

LIONGOLD

CORP



ANNUAL REPORT 2016



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This annual report 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 ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not drawn on any specific technical expertise in its review of this annual report.

The Sponsor has not independently verified the contents of this annual report including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements or opinions made or reports contained in this annual report. This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr Bernard Lui. (Tel: 6389 3000 or email: bernard.lui@morganlewis.com)

CORPORATE PROFILE

LionGold Corp Ltd ("**LionGold**" or the "**Group**") is a Singapore-listed gold producer with a wholly owned gold mine located in Ballarat, Australia. In accordance with the Joint Ore Reserves Committee Code 2012, LionGold's estimated net attributable ounces as at 31 March 2016 stand at 110,600 ounces of gold resources, with an annual production target of 40,000 ounces of gold. The Group's wholly owned subsidiary, Castlemaine Goldfields Pty Ltd ("**Castlemaine Goldfields**"), produced approximately 41,000 ounces of gold for the financial year ended 31 March 2016 ("**FY2016**"), contributing to S\$67 million in revenue.



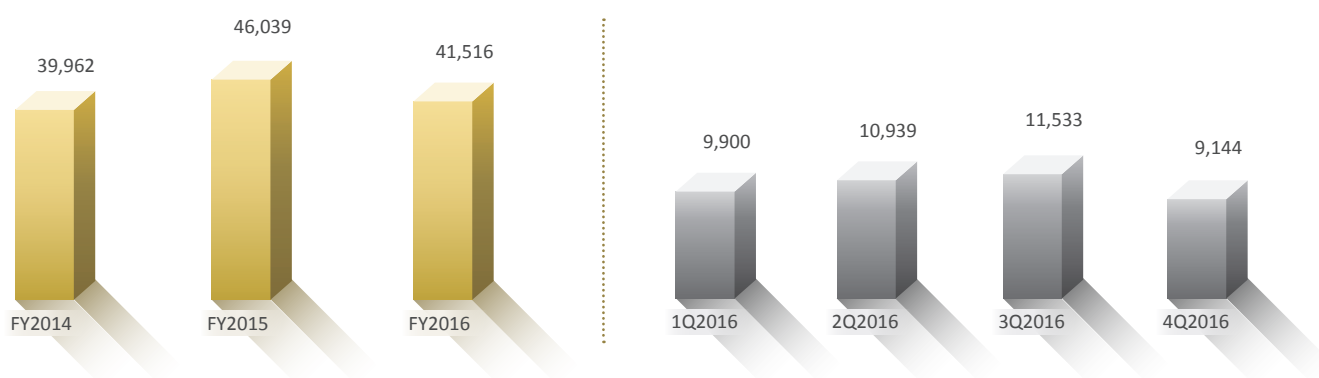
GOLD OPERATIONS

CASTLEMAINE GOLDFIELDS

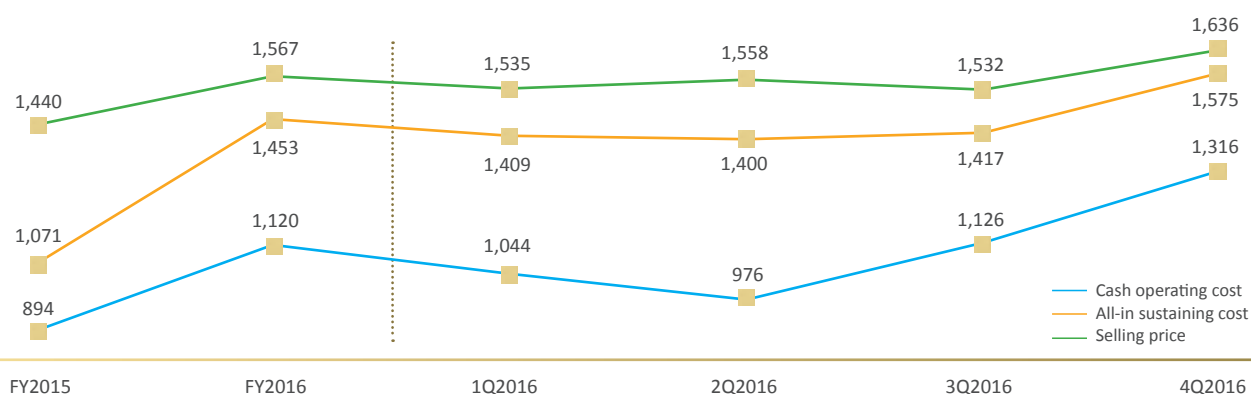
COUNTRY: AUSTRALIA
STATUS: PRODUCTION AND EXPLORATION



GOLD PRODUCTION (OUNCES)



CASH OPERATING COST, ALL-IN SUSTAINING COST AND SELLING PRICE/ OUNCE GOLD SOLD (A\$/Ounce)



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 cost includes sustaining capital, corporate general & administrative expenses and exploration expense.



LionGold, through its wholly owned subsidiary Castlemaine Goldfields, operates a well-established gold mine at Ballarat in Australia's premier Victoria gold belt and owns several tenements around the Ballarat Gold Project and in nearby goldfields. The Ballarat Gold Project is located approximately one hour from the city of Melbourne.

Castlemaine Goldfields produces approximately 40,000 ounces of gold per year at its underground Ballarat Gold Project with facilities that include a 600,000 tonne per annum processing plant with gravity gold and concentrate recovery circuits.

The project maintains its production rate with an underground drilling programme targeting resources adjacent to existing workings. The project has significant additional potential for mine life extension at depth and along strike from the current workings.

In FY2016, the Ballarat Mine processed 250,610 tonnes of gold-bearing ore through its gold processing plant, at a grade of 6.1g/t. In all, the Ballarat Mine produced 41,516 ounces in FY2016. Total all-in sustaining cost for the year was A\$1,453/ounce and the mine achieved an average gold price of A\$1,567/ounce during the period.

The Ballarat Mine drilled 370 underground diamond drill holes in FY2016, totalling 60,050 metres. The main areas of focus were in the Llanberris, Britannia and Sovereign compartments. The purpose of this core drilling was to



identify geological conditions related to gold mineralisation and to identify mineralisation or significant structures. This drilling was a combination of exploration and in-fill drilling – the former activity conducted to discover further sources of gold-bearing mineralisation, the latter to in-fill known areas and improve the level of knowledge to allow detailed mine planning to be done ahead of mining. 3.5 kilometres of tunnels were developed underground, with 203,108 tonnes of waste rock removed in the process.

During the year, the Group commissioned the flotation circuit as part of the processing circuit and commenced works on extending the capacity of the Mine tailings storage facility. Castlemaine Goldfields also conducted regional exploration in FY2016 on some of its exploration tenements distant from the Ballarat Mine. At Castlemaine and Berringa, exploration activities were kept to a minimum whilst exploration personnel considered opportunities to progress these tenements. At Tarnagulla, a program of surface mapping and soil sampling was undertaken on the Corfu and Mother Chisholm prospects. Both projects have a strong history of extensive historic production and prospectivity supported by the results from previous drilling programs. This work was undertaken while Castlemaine Goldfields awaits the grant of new exploration and retention licences over the ground previously held by Castlemaine Goldfields as a mining licence.



COMMUNITY AND SOCIAL RESPONSIBILITY

LionGold's operations are located in Ballarat where responsible mining is a core value of the operations. Responsible mining at Ballarat is based on the following principles:

- Implementing and maintaining ethical business practices and sound systems of corporate governance.
- Integrating sustainable development considerations within the decision-making process.
- Upholding fundamental human rights and respecting cultures, customs and values in dealings with employees and others who are affected by our activities.
- Implementing risk management strategies based on valid data and sound science.
- Continually improving our health and safety performance.
- Continually improving our environmental performance.
- Contributing to conservation of biodiversity and integrated approaches to land use planning.
- Contributing to the social, economic and institutional development of the communities in which we operate.
- Implementing and maintaining effective and transparent engagement, communication and reporting arrangements with our stakeholders.

Our actions to manage the environment responsibly include the following:

- minimising emissions;
- monitoring and reporting environmental parameters, including air and water quality;
- re-using and recycling materials, where possible, and carrying out proper waste management practices;
- rehabilitating areas affected by our activities; and
- complying with laws and regulations as a minimum standard.

LionGold has managed to build and develop constructive relationships with the community in Ballarat and other stakeholders by engaging them in frequent consultation and dialogue. Listening closely to the residents in the area around our mines and working to resolve any issues that arise have helped us to establish mutual support, understanding and trust. Some of the ways we demonstrate our commitment to the community include:

- communicating openly and honestly to understand and address concerns raised by the community;
- hosting an independently-run environmental review committee consisting of local stakeholders, regulatory authorities and company representatives;
- employing and training local residents; and
- supporting local service and supply companies.

In particular, Castlemaine Goldfields prides itself on contributing to the local economy in Ballarat, which is a large regional city 110km west of Melbourne.

For FY2016, approximately some 37% of Castlemaine Goldfields' total expenditure was within the community of Ballarat. Given that the vast majority of the workforce live in the greater Ballarat area, and taking into account the 'multiplier' effect for indirect expenditure, Castlemaine Goldfields' actual economic contribution to the local economy is significantly greater than this amount.

An example of Castlemaine Goldfields' commitment to using local suppliers is the association with Ballarat Regional Industries ("**BRI**"), a not-for-profit organisation that provides employment opportunities for people with disabilities. Castlemaine Goldfields currently engages BRI to manufacture drill core marker blocks used as depth markers in the trays that hold the core samples from underground diamond drilling. BRI also conducts landscaping on parcels of land managed by Castlemaine Goldfields, and arranges the recycling and re-use of surplus hardwood pallets previously being sent to landfill.

Castlemaine Goldfields values its social licence to operate and is always looking for opportunities to give back to the community beyond economic benefit. As such, Castlemaine Goldfields also contributes within the community through education projects. This year, Castlemaine Goldfields hosted 158 visitors and 10 presentations across a broad range of groups, from local primary/secondary schools and universities to industry and regulatory groups. Additionally, the staff from Castlemaine Goldfields undertook 287 proactive community engagement contacts for the year.

RESOURCES AND RESERVES TABLE

LionGold is reporting its Mineral Resource and Ore Reserve estimates as at 31 March 2016. The Mineral Resource and Ore Reserve estimates below have been prepared and classified in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2012 (the “JORC Code 2012”).

Category	Mineral type	Gross attributable to licence		Net attributable to issuer (100%)		
		Tonnes (kt)	Grade (g/t Au)	Tonnes (kt)	Grade (g/t Au)	Change in ounces Increase %/ (Decrease %)
CASTLEMAINE GOLDFIELDS, AUSTRALIA						
BALLARAT EAST MINE						
Indicated Resources	Gold	23.5	14.8	23.5	14.8	(72.3)
Inferred Resources	Gold	367.5	8.4	367.5	8.4	(5.9)
Total Resources	Gold	391	8.8	391	8.8	(24.3)
Probable Ore Reserves	Gold	26	12.8	26	12.8	(65)
Total Reserves	Gold	26	12.8	26	12.8	(65)

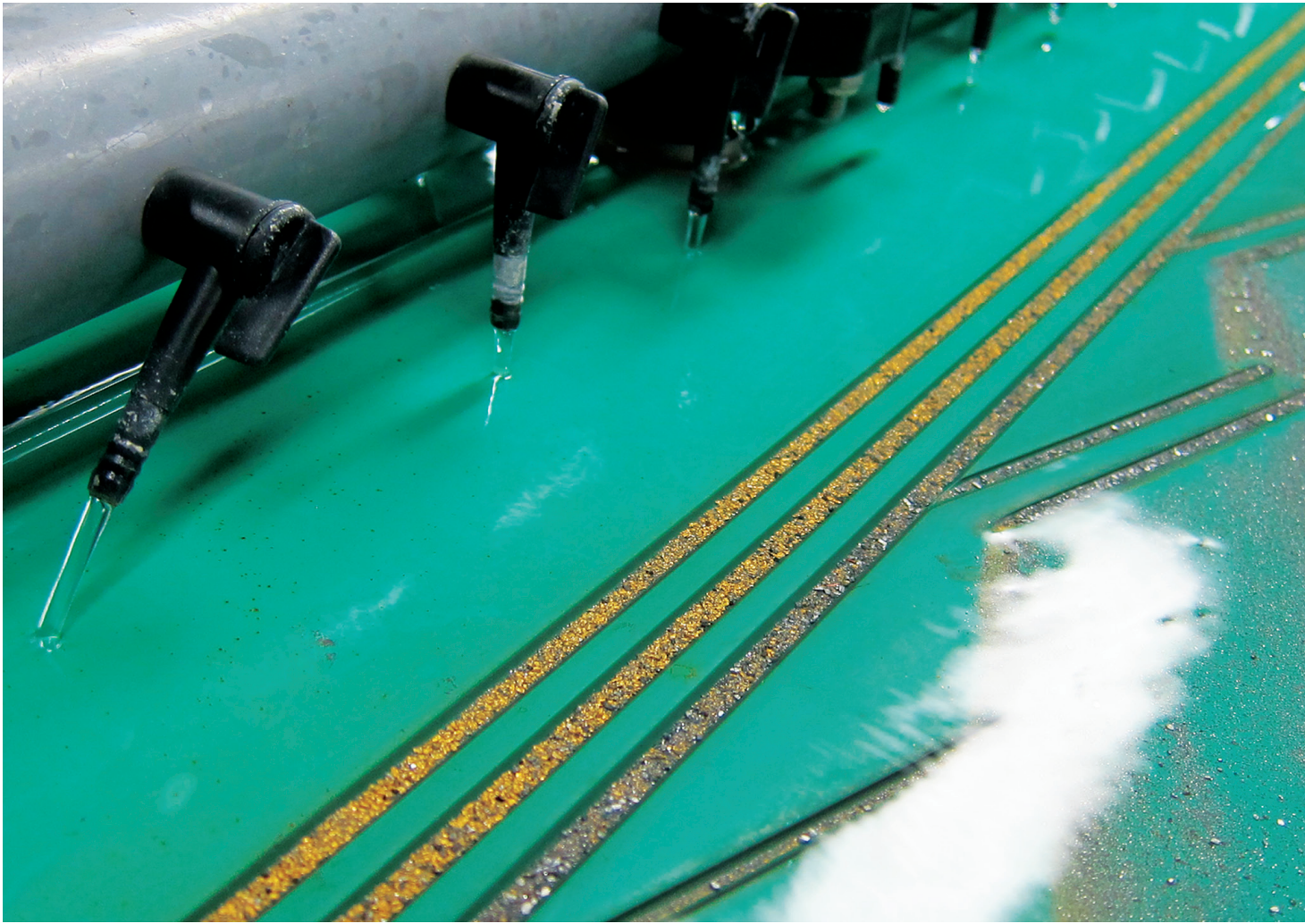
Probable Ore Reserves are derived from, and included in, Indicated Mineral Resources. Mineral Resources which are not Ore Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. It is uncertain if further exploration will result in upgrading the Inferred Mineral Resource to an Indicated or Measured Mineral Resource category. Tonnages are rounded to the nearest 500 t and ounces are rounded to the nearest 100 oz Au. All resources are reported at a 0 (g/t Au) cut-off grade.

The information in the report to which this statement is attached that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Matthew Hernan, Mr Esteban Valle and Mr Philip Petrie. Each of them is a full-time employee of the Group and a Member of the Australasian Institute of Mining and Metallurgy and/or the Australian

Institute of Geoscientists. All of them have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the JORC Code 2012.

Each Competent Person consents to the public reporting of the Qualified Persons' Report which can be found on <http://www.liongoldcorp.com>. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcement.

More details regarding the Mineral Resource and Ore Reserve estimation can be found in the Qualified Persons' Report.



LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS,

On behalf of your Board, we are pleased to present to you LionGold's Annual Report for the financial year ended 31 March 2016 ("FY2016"). Compared with previous years, we have had a relatively quiet FY2016. Strategically, we continued our efforts to streamline our gold mining operations and also to reduce costs. During FY2016, we obtained approval from shareholders for a major fundraising exercise to raise up to S\$100 million by way of issuance of redeemable convertible bonds. We will touch upon these shortly but at this juncture, we would like to highlight that to date, LionGold continues to be one of the top gold producers listed on the SGX-ST. During FY2016, LionGold's wholly owned subsidiary, Castlemaine Goldfields Pty Ltd produced approximately 41,500 ounces of gold.

The price of gold fluctuated within a moderate range during FY2016. There were initial fears that the price of gold could fall below US\$1,000 per ounce but fortunately it did not. Gold dropped to as low as US\$1,046 per ounce and peaked at US\$1,284 per ounce. The fluctuations in gold price did not make it easy for the Board to plan the Group's activities, particularly the Group's investment in Ghana, Africa. Towards the end of FY2016, the Board deliberated and decided that notwithstanding an already significant investment in Owere Mines Limited in Ghana, Africa, the time had come to cut our losses. It was decided that LionGold's investment in Owere Mines Limited required further significant investments over a period of time before we could see returns. Given the fluctuations in the price of gold and the difficulties faced by LionGold to raise funds, your Board took the view that it would not have been feasible for LionGold to continue its investment there and it would be beneficial for the Group to exit from Africa. Negotiations were had with the local Ghanaian partner and it was agreed that the local partner would take over management and inject the requisite funds to carry on with operations. At the shareholding level, LionGold's interests in Owere Mines Limited would be

diluted following a rights issue to be undertaken by the local partner. The bulk of our investment in Owere Mines Limited had already been written off in prior years and the impact on our Group balance sheet from the exit was approximately S\$4.2 million. Our exit from Africa allows us to devote 100% of our time, energy and resources to Castlemaine Goldfields, but before we talk about that, let us share some views on gold demand and gold prices going forward.

In our announcement of our financial statements for FY2016, we alluded to comments found in articles published by the World Gold Council. It is pertinent to repeat them here. In the World Gold Council's "Gold Demand Trends Q1 2016" report (<http://www.gold.org/supply-and-demand/gold-demand-trends>) it was said that,

"Gold demand reached 1,290 tonnes [in] Q1 2016, a 21% increase year-on-year, making it the second largest quarter on record. This increase was driven by huge inflows into exchange traded funds (ETFs) – 364t – fuelled by concerns around the shifting global economic and financial landscape. Higher prices and industrial action in India pushed global demand for jewellery down (-19%), while total bar and coin demand was marginally higher (+1%). Central banks remained strong buyers, purchasing 109t in the quarter. Total supply increased 5% to 1,135t. Hedging by producers (40t) supported an increase of 56t in mine supply, although countered by a marginal decline in recycling."

In addition, the World Gold Council, in its 7 April 2016 Market Update (<http://www.gold.org/research/market-update-gold-outshines-market-q1-2016>) commented that,

"Gold staged a spectacular rally in the first quarter of this year, rising 17% in US dollar terms – its best performance in almost three decades. The return on gold significantly outperformed other major stock, bond and commodity indices."

We believe that market uncertainty and expansionary monetary policies will continue to support both investment and central bank demand. This, combined with an analysis of previous bull-bear cycles, suggests we may be entering a new bull market for gold."

Of course, these are mere views and comments articulated by some and not necessarily shared by all. However, the fact remains that demand for gold and the price of gold continue to remain stable. Price stability is essential to a gold mining company like LionGold because it allows for better planning and a more robust and accurate projection of cashflows. Your Board is cautiously optimistic that gold prices will remain relatively stable for the rest of the year and might even continue to rise given popular opinion that the world has entered a new and unprecedented phase in monetary policy, e.g., central banks in Europe and Japan have implemented negative interest rate policies to counteract deflationary pressures and, in some cases, currency appreciation.

Turning now to Castlemaine Goldfields, we are pleased to report that the mine produced approximately 41,500 ounces of gold during FY2016. Admittedly, that represented a decrease in production of approximately 4,500 ounces compared to FY2015. Head grade decreased to 6.1g/t compared to 6.8g/t during FY2015 and all-in sustaining cost was A\$1,453 per ounce compared to A\$1,071 per ounce in FY2015. The increase in costs arose as a result of an increase in mining costs and capital expenditure. This was offset by an increase in the average selling price of gold, which was A\$1,567 per ounce in FY2016 compared to A\$1,440 per ounce in FY2015. Castlemaine Goldfields managed an operating profit of A\$4.9 million for FY2016. In our announcement of our financial statements for FY2016, the Board said that there exists potential for Castlemaine Goldfields to scale up its operations, subject of course to an upgrade of its Mineral Resources and

Ore Reserves and that the Board intends to seek opportunities to partner one or more other parties to increase and expand operations at Castlemaine Goldfields. Now that LionGold has exited from Africa, we will be able to devote 100% of our time, energy and resources to scaling up operations at Castlemaine Goldfields with the objective of increasing production and profitability. Although there is no assurance that LionGold will be successful in its plans, the Board nevertheless recognises the need to reduce costs and increase productivity. Efforts will therefore be continued during FY2017 in these areas.

During FY2016, LionGold undertook a major fundraising exercise. By way of background, shareholders would remember that in or about May 2012, LionGold issued US\$23 million convertible bonds that matured 36 months later, i.e., in or about May 2015. At the time of maturity, an aggregate US\$20 million in principal amount of the convertible bonds remained outstanding and payable. At or about that same time, Premier Equity Fund Sub Fund D ("**Bondholder**") acquired the rights to the balance US\$20 million in principal amount of the convertible bonds that remained outstanding. In June 2015, LionGold entered into a Bond Restructuring Agreement with the Bondholder and the Bondholder's manager, Value Capital Asset Management Pte Ltd to, in essence, reschedule the repayment of the outstanding principal amount of US\$20 million and interests. Subsequently, in the same month, LionGold agreed (subject to approval in general meeting) to issue 2.5% redeemable convertible bonds due 2018 in aggregate principal amount of up to S\$100 million ("**New Bonds**") in favour of Premier Equity Fund Sub Fund E ("**Subscriber**"). The proposed issue of the New Bonds was approved by shareholders in general meeting in September 2015. As at the date of this Annual Report, S\$6.0 million New Bonds have been issued and of these, S\$4.8 million have been converted into 1,498,964,574 new shares.

The purpose of issuing the New Bonds is to assist LionGold in repaying the balance US\$20 million in principal amount of the convertible bonds that remained outstanding, together with interests, and to provide LionGold with new capital to regrow its businesses as well as strengthen its existing operations. We are pleased to inform shareholders that management has informed the Board that there exists a healthy relationship between the Bondholder, the Subscriber, the manager of the Bondholder and the Subscriber, and LionGold. The Board is hopeful that the healthy relationship will continue and LionGold would achieve its objectives soon.

The events of October 2013 coupled with news of the authorities commencing investigations in 2014 still cast a dark cloud over LionGold. Notwithstanding the New Bonds, fundraising has been difficult, which means the Group has had to rely organically on cashflow from operations to fund ongoing expenses and growth. The fact that the Group has been able to survive since October 2013 is evidence of the robustness of the Group's structure as well the ability of the Group to persevere. Be that as it may, the Board is hopeful that investigations might be concluded soon and that LionGold's integrity might be preserved and upheld. This would go a long way to regaining shareholder confidence as well as regaining value for shareholders.

Before concluding, we would like to convey our heartfelt appreciation to management and our fellow directors for seeing the Group through these difficult times. We also wish to extend the Board's gratitude to Mr Marty Adams, who up till end February 2016 was the General Manager of Castlemaine Goldfields. Marty left us for personal reasons. We would like to extend a warm welcome to Mr Stephen Jeffers who joined Castlemaine Goldfields as General Manager in April 2016. Stephen brings with him a unique skill set and the Board is confident that he will be able to add value to Castlemaine Goldfields' operations. Finally, we are grateful to shareholders who have stuck with us through these difficult times and together with the rest of the Board, wish to thank you for your continued faith in LionGold.

Yours sincerely,

Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil
Executive Chairman

Tan Soo Khoon Raymond
Group Chief Executive Officer



BOARD OF DIRECTORS

TAN SRI DATO' NIK IBRAHIM KAMIL BIN TAN SRI NIK AHMAD KAMIL

Executive Chairman, Executive Director

Tan Sri Dato' Nik Ibrahim Kamil was appointed to the Board on 13 April 2011 as Non-Executive Chairman. On 1 October 2015, Tan Sri Dato' Nik Ibrahim Kamil was re-designated as the Executive Chairman.

Tan Sri Dato' Nik Ibrahim Kamil has several decades of managerial and business experience across diverse industries, including mining, petroleum, media, finance and port management. At present, he is the Independent Non-Executive Chairman of OCB Berhad and an Independent Non-Executive Director of Westports Holdings Berhad, both public-listed companies in Malaysia. His previous appointments in Malaysian-listed companies include Managing Director of The New Straits Times Press (Malaysia) Berhad, Independent Non-Executive Chairman of Octagon Consolidated Berhad, Chairman of QSR Brands Bhd and Non-Executive Independent Director of Camerlin Group Berhad.

He holds a Bachelor of Science degree in Economics and Business Administration from Georgetown University, Washington D.C., USA.

TAN SOO KHOON RAYMOND

Group Chief Executive Officer, Executive Director

Mr Tan was appointed as Company Secretary on 7 August 2007 before joining the Board on 1 October 2012 as a Non-Executive Non-Independent Director. He was re-designated as Executive Director and Group General Counsel on 1 January 2013. On 1 October 2015, Mr Tan was appointed as Group Chief Executive Officer and resigned from his positions as the Group General Counsel and Company Secretary.

Mr Tan was formerly a partner at Robert Wang & Woo LLP where he was the head of its corporate and commercial practice. He has acted for public-listed companies in various corporate finance matters and advised them in areas of compliance and corporate governance. Mr Tan was previously an Independent Director of ISR Capital Limited and the Lead Independent Director of Annica Holdings Limited. He obtained his degree in law from the National University of Singapore in 1982 and was admitted to the Singapore Bar in 1983.

DATUK WIRA DANI DAIM

Non-Executive, Non-Independent Director

Datuk Wira was first appointed to the Board on 13 April 2011 as a Non-Executive Independent Director. He acquired a substantial interest in the Company on 27 May 2011 and was no longer considered independent. He was then re-designated as Non-Executive Non-Independent Director. He was re-designated as Executive Deputy Chairman on 1 April 2014. On 30 September 2015, Datuk Wira resigned as an Executive Deputy Chairman and remained as Non-Executive Non-Independent Director.

Datuk Wira is a prominent Malaysian businessman with wide connections across the world, having been actively involved in his family business' mergers and acquisitions activities in various industries including power resources and banking assets. He is currently Non-Executive Chairman of ISR Capital Limited and a Non-Executive Director of GCM Resources plc (listed on the London Stock Exchange). He was formerly Deputy Chairman and a Non-Executive Director of Magnus Energy Group Ltd as well as a Non-Executive Director of Byford International Limited, a company listed on the Hong Kong Stock Exchange. He holds a Bachelor of Arts and a Master of Arts from the University of Cambridge.

BERNARD SOO PUONG YII

Non-Executive, Independent Director

Mr Soo was appointed to the Board as a Non-Executive Independent Director on 29 July 2008. He is the Chairman of the Audit Committee and a member of the Nominating Committee and the Remuneration Committee.

Mr Soo has wide experience in project, finance and business development with various international companies and is also associated with a few Foundation and Trust that provide funds to various projects in the Asia-Pacific region. He graduated with an honours degree in Accountancy from the University of Bolton (UK).

NG SU LING

Non-Executive, Independent Director

Ms Ng was appointed to the Board as a Non-Executive Independent Director on 29 July 2009. She is the Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee.

Having been a practising lawyer for many years, she is a partner at Damodara Hazra LLP where she advises clients in the areas of corporate and commercial laws. She was admitted to the Bar in UK, Malaysia and Singapore in 1993, 1994 and 2000 respectively.

ROLAND KENNETH SELVANAYAGAM

Non-Executive, Independent Director

Mr Selvanayagam was appointed to the Board as a Non-Executive Independent Director on 4 January 2010. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee.

A professionally qualified accountant with more than 30 years of management experience, he was President of the Chartered Institute of Management Accountants, Malaysia Division from 1996 to 1998. He was awarded the Institute's Bronze medal for his contribution to the Institute and the profession at large.

He has worked for and managed multinational and local companies in Asia and Australia and held directorships in Singapore, Thailand, Sri Lanka, Malaysia, Australia and South Africa. He serves as a Director of Mitrajaya Holdings Bhd, which is listed on Bursa Malaysia.

Mr Selvanayagam also served on the Council of the Federation of Malaysian Manufacturers for a number of years and was the Chairman of the Audit Committee and Deputy Chairman of the Malaysian Food Manufacturing Group.

DR DENIS EDMUND CLARKE

Non-Executive, Independent Director

Dr Clarke was appointed to the Board as a Non-Executive Independent Director on 1 October 2012.

Dr Clarke possesses over 40 years of experience in senior technical, financial and corporate positions in the mining and exploration industry globally. In particular, Dr Clarke played a significant role in the extraordinary growth of Plutonic Resources Limited through his positions as General Manager – Exploration, General Manager – Finance and Administration, and General Manager – Corporate at various times. He was part of the team who transformed Plutonic Resources Limited to one of Australia's largest gold producers with up to five operating mines and a market capitalisation of over A\$1 billion before it was absorbed by Homestake Mining Company in 1998. Subsequently, as Director and Consultant for 10 years, he contributed to the development of Troy Resources Limited from small explorer to successful international gold miner.

Prior to joining Plutonic, he spent 10 years in exploration mostly in Canada with Rio Algom Limited (a subsidiary of Rio Tinto). He was previously Non-Executive Chairman of Hill End Gold Limited which is listed on the ASX. He is currently Non-Executive Chairman of Cullen Resources Limited which is also listed on the ASX. He has a Ph.D. (Geology) from Stanford University.

KEY MANAGEMENT

GOH SIAN HIN BRENDAN

Chief Financial Officer

Mr Goh was appointed as Chief Financial Officer on 1 December 2012.

He has twenty years of experience in investment banking and corporate advisory and was previously Co-Head of Corporate Finance at DMG & Partners Securities Pte Ltd for five years. He has been involved in a broad range of corporate financial transactions for listed companies and private entities throughout the Asia-Pacific region, including initial public offers, acquisitions, private placements, rights issues, bond and warrant offers and other corporate advisory work. He was also Head of Corporate Finance at HL Bank and has served as Chief Financial Officer for a Singapore-listed company. Mr Goh is qualified as a Chartered Accountant of Singapore who graduated from the National University of Singapore with a Bachelor of Accountancy in 1988.

KRZYSZTOF (CHRIS) GBYL

Director of African Operations

Mr Gbyl, as Director of African Operations, was appointed Chief Executive Officer of Signature Metals Limited in December 2012.

He is an experienced exploration and mining executive who has proven general management experience gained from engineering, project management, commercial and senior operations roles worldwide. His recent appointments were with West African Cape Lambert Resources and Equigold where he had key responsibilities for developing the projects from exploration to operation.

Mr Gbyl has held project management positions with PT Leighton Indonesia, Cooks Construction Ltd and CSR-AWP Contractors, and was the operations manager with Consolidated Minerals Limited in Western Australia. He has a Bachelor of Engineering degree from Krakow University and a Bachelor of Commerce degree from Curtin University, Western Australia.

STEPHEN ROBERT JEFFERS

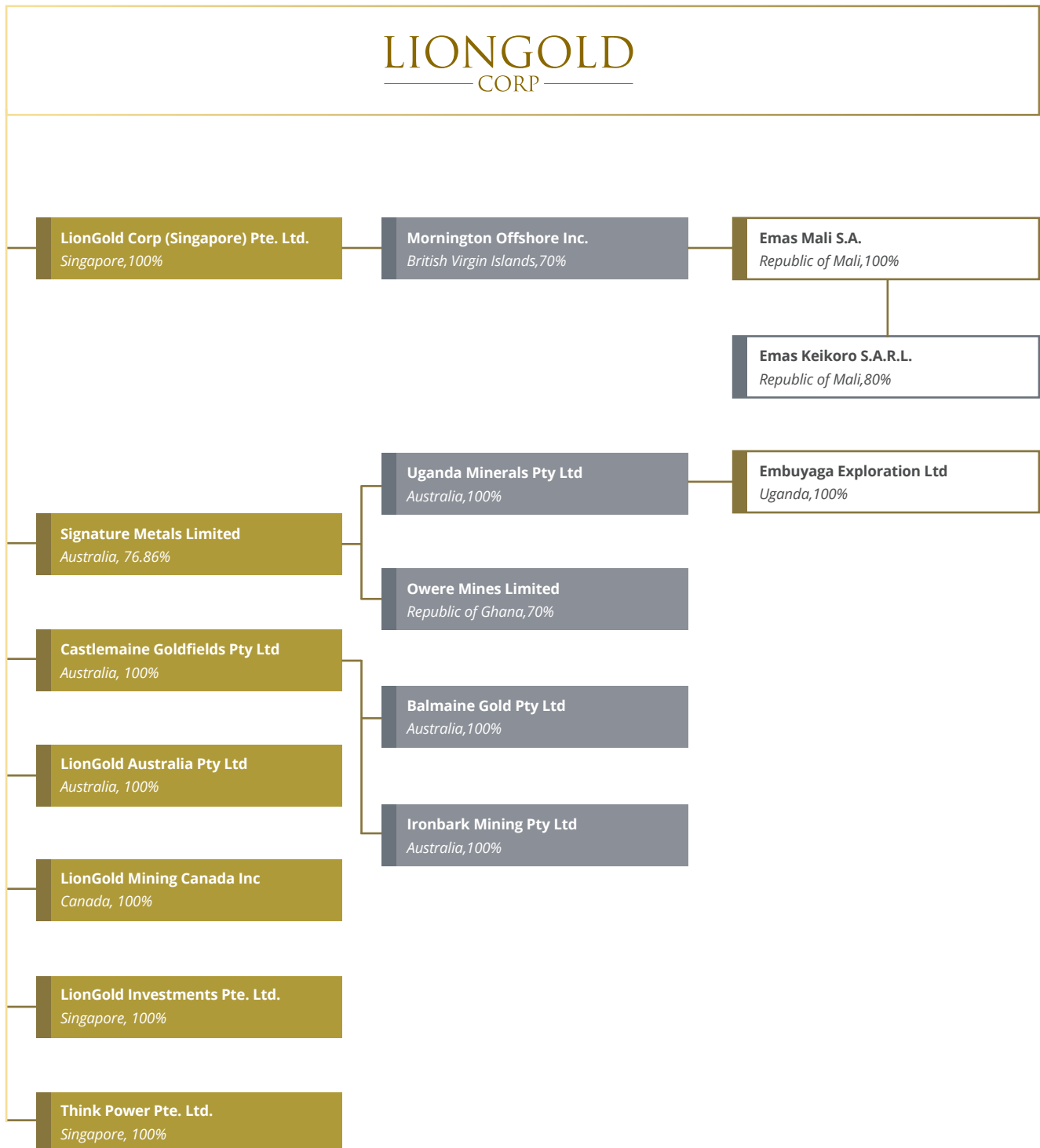
General Manager – Victoria

Mr Jeffers was appointed to the role of General Manager – Victoria in April 2016. He is responsible for all aspects of the Victorian operations including safety, environment and community relations, development and execution of site operational strategies and the production plan ensuring all safety and production targets are met in compliance with all Company standards and legislative requirements.

Mr Jeffers has over 27 years experience in the mining industry, of which more than 20 years were held at Manager and General Manager levels of underground and open pit mining operations. Mr Jeffers has vast experience in operational and management positions, having worked on gold, nickel sulphide, nickel laterite, copper, uranium, zinc, lead and silver projects. In particular, he has held Chief Operating Officer and General Manager positions with Norilsk Nickel Australia and General Manager positions with Mincor Resources and, most recently, with Kingsgate Consolidated.

Mr Jeffers holds a degree in Mining Engineering from the Ballarat College of Advanced Education and a First Class Underground Mine Manager's Certificate of Competency. He is a member of the Australasian Institute of Mining and Metallurgy.

GROUP STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive

**TAN SRI DATO' NIK IBRAHIM KAMIL
BIN TAN SRI NIK AHMAD KAMIL**
(Executive Chairman, Director)

TAN SOO KHOON RAYMOND
(Group Chief Executive Officer,
Director)

Non-Executive

DATUK WIRA DANI DAIM
(Non-Independent Director)

BERNARD SOO PUONG YII
(Independent Director)

NG SU LING
(Independent Director)

ROLAND KENNETH SELVANAYAGAM
(Independent Director)

DR DENIS EDMUND CLARKE
(Independent Director)

COMPANY SECRETARY

ONG SING HUAT

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12 Bermuda
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BERMUDA REGISTRATION NO.

35500

BERMUDA RESIDENT REPRESENTATIVE

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Ltd)
Canon's Court
22 Victoria Street
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Fax : +441 292 8666

PRINCIPAL SHARE REGISTRAR

Estera Management (Bermuda)
Limited
(f.k.a. Appleby Management
(Bermuda) Ltd)
Canon's Court
22 Victoria Street
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SINGAPORE BUSINESS OFFICE

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SINGAPORE SHARE TRANSFER AGENT

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Fax : +65 6593 4847

AUDITORS

Baker Tilly TFW LLP
600 North Bridge Road
#05-01, Parkview Square,
Singapore 188778
Tel : +65 6336 2828
Fax : +65 6339 0438
Partner in Charge : Khor Boon Hong
Appointed since 14 September 2015

PRINCIPAL BANKERS

DBS Bank Ltd
Macquarie Bank Limited

CORPORATE GOVERNANCE

The Board ("**Board**") of Directors (collectively "**Directors**" and individually "**Director**") of LionGold Corp Ltd ("**Company**", the Company together with its subsidiaries, the "**Group**") is committed to maintaining a high standard of corporate governance within the Group. The Board recognises the importance of practising good corporate governance as a fundamental part of its responsibilities to look after and enhance shareholders' value and the financial performance of the Group.

This Report describes the Company's corporate governance practices with specific reference to the Code of Corporate Governance 2012 ("**Code**") for the financial year ended 31 March 2016 ("**FY2016**"). Where there are deviations from the Code, appropriate explanations are provided.

BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Effective Board to lead and control the Company

The Board oversees the business affairs and dealings of the Group, determines the Group's corporate strategies and sets directions and goals. It also monitors and evaluates the Group's operations and financial performance, establishes targets for the management of the Company (the "**Management**") and monitors the achievement of these targets. It is responsible for the overall corporate governance compliance function of the Group.

The Board has five (5) committees to assist it in the execution of its responsibilities. In addition to the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (which are formed under the Code), the Board has also established a Technical Committee ("**TC**") and Executive Committee ("**ExCo**"). Each Committee has its own terms of reference and operating procedures, which are reviewed periodically. Where necessary, the terms of reference and operating procedures would be updated to keep in line with the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Listing Manual**") and the Code.

The Board holds regular meetings to review, consider and approve strategic, operational and financial matters. Important matters concerning the Group are put before the Board to be decided on and approved. Ad-hoc meetings will be held when required. The Bye-Laws of the Company allow for Directors who are unable to attend Board or Committee meetings personally to participate by way of telephonic or video-conferencing. Matters that are specifically reserved for the approval of the Board include:

- approving the Group's policies, strategies and financial objectives, and monitoring the performance of Management;
- overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- approving the nominations of persons to the Board and appointment of key Management staff;
- monitoring and reviewing the Management's performance;
- approving annual budgets, major funding proposals, investments and divestment proposals; and
- assuming responsibility for corporate governance and compliance with the Listing Manual, the Code and the rules and requirements of regulatory bodies that the Company is subject to.

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In addition to the above and in line with the Code, the Board also:

- identifies key stakeholder groups to gain their perceptions of the Company's reputation and standing;
- sets the Company's values and standards (including ethical standards) to ensure that obligations to shareholders and other stakeholders are understood and met; and
- as part of its core business activity of gold mining, considers sustainability issues, including environmental and social issues as part of its strategic formulation.

The attendance of the Directors at Board and Committee meetings for FY2016 is tabulated below:

Attendance at Meetings

Board Members	Board Committees							
	Board ⁽⁴⁾		AC		NC		RC	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil ⁽¹⁾	4	4	5 [#]	4 [#]	1	N.A.	1	N.A.
Tan Soo Khoo Raymond ⁽²⁾	4	4	5 [#]	3 [#]	1	N.A.	1	N.A.
Datuk Wira Dani Daim ⁽³⁾	4	3	5 [#]	1 [#]	1	N.A.	1	N.A.
Bernard Soo Puong Yui	4	4	5	5	1	1	1	1
Ng Su Ling	4	3	5	3	1	1	1	1
Roland Kenneth Selvanayagam	4	4	5	5	1	1	1	1
Dr Denis Edmund Clarke ⁽⁴⁾	4	4	5 [#]	4 [#]	1	N.A.	1	N.A.

By invitation.

Notes:

- (1) Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil was re-designated as Executive Chairman on 1 October 2015.
- (2) Mr Tan Soo Khoo Raymond was appointed as Group Chief Executive Officer and relinquished his positions as Company Secretary and Group General Counsel on 1 October 2015.
- (3) Datuk Wira Dani Daim was re-designated as Non-Executive Non-Independent Director on 30 September 2015.
- (4) Dr Denis Edmund Clarke was appointed as Independent Non-Executive Director and Member of the TC on 1 October 2012. Meetings of the TC are held together with and as part of Board Meetings.

For newly appointed Directors, the Company will send a formal letter of appointment setting out their duties and responsibilities as Directors. The Company conducts induction and orientation programmes for all incoming directors to introduce and familiarise them with the Company's management, business and governance practices. To get a better understanding of the Group's business, the Directors are also given the opportunity to visit the Group's operational facilities and meet with the management. All Directors are kept informed of updates and developments in relevant areas such as corporate governance, financial reporting standards and mining regulations. The Company encourages its Directors to attend appropriate courses, conferences or training programmes to develop themselves professionally, at the Company's expense.

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Board Composition and Guidance

Principle 2: Strong and independent element on the Board

As at the date of this Annual Report, the Board comprises two (2) executive Directors, one (1) non-executive non-independent Director and four (4) non-executive independent Directors:

Name of Director	Board of Directors	Date of Appointment	Date of last Re-election	AC	NC	RC	TC	ExCo
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil	Executive Chairman, Executive Director	13 Apr 2011	14 Sep 2015	N.A.	N.A.	N.A.	N.A.	Chairman
Tan Soo Khoon Raymond	Group Chief Executive Officer, Executive Director	1 Oct 2012	14 Sep 2015	N.A.	N.A.	N.A.	N.A.	Member
Datuk Wira Dani Daim	Non-executive non-independent Director	13 Apr 2011	19 Nov 2014	N.A.	N.A.	N.A.	N.A.	Member
Bernard Soo Puong Yii	Non-executive independent Director	29 Jul 2008	14 Sep 2015	Chairman	Member	Member	N.A.	N.A.
Ng Su Ling	Non-executive independent Director	29 Jul 2009	19 Nov 2014	Member	Chairman	Member	N.A.	N.A.
Roland Kenneth Selvanayagam	Non-executive independent Director	4 Jan 2010	14 Sep 2015	Member	Member	Chairman	N.A.	Member
Dr Denis Edmund Clarke	Non-executive independent Director	1 Oct 2012	14 Sep 2015	N.A.	N.A.	N.A.	Member	N.A.

The Board comprises individuals who have experience in commerce, accounting, legal, media and gold mining.

The Board's composition, size, balance and independence of each non-executive Director are reviewed by the NC.

The Board has sought and obtained written confirmation from each of the current non-executive independent Directors that, apart from their office as Directors of the Company, none of them has any other relationship (business or otherwise) with the Company, its subsidiaries, related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgment with a view to the best interests of the Company. The written confirmations were reviewed by the NC and the NC found, and recommended to the Board, that each non-executive independent Director has exercised independent judgment and made decisions objectively in the best interests of the Company and its shareholders. Following the NC's recommendation, the Board is of the view that more than half of the Board comprises independent Directors, which is in line with the Code that provides that independent Directors should make up at least half of the Board where the Chairman of the Board is not an independent Director.

None of the independent Directors have served on the Board for more than 9 years.

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Subject to the foregoing, the Directors consider the Board's present size and composition appropriate, taking into account the nature and scope of the Group's operations, the requirements of the Group's business and the skills and knowledge of the Directors.

The list of directorships or chairmanships held by the Directors presently or in the last three (3) years in other listed companies is set out in the table below:

Name of Director	Company	Date of Appointment	Date of Cessation
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil	Westports Holdings Berhad ⁽¹⁾	7 Sep 1994	N.A.
	OCB Berhad ⁽¹⁾	2 Jan 2007	N.A.
Tan Soo Khoo Raymond	Signature Metals Limited ⁽³⁾⁽⁴⁾	25 Jun 2012	N.A.
	Citigold Corporation Limited ⁽²⁾	6 Feb 2013	22 Mar 2015
	ISR Capital Limited ⁽⁵⁾	29 Apr 2011	12 Jun 2014
Datuk Wira Dani Daim	ISR Capital Limited ⁽⁵⁾	30 Apr 2012	N.A.
	GCM Resources plc ⁽⁶⁾	2 Oct 2013	N.A.
Bernard Soo Puong Yii	ITE Electric Co Ltd ⁽⁵⁾	14 Nov 2006	9 Sep 2014
Ng Su Ling	Blumont Group Ltd ⁽⁵⁾	21 Sep 2012	18 Nov 2013
Roland Kenneth Selvanayagam	Mitrajaya Holdings Bhd ⁽¹⁾	23 Apr 1998	N.A.
	Signature Metals Limited ⁽³⁾⁽⁴⁾	3 Apr 2012	N.A.
Dr Denis Edmund Clarke	Cullen Resources Limited ⁽²⁾	1 Apr 1999	N.A.
	Hill End Gold Limited ⁽²⁾	25 Feb 2010	19 Jan 2016
	Signature Metals Limited ⁽³⁾⁽⁴⁾	14 Sep 2012	N.A.

Notes:

- (1) Listed on Bursa Malaysia
- (2) Listed on the Australian Securities Exchange
- (3) Previously listed on the Australian Securities Exchange but was delisted and removed from the Australian Securities Exchange's official quotation at the request of the company with effect from the close of trading on 1 May 2015
- (4) A 76.86% subsidiary of the Company
- (5) Listed on the SGX-ST
- (6) Listed on the London Stock Exchange

In addition, non-executive Directors work with Management by constructively challenging and helping to develop proposals on strategy, reviewing the performance of the Management in meeting agreed goals and objectives, and monitoring the reporting of such performance. Non-executive directors are also encouraged to and do meet and communicate regularly without the presence of the Management to facilitate a more effective check on the Management.

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Chairman and Chief Executive Officer ("CEO")

Principle 3: Clear division of responsibilities between the leadership of the Board and the executives

Presently, the position of Chairman and Group CEO are held by two (2) separate individuals to maintain an effective balance of power and authority in the Group.

The Chairman, Tan Sri Dato' Nik Ibrahim Kamil, is executive and unrelated to the Group CEO. The Chairman is responsible for ensuring that Board meetings are held as and when necessary, scheduling and preparing agendas and exercising control over the information flow between the Board and Management.

During FY2016, the Board appointed Mr Raymond Tan as the Group CEO with effect from 1 October 2015. Mr Raymond Tan, as the Group CEO, holds full executive responsibility for the running of the Group's operations on a day-to-day basis, sets the long-term business direction and strategy of the Group, the implementation of the Group's corporate plans and policies, and executive decision-making.

Although the roles and responsibilities of Chairman and Group CEO are vested in Tan Sri Dato' Nik Ibrahim Kamil and Mr Raymond Tan respectively, major decisions are made in consultation with the Board. They are assisted by the Company Secretary at all Board Meetings and on statutory matters. Where necessary, the Auditors of the Company and other external consultants are invited to attend Board Meetings to assist them and the other Directors in their deliberations.

In accordance with the recommendation of the Code, the Board will be designating one of its independent directors as Lead Independent Director, by the second quarter of FY2017. This is to ensure that a separate channel of communication is always available to shareholders in the event that normal interactions with the Executive Chairman, the CEO or the Chief Financial Officer have failed to resolve their concerns or where such channel of communication is considered inappropriate. Led by the Lead Independent Director, the Independent Directors will meet periodically without the presence of the Executive Directors, and the Lead Independent Director will provide feedback to the CEO after such meetings.

Board Membership

Principle 4: Formal and transparent process for appointment and re-appointment of Directors to the Board

The NC comprises three (3) Directors, namely Mr Bernard Soo Puong Yii, Ms Ng Su Ling and Mr Roland Kenneth Selvanayagam, all of whom are independent non-executive Directors. The NC meets at least once a year.

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the necessary experience, knowledge, business, finance and management skills required by the Group, and each Director, through his contribution, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The NC ensures that there is a formal and transparent process for all new appointments to the Board. Where a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new Director with particular skills or to replace a retiring Director, the NC will be responsible for nominating the new Director. The NC will meet and interview the shortlisted candidates to assess their suitability and ensure that the candidates are aware of the expectations and the level of commitment required before making recommendations to the Board for consideration and approval.

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The NC also has at its disposal, executive search companies, personal contacts and recommendations in its search and nomination process for the right candidates.

The principal functions of the NC are to:

- review succession plans for the Board;
- identify suitable candidates and review all nominations for appointment to the Board before making recommendations to the Board for appointment;
- assess the independence of the Directors annually, in accordance with the guidelines contained in the Code and the NC's view that the Directors who have been classified as independent are indeed independent;
- provide nominations for the re-appointment of Directors, having regard to their contribution and performance;
- decide whether a Director is able to and has adequately carried out his duties as a Director of the Company, in particular, where the Director concerned has multiple board representations;
- decide how the performance of the Board, its committees and the Directors may be evaluated and to propose objective performance criteria; and
- review the training and professional development training programmes for the Board.

All Directors shall submit themselves for re-nomination and re-election at regular intervals and at least once every three (3) years.

For FY2016, the NC met once to consider and deliberate on the re-election and independence of Directors.

At the forthcoming Annual General Meeting of the Company, one-third of the Board shall retire and if desired, the persons retiring may offer themselves for re-election as Directors. The Directors who are due to retire at the forthcoming Annual General Meeting are Ms Ng Su Ling, Mr Raymond Tan and Datuk Wira. After due review, the NC recommends the re-election of Ms Ng Su Ling, Mr Raymond Tan and Datuk Wira, as Directors of the Company. As they are all eligible, Ms Ng Su Ling, Mr Raymond Tan and Datuk Wira have offered themselves for re-election.

The Chairman of the Company, Tan Sri Dato' Nik Ibrahim Kamil, and a non-executive independent Director, Dr Denis Clarke were re-appointed as Directors at the last Annual General Meeting held on 14 September 2015 pursuant to Sections 153(2) and 153(6) of the Companies Act, to hold office until the forthcoming Annual General Meeting. Although Section 153 of the Companies Act was repealed with effect from 3 January 2016, the two Directors will seek re-appointment at the forthcoming Annual General Meeting in order to continue in office.

Please refer to pages 12 and 13 of this Annual Report for details of the qualifications and experience of Ms Ng Su Ling, Mr Raymond Tan, Datuk Wira, Tan Sri Dato' Nik Ibrahim Kamil and Dr Denis Clarke.

The Board does not prescribe the maximum number of listed company board representations which Directors may hold as long as each of the Directors is able to commit his or her time and attention to the affairs of the Group. The Board believes that each Director is best placed to decide whether he or she has sufficient capacity to discharge his or her duties and responsibilities as Director in the best interests of the Group. The NC, having considered the other board representations and principal commitments of the Directors, is satisfied that sufficient time and attention has been given by each Director to the affairs of the Company and that each Director is able to and has adequately carried out his duties as a Director of the Company.

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Board Performance

Principle 5: Formal assessment of the effectiveness of the Board and contributions by each Director

The NC is also responsible for deciding how the Board's performance may be evaluated, proposing objective performance criteria for the Board's approval and implementing corporate governance measures to achieve good stewardship of the Company.

Once a year, the Board assesses the performance of the Directors, individually and collectively, by means of a performance appraisal that evaluates Board size, the proportion of non-executive Directors versus executive Directors, whether the Board has an adequate degree of independence and the right mix of expertise, experience and skills, and whether the Board has made sound, balanced and well-considered decisions on the various issues that come before them. The NC evaluates each Director based on the following review parameters, including:

- attendance at Board/Committee meetings;
- participation at meetings;
- involvement in the Management;
- availability for consultation and advice, when required;
- independence of the Directors; and
- appropriate skill, experience and expertise.

In addition to the above, the NC also evaluates the performance and effectiveness of the Board as a whole, taking into account the Board's balance and mix.

The NC evaluates the performance of the Board, Board committees and individual Directors based on the performance criteria set by the Board. The NC will further decide on how the Board's performance may be evaluated and propose objective performance criteria. Such performance criteria, which allow for comparison with industry peers, will be approved by the Board.

The criteria for assessing the Board and Board committees' performance include composition and size, processes, accountability, standard of conduct and performance of its principal functions and fiduciary duties, and guidance provided to and communication with the Management. The criteria for assessing the contribution by Directors include the level of contribution to Board meetings, commitment of time and overall effectiveness. As part of the evaluation process, each Director completes an appraisal form which is then collated by the Company Secretary who will submit to the Chairman of the NC in the form of a summary report. The summary report will be discussed during the NC meeting with a view to implement recommendations to further enhance the effectiveness of the Board.

The NC may act on the performance evaluation result and where appropriate, propose new members to be appointed to the Board or seek the resignation of Directors.

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Access to Information

Principle 6: Board members to have complete, adequate and timely information

Directors have unrestricted access to the Company's records and information, all Board and committee minutes, and receive management accounts so as to enable them to carry out their duties. Directors may also liaise with senior executives of the Company and other employees to seek additional information, if required.

Detailed board papers and agendas are sent out to the Directors before meetings so that all Directors may better understand the issues beforehand, allowing more time at such meetings for questions and deliberations that the Directors may have.

Should Directors, whether as a group or individually, require professional advice, the Company, upon approval by the Board, shall appoint a professional advisor to render advice. The costs shall be borne by the Company.

The Company Secretary attends all Board meetings and is responsible to the Board for advising on the implementation of the Group's compliance requirements pursuant to the relevant statutes and regulations. All Directors have separate and independent access to the Company Secretary. The appointment and removal of the Company Secretary is subject to approval of the Board as a whole.

Procedures for Developing Remuneration Policies

Principle 7: Formal and transparent procedure for fixing remuneration packages of Directors and key management executives

The RC is responsible for determining the remuneration of Directors and key employees ("**Key Executives**") of the Group. The RC comprises three (3) non-executive independent Directors, namely Mr Bernard Soo Puong Yii, Ms Ng Su Ling and Mr Roland Kenneth Selvanayagam.

The responsibilities of the RC are to:

- make recommendations to the Board on matters relating to remuneration, including but not limited to fees, salaries, allowances, bonuses, options, awards and benefits in kind, of the Directors and Key Executives;
- review and recommend to the Board the terms and terms of renewal of the service agreements of the Directors and Key Executives;
- review the Company's obligations arising in the event of the termination of the Directors and Key Executives to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous;
- determine the appropriateness of the remuneration of the Directors and Key Executives; and
- consider the disclosure requirements for Directors' and Key Executives' remuneration as required by the Listing Manual and the Code.

No Director is involved in deciding his or her own remuneration.

The remuneration packages of the Executive Directors are based on service contracts. Non-executive independent Directors are paid yearly fees of an agreed amount and these fees are subject to shareholders' approval at the Annual General Meeting.

The RC has the right to seek professional advice internally and externally relating to the remuneration of all Directors and Key Executives.

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Level and Mix of Remuneration

Principle 8: The level of remuneration for Directors should be adequate, not excessive, and linked to performance

The remuneration policy of the Group is to provide compensation packages at market rates that reward successful performance and attract, retain and motivate Directors and Key Executives.

The Group's remuneration policy comprises a fixed component and a variable component; the fixed component is in the form of fixed monthly salary whereas the variable component is linked to the performance of the Group and individual.

In setting remuneration packages, the RC ensures that the Directors and Key Executives are adequately but not excessively remunerated as compared to the industry and other comparable companies. The remuneration for the Group's Executive Directors and Key Executives comprises a basic salary component and a variable component which is a discretionary bonus, based on the performance of the Group as a whole and their individual performance. There are no pre-determined performance conditions for the discretionary bonus. The discretionary bonus for the Executive Directors and Key Executives is recommended by the RC and subject to approval by the Board, which is based on qualitative criteria (including leadership, people development, commitment, current market and industry practices) and quantitative criteria (including production, profit after tax and relative financial performance of the Group to its industry peers). All non-executive Directors receive Directors' fees which are recommended by the Board based on each Director's responsibilities and are subject to approval by Shareholders at each Annual General Meeting. The Executive Directors are not paid Directors' fees.

Disclosure on Remuneration

Principle 9: Clear disclosure of remuneration policy, level and mix of remuneration, and the procedure for setting remuneration

Details of the Directors' remuneration for FY2016 are set out below:

Remuneration Band and Name of Director	Salary	Bonus	Directors' fees	Allowances and other benefits	Total
\$500,000 to \$750,000					
Tan Soo Khoon Raymond	78.4%	6.2%	NIL	15.4%	100%
Below \$250,000					
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil	65.2%	NIL	34.8% ⁽¹⁾	NIL	100%
Datuk Wira Dani Daim	71.0%	NIL	14.8% ⁽²⁾	14.2%	100%
Bernard Soo Puong Yii	NIL	NIL	100.0%	NIL	100%
Ng Su Ling	NIL	NIL	100.0%	NIL	100%
Roland Kenneth Selvanayagam	NIL	NIL	100.0%	NIL	100%
Dr Denis Edmund Clarke	NIL	NIL	100.0%	NIL	100%

- (1) Directors' fees were paid to Tan Sri Dato' Nik Ibrahim Kamil when he was still the Non-Executive Chairman of the Group. Upon his re-designation as Executive Chairman on 1 October 2015, Tan Sri Dato' Nik Ibrahim Kamil was paid a salary instead.
- (2) A salary was paid to Datuk Wira Dani Daim when he was still the Executive Deputy Chairman of the Group. Upon his resignation as Executive Deputy Chairman on 30 September 2015, Datuk Wira Dani Daim was paid Directors' fees instead.

After taking into consideration the industry practice and assessing the advantages and disadvantages in relation to disclosing the remuneration of each Director and Key Executive to the nearest thousand, the Company is of the view that such disclosure would not be in the interest of the Company given the highly competitive environment of the gold mining industry that the Company operates in.

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For the financial year ending 31 March 2017, the RC has recommended that the non-executive independent Directors be paid an aggregate fee of S\$190,000, which will be tabled at the Annual General Meeting for approval by the shareholders. If approved, payment would be made quarterly in arrears after the Annual General Meeting. The sum was arrived at after taking into consideration the performance of the Company, the current economic situation and the contributions of the eligible Directors.

Details of the remuneration of the Key Executives for FY2016 are set out below:

Remuneration band of Key Executives	Designation, Company	Salary	Bonus	Allowances and other benefits	Total
S\$250,000 to S\$500,000					
Krzysztof (Chris) Gbysl	Director of African Operations, LionGold Corp Ltd Chief Executive Officer, Signature Metals Limited	100.0%	NIL	NIL	100%
Goh Sian Hin Brendan	Chief Financial Officer, LionGold Corp Ltd	79.7%	6.1%	14.2%	100%
Marty Adams (resigned on 26 February 2016)	General Manager - Victoria, Castlemaine Goldfields Pty Ltd	91.6%	NIL	8.4%	100%
Stephen Robert Jeffers (appointed on 19 April 2016)	General Manager – Victoria, Castlemaine Goldfields Pty Ltd	N.A.	N.A.	N.A.	N.A.

The aggregate amount of the total remuneration paid to the top Key Executives (who are not Directors) is S\$1,007,334.

There is no employee who is related to a Director or is an immediate family member of any Director or any Key Executive for FY2016.

In FY2013, the LionGold Performance Share Plan (“**Plan**”) was approved by shareholders at a Special General Meeting of the Company. The Plan was introduced to increase the Company’s flexibility and effectiveness in its efforts to reward, retain and motivate senior Executives and key senior Management. The Plan contemplates the award of fully-paid shares, when and after pre-determined performance or service conditions are accomplished. The selection of a participant, the number of shares to be awarded under the Plan and the performance targets to be met will be determined by a committee comprising Directors who have been duly authorised and appointed by the Board.

No shares were awarded to anyone (including Directors, senior Executives and key senior Management of the Company) pursuant to the Plan in FY2016.

Accountability and Audit

Principle 10: Board should present a balanced and understandable assessment of the Company's performance, position and prospects

The Board is accountable to the shareholders while the Management is accountable to the Board.

The Management provides the Board with detailed management accounts of the Group’s performance, position and prospects on a quarterly basis.

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The Management also presents to the Board the quarterly and full year financial statements and the AC reports to the Board on the results for review and approval. The Board approves the results after review and authorises the release of the results to the SGX-ST and the public via SGXNET. The Board provides shareholders with quarterly and annual financial reports and information pertaining to the operations, performance and financial position of the Group through announcements made on the SGXNET. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

The Board also ensures compliance with legislative and regulatory requirements, including requirements under the Catalist Rules, by establishing written policies where appropriate.

Risk Management and Internal Controls

Principle 11: Board is responsible for governance of risk and should ensure that Management maintains sound system of risk management and internal control

As the Company does not have a risk management committee, the AC and the Management assume the responsibility of the risk management function. The Management reviews regularly the Company's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant policies and procedures and highlights all significant matters to the Board and the AC.

The Board acknowledges that it is responsible for maintaining a sound system of internal controls, but recognises that no system of internal controls can provide absolute assurance against the risks of occurrence of material errors, poor judgment, human error, losses, fraud or other irregularities.

The controls in place include:

- regular submissions, either on a monthly or quarterly basis, by the operating business units of updated financial information, and if necessary, follow-up meetings with the Management of the business units on any irregular or extraordinary expenses; and
- regular submissions, either on a monthly or quarterly basis, by the operating business units of operating milestones, and if necessary, follow-up meetings with the Management of the business units on any milestones not achieved.

During FY2016, the Group's internal auditors conducted reviews of the effectiveness of the Group's internal controls, based on the scope of work as directed and approved by the AC. Any non-compliance and recommendations for improvement were reported to the AC.

For FY2016, the Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (ii) the Group's risk management and internal control systems are operating effectively in all material aspects given its current business environment.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors and reviews performed by Management, the Board and the AC are of the opinion that the Group's internal controls including financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at 31 March 2016 and meet the needs of the Group in its current business environment.

The Board recognises risk management is embedded into the operations of the Company and that it addresses material financial, operational and compliance risks to safeguard shareholders' interests and the Group's assets.

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Audit Committee

Principle 12: Establishment of Audit Committee with written terms of reference

The AC consists of three (3) Directors, namely Mr Bernard Soo Puong Yii, Ms Ng Su Ling and Mr Roland Kenneth Selvanayagam, all of whom are non-executive independent Directors. The AC has specific terms of reference and met five (5) times in FY2016.

The AC assists the Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the effectiveness of the financial reporting, management of financial and control risks, and monitoring of the internal control systems.

The responsibilities of the AC are to:

- review the audit plans of the external auditors and ensure the adequacy of the Group's system of accounting controls and the co-operation given by the Management to the external auditors;
- review the financial statements of the Group before their submission to the Board and before their announcement;
- review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;
- review the cost effectiveness and the independence and objectivity of the external auditors;
- review the nature and extent of non-audit services provided by the external auditors;
- review the assistance given by the Group's officers to the auditors;
- nominate external auditors for re-appointment;
- approve the remuneration and terms of engagement of the external auditors;
- review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, and by such amendments made thereto from time to time;
- review interested person transactions in accordance with the requirements of the Listing Manual; and
- review and report to the Board at least annually on the adequacy and effectiveness of the Group's internal controls.

The Board is of the view that the members of the AC are appropriately qualified to discharge their responsibilities and they have the requisite accounting or related financial management expertise or experience.

The AC has power to conduct or authorise investigations into any matter within the AC's scope of responsibility.

During FY2016, the AC reviewed and deliberated on acquisitions and disposals made (or proposed to be made) by the Company of assets in the gold exploration and mining industry.

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For FY2016, the AC has reviewed all non-audit services provided by the external auditors and confirmed that the non-audit service fees would not affect the independence and objectivity of the external auditors. Details of the aggregate amount of fees paid to the external auditors in FY2016 and the breakdown of fees paid in respect of audit and non-audit services can be found in Note 8 to the Financial Statements. The AC recommends to the Board the re-appointment of Baker Tilly TFW LLP as the external auditors of the Company at the forthcoming Annual General Meeting.

The subsidiaries of the Company will also re-appoint Baker Tilly TFW LLP or member firms of Baker Tilly International as their auditors.

In appointing the audit firms for the Group, the AC is satisfied that the Company has complied with Listing Rules 712 and 715.

The AC has full access and cooperation of the Management and also full discretion to invite any Director or Key Management to attend its meetings, and has been given reasonable resources to enable it to discharge its functions. The AC also meets with the external auditors without the presence of the Management at least once a year.

Changes to accounting standards and accounting issues, if any, will have a direct impact on the financial statements. Management keeps abreast of the changes to accounting standards and accounting issues, and in consultation with the external auditors, updates the AC on a regular basis.

The Group also has in place a whistle-blowing policy. The policy aims to provide an avenue for employees to raise concerns about possible improprieties in confidence, and at the same time assure them that they will be protected from victimisation for whistle-blowing in good faith. Any employee who has evidence of any misconduct may report such misconduct to any of the Independent Directors. Provided that adequate evidence has been tendered, the report will be investigated by the AC and appropriate action will be taken.

Internal Audit

Principle 13: Setting up an independent internal audit function

The Board recognises its responsibilities for maintaining a system of internal control processes to safeguard shareholders' investments and the Group's assets and business.

Currently, the Chairman of the AC requests for and relies on reports from the Management as well as the internal auditors on any material non-compliance and internal control weaknesses. The AC oversees and monitors the implementation of any improvements thereto. The AC has reviewed with the internal auditors their findings on the existence and adequacy of material control matters as part of its audit for the financial year under review. The AC is of the view that the work carried out by the internal auditors is adequate and effective.

The Company has outsourced its internal audit function to JF Virtus Pte. Ltd. The internal auditors have the requisite skill sets and experience and have carried out their function according to the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal auditors have reported their audit findings and recommendations directly to the AC. The internal audit reports have also been given to the external auditors to ensure effective use of resources and to avoid duplication of effort.

CORPORATE GOVERNANCE

Shareholders Rights and Responsibilities

Principle 14: Fair and equitable treatment of all shareholders and recognising, protecting and facilitating the exercise of shareholders' rights

Principle 15: Regular, effective and fair communication with shareholders

Principle 16: Shareholder participation at AGM

The Company believes that prompt disclosure of relevant information and a high standard of disclosure are the keys to raise the level of corporate governance. The Board believes in regular and timely communication with its shareholders. In line with continuous disclosure obligations of the Company pursuant to the Corporate Disclosure Policy of the SGX-ST, the Company's policy is that all shareholders should be equally and timely informed of all major developments that impact the Group.

Information is communicated to our shareholders on a timely basis and made through:

- Annual Reports. The Board makes every effort to ensure that the Annual Report includes all relevant information about the Group, including future developments and disclosures required by the Companies Act and Financial Reporting Standards;
- SGXNET and press releases on major developments of the Group; and
- disclosures to the Sponsor and the SGX-ST.

The Company maintains an up-to-date website at www.liongoldcorp.com where shareholders and investors can access information on the Company including press releases, corporate announcements and financial statements.

The Annual General Meeting is the principal forum for dialogue with the Company's shareholders. The Company encourages its shareholders to attend the Annual General Meeting to ensure a high level of accountability and to keep shareholders informed of the Group's strategy and goals. In addition to being sent to every shareholder of the Company, notices of general meetings are released on SGXNET and published in newspapers to inform shareholders of upcoming meetings.

The Bye-Laws of the Company allow shareholders (who are not relevant intermediaries as defined in Section 181(6) of the Companies Act) to appoint up to two (2) proxies to attend general meetings and vote on their behalf. In accordance with the Code, the Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

In general, separate resolutions are proposed for substantially separate issues and for items of special business. Where appropriate, an explanation for any proposed resolution would be provided.

The Board welcomes questions and views of shareholders on matters affecting the Company raised either informally or formally before or at the Annual General Meeting. The Board and the Management will be present to answer any queries shareholders may have. The Company's external auditors are also invited to attend the Annual General Meeting and will assist the Board in addressing queries relating to the conduct of the audit and the preparation and content of the auditors' report.

The Company does not have a fixed policy on payment of dividends at present. The form, frequency and amount of dividends will depend on the Group's current and projected performance, the Company's cash position and any other factors as the Board may deem fit. The Company will consider establishing a dividend policy when it is likely that the Company has the ability to pay a dividend.

CORPORATE GOVERNANCE

Other Corporate Governance Matters

Internal Code on Dealings in Securities

The Company has put in place an internal code on dealings with securities, which has been issued to all Directors and employees.

The internal code prohibits the dealing in securities of the Company by Directors and employees while in possession of price-sensitive information, and during the period beginning one (1) month before the announcement of the quarterly and annual results, and ending on the date of the announcement. Directors are required to report securities dealings to the Company Secretary who will assist in making the necessary announcements.

Directors and employees are required to comply with and observe the laws on insider trading even if they trade in the Company's securities outside the prohibited periods. They are discouraged from dealing in the Company's securities on short-term considerations and are reminded to observe insider trading laws at all times.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported to the AC in a timely manner and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

For FY2016, there were no interested person transactions as set out in Chapter 9 of the Listing Manual.

Material Contracts

There were no material contracts or loan by the Company or its subsidiary companies involving the interest of any Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

Non-Sponsor Fees

In compliance with Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Sponsor during FY2016, and approximately S\$428,297.94 of legal fees were paid to Morgan Lewis Stamford LLC, a related corporation of the Sponsor.

Use of Proceeds

a) Proceeds from first sub-tranche of Tranche 1 of Redeemable Convertible Bonds ("RCBs")

The Company has fully utilised the proceeds of approximately S\$905,000 arising from the issue of the first sub-tranche of the Tranche 1 RCBs to the Subscriber on 17 September 2015.

During FY2016, the Company fully utilised the proceeds of first sub-tranche of the Tranche 1 RCBs as follows:

Date of Announcement	Use of Proceeds	Amount Utilised S\$
30 October 2015	Repayment of existing debt	905,000
	Total	905,000

CORPORATE GOVERNANCE

b) Proceeds from second sub-tranche of Tranche 1 of RCBs

The Company has fully utilised the proceeds of approximately S\$950,000 arising from the issue of the second sub-tranche of the Tranche 1 RCBs to the Subscriber on 2 November 2015.

During FY2016, the Company fully utilised the proceeds of the second sub-tranche of the Tranche 1 RCBs as follows:

Date of Announcement	Use of Proceeds	Amount Utilised S\$
2 December 2015	Working capital:	600,000
	a) Advance of working capital to subsidiaries	373,284
	b) Group general administration expenses	103,020
	c) Professional fees	123,696
	Corporate guarantee & interest expenses	350,000
	Total	950,000

Pursuant to Rule 704(30) of the Catalist Rules, the Company wishes to disclose the reason for the deviation from the stated use of proceeds in the circular to Shareholders dated 21 August 2015 (the “**Circular**”). The Company refers to its announcements dated 14 August 2015 and 22 October 2015 (the “**Announcements**”) in relation to the notice to provide cash cover of S\$2,600,000 in connection with the corporate guarantee (the “**Guarantee**”) provided by the Company in favour of The Hong Kong and Shanghai Banking Corporation Limited (“**HSBC**”), to secure banking facilities of S\$5,200,000 in aggregate granted by HSBC to the Company’s former subsidiary (and now a 15% owned company), Industrial Power Technology Pte Ltd. As stated in the Announcements, there was a balance of S\$325,000 payable by the Company to HSBC on or before 15 November 2015. The Company has utilised part of the second sub-tranche of Tranche 1 RCBs Net Proceeds (as defined in the Circular) to pay the balance of S\$325,000 and has accordingly discharged all of its obligations under the Guarantee.

c) Proceeds from third sub-tranche of Tranche 1 of RCBs

The Company has fully utilised the proceeds of approximately S\$950,000 arising from the issue of the third sub-tranche of the Tranche 1 RCBs to the Subscriber on 12 January 2016.

During FY2016, the Company fully utilised the proceeds of the third sub-tranche of the Tranche 1 RCBs as follows:

Date of Announcement	Use of Proceeds	Amount Utilised S\$
27 January 2016	Repayment of existing debt	900,000
	Working capital:	50,000
	a) Professional fees	50,000
	Total	950,000

CORPORATE GOVERNANCE

d) Proceeds from fourth sub-tranche of Tranche 1 of RCBs

The Company has fully utilised the proceeds of approximately S\$950,000 arising from the issue of the fourth sub-tranche of the Tranche 1 RCBs to the Subscriber on 8 March 2016.

During FY2016, the Company fully utilised the proceeds of the fourth sub-tranche of the Tranche 1 RCBs as follows:

Date of Announcement	Use of Proceeds	Amount Utilised S\$
30 March 2016	Repayment of existing debt	500,000
	Working capital:	450,000
	a) Group general administration expenses	308,531
	b) Professional fees	141,469
	Total	950,000

e) Proceeds from fifth sub-tranche of Tranche 1 of RCBs

The Company has fully utilised the proceeds of approximately S\$950,000 arising from the issue of the fifth sub-tranche of the Tranche 1 RCBs to the Subscriber on 31 March 2016.

After FY2016, the Company fully utilised the proceeds of the fifth sub-tranche of the Tranche 1 RCBs as follows:

Date of Announcement	Use of Proceeds	Amount Utilised S\$
4 April 2016	Repayment of existing debt	950,000
	Total	950,000

f) Proceeds from sixth sub-tranche of Tranche 1 of RCBs

The Company has fully utilised the proceeds of approximately S\$950,000 arising from the issue of the sixth sub-tranche of the Tranche 1 RCBs to the Subscriber on 25 May 2016.

After FY2016, the Company fully utilised the proceeds of the sixth sub-tranche of the Tranche 1 RCBs as follows:

Date of Announcement	Use of Proceeds	Amount Utilised S\$
30 May 2016	Repayment of existing debt	950,000
	Total	950,000

DIRECTORS' STATEMENT

The directors present their statement to the members together with the consolidated financial statements of LionGold Corp Ltd (the "**Company**") and its subsidiaries (collectively the "**Group**") for the financial year ended 31 March 2016 and the balance sheet of the Company at 31 March 2016.

Opinion of the directors

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the balance sheet of the Company, together with the notes thereto, as set out on pages 44 to 122, are drawn up so as to present fairly, in all material respects, the financial position of the Group and of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended in accordance with Singapore Financial Reporting Standards; and
- (b) at the date of this statement, after considering the matters as disclosed in Note 2(a) to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Executive directors

Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil
Tan Soo Khoon Raymond

Non-executive directors

Datuk Wira Dani Daim
Bernard Soo Puong Yii
Ng Su Ling
Roland Kenneth Selvanayagam
Dr Denis Edmund Clarke

Principal activities

The principal activity of the Company is investment holding. The principal activities of the Group's subsidiaries are described in Note 16 to the financial statements.

Financial performance and dividends

Details of the financial performance of the Group for the financial year ended 31 March 2016 and the financial position of the Company and of the Group at that date are set out in the financial statements on pages 44 to 122.

No final dividend has been proposed for the current financial year (2015: Nil).

DIRECTORS' STATEMENT

Arrangements to enable directors to acquire shares and debentures

Save for the LionGold Performance Share Plan as disclosed below, neither at the end of the financial year nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

Name of director and corporation in which interests are held	Holdings registered in name of a director or nominee		Holdings in which director is deemed to have an interest	
	At the end of financial year	At the beginning of financial year	At the end of financial year	At the beginning of financial year
The Company				
<u>Ordinary Shares</u>				
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil *	1,500,000	1,500,000	40,000,000	40,000,000
Tan Soo Khoo Raymond	1,800,000	1,800,000	–	–
Datuk Wira Dani Daim **	2,600,000	2,600,000	40,000,000	40,000,000
Bernard Soo Puong Yii	950,000	950,000	–	–
Ng Su Ling	500,000	2,950,000	–	–
Roland Kenneth Selvanayagam	950,000	950,000	–	–
Dr Denis Edmund Clarke	1,300,000	1,300,000	–	–

* Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil is deemed to have an interest in these shares through Forte Services Limited, which owns an approximately 1.97% (2015: 3.27%) equity interest in the Company.

** Datuk Wira Dani Daim is deemed to have an interest in these shares through Venaton Holdings Limited, which own an approximately 1.97% (2015: 3.27%) equity interest in the Company.

The directors' shares in the ordinary shares of the Company at 21 April 2016 were the same as those at 31 March 2016.

LionGold Performance Share Plan

The LionGold Performance Share Plan ("LPSP") was approved by shareholders at a Special General Meeting of the Company on 20 December 2012. The LPSP was introduced to increase the Company's flexibility and effectiveness in its efforts to reward, retain and motivate senior executives and key senior management. The LPSP contemplates the award of fully-paid shares, when and after pre-determined performance or service conditions are accomplished. The selection of a participant, the number of shares to be awarded under the LPSP and the performance targets to be met will be determined by a committee comprising directors who have been duly authorised and appointed by the directors.

DIRECTORS' STATEMENT

Directors' interests in shares and debentures (cont'd)

LionGold Performance Share Plan (cont'd)

The aggregate number of shares which may be issued or transferred under the LPSP, when added to (i) the number of shares issued and issuable and/or transferred and transferable in respect of all share awards granted thereunder; and (ii) all shares issued or issuable and/or transferred and transferable in respect of all options granted or share awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force, should not exceed 15% of the issued share capital of the Company on the day preceding the relevant date of the share awards.

In the previous financial year, the Company granted 5,750,000 additional new shares under the LPSP to the directors of the Company on 30 June 2014 which at the date of grant had a market value of \$0.084 each share. Details of the shares awarded to the directors of the Company are as follows:

Name	Aggregate no. of shares granted during the financial year under review	No. of new shares issued during the financial year under review	Aggregate no. of shares which have not been released at the end of the financial year under review	Aggregate no. of shares granted since commencement of the LPSP to the end of the financial year under review	No. of new shares allotted since commencement of the LPSP to the end of the financial year under review
Tan Sri Dato' Nik Ibrahim Kamil					
Bin Tan Sri Nik Ahmad Kamil	-	-	-	1,500,000	1,500,000
Tan Soo Khoo Raymond	-	-	-	1,800,000	1,800,000
Datuk Wira Dani Daim	-	-	-	1,200,000	1,200,000
Bernard Soo Puong Yii	-	-	-	950,000	950,000
Ng Su Ling	-	-	-	950,000	950,000
Roland Kenneth Selvanayagam	-	-	-	950,000	950,000
Dr Denis Edmund Clarke	-	-	-	1,200,000	1,200,000

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a corporation in which he has a substantial financial interest, except that certain directors have received remuneration from related corporations in their capacity as directors and/or executives of those related corporations and except as disclosed in the accompanying financial statements.

Options to take up unissued shares

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

DIRECTORS' STATEMENT

Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

Options outstanding

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

Audit Committee

The Audit Committee ("AC") consists of three directors, namely Mr Bernard Soo Puong Yii, Ms Ng Su Ling and Mr Roland Kenneth Selvanayagam, all of whom are non-executive independent directors. The AC has specific terms of reference and met five times during the financial year ended 31 March 2016.

The AC assists the directors in maintaining a high standard of corporate governance, particularly by providing an independent review of the effectiveness of the financial reporting, management of financial and control risks, and monitoring of the internal control systems.

The responsibilities of the AC are to:

- review the audit plans of the external auditors and ensure the adequacy of the Group's system of accounting controls and the co-operation given by the Management to the external auditors;
- review the financial statements of the Group before their submission to the directors and before their announcement;
- review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;
- review the cost effectiveness and the independence and objectivity of the external auditors;
- review the nature and extent of non-audit services provided by the external auditors;
- review the assistance given by the Group's officers to the auditors;
- nominate external auditors for re-appointment;
- approve the remuneration and terms of engagement of the external auditors;
- review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, and by such amendments made thereto from time to time;
- review interested person transactions in accordance with the requirements of the Listing Manual; and
- review and report to the directors at least annually on the adequacy and effectiveness of the Group's internal controls.

The directors are of the view that the members of the AC are appropriately qualified to discharge their responsibilities and they have the requisite accounting or related financial management expertise or experience.

The AC has power to conduct or authorise investigations into any matter within the AC's scope of responsibility.

DIRECTORS' STATEMENT

Audit Committee (cont'd)

During the financial year, the AC reviewed and deliberated on acquisitions and disposals made (or proposed to be made) by the Company of assets in the gold exploration and mining industry.

During the financial year, the AC has reviewed all non-audit services provided by the external auditor of the Company and confirmed that the non-audit service fees would not affect the independence and objectivity of the external auditor. The AC recommends the re-appointment of Baker Tilly TFW LLP as the external auditor of the Company at the forthcoming Annual General Meeting.

The subsidiaries of the Company will also re-appoint Baker Tilly TFW LLP or member firms of Baker Tilly International as their auditors.

The AC has full access to and cooperation of the Management and also full discretion to invite any director or key management to attend its meetings, and has been given sufficient resources to enable it to discharge its functions. The AC also meets with the external auditors without the presence of the Management at least once a year.

Changes to accounting standards and accounting issues, if any, will have a direct impact on the financial statements. Management keeps abreast of the changes to accounting standards and accounting issues, and in consultation with the external auditors, updates the AC on a regular basis.

The Group also has in place a whistle-blowing policy. The policy aims to provide an avenue for employees to raise concerns about possible improprieties in confidence, and at the same time assure them that they will be protected from victimisation for whistle-blowing in good faith. Any employee who has evidence of any misconduct may report such misconduct to any of the Independent Directors. Provided that adequate evidence has been tendered, the report will be investigated by the AC and appropriate action will be taken.

Internal audit

The directors recognise its responsibilities for maintaining a system of internal control processes to safeguard shareholders' investments and the Group's assets and business.

Currently, the Chairman of the AC requests for and relies on reports from the Management as well as the internal auditors on any material non-compliance and internal control weaknesses. The AC oversees and monitors the implementation of any improvements thereto. The AC has reviewed with the internal auditors their findings on the existence and adequacy of material control matters as part of its audit for the financial year under review. The AC is of the view that the work carried out by the internal auditors is adequate.

The Company has outsourced its internal audit function to JF Virtus Pte. Ltd. The internal auditors have the requisite skill sets and experience and have carried out their function according to the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal auditors have reported their audit findings and recommendations directly to the AC. The internal audit report has also been given to the external auditors to ensure effective use of resources and to avoid duplication of effort.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors and reviews performed by Management, the AC and the directors are of the opinion that the Group's internal controls addressing financial, operational and compliance and information technology risks were adequate at 31 March 2016.

In the opinion of the directors, the Group has complied with the Code of Corporate Governance's guidelines on audit committees as well as Rules 712 and 715 of the SGX-ST Listing Manual, Section B: Rules of Catalist.

DIRECTORS' STATEMENT

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil
Director

Tan Soo Khoon Raymond
Director

1 July 2016

INDEPENDENT AUDITOR'S REPORT

To The Members Of Liongold Corp Ltd (Incorporated in Bermuda with Limited Liability)

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of LionGold Corp Ltd (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 44 to 122, which comprise the consolidated balance sheet of the Group and balance sheet of the Company at 31 March 2016 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Singapore Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

1. Opening balances

The independent auditor's report on the consolidated financial statements of the Group and the balance sheet of the Company for the financial year ended 31 March 2015 included a disclaimer of opinion on the existence of material uncertainties which may cast significant doubt about the ability of the Group and the Company to continue as going concerns, and inability to obtain sufficient appropriate audit evidence on a loss of \$6,119,000 in respect of a subsidiary included in the loss from discontinued operations. The extract of the basis for disclaimer of opinion is disclosed in Note 45 to the financial statements.

In view of the matters described in the basis for disclaimer of opinion paragraphs on the financial statements for the financial year ended 31 March 2015, we were unable to determine whether the opening balances of the Group as at 1 April 2015 were fairly presented. Since the opening balances as at 1 April 2015 entered into the determination of the financial performance, changes in equity and cash flows of the Group for the financial year ended 31 March 2016, we were unable to determine whether adjustments might have been found necessary in respect of the consolidated financial statements of the Group for the financial year ended 31 March 2016.

Our opinion on the current year's consolidated financial statements of the Group and the balance sheet of the Company is also modified because of the possible effect of these matters on the comparability of the current year's figures and the corresponding figures.

INDEPENDENT AUDITOR'S REPORT

To The Members Of Liongold Corp Ltd (Incorporated in Bermuda with Limited Liability)

Report on the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

2. Going concern assumptions

As disclosed in Note 2(a) to the financial statements, the Group reported a loss of \$28,177,000 for the financial year ended 31 March 2016 and as at that date, the Group's and the Company's current liabilities exceeded their current assets (excluding disposal group assets classified as held for sale and its associated liabilities) by \$14,072,000 and \$48,582,000 respectively.

As further disclosed in Notes 38 and 42 to the financial statements, the Group and the Company are exposed to certain material uncertainties in relation to guarantees provided and contingent liabilities that could result in material financial obligations in future periods.

In addition, as disclosed in Note 3 to the financial statements, in April 2014, the Company and one of its subsidiaries were served notices by the Commercial Affairs Department of the Singapore Police Force in relation to an investigation into an offence under the Securities and Futures Act, Chapter 289. As the Commercial Affairs Department has not provided details of its investigation, we are unable to ascertain (i) whether the investigation would have an impact on the Group's and the Company's ongoing business operations; and (ii) the significance of adjustments, if any, that may arise from the investigation, to the accompanying financial statements.

During the financial year, the Company entered into a bond restructuring agreement to restructure the repayment of their outstanding convertible bonds which were due on 8 May 2015 ("Restructured Loan") and subsequently entered into a subscription agreement with a fund and its manager for the issuance of redeemable convertible bonds ("RCB"). Notwithstanding these, the Company did not make certain payments of the Restructured Loan during the financial year in accordance with the repayment term. Management is currently in the process of negotiating for an extension of time to repay the quarterly payment of the Restructured Loan.

Additionally, as disclosed in Note 25 to the financial statements, the Company did not make certain payments during the financial year in accordance with the repayment term to a creditor under a deed of settlement. Management is currently in the process of negotiating for an extension of time for repayment.

There exists a material uncertainty on the ability of the Company to issue the RCB on a timely basis to repay the Restructured Loan and to settle the overdue payable under the deed of settlement.

These factors indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group and the Company to continue as going concerns.

The directors of the Company believe that the Group and the Company will be able to raise the necessary funds from the RCB to enable the Group and the Company to repay their debts and fund their operations for the foreseeable future. The directors have determined that it is appropriate for the Group and the Company to adopt the going concern assumption in preparing the accompanying financial statements.

The ability of the Group and the Company to remain as going concerns are therefore dependent on the above assumptions, which are premised on future events and market conditions, the outcome of which is inherently uncertain.

INDEPENDENT AUDITOR'S REPORT

To The Members Of Liongold Corp Ltd (Incorporated in Bermuda with Limited Liability)

Report on the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

2. Going concern assumptions (cont'd)

The financial statements have been prepared on the assumptions that the Group and the Company will continue as going concerns. If the Group and the Company are unable to continue in operational existence for the foreseeable future, and the Group and the Company may be unable to discharge their liabilities in the normal course of business, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

We were unable to obtain sufficient appropriate audit evidence to conclude on the appropriateness of the use of the going concern assumption for the preparation of the accompanying financial statements. As a result, we were unable to determine whether any adjustments might be necessary in respect of the accompanying financial statements for the financial year ended 31 March 2016.

3. Disposal group held for sale

As disclosed in Note 19(a) to the financial statements, the unaudited management accounts of a subsidiary, Owere Mines Limited ("OML") were used to prepare the consolidated financial statements of the Group, as the audited financial statements of OML for the financial year ended 31 March 2016 are not available.

As further disclosed in Note 19(a) to the financial statements, the assets and liabilities related to OML have been presented as a disposal group held for sale and the results from OML is presented separately on the consolidated statement of profit or loss as discontinued operations.

Total disposal group assets and total liabilities directly associated with disposal group related to OML and classified as held for sale in the consolidated balance sheet of the Group amounted to \$25,557,000 and \$6,898,000 respectively at 31 March 2016. Net loss of OML included in the loss from discontinued operations in the consolidated statement of profit or loss amounted to \$9,006,000 for the financial year ended 31 March 2016.

We were unable to perform audit procedures to obtain sufficient appropriate audit evidence with respect to the management accounts of OML which have been incorporated into the consolidated financial statements of the Group. Consequently, we were unable to determine whether any adjustments might be necessary in respect of the consolidated financial statements of the Group for the financial year ended 31 March 2016.

INDEPENDENT AUDITOR'S REPORT

To The Members Of Liongold Corp Ltd (Incorporated in Bermuda with Limited Liability)

Report on the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

4. Impairment of a loan receivable

As disclosed in Note 15 to the financial statements, included in the other receivables at 31 March 2016 is a loan receivable of \$3,627,000 due from a third party. During the financial year ended 31 March 2016, the Group and the Company have recognised a full allowance for impairment loss on the loan receivable. The directors are of the opinion that the recoverability of the loan receivable is in doubt.

In addition, as disclosed in Note 15 to the financial statements, in February 2016, the Company has entered into a debt assignment agreement to assign the loan receivable to another third party for a consideration of \$3,200,000. As at the date of the accompanying financial statements, the assignment has not taken place as it is subject to the fulfilment of the conditions precedent.

We were unable to conclude whether the full allowance for impairment loss provided on the loan receivable is appropriate. Consequently, we were unable to determine whether any adjustments might be necessary in respect of the accompanying financial statements for the financial year ended 31 March 2016.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Other Matter

The consolidated financial statements of the Group and the balance sheet of the Company for the financial year ended 31 March 2015 were audited by another independent auditor whose report dated 14 August 2015 expressed a disclaimer of opinion on those financial statements as detailed in Note 45 to the financial statements.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

1 July 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For The Financial Year Ended 31 March 2016

	Note	2016 \$'000	(Restated) (Note 19) 2015 \$'000
CONTINUING OPERATIONS			
Revenue	4	67,123	73,399
Cost of sales	8	(67,161)	(64,272)
Gross (loss)/profit		(38)	9,127
Other income	5	516	775
Expenses:			
Administrative expenses		(6,940)	(10,130)
Other expenses	6	(10,105)	(42,668)
Finance costs	7	(2,622)	(3,745)
Total expenses		(19,667)	(56,543)
Loss before income tax from continuing operations	8	(19,189)	(46,641)
Income tax credit	10	18	–
Loss from continuing operations, net of tax		(19,171)	(46,641)
DISCONTINUED OPERATIONS			
Loss from discontinued operations, net of tax	19	(9,006)	(14,698)
Loss for the year		(28,177)	(61,339)
Loss for the year attributable to:			
Equity holders of the Company		(23,111)	(53,105)
Non-controlling interests		(5,066)	(8,234)
		(28,177)	(61,339)
Attributable to:			
Equity holders of the Company			
Loss from continuing operations, net of tax		(16,807)	(40,847)
Loss from discontinued operations, net of tax		(6,304)	(12,258)
Loss for the year attributable to equity holders of the Company		(23,111)	(53,105)
Non-controlling interests			
Loss from continuing operations, net of tax		(2,364)	(5,794)
Loss from discontinued operations, net of tax		(2,702)	(2,440)
Loss for the year attributable to non-controlling interests		(5,066)	(8,234)
Loss per share attributable to equity holders of the Company (\$ cents)	11		
Continuing and discontinued operations			
- Basic and diluted		(1.66)	(4.78)
Continuing operations			
- Basic and diluted		(1.21)	(3.68)
Discontinued operations			
- Basic and diluted		(0.45)	(1.10)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 March 2016

		(Restated) (Note 19) 2015 \$'000
	2016 \$'000	
Loss for the year	(28,177)	(61,339)
Other comprehensive loss, net of tax		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Currency translation differences	(1,277)	(14,659)
Total comprehensive loss for the year	(29,454)	(75,998)
Total comprehensive loss for the year attributable to:		
Equity holders of the Company	(24,488)	(63,452)
Non-controlling interests	(4,966)	(12,546)
	(29,454)	(75,998)
Attributable to:		
Equity holders of the Company		
Total comprehensive loss from continuing operations, net of tax	(18,184)	(51,194)
Total comprehensive loss from discontinued operations, net of tax	(6,304)	(12,258)
Total comprehensive loss for the year attributable to equity holders of the Company	(24,488)	(63,452)
Non-controlling interests		
Total comprehensive loss from continuing operations, net of tax	(2,264)	(10,106)
Total comprehensive loss from discontinued operations, net of tax	(2,702)	(2,440)
Total comprehensive loss for the year attributable to non-controlling interests	(4,966)	(12,546)

The accompanying notes form an integral part of these financial statements

BALANCE SHEETS

As At 31 March 2016

		Group		Company	
				(Restated)	
				(Note 46)	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	12	9,705	15,607	1,124	3,231
Financial assets at fair value through profit or loss	13	—^	—^	—^	—^
Available-for-sale financial assets	14	803	6,488	—	5,394
Other receivables	15	573	4,625	112	3,936
Due from subsidiaries	16	—	—	823	5,696
Other current assets	17	1,137	455	852	96
Inventories	18	4,725	7,718	—	—
		16,943	34,893	2,911	18,353
Disposal group assets classified as held for sale	19	25,557	—	—	—
		42,500	34,893	2,911	18,353
Non-current assets					
Available-for-sale financial assets	14	—	—	—	—
Other receivables	15	—	931	—	—
Security deposits	20	4,467	4,878	—	—
Investments in subsidiaries	16	—	—	63,368	62,181
Exploration and evaluation expenditure	21	4,298	29,131	—	—
Mining properties	22	4,958	4,688	—	—
Property, plant and equipment	23	20,258	32,481	18	5
Intangible assets	24	—	15	—	—
Deferred tax assets	32	—	—	—	—
		33,981	72,124	63,386	62,186
Total assets		76,481	107,017	66,297	80,539
LIABILITIES					
Current liabilities					
Trade and other payables	25	10,358	13,626	3,456	2,908
Due to subsidiaries	16	—	—	27,932	32,401
Income tax liabilities		—	18	—	—
Finance lease liabilities	26	552	1,595	—	—
Borrowings	27	19,805	—	19,805	—
Convertible bonds	28	—	27,035	—	27,035
Derivative liability conversion option in convertible bonds	29	300	—	300	—
		31,015	42,274	51,493	62,344
Liabilities directly associated with disposal group classified as held for sale	19	6,898	—	—	—
		37,913	42,274	51,493	62,344

[^] Amount less than \$1,000

The accompanying notes form an integral part of these financial statements

BALANCE SHEETS

As At 31 March 2016

		Group		Company	
				(Restated)	
		2016	2015	2016	(Note 46)
	Note	\$'000	\$'000	\$'000	2015
					\$'000
LIABILITIES (cont'd)					
Non-current liabilities					
Finance lease liabilities	26	328	156	-	-
Convertible bonds	28	1,306	-	1,306	-
Deferred consideration	30	1,754	1,790	-	-
Rehabilitation and preservation provision	31	5,278	7,131	-	-
Deferred tax liabilities	32	-	-	-	-
Other non-current liabilities	33	18,587	18,558	-	-
		27,253	27,635	1,306	-
Total liabilities		65,166	69,909	52,799	62,344
Net assets		11,315	37,108	13,498	18,195
EQUITY					
Issued capital and reserves attributable to equity holders of the Company					
Issued capital	34	204	67,736	204	67,736
Share premium	34	274,162	268,598	274,162	268,598
Discount on capital	34	-	(3,650)	-	(3,650)
Other reserves		(226,042)	(263,533)	(260,868)	(314,489)
Equity attributable to equity holders of the Company		48,324	69,151	13,498	18,195
Non-controlling interests		(37,009)	(32,043)	-	-
Total equity		11,315	37,108	13,498	18,195

The accompanying notes form an integral part of these financial statements

For The Financial Year Ended 31 March 2016

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2016

	Attributable to equity holders of the Company											
	Issued capital	Share premium	Discount on capital	Contributed surplus	Statutory reserve	Warrant reserve	Equity reserve	Foreign currency translation reserve	Accumulated losses	Subtotal	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 April 2014	57,975	265,701	-	(11,833)	3,100	16,308	119	(23,068)	(184,588)	123,714	(19,497)	104,217
Loss for the year	-	-	-	-	-	-	-	-	(53,105)	(53,105)	(8,234)	(61,339)
Other comprehensive loss, net of tax:												
- Currency translation differences	-	-	-	-	-	-	-	(10,347)	-	(10,347)	(4,312)	(14,659)
Total comprehensive loss for the year	-	-	-	-	-	-	-	(10,347)	(53,105)	(63,452)	(12,546)	(75,998)
Issue of shares (Note 34)	9,474	2,701	(3,650)	-	-	-	-	-	-	8,525	-	8,525
Issue of performance shares	287	196	-	-	-	-	-	-	-	483	-	483
Disposal of subsidiaries	-	-	-	11,833	(3,100)	-	-	-	(8,733)	-	-	-
Realisation of impairment loss in available-for-sale financial assets	-	-	-	-	-	-	(119)	-	-	(119)	-	(119)
At 31 March 2015	67,736	268,598	(3,650)	-	-	16,308	-	(33,415)	(246,426)	69,151	(32,043)	37,108

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 March 2016

	Note	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Loss before income tax		(28,195)	(60,943)
Adjustments for:			
Allowance for impairment loss on			
- available-for-sale financial assets	6	264	14,169
- exploration and evaluation expenditure	21	4,155	-
- other receivables	6	4,353	531
Amortisation of			
- discount on provision for rehabilitation and preservation	31	220	177
- intangible assets	24	3	29
- mining properties	8	7,552	7,348
Depreciation of property, plant and equipment	23	10,309	11,533
Expenses for amount payable to non-controlling interests	6	323	682
Exploration and evaluation expenditure written off	6	147	1,922
Fair value loss on			
- consideration receivable	6	-	78
- financial assets at fair value through profit or loss	6	-	586
Loss on disposal of subsidiaries	6	213	12,927
Loss recognised on reduction in shareholding interest of subsidiaries	6	-	3,527
(Gain)/loss on disposal of available-for-sale financial assets	6	(1,564)	2,388
Loss/(gain) on disposal of property, plant and equipment	5	6	(40)
Loss on remeasurement of deferred consideration	6	-	345
Gain on derivative financial instruments	5	-	(388)
Performance shares awarded	9	-	483
Property, plant and equipment written off		-	145
Provision for corporate guarantee	6	-	1,000
Receivables written off	6	2,955	-
Unrealised foreign exchange loss		264	3,294
Interest income		(426)	(295)
Interest expense	7	2,572	3,685
Operating cash flows before working capital changes		3,151	3,183
Changes in operating assets and liabilities:			
Inventories		2,993	(368)
Other receivables		(3,740)	(5,556)
Other current assets		74	(2,352)
Trade and other payables		1,325	5,026
Other liabilities		909	(138)
Cash generated from/(used in) operations		4,712	(205)
Interest received		426	295
Interest paid		(1,371)	(1,783)
Net cash generated from/(used in) operating activities		3,767	(1,693)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 March 2016

	Note	2016 \$'000	2015 \$'000
Cash flows from investing activities			
Disposal of subsidiaries, net of cash and cash equivalents disposed	A	814	(3,831)
Reduction in shareholding interest of subsidiaries, net of cash and cash equivalents disposed	B	-	(40)
Additions to mining properties	22	(8,043)	(4,230)
Disposal of available-for-sale financial assets		6,958	1,435
Exploration and evaluation expenditure	21	(1,631)	(2,951)
Net proceeds from disposal of financial assets at fair value through profit or loss		-	800
Proceeds from disposal of property, plant and equipment		21	88
Purchase of property, plant and equipment		(2,482)	(4,067)
Net cash used in investing activities		(4,363)	(12,796)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		-	6,225
Proceeds from issuance of convertible bonds		4,750	-
Proceeds from borrowings		2,000	-
Repayment of borrowings		(10,823)	-
Repayment of finance lease liabilities		(959)	(1,236)
Refunds of security deposits		41	-
Net cash (used in)/generated from financing activities		(4,991)	4,989
Net decrease in cash and cash equivalents		(5,587)	(9,500)
Cash and cash equivalents at the beginning of the financial year		15,607	23,485
Effect of foreign exchange rate changes, net		(259)	1,622
Cash and cash equivalents at the end of the financial year		9,761	15,607

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

Cash and cash equivalents

- Continuing operations	12	9,705	15,607
- Discontinued operations	19	56	-
Cash and cash equivalents per consolidated statement of cash flows		9,761	15,607

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 March 2016

Note A:

Disposal of subsidiaries

During the financial year, the Group disposed of its 100% equity interest in Brimstone Resources Limited for a consideration of \$468,000.

In the previous financial year, the Group disposed of its 100% equity interest in Ivy Bushes Holding Ltd and 100% equity interest in Acadian Mining Corporation for a consideration of \$10,829,000 and \$7,005,000 respectively.

The aggregate effects of the disposal of the above subsidiaries on the cash flows of the Group were as follows:

	2016 \$'000	2015 \$'000
Property, plant and equipment	-	2,205
Exploration and evaluation expenditure	421	9,135
Intangible assets	-	1,314
Other non-current assets	-	51
Inventories	-	4,012
Security deposit	-	126
Trade and other receivables	42	23,128
Other current assets	-	3,052
Cash and cash equivalents	4	14,809
Trade and other payables	-	(21,412)
Deferred tax liabilities	-	(1,516)
Identified net assets disposed of	467	34,904
<u>Loss on disposal</u>		
Consideration receivable	468	17,834
Net assets disposed of	(467)	(34,904)
Transfer to foreign exchange reserves	(214)	4,143
Loss on disposal (Note 6)	(213)	(12,927)
Consideration received in cash and cash equivalents		
- in respect of disposal in current financial year	468	10,978
- in respect of disposal in previous financial year	350	-
Less: Cash and cash equivalents of subsidiaries disposed of	(4)	(14,809)
Net cash inflow/(outflow) on disposal of subsidiaries	814	(3,831)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 March 2016

Note B:

Reduction in shareholding interest of subsidiaries

In the previous financial year, the Company entered into an Investment Agreement with Silvermane Investments Limited (the "Investor") on 26 September 2014 whereby the Investor agreed to subscribe for new shares to be issued by Vista Gold (Antigua) Corp ("VGA"), LionGold South America ("LGSA") and LionGold Bolivia Ltd ("LGB") that would allow the Investor to gain a 89.46% shareholding control over each VGA, LGSA and LGB or effectively, a 89.46% interest in the Amayapampa Gold Project. As a result, effective 26 September 2014, the three companies ceased to be subsidiaries of the Company and were deconsolidated from that date.

The effects of the reduction in shareholding interest of the above subsidiaries on the cash flows of the Group were as follows:

	2015 \$'000
Property, plant and equipment	328
Exploration and evaluation expenditure	13,623
Other non-current assets	10
Inventories	697
Trade and other receivables	226
Other current assets	380
Cash and cash equivalents	40
Trade and other payables	(6,160)
Rehabilitation and preservation provision	(1,105)
Other non-current liabilities	(1,331)
Identified net assets deconsolidated	<u>6,708</u>
<u>Loss on reduction in shareholding interest of subsidiaries</u>	
Net assets deconsolidated	(6,708)
Transfer to foreign exchange reserves	(319)
10% interest retained	3,500
Loss on deconsolidation (Note 6)	<u>(3,527)</u>
Net cash outflow on reduction in shareholding interest of subsidiaries	<u>(40)</u>

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

1 General

The Company was incorporated in Bermuda on 23 June 2004 as an exempt company with limited liability under the Companies Act 1981 of Bermuda with its registered office at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. Its principal place of business is located at 59 Mohamed Sultan Road, #02-08 Sultan Link, Singapore 238999. The shares of the Company are listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). On 5 June 2015, the Company has effectively transferred its listing from the Main Board of the SGX-ST to the Catalist of the SGX-ST.

The principal activity of the Company is investment holding. The principal activities of the Group's subsidiaries are described in Note 16.

2 Summary of significant accounting policies

(a) Going concern assumptions

During the financial year, the Group reported a loss for the year of \$28,177,000 (2015: \$61,339,000) and as at that date, the Group's and the Company's current liabilities exceeded their current assets (excluding disposal group assets classified as held for sale and its associated liabilities) by \$14,072,000 and \$48,582,000 respectively.

As further disclosed in Notes 38 and 42, the Group and the Company are exposed to certain material uncertainties in relation to guarantees provided and contingent liabilities that could result in material financial obligations in future periods.

In addition, as disclosed in Note 3, in April 2014, the Company and one of its subsidiaries were served notices by the Commercial Affairs Department of the Singapore Police Force in relation to an investigation into an offence under the Securities and Futures Act, Chapter 289. As the Commercial Affairs Department has not provided details of its investigation, the management is unable to ascertain (i) whether the investigation would have an impact on the Group's and the Company's ongoing business operations; and (ii) the significance of adjustments, if any, that may arise from the investigation, to the accompanying financial statements.

On 22 May 2015, Premier Equity Fund Sub Fund D ("PEFD"), managed by Value Capital Asset Management Pte. Ltd. ("Value Capital"), completed the purchase of the outstanding \$23,630,000 (US\$17,000,000) in aggregate principal amount of 9% convertible bonds due on 8 May 2015 (the "Bonds") from the then bondholder. On 19 June 2015, the Company entered into the Bond Restructuring Agreement with PEFD and Value Capital for the repayment of the outstanding Bonds ("Restructured Loan"). Pursuant to the Bond Restructuring Agreement, the Company agreed to pay an upfront amount of \$2,780,000 (US\$2,000,000) towards repayment of the Restructured Loan. The outstanding Restructured Loan balance of approximately \$21,802,000 (US\$15,685,000) (including outstanding coupon payment of \$924,000 (US\$685,000)) would be payable over the course of 24 months with a minimum payment of \$2,500,000 every quarter. In addition, on 19 June 2015, the Company also entered into a Subscription Agreement with Premier Equity Fund Sub Fund E ("PEFE") and Value Capital for the issuance of \$100,000,000 in aggregate amount of redeemable convertible bonds ("RCB"). The terms of the Bond Restructuring Agreement and the Subscription Agreement were approved by shareholders at a Special General Meeting on 14 September 2015 and the 1st sub-tranche of \$1,000,000 RCB was issued on 17 September 2015.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

2 Summary of significant accounting policies (cont'd)

(a) Going concern assumptions (cont'd)

On 5 April 2016, the Company entered into a Supplemental Agreement with PEFE and Value Capital to remove the minimum conversion price of \$0.003 per conversion share agreed under the terms of the Subscription Agreement. The terms of the Supplemental Agreement were approved by shareholders at a Special General Meeting on 29 April 2016.

As at 31 March 2016, and assuming the removal of the minimum conversion price of \$0.003 per conversion share had been effected, the aggregate principal amount of RCB that can be issued will be significantly lower than \$100,000,000. Based on the maximum number of conversion shares that may be issued pursuant to the conversion of the RCB of 33,333,333,333 conversion shares, the 771,424,471 shares previously issued pursuant to the conversion of an aggregate \$3,300,000 principal amount of RCB (up to 31 March 2016) and the minimum conversion price of \$0.00085 per conversion share, the Company may issue a balance of an aggregate principal amount of approximately \$25,000,000 of RCB pursuant to the Subscription Agreement.

During the financial year, PEFE has subscribed for an aggregate principal amount of \$5,000,000 of RCB and the Company has repaid approximately \$10,823,000 to PEFD and the Bonds.

As disclosed in Note 27, the Company did not make certain payments of the Restructured Loan during the financial year in accordance with the repayment term. Management is currently in the process of negotiating for an extension of time to repay the quarterly payment of the Restructured Loan and is confident that PEFD and its manager, Value Capital will accede to an extension of time.

Additionally, as disclosed in Note 25, the Company did not make certain payments in accordance with the repayment term of the deed of settlement entered with Bass Metal Limited ("BSM") during the financial year. Management is currently in the process of negotiating for an extension of time for repayment with BSM.

There exists a material uncertainty on the ability of the Company to issue the RCB on a timely basis to pay \$2,500,000 every quarter towards repayment of the Restructured Loan and to settle the overdue payable to BSM.

These factors indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group and the Company to continue as going concerns.

The directors of the Company however believe that the Group and the Company will be able to raise the necessary funds from the RCB to enable the Group and the Company to repay their debts and fund their operations for the foreseeable future. The directors have determined that it is appropriate for the Group and the Company to adopt the going concern assumption in preparing the accompanying financial statements.

The ability of the Group and the Company to remain as going concerns are therefore dependent on the above assumptions, which are premised on future events and market conditions, the outcome of which is inherently uncertain.

The financial statements have been prepared on the assumptions that the Group and the Company will continue as going concerns. If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities or realise their assets in the normal course of business. Assets may need to be realised at amounts which could differ from the amounts at which they are currently recorded in the balance sheets and additional liabilities may arise. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

2 Summary of significant accounting policies (cont'd)

(b) Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“**FRS**”) and under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

On 1 April 2015, the Group adopted the new or amended FRS and Interpretations to FRS (“**INT FRS**”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 March 2016 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company except as disclosed below:

FRS 115 Revenue from Contracts with Customers

FRS 115 replaces FRS 18 ‘Revenue’, FRS 11 ‘Construction contracts’ and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. FRS 115 provides a single, principle-based model to be applied to all contracts with customers. It provides guidance on whether revenue should be recognised at a point in time or over time, replacing the previous distinction between goods and services. The standard introduces new guidance on specific circumstances where cost should be capitalised and new requirements for disclosure of revenue in the financial statements. The standard is effective for annual periods beginning on or after 1 January 2018. The Group will reassess its contracts with customers in accordance with FRS 115.

FRS 109 Financial Instruments

FRS 109 includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. FRS 109, when effective will replace FRS 39 Financial Instruments: Recognition and Measurement. This standard is effective for annual periods beginning on or after 1 January 2018. The Group will reassess the potential impact of FRS 109 and plans to adopt the standard on the required effective date.

(c) Group accounting

Subsidiaries

Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

2 Summary of significant accounting policies (cont'd)

(c) Group accounting (cont'd)

Subsidiaries (cont'd)

Basis of consolidation (cont'd)

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any accumulated impairment losses. An assessment of recoverable amounts of investments in subsidiaries is performed when there is an indication that the asset has been impaired or the impairment losses recognised in the prior years no longer exist.

Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises of the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the identifiable net assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with accounting policy for goodwill stated on Note 2(e). In instances where the latter amount exceeds the former, the excess is recognised in profit or loss as a gain from bargain purchase on the acquisition date.

Disposals of subsidiaries or businesses

When a change in the Group ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

2 Summary of significant accounting policies (cont'd)

(c) Group accounting (cont'd)

Subsidiaries (cont'd)

Disposals of subsidiaries or businesses (cont'd)

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(d) Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2(v) on borrowing costs) and any fair value gains or losses on qualifying cash flow hedges of property, plant and equipment that are transferred from the hedging reserve.

No depreciation is provided on freehold land. Depreciation on items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Leasehold land and building	- 5 years
Leasehold improvements	- 3 to 5 years
Plant and machinery	- 5 to 10 years
Moulds	- 5 years
Office and electronic equipment	- 3 to 10 years
Motor vehicles	- 5 to 10 years
Field equipment	- 5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

2 Summary of significant accounting policies (cont'd)

(d) Property, plant and equipment (cont'd)

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

(e) Intangible assets

Computer software

Acquired computer software licenses are initially capitalised at cost which includes the purchase price and other directly attributable cost of preparing the asset for its intended use. Capitalised computer software licenses are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of five years.

Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

(f) Exploration and evaluation expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest where the rights to tenure of the area of interest are current. Expenditure for each area of interest is carried forward as an asset provided that at least one of the following conditions is met:

- such costs are expected to be recouped through further development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of resources, and active operations in relation to the area are continuing to provide the additional information required to make a determination.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

2 Summary of significant accounting policies (cont'd)

(f) Exploration and evaluation expenditure (cont'd)

Expenditure which fails to meet the conditions outlined above are expensed in the period in which they are incurred. When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off in full against profit in the year in which the decision to abandon the area is made.

Exploration and evaluation assets acquired under an acquisition of assets or business combination are recognised at fair value. Expenditure incurred subsequent to acquisition in respect of an exploration asset is accounted for in accordance with the policy outlined above.

Directors regularly review the carrying value of exploration and evaluation expenditure to determine the appropriateness of continuing to carry forward capitalised costs in relation to an area of interest.

When production of an area of interest commences, the exploration and evaluation expenditure will be reclassified to mining properties. The accumulated costs for the relevant area of interest will then be amortised over the life of the area according to the rate of depletion.

(g) Mining properties

Mining properties includes costs that are required to bring a property from an evaluation phase to production. Expenditure includes direct and indirect costs that are required to provide access to ore sources and to provide facilities for extracting, gathering, transporting and treatment of the minerals. These costs may include the purchase price for development assets, expenditure associated with the development of open-cut or underground areas of interest, the establishment or refurbishment and recommissioning of processing facilities and the costs of dismantling and restoring the site where such obligations arise when the asset is acquired or constructed. Mining property expenditure may occur when a mine or facility is acquired or constructed and during production to provide further expansion or access to ore sources during the life of the mine or facility.

Expenditures are capitalised to the extent that these costs are expected to be recouped through commercially viable extraction of resources.

Mining property expenditure is amortised on a units of production basis. Where no reserves exist and future expenditure is required to calculate further resources, future production and development costs may need to be taken into account when determining the rate of amortisation.

The amortisation method is reviewed periodically.

Mining property expenditure is stated in the accounts at cost less accumulated amortisation.

(h) Impairment of goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

2 Summary of significant accounting policies (cont'd)

(h) Impairment of goodwill (cont'd)

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value in use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(i) Impairment of non-financial assets excluding goodwill

Property, plant and equipment, intangible assets (excluding goodwill), mining properties and exploration and evaluation expenditure and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets have been impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs. If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. The impairment loss is recognised in profit or loss unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment is also recognised in profit or loss.

(j) Inventories

Inventories are recognised when it is probable that future economic benefits will flow to the entity and the asset has a cost or value that can be reliably measured. Inventories are stated at the lower of cost and net realisable value. Costs comprise any cost of purchase, costs of conversion or production and any cost incurred in bringing the inventories to their present location and condition. Costs may include direct materials and labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

2 Summary of significant accounting policies (cont'd)

(k) Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

A financial asset is designated at fair value through profit or loss if acquired principally for the purpose of selling in the short-term or if so designated by management. Assets in this category are classified as current assets if they are expected to be realised within 12 months after the balance sheet date.

Purchases and sales of investments are recognised on the trade-date - the date on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss are initially recognised and subsequently carried at fair value. Realised and unrealised gains and losses arising from the changes in fair value including the effects of currency translation, interest and dividends, are included in profit or loss in the period in which they arise. The fair values of quoted financial assets are based on quoted market prices.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "other receivables", "other current assets" (excluding prepayments), "cash and cash equivalents", "security deposits" and "due from subsidiaries" on the balance sheet.

Other receivables

Other receivables and amounts due from subsidiaries are recognised initially at fair value plus transaction costs and subsequently carried at amortised costs using the effective interest method, less allowance for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks or financial institutions, including fixed deposits. Cash and cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of changes in value.

For the purpose of presentation in consolidated statement of cash flows, cash and cash equivalents are shown net of fixed deposits pledged.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

2 Summary of significant accounting policies (cont'd)

(k) Financial assets (cont'd)

Loans and receivables (cont'd)

Security deposits

Security deposits are short term deposits to support bank guarantees in favour of various parties. These deposits are subject to restrictions relating mainly to the Group's environmental and rehabilitation obligations under exploration and mining licenses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Assets in this category are presented as non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

Available-for-sale financial assets are initially recognised at fair value plus, any direct attributable transaction costs, and subsequently carried at fair value with gains and losses being recognised directly in equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in profit or loss. Available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measurable, are measured at cost less impairment loss.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

2 Summary of significant accounting policies (cont'd)

(k) Financial assets (cont'd)

Impairment of financial assets (cont'd)

Available-for-sale financial assets

A significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

For available-for-sale financial assets carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of impairment loss is recognised in profit or loss and such losses are not reversed in subsequent periods.

(l) Trade and other payables

Trade and other payables (including non-current amount due to non-controlling interest) represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid or when the Group becomes a party of the contractual provisions of the financial instruments. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method. Trade and other payables are de-recognised when the obligation under the liability is discharged.

(m) Borrowings

Loans

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

2 Summary of significant accounting policies (cont'd)

(m) Borrowings (cont'd)

Convertible bonds

The convertible bond is a hybrid instrument that combines feature of derivative liability component and non-convertible bond component.

The derivative liability component (conversion option) is recognised at its fair value, determined by applying the binomial option valuation model. On subsequent measurements, the conversion option is measured at its fair value, with fair value changes recognised in profit or loss. When the conversion option is exercised, its carrying amount is transferred to share capital. When the conversion option lapses, its carrying amount is transferred to accumulated losses.

The difference between the total proceeds and the derivative liability component is allocated to the non-convertible bond component. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

(n) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

(o) Contingent consideration

Contingent consideration arises when settlement of all or any part of the cost of a business combination is based upon the achievement of a future event. The consideration is stated at fair value at the date of acquisition. Where the effect of the time value of money is material, the amount of the consideration is the present value of the expenditures expected to be required to settle the obligation.

Contingent consideration balances are reviewed periodically for changes in the estimates of the amount or timing of future cash flows and changes in the discount rate.

(p) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the expected amount payable to the holder. Financial guarantees contracts are amortised in profit or loss over the period of the guarantee.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

2 Summary of significant accounting policies (cont'd)

(q) Income tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(r) Leases

Where the Group is the lessee:

The Group leases certain plant and machinery under finance leases and office space under operating leases from non-related parties.

Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

2 Summary of significant accounting policies (cont'd)

(r) Leases (cont'd)

Where the Group is the lessee: (cont'd)

Operating leases

Leases where substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are charged to profit or loss on a straight-line basis over the period of the leases.

Where the Group is the lessor:

Operating leases

Leases where the Group retains substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(s) Rehabilitation and preservation provisions

The estimated costs of future site rehabilitation and restoration, including heritage preservation where required, associated with previous mining and/or exploration activity are provided for as and when an obligation arises and are included in the costs of the related area of interest. These costs may include the dismantling and removal of any plant, equipment and building structures and rehabilitation, where such work is deemed required by the relevant government authorities and the cost of making safe any remaining aspects of the previous mining operation.

Closure provisions are measured at the present value of the expected future cash flows that will be required to perform the decommissioning and rehabilitation. The provision is based on the best estimate of future costs, current legal and practical requirements and technology. Provisions are reviewed periodically for changes in the estimates of the amount or timing of future cash flows and changes in the discount rate and are accounted for on a prospective basis.

(t) Revenue and other income recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity, and the amount of revenue and related cost can be reliably measured.

Sale of gold

Revenue from the sale of gold is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer and collectibility of the related receivables is reasonably assured.

Rental income

Rental income from operating leases are recognised on a straight-line basis over the lease term.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

2 Summary of significant accounting policies (cont'd)

(u) Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefits plans under which the Group pays fixed contributions into separate entities. The Group participates in the national schemes as defined by the laws of the countries in which it operates. The Group's contributions are recognised as an expense in profit or loss as and when they are incurred. The Group has no further payment obligations once the contributions have been paid.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Employee leave entitlement

Employee entitlements to annual leave, sick leave or long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave, sick leave or long service leave as a result of services rendered by employees up to the balance sheet date.

(v) Borrowing costs

Borrowing costs incurred to finance the acquisition of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method. The amount of borrowing cost capitalised on that asset is the actual borrowing costs incurred during the period less any investment income on the temporary investment of those borrowings.

(w) Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

(x) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the management who are responsible for allocating resources and assessing performance of the operating segments.

(y) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

2 Summary of significant accounting policies (cont'd)

(z) Currency translation

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar (\$), which is the functional currency of the Company.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss within "finance cost". All other foreign exchange gains and losses impacting profit or loss are presented in the consolidated statement of profit or loss within "other expenses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

2 Summary of significant accounting policies (cont'd)

(aa) Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

- (i) represents a separate major line of business or geographical area of operations; or
- (ii) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (iii) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Investigations by the Commercial Affairs Department

In April 2014, the Company and one of its subsidiaries were served notices by the Commercial Affairs Department of the Singapore Police Force in relation to an investigation into an offence under the Securities and Futures Act, Chapter 289. As the Commercial Affairs Department has not provided details of its investigation, the management is unable to ascertain (i) whether the investigation would have an impact on the Group's and the Company's ongoing business operations; and (ii) the significance of adjustments, if any, that may arise from the investigation, to the accompanying financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

3 Critical accounting estimates, assumptions and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

Estimated useful life and residual value of property, plant and equipment

Items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of the property, plant and equipment, therefore future depreciation charges could be revised. Management estimates the useful lives of the individual items of property, plant and equipment to be within 3 to 10 years. The carrying amount of the Group's property, plant and equipment at 31 March 2016, excluding construction in progress, was \$18,647,000 (2015: \$29,114,000).

Any changes in the expected useful lives of these assets would affect the net carrying amount of property, plant and equipment and the depreciation charges for the financial year.

Impairment of non-current assets

Intangible assets, property, plant and equipment, and exploration and evaluation expenditure are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash-generating-units, have been determined based on the higher of fair value less cost to sell and value in use calculations. These calculations require the use of estimates. Changes to these estimates and assumptions could result in a change in the carrying value of these assets.

The carrying amounts of the intangible assets, property, plant and equipment, and exploration and evaluation expenditure at the balance sheet date are disclosed in Notes 24, 23 and 21 respectively.

During the financial year, there was an impairment loss arising from discontinued operations of \$4,155,000 (2015: Nil) in relation to exploration and evaluation expenditure.

Ore reserves, mineral resource and exploration target

The Group estimates ore reserves, mineral resources and exploration targets based on information compiled by competent persons. Ore reserves and mineral resources are categorised based on the level of geological confidence and the economic viability of extraction. Resources are an identified mineral occurrence with reasonable prospects for eventual economic extraction and reserves are the economically mineable part of a resource where appropriate assessments demonstrate that economic extraction can be reasonably justified. An exploration target is a hypothetical view of a mineralised reef which is not necessarily economic. It is not a mineral resource or ore reserve. There is no guarantee that tonnages will be either realised or economic. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, production costs, metal prices, mining control, dilution or other relevant issues. Ore reserves, mineral resources, exploration targets, if applicable, determined in this way are taken into account in the calculation of depreciation, amortisation, impairment, mining properties and rehabilitation expenditure.

The determination of ore reserves, mineral resources, exploration targets and mine life affects the Group's financial performance and financial position including asset carrying values impacted by estimated future cash flows, depreciation and amortisation charges, impairment and rehabilitation provision.

The carrying amount of the Group's rehabilitation and preservation provision at 31 March 2016 is disclosed in Note 31.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

3 Critical accounting estimates, assumptions and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

Amortisation of mining properties

Mining property expenditure is amortised on a cost per ounce basis utilising estimates of total production and projected total capitalised cost. The amortisation method is reviewed half yearly and any changes in expected production and future expenditure on capitalised mine development are accounted for by changing the amortisation calculation, which is a change in accounting estimate.

During the year, amortisation of mining properties recognised was \$7,552,000 (2015: \$7,348,000) (Note 22).

The carrying amount of the Group's mining properties at 31 March 2016 is disclosed in Note 22.

Impairment of other receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

During the financial year, there was an impairment of \$4,353,000 (2015: \$531,000) in relation to other receivables (Note 6). The carrying amounts of the Group's and the Company's other receivables at 31 March 2016 are disclosed in Note 15.

Rehabilitation and preservation provision

Provision is made for environmental rehabilitation and preservation costs when the related environmental disturbance occurs, based on the net present value of estimated future costs. The ultimate cost of environmental disturbance is uncertain and management uses its judgement and experience to provide for these costs over the life of the operations. Cost estimates can vary in response to many factors including changes to the relevant legal or local/national government ownership requirements, the Group's environmental policies, the emergence of new restoration techniques, the timing of the expenditures and the effects of inflation. Experience gained at other mine or production sites is also a significant consideration.

Cost estimates are updated throughout the life of the operation. The expected timing of expenditure included in cost estimates can also change, for example in response to changes in ore reserves, production rates, operating licence or economic conditions. Expenditure may occur before and after closure and can continue for an extended period of time depending on the specific site requirements. Some expenditure can continue into perpetuity.

Cash flows must be discounted if this has a material effect. The selection of appropriate sources on which to base calculation of the risk free discount rate used for this purpose also requires judgement.

As a result of all of the above factors there could be significant adjustments to the provision for close down, restoration and clean-up costs which would affect future financial results.

The carrying amount of the Group's rehabilitation and preservation provision at 31 March 2016 is disclosed in Note 31.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

3 Critical accounting estimates, assumptions and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

Inventories

The Group records gold in ore stockpiles and fold in the process of being recovered or in unshipped dore bars at the lower of average production cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimates and assumptions used in the measurement of work in process inventories include quantities of contained fold in ore stockpiles and in the mill processing circuits, recoverability of ounces contained in work in process inventories and the price per fold ounce expected to be realised when the ounces of gold are recovered. If these estimates or assumptions prove to be inaccurate, the Group may be required to write down the carrying amounts of work in process inventories, which may reduce the Group's earnings and working capital.

The carrying amount of the Group's inventories at 31 March 2016 is disclosed in Note 18.

Impairment of investments in subsidiaries

Management assesses impairment of the above-mentioned assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the impairment loss. Fair value less cost to sell calculation is based on observable market prices or market valuations less incremental costs for disposing asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

There was a write-back of impairment of \$1,484,000 (net) (2015: impairment of \$8,106,000) in relation to investments in subsidiaries for the current financial year. The carrying amount of the Company's investments in subsidiaries at 31 March 2016 is disclosed in Note 16.

Impairment of amounts due from subsidiaries

The Company assesses at each balance sheet date whether there is any objective evidence that the amounts due from subsidiaries is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as industry performance, technology changes and operational and financing cash flows. Management will also consider the financial conditions and business prospects of the subsidiaries.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on the forecasted performance of the subsidiary. The carrying amount of the amounts due from subsidiaries at 31 March 2016 is disclosed in Note 16.

Critical judgement made on applying accounting policies

In the process of applying the Group's accounting policies, management has made certain judgements, apart from those involving estimations, which have a significant effect on the amounts recognised in the financial statements.

Contingent liabilities arising from legal proceedings

Legal proceedings covering a range of matters are pending against the Group in various jurisdictions. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against the Company often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, the Group consults with legal counsel and certain other experts on matters related to litigation.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

3 Critical accounting estimates, assumptions and judgements (cont'd)

Critical judgement made on applying accounting policies (cont'd)

Contingent liabilities arising from legal proceedings (cont'd)

The Group recognises a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

During the financial year, no provision was recognised in relation to contingent liabilities which arose from legal proceedings as disclosed in Note 38 (2015: Nil).

Production start date

The Group assesses the stage of the mine under construction to determine when the mine moves into production stage. The criteria used to assess the start date are determined based on the unique nature of the construction project, such as the complexity of the plant and its location. The Group considers various relevant criteria to assess when the mine and the processing plant is substantially complete and ready for its intended use. At this time, any costs capitalised to "exploration and evaluation expenditure" are reclassified to "mining properties" and "property, plant and equipment". Some of the criteria will include, but are not limited, to the following:

- Availability of the plant
- Completion of a reasonable period of testing of the mine plant and equipment
- Ability to produce metal in saleable form (within specifications)
- Ability to sustain ongoing production of metal at commercial rates of production

When a mine construction project moves into the production state, the capitalisation of certain mine construction costs ceases and costs are either regarded as inventory or expenses, except for costs that qualify for capitalisation relating to mine asset additions or improvements, mine development or mineable reserve development. It is also at that point that depreciation/amortisation commences.

Exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

There was an impairment loss arising from discontinued operations of \$4,155,000 (2015: Nil) and a write-off arising from continuing operations of \$147,000 (2015: \$1,922,000) in relation to exploration and evaluation expenditure for the current financial year. The carrying amount of the Company's exploration and evaluation expenditure at 31 March 2016 is disclosed in Note 21.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

4 Revenue

	Group	
	2016	2015
	\$'000	\$'000
Sale of gold	67,123	73,399

5 Other income

	Group	
	2016	2015
	\$'000	\$'000
Gain on derivative financial instruments	-	388
(Loss)/gain on disposal of property, plant and equipment	(6)	40
Interest income	426	262
Rental income	71	62
Others	25	23
	516	775

6 Other expenses

	Group	
	2016	(Restated) 2015
	\$'000	\$'000
Allowance for impairment loss on available-for-sale financial assets	264	14,169
Allowance for impairment loss on other receivables	4,353	531
Expenses for amount payable to non-controlling interests	323	682
Exploration and evaluation expenditure written off	147	1,922
Fair value loss on consideration receivables	-	78
Fair value loss on financial assets at fair value through profit or loss	-	586
(Gain)/loss on disposal of available-for-sale financial assets	(1,564)	2,388
Loss on foreign exchange (net)	536	3,460
Loss on remeasurement of deferred consideration (Note 30)	-	345
Loss on disposal of subsidiaries	213	12,927
Loss recognised on a reduction in shareholding interest of subsidiaries	-	3,527
Other mining related expenses	328	774
Property, plant and equipment written off	-	142
Provision for corporate guarantee	-	1,000
Receivables written off	2,955	-
Settlement payment with a third party (Note 25)	2,539	-
Others	11	137
	10,105	42,668

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

7 Finance costs

	Group	
		(Restated)
	2016	2015
	\$'000	\$'000
Interest on term loan	53	-
Interest on loan from a third party	-	60
Interest on finance lease liabilities	60	184
Interest on restructured loan and convertible bonds	2,459	3,441
Total interest expense	2,572	3,685
Amortisation of discount on provision for rehabilitation and preservation	50	60
	2,622	3,745

8 Loss before income tax from continuing operations

	Group	
		(Restated)
	2016	2015
	\$'000	\$'000
Loss before income tax is arrived at after charging/(crediting):		
Cost of sales		
- cost of inventories sold	50,114	46,430
- depreciation of property, plant and equipment	9,495	10,494
- amortisation of mining properties (Note 22)	7,552	7,348
	67,161	64,272
Included in administrative expenses:		
Employee benefits costs (Note 9)	3,492	4,501
Depreciation of property, plant and equipment	209	218
Royalty fees	(4)	14
Travelling expenses	298	562
Legal and professional fees	814	1,409
Operating lease rental on offices and staff quarters	316	345
Audit fees:		
- Auditors of the Company	297	834
- Other auditors*	240	376
Non-audit fees:		
- Auditors of the Company	2	21
- Other auditors*	24	-

* Includes independent member firms of Baker Tilly International network.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

9 Employee benefits costs (including key management personnel's remuneration)

	Group	
	2016	2015
	\$'000	\$'000
Salaries and related costs	3,328	3,844
Employer's contributions to defined contribution plans	164	174
Performance share plan expenses	-	483
	3,492	4,501

Remuneration of key management personnel has been separately disclosed in Note 36, Related party transactions.

10 Income tax

	Group	
	2016	2015
	\$'000	\$'000
<u>Continuing operations</u>		
Over provision of income tax in prior years	(18)	-
<u>Discontinued operations</u>		
Current year income tax	-	11
Deferred income tax	-	385
	-	396
Tax (credit)/expense is attributable to:		
- continuing operations	(18)	-
- discontinued operations (Note 19)	-	396
	(18)	396

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

10 Income tax (cont'd)

A reconciliation of income tax calculated at the applicable corporate tax rate with income tax (credit)/expense is as follows:

	Group	
	2016	(Restated) 2015
	\$'000	\$'000
Loss before income tax		
- Continuing operations	(19,189)	(46,641)
- Discontinued operations (Note 19)	(9,006)	(14,302)
	(28,195)	(60,943)
Income tax benefits calculated at applicable tax rates	(6,478)	(15,658)
Tax effect of income not subject to income tax	(210)	(704)
Tax effect of expenses not deductible for income tax	5,123	12,777
Utilisation of previously unrecognised tax losses	(1,040)	(3,518)
Deferred tax assets not recognised	2,605	7,114
Over provision in prior years	(18)	-
Reversal of deferred income tax assets	-	385
	(18)	396

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

11 Loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2016	(Restated) 2015
Loss from continuing operations, net of tax (\$'000)	(16,807)	(40,847)
Loss from discontinued operations, net of tax (\$'000)	(6,304)	(12,258)
Loss for the year attributable to equity holders of the Company (\$'000)	(23,111)	(53,105)
Weighted average number of ordinary shares on issue ('000)	1,387,517	1,111,030
Basic and diluted loss per share (\$ cents)		
Continuing operations	(1.21)	(3.68)
Discontinued operations	(0.45)	(1.10)
Total continuing and discontinued operations	(1.66)	(4.78)

There was no difference between the basic and diluted loss per share as the effect of all potentially dilutive shares outstanding was anti-dilutive for the financial years ended 31 March 2016 and 31 March 2015.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

12 Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	6,598	13,493	1,124	3,231
Fixed deposits	3,107	2,114	-	-
	9,705	15,607	1,124	3,231
Average rates of interest at the balance sheet date:				
- Fixed deposits	2.78%	2.65%	-	-

Fixed deposits have an average maturity of two months (2015: one month).

13 Financial assets at fair value through profit or loss

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Quoted investments	-^	-^	-^	-^

^ Amount less than \$1,000

14 Available-for-sale financial assets

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<i>Current</i>				
Quoted investments, at fair value	803	6,488	-	5,394
Unquoted investment, at cost	2,500	2,500	-	-
Less: Allowance for impairment loss	(2,500)	(2,500)	-	-
	-	-	-	-
Total current	803	6,488	-	5,394
<i>Non-current</i>				
Unquoted investments, at cost	5,341	5,341	3,500	3,500
Less: Allowance for impairment loss	(5,341)	(5,341)	(3,500)	(3,500)
Total non-current	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

14 Available-for-sale financial assets (cont'd)

The movement in the allowance for impairment loss of available-for-sale financial assets is as follows:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Balance at the beginning of the financial year	7,841	4,141	3,500	-
Allowance for impairment loss	-	3,700	-	3,500
Balance at the end of the financial year	7,841	7,841	3,500	3,500

Quoted investments

The investment in quoted equity shares in Australia at 31 March 2016 relates to the Group's investment in A1 Consolidated Gold Limited (2015: Citigold Corporation Limited, Unity Mining Ltd, Atlantic Gold Corporation and A1 Consolidated Gold Limited). During the financial year, the investment amounting to \$803,000 (2015: Nil) is pledged to a third party as a security (Note 25).

During the financial year, the Group and the Company recognised an impairment loss of \$264,000 (2015: \$10,469,000) and Nil (2015: \$8,266,000) respectively against the quoted equity shares whose market price had been below cost for a prolonged period.

Unquoted investments

The unquoted investments represent the Group's and the Company's interest in the unquoted equity securities. These investments are carried at cost as the fair values of these unquoted equity securities cannot be measured reliably. These investments have been fully impaired as at the end of the previous financial year.

15 Other receivables

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<i>Non-current</i>				
Prepayment	-	305	-	-
VAT recoverable	-	626	-	-
	-	931	-	-
<i>Current</i>				
VAT recoverable	353	474	-	-
Loan receivables:				
- Loan A	-	300	-	300
- Loan B	3,627	-	3,627	-
Sundry debtors	1,126	4,382	1,018	4,167
Less: Allowance for impairment loss	(4,533)	(531)	(4,533)	(531)
	573	4,625	112	3,936

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

15 Other receivables (cont'd)

The movement in the allowance for impairment loss of the other receivables is as follows:

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial year	531	–	531	–
Allowance for impairment loss	4,533	531	4,533	531
Write-back of allowance	(180)	–	(180)	–
Write-off	(351)	–	(351)	–
Balance at the end of the financial year	4,533	531	4,533	531

Loan A

Loan A is granted to a former subsidiary of the Company, Industrial Power Technology Pte. Ltd. ("IPT"). During the financial year, additional loans totalled \$1,088,000 are granted. The loans are unsecured, interest-bearing at 8% (2015: 8%) per annum, and are due and payable at the expiration of loans period of 36 months from the date of drawdown from September 2014 to December 2015. At the balance sheet date, the Group and the Company has written off the loans amounted to \$1,388,000 (2015: Nil), of which \$300,000 (2015: Nil) is written off against allowance for impairment loss made in the previous financial year.

Loan B

Loan B relates to an amount due from a third party, Annica Holdings Limited ("Annica"). The loan arose from Songkhla Biomass Company Limited ("Songkhla"), a customer of IPT which has made claims totalling \$5,200,000 from the Company and Annica, as guarantors of performance securities in respect of the design, engineering, supply, construction, commissioning and testing contract entered into between Songkhla and IPT together with its 49% owned associated company, Industrial Power (Thailand) Co., Ltd, on grounds of project delays (the "SKB Claims"). As a result, the Company entered into two (2) deeds of settlement with Annica whereby the Company and Annica agreed to share the amount under the SKB Claims (Note 42).

In connection with the aforesaid, the Company provided Annica with a loan of \$3,627,000 as at 31 March 2016, to repay the Company's share of the SKB Claims and for IPT's working capital purposes. The loan is unsecured, interest-bearing at 8% per annum and is due and payable at the expiration of loan period on 22 October 2018.

In February 2016, the Company has entered into an Assignment of Term Loan Facility ("Assignment") with Annica and Mr Lim In Chong to assign the unsecured term loan facility with Annica from the Company to Mr Lim In Chong for a consideration of \$3,200,000. The Assignment has not taken place as it is subject to the fulfilment of the Conditions Precedent of the Assignment.

The directors are of the opinion that the recoverability of the loan is in doubt and the Group and the Company have recognised a full allowance for impairment loss on the loan amount.

Sundry debtors

Included in sundry debtors of the Group and the Company is a receivable amount of \$1,000,000 (2015: \$3,000,000) arising from the disposal of subsidiaries, Ivy Bushes Holding Ltd and its subsidiaries in the previous financial year. During the financial year, the Group and the Company agreed to waive an amount of \$1,650,000 (2015: Nil) and has written off this amount to profit or loss. Subsequent to the balance sheet date, an amount of \$100,000 was recovered. The directors are of the opinion that the recoverability of the remaining balance is in doubt and the Group and the Company have recognised a full allowance for impairment loss on the remaining balance of \$900,000.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

16 Investments in subsidiaries and amounts due from/(to) subsidiaries

	Company	
		(Restated)
	2016	2015
	\$'000	\$'000
Investments in subsidiaries, at cost	150,942	156,773
Less: Allowance for impairment loss	(87,574)	(94,592)
Investments in subsidiaries, net	63,368	62,181
Due from subsidiaries	97,010	98,385
Less: Allowance for impairment loss	(96,187)	(92,689)
Due from subsidiaries, net	823	5,696
Due to subsidiaries	(27,932)	(32,401)

The amounts due from/(to) subsidiaries are non-trade, unsecured, interest-free and repayable in cash on demand. No part of the amount of \$823,000 (2015: \$5,696,000) due from subsidiaries is either past due or impaired.

The movement in the allowance for impairment loss of the investments in subsidiaries is as follows:

	Company	
		(Restated)
	2016	2015
	\$'000	\$'000
Balance at the beginning of the financial year - as previously reported	112,351	86,486
Prior year adjustment (Note 46)	(17,759)	-
Balance at the beginning of the financial year - as restated	94,592	86,486
Disposal of subsidiaries	(5,534)	-
Allowance for impairment loss	7,550	14,744
Write-back of allowance	(9,034)	(6,638)
Balance at the end of the financial year	87,574	94,592

During the financial year, management performed impairment tests for the investments in certain subsidiaries as these subsidiaries had been persistently making losses. Full allowance for impairment loss of \$7,550,000 (2015: \$14,744,000) was recognised to write down these investments.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

16 Investments in subsidiaries and amounts due from/(to) subsidiaries (cont'd)

A prior year adjustment was made to write back the allowance for impairment loss of \$17,759,000, which was previously over-recognised on the investment in Castlemaine Goldfields Pty Ltd ("CGT"). In the previous financial year, the management did not take into account the amount advanced by CGT to the Company, the amount of which has been fully provided for by CGT in its financial statements. This has resulted in an over-provision of allowance for impairment loss of \$17,759,000 at 31 March 2015. During the financial year, a reversal of the allowance for impairment of \$9,034,000 (2015: \$6,638,000) was recognised to write-back the net carrying amount of investment in CGT to the recoverable amount at the balance sheet date as CGT was profitable and generated positive cash inflow from operating activities. The recoverable amount of CGT of \$63,367,000 (2015: \$54,333,000) was determined based on its fair value less cost to sell. The fair value less cost to sell is determined based on adjusted net assets value of CGT, which is determined by taking into account the fair values of underlying assets and liabilities of the CGT. This fair value measurement is categorised as a Level 3 fair value in the fair value hierarchy based on the inputs in the valuation technique used.

The movement in the allowance for impairment loss of the amounts due from subsidiaries is as follows:

	Company	
	2016 \$'000	2015 \$'000
Balance at the beginning of the financial year	92,689	111,324
Disposal of subsidiaries	(2,680)	(40,142)
Allowance for impairment loss	6,315	21,301
Exchange differences	(137)	206
Balance at the end of the financial year	96,187	92,689

The Company has impaired \$96,187,000 (2015: \$92,689,000) of the amounts due from subsidiaries as management considered the relevant amounts to be not recoverable.

Details of the subsidiaries are as follows:

Name of company and country of incorporation/operation	Principal activities	Percentage of equity held directly		Percentage of equity held indirectly	
		2016 %	2015 %	2016 %	2015 %
<u>Held by the Company</u>					
Think Power Pte. Ltd. ^(a) Singapore	Investment holding	100	100	–	–
LionGold Investments Pte. Ltd. ^(a) Singapore	Investment holding	100	100	–	–
LionGold Corp (Singapore) Pte. Ltd. ^(a) Singapore	Investment holding	100	100	–	–
Signature Metals Limited ^(b) Australia	Investment holding	76.86	76.86	–	–

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

16 Investments in subsidiaries and amounts due from/(to) subsidiaries (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of company and country of incorporation/operation	Principal activities	Percentage of equity held directly		Percentage of equity held indirectly	
		2016 %	2015 %	2016 %	2015 %
<u>Held by the Company (cont'd)</u>					
Castlemaine Goldfields Pty Ltd ^(b) Australia	Gold mining	100	100	-	-
Brimstone Resources Limited Australia	Gold exploration	-	100	-	-
LionGold Australia Pty Ltd ^(b) Australia	Investment holding	100	100	-	-
LionGold Mining Canada Inc. ^(c) Canada	Investment holding	100	100	-	-
<u>Held by subsidiaries</u>					
Mornington Offshore Inc ^(c) British Virgin Islands	Investment holding	-	-	70	70
Emas Mali S.A. ^(c) Mali	Gold exploration	-	-	70	70
Emas Keikoro S.A. ^(c) Mali	Gold exploration	-	-	56	56
Owere Mines Limited ^(d) Ghana	Gold exploration	-	-	53.80	53.80
Uganda Minerals Pty Ltd ^(b) Australia	Gold exploration	-	-	76.86	76.86
Kenya Exploration Pty Ltd Australia	Gold exploration	-	-	-	76.86
Embuyaga Exploration Ltd ^(c) Uganda	Gold exploration	-	-	76.86	76.86
Balmaine Gold Pty Ltd ^(b) Australia	Gold exploration	-	-	100	100
Ironbark Mining Pty Ltd ^(b) Australia	Gold exploration	-	-	100	100

(a) Audited by Baker Tilly TFW LLP, Singapore

(b) Audited by independent member firm of Baker Tilly International network

(c) Not required to be audited under the laws of the country of incorporation

(d) The audited financial statements for the financial year ended 31 March 2016 are not available

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

17 Other current assets

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Sundry deposits	107	98	30	20
Prepayments	1,030	357	822	76
	1,137	455	852	96

18 Inventories

	Group	
	2016	2015
	\$'000	\$'000
Raw materials, at cost	1,069	1,383
Gold in circuit and in safe, at net realisable value	3,153	5,563
Stockpile of unprocessed dore, at net realisable value	503	772
	4,725	7,718

The cost of inventories recognised as an expense and included in "cost of sales" amounted to \$50,114,000 (2015: \$46,430,000).

19 Discontinued operations and disposal group classified as held for sale

- (a) On 30 March 2016, the Board of Directors approved the plan to dispose or dilute its equity interest in Owere Mines Limited ("OML") to below 10%.

On 23 May 2016, Signature Metals Limited ("SML") entered into a separation agreement with its business partner, Talos Ghana Limited in respect of OML. The effect of the separation agreement will be to dilute SML's interest in OML from 70.0% to 0.01%. The assets and liabilities related to OML have been presented as a disposal group held for sale and the results from OML is presented separately on the consolidated statement of profit or loss as "Discontinued Operations" accordingly. The comparative statement of profit or loss has been re-presented as if the operations had been discontinued from the start of the comparative year.

The unaudited management accounts of OML were used to prepare the consolidated financial statements of the Group, as the audited financial statements of OML for the financial year ended 31 March 2016 are not available.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

19 Discontinued operations and disposal group classified as held for sale (cont'd)

(b) In the previous financial year, the Group disposed of the following:

- i) its 100% equity interest in Acadian Mining Corporation ("AMC") for a consideration of \$7,005,000.
- ii) its 100% equity in Ivy Bushes Holding Ltd ("IBH") for a consideration of \$10,829,000.

In addition, the Group had reduced its indirect interest in Minera Nueva Vista SA ("MNV") from 100% to 10.54%.

The effect of the disposal of the above subsidiaries and the reduction in shareholding interest of subsidiaries on the cash flows of the Group is disclosed in Notes A and B of the consolidated statement of cash flows respectively.

(c) An analysis of the results of discontinued operations, and the results recognised on the remeasurement of disposal group is as follows:

	OML		AMC, IBH and MNV		Total	
	2016	2015	2016	2015	2016	(Restated) 2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	-	-	-	50,841	-	50,841
Cost of sales	-	-	-	(46,009)	-	(46,009)
Gross profit	-	-	-	4,832	-	4,832
Other income	-	-	-	243	-	243
Selling and distribution expenses	-	-	-	(1,300)	-	(1,300)
Administrative expenses	(2)	(577)	-	(4,680)	(2)	(5,257)
Other expenses	(8,834)	(7,439)	-	(5,264)	(8,834)	(12,703)
Finance costs	(170)	(117)	-	-	(170)	(117)
Loss before tax	(9,006)	(8,133)	-	(6,169)	(9,006)	(14,302)
Tax expense (Note 10)	-	-	-	(396)	-	(396)
Total loss from discontinued operations	(9,006)	(8,133)	-	(6,565)	(9,006)	(14,698)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

19 Discontinued operations and disposal group classified as held for sale (cont'd)

(d) The impact of the discontinued operations on the cash flows of the Group are as follows:

	OML		AMC, IBH and MNV		Total	
	2016	2015	2016	2015	2016	(Restated) 2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating cash flows	(2,654)	(1,806)	-	(12,547)	(2,654)	(14,353)
Investing cash flows	(410)	(2,781)	-	(358)	(410)	(3,139)
Financing cash flows	2,257	4,474	-	7,732	2,257	12,206
Net cash outflow	(807)	(113)	-	(5,173)	(807)	(5,286)

Details of disposal group classified as held for sale are as follows:

	OML 2016 \$'000
Property, plant and equipment	3,500
Other non-current assets	990
Intangible assets	11
Security deposits	272
Exploration and evaluation expenditure	20,723
Other receivables	5
Cash and cash equivalents	56
	25,557
Liabilities directly associated with disposal group classified as held for sale:	
Trade and other payables	5,186
Rehabilitation and preservation provision	1,712
	6,898
Reserve:	
Foreign currency translation reserve	(31,888)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

20 Security deposits

	Group	
	2016	2015
	\$'000	\$'000
Security deposits with banks	4,467	4,878

Security deposits are short term deposits to support bank guarantees in favour of various parties. The deposits of varying maturities are renewed throughout the life of the related rehabilitation bonds. The current deposits earn interest ranging from 2.45% to 3.00% (2015: 2.20% to 3.58%) per annum with the longest dated maturity of 15 June 2016 (2015: 2 July 2015). The term of future investment periods will take into account relative interest rates. The security deposits are renewed periodically to meet the obligations under the guarantees.

21 Exploration and evaluation expenditure

	Group	
	2016	2015
	\$'000	\$'000
Cost		
Balance at the beginning of the financial year	99,268	146,097
Disposal of subsidiaries	(3,796)	(9,135)
Reduction in shareholding interest of subsidiaries	-	(26,048)
Reclassification from property, plant and equipment	-	1,932
Expenditure capitalised during the financial year	1,631	2,951
Return of exploration rehabilitation bond	(41)	-
Write-off	(2,081)	(1,922)
Reclassified to disposal group assets classified as held for sale	(84,995)	-
Exchange differences	(2,262)	(14,607)
Balance at the end of the financial year	7,724	99,268
Accumulated impairment		
Balance at the beginning of the financial year	70,137	91,419
Disposal of subsidiaries	(3,375)	-
Reduction in shareholding interest of subsidiaries	-	(12,425)
Allowance for impairment loss	4,155	-
Write-off	(1,934)	-
Reclassified to disposal group assets classified as held for sale	(64,272)	-
Exchange differences	(1,285)	(8,857)
Balance at the end of the financial year	3,426	70,137
Net carrying amount		
Balance at the end of the financial year	4,298	29,131

Exploration and evaluation expenditure represent the acquisition costs and/or accumulation of exploration and evaluation activities in respect of areas of interest.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

22 Mining properties

	Group	
	2016	2015
	\$'000	\$'000
Cost		
Balance at the beginning of the financial year	21,570	20,106
Additions	8,043	4,230
Exchange differences	1,256	(2,766)
Balance at the end of the financial year	30,869	21,570
Accumulated amortisation		
Balance at the beginning of the financial year	16,882	11,935
Amortisation (Note 8)	7,552	7,348
Exchange differences	1,477	(2,401)
Balance at the end of the financial year	25,911	16,882
Net carrying amount		
Balance at the end of the financial year	4,958	4,688

Mining properties represent the acquisition costs and/or accumulation of exploration, evaluation and development expenditure in respect of areas of interest in which mining has commenced. Total mining properties cost is amortised over the estimated units of production.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

23 Property, plant and equipment

	Freehold land \$'000	Leasehold land and building \$'000	Leasehold improvements \$'000	Plant and machinery \$'000	Office and electronic equipment \$'000	Motor vehicles \$'000	Field equipment \$'000	Construction in progress \$'000	Total \$'000
Group 2016									
Cost									
At 1 April 2015	5,153	4,434	349	35,901	1,063	1,201	5,165	3,367	56,633
Additions	-	-	-	-	20	-	-	2,586	2,606
Disposals/write-offs	-	-	-	(98)	(26)	-	-	-	(124)
Write-back of rehabilitation and preservation provision	-	-	-	-	-	-	(134)	-	(134)
Transfer	-	-	-	4,298	35	(54)	-	(4,279)	-
Reclassified to disposal group assets classified as held for sale	-	-	-	(5,394)	(95)	(315)	-	-	(5,804)
Disposal of subsidiaries	-	-	-	-	(2)	-	-	-	(2)
Exchange differences	(104)	(90)	-	(809)	(17)	(27)	(107)	(63)	(1,217)
At 31 March 2016	5,049	4,344	349	33,898	978	805	4,924	1,611	51,958
Accumulated depreciation									
At 1 April 2015	-	2,527	175	18,459	726	817	1,448	-	24,152
Charge for the year	-	931	70	7,597	217	138	1,356	-	10,309
Disposals/write-offs	-	-	-	(73)	(24)	-	-	-	(97)
Reclassified to disposal group assets classified as held for sale	-	-	-	(1,927)	(89)	(288)	-	-	(2,304)
Disposal of subsidiaries	-	-	-	-	(2)	-	-	-	(2)
Exchange differences	-	(36)	-	(286)	(10)	(19)	(7)	-	(358)
At 31 March 2016	-	3,422	245	23,770	818	648	2,797	-	31,700
Net carrying amount									
At 31 March 2016	5,049	922	104	10,128	160	157	2,127	1,611	20,258

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

23 Property, plant and equipment (cont'd)

	Freehold land \$'000	Leasehold land and building \$'000	Leasehold improvements \$'000	Plant and machinery \$'000	Moulds \$'000	Office and electronic equipment \$'000	Motor vehicles \$'000	Field equipment \$'000	Construction in progress \$'000	Total \$'000
Group										
2015										
Cost										
At 1 April 2014	5,680	5,167	744	41,901	4,008	2,151	1,996	5,522	3,222	70,391
Additions	-	-	-	460	457	81	-	5	3,540	4,543
Disposals/write-offs	-	-	-	(270)	(258)	(110)	(336)	(43)	(104)	(1,121)
Transfer	-	-	-	451	3	17	134	199	(804)	-
Reclassification to exploration and evaluation expenditure	-	-	-	-	-	-	-	-	(1,932)	(1,932)
Reduction in shareholding interest of subsidiaries	-	(109)	-	(70)	-	(210)	-	(7)	-	(396)
Disposal of subsidiaries	-	(173)	(423)	(2,008)	(4,418)	(814)	(469)	-	(55)	(8,360)
Exchange differences	(527)	(451)	28	(4,563)	208	(52)	(124)	(511)	(500)	(6,492)
At 31 March 2015	5,153	4,434	349	35,901	-	1,063	1,201	5,165	3,367	56,633
Accumulated depreciation										
At 1 April 2014	-	1,710	498	13,638	3,114	1,136	794	370	-	21,260
Charge for the year	-	1,040	71	8,250	179	376	405	1,212	-	11,533
Disposals/write-offs	-	-	-	(212)	(5)	(104)	(172)	(32)	-	(525)
Reduction in shareholding interest of subsidiaries	-	(5)	-	(9)	-	(53)	-	(1)	-	(68)
Disposal of subsidiaries	-	-	(421)	(1,517)	(3,461)	(612)	(144)	-	-	(6,155)
Exchange differences	-	(218)	27	(1,691)	173	(17)	(66)	(101)	-	(1,893)
At 31 March 2015	-	2,527	175	18,459	-	726	817	1,448	-	24,152
Net carrying amount										
At 31 March 2015	5,153	1,907	174	17,442	-	337	384	3,717	3,367	32,481

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

23 Property, plant and equipment (cont'd)

Included within additions in the consolidated financial statements are plant and equipment, acquired under finance leases and capitalised borrowing costs amounted to \$124,000 (2015: \$197,000) and Nil (2015: \$279,000) respectively. The cash outflow on acquisition of property, plant and equipment amounted to \$2,482,000 (2015: \$4,067,000).

At 31 March 2016, the net carrying amount of plant and machinery of the Group held under finance leases was \$1,824,000 (2015: \$2,241,000).

	Office and electronic equipment \$'000
Company	
2016	
Cost	
Balance at 1 April 2015	33
Additions	20
Balance at 31 March 2016	53
Accumulated depreciation	
Balance at 1 April 2015	28
Charge for the year	7
Balance at 31 March 2016	35
Net carrying amount	
Balance at 31 March 2016	18
2015	
Cost	
Balance at 1 April 2014 and 31 March 2015	33
Accumulated depreciation	
Balance at 1 April 2014	24
Charge for the year	4
Balance at 31 March 2015	28
Net carrying amount	
Balance at 31 March 2015	5

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

24 Intangible assets

	Computer software \$'000	Goodwill \$'000	Total \$'000
Group			
2016			
Cost			
Balance at 1 April 2015	23	23,723	23,746
Disposal of subsidiaries	–	(1,720)	(1,720)
Write-offs	–	(22,003)	(22,003)
Reclassified to disposal group assets classified as held for sale	(22)	–	(22)
Exchange differences	(1)	–	(1)
Balance at 31 March 2016	–	–	–
Accumulated amortisation			
Balance at 1 April 2015	8	–	8
Charge for the year	3	–	3
Reclassified to disposal group assets classified as held for sale	(11)	–	(11)
Balance at 31 March 2016	–	–	–
Impairment loss			
Balance at 1 April 2015	–	23,723	23,723
Disposal of subsidiaries	–	(1,720)	(1,720)
Write-offs	–	(22,003)	(22,003)
Balance at 31 March 2016	–	–	–
Net carrying amount			
Balance at 31 March 2016	–	–	–
2015			
Cost			
Balance at 1 April 2014	401	25,719	26,120
Disposal of subsidiaries	(384)	(1,996)	(2,380)
Exchange differences	6	–	6
Balance at 31 March 2015	23	23,723	23,746
Accumulated amortisation			
Balance at 1 April 2014	331	–	331
Charge for the year	29	–	29
Disposal of subsidiaries	(353)	–	(353)
Exchange differences	1	–	1
Balance at 31 March 2015	8	–	8
Impairment loss			
Balance at 1 April 2014	–	24,436	24,436
Disposal of subsidiaries	–	(713)	(713)
Balance at 31 March 2015	–	23,723	23,723
Net carrying amount			
Balance at 31 March 2015	15	–	15

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

25 Trade and other payables

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Trade payables	3,145	6,407	850	597
Payable arising from settlement with a third party	1,941	–	1,941	–
Other payables and accruals	5,272	7,219	665	2,311
	10,358	13,626	3,456	2,908

Payable arising from settlement with a third party

In October 2015, the Company entered into a deed of settlement (the “Deed of Settlement”) with BSM for the full and final settlement of (and includes) any and all claims made or that may be made by BSM amounting to \$2,539,000 (equivalent to A\$2,500,000) in respect of the termination of the Share Purchase Agreement to acquire 100% of the issued shares in Hellyer Mill Operations Pty Ltd from BSM. The Company agreed to make payment of the sum of A\$2,500,000 to BSM in the following manner:

- (a) A\$300,000 (the “First Instalment”) to be paid in cash on or before the entry into the Deed of Settlement;
- (b) A\$850,000 (the “Second Instalment”) to be paid in cash in monthly instalments of not less than A\$150,000 each on or before the end of each month commencing 31 December 2015 and ending on and including 30 June 2016, or in any event until the Second Instalment has been paid up in full; and
- (c) A\$1,350,000 (the “Third Instalment”) to be paid in three (3) equal instalments on 29 February 2016, 31 March 2016 and 30 April 2016, in the manner to be decided in the full and absolute discretion of the Company, either by cash and/or allotment of issuance of fully paid shares in the capital of the Company.

The Deed of Settlement is secured by a floating charge over 25,862,069 fully paid ordinary shares in the capital of A1 Consolidated Gold Limited, a company listed on the Australian Securities Exchange, which is held by the Company’s subsidiary, LionGold Australia Pty Ltd (Note 14).

During the financial year, the Company did not make certain payments in accordance with the repayment term. BSM has not requested for immediate repayment of the full outstanding amount as of the date of these financial statements. Management is currently in the process of negotiating for an extension of time for repayment with BSM. The transfer of ordinary shares in A1 Consolidated Gold Limited is part of the negotiation process to repay the amount due.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

26 Finance lease liabilities

	Group	
	2016	2015
	\$'000	\$'000
Minimum lease payments payable:		
- due not later than one financial year	577	1,630
- due later than one financial year and not later than five financial years	335	156
	912	1,786
Finance charges allocated to future financial years	(32)	(35)
Present value of minimum lease payments	880	1,751
Present value of minimum lease payments:		
Non-current liabilities		
- due later than one financial year and not later than five financial years	328	156
Current liabilities		
- due not later than one financial year	552	1,595
	880	1,751

The weighted average effective interest rate of the Group's finance leases ranges from 4.75% to 6.37% (2015: 6.37% to 9.86%) per annum.

27 Borrowings

	Group and Company	
	2016	2015
	\$'000	\$'000
Term loan	2,000	-
Restructured loan	17,805	-
	19,805	-

Term loan

The term loan of \$2,000,000 (2015: Nil) is unsecured and with an interest rate of 12% (2015: Nil) per annum. The term loan is due for repayment 6 months from 15 October 2015.

Restructured loan

On 22 May 2015, PEFD completed the purchase of the outstanding \$23,630,000 (US\$17,000,000) in aggregate principal amount of 9% convertible bonds due on 8 May 2015 from the then bondholder. On 19 June 2015, the Company entered into the Bond Restructuring Agreement with PEFD and its manager, Value Capital for the repayment of the Restructured Loan. As at the date of the Bond Restructuring Agreement, an outstanding coupon sum of \$954,000 (US\$685,000) was also due and payable to PEFD. Pursuant to the Bond Restructuring Agreement, the Company agreed to pay an upfront amount of \$2,780,000 (US\$2,000,000) towards repayment of the Restructured Loan.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

27 Borrowings (cont'd)

Restructured loan (cont'd)

Based on this new agreement, the interest amount shall be fixed at \$1,308,000 for the first 12 months of the agreement. Subsequently, the outstanding balance of the Restructured Loan shall bear interest at a rate of 6% (2015: Nil) per annum. All sums payable to the PEFD shall be converted into Singapore Dollar at an agreed exchange rate of US\$1: \$1.39 and all payments shall be made in Singapore Dollar. The Restructured Loan including outstanding coupon sum is due for repayment no later than 18 June 2017 with a minimum payment of \$2,500,000 every quarter starting from 17 September 2015. During the financial year, the Company has repaid approximately \$6,779,000 of the Restructured Loan.

During the financial year, the Company did not make certain payments in accordance with the repayment term. Thus PEFD is contractually entitled to request for immediate repayment of the outstanding Restructured Loan. Accordingly, the outstanding balance is presented as current liability as at 31 March 2016. PEFD has not requested for early repayment of the loan as of the date of these financial statements. Management is currently in the process of negotiating for an extension of time for repayment with PEFD and its manager.

The carrying amounts of the current borrowings approximate their fair value at the balance sheet date.

28 Convertible bonds

	Group and Company	
	2016	2015
	\$'000	\$'000
<i>Current</i>		
Redeemable Convertible Bonds I	-	27,035
<i>Non-current</i>		
Redeemable Convertible Bonds II	1,306	-
	1,306	27,035

Redeemable Convertible Bonds I

	Group and Company	
	2016	2015
	\$'000	\$'000
Liability component at the beginning of the financial year	27,035	24,831
Accumulated amortisation of interest expense	442	3,719
Accumulated payments of interest	-	(3,790)
Exchange differences	197	2,275
Repayment	(4,044)	-
Reclassified to restructured loan	(23,630)	-
Liability component at end of the financial year	-	27,035

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

28 Convertible bonds (cont'd)

Redeemable Convertible Bonds I (cont'd)

In May 2012, the Company issued 9% convertible bonds denominated in United States dollar with a nominal value of US\$23,000,000. The bonds are due for repayment 3 years from the issue date at their nominal value of US\$23,000,000 or conversion into shares of the Company at the holder's option at the share conversion price valued at \$1.158 at the exchange rate of \$1.277515 per US\$1. In the previous financial year, the bonds were reclassified from non-current liability to current liability as they were due on 8 May 2015.

As disclosed in Note 27, the Company has entered into the Bond Restructuring Agreement with PEFD and Value Capital to restructure the convertible bonds due on 8 May 2015. Accordingly, the outstanding bonds were reclassified to borrowings in the current financial year.

Redeemable Convertible Bonds II

	Group and Company	
	2016	2015
	\$'000	\$'000
<i>Fourth sub-tranche of tranche 1</i>		
Face value, net of transaction cost, of convertible bonds issued on 8 March 2016	945	-
Derivative liability conversion component on initial recognition	(176)	-
Liability component on initial recognition	769	-
Conversion of convertible bonds into ordinary shares	(232)	-
Liability component at end of financial year	537	-
<i>Fifth sub-tranche of tranche 1</i>		
Face value, net of transaction cost, of convertible bonds issued on 31 March 2016	945	-
Derivative liability conversion component on initial recognition	(176)	-
Liability component on initial recognition	769	-
Total	1,306	-

On 19 June 2015, the Company entered into a Subscription Agreement with PEFE and its manager, Value Capital for the issuance of \$100,000,000 in aggregate amount of RCB. The terms of the Bond Restructuring Agreement and the Subscription Agreement were approved by shareholders at a Special General Meeting on 14 September 2015 and the 1st sub-tranche of \$1,000,000 RCB was issued on 17 September 2015.

On 5 April 2016, the Company entered into a Supplemental Agreement with PEFE and Value Capital to remove the minimum conversion price of \$0.003 per conversion share agreed under the terms of the Subscription Agreement. The terms of the Supplemental Agreement were approved by shareholders at a Special General Meeting on 29 April 2016.

As at 31 March 2016, and assuming the removal of the minimum conversion price of \$0.003 per conversion share had been effected, the aggregate principal amount of RCB that can be issued will be significantly lower than \$100,000,000. Based on the maximum number of conversion shares that may be issued pursuant to the conversion of the RCB of 33,333,333,333 conversion shares, the 771,424,471 shares previously issued pursuant to the conversion of an aggregate \$3,300,000 principal amount of RCB (up to 31 March 2016) and the minimum conversion price of \$0.00085 per conversion share, the Company may issue a balance of an aggregate principal amount of approximately \$25,000,000 of RCB pursuant to the Subscription Agreement.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

28 Convertible bonds (cont'd)

Redeemable Convertible Bonds II (cont'd)

During the financial year, the Company issued redeemable convertible bonds with aggregate nominal value of \$5,000,000 RCB. The RCB are due for repayment 3 years from 17 September 2015 or are convertible into shares of the Company at the holder's option at the share conversion price valued at 85% of the average of the traded volume weighted average price per share of the Company for any 3 consecutive market days. At the balance sheet date, \$3,300,000 (first three sub-tranches of tranche 1 and a portion of fourth sub-tranche of tranche 1) out of the \$5,000,000 RCB were fully converted into ordinary shares of the Company.

29 Derivative liability conversion component on the convertible bonds

	Group and Company	
	2016	2015
	\$'000	\$'000
Derivative liability conversion option on redeemable convertible bonds	300	–

The derivative liability conversion option relates to the conversion option of the redeemable convertible bond that is recognised at its fair value, determined by an independent professional valuer by applying the binomial option valuation model. This fair value measurement is categorised in Level 2 fair value of the fair value hierarchy.

30 Deferred consideration

	Group	
	2016	2015
	\$'000	\$'000
Balance at the beginning of the financial year	1,790	1,615
Loss on remeasurement of deferred consideration (Note 6)	–	345
Exchange differences	(36)	(170)
Balance at the end of the financial year	1,754	1,790

The Group via its subsidiary, SML recognised deferred consideration on the option agreement to purchase 70% of the Konongo Gold Project under OML. Under the terms of the agreement, a further payment of 50 million shares or A\$1 million cash will be made once the project achieves 1 million ounces in Measured and Indicated JORC resources (tranche 2). A final payment of A\$3 million in cash or shares at the seller's discretion will be made following the production of 100,000 ounces of gold from the projects (tranche 3). The deferred consideration is recognised as a financial liability at amortised cost at an effective interest rate of 10% to be paid in Year 2021.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

31 Rehabilitation and preservation provision

	Group	
	2016	2015
	\$'000	\$'000
Balance at the beginning of the financial year	7,131	8,344
Disposal of subsidiaries	-	(1,105)
Provision made during the year	-	626
Write-back of provision	(134)	-
Return of exploration rehabilitation bond	(41)	-
Amortisation of discount	220	177
Reclassified to liabilities directly associated with disposal group classified as held for sale	(1,712)	-
Exchange differences	(186)	(911)
Balance at the end of the financial year	5,278	7,131

The provision for rehabilitation and preservation 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 (2015: Ballarat, Castlemaine and Tarnagulla, in Australia and Ghana).

32 Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

At the balance sheet date, unrecognised tax losses of the Group available for offsetting against future taxable profits amount to \$119,467,000 (2015: \$114,087,000). The availability of the unrecognised tax losses for set-off against future taxable profits is subject to compliance with the tax regulations and agreement with the tax authorities of the respective countries in which the Group companies are incorporated. At 31 March 2016, the deferred tax benefit arising from unrecognised tax losses of approximately \$31,837,000 (2015: \$30,447,000) has not been recognised in the financial statements as there is no reasonable certainty of their realisation in future periods. The tax losses have no expiry date.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

32 Deferred income taxes (cont'd)

The movements in deferred income tax assets and liabilities is as follows:

	Group	
	2016	2015
	\$'000	\$'000
<u>Deferred income tax liabilities</u>		
Balance at the beginning of the financial year	-	1,516
Disposal of subsidiaries	-	(1,516)
Balance at the end of the financial year	-	-
<u>Deferred income tax assets</u>		
Balance at the beginning of the financial year	-	381
Charged to profit or loss	-	(385)
Exchange differences	-	4
Balance at the end of the financial year	-	-

In the previous financial year, deferred income tax liabilities were recognised from the fair value uplift of exploration and evaluation expenditure in respect to the acquisition of subsidiaries. Deferred income tax assets were recognised for tax losses carried forward.

33 Other non-current liabilities

	Group	
	2016	2015
	\$'000	\$'000
Amount due to non-controlling interest	18,587	18,558

A loan agreement was entered between SML, OML and the minority shareholder in OML ("Minority Shareholder") which stipulates that the intercompany balance between SML and its subsidiary, OML should be owed and payable to SML and the Minority Shareholder in the proportion of 80:20 respectively. As a result, a financial liability of \$18,587,000 (2015: \$18,558,000) has been recognised at 31 March 2016 as amount due to non-controlling interest.

As the amount has no fixed repayment terms and timing of future repayments is uncertain, the fair value of this amount cannot be determined with sufficient reliability. Accordingly, the amount is carried at cost on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

34 Issued capital, share premium and discount on capital

	Group	
	2016	2015
	\$'000	US\$'000
Authorised:		
2,777,200,000,000 ordinary shares of \$0.0001 each		
(2015: 5,000,000,000 ordinary shares of US\$0.04 each)	277,720	200,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at meetings of the Company.

	Group and Company			
	2016	2015	2016	2015
	No. of shares of \$0.0001 each	No. of shares of US\$0.04 each	\$'000	\$'000
<i>Issued and fully paid:</i>				
Balance at the beginning of the financial year	1,221,658,597	1,033,886,540	67,736	57,975
Private placement of new shares	-	182,022,057	-	9,474
Conversion of shares from convertible bonds	771,424,471	-	77	-
Issuance of shares	41,666,666	-	2,333	-
Capital re-organisation	-	-	(69,942)	-
Issuance of performance shares	-	5,750,000	-	287
Balance at the end of the financial year	2,034,749,734	1,221,658,597	204	67,736

Share premium:

Balance at the beginning of the financial year	268,598	265,701
Private placement of new shares	-	2,701
Conversion of shares from convertible bonds	3,084	-
Capital re-organisation	2,480	-
Issuance of performance shares	-	196
Balance at the end of the financial year	274,162	268,598

Discount on capital:

Balance at the beginning of the financial year	(3,650)	-
Private placement of new shares	-	(3,650)
Issuance of shares	5,483	-
Capital re-organisation	(1,833)	-
Balance at the end of the financial year	-	(3,650)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

34 Issued capital, share premium and discount on capital (cont'd)

On 17 September 2015, the Company has allotted and issued 41,666,666 ordinary shares at the issue price of \$0.012 per share. The newly issued shares are free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with and carry all rights similar to existing shares of the Company.

During the financial year, the Company has carried out a capital re-organisation as follows:

- (a) the issued and paid-up share capital of the Company was reduced from US\$50,533,010.52 divided into 1,263,325,263 shares of par value US\$0.04 each to US\$88,432.77 divided into 1,263,325,263 shares of par value US\$0.00007 each, by cancelling the paid-up capital of the Company to the extent of US\$0.03993 on each of the shares of par value US\$0.04 in issue so that each issued share of par value US\$0.04 each is treated as one (1) fully paid-up share of par value US\$0.00007, and any liability of the holder of such shares to make any further contribution for such shares have been treated as satisfied (the "Capital Reduction");
- (b) the alteration of the currency in which the Company's authorised share capital is denominated pursuant to section 45(1)(a)(ii) of the Bermuda Companies Act so that all of the Company's authorised shares will cease to be denominated in United States dollar and shall be denominated instead in Singapore dollar, each share to have a nominal par value of \$0.0001 each. Accordingly, the aggregate issued and paid-up share capital became \$126,332.53 divided into 1,263,325,263 issued shares of par value \$0.0001 (equivalent to approximately US\$0.00007) each (the "Currency Alteration");
- (c) as a result of the Capital Reduction and the Currency Alteration, the authorised share capital of the Company is \$277,720,000 divided into 2,777,200,000,000 shares of par value \$0.0001 each; and
- (d) that the amount of US\$50,444,577.75 arising from the Capital Reduction has been credited to the contributed surplus account of the Company, to be utilised in accordance with the Bye-Laws and the Bermuda Companies Act for future distributions and other usage, as permitted by the relevant Bermuda laws and regulations at the time the contributed surplus is used and also subject to, amongst others, the availability of sufficient cash flow.

LionGold Performance Share Plan

The LionGold Performance Share Plan (the "LPSP") for key management personnel and employees of the Group was approved by members of the Company at a Special General Meeting on 20 December 2012.

The LPSP provides a means to reward, retain and motivate employees who have contributed to the development of the Group.

Under the scheme, full-time executives of the Group (the "Participants") whose employment has been confirmed as of the date of the award and hold such rank, as may be designated by the committee comprising directors of the Company (the "Committee"), are eligible to participate in the LPSP. The selection of the participants and the number of Shares to be awarded are determined at the absolute discretion of the Committee taking into account criteria such as the participant's rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort required to achieve the performance target within the performance period. Share awards may be granted at any time during the course of a financial year.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

34 Issued capital, share premium and discount on capital (cont'd)

In 2015, the Company has granted 5,750,000 additional new shares under the LPSP (the "2014 Share Award"), and a supplementary performance share award dated 24 June 2014 which at the date of grant had a market value of \$0.084. Details of the shares awarded to the Participants are as follows:

	Aggregate number of shares granted since commencement of the LPSP to the end of the financial year under review	Aggregate number of new shares granted during the financial year under review	Aggregate number of shares which have not been released at the end of the financial year under review
2014 Share Award	18,450,000	–	–

35 Other reserves

The amounts of the Group's reserves and the movements therein for the current and prior financial years are presented in the consolidated statement of changes in equity.

Contributed surplus

The Group's contributed surplus represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to a Group re-organisation in prior years, over the nominal value of the Company's shares issued in exchange thereof.

Upon the completion of the capital re-organisation exercise on 20 November 2015, the par value of each ordinary share of the Company was reduced from US\$0.04 to \$0.0001 and the issued share capital of the Company was reduced from approximately US\$45,174,000 to \$112,000. The credit arising from this capital re-organisation exercise is \$61,979,000 which was credited to the contributed surplus account of the Company.

Warrant reserve

The warrant reserves relate to the fair value of warrants issued by the Company. When the warrant expired during the financial year, its carrying amount was transferred to accumulated losses.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currency is different from that of the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

35 Other reserves (cont'd)

Movements in the foreign currency translation reserve during the financial year are as follows:

	Group	
	2016	2015
	\$'000	\$'000
Balance at the beginning of the financial year	(33,415)	(23,068)
Net currency translation differences of financial statements of foreign subsidiaries	(1,277)	(14,659)
Less: Non-controlling interests	(100)	4,312
Balance at the end of the financial year	(34,792)	(33,415)

36 Related party transactions

(a) Transactions with related parties

In addition to the related party information disclosed elsewhere in the financial statements, the following were transactions entered into by the Group with related parties on terms agreed between the parties as follows:

	Group	
	2016	2015
	\$'000	\$'000
With related parties		
Management fees paid to a shareholder of a subsidiary	127	543
Consultancy fees paid to a shareholder of a subsidiary	-	394

The consultancy fees paid to a shareholder of a subsidiary, OML in the prior year relates to services paid to this shareholder as a consultant to assist in obtaining the Environmental Protection Agency Permits for its tailings dam and processing of its tailings at its production plant in Konongo, Ghana. The tailings processing permit was obtained during the financial year and the tailings dam permit is still pending.

Related parties comprised mainly companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

36 Related party transactions (cont'd)

(b) Compensation of key management personnel

The remuneration of the key management personnel (including the directors) of the Group, were as follows:

	Group	
	2016	2015
	\$'000	\$'000
Salaries and other short term employee benefits	1,702	2,147
Directors' fees	317	361
Contributions to defined contribution plans	50	61
Performance share plan	-	344
	2,069	2,913
Comprise amounts paid/payable to:		
- Directors of the Company	1,062	1,332
- Key management	1,007	1,581
	2,069	2,913

37 Commitments

(a) Operating lease commitments

The Group leases office premises under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, were analysed as follows:

	Group	
	2016	2015
	\$'000	\$'000
Within one financial year	294	294
Between two to five financial years	124	394
	418	688

The above operating leases do not contain any escalation clauses and do not provide for contingent rents.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

37 Commitments (cont'd)

(b) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2016	2015
	\$'000	\$'000
Exploration tenements	2,263	2,385
Property, plant and equipment	1,139	-
	3,402	2,385

38 Contingent liabilities

- (a) Sebb-Say Company Limited ("Sebb-Say") has made a claim against OML for the sum of US\$176,250 (equivalent to approximately \$238,000) being money owed to Sebb-Say for services rendered to OML. The claim also includes interest accrued since May 2013.

The Company has denied this claim and hearing has yet to commence. In the previous financial year, the Company's solicitors have opined that OML has a satisfactory chance of success in this matter. During the financial year, there has been no update on this claim. Accordingly, the amount of \$238,000 has not been accrued for at 31 March 2016.

Pursuant to the separation agreement as disclosed in Note 19, the Company will be released from all liabilities of OML.

- (b) In the previous financial year, the Company has been notified of a claim in relation to a proposed subscription for shares in another company amounting to approximately \$2,369,000. The matter is under dispute and the Company's legal advisors are of the view that the Company has strong grounds to rescind the agreement. There has been no update since the previous financial year. As such, no provision was recognised at 31 March 2016.

39 Segment information

Management has determined that the Group's reportable segments are its business segments. These business units are managed separately because each business requires different technology, expertise and marketing strategies.

In the current financial year, the Group discontinued part of its gold investments (Note 19).

The identification of the Group's reportable segments is as follows:

<u>Business segments</u>	<u>Principal activities</u>
Investment holdings	Investment holding
Gold investments	Gold exploration and mining projects

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

39 Segment information (cont'd)

(a) Business segments

	Investment holdings \$'000	Gold investments \$'000	Discontinued operations \$'000	Consolidated \$'000
Group				
31 March 2016				
Segment revenue				
Sales to external customers	-	67,123	-	67,123
Cost of goods sold	-	(67,161)	-	(67,161)
Gross loss	-	(38)	-	(38)
Other income	173	343	-	516
Operating expenses	(15,113)	(1,932)	(8,836)	(25,881)
Segment results	(14,940)	(1,627)	(8,836)	(25,403)
Finance costs				(2,792)
Income tax credit				18
Loss for the year				(28,177)
Segment assets	3,342	47,582	25,557	76,481
Segment liabilities	9,552	26,425	6,898	42,875
Unallocated liabilities				
- Borrowings				19,805
- Derivative financial instruments				300
- Finance lease liabilities				880
- Convertible bonds				1,306
				65,166
Other segment information				
Capital expenditure				
- property, plant and equipment	20	2,586	-	2,606
Allowance for impairment loss on available-for-sale financial assets	(264)	-	-	(264)
Allowance for impairment loss on exploration and evaluation expenditure	-	-	(4,155)	(4,155)
Allowance for impairment loss on other receivables	(4,353)	-	-	(4,353)
Amortisation of convertible bonds	(2,459)	-	-	(2,459)
Amortisation of intangible assets	-	-	(3)	(3)
Amortisation of mining properties	-	(7,552)	-	(7,552)
Amortisation of discount on provision for rehabilitation and preservation	-	(50)	(170)	(220)
Depreciation of property, plant and equipment	(150)	(9,554)	(605)	(10,309)
Exploration and evaluation expenditure written off	-	(147)	-	(147)
Expenses for amount payable to non-controlling interests	-	(323)	-	(323)
Receivables written off	(2,955)	-	-	(2,955)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

39 Segment information (cont'd)

(a) Business segments (cont'd)

	Investment holdings \$'000	(Restated) Gold investments \$'000	(Restated) Discontinued operations \$'000	Consolidated \$'000
Group				
31 March 2015				
Segment revenue				
Sales to external customers	-	73,399	50,841	124,240
Cost of goods sold	-	(64,272)	(46,009)	(110,281)
Gross profit	-	9,127	4,832	13,959
Other income	409	366	243	1,018
Operating expenses	(43,781)	(9,017)	(19,260)	(72,058)
Segment results	(43,372)	476	(14,185)	(57,081)
Finance costs				(3,862)
Income tax expense				(396)
Loss for the year				(61,339)
Segment assets	13,830	61,423	31,764	107,017
Segment liabilities	9,181	26,475	5,449	41,105
Unallocated liabilities				
- Income tax liabilities				18
- Finance lease liabilities				1,751
- Convertible bonds				27,035
				69,909
Other segment information				
Capital expenditure				
- property, plant and equipment	3	3,843	697	4,543
Allowance for impairment loss on available-for-sale financial assets	(14,169)	-	-	(14,169)
Allowance for impairment loss on other receivables	(531)	-	-	(531)
Amortisation of convertible bonds	(3,441)	-	-	(3,441)
Amortisation of intangible assets	-	-	(29)	(29)
Amortisation of mining properties	-	(7,348)	-	(7,348)
Amortisation of discount on provision for rehabilitation and preservation	-	(60)	(117)	(177)
Depreciation of property, plant and equipment	(163)	(10,260)	(1,110)	(11,533)
Exploration and evaluation expenditure written off	-	(1,922)	-	(1,922)
Expenses for amount payable to non-controlling interests	-	(682)	-	(682)
Fair value loss on financial assets at fair value through profit or loss	(586)	-	-	(586)
Property, plant and equipment written off	-	(142)	(3)	(145)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

39 Segment information (cont'd)

(b) Geographical segments

The Group operates in one (2015: six) main geographical segment by location of customers, namely Australia (2015: United States of America ("USA"), Australia, Netherlands, United Kingdom ("UK"), and Japan. Other geographical areas mainly comprise Canada, Korea, New Zealand and other countries, none of which constitute a separately reportable segment).

The revenue by geographical segments is based on the location of customers regardless of where the saleable product is produced. The non-current assets are, or were, based in Singapore, Australia and Africa.

	USA \$'000	Australia \$'000	Netherlands \$'000	UK \$'000	Japan \$'000	Others \$'000	Consolidated \$'000
Revenue							
31 March 2016							
Total sales to external customer	-	67,123	-	-	-	-	67,123
31 March 2015							
Total sales to external customers	17,822	74,775	1,918	5,183	9,708	14,834	124,240
	Australia \$'000	Singapore \$'000	Africa \$'000	Consolidated \$'000			
31 March 2016	29,305	209	-	29,514			
31 March 2015	35,970	340	30,005	66,315			
Non-current							
31 March 2016	29,305	209	-	29,514			
31 March 2015	35,970	340	30,005	66,315			

(c) Information about major customers

Revenue of \$67,123,000 (2015: \$109,339,000) is derived from one (2015: two) external customer who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

		Group	
		2016	2015
		\$'000	\$'000
	Attributable segments		
Customer 1	Gold investments	67,123	73,399
Customer 2	Office equipment (discontinued operations)	-	35,940
		67,123	109,339

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

40 Financial instruments

Categories of financial instruments

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<i>Financial assets</i>				
Financial assets at fair value through profit or loss	– [^]	– [^]	– [^]	– [^]
Available-for-sale financial assets	803	6,488	–	5,394
Loans and receivables	14,852	25,834	2,089	12,883
	15,655	32,322	2,089	18,277
<i>Financial liabilities</i>				
At cost	18,587	18,558	–	–
At amortised cost	37,083	49,380	52,499	62,344
Derivative financial instruments	300	–	300	–
	55,970	67,938	52,799	62,344

[^] Amount less than \$1,000

Financial risk management

The Group's and Company's activities are exposed to a variety of financial risks, including the effects of interest rate risk, credit risk, foreign currency risk, market risk and liquidity risk arising in the normal course of business. The Company manages and measures such financial risks in the same manner as the Group. The Group's risk management, which remains unchanged from the prior year, seeks to minimise the potential adverse effects from these exposures. There has been no change to the exposure to financial risks or the manner in which these risks are managed and measured. The management reviews and agrees policies for managing each of these risks.

The risk factors, risk management policies and related procedures for the Group are summarised as follows:

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to market risk for changes in interest rates mainly arise from short-term bank deposits, finance leases, borrowings and convertible bonds. Information relating to the Group's interest rate exposure is disclosed in Notes 12, 26, 27 and 28.

Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be impacted from an adverse movement in interest rates. Surplus funds are placed with reputable banks.

The sensitivity analysis to a reasonably possible change in interest rates, with all other variables held constant, of the Group's results net of tax has not been disclosed as the Group's and Company's exposure to changes in market interest rates is not significant as the majority of the Group's borrowings and the Company's borrowings are charged at a fixed rate.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

40 Financial instruments (cont'd)

Financial risk management (cont'd)

(b) Credit risk

Credit risk refers to the risk that counterparties may be unable to meet their obligations resulting in financial loss to the Group.

The Group has policies in place to ensure that the sale of products and services rendered are made to customers with an appropriate credit history. The potential exposures are monitored and reported to management on a timely basis. Allowance for impairment of receivables is made when there is objective evidence that the amounts due will not be collected according to the original terms of the receivables.

For receivables, the Group adopts the policy of dealing only with customers of appropriate credit history to mitigate credit risk. For other financial assets, the Group and the Company adopt the policy of dealing only with high credit quality counterparties. Cash and fixed deposits are held with creditworthy financial institutions.

The Group does not have concentration of credit risk at 31 March 2016 and 2015.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet and financial guarantees as disclosed in Note 42.

Financial assets that are past due but not impaired

There is no other class of the Group's financial assets that is past due but not impaired.

Financial assets that are past due and impaired

The movement in the related allowance for impairment is disclosed in Note 15. The Company's exposure to credit risk arises largely from amounts due from subsidiaries disclosed in Note 16.

There is no other class of the Group's financial assets that is past due and/or impaired.

(c) Foreign currency risk

The Group and the Company have exposures arising from transactions, assets and liabilities that are denominated in currencies other than their respective functional currencies of entities in the Group. The currencies giving rise to this risk are primarily the United States Dollar ("USD"), Australian Dollar ("AUD") and Canadian Dollar ("CAD").

The Group and the Company seek to manage its foreign currency exposure by natural hedges, whenever possible, by depositing foreign currency proceeds from sales into foreign currency bank accounts which are primarily used for payments in the same currency. The Group and the Company endeavour to keep the net exposure at a level that is deemed acceptable by management.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

40 Financial instruments (cont'd)

Financial risk management (cont'd)

(c) Foreign currency risk (cont'd)

The Group's and the Company's foreign currency exposure based on the information provided to key management is as follows:

	USD \$'000	AUD \$'000	CAD \$'000
Group			
2016			
<i>Financial assets</i>			
Other receivables	6	1	-
Cash and cash equivalents	8	3	-
	14	4	-
<i>Financial liabilities</i>			
Trade and other payables	44	1,951	-
Due to subsidiaries	-	27,932	-
Other non-current liabilities	18,587	-	-
	18,631	29,883	-
Currency exposure on net financial liabilities	(18,617)	(29,879)	-
2015			
<i>Financial assets</i>			
Other receivables	22	73	565
Available-for-sale financial assets	-	3,450	1,944
Cash and cash equivalents	11	3	-
	33	3,526	2,509
<i>Financial liabilities</i>			
Trade and other payables	1,330	148	34
Due to subsidiaries	-	17,838	-
Other non-current liabilities	18,558	-	-
Convertible bonds	27,035	-	-
	46,923	17,986	34
Currency exposure on net financial (liabilities)/assets	(46,890)	(14,460)	2,475

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

40 Financial instruments (cont'd)

Financial risk management (cont'd)

(c) Foreign currency risk (cont'd)

	USD \$'000	AUD \$'000	CAD \$'000
Company			
2016			
<i>Financial assets</i>			
Other receivables	5	1	–
Cash and cash equivalents	3	3	–
	<u>8</u>	<u>4</u>	<u>–</u>
<i>Financial liabilities</i>			
Trade and other payables	44	1,951	–
Due to subsidiaries	–	27,932	–
	<u>44</u>	<u>29,883</u>	<u>–</u>
Currency exposure on net financial liabilities	(36)	(29,879)	–
2015			
<i>Financial assets</i>			
Other receivables	6	73	565
Available-for-sale financial assets	–	3,450	1,944
Cash and cash equivalents	3	3	–
	<u>9</u>	<u>3,526</u>	<u>2,509</u>
<i>Financial liabilities</i>			
Trade and other payables	6	148	33
Due to subsidiaries	–	17,838	–
Convertible bonds	27,035	–	–
	<u>27,041</u>	<u>17,986</u>	<u>33</u>
Currency exposure on net financial (liabilities)/assets	(27,032)	(14,460)	2,476

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

40 Financial instruments (cont'd)

Financial risk management (cont'd)

(c) Foreign currency risk (cont'd)

A 5% (2015: 5%) strengthening of the relevant functional currencies of the Group's subsidiaries against the following currencies at the balance sheet date would increase/(decrease) the Group's and the Company's loss after income tax approximately by the amounts shown below. This analysis assumes that all other variables remain constant.

	Increase/(decrease) Loss after tax	
	2016 \$'000	2015 \$'000
Group		
USD	(773)	(1,946)
AUD	(1,240)	(600)
CAD	-	103
Company		
USD	(2)	(1,122)
AUD	(1,240)	(600)
CAD	-	103

A 5% (2015: 5%) weakening of the relevant functional currencies of the Group's subsidiaries against the above currencies would have an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

40 Financial instruments (cont'd)

(d) Price risk

The Group and the Company are exposed to equity securities price risk because of the investments held by the Group and the Company which are classified as financial assets at fair value through profit or loss or available-for-sale financial assets. These securities are listed in Australia. The management diversifies its portfolio and monitors the fluctuation of the prices of these securities on a regular basis.

If the prices for equity securities change by 5% (2015: 5%), with all other variables including the tax rate being constant, the effect on the Group's and the Company's other comprehensive income, net of tax will be:

	Other comprehensive income, net of tax	
	2016	2015
	\$'000	\$'000
Group		
Available-for-sale financial assets		
- increase by 5%	33	269
- decrease by 5%	(33)	(269)
Company		
Available-for-sale financial assets		
- increase by 5%	-	224
- decrease by 5%	-	(224)

(e) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The responsibility for liquidity risk management rests with the Board of Directors.

The Group manages liquidity risk by securing funds through various fund raising activities in the equity market or otherwise to meet the operating requirements of the business. Despite the significant decline in the share price of the Company after 4 October 2013 and the investigations by the Commercial Affairs Department in Singapore into the trading of shares in the Company, which have impacted on the Company's immediate cash resources available to fund the Group's operations, the management has taken various measures to stabilise the operations of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

40 Financial instruments (cont'd)

(e) Liquidity risk (cont'd)

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows.

	Carrying amount \$'000	Contractual cash flows \$'000	Within one year \$'000	More than one year but less than five years \$'000	More than five years \$'000
Group					
2016					
Trade and other payables	10,358	10,358	10,358	-	-
Deferred consideration	1,754	3,107	-	-	3,107
Rehabilitation and preservation provision	5,278	5,401	542	1,458	3,401
Other non-current liabilities	18,587	18,587	-	-	18,587
Borrowings	19,805	20,578	14,875	5,703	-
Convertible bonds	1,306	1,700	-	1,700	-
Finance lease liabilities	880	912	577	335	-
	57,968	60,643	26,352	9,196	25,095
2015					
Trade and other payables	13,626	13,626	13,626	-	-
Deferred consideration	1,790	3,171	-	-	3,171
Rehabilitation and preservation provision	7,131	10,343	595	1,488	8,260
Other non-current liabilities	18,558	18,558	-	-	18,558
Convertible bonds	27,035	27,035	27,035	-	-
Finance lease liabilities	1,751	1,786	1,630	156	-
	69,891	74,519	42,886	1,644	29,989
Company					
2016					
Due to subsidiaries	27,932	27,932	27,932	-	-
Trade and other payables	3,456	3,456	3,456	-	-
Borrowings	19,805	20,578	14,875	5,703	-
Convertible bonds	1,306	1,700	-	1,700	-
	52,499	53,666	46,263	7,403	-
2015					
Due to subsidiaries	32,401	32,401	32,401	-	-
Trade and other payables	2,908	2,908	2,908	-	-
Convertible bonds	27,035	27,035	27,035	-	-
	62,344	62,344	62,344	-	-

The contractual expiry by maturity of the Group's and the Company's financial guarantees is described in Note 42.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

41 Fair values of assets and liabilities

(a) Fair value hierarchy

The following table presents the assets measured at fair value and classified by level of the following fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

(b) Fair value measurements of assets and liabilities that are measured at fair value

The following table presents the assets measured at fair value at 31 March 2016 and 31 March 2015.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group				
2016				
Assets				
Available-for-sale financial assets				
- Quoted investments	803	-	-	803
Liabilities				
Deferred consideration	-	-	1,754	1,754
Derivative financial instruments	-	300	-	300
	-	300	1,754	2,054
2015				
Assets				
Available-for-sale financial assets				
- Quoted investments	6,488	-	-	6,488
Liabilities				
Deferred consideration	-	-	1,790	1,790

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

41 Fair values of assets and liabilities (cont'd)

(b) Fair value measurements of assets and liabilities that are measured at fair value (cont'd)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Company				
2016				
Liabilities				
Derivative financial instruments	-	300	-	300
2015				
Assets				
Available-for-sale financial assets				
- Quoted equities	5,394	-	-	5,394

Fair values have been determined for measurement purposes based on the following methods.

Quoted investments

The fair values of trading securities traded in active markets are based on quoted market prices at the balance sheet date. The quoted market prices used for the trading securities held by the Group and the Company are the closing price at the balance sheet date. These financial assets are included in Level 1.

Deferred consideration

Included in Level 3 is a contingent consideration payable which is carried at present value of the expenditures expected to be required to settle the obligation. The movements of the Level 3 financial instruments are disclosed in Note 30.

The table below shows an indicative basis on the profit or loss and balance sheet sensitivity to possible changes in other key inputs to valuation of the Level 3 financial instruments.

Increase/(decrease) in financial liability and loss/(gain) in profit or loss from change in key input

	2016 \$'000	2015 \$'000
<i>Deferred consideration</i>		
1% increase in discount rate	(93)	(95)
1% decrease in discount rate	99	101

Derivative financial instruments

The basis for determining fair values at the balance sheet date is disclosed in Note 29.

There were no transfers between Level 1 and 2 during the financial years ended 31 March 2016 and 31 March 2015.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

41 Fair values of assets and liabilities (cont'd)

(c) Assets and liabilities not carried at fair value but approximation to fair values

The carrying amounts of borrowings and convertible bonds approximate their fair values at the balance sheet date, as the market lending rates at the balance sheet date were not significantly different from either their respective coupon rates of the agreements or market lending rate at the initial measurement date.

The carrying amounts of cash and cash equivalents, security deposits, other receivables and payables approximate their fair values because of the short-term period of maturity and/or where the effect of discounting is immaterial.

42 Guarantees

The table below shows the contractual expiry by maturity of the Group's and the Company's contingent liabilities and commitments. The maximum amount of the guarantee contracts are allocated to the earliest period in which the guarantee could be recalled.

	Group			Company		
	2016 \$'000	2015 \$'000	Expiry dates	2016 \$'000	2015 \$'000	Expiry dates
Corporate guarantee provided to a customer in connection with a project granted to a former subsidiary - unsecured *	29,826	32,182	Upon completion of project	29,826	32,182	Upon completion of project
Corporate guarantee provided to a bank for a former subsidiary in connection with performance and maintenance guarantees granted to this former subsidiary - unsecured *	-	5,200	30 June 2016 and 30 September 2016	-	5,200	30 June 2016 and 30 September 2016
Corporate guarantee provided to an insurance company as a counter guarantee to a bank in connection with insurance bond guarantees granted to a former subsidiary - unsecured *	-	4,810	Upon completion of project	-	4,810	Upon completion of project
Financial guarantee provided to a supplier in connection with products purchased by a former subsidiary - unsecured *	236	226	Upon completion of project	236	226	Upon completion of project
	30,062	42,418		30,062	42,418	

* The former subsidiary refers to IPT, which was disposed of during the financial year ended 31 March 2013.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

42 Guarantees (cont'd)

Potential claim on corporate guarantee

Prior to the disposal of IPT, the Company provided a corporate guarantee for the due performance of IPT's obligations under an Engineering Procurement Construction & Commissioning Turnkey Contract ("EPCC Contract") that IPT had entered into with a customer. Subsequently, IPT received a notice of termination from this customer stating that IPT was in breach and default of its obligations under the EPCC Contract. IPT is disputing that it was in breach and default of its obligations.

The Company's legal advisors have advised that in the event it receives a written demand from the customer, the Company will have to discharge its obligations under the corporate guarantee (be it payment of liquidated damages and/or performance of all outstanding obligations under the EPCC Contract), regardless of whether IPT is successful in proving its defence against the customer's claims. The Company has assessed its maximum potential obligation as \$29,826,000 (2015: \$32,182,000).

At the date of these financial statements, the customer has not made any claim against the Company on the corporate guarantee.

Claim on performance guarantee

On 20 August 2012, IPT entered into an Engineering Supply, Construction, Commissioning and Testing Project with Songkhla and Hong Kong and Shanghai Banking Corporation Singapore ("HSBC") agreed to provide banking facilities to IPT as set out in a letter of offer dated 3 January 2013. As security for all monies owing by IPT to HSBC, the Company, Annica and IPT agreed to execute a Corporate Guarantee for \$5,200,000 in aggregate. Further, the Company, Annica and IPT also agreed to indemnify First Capital Insurance Limited for \$5,200,000 in consideration of First Capital Insurance Limited providing a Counter Guarantee to HSBC. Under the guarantee, the Company, Annica or IPT (jointly and severally) will have to raise \$5,200,000 to place it with HSBC in order to meet the SKB Claims.

On 19 June 2015 and 22 October 2015, the Company and Annica entered into separate deeds of settlement, pursuant to which they have agreed to repay \$1,850,850 and \$2,959,150 (this excludes an amount of \$390,000 which has been settled by IPT) of the HSBC Facilities respectively. These amounts were fully repaid as at the end of the financial year.

43 Capital management

The Group's and Company's primary objective is to maintain an efficient mix of debt and equity and maintain an optimal capital structure. In order to maintain or achieve an optimal capital structure, management will make adjustments to reflect economic conditions, business strategies and future commitments. Capital represents equity attributable to equity holders of the Company and convertible bonds.

There is no capital requirement that is required to be complied with by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

44 Events after balance sheet date

On 23 May 2016, the Company announced that SML has entered into a separation agreement with its business partner, Talos Ghana Limited ("Talos") in respect of OML. OML will conduct a rights issue, the terms of which will be determined by Talos, to raise funds for its operations. SML will renounce its rights entitlements in favour of Talos, and Talos will subscribe for those rights entitlements. Upon subscription by Talos for its own rights entitlements and the rights entitlements renounced in its favour by SML, SML's interest in OML will be diluted from 70% to 0.01%. The dilution of SML's interest in OML was agreed upon between SML and Talos to allow Talos to exercise full control of OML upon completion of a rights issue. Accordingly, OML will cease to be a subsidiary of the Group.

45 Basis for disclaimer of opinion on the financial statements for the financial year ended 31 March 2015

The independent auditor's report dated 14 August 2015 contained a disclaimer of opinion on the financial statements for the financial year ended 31 March 2015. The extract of the basis for disclaimer of opinion is as follows:

Basis for Disclaimer of Opinion

- (a) As stated in Note 2 to the financial statements, the Group reported a total loss of \$61,339,000 and net cash outflow of \$9,500,000 for the financial year ended 31 March 2015. Additionally, as stated in Notes 42 and 43 to the financial statements, the Group is exposed to certain material uncertainties in relation to guarantees provided and contingent liabilities that could result in material financial obligations in future periods. While the Group has embarked on initiatives to obtain funding for its investment and operational needs as set out in Note 2, we were unable to obtain sufficient appropriate audit evidence regarding the likely outcome of these initiatives and therefore on the appropriateness of the use of the going concern assumption adopted for the preparation of the accompanying financial statements. If the Group is unable to raise the required funding, it may be unable to continue in operational existence for the foreseeable future and adjustments would have to be made to the financial statements.

As stated in Note 3 to the financial statements, in April 2014, the Company and one of its subsidiaries were served notices by the Commercial Affairs Department of the Singapore Police Force in relation to an investigation into an offence under the Securities and Futures Act, Chapter 289. As the Commercial Affairs Department has not provided details of its investigation, we are unable to ascertain (i) whether the investigation would have an impact on the Company's and the Group's ongoing business operations; and (ii) the significance of adjustments, if any, that may arise from the investigation, to the accompanying financial statements.

These factors indicate the existence of material uncertainties which may cast significant doubt about the ability of the Company and the Group to continue as going concerns. The financial statements do not include the adjustments that would result if the Company and the Group are unable to continue as going concerns.

- (b) Additionally, included in the loss from discontinued operations, net of tax, in the Consolidated Statement of Profit or Loss is a loss of \$6,119,000 in respect of a subsidiary prior to it ceasing to be a subsidiary and its consequent deconsolidation. We were unable to obtain sufficient appropriate audit evidence on this loss. Consequently, we were unable to determine whether any adjustment to the accompanying financial statements was necessary.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

46 Prior year adjustment

As disclosed in Note 16, the Company made a prior year adjustment to write back the allowance of impairment loss of \$17,759,000 previously over-recognised for the investment in Castlemaine Goldfields Pty Ltd.

The effects of the prior year adjustment on the balance sheet of the Company are as follows:

	As previously reported \$'000	Adjustments \$'000	As restated \$'000
Company			
<i>Balance sheet at 31 March 2015</i>			
Investments in subsidiaries	44,422	17,759	62,181
Other reserves	(332,248)	17,759	(314,489)

Related notes for the balance sheet line items which have been restated have been presented in Note 16. The Company has not presented a third balance sheet because the restatement has no impact on balance sheet at the beginning of the comparative period.

The restatement has no impact on the net assets, loss and total comprehensive loss of the Group for the current and previous financial years.

47 Comparative figures

The consolidated financial statements of the Group and the balance sheet of the Company for the financial year ended 31 March 2015 were audited by another independent auditor whose report dated 14 August 2015 expressed a disclaimer of opinion on those financial statements.

48 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of LionGold Corp Ltd on 1 July 2016.

SHAREHOLDERS' INFORMATION

As At 20 June 2016

Authorised Capital	S\$277,720,000
Issued and fully Paid-up Capital	S\$258,581.93
Number of Issued Shares	2,585,819,250
Class of Shares	Ordinary share of S\$0.0001 each
Voting Rights	On show of hands : One vote for each member On a poll : One vote for each ordinary share
Treasury Shares	Nil

ANALYSIS OF SHAREHOLDING BY RANGE

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	253	3.95	4,699	0.00
100 - 1,000	416	6.49	237,973	0.01
1,001 - 10,000	1,557	24.31	9,186,308	0.36
10,001 - 1,000,000	3,774	58.91	652,960,415	25.25
1,000,001 & ABOVE	406	6.34	1,923,429,855	74.38
TOTAL	6,406	100.00	2,585,819,250	100.00

LIST OF TWENTY LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Shares	%
1	PHILLIP SECURITIES PTE LTD	113,464,939	4.39
2	RAFFLES NOMINEES (PTE) LTD	78,032,069	3.02
3	OCBC SECURITIES PRIVATE LTD	70,516,216	2.73
4	CITIBANK NOMINEES SINGAPORE PTE LTD	64,042,330	2.48
5	ABN AMRO CLEARING BANK N.V.	60,691,851	2.35
6	NEO YAM CHENG OR LEE KWEE LAN	54,284,000	2.10
7	LEE EE @ LEE ENG	52,000,000	2.01
8	MAYBANK KIM ENG SECURITIES PTE LTD	37,083,378	1.43
9	RHB SECURITIES SINGAPORE PTE LTD	32,716,503	1.27
10	MORGAN STANLEY ASIA (S) SECURITIES PTE LTD	31,272,301	1.21
11	PERIANNAN S/O RAMAKRISHNAN	30,650,000	1.19
12	CHONG FON KHIAM	25,500,000	0.99
13	DBS NOMINEES PTE LTD	21,119,706	0.82
14	HSBC (SINGAPORE) NOMINEES PTE LTD	20,965,811	0.81
15	UOB KAY HIAN PTE LTD	20,072,655	0.78
16	LOW YEW KIAT	19,282,700	0.75
17	UNITED OVERSEAS BANK NOMINEES PTE LTD	17,557,132	0.68
18	TAY YEOW CHENG @ YAP YEOW CHENG	16,322,900	0.63
19	LEE KENG HWEE	15,000,000	0.58
20	NG KIM HONG	11,540,000	0.45
	TOTAL	792,114,491	30.67

SHAREHOLDERS' INFORMATION

DIRECTORS' INTERESTS AS AT 21 APRIL 2016

Name of Director	Direct Interest Units	%	Deemed Interest Units	%
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil	1,500,000	0.07	40,000,000 ⁽¹⁾	1.97
Tan Soo Khoon Raymond	1,800,000	0.09		
Datuk Wira Dani Daim	2,600,000	0.12	40,000,000 ⁽²⁾	1.97
Bernard Soo Puong Yii	950,000	0.05		
Ng Su Ling	500,000	0.02		
Roland Kenneth Selvanayagam	950,000	0.05		
Dr Denis Edmund Clarke	1,300,000	0.06		

Notes:

(1) By virtue of interests in Forte Services Limited

(2) By virtue of interests in Venaton Holdings Limited

SHAREHOLDINGS HELD BY THE PUBLIC

Based on information available to the Company as at 20 June 2016, 96.53% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Listing Manual issued by the SGX-ST is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of LIONGOLD CORP LTD (“**Company**”) will be held at Level 3, Meeting Room 311, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Friday, 29 July 2016 at 11.00 a.m., for the following purposes:

AS ORDINARY BUSINESS

- 1 To receive and adopt the audited financial statements for the financial year ended 31 March 2016 and the Directors’ Report and Independent Auditors’ Report thereon. **(Resolution 1)**
- 2 To approve the payment of Directors’ fees of S\$190,000 for the year ending 31 March 2017 (FY17), to be payable quarterly in arrears (Previous year FY16: S\$265,000). **(Resolution 2)**
- 3 To re-elect the following Directors retiring pursuant to Bye-Law 104 of the Company:
 - (i) Ng Su Ling **(Resolution 3)**
 - (ii) Tan Soo Khoon Raymond **(Resolution 4)**
 - (iii) Datuk Wira Dani Daim **(Resolution 5)**
- 4 To re-appoint the following Directors retiring under the resolutions passed at the last Annual General Meeting pursuant to Section 153(6) of the Companies Act, Cap. 50 of Singapore (the “**Companies Act**”) (which was then in force as at the date of the last Annual General Meeting), as Directors of the Company:
 - (i) Tan Sri Dato’ Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil **(See Explanatory Note A) (Resolution 6)**
 - (ii) Dr Denis Edmund Clarke **(See Explanatory Note A) (Resolution 7)**
- 5 To re-appoint Baker Tilly TFW LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**
- 6 To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions as ordinary resolutions, with or without modifications:

7 Authority to Directors to Issue Shares

“THAT pursuant to Rule 806 of Section B: Rules of Catalist of the Listing Manual (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), and notwithstanding the provisions of the Company’s Bye-Laws, authority be and is hereby given to the Directors of the Company to:

- (a)
 - (i) issue shares in the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively “**instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by this Resolution 9 may have ceased to be in force) issue Shares in pursuance of any instrument made or granted by the Directors while this Resolution was in force,

Provided that:

- (1) the aggregate number of Shares (including Shares to be issued pursuant to instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution 9 shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and instruments to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below;
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution 9, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of any convertible securities;
 - (b) new Shares arising from exercising share options or vesting of share awards, which are outstanding or subsisting at the time of the passing of this Resolution 9, provided the options and awards were granted in compliance with the Catalist Rules; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution 9, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-Laws of the Company; and
- (4) unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”
(See Explanatory Note B) (Resolution 9)

8 **Authority to Directors to Grant Awards and Issue Shares pursuant to the LionGold Performance Share Plan**

“THAT approval be and is hereby given to the Directors to offer and grant share awards in accordance with the provisions of the LionGold Performance Share Plan and to allot and issue and/or transfer from time to time such number of fully-paid Shares as may be required to be issued and/or transferred pursuant to the vesting of the share awards under the LionGold Performance Share Plan provided always that the aggregate number of Shares which may be issued and/or transferred pursuant to share awards granted under the LionGold Performance Share Plan, when added to (i) the number of Shares issued and issuable and/or transferred and transferable in respect of all share awards granted thereunder; and (ii) all Shares issued and issuable and/or transferred and transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force shall not exceed fifteen per cent (15%) of the total number of issued Shares of the Company (excluding treasury shares) on the day preceding the relevant date of share awards, and provided also that subject to such adjustments as may be made to the LionGold Performance Share Plan as a result of any variation in the capital structure of the Company.”

(See Explanatory Note C)

(Resolution 10)

NOTICE OF ANNUAL GENERAL MEETING

By Order of the Board

Ong Sing Huat

Company Secretary
Singapore
5 July 2016

EXPLANATORY NOTES ON RESOLUTIONS TO BE PASSED

NOTES TO SPECIAL BUSINESS:

Explanatory Note A

Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil and Dr Denis Edmund Clarke who are over the age of 70 were re-appointed as Directors to hold office from the date of the last Annual General Meeting (held on 14 September 2015) until this Annual General Meeting in compliance with Section 153(6) of the Companies Act (which was then in force) as a form of good practice. Section 153(6) of the Companies Act was repealed with effect from 3 January 2016. As their appointments lapse at this Annual General Meeting, they will have to be re-appointed to continue in office. Upon their re-appointment at the conclusion of this Annual General Meeting, going forward, they will then be subject to retirement by rotation under the Company's Bye-Laws.

Explanatory Note B

The proposed Resolution 9, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting, to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments up to a number not exceeding, in total 100% of the total number of issued Shares (excluding treasury shares) in the capital of the Company, of which 50% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares) will be calculated based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time the Resolution 9 is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards, which are outstanding or subsisting at the time when the Resolution 9 is passed, provided the options and awards were granted in compliance with the Catalist Rules, and any subsequent bonus issue, consolidation or subdivision of Shares.

Explanatory Note C

The proposed Resolution 10, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting, to offer and grant share awards pursuant to the LionGold Performance Share Plan and to issue and/or transfer fully-paid Shares pursuant to the vesting of the share awards under the LionGold Performance Share Plan provided that the aggregate number of Shares which may be issued and/or transferred under the LionGold Performance Share Plan does not exceed 15% of the total number of issued Shares (excluding treasury shares) in the capital of the Company on the day preceding the relevant date of share award.

NOTICE OF ANNUAL GENERAL MEETING

At the Special General Meeting held on 20 December 2012, shareholders approved the adoption of the LionGold Performance Share Plan. As at the date of this Notice, the Company has granted the following Awards to the Directors, senior executives and key senior management of the Company pursuant to the LionGold Performance Share Plan:

- (1) 12,700,000 share awards at S\$0.16 on 15 January 2014; and
- (2) 5,750,000 share awards at S\$0.084 on 30 June 2014.

NOTES:

- (a) *A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the appointments shall be invalid unless the proportion of the shareholding concerned to be represented by each proxy is specified in the form of proxy. A proxy need not be a member of the Company.*
- (b) *A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.*
- (c) *"Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act.*
- (d) *The instrument appointing a proxy must be completed and deposited at the office of the Singapore Share Transfer Agent, **B.A.C.S. Private Limited**, at 8 Robinson Road, #03-00, ASO Building, Singapore 048544, not less than 48 hours before the time appointed for holding the Annual General Meeting.*
- (e) **PERSONAL DATA PRIVACY**

*Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and/or disclosure of the members' personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and/or disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

- (f) *By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts the personal data privacy terms set out in the Notice of Annual General Meeting.*

LIONGOLD

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