

**LIONGOLD CORP LTD**  
**FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER**  
**ENDED 30 SEPTEMBER 2018**

The Board of Directors (“**Board**”) of LionGold Corp Ltd (the “**Company**”) is pleased to present the results of the Company and its subsidiaries (the “**Group**”) for the second quarter ended 30 September 2018. The figures presented below have not been audited nor reviewed by the Company’s auditors.

**1(a)(i) An income statement (for the Group) with comparatives for the 3 month and 6 month periods ended 30 September 2018 with the corresponding period of the immediately preceding financial year.**

	Group			Group		
	3 month period ended			6 month period ended		
	30.09.2018	30.09.2017	Change	30.09.2018	30.09.2017	Change
	S\$’000	S\$’000	%	S\$’000	S\$’000	%
Revenue	16,438	17,317	(5.1)	35,138	24,511	43.4
Cost of goods sold	(15,635)	(20,520)	(23.8)	(31,641)	(32,332)	(2.1)
<b>Gross profit/(loss)</b>	<b>803</b>	<b>(3,203)</b>	<b>NM</b>	<b>3,497</b>	<b>(7,821)</b>	<b>NM</b>
Other income	43	48	(10.4)	84	120	(30.0)
Expenses :						
Administrative expenses	(841)	(1,159)	(27.4)	(1,717)	(2,574)	(33.3)
Other expenses	(8)	(400)	(98.0)	(248)	(206)	20.4
Finance costs	(661)	(665)	(0.6)	(1,388)	(1,024)	35.5
<b>(Loss)/profit before income tax</b>	<b>(664)</b>	<b>(5,379)</b>	<b>(87.7)</b>	<b>228</b>	<b>(11,505)</b>	<b>NM</b>
Income tax expense	-	-	-	-	-	-
<b>Net (loss)/profit for the period</b>	<b>(664)</b>	<b>(5,379)</b>	<b>(87.7)</b>	<b>228</b>	<b>(11,505)</b>	<b>NM</b>
<b>Net (loss)/profit for the period attributable to :</b>						
Equity holders of the Company	(413)	(5,620)	(92.7)	888	(11,734)	NM
Non-controlling interests	(251)	241	NM	(660)	229	NM

NM: Not Meaningful

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1(a)(ii) A statement of comprehensive income with comparatives for the 3 month and 6 month periods ended 30 September 2018 with the corresponding period of the immediately preceding financial year.

	Group		Group	
	3 month period ended		6 month period ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Total (loss)/profit for the period</b>	<b>(664)</b>	<b>(5,379)</b>	<b>228</b>	<b>(11,505)</b>
Currency translation differences arising from consolidation	(1,128)	453	(1,154)	(456)
<b>Total comprehensive loss for the period</b>	<b>(1,792)</b>	<b>(4,926)</b>	<b>(926)</b>	<b>(11,961)</b>
<b>Total comprehensive (loss)/income for the period attributable to :</b>				
Equity holders of the Company	(1,778)	(5,088)	(508)	(12,254)
Non-controlling interests	(14)	162	(418)	293

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

	Group			Group		
	3 month period ended			6 month period ended		
	30.09.2018	30.09.2017	Change	30.09.2018	30.09.2017	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Cost of goods sold:-</u>						
Amortisation of mining properties	1,992	2,107	(5.5)	4,645	3,833	21.2
Depreciation of property, plant and equipment	987	1,841	(46.4)	1,899	3,974	(52.2)
<u>Other income:-</u>						
Interest income	43	32	34.4	69	85	(18.8)
Rental income	-	15	(100.0)	13	30	(56.7)
Others	-	1	(100.0)	2	5	(60.0)
	<b>43</b>	<b>48</b>	<b>(10.4)</b>	<b>84</b>	<b>120</b>	<b>(30.0)</b>
<u>Administrative expenses:-</u>						
Depreciation of property, plant and equipment	21	29	(27.6)	42	71	(40.8)
Operating lease - rental expenses	31	81	(61.7)	62	158	(60.8)
<u>Other expenses:-</u>						
Exploration and evaluation expenditure written off	580	35	1,557.1	680	79	760.8
(Gain)/loss on foreign exchange (net)	(690)	223	NM	(703)	(128)	449.2
Loss on disposal of property, plant and equipment	2	2	-	44	2	2,100.0
Plant and equipment written off	-	13	(100.0)	-	13	(100.0)
Other mining expenses	116	127	(8.7)	227	240	(5.4)
	<b>8</b>	<b>400</b>	<b>(98.0)</b>	<b>248</b>	<b>206</b>	<b>20.4</b>

NM: Not Meaningful

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**1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year**

	Group		Company	
	As at 30.09.2018	As at 31.03.2018 (Restated)	As at 30.09.2018	As at 31.03.2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Current assets</b>				
Cash and cash equivalents	5,594	3,757	5	5
Trade and other receivables	387	493	13	15
Other current assets	619	557	426	458
Inventories	9,265	7,327	-	-
	<b>15,865</b>	<b>12,134</b>	<b>444</b>	<b>478</b>
<b>Non-current assets</b>				
Security deposits	4,295	4,379	-	-
Investment in subsidiaries	-	-	64,446	64,446
Exploration and evaluation expenditure	4,951	5,519	-	-
Mining properties	2,266	3,598	-	-
Property, plant and equipment	13,472	14,360	3	6
	<b>24,984</b>	<b>27,856</b>	<b>64,449</b>	<b>64,452</b>
<b>Total assets</b>	<b>40,849</b>	<b>39,990</b>	<b>64,893</b>	<b>64,930</b>
<b>Current liabilities</b>				
Trade and other payables	13,326	11,660	4,950	3,440
Due to subsidiaries	-	-	36,506	35,816
Finance lease liabilities	631	705	-	-
Convertible bonds	-	419	-	419
Derivative liability conversion option in convertible bonds	9	97	9	97
	<b>13,966</b>	<b>12,881</b>	<b>41,465</b>	<b>39,772</b>
<b>Non-current liabilities</b>				
Finance lease liabilities	245	-	-	-
Borrowings	15,803	15,803	15,803	15,803
Convertible bonds	42	-	42	-
Deferred consideration	2,228	2,272	-	-
Rehabilitation and preservation provision	5,655	5,739	-	-
	<b>23,973</b>	<b>23,814</b>	<b>15,845</b>	<b>15,803</b>
<b>Total liabilities</b>	<b>37,939</b>	<b>36,695</b>	<b>57,310</b>	<b>55,575</b>
<b>Net assets</b>	<b>2,910</b>	<b>3,295</b>	<b>7,583</b>	<b>9,355</b>

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	Group		Company	
	As at 30.09.2018	As at 31.03.2018 (Restated)	As at 30.09.2018	As at 31.03.2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Equity</b>				
<b>Issued capital and reserves attributable to equity holders of the Company</b>				
Issued capital	870	811	870	811
Share premium	280,000	279,518	280,000	279,518
Other reserves	(265,517)	(265,009)	(273,287)	(270,974)
	<b>15,353</b>	<b>15,320</b>	<b>7,583</b>	<b>9,355</b>
Non-controlling interests	(12,443)	(12,025)	-	-
<b>Total equity</b>	<b>2,910</b>	<b>3,295</b>	<b>7,583</b>	<b>9,355</b>

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

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

	As at 30.9.2018		As at 31.03.2018	
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Convertible bonds	-	-	-	419
Finance lease liabilities	631	-	705	-
	<b>631</b>	<b>-</b>	<b>705</b>	<b>419</b>

**Amount repayable more than one year and not later than five years**

	As at 30.09.2018		As at 31.03.2018	
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Later than 1 year but not later than 5 years:				
Borrowings	-	15,803	-	15,803
Convertible bonds	-	42	-	-
Finance lease liabilities	245	-	-	-
	<b>245</b>	<b>15,845</b>	<b>-</b>	<b>15,803</b>

As at 30 September 2018, the Group's borrowings are secured by property, plant and equipment with a net book value of S\$1.1 million (31 March 2018: S\$0.7 million).

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

	Group		Group	
	3 month period ended		6 month period ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
(Loss)/profit before tax from continuing operations	(664)	(5,379)	228	(11,505)
Adjustments for:-				
Amortisation of mining properties	1,992	2,107	4,645	3,833
Amortisation of discount on provision for rehabilitation and preservation	13	14	27	28
Depreciation of property, plant and equipment	1,008	1,870	1,941	4,045
Exploration and evaluation expenditure written-off	580	35	680	79
Loss on disposal of property, plant and equipment	2	2	44	2
Plant and equipment written off	-	13	-	13
Unrealised foreign exchange (gain)/loss	(690)	222	(704)	(126)
Interest income	(43)	(32)	(69)	(85)
Interest expense	648	651	1,361	996
<b>Operating cash flows before working capital changes</b>	<b>2,846</b>	<b>(497)</b>	<b>8,153</b>	<b>(2,720)</b>
Changes in operating assets and liabilities:				
Inventories	21	2,650	(1,938)	(2,951)
Trade and other receivables	1	5	106	255
Other current assets	(136)	(72)	(62)	(47)
Trade and other payables	22	217	(438)	(209)
Other liabilities	(113)	588	641	721
<b>Cash generated from/(used in) operations</b>	<b>2,641</b>	<b>2,891</b>	<b>6,462</b>	<b>(4,951)</b>
Interest received	43	32	69	85
Interest paid	(16)	(20)	(25)	(37)
<b>Net cash generated from/(used in) operating activities</b>	<b>2,668</b>	<b>2,903</b>	<b>6,506</b>	<b>(4,903)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Expenditure on exploration, evaluation and capital development	(2,273)	(2,503)	(3,512)	(4,447)
Purchase of property, plant and equipment	(1,104)	(291)	(1,310)	(828)
<b>Net cash used in investing activities</b>	<b>(3,377)</b>	<b>(2,794)</b>	<b>(4,822)</b>	<b>(5,275)</b>

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	Group		Group	
	3 month period ended		6 month period ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of convertible bonds	-	475	-	950
Net proceeds from/(repayment to) finance lease creditor	399	(136)	171	(287)
<b>Net cash generated from financing activities</b>	<b>399</b>	<b>339</b>	<b>171</b>	<b>663</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(310)</b>	<b>448</b>	<b>1,855</b>	<b>(9,515)</b>
Cash and cash equivalents at beginning of period	5,922	1,272	3,757	11,153
Effect of foreign exchange rate changes, net	(18)	(152)	(18)	(70)
<b>Cash and cash equivalents at end of period</b>	<b>5,594</b>	<b>1,568</b>	<b>5,594</b>	<b>1,568</b>

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**1(d)(i)** A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Issued Capital	Share Premium	Contributed Surplus	Foreign Currency Translation Reserve	Accumulated Losses	Non-controlling interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>							
As at 31 March 2018 (As previously reported)	811	279,518	61,979	(21,133)	(305,855)	(12,025)	3,295
Adoption of SFRS(I)	-	-	-	16,335	(16,335)	-	-
As at 31 March / 1 April 2018 (Restated)	811	279,518	61,979	(4,798)	(322,190)	(12,025)	3,295
Conversion of shares from convertible bonds	59	482	-	-	-	-	541
Profit/(loss) for the period	-	-	-	-	1,301	(409)	892
Currency translation differences	-	-	-	(30)	-	5	(25)
Total comprehensive (loss)/income for the period	-	-	-	(30)	1,301	(404)	867
As at 30 June 2018	<b>870</b>	<b>280,000</b>	<b>61,979</b>	<b>(4,828)</b>	<b>(320,889)</b>	<b>(12,429)</b>	<b>4,703</b>
Loss for the period	-	-	-	-	(413)	(251)	(664)
Currency translation differences	-	-	-	(1,366)	-	237	(1,129)
Total comprehensive loss for the period	-	-	-	(1,366)	(413)	(14)	(1,793)
As at 30 September 2018	<b>870</b>	<b>280,000</b>	<b>61,979</b>	<b>(6,194)</b>	<b>(321,302)</b>	<b>(12,443)</b>	<b>2,910</b>



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	Issued Capital	Share Premium	Contributed Surplus	Foreign Currency Translation Reserve	Accumulated Losses	Non-controlling interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>							
As at 1 April 2017 (As previously reported)	558	277,648	61,979	(16,335)	(295,365)	(12,674)	15,811
Adoption of SFRS(I)	-	-	-	16,335	(16,335)	-	-
As at 1 April 2017 (Restated)	558	277,648	61,979	-	(311,700)	(12,674)	15,811
Conversion of shares from convertible bonds	24	173	-	-	-	-	197
Loss for the period	-	-	-	-	(6,114)	(11)	(6,125)
Currency translation differences	-	-	-	(1,052)	-	142	(910)
Total comprehensive (loss)/income for the period	-	-	-	(1,052)	(6,114)	131	(7,035)
As at 30 June 2017	<b>582</b>	<b>277,821</b>	<b>61,979</b>	<b>(1,052)</b>	<b>(317,814)</b>	<b>(12,543)</b>	<b>8,973</b>
Issuance of shares	94	703	-	-	-		797
(Loss)/profit for the period	-	-	-	-	(5,620)	241	(5,379)
Currency translation differences	-	-	-	532	-	(79)	453
Total comprehensive income/(loss) for the period	-	-	-	532	(5,620)	162	(4,926)
As at 30 September 2017	<b>676</b>	<b>278,524</b>	<b>61,979</b>	<b>(520)</b>	<b>(323,434)</b>	<b>(12,381)</b>	<b>4,844</b>

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	Issued Capital	Share Premium	Contributed Surplus	Accumulated Losses	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Company</b>					
As at 1 April 2018	811	279,518	61,979	(332,953)	9,355
Conversion of shares from convertible bonds	59	482	-	-	541
Loss for the period	-	-	-	(1,513)	(1,513)
Total comprehensive loss for the period	-	-	-	(1,513)	(1,513)
As at 30 June 2018	<b>870</b>	<b>280,000</b>	<b>61,979</b>	<b>(334,466)</b>	<b>8,383</b>
Loss for the period	-	-	-	(800)	(800)
Total comprehensive loss for the period	-	-	-	(800)	(800)
As at 30 September 2018	<b>870</b>	<b>280,000</b>	<b>61,979</b>	<b>(335,266)</b>	<b>7,583</b>

	Issued Capital	Share Premium	Contributed Surplus	Accumulated Losses	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Company</b>					
As at 1 April 2017	558	277,648	61,979	(316,592)	23,593
Conversion of shares from convertible bonds	24	173	-	-	197
Loss for the period	-	-	-	(1,258)	(1,258)
Total comprehensive loss for the period	-	-	-	(1,258)	(1,258)
As at 30 June 2017	<b>582</b>	<b>277,821</b>	<b>61,979</b>	<b>(317,850)</b>	<b>22,532</b>
Conversion of shares from convertible bonds	94	703	-	-	797
Loss for the period	-	-	-	(1,995)	(1,995)
Total comprehensive loss for the period	-	-	-	(1,995)	(1,995)
As at 30 September 2017	<b>676</b>	<b>278,524</b>	<b>61,979</b>	<b>(319,845)</b>	<b>21,334</b>

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1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

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

Issued and fully paid (ordinary shares ("Shares"))	No. of shares	Share Capital (S\$'000)	Share Premium (S\$'000)
<b>As at 1 April 2018</b>	<b>8,109,925,825</b>	<b>811</b>	<b>279,518</b>
New ordinary shares issued in relation to conversion of S\$500,000 convertible bonds at a conversion price of S\$0.00085 on 6 June 2018	588,235,294	59	482
<b>As at 30 June 2018 / 30 September 2018</b>	<b>8,698,161,119</b>	<b>870</b>	<b>280,000</b>

The number of Shares that may be issued on conversion of the outstanding convertibles as at 30 September 2018 and 30 September 2017 is as follows:

<b>As at 30 September 2018</b>	<b>No. of Shares that may be issued</b>	<b>Share Capital (S\$'000)</b>	<b>Share Premium (S\$'000)</b>
New Shares to be issued on conversion of current outstanding convertible bonds of S\$50,000 and the remaining convertible bonds of approximately S\$22 million which have yet to be drawn down. For illustrative purposes, the table shows the number of Shares to be issued assuming full conversion of the convertible bonds at the conversion price of S\$0.00085.	25,898,497,477	2,590	19,424

<b>As at 30 September 2017</b>	<b>No. of Shares that may be issued</b>	<b>Share Capital (S\$'000)</b>	<b>Share Premium (S\$'000)</b>
New Shares to be issued on conversion of current outstanding convertible bonds of S\$0.7 million and the remaining convertible bonds of approximately S\$23.0 million which have yet to be drawn down. For illustrative purposes, the table shows the number of Shares to be issued assuming full conversion of the convertible bonds at the conversion price of S\$0.00085.	27,839,673,946	2,784	20,880

There are no treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year.

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- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

There are no treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year. The total number of issued shares as at 30 September 2018 is 8,698,161,119 (31 March 2018: 8,109,925,825).

- 1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. There are no treasury shares.

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

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

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

The figures have not been audited or reviewed by the Company's auditors.

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

There were no changes in the accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 March 2018, except as disclosed in Note 5 below.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

On 1 April 2018, the Group adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)"). It has prepared its first set of financial information under SFRS(I) for the quarter ended 30 June 2018. The Group's previously issued financial statements for periods up to and including financial year ended 31 March 2018 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 April 2018, the Group applied the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group's opening balance sheet under SFRS(I) has been prepared as at 1 April 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

The adoption of SFRS(I) did not have any significant impact on the financial statements of the Group except the following:

- a) Application of SFRS(I) 1 First Time Adoption of SFRS(I)

The Group has elected for the optional exemption to reset its cumulative foreign currency translation reserve for all foreign operations to nil at the date of transition on 1 April 2017. As a result, the foreign currency translation reserve of S\$16,335,000 (in debit balance) determined in accordance with FRSs as at 1 April 2017 will be reclassified to retained earnings as at 1 April 2017.

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b) Comparatives

The comparative figures that have been restated with significant impact arising from the adoption of SFRS(I) described above are summarized below:

**Group Balance Sheet**

	As at 31 March 2018			As at 1 April 2017		
	Reported under SFRS	Effect of transition to SFRS(I)	Restated under SFRS(I)	Reported under SFRS	Effect of transition to SFRS(I)	Restated under SFRS(I)
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Issued capital and reserves attributable to equity holders of the Company</b>						
Other reserves	40,846	16,335	57,181	45,644	16,335	61,979
Accumulated losses	(305,855)	(16,335)	(322,190)	(295,365)	(16,335)	(311,700)

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

	3 month period ended		6 month period ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	S\$	S\$	S\$	S\$
Loss per Share for the financial period:				
Based on weighted average number of shares - basic and diluted:	(0.005) cents	(0.09) cents	0.01 cents	(0.19) cents

Loss per Share is calculated based on the weighted average number of Shares of 8,486,010,685 for the six (6) months ended 30 September 2018 (30 September 2017: 6,177,106,798) and 8,486,010,685 for the three (3) months ended 30 September 2018 (30 September 2017: 6,177,106,798).

**7. Net asset value (for the issuer and the Group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.**

	Group		Company	
	As at 30.09.2018	As at 31.03.2018	As at 30.09.2018	As at 31.03.2018
	S\$	S\$	S\$	S\$
Net assets value per Share based on issued share capital at end of financial period/year	0.18 cents	0.19 cents	0.09 cents	0.12 cents

Net asset value per Share is calculated based on 8,698,161,119 (31 March 2018: 8,109,925,825) Shares in issue at the end of the financial period ended 30 September 2018.

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8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

**(A) Financial Performance Review**

**6M2019**

***Continuing Operations***

The Group recorded an increase in revenue for the six (6) months of the financial period ended 30 September 2018 ("6M2019"). Revenue increased to S\$35.1 million compared with S\$24.5 million in the preceding period ("6M2018") as total gold sold increased from 14,097 ounces to 20,685 ounces. In addition, there was an increase in average selling price of gold from A\$1,639 in 6M2018 to A\$1,694 in 6M2019.

Gross profit increased by S\$11.3 million from a gross loss of S\$7.8 million in 6M2018 to a gross profit of S\$3.5 million in 6M2019. The significant increase in gross profit was mainly due to the increase in gold sold and increase in average selling price of gold as described above. Total quantity of gold ore processed increased by 7.3% from approximately 131,000 tonnes in 6M2018 to approximately 140,000 tonnes in 6M2019. Total gold production increased by 36.4% from 16,302 ounces in 6M2018 to 22,244 ounces in 6M2019 as a result of the increase in the head grade of ore processed from 4.8g/t in 6M2018 to 5.8g/t in 6M2019. Total mining and production cost per ounce has decreased mainly as a result of the increase in head grade.

The increase in amortisation of mining properties was mainly due to increase in total gold production as described above. There was a decrease in depreciation of property, plant and equipment as some of the assets have been fully depreciated in 6M2019.

Administrative expenses decreased by S\$0.9 million in 6M2019 as compared to 6M2018. This was mainly attributable to a decrease in salary expenses of S\$0.5 million and a decrease of S\$0.1 million in rental expenses.

Other expenses remained at S\$0.2 million in 6M2019 as compared to 6M2018. Exploration and evaluation expenditure of S\$0.7 million in 6M2019 was written off as costs incurred and capitalised in relation to an area of interest were deemed to be no longer recoverable through further development and exploitation. Other mining expenses of S\$0.2 million in 6M2019 relate to general mining expenses which could not be allocated to specific area of interest and hence has to be expensed off and these items were individually immaterial. The expenses were offset by the foreign exchange gain of S\$0.7 million in 6M2019 as a result of depreciation of AUD against SGD.

The increase in finance costs of S\$0.4 million in 6M2019 as compared to 6M2018 was mainly attributable to an increase in interest charged on the outstanding borrowings of S\$15.8 million pursuant to the debt restructuring agreement entered by the Company as announced on 29 June 2017.

**2Q2019**

The Group recorded a slight decrease in revenue for the 3 months of the financial period ended 30 September 2018 ("2Q2019"). Revenue decreased to S\$16.4 million compared to S\$17.3 million in the preceding period ("2Q2018") as the total gold sold decreased from 10,050 ounces in 2Q2018 to 9,945 ounces in 2Q2019. The decrease in revenue was partially offset by an increase in average selling price of gold from A\$1,615 in 2Q2018 to A\$1,658 in 2Q2019.

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Gross profit increased by S\$4.0 million from a gross loss of S\$3.2 million in 2Q2018 to a gross profit of S\$0.8 million in 2Q2019. Total quantity of gold ore processed increased by 1.6% from approximately 66,000 tonnes in 2Q2018 to approximately 67,000 tonnes in 2Q2019. Total gold production increased by 25.0% from 8,739 ounces in 2Q2018 to 10,927 ounces in 2Q2019 as a result of the increase in the head grade of ore processed from 5.1 g/t in 2Q2018 to 6.0 g/t in 2Q2019. The significant increase in gross profit was mainly due to increase in average selling price of gold as described above as well as the decrease in total mining and production cost per ounce mainly as a result of the increase in head grade.

Administrative expenses decreased by S\$0.3 million in 2Q2019 as compared to 2Q2018. This was mainly attributable to a decrease in salary expenses of S\$0.3 million.

There was a decrease in other expenses of S\$0.4 million in 2Q2019 as compared to 2Q2018. The was mainly due to the decrease in foreign exchange losses from a loss of S\$0.2 million in 2Q2018 to a gain of S\$0.7 million in 2Q2019, as the SGD appreciated against the AUD. The decrease in other expenses was partially offset by the increase of S\$0.5 million in exploration and evaluation expenditure written off in 2Q2019 as compared to 2Q2018.

**(B) Financial Position Review**

- 1) The Current Assets of the Group increased by S\$3.7 million from S\$12.1 million as at 31 March 2018 to S\$15.9 million as at 30 September 2018. The increase was mainly due to:
  - The increase in cash and cash equivalents by S\$1.8 million. This was mainly attributable to cash generated from operating activities of S\$6.5 million and net proceeds from finance lease creditor of S\$0.2 million. The increase was partially offset by expenditure on mining related activities of S\$3.5 million and purchase of property, plant and equipment (“PPE”) of S\$1.3 million.
  - The increase in inventory of S\$1.9 million was mainly attributable to the increase in the quantity of gold stockpiles held.
- 2) The non-current assets of the Group decreased by S\$2.9 million from S\$27.9 million as at 31 March 2018 to S\$25.0 million as at 30 September 2018. The decrease was mainly due to:
  - The decrease in PPE by S\$0.9 million was mainly attributable to depreciation charge of S\$1.9 million. In addition, the Group has significant PPE that are held in AUD which resulted in a decrease in net book values of approximately S\$0.2 million. The decrease was partially offset by additions amounting to S\$1.3 million during the period.
  - The decrease in mining properties by S\$1.3 million mainly attributable to the amortisation charge of S\$4.6 million. The decrease was partially offset by additions made to mining properties of S\$3.3 million.
  - The decrease in exploration and evaluation expenditure by S\$0.6 million was mainly attributable to write-off of S\$0.7 million during the period. The decrease was partially offset by additions of capitalised expenditure of S\$0.2 million.
- 3) The Current Liabilities of the Group increased from S\$12.9 million as at 31 March 2018 to S\$14.0 million as at 30 September 2018. The increase of S\$1.1 million was mainly attributable to:
  - The increase in trade and other payables of 1.7 million.

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

- The decrease in convertible bonds of S\$0.4 million attributable to the conversion of bonds into shares of the Company. The carrying value of the convertible bonds has been reclassified from current liabilities to non-current liabilities as a result of the supplemental agreement entered between the Company, Premier Equity Fund Sub Fund E and Value Capital Asset Management Pte. Ltd. to amend the terms of the Subscription Agreement in relation to the extension of the maturity date to 16 March 2020 (Company's announcement dated 13 July 2018).

At the Company level, the amount due to subsidiaries increased from S\$35.8 million to S\$36.5 million which was mainly attributable to the funding provided from Castlemaine Goldfields Pty Ltd ("CGT") to the Company for its operating expenses.

- 4) The non-current liabilities of the Group increased from S\$23.8 million as at 31 March 2018 to S\$24.0 million as at 30 September 2018. The increase was mainly attributable to:
- The increase in finance lease liabilities of S\$0.2 million.

Deferred consideration of S\$2.2 million pertains to a consideration payable to the previous owner of Owere Mines Ltd following certain production milestones being met. Further details of this deferred consideration can be found on page 92, note 30 of the FY2018 annual report.

The provision for rehabilitation and preservation of S\$5.7 million is to cover the estimated costs of land rehabilitation and preservation as a result of past mining and exploration activities at Ballarat and Castlemaine, all in Australia.

- 5) Issued capital and reserves attributable to equity holders and non-controlling interests of the Company decreased by S\$0.4 million from S\$3.3 million as at 31 March 2018 to S\$2.9 million as at 30 September 2018. These were mainly attributable to the following:
- The decrease in other reserves (excluding accumulated losses) by S\$1.4 million, due to a decrease in foreign currency translation reserve.
  - The decrease in accumulated losses from S\$322.2 million as at 31 March 2018 to S\$321.3 million as at 30 September 2018, which reflects the Group's consolidated profit attributable to equity holders for the period.
  - The increase in deficit of non-controlling interest to (S\$12.4) million as at 30 September 2018 compared to (S\$12.0) million as at 31 March 2018, due mainly to a non-controlling interests share of results of \$0.4 million.

**(C) Cash Flow Statement**

**6M2019**

Net cash generated from operating activities in 6M2019 was S\$6.5 million as compared to net cash used in operations of S\$4.9 million in 6M2018. The net operating cash inflow was mainly due to an operating profit before working capital changes of S\$8.2 million, adjusted for working capital outflows of S\$1.7 million. The working capital outflows in 6M2019 were attributable mainly to the increase in inventories of S\$1.9 million and a decrease in trade and other payables of S\$0.4 million. The working capital outflows were partially offset by an increase in other liabilities of S\$0.6 million and a decrease in trade and other receivables of S\$0.1 million.



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Net cash used in investing activities in 6M2019 was S\$4.8 million as compared to S\$5.3 million in 6M2018. This was mainly attributable to a decrease in expenditure on exploration, evaluation and capital development of S\$0.9 million in 6M2019, which was partially offset by an increase in purchase of PPE from S\$0.8 million in 6M2018 to S\$1.3 million in 6M2019.

Net cash generated from financing activities in 6M2019 was S\$0.2 million as compared to S\$0.7 million in 6M2018. This was mainly attributable to proceeds of S\$1.0 million from the issuance of convertible bonds in 6M2018. There was no such item in 6M2019.

**2Q2019**

Net cash generated from operating activities in 2Q2019 was S\$2.7 million as compared to S\$2.9 million in 2Q2018. The net operating cash inflow was mainly due to an operating profit before working capital changes of S\$2.8 million, adjusted for working capital outflows of S\$0.2 million. The working capital outflows in 2Q2019 were attributable mainly to the increase in other current assets of S\$0.1 million and the decrease in other liabilities of S\$0.1 million.

Net cash used in investing activities in 2Q2019 was S\$3.4 million as compared to S\$2.8 million in 2Q2018. The net cash used in 2Q2019 was mainly attributable to expenditure on exploration, evaluation and capital development of S\$2.3 million and purchase of PPE of S\$1.1 million. Comparatively, the net cash used in 2Q2018 was mainly attributable to expenditure on exploration, evaluation and capital development of S\$2.5 million and purchase of PPE of S\$0.3 million.

Net cash generated from financing activities in 2Q2019 was S\$0.4 million as compared to S\$0.3 million in 2Q2018. The net cash generated from financing activities in 2Q2019 was attributable to net proceeds from finance lease creditor of S\$0.4 million.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

There is no forecast or prospect statement which has been previously disclosed.

**10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting year and the next 12 months.**

The Board is cautiously optimistic on the outlook for gold prices as the current volatility in the global stock markets and price of gold is likely to continue into the second half of 2018. Events like the steady global economic recovery are being threatened by interest rate hikes, geopolitical uncertainties, that is, trade tensions between the United States and various countries, and political tensions in the Middle East.

Given the above, the Board prefers to take a cautiously optimistic view on the demand for and price of gold going forward as the above factors are generally supportive for demand for gold as an important asset class in times of uncertainty.

**11. Dividend**

**(a) Current Financial Year Reported On**  
**Any dividend declared for the current financial year reported on?**

No.

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- (b) **Corresponding Year of the Immediately Preceding Financial Year**  
Any dividend declared for the corresponding year of the immediately preceding financial year?

No.

- (c) **Date payable**  
Not applicable.

- (d) **Books closure date**  
Not applicable.

- 12. If no dividend has been declared/recommended, a statement to that effect**

No final dividend has been recommended.

- 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained any IPT mandate from its shareholders. There were no IPT transactions for the period from 1 April 2018 to 30 September 2018.

- 14. Confirmation pursuant to Rule 705(5) of the Catalist Listing Manual**

Bernard Soo Puong Yii and Tan Soo Khoon Raymond, being two directors of the Company, have confirmed on behalf of the Board that to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for 2Q2019 to be materially false or misleading in any material aspect.

- 15. Confirmation pursuant to Rule 720(1) of the Catalist Listing Manual**

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual.

- 16. Use of Proceeds**

All proceeds have been fully utilised and announced accordingly as at the date of this announcement.

BY ORDER OF THE BOARD  
Tan Soo Khoon Raymond  
Executive Director  
12 November 2018

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement. The Sponsor has also not drawn on any specific technical expertise in its review of this announcement.*

*The announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Mr Bernard Lui.*

*Tel: 6389 3000*

*Email: [bernard.lui@morganlewis.com](mailto:bernard.lui@morganlewis.com)*