LIONGOLD CORP LTD

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

The Board of Directors ("**Board**") of LionGold Corp Ltd (the "**Company**") is pleased to present the results of the Company and its subsidiaries (the "**Group**") for the period ended 30 June 2014 ("**1Q2015**"). 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 2014 ("1Q2015") with the corresponding period of the immediately preceding financial year.

	Group		
	3 months period ended		
	30.06.2014	30.06.2013	Change
	S$'000	S$'000	%
Revenue	32,548	34,762	(6.4)
Cost of goods sold	(33,803)	(32,979)	2.5
Gross Profit	**(1,255)**	**1,783**	**(170.4)**
Other income (Note 1)	(356)	13,785	(102.6)
Expenses :			
Selling and distribution expenses	(539)	(564)	(4.4)
Administrative expenses	(4,468)	(6,477)	(31.0)
Other expenses (Note 1)	(13,483)	(6,650)	102.8
Finance costs	(1,121)	(1,176)	(4.7)
Total expenses	**(19,611)**	**(14,867)**	**31.9**
(Loss) / profit before income tax	**(21,222)**	**701**	**NM**
Income tax expense	(11)	(12)	(8.3)
Net (loss) / profit for the period	**(21,233)**	**689**	**NM**
Net (loss) / profit for the period attributable to :			
Equity holders of the Company	(20,292)	3,805	(633.3)
Non-controlling interests	(941)	(3,116)	(69.8)

LIONGOLD CORP LTD

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

1(a)(ii) A statement of comprehensive income with comparatives for the 3 months period ended 30 June 2014 with the corresponding period of the immediately preceding financial year.

	Group	
	3 months period ended	
	30.06.2014	30.06.2013
	S$'000	S$'000
Total loss for the period	**(21,233)**	**689**
Fair value loss on available-for-sale financial assets	-	(2,448)
Exchange differences on translating foreign operations	(3,678)	(14,790)
Total comprehensive loss for the period	**(24,911)**	**(16,549)**
Total comprehensive loss for the period attributable to :		
Equity holders of the Company	(23,334)	(9,756)
Non-controlling interests	(1,577)	(6,793)

Note 1:

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

	Group		
	3 months period ended		
	30.06.2014	30.06.2013	Change
	S$'000	S$'000	%
Cost of goods sold:-			
Amortisation of mining properties	2,026	2,999	(32.4)
Depreciation of property, plant and equipment	2,762	2,389	15.6
Operating lease - rental expenses	144	132	9.1
Other income:-			
Amortisation income of financial assets	(12)	9	(233.3)
Fair value (loss)/gain on financial assets at fair value through profit or loss	(584)	13,417	(104.4)
(Loss)/gain from sales of spare parts	(12)	29	(141.4)
(Loss)/gain on disposal of property, plant and equipment	(5)	36	(113.9)
Interest income	67	121	(44.6)
Rental income	17	17	-
Others	173	156	10.9
	(356)	**13,785**	**(102.6)**

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FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

	Group		
	3 months period ended		
	30.06.2014	30.06.2013	Change
	S$'000	S$'000	%
Administrative expenses:-			
From continuing operations:			
Head office expenses	2,254	4,077	(44.7)
Overseas operations related expenses	2,214	2,400	(7.8)
	4,468	**6,477**	**(31.0)**
Depreciation of property, plant and equipment	105	84	25.0
Operating lease - rental expenses	291	329	(11.6)
Other expenses:-			
Amortisation of intangible assets	11	16	(31.3)
Allowance for impairment loss on available-for-sale financial assets	8,482	-	NM
Care and maintenance expenses	4,362	4,972	12.3
Gain on derivative financial instruments	(274)	(400)	(31.5)
Loss on foreign exchange (net)	288	518	(44.4)
Loss on disposal of available-for-sale financial assets	12	-	NM
Other expenses	13	2	550.0
Other mining relate expenses	381	205	85.9
Plant and equipment written off	3	49	(93.9)
Expenses for amount payable to non-controlling interest	205	1,271	(83.9)
Software expenses	-	17	(100.0)
	13,483	**6,650**	102.8

NM: Not Meaningful

LIONGOLD CORP LTD

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

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 30.06.2014	As at 31.03.2014	As at 30.06.2014	As at 31.03.2014
	S$'000	S$'000	S$'000	S$'000
Current assets				
Due from subsidiaries		-	23,123	18,909
Inventories	10,374	12,060	-	-
Other current assets	890	1,532	31	87
Trade and other receivables	16,767	14,615	46	39
Financial assets at fair value through profit or loss	3	1,386	3	1,321
Available-for-sale financial assets	200	200	-	-
Cash and cash equivalents	20,225	23,485	229	1,036
	48,459	**53,278**	**23,432**	**21,392**
Non-current assets				
Property, plant and equipment	43,554	49,131	7	9
Exploration and evaluation	54,796	54,678	-	-
Mining properties	7,852	8,171	-	-
Intangible assets	1,338	1,353	-	-
Investment in subsidiaries	-	-	89,326	89,326
Available-for-sale financial assets *	10,251	18,887	8,572	15,271
Security deposits	5,536	5,467	-	-
Deferred tax assets	379	381	-	-
Other receivables	3,784	4,297	-	-
	127,490	**142,365**	**97,905**	**104,606**
Total assets	**175,949**	**195,643**	**121,337**	**125,998**
Current liabilities				
Due to subsidiaries	-	-	35,688	34,722
Trade and other payables	41,253	34,313	5,998	760
Income tax liabilities	18	18	-	-
Finance lease creditors	2,376	2,753	-	-
Derivative financial instruments	115	388	115	388
Convertible bonds	23,419	-	23,419	-
	67,181	**37,472**	**65,220**	**35,870**

* This relates to the Group's investment in CitiGold Corporation Limited, Unity Mining and A1 Consolidated.

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FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

	Group		Company	
	As at 30.06.2014	As at 31.03.2013	As at 30.06.2014	As at 31.03.2013
	S$'000	S$'000	S$'000	S$'000
Non-current liabilities				
Convertible bonds	-	24,831	-	24,831
Rehabilitation and preservation provision	8,239	8,344	-	-
Deferred consideration	1,636	1,615	-	-
Deferred tax liabilities	1,516	1,516	-	-
Other non-current liabilities	17,707	17,648	-	-
	29,098	**53,954**	**-**	**24,831**
Total liabilities	**96,279**	**91,426**	**65,220**	**60,701**
Net assets	**79,670**	**104,217**	**56,117**	**65,297**
Equity				
Issued capital and reserves attributable to equity holders of the Company				
Issued capital	58,262	57,975	58,262	57,975
Share premium	265,897	265,701	265,897	265,701
Other reserves	(18,537)	(15,376)	14,613	14,613
Accumulated losses	(232,576)	(212,284)	(282,655)	(272,992)
	73,046	**96,016**	**56,117**	**65,297**
Non-controlling interests	6,624	8,201	-	-
Total Equity	**79,670**	**104,217**	**56,117**	**65,297**

LIONGOLD CORP LTD

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

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

Amount repayable in one year or less, or on demand

	As at 30.6.2014		As at 31.03.2014	
	S$'000	**S$'000**	**S$'000**	**S$'000**
	Secured	Unsecured	Secured	Unsecured
Finance lease creditors	2,376	-	2,753	-
Convertible loan	-	23,419	-	-
	2,376	**23,419**	**2,753**	**-**

Amount repayable more than one year

	As at 30.06.2014		As at 31.03.2014	
	S$'000	**S$'000**	**S$'000**	**S$'000**
	Secured	Unsecured	Secured	Unsecured
Later than 1 year but not later than 5 years:				
Borrowings	-	-	-	-
Convertible loan	-	-	-	24,813
Finance lease creditors	-	-	-	-
Later than 5 years:				
Borrowings	-	-	-	-
	-	-	-	**24,813**

LIONGOLD CORP LTD

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

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

	Group	
	3 months period ended	
	30.06.2014	30.06.2013
	S$'000	S$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(21,222)	701
Adjustments for:-		
Allowance for impairment loss on available-for-sale financial assets	8,482	-
Amortisation of intangible assets	11	16
Amortisation of mining properties	2,026	2,999
Depreciation of property, plant and equipment	2,867	2,473
Fair value loss/(gain) on financial assets at fair value through profit or loss	584	(13,417)
Gain on derivative financial instrument	(274)	(400)
Loss on disposal of available-for-sale financial assets	12	-
Loss/(gain) on disposal of property, plant and equipment	5	(36)
Loss/(gain) on disposal of spare parts	-	(29)
Performance shares awarded	483	-
Property, plant and equipment written off	3	49
Expenses for amount payable to non-controlling interests	205	1,271
Unrealised foreign exchange (gain)/loss	(185)	902
Interest income	(67)	(121)
Interest expense	1,121	1,176
Operating loss before working capital changes	**(5,949)**	**(4,416)**
Changes in operating assets and liabilities:		
Inventories	1,685	(1,458)
Trade and other receivables	(1,678)	(3,996)
Other current assets	642	(71)
Trade and other payables	8,350	4,303
Other liabilities	(3,717)	1,052
Cash used in operations	**(667)**	**(4,586)**
Interest received	67	121
Interest paid	(74)	(2,350)
Tax paid	(9)	(25)
Net cash used in operating activities	**(683)**	**(6,840)**

LIONGOLD CORP LTD

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

	Group	
	3 months period ended	
	30.06.2014	30.06.2013
	S$'000	S$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of available-for-sale financial assets	-	(8,514)
Additions to mining properties	(1,614)	(2,204)
Exploration and evaluation expenditure	(1,415)	(5,162)
Proceeds from disposal of available-for-sale financial assets	53	-
Proceeds from disposal of financial assets at fair value through profit or loss	800	-
Proceeds from disposal of property, plant and equipment	18	-
Purchase of intangible assets	(20)	-
Purchase of property, plant and equipment	(390)	(3,298)
Net cash used in investing activities	**(2,568)**	**(19,178)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	4,000
Repayment of borrowings	-	(72)
Repayment of finance lease creditor	(581)	(380)
Net cash used in financing activities	**(581)**	**3,548**
Net decrease in cash and cash equivalents	**(3,832)**	**(22,470)**
Cash and cash equivalents at beginning of period	23,485	46,973
Effect of foreign exchange rate changes, net	572	(1,823)
Cash and cash equivalents at end of period	**20,225**	**22,680**

LIONGOLD CORP LTD

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

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	Statutory Reserve	Warrant Reserve	Equity Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Non-controlling interests	Total Equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group										
As at 1 April 2014	57,975	265,701	(11,833)	3,100	16,308	119	(23,070)	(212,284)	8,201	104,217
Issue of performance shares	287	196	-	-	-	-	-	-	-	483
Realisation of impairment loss in available-for-sale financial assets	-	-	-	-	-	(119)	-	-	-	(119)
Loss for the year	-	-	-	-	-	-	-	(20,292)	(941)	(21,233)
Currency translation differences	-	-	-	-	-	-	(3,042)	-	(636)	(3,678)
Total comprehensive loss for the year	-	-	-	-	-	-	(3,042)	(20,292)	(1,577)	(24,911)
As at 30 June 2014	**58,262**	**265,897**	**(11,833)**	**3,100**	**16,308**	**-**	**(26,112)**	**(232,576)**	**6,624**	**79,670**
As at 1 April 2013	52,339	231,826	(11,833)	3,100	17,541	(6,248)	(2,768)	(37,892)	30,251	276,316
Transfer of shareholdings to equity shareholders of the Company	-	-	-	-	-	-	-	-	(114)	(114)
Loss for the year	-	-	-	-	-	-	-	3,805	(3,116)	689
Fair value loss on available for sale financial assets	-	-	-	-	-	(2,448)	-	-	-	(2,448)
Currency translation differences	-	-	-	-	-	-	(11,113)	-	(3,677)	(14,790)
Total comprehensive loss for the year	-	-	-	-	-	(2,448)	(11,113)	3,805	(6,793)	(16,549)
As at 30 June 2013	**52,339**	**231,826**	**(11,833)**	**3,100**	**17,541**	**(8,696)**	**(13,881)**	**(34,087)**	**23,344**	**259,653**

LIONGOLD CORP LTD

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

	Issued Capital	Share Premium	Warrant Reserve	Equity Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Company							
As at 1 April 2014	57,975	265,701	16,308	-	(1,695)	(272,992)	65,297
Issue of performance shares	287	196	-	-	-	-	483
Loss for the year	-	-	-	-	-	(9,663)	(9,663)
Total comprehensive loss for the period	-	-	-	-	-	(9,663)	(9,663)
As at 30 June 2014	**58,262**	**265,897**	**16,308**	**-**	**(1,695)**	**(282,655)**	**56,117**
As at 1 April 2013	52,339	231,826	17,541	(6,248)	(1,695)	(40,444)	253,319
Loss for the year	-	-	-	-	-	10,409	10,409
Fair value loss on available for sale financial assets	-	-	-	(2,448)	-	-	(2,448)
Total comprehensive loss for the period	-	-	-	(2,448)	-	10,409	7,961
As at 30 June 2013	**52,339**	**231,826**	**17,541**	**(8,696)**	**(1,695)**	**(30,035)**	**261,280**

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.

The changes in the Company's paid-up capital were as follows :

Issued and fully paid (ordinary shares of USD0.04 par)	No. of shares	Share Capital (S$'000)	Share Premium (S$'000)
As at 1 April 2014	**1,033,886,540**	**57,975**	**265,701**
New ordinary shares issued in relation to the grant of share awards pursuant to LionGold share performance share plan @ S$0.084 per ordinary share on 30 June 2014	5,750,000	287	196
As at 30 June 2014	**1,039,636,540**	**58,262**	**265,897**

The number of shares that may be issued on conversion for the above is as follows :

Number of shares that may be issued (ordinary shares of USD0.04 par) after 30 June 2014	No. of shares	Share Capital (S$'000)	Share Premium (S$'000)
New ordinary shares to be issued on conversion of outstanding convertible bond of US$20 million. The price at which Shares will be issued on conversion is S$1.158 per Share at an exchange rate of US$1.00 to S$1.277515. For illustrative purposes, the table shows the number of LGC Shares to be issued assuming full conversion of the convertible bonds.	22,064,162	1,127	24,423
New ordinary shares to be issued on the conversion of the total outstanding warrants. For illustrative purposes, the table shows the number of LGC Shares to be issued assuming full conversion of the warrants.	250,893,523	12,733	297,547

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 2014 is 1,039,636,540.

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.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard).

The figures have not been audited nor reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

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

Other than the adoption of the new and revised Financial Reporting Standards (FRS) as mentioned in paragraph 5 below, 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 2014.

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.

Adoption of New/Revised FRS which are effective

The following are revised or amended standards which are effective and relevant to the Group as of 1 April 2014:

FRS 110 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014)

FRS 110 replaces all of the guidance on control and consolidation in FRS 27 "Consolidated and Separate Financial Statements" and INT FRS 12 "Consolidation – Special Purpose Entities". The same criteria are now applied to all entities to determine control. Additional guidance is also provided to assist in the determination of control where this is difficult to assess. The Group intends to apply the standard from 1 January 2014.

FRS 111 *Joint Arrangements* (effective for annual periods beginning on or after 1 January 2014)

FRS 111 introduces a number of changes. The "types" of joint arrangements have been reduced to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated and equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations currently. The Group will apply FRS 111 from 1 January 2014.

FRS 112 *Disclosure of Interests in Other Entities* (effective for annual periods beginning on or after 1 January 2014)

FRS 112 requires disclosure of information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in (1) subsidiaries, (2) associates, (3) joint arrangements and (4) unconsolidated structured entities. The Group will apply FRS 112 prospectively from 1 January 2014.

Amendments to FRS 32 Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014)

The amendments do not change the offsetting model in FRS 32, but clarify that in order to offset financial assets and liabilities, the right of set-off must not be contingent on future events, and must be legally enforceable in the normal course of business. The amendments also clarify that master netting agreements where offset is only legally enforceable when future events occur (e.g. defaults), do not allow offsetting. Finally, the amendments specify situations when offsetting is permitted when gross settlement mechanisms (e.g. clearing houses) are used. The amendment is effective for annual periods beginning on or after 1 January 2014.

The Group does not expect the above changes in accounting standards to have significant impact to the financial statements.

6. Earnings per ordinary share of the Group for the current year reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	As at 30.06.2014	As at 30.06.2013
	S$	S$
(Loss)/ profit per ordinary share for the financial period:		
Based on weighted average number of ordinary shares of 1,034,202,474 (30 June 2013: 921,934,631) - Basic	(1.96) cents	0.41 cents
Based on fully diluted basis	(1.96) cents	0.39 cents

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 period reported on and (b) immediately preceding financial year.

	Group		Company	
	As at 30.06.2014	As at 31.03.2014	As at 30.06.2014	As at 31.03.2014
	S$	S$	S$	S$
Net assets value per ordinary shares based on issued share capital at end of financial period/year	7.03 cents	9.29 cents	5.40 cents	6.32 cents

Net asset value per share is calculated based on 1,039,636,540 (31 March 2014: 1,033,886,540) shares in issue at the end of the financial period ended 30 June 2014.

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 2014 ("1Q2015"). Revenue decreased to S$32.5 million compared with S$34.8 million in the first quarter of the financial period ended 30 June 2013 ("1Q2014"), which showed a decrease of S$2.3 million. This was mainly attributed to:

- PRC Manufacturing Operations

  Revenue decreased by S$2.6 million in 1Q2015 compared to 1Q2014. This was mainly attributed to the increasingly competitive business environment which resulted in a general decrease in demand for the Group's office equipment products.

The decrease was partially offset by:

- Gold Mining Division

  The Group recognised an increase in revenue of S$0.3 million from Castlemaine Goldfields Pty Ltd ("CGT") in 1Q2015 as compared to the preceding period. This was primarily due to an increase in quantity of gold sold from 7,925 ounces to 8,614 ounces.

Overall, gross profit decrease by S$3.0 million in 1Q2015 as compared to the preceding period. This was mainly attributed to the decrease in gross profit from the gold mining division of S$2.7 million. There was an increase in the unit cost of production in CGT as the grade of gold extracted fell from 8.3g/t in 1Q2014 to 5.5g/t in 1Q2015. Total quantity of gold ore mined increased by 39.8% from 38,145 tonnes in 1Q2014 to 53,342 tonnes in 1Q2015, whereas total gold production decreased by 5.5% as a result of the lower grade of gold mined. In addition, the decrease in gross profit from the PRC manufacturing operations of S$0.3 million was due to lower sales revenue in 1Q2015 as compared to the preceding period.

Other income recorded a decrease of $14.1 million in 1Q2015 compared to 1Q2014, mainly attributed to fair value loss on financial assets at fair value through profit or loss of S$0.6 million recognised in 1Q2015 whereas a fair value gain of $13.4 million was recognised in 1Q2014.

Administrative expenses decreased by S$2.0 million in 1Q2015 as compared to 1Q2014. This was mainly attributed to the reduction in corporate and business development activities, resulting in a decrease in professional fees, consultancy fees, legal fees and commission expenses in relation to fund raising activities of S$1.1 million, S$0.2 million, S$0.2 million and S$0.3 million respectively.

The increase in other expenses of S$6.8 million in 1Q2015 as compared to 1Q2014 was mainly attributed to the impairment in available-for-sale financial assets of S$8.5 million recognised in 1Q2015, and there was no impairment in the preceding period. The increase in other expenses was partially offset by the decrease in expenses for amount payable to non-controlling interest of S$1.1 million.

(B) Financial Position Review

1) The Current Assets of the Group decreased by S$4.8 million from S$53.3 million as at 31 March 2014 to S$48.5 million as at 30 June 2014. The decrease was mainly due to:

   - The decrease in inventories by S$1.7 million. This was mainly attributed to the decreased in grade and quantity of gold produced in 1Q2015 as compared to 1Q2014, resulting in the decreased inventory balance.

   - The decrease in financial assets at fair value through profit or loss by S$1.4 million which was due to the decline in fair value and the disposal of these financial assets in 1Q2015.

   - A decrease in cash and cash equivalents by S$3.3 million. This was mainly attributed to the expenditure on mining related activities of S$3.0 million, finance lease repayment of S$0.6 million and working capital expenses of S$0.7 million. This was partially offset by proceeds from the disposal of financial assets at fair value through profit and loss of S$0.8 million.

The decrease in Current Assets of the Group was partially offset by:

- The increase in trade receivables and other receivables of S$2.2 million. This was mainly attributed to the increase in trade receivables from the PRC manufacturing operations resulting from an increase in sales orders in 1Q2015 as compared to 4Q2014. Revenue from the PRC manufacturing operations increased from S$16.6 million to S$18.7 million during this period.

At the Company level, the amount due from subsidiaries increased from S$18.9 million to S$23.1 million. This was mainly attributed to the increase of intercompany borrowings and advances to Signature Metals Limited ("SML") and Vista Gold Antigua ("VGA").

2) The Non-Current Assets of the Group decreased by S$14.9 million from S$142.4 million as at 31 March 2014 to S$127.5 million as at 30 June 2014. The decrease was mainly due to:

- The decrease in available-for-sale financial assets of S$8.6 million which were attributed to the impairment loss in these assets. The Group's investment in CitiGold Corporation Limited, Unity Mining Limited and A1 Consolidation Gold Mining Limited continue to experience significant declines in their share prices subsequent to the end of last financial year.

  The decline in market valuations in shares of gold companies worldwide has resulted in the continued decline in the valuations for the Available for Sale Financial Assets of the Group subsequent to 30 June 2014. Based on the market share price and the total outstanding number of shares as at 5 November 2014, there is an additional impairment loss on these available-for-sale financial assets of S$4.0 million which has not been recognized in the profit or loss for the quarter ended 30 June 2014.

- The decrease in property, plant and equipment ("PPE") by S$5.6 million which was mainly attributed to depreciation charge of S$2.9 million and a reclassification of PPE to exploration and evaluation expenditure of S$2.0 million. In addition, the Group has significant PPE that are held in GHS (currency of Ghana) which resulted in a decrease in net book values of approximately S$1.0 million.

In addition to the above, there was a slight increase in exploration and evaluation expenditure ("E&E") of S$0.1 million, which mainly was attributed to the increase capitalized expenditure in SML and VGA of S$1.2 million and a reclassification of S$2.0 million from PPE to E&E. This was offset by the depreciation of GHS against the SGD, resulting in a decrease in the net book value of the E&E assets by approximately S$3.1 million.

3) The Current Liabilities of the Group increased from S$37.5 million as at 31 March 2014 to S$67.2 million as at 30 June 2014. The increase of S$29.7 million was mainly attributable to :

- The increase in trade and other payables of S$6.9 million resulting mainly from cash advances provided by Mr Awang Ahmad Sah of S$3.2 million and the recognition of convertible interest payable of S$2.3 million which was due for payment.

- The increase in convertible bonds of S$23.4 million as this amount has been reclassed from non-current to current liabilities. The reclassification is in view that the bonds will be due in May 2015 and the total outstanding loan will be repayable in less than 12 months' time.

4) The Non-Current Liabilities of the Group decreased from S$54.0 million as at 31 March 2014 to S$29.1 million as at 31 March 2014. The decrease of S$24.9 million was mainly attributable to the following:

- The decrease in convertible bond of S$24.9 million as the bonds were being classed from non-current to current liabilities for the reason as described above.

5) Issued capital and reserves attributable to equity holders and non-controlling interests of the Company decreased by S$24.5 million from S$104.2 million as at 31 March 2014 to S$79.7 million as at 30 June 2014. These were mainly attributable to the following:

- The decrease in other reserves (excluding accumulated losses) by S$3.2 million, due mainly to a S$3.0 million decrease in foreign currency translation reserve.
- The increase in accumulated losses from S$212.3 million as at 31 March 2014 to S$232.6 million as at 30 June 2014, which reflects the Group's consolidated losses attributable to equity holders for the period.
- The decrease in non-controlling interest ("NCI") to S$6.6 million as at 30 June 2014 compared to S$8.2 million as at 31 March 2014, due mainly to a decrease in non-controlling interests share of results and foreign currency translation reserve of S$0.9 million and S$0.6 million respectively.

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 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.

Gold prices remained depressed in 1Q2015 as the effects of the downward trend which started in 2013 continued. In the current gold price environment, which remains weak, the Group will focus its efforts on reducing costs to improve softening profit margins at its producing asset, CGT.

CGT's operations summary

	1Q2015
Ounces Produced	8,917
Cash operating cost / ounce sold	A$1,211
All-in sustaining cost / ounce sold	A$1,488
Selling price / ounce sold	A$1,376

Cash operating cost and all-in sustaining cash cost per gold ounce in the gold mining industry is a common performance measure but a non-IFRS measure. The Group follows the recommendations of the Gold Institute Production Cost Standard. The Gold Institute, which ceased operations in 2002, was a non-regulatory body and represented a global group of suppliers of gold and gold products. The production cost standard developed by the Gold Institute remains the generally accepted standard of reporting cash costs of production by gold mining companies. All-in sustaining cash costs include sustaining capital, corporate general & administrative expenses and exploration expense.

The Group continues to face challenges with weak gold prices, cost of production that remains high, depressed share prices for shares in the Company and a challenging fundraising environment. The Board took the view that there is a need to re-strategise the Group's portfolio of mining assets with a view to rationalize, streamline and stabilize it's gold mining operations. The Company carried out the disposal of Acadian Mining and commenced the sale of its non-core PRC based office equipment manufacturing business to raise cash in September 2014. The Group also brought in an investor as the majority shareholder for the Amayapampa Gold Project (Bolivia) in order to conserve its cash resources during the same period.

With the completion of the above corporate actions, the Group expects to enjoy lower care and maintenance expenses as well as administrative expenses over the longer term.

The Board and Management monitors the gold industry continually and is always looking for ways to reduce operating costs where possible. However, should gold prices and operating costs reach a level where gold mining becomes unprofitable, Management may decide to diversify into other minerals or businesses.

Other known factors or events that may affect the group in the next reporting year and the next 12 months

Further to the Company's announcements made on 2 April 2014 and 29 April 2014 on the CAD investigations, the Company wishes to inform shareholders that the CAD has not given any further details of its investigations. The Board reiterates that it is not aware if any offence has been committed by the Company or any of its subsidiaries.

The Directors are of the view that while the business and operations of the Company are not affected by the investigations, the investigations may have an impact on the Company's on-going fund raising initiatives.

The Company will continue to monitor the progress of the investigations and make such further announcements as required.

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

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. There are no IPT transactions as at 30 June 2014.

14. Confirmation pursuant to Rule 705(4) of the Listing Manual

We, Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil and Tan Soo Khoon Raymond being two of the directors of LionGold Corp Ltd (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the first quarter ended 30 June 2014 to be materially false or misleading.

15. Use of Proceeds

Not Applicable

II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 and Half Year Results)

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding financial year.

Not Applicable

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not Applicable

17. Breakdown of sales

Not Applicable

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not Applicable

BY ORDER OF THE BOARD
Tan Soo Khoon Raymond
Executive Director