

Media Announcement
(For Immediate Release)**LionGold Corp produced 11,736 ounces of gold at cash operating cost of A\$871/ounce in 2Q2015****Key points:**

- LionGold recorded S\$18.5 million in gold revenue for the quarter ended 30 September 2014 (“2Q2015”) with 11,736 ounces of gold produced.
- Despite healthy gold production and sales in 2Q2015, revenue was lower as compared to 2Q2014, in which the Group achieved a record gold grade.
- Castlemaine Goldfields, the Group’s wholly owned producing gold mine, achieved a lower all-in sustaining cost in 2Q2015 (*A\$999/ounce sold*) despite lower year-on-year (*2Q2014: A\$1,011/ounce sold*) and quarter-on-quarter (*1Q2015: A\$1,488/ounce sold*) production.

LionGold Corp Ltd	Quarter ended		Change %
	30.9.2014 ‘2Q2015’	30.9.2013 ‘2Q2014’	
	S\$ million	S\$ million	
Revenue	18.5	24.0	(22.9)
Cost of goods sold	(17.0)	(17.7)	(3.6)
Gross profit	1.4	6.3	(77.2)
Other income	181	4.8	(96.2)
Total expenses	(15.1)	(56.2)	(73.1)
Pre-tax loss from continuing operations	(13.5)	(45.1)	(70.1)
Net loss attributable to equity holders	(14.4)	(44.9)	(67.9)

Castlemaine Goldfields' operations summary

	2Q2015	1Q2015	2Q2014
Ounces produced	11,736	8,917	13,846
Ounces sold	11,569	8,614	14,107
Cash operating cost / ounce sold	A\$871	A\$1,211	A\$653
All-in sustaining cost / ounce sold	A\$999	A\$1,488	A\$1,011
Selling price / ounce sold	A\$1,386	A\$1,376	A\$1,451

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.

SINGAPORE, 12 December 2014 – For the quarter ended 30 September 2014 (“**2Q2015**”), LionGold Corp Ltd (“**LionGold**” or the “**Group**”) recorded gold revenue of S\$18.5 million as compared to S\$24.0 million in the corresponding prior year period. The lower year-on-year revenue was mainly due to a record gold grade achieved in 2Q2014 of 12.8g/t as compared to 6.8g/t in 2Q2015, resulting in a year-on-year decrease in gold sales from 14,107 ounces to 11,569 ounces despite healthy production numbers from Castlemaine Goldfields. Further, gold prices remained depressed in 2Q2015; the average selling price of gold decreased from A\$1,451 to A\$1,386 per ounce. Consequently, the Group recorded gross profit of S\$1.4 million in 2Q2015 as compared to S\$6.3 million in 2Q2014.

Castlemaine Goldfields managed to reduce its 2Q2015 all-in sustaining cost (*A\$999/ounce sold*) despite lower year-on-year (*2Q2014: A\$1,011/ounce sold*) and quarter-on-quarter (*1Q2015: A\$1,488/ounce sold*) production. All-in sustaining cash cost is a non-IFRS measure and includes sustaining capital, corporate general & administrative expenses and exploration expense.

LionGold recorded a pre-tax loss from continuing operations of S\$13.5 million in 2Q2015 as compared to a loss of S\$45.1 million in 2Q2014. The losses are mainly attributable to loss on disposal of Acadian Mining, loss recognised on the reduction of shareholding interest in the Amayapampa Gold Project and impairment loss on available-for-sale financial assets.

Outlook

The Group continues to face challenges with weak gold prices, cost of production that remains high, depressed share prices for shares in the Company and a challenging fundraising environment. Since May 2014, the Board has taken the view that there is a need to re-strategise the Group's portfolio of mining assets with a view to rationalise, streamline and stabilise its gold mining operations. The Company carried out the disposal of Acadian Mining as well as LionGold's remaining 10% interest in the Amayapampa Gold Project. Further, the Group has commenced the sale of its non-core PRC-based office equipment manufacturing business to raise cash. The completion of the sale is subject to shareholder and regulatory approvals.

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

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

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

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

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

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For enquiries, please contact:
Yudan Pak
Manager – Investor Relations
Tel: +65 6690 6860
Email: IR@liongoldcorp.com

Underground mining at Castlemaine Goldfields



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

LionGold has interests in gold mining and exploration companies in Australia and Ghana. The Group's wholly owned Australian subsidiary, Castlemaine Goldfields, produced approximately 40,000 ounces of gold in FY2014, contributing to S\$65 million in revenue.

For more information visit: www.liongoldcorp.com.