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

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED IN RELATION TO THE:

(I) THE PROPOSED TERMINATION OF THE SUBSCRIPTION AGREEMENT IN RESPECT OF THE ISSUE OF UP TO S$100,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF 2.5% REDEEMABLE CONVERTIBLE BONDS DUE 2020

(II) THE PROPOSED GRANT OF OPTIONS TO SUBSCRIBE FOR NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY

LionGold Corp Ltd (the "**Company**") has received queries from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**SGX-ST Queries**") in relation to the Company's announcement dated 25 March 2019 on the Proposed RCB Termination and the Proposed Grant of Options (the "**Previous Announcement**").

The board of directors (the "**Board**") of the Company has provided the following responses to the SGX-ST Queries.

Unless otherwise defined, all terms and references used in this announcement shall bear the same meaning ascribed to them in the Previous Announcement.

SGX-ST Query

We refer to the Previous Announcement where the Company announced that it has entered into the RCB Termination Agreement with the Subscriber and the Manager, wherein:

(i) the Company will repay the Outstanding Amount;

(ii) the Company will pay to the Subscriber the Termination Fee; and

(iii) as a condition precedent, the Company will grant to the Subscriber 500,000,000 Options which will bring the Subscriber's shareholding in the Company from 5.12% to 6.73% of the enlarged issued share capital of the Company, after the issue of Option Shares and after the Proposed Yaoo Capital Subscription has been completed.

SGX-ST Query 1:

Given that the maturity date of the RCBs was extended to 16 March 2020 and the Outstanding Amount is only approximately S$51.3k currently, what are the reasons for the Company to enter into the RCB Termination Agreement now?

Company's response:

As stated in paragraph 3.3(ii) of the Previous Announcement, the RCB Subscription Agreement permits the Subscriber to be issued and allotted Shares in the Company at a 15% discount. Given that there is there is a balance of 25,898,497,477 shares ("**Balance RCB Shares**") (see response to SGX-ST Query 2 below) that may be issued and allotted to the Subscriber before the expiry of the RCB Subscription Agreement and on the assumption that the Proposed Yaoo Capital Subscription may be completed before the expiry of the

RCB Subscription Agreement, the highly dilutive nature of the Balance RCB Shares is not beneficial to either the existing shareholders or to Yaoo Capital. Hence, a reason to terminate the RCB Subscription Agreement.

In the Company's announcement on 20 June 2015 in relation to the execution of the RCB Subscription Agreement, the Company stated that one of the reasons for entering into the RCB Subscription Agreement was to repay the Company's obligations under a bond restructuring agreement dated 19 June 2015 entered into between the Company, Premier Equity Fund Sub Fund D and the Manager (the "**Bond Restructuring Agreement**"). On the assumption that the Proposed Yaoo Capital Subscription is legitimately completed, this purpose for the RCB Subscription Agreement would no longer be required.

SGX-ST Query 2:

What is the financial impact on the Company if it allows the RCB Agreement to run till its maturity date of 16 March 2020?

Company's response:

Assuming no further RCBs are subscribed to under the RCB Subscription Agreement, and the outstanding amount of RCBs yet to be converted remains at S$50,000, the interest payable as at the maturity date of 16 March 2020 will be S$2,513.70.

As at the date of this announcement, there are 25,898,497,477 Balance RCB Shares in the Company that may be issued to the Subscriber should the Subscriber elect to subscribe to RCBs under the terms of the RCB Issue and further elect to convert such RCBs into new shares in the Company. Under the terms of the RCB Issue, there is a 15% discount in the issue price of the conversion shares.

The amount of proceeds is determined by the price at which the Balance RCB Shares are issued.

Assuming the Balance RCB Shares are converted at the minimum conversion price of S$0.00085, the gross proceeds raised will be S$22,013,723. Under the terms and conditions of the RCB Subscription Agreement, if the RCBs are converted into shares within 1 year from the date of subscription, no interest will be payable.

SGX-ST Query 3:

Will the RCB Termination Agreement and its terms affect the Proposed Yaoo Capital Subscription?

Company's response:

No, the completion of the Proposed Yaoo Capital Subscription is not conditional upon the completion of the RCB Termination Agreement.

SGX-ST Query 4:

Is the Termination Fee of S$500,000 part of the original RCB Subscription Agreement entered into dated 19 June 2015?

Company's response:

The RCB Subscription Agreement does not contain a mutual termination clause. Under the terms of the RCB Subscription Agreement, the right to terminate the RCB Issue vests in the Subscriber upon the occurrence of certain events. The Company has no right to terminate the RCB Subscription Agreement. As such, the payment of the Termination Fee is not captured in the terms of the RCB Subscription Agreement.

SGX-ST Query 5:

Taking the above into consideration, what are the Board's views on whether such RCB Termination Agreement is entered into in the best interests of the Company?

Company's response:

The Board reiterates the response given to SGX-ST Query 1 above. The Board is of the view that the termination of the RCB Subscription Agreement removes the risk of dilution to the other shareholders of the Company, including Yaoo Capital should the Proposed Yaoo Capital Subscription be completed. The Board further believes that subject to and upon completion of the Proposed Yaoo Capital Subscription, the substantive purpose for the RCB Subscription Agreement, i.e., to use the proceeds from subscriptions to repay the Company's obligations under the Bond Restructuring Agreement, would no longer be required. The Board therefore believes that the termination of the RCB Subscription Agreement is in the best interests of the Company.

As stated in the Previous Announcement, the proposed payment of the Termination Fee and the Proposed Grant of Options are interested person transactions within the meaning of Chapter 9 of the Catalist Rules, and the Company would be appointing an independent financial adviser to provide an opinion on whether (i) the proposed payment of the Termination Fee and (ii) the Proposed Grant of Options and the proposed issuance of Option Shares are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

BY ORDER OF THE BOARD

Tan Soo Khoon Raymond
Executive Director
28 March 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 "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

The announcement has not been examined or approved by 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 Bernard Lui.
Tel: 6389 3000 Email: bernard.lui@morganlewis.com