LIONGOLD CORP LTD

COMPANY ANNOUNCEMENT

(A) TERMINATION OF THE PROPOSED RIGHTS CUM WARRANTS ISSUE

(B) TERMINATION OF THE EXISTING BOND SUBSCRIPTION AGREEMENTS WITH MR. AWANG AHMAD SAH AND DR. VIGNESWARAN T. SUBRAMANIAM (THE "SUBSCRIBERS")

(C) TERMINATION OF THE EXISTING RESTRUCTURING AGREEMENTS AND NEW SET-OFF AND SUBSCRIPTION AGREEMENT FOR THE PROPOSED RESTRUCTURING OF THE EXISTING CONVERTIBLE BONDS

Unless otherwise defined, all capitalized terms shall bear the same meanings as ascribed to them in the Company's announcements dated 30 June 2014 and 30 September 2014 in relation to the Supplemental Agreements, the Second Supplemental Agreements, the Bond Restructuring and the Rights cum Warrants Issue.

1. TERMINATION OF PROPOSED RIGHTS CUM WARRANTS ISSUE

LionGold Corp Ltd (the "**Company**") had on 30 June 2014 announced the proposed Rights cum Warrants Issue. In light of the recent volatility in the share price of the Company and the disclaimer of audit opinion by the Company's auditors, PricewaterhouseCoopers LLP, in respect of the Company's accounts as incorporated in the Company's annual report for the financial year ended 31 March 2014 ("**Disclaimer of Audit Opinion**"), the Company has decided to terminate the Rights cum Warrants Issue with immediate effect.

2. TERMINATION OF EXISTING BOND SUBSCRIPTION AGREEMENTS WITH THE SUBSCRIBERS

The Company also wishes to announce that it and the Subscribers have on 30 December 2014 entered into deeds of termination and release to terminate the Tranche 1 Bond Subscription by terminating the Tranche 1 Bond Subscription Agreements as amended and supplemented by the Supplemental Agreements and the Second Supplemental Agreements (the "**Existing Bond Subscription Agreements**").

The Company decided to terminate the Existing Bond Subscription Agreements due to the recent volatility in the share price of the Company.

The termination of the Proposed Rights cum Warrants Issue and the Existing Bond Subscription Agreements are the result of, *inter alia*, the recent volatility in the share price of the Company and the Disclaimer of Audit Opinion. The terminations have had an impact on the Group's planned initiatives to raise funds for its operations as previously announced. The Company's management is currently exploring other alternative fund raising initiatives for which announcements will be made when appropriate.

3. TERMINATION OF THE EXISTING RESTRUCTURING AGREEMENTS AND NEW SET-OFF AND SUBSCRIPTION AGREEMENT FOR THE PROPOSED RESTRUCTURING OF THE EXISTING CONVERTIBLE BONDS

3.1 Introduction

The Company wishes to announce that it has on 30 December 2014 entered into a deed of termination and release with Myriad Opportunities Master Fund Limited (the "**Bondholder**") for the termination of the Bond Restructuring Agreement, the Set-Off and Subscription Agreement and the Convertible Bond Subscription Agreement.

The Company also wishes to announce that it has on 30 December 2014 entered into a new set-off and subscription agreement (the "**New Set-Off and Subscription Agreement**") with the Bondholder to restructure the Existing Bonds under a new arrangement (the "**New Bond Restructuring**"), details of which are set out in this paragraph 3.

The New Bond Restructuring will allow the Company to settle the Existing Bonds over a period of time and was negotiated with the Bondholder after taking into account the recent volatility in the share price of the Company and the Disclaimer of Audit Opinion.

3.2 Salient Terms of the New Set-Off and Subscription Agreement

3.2.1 Pursuant to the terms of the New Set-Off and Subscription Agreement, the Company and the Bondholder have agreed to restructure the Existing Bonds in the following manner:

(a) by cancelling the Existing Bonds;

(b) by setting-off the outstanding principal amount of US$20,000,000 payable by the Company to the Bondholder (the "**Debt**") in accordance with paragraph 3.2.2 below; and

(c) by repayment of the interest accrued on the Debt and payable by the Company to the Subscriber as at the date of the New Set-Off and Subscription Agreement in the amount of US$1,155,000 ("**Accrued Interest**") in accordance with paragraph 3.2.7 below.

3.2.2 Pursuant to the terms of the New Set-Off and Subscription Agreement:

(a) the Bondholder has agreed to surrender the Existing Bonds for cancellation;

(b) the Company has agreed to pay to the Bondholder US$3,750,000 which will be set-off against US$5,000,000 of the Debt;

(c) the Bondholder has agreed to subscribe for, and the Company has agreed to allot and issue to the Bondholder, new fully paid Shares (the "**New Subscription Shares**") at the Issue Price (as defined below) for an aggregate consideration of US$11,250,000 in fifteen (15) monthly tranches (each, a "**Subscription Tranche**" and collectively, the "**Subscription**"), which shall be set-off against US$15,000,000 of the Debt; and

(d) the Bondholder has agreed to subscribe for, and the Company has agreed to allot and issue to the Bondholder New Subscription Shares at the Issue Price for an aggregate consideration of US$3,750,000 in fifteen (15) Subscription Tranches.

REPAYMENT AND SET-OFF

3.2.3 As stated in paragraph 3.2.2 (b) above, the following payments shall be payable by the Company to the Bondholder in cash by telegraphic transfer in immediately available funds to the Bondholder's bank account for the set-off of US$5,000,000 of the Debt:

(a) the Company shall pay to the Bondholder US$1,500,000 by no later than 31 March 2015. Such payment shall be set-off against US$2,000,000 of the Debt and the Bondholder will surrender Existing Bonds having an aggregate principal amount of US$2,000,000 to the Company for cancellation on the date of such payment by the Company; and

(b) the Company shall pay to the Bondholder US$2,250,000 by no later than 8 May 2015. Such payment shall be set-off against US$3,000,000 of the Debt and the Bondholder will surrender Existing Bonds having an aggregate principal amount of US$3,000,000 to the Company for cancellation on the date of such payment by the Company.

SET- OFF AND SUBSCRIPTION

3.2.4 As stated in paragraph 3.2.2 (c) and (d) above, the New Subscription Shares shall be issued in 15 Subscription Tranches. The completion of the first Subscription Tranche shall take place on the last business day of the month immediately following the month in which Shareholders' Approval (as defined below) is obtained, and thereafter the completion date of each subsequent Subscription Tranche shall take place on the last business day of each subsequent month thereafter or such other date as may be agreed between the Company and the Bondholder.

3.2.5 The issue price of the New Subscription Shares (the "**Issue Price**") in respect of each Subscription Tranche will be 95% of the volume weighted average price for trades done on Shares on the SGX-ST for the five (5) market days immediately prior to each completion date of each Subscription Tranche, subject to a minimum floor issue price of S$0.005 (the "**Floor Price**").

3.2.6 In respect of each Subscription Tranche, subject to the provisions of the New Set-Off and Subscription Agreement:

(a) the Bondholder will surrender Existing Bonds having an aggregate principal amount of US$1,000,000 to the Company for cancellation;

(b) the Company will allot and issue to the Bondholder such number of New Subscription Shares at the Issue Price such that the aggregate subscription monies amounts to US$750,000;

(c) the aggregate subscription monies of US$750,000 referred to in paragraph 3.2.6(b) above shall be set-off against US$1,000,000 of the Debt; and

(d) the Bondholder shall subscribe for additional New Subscription Shares at the Issue Price for an aggregate consideration of US$250,000.

On the assumption that completion of all fifteen (15) Subscription Tranches takes place based on the Floor Price, the Company will issue 3,990,000,000 New Subscription Shares.

For the purposes of the New Set-Off and Subscription Agreement, any US$ amount shall be converted to S$ at the exchange rate of US$1.00 to S$1.33 (the "**Exchange Rate**").

3.2.7 The Company has also agreed to pay the entire Accrued Interest to the Bondholder within 30 business days from the date of the New Set-Off and Subscription Agreement. Upon such payment, no further interest shall accrue on the Existing Bonds or the Debt.

3.3 **Conditions**

Completion of each Subscription Tranche is conditional upon, amongst others:

(a) approval in-principle for the listing and quotation of the New Subscription Shares on the Official List of the SGX-ST being obtained from the SGX-ST and not revoked or amended as at each relevant completion date and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Bondholder;

(b) the Company having obtained shareholder approvals necessary for the allotment and issuance of the Subscription Shares in a form reasonably satisfactory to the Bondholder (the "**Shareholders' Approval**");

(c) the Bondholder reasonably determining that it will not be subject, immediately following the issue and subscription of each Subscription Tranche of the New Subscription Shares, to any mandatory offer obligation pursuant to the Singapore Code on Take-overs and Mergers;

(d) the issue and subscription of the New Subscription Shares not being prohibited by any statute, order, rule or regulation promulgated by any applicable legislative, executive or regulatory body or authority of Singapore or Bermuda; and

(e) save as disclosed, there having been no event or change which, in the reasonable opinion of the Bondholder, will or is reasonably likely to have a material adverse impact on (i) the business, operations, assets, prospects or financial condition of the Group; (ii) the ability of the Company to satisfy its obligations under the New Set-Off and Subscription Agreement; or (iii) the validity or enforceability of the New Set-Off and Subscription Agreement, which is subsisting on each relevant completion date, in the Bondholder's reasonable opinion.

3.4 **Use of Proceeds**

As stated in paragraph 3.2.6(d) above, the Company will raise fresh capital of US$3,750,000 (S$4,987,500 based on the Exchange Rate) assuming completion of all fifteen (15) Subscription Tranches takes place. The net proceeds from the Subscription (after deducting expenses relating thereto) of approximately S$4,737,500 will be used by the Company in the following estimated proportions:

Use of Proceeds	Percentage Allocation (%)
i. Working Capital	50
ii. Gold Mining Operations	50

The Company will make an announcement on the use of the net proceeds as and when such proceeds are materially disbursed, including whether the use is in accordance with the intended use as announced. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

Pending the deployment of the net proceeds, such proceeds may be deposited with banks or financial institutions, invested in short-term money market instruments or marketable securities, and/or used for any other purpose on a short-term basis, as the directors of the Company (the "**Directors**") may, in their absolute discretion, deem fit from time to time.

3.5 **Status of the New Subscription Shares**

The New Subscription Shares, when allotted and issued by the Company, will rank *pari passu* in all respects with the Shares existing as at the date of issue of the New Subscription Shares, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of issue of the New Subscription Shares.

3.6 **Information on the Bondholder**

Myriad Opportunities Master Fund Limited, set up in December 2011, is an asset manager based in Hong Kong.

The Bondholder has confirmed that, *inter alia*, it is not a person who falls within Rule 812 of the Listing Manual of the SGX-ST. The Bondholder has also acknowledged in the New Set-Off and Subscription Agreement that it is fully aware of the Disclaimer of Audit Opinion and the implications of the Disclaimer of Audit Opinion on the Company. The Bondholder has represented and warranted to the Company that it is entering into the New Set-Off and Subscription Agreement and will fulfil its obligations thereunder notwithstanding the Disclaimer of Audit Opinion.

3.7 **Financial Effects of the New Bond Restructuring**

In this Announcement, any *pro forma* effect of the New Bond Restructuring is presented on the assumptions that none of the outstanding convertible securities of the Company are converted into Shares. As at the date of this Announcement, the Company has 250,893,523 outstanding warrants and outstanding convertible bonds in the principal amount of US$20,000,000 which can be converted into Shares.

3.7.1 **Share Capital**

On the assumption that completion of all fifteen (15) Subscription Tranches takes place based on the Floor Price, the Company's issued and paid-up share capital (excluding treasury shares) as at the date of this Announcement (the "**Existing Share Capital**") shall increase from US$44,666,343.88 comprising 1,116,658,597 Shares to US$204,266,343.88 comprising 5,106,658,597 Shares. The Subscription Shares represent approximately 357.32% of the Existing Share Capital and approximately 78.13% of the enlarged issued and paid-up share capital (excluding treasury shares) of the Company after the issuance of all the Subscription Shares.

3.7.2 **Financial Effects**

The *pro forma* financial effects of the New Bond Restructuring (excluding transaction costs), based on the audited accounts of the Company and its subsidiaries (the "**Group**") for FY2014 are set out below. The *pro forma* financial effects are presented for illustration purposes only, and are not intended to reflect the actual future financial situation of the Company or the Group.

3.7.3 **Net Tangible Assets per Share**

The effect of the New Bond Restructuring on the Company's net tangible assets ("**NTA**") per Share as at 31 March 2014 will be as follows:

	As at 31 March 2014[(1)]	**After the Issue of all the Subscription Shares[(2)]**
Consolidated NTA attributable to the shareholders of the Company (S$'000)	96,963	100,016
Number of Shares (excluding treasury shares)	1,116,658,597	5,106,658,597
Consolidated NTA per Share attributable to the shareholders of the Company (Singapore cents)	8.68	1.96

Note:

1. Taking into account the effects of the following: (i) 25,022,057 Shares issued to the Bondholder as per the announcements released by the Company dated 30 May 2014, 1 July 2014 and 4 July 2014 and (ii) 52,000,000 Shares issued to Mr. Moi Hsien Hur as per the announcements released by the Company dated 24 June 2014, 22 July 2014 and 25 July 2014 and (iii) 5,750,000 Shares issued on 30 June 2014 in relation to the grant of share awards pursuant to the LionGold share performance share plan.

2. Assuming the completion of all fifteen (15) Subscription Tranches based on the Floor Price as at 31 March 2014.

3.7.4 **Earnings per Share**

The effect of the New Bond Subscription on the earnings per Share ("**EPS**") of the Company for FY2014 will be as follows:

	FY2014[(1)]	**After the Issue of all the Subscription Shares** [(2)]
Consolidated profit after taxation and minority interests (S$'000)	(175,570)	(172,517)
Weighted average number of Shares (excluding treasury shares)	1,041,060,955	5,031,060,955
Consolidated EPS (Singapore cents)	(16.86)	(3.43)

Notes:

1. Taking into account the effects of the following: (i) 25,022,057 Shares issued to the Bondholder as per the announcements released by the Company dated 30 May 2014, 1 July 2014 and 4 July 2014 and (ii) 52,000,000 Shares issued to Mr. Moi Hsien Hur as per the announcements released by the Company dated 24 June 2014, 22 July 2014 and 25 July 2014 and (iii) 5,750,000 Shares issued on 30 June 2014 in relation to the grant of share awards pursuant to the LionGold share performance share plan.

2. Assuming the completion of all fifteen (15) Subscription Tranches based on the Floor Price as at 1 April 2013.

4. APPLICATIONS TO THE SGX-ST

The Company will apply to the SGX-ST for the admission of the New Subscription Shares to the Official List of the SGX-ST and for the listing and quotation of the same on the SGX-ST.

The Company will make the necessary announcements once the approval in-principle for the listing and quotation of the New Subscription Shares has been obtained from the SGX-ST.

5. SPECIAL GENERAL MEETING ("SGM")

The Company will be seeking the approval of Shareholders for the New Bond Restructuring at an SGM to be convened.

A circular to Shareholders containing, *inter alia*, the financial effects of the above transactions and the notice of the SGM will be despatched to Shareholders in due course.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed herein, none of the Directors or substantial shareholders of the Company has any interest (other than their respective shareholding in the Company), direct or indirect, in the transactions set out in this announcement.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the correspondence office of the Company in Singapore at 59 Mohamed Sultan Road, #02-08 Sultan Link, Singapore 238999 during normal business hours for a period of three (3) months from the date of this announcement:

(a) the New Set-Off and Subscription Agreement;

(b) the deeds of termination and release between the Company and the Subscribers; and

(c) the deeds of termination and release between the Company and the Bondholder.

8. 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 transactions set out in this announcement, 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 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.

By Order of the Board

Tan Soo Khoon Raymond
Executive Director
30 December 2014