount") pursuant to the debt restructuring agreement entered into with Premier Equity Fund Sub Fund D and Value Capital dated 29 June 2017. The Outstanding Amount would be repayable to the Subscriber; and (b) the Company will allot and issue to the Subscriber, up to 23,008,044,936 new ordinary shares ("Subscription Shares") in the capital of the Company at the issue price of \$0.001 for each Subscription Share ("Subscription"). As a result of this Subscription, the Company's issued and paid up capital will increase from 8,698,161,119 shares to 31,706,206,055 shares, which approximates 72.57% of the enlarged issued and paid-up share capital of the Company after the Subscription. The consideration of the Subscription will be fully offset against the Outstanding Amounts under the debt restructuring agreement, which will be deemed fully repaid upon the completion of the allotment and issuance of the Subscription Shares.

The completion of the Subscription is conditional upon, inter alia, approvals from the Securities Industry Council ("SIC") and shareholders of the Company. SIC has on 5 July 2019 granted a waiver ("Whitewash Waiver") of the requirement under Rule 14 of the Singapore Code on Take-overs and Mergers (the "Code") for the Subscriber to make a general offer for the Company in the event that it triggers an obligation to do so under Rule 14.1 of the Code as a result of the acquisition of the Subscription Shares in connection with the Subscription. The Company will convene a special general meeting to seek the approval of the shareholders for (a) the allotment and issuance of the Subscription Shares and (b) Whitewash Waiver of the requirement for the Subscriber and its concert parties to make a mandatory general offer for the Shares of the Company not already owned by the Subscriber or its concert parties.

The directors of the Company believe that the Group and the Company will be able to raise the necessary funds from the unsecured interest-free loan from the Group CEO and obtain the necessary approvals for the Subscription, as well as to generate positive cash flows from the mining operations. As such, there are reasonable grounds to believe 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 and the Company will be able to operate as a going concern.

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#### (C) Cash Flow Statement

Net cash used in operating activities in 1Q2020 was S\$0.1 million as compared to net cash generated from operations activities of S\$3.8 million in 1Q2019. The net operating cash outflow was mainly due to an operating gain before working capital changes of S\$0.8 million, adjusted for working capital outflows of S\$0.9 million. The working capital outflows in 1Q2020 were attributed mainly to the increase in trade and other receivables of S\$2.0 million, a decrease in trade and other payables of S\$0.5 million and a decrease in other liabilities of S\$0.3 million from repayments made to creditors. The working capital outflows was partially offset by a decrease in inventories of S\$2.2 million. The carrying value of inventory on the balance sheet of the Group has decreased along with the decrease in quantity of gold stockpiles held.

Net cash used in investing activities in 1Q2020 was S\$3.0 million as compared to S\$1.4 million in 1Q2019. The net cash used in 1Q2020 was mainly attributed to the additions to mining properties of S\$1.5 million, expenditure on exploration and evaluation of S\$0.3 million and purchase of PPE of S\$1.2 million. Comparatively the net cash used in 1Q2019 was mainly attributed to the additions to mining properties of S\$0.9 million, expenditure on exploration and evaluation of S\$0.3 million and purchase of PPE of S\$0.2 million.

Net cash generated from financing activities in 1Q2020 was S\$0.3 million as compared to net cash used in financing activities of S\$0.2 million in 1Q2019. This was mainly attributed to loan of S\$0.4 million from the Group CEO in 1Q2019.

**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 World Gold Council's ("WGC") mid-year outlook 2019 is titled "Heightened risk meets easy money". The WGC suggests that over the next six to twelve months, financial market uncertainty and accommodative monetary policy will likely support gold investment demand; price momentum and positioning may fuel rallies and create pullbacks, as investors continuously reassess their expectations based on new information; and weaker economic growth may soften gold consumer demand near term, but structural economic reforms in India and China will likely support long term demand. The WGC further suggests that gold demand is linked to jewelry, technology and long-term savings, and these are important determinants of long-term performance. In the short and medium term their impact is felt predominantly when there are significant changes to demand. Conversely, gold investment demand amidst higher uncertainty, including speculative activity, can sway prices in a meaningful way in the short and medium term but its effects level off in the long run. In addition, gold supply through mining or recycling bring balance to the market. The WGC concludes its mid-year outlook by suggesting that for the rest of the year, consumer demand may be soft and speculative activity could amplify price movements but, overall, it is likely that investment demand will remain robust and central banks will continue their net purchasing trend. Shareholders are encouraged to read the WGC's full mid-year outlook at the WGC's website at [www.gold.org](http://www.gold.org) for more details.

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In relation to the proposed transactions relating to the proposed Subscription of new shares (by way of capitalization of debt) and the termination of the redeemable convertible bond program announced by the Company on 28 December 2018, 30 January 2019, 25 March 2019 and 28 March 2019, shareholders would note that on 5 July 2019, the Company announced that the Securities Industry Council had on 5 July 2019 granted a Whitewash Waiver of the requirement under Rule 14 of the Singapore Code on Take-overs and Mergers for Yaoo Capital Pte Ltd to make a mandatory general offer for the Company in the event that it triggers an obligation to do so under Rule 14.1 of the Code as a result of the acquisition of the Subscription Shares in connection with the Subscription. The waiver is one of the conditions precedent to the proposed Subscription. The Company is working on seeking regulatory and other approvals as well as undertaking the fulfilment of other conditions precedent. Barring unforeseen circumstances, the Company expects to be able to convene a Special General Meeting to seek approval in general meeting for the proposed Subscription and the other contemplated transactions soon. The Company will update shareholders by way of announcements on SGXNET accordingly.

#### 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 and the reason(s) for the decision.**

As the Company's auditors have issued a disclaimer of opinion on the going concern assumptions in its auditor's report for the financial year ended 31 March 2019, no final dividend has been 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. Aside from the interest-free loan of S\$0.4 million extended by Mr Tan Soo Khoon Raymond, the Group Chief Executive Officer and Executive Director of the Company, to the Company pursuant to a loan agreement with the Company dated 13 July 2018, there were no IPT transactions for the period from 1 April 2019 to 30 June 2019.



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### **FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

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

Roland Kenneth Selvanayagam 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 1Q2020 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  
8 August 2019

*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 announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST"). 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 Bernard Lui.  
Tel: 6389 3000  
Email: [bernard.lui@morganlewis.com](mailto:bernard.lui@morganlewis.com)*