

**LionGold Corp Ltd**

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**LIONGOLD**  
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**Media Announcement**  
**(For Immediate Release)**

**LionGold Corp reports 20% increase in FY2014 revenues to S\$144.2 million; production of 39,962 ounces of gold**

**Key points:**

- For the financial year ended 31 March 2014, LionGold recorded a 20% year-on-year increase in revenue to S\$144.2 million.
- The Group's wholly owned subsidiary, Castlemaine Goldfields, produced 39,962 ounces of gold during the period at a cash operating cost of A\$998 (US\$924) and an all-in sustaining cost of A\$1,405 (US\$1,300).
- Correspondingly, LionGold recorded a 103% increase in gross profit of S\$7.4 million.
- However, weaker and volatile gold prices combined with a compression of valuations in the gold industry contributed to sizable impairments of LionGold's assets.
- Consequently, LionGold reported a loss attributable to equity holders of S\$143.1 million for the financial year ended 31 March 2014.
- The Group will streamline and rationalise existing operations by carefully managing its scale of operations, labour requirements, and exploration and mining techniques to improve the Group's overall financial performance amidst a volatile gold price environment.
- LionGold will explore fund raising opportunities to invest in existing and new gold assets via possible rights issues, share placements and the divestment of its non-core office equipment manufacturing business as well as gold assets which currently do not fit in the Group's strategic plan.

LionGold Corp Ltd	Financial year ended		Change %
	31 March 2014	31 March 2013	
	S\$ million	S\$ million	
Revenue	144.2	120.2	19.9
Cost of goods sold	(136.8)	(116.6)	17.4
<b>Gross profit</b>	<b>7.4</b>	<b>3.6</b>	<b>102.5</b>
Other income	(32.5)	31.3	(204.2)
Total expenses	136.7	46.4	194.6
Pre-tax loss from continuing operations	(151.0)	(11.2)	(NM)
<b>Loss attributable to equity holders</b>	<b>(143.1)</b>	<b>(8.1)</b>	<b>(NM)</b>

**SINGAPORE, 30 May 2014** – For the financial year ended 31 March 2014, LionGold Corp Ltd (“LionGold” or the “Group”) recorded a 19.9% year-on-year increase in revenue to S\$144.2 million, reflecting the consolidation of gold revenues from Castlemaine Goldfields which was acquired in August 2012 and only partially reflected in FY2013 results. A total of 170,392 tonnes of gold-bearing ore was processed at Castlemaine Goldfields in FY2014 at a grade of 8.4g/t, producing 39,962 ounces of gold, close to the Group’s annual production target of 40-50,000 ounces of gold. Each ounce of gold was produced at a cash operating cost of A\$998 (US\$924) and an all-in sustaining cost of A\$1,405 (US\$1,300). Correspondingly, LionGold recorded a 102.5% increase in gross profit of S\$7.4 million.

#### Castlemaine Goldfields’ operations summary

	FY2014
Ounces Produced	39,962
Cash operating cost / ounce sold	A\$998
All-in sustaining cost / ounce sold	A\$1,405
Selling price / ounce sold	A\$1,418

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

As gold prices suffered a large fall in 2013 followed by a period of sustained volatility, global gold mining companies such as Newcrest Mining and Barrick Gold have recorded sizeable write-downs in the value of their assets, factoring in lower price expectations, the corresponding valuation of gold

reserves, increased development costs and operating cost inflation. Likewise, an environment of weaker and volatile gold prices combined with a compression of valuations in the gold industry contributed to LionGold's S\$17.7 million impairment on goodwill as well as S\$62.1 million impairment of exploration and evaluation expenditure which were previously capitalised.

Further, with LionGold's commitment to bring its gold projects into production, the Group recorded S\$19.1 million in care and maintenance related expenses. Additionally, the Group recorded unrealised loss and realised loss on financial assets at fair value which comprise primarily marketable securities that were tendered as consideration for the disposal of LionGold's interests in its non-core power and environmental assets. Consequently, LionGold reported a loss attributable to equity holders of S\$143.1 million for the financial year ended 31 March 2014.

### **Outlook**

To adapt to a lower gold price environment, global gold mining companies, including LionGold, have had to make major adjustments to business and operating plans. Moving forward, the Group will focus its efforts on reducing costs to improve softening profit margins at its producing asset, Castlemaine Goldfields. Additionally, LionGold will carefully manage its scale of operations, labour requirements, and exploration and mining techniques at all its gold mining assets to improve free cash flow and the Group's overall financial performance. Further, capital allocation priorities will shift and the development of projects with higher cost ounces may be put on hold and only reactivated should conditions improve.

On the other hand, opportunities for consolidation within the gold mining sector exist as some small to mid-sized companies have fallen to attractive valuations due to the above factors. LionGold will continue to seek out opportunistic acquisitions of gold mining assets through various methods including strategic alliances, co-investments and joint ventures.

To balance short-term performance and longer-term growth prospects, the Group will explore fund raising opportunities to invest in existing and new gold assets via possible rights issues, share placements and the divestment of its non-core office equipment manufacturing business as well as gold assets which currently do not fit in the Group's strategic plan. In addition, the Group will seek to improve its cash resources through the possible restructuring of the terms on its convertible bond. Also, as none of LionGold's gold assets are currently securitised, there are also possibilities of improving our cash position through the securitisation of the Group's assets.

While the recent resignation of two members of senior management is deeply regretted, it is not expected to impact the Group's operations as many experienced technical, financial and legal professionals remain under LionGold's employment. LionGold aims to seek a fresh perspective from new members of the senior management team and to further align employee interest, flatten management structure and strengthen employee engagement to build a more efficient management team.

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

The Directors are of the view that the business and operations of the Group are not affected by the investigations. However, the investigations have impacted the Company's on-going private placement and issuance of convertible bonds exercise announced on 31 March 2014. This will have an impact on the Group's immediate cash resources available to fund our mining operations. On 2 May 2014, the Group announced the termination of the placement to two of the proposed places as they informed the Group that they did not wish to proceed with the placement owing to the on-going CAD investigations.

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

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**About LionGold Corp Ltd (Bloomberg: LIGO SP / Reuters: LION.SI)**

LionGold Corp Ltd (“**LionGold**” or the “**Group**”) has rapidly established itself in the global gold mining industry having acquired interests in eight gold mining and exploration companies since March 2012. Primary concessions are in Australia, Bolivia, Canada and Ghana. The Group’s wholly owned Castlemaine Goldfields in Australia has a target annualised production of 40,000 to 50,000 ounces of gold. LionGold intends to raise its gold resources to 10 million ounces, reserves to 2 million ounces and production to 200,000 ounces per annum by the end of 2014.

LionGold is currently in the process of preparing an updated qualified person’s report in accordance with Rule 1207(21) of the Listing Manual of the SGX-ST and will provide updates on its reserves and resources in its annual report for the financial year ended 31 March 2014.

For more information visit: [www.liongoldcorp.com](http://www.liongoldcorp.com).