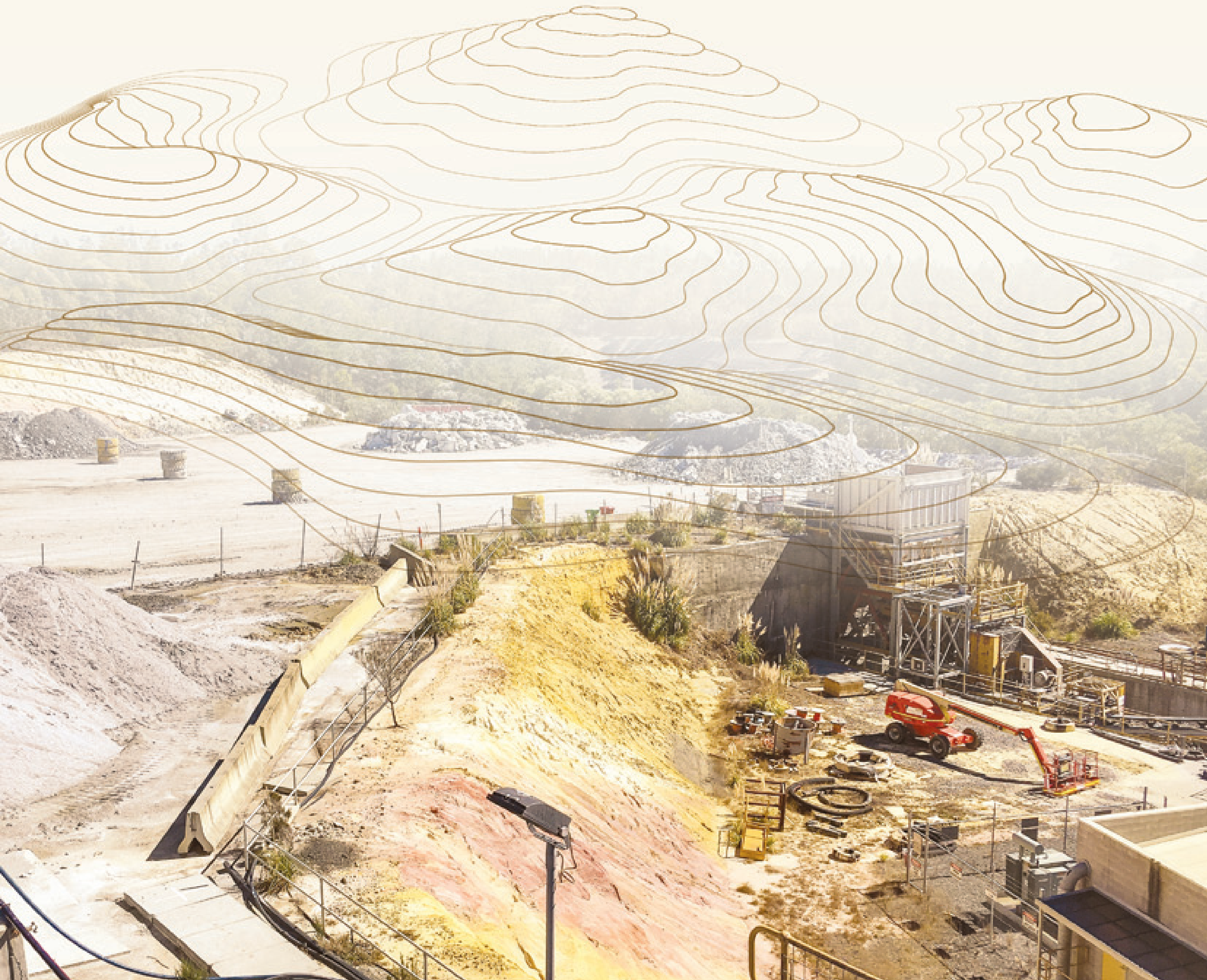
# LIONGOLD CORP

Annual Report 2019



# Contents

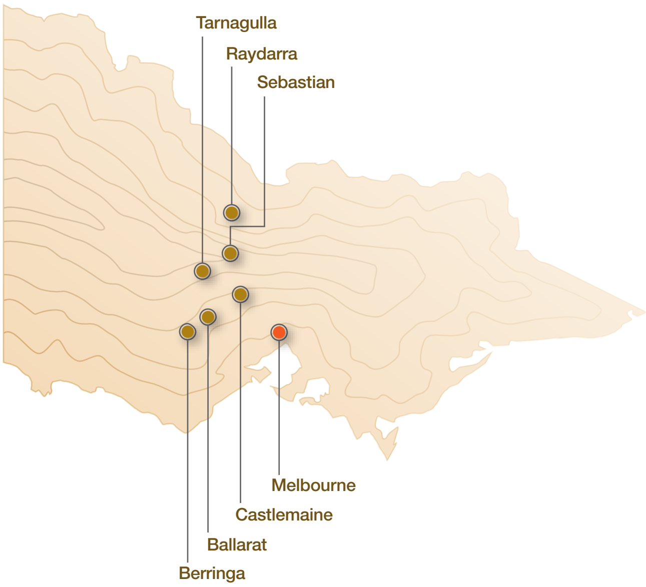
# Corporate Profile

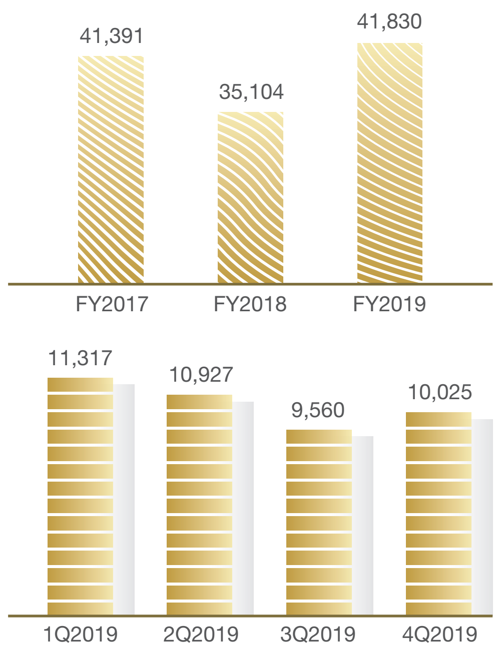
LionGold Corp Ltd ("**LionGold**" or the "**Company**") is a Singapore head-quartered gold mining and exploration company with operations in Australia. In accordance with the Joint Ore Reserves Committee ("**JORC**") Code 2012, LionGold's estimated net attributable ounces as at 31 March 2019 stand at 128,900 ounces of gold resources, with an annual production target of 40,000 ounces of gold. The Company's wholly owned subsidiary, Castlemaine Goldfields Pty Ltd ("**Castlemaine Goldfields**" or "**CGT**"), produced approximately 41,800 ounces of gold in FY2019, contributing to S$70.1 million in revenue.

# GOLD OPERATIONS

## CASTLEMAINE GOLDFIELDS

**COUNTRY:** AUSTRALIA
**STATUS:** PRODUCTION AND EXPLORATION




## CGT'S OPERATIONS SUMMARY

| | FY2019 | FY2018 | 4Q2019 | 3Q2019 | 2Q2019 | 1Q2019 |
|---|---|---|---|---|---|---|
| **Ounces produced** | 41,830 | 35,104 | 10,025 | 9,560 | 10,927 | 11,317 |
| **Cash operating cost / ounce sold** | A$1,313 | A$1,395 | A$1,409 | A$1,446 | A$1,169 | A$1,256 |
| **All-in sustaining cost / ounce produced** | A$1,578 | A$1,762 | A$1,727 | A$1,774 | A$1,453 | A$1,402 |
| **Selling price / ounce sold** | A$1,725 | A$1,661 | A$1,826 | A$1,707 | A$1,658 | A$1,727 |

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 Mine and in nearby goldfields. Besides the producing Ballarat Gold Mine, Castlemaine Goldfields' other main asset is its regional exploration land holding.

Castlemaine Goldfields produces approximately 40,000 ounces of gold per year at the underground Ballarat Gold Mine 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, along and across strike from the current workings.

In FY2019, the Ballarat Gold Mine processed 267,941 tonnes of gold-bearing ore through its gold processing plant, at a grade of 5.68g/t. In all, the Ballarat Gold Mine produced 10,025 ounces in the March 2019 quarter and 41,830 ounces in the entire FY2019. Total all-in sustaining cost for the year was A$1,578/ounce and the Ballarat Gold Mine achieved an average gold price of A$1,725/ounce during the period.

The Ballarat Gold Mine drilled 611 underground diamond drill holes in FY2019, totalling 46,606 metres. The drilling centred on the continuation of exploration efforts in the Llanberris, Britannia, Canton and Normanby 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 better define known areas and improve the level of knowledge to allow detailed mine planning to be completed ahead of mining.

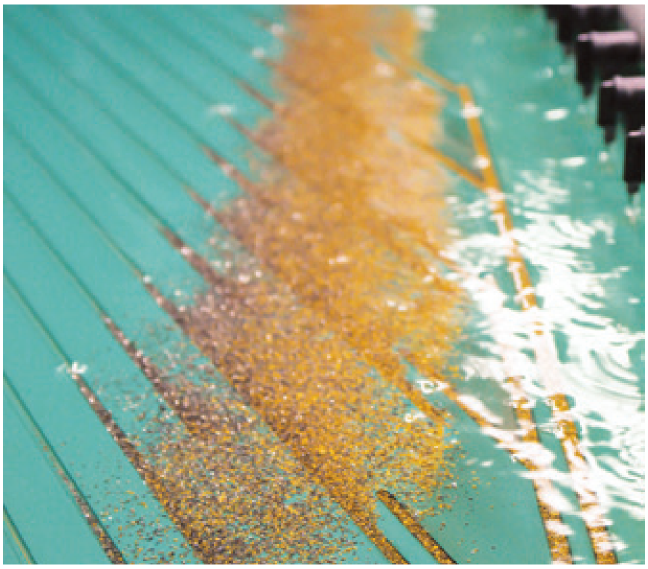
Some 3.39 kilometres of tunnels were developed underground with 227,426 tonnes of waste rock removed in the process. The main areas of development were in the Normanby and Canton compartments as future production areas are established. Some 273,072 tonnes of ore were mined at an average grade of 5.70g/t.

# Gold Operations

During the year, following a dewatering programme, the first ore drive below the historic New Normanby Mine was developed, encountering good grade ore in the process. As the year ended, preparations were underway to mine into the 102-year-old workings to ensure that there is no potential for future flooding of the mine. Preparations were also being made to begin mining the ore immediately below the deepest historical level (the 1650-foot level) of the mine.

Works aimed at raising the capacity of the current Tailings Storage Facility (TSF3) with an upstream lift were nearing completion at the end of the year. Works continued on the planning, permitting and designing of a new TSF to fully realise the benefits of the Ball Mill and Tailings Reclaim Project.

CGT's exploration remains centred on the western Central Highlands. The company now holds five Exploration Leases (ELs), two Mining Leases (MINs), and one Retention Lease (RL). Three Exploration Licence applications (ELAs) are in progress. The critical focus for exploration remains on Ballarat, where CGT has now consolidated the entire 16km strike length of the field for the first time. The Ballarat leases remain a clear priority for the company. CGT also has a strategic land-holding at Tarnagulla (through its subsidiary Ironbark Mining). Tarnagulla is highly prospective ground that is not obscured by the thick cover sequences typical in the area. Further tenements straddle the Avoca Fault, a major underexplored structure with demonstrated gold mineralisation. Geochemistry, remodelling, research and structural interpretation have continued through the year. Drill hole targeting is continually advanced for future execution.



LionGold is reporting its Mineral Resource and Ore Reserve estimates as at 31 March 2019. 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** | | | | | | |
| Measured Resources | - | - | - | - | - | - |
| Indicated Resources | Gold | 84.6 | 10.0 | 84.6 | 10.0 | 94 |
| Inferred Resources | Gold | 297.7 | 10.6 | 297.7 | 10.6 | (17) |
| **Total Resources** | **Gold** | **382.3** | **10.5** | **382.3** | **10.5** | **(5)** |
| Proved Ore Reserves | - | - | - | - | - | - |
| Probable Ore Reserves | Gold | 82 | 6.6 | 82 | 6.6 | 128 |
| **Total Reserves** | **Gold** | **82** | **6.6** | **82** | **6.6** | **128** |

# Resources & Reserves Table

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. All resources are reported at a 3.0 (g/t Au) cut-off grade.

The information that relates to Mineral Resources is based on information compiled by Mr Richard Buerger, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Buerger is a full-time employee of Mining Plus Pty Ltd, a mining consultancy firm independent of the Group. Mr Buerger has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code 2012. The information that relates to Ore Reserves is based on information compiled by Mr Aaron Spong, a Competent Person who is a Chartered Professional of the Australasian Institute of Mining and Metallurgy. Mr Spong is a full-time employee of Mining Plus Pty Ltd, a mining consultancy firm independent of the Group. Mr Spong has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code 2012. Mr Buerger and Mr Spong are also Qualified Persons as defined in the SGX-ST Listing Manual based on the requirements set out therein.

Each Qualified 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 the Board of Directors ("**Board**") of LionGold Corp Ltd, we are pleased to present to you the Company's Annual Report for the financial year ended 31 March 2019 ("**FY2019**").

FY2019 has been significant for two main reasons. The first is the Group's inaugural profit-making financial year since the Company changed its core business activity in March 2012 to that of "an investment holding company that invests in (whether by way of acquisition, joint venture, collaboration or otherwise) and manages, inter alia, companies, businesses and other entities or organisations that are engaged (whether directly or indirectly) in the exploration for and exploitation of precious and other minerals, and natural resources." Although the net profit after tax is a modest S$279,000, it is nevertheless significant because your Company managed to reverse a loss of slightly more than S$10 million incurred in FY2018. We will touch on this a little more later. FY2019 was also significant for a second reason and that is the proposed capitalisation of a debt (slightly in excess of S$20 million) that, if successfully completed, would not only strengthen the Group's balance sheet but also alleviate the pressure of repayment, which also means the Company may look at fundraising and/or other borrowings to not only strengthen and enhance existing operations but also with a view to expansion. Again, we will talk more about this later.

In FY2018, your Company incurred a loss of slightly more than S$10 million, which was mainly attributed to a lesser quantity of gold produced and sold, with approximately 33,900 ounces sold. In FY2019 however, your Company produced and sold about 20% more gold, with approximately 41,100 ounces sold. In addition, the gold was sold at a higher average price than in FY2018, approximately A$1,725 per ounce in FY2019 compared with A$1,661 in FY2018. Total revenue for FY2019 was approximately S$70.1 million compared with S$59.1 million in FY2018, an increase of about S$11 million. The difference in performance between FY2018 and FY2019 is primarily due to the inherently unpredictable and risky business of gold mining, especially in high-nuggety narrow-vein gold deposits such as those found in our mine in Ballarat, Australia. Of course, the price of gold plays a part as well but that is also unpredictable and speculative, albeit to a lesser degree. On the macro front, it is encouraging that the price of gold has been on an upward trend as evidenced by the selling price of gold that Castlemaine Goldfields was able to secure between FY2018 and FY2019, i.e., an average of A$1,661 in FY2018 and an average of A$1,725 in FY2019. In the Company's announcement of full year unaudited financial statements on 29 May 2019, your Board also alluded to a report by the World Gold Council commenting on the growing demand for gold. These factors, i.e., the upward trend of the price of gold and the growing demand for gold augurs well for the gold mining industry but there are (and will be) inherent risks that might be beyond the control of your Company that could impact upon overall performance. The current trade tensions between the United States and China is making all and sundry nervous and cautious. The World Gold Council reported that gold used in applications such as electronics, wireless and LED lighting fell 3% in the first quarter of 2019 primarily because of trade frictions, sluggish sales of consumer electronics and global economic headwinds. Lastly, towards the end of May 2019, the Victorian State Government in Australia unexpectedly and suddenly tabled a proposal to charge a royalty of 2.75% on the revenue of gold mining companies in Victoria from 1 January 2020. Although this fiscal measure is yet to be passed by the Victorian parliament, CGT intends to and has voiced its objections (together with other gold mining companies operating in Victoria). In addition, CGT intends to make representations to the relevant authorities. Although the proposed royalty, if passed as law, might affect the operations and financial performance of CGT, the Company is for the moment unable to accurately assess or determine the impact such royalty might have on operations and financial performance. Your Board will be monitoring this closely and in these uncertain times, your Board chooses to be prudent and would advocate caution going forward.

On 28 December 2018, your Company announced a corporate exercise involving a proposed subscription of new shares in the issued and paid-up share capital of the Company that, if duly approved and completed, would result in two main events, namely, the extinguishment of a debt in excess of S$20 million and the emergence of a new majority shareholder. On 25 March 2019, your Company further announced the proposed termination of the Subscription Agreement in respect of the issue of up to S$100 million in aggregate principal amount of 2.5% redeemable convertible bonds due 2020 and the proposed grant of options to subscribe for new ordinary shares in the capital of the Company. The details of the above proposed corporate exercises have been announced and the completion of the proposed corporate exercises are pending regulatory and other approvals, including approval in general meeting. Subject to regulatory approvals being obtained, further details of the proposed corporate exercises will be included in a circular to be despatched to shareholders, including the notice of meeting. The significance of the proposed corporate exercises cannot be understated. As stated earlier, the two primary aims of the corporate exercises are to extinguish the S$20 million debt and the emergence of a new majority shareholder. The S$20 million debt is akin to an albatross around the neck of the Company that, if not removed, would present the Company with an enormous repayment obligation. Arguably, there is room to negotiate extended repayment terms but that also means your Company would continue to remain stifled. The extinguishment of the debt not only removes the repayment obligation but also allows the Company new room to move not only in the area of fundraising but also expansion of operations and business activities. The emergence of a majority shareholder is a new phenomenon for your Company. Since 2007, when your Company was known as Asia Tiger Group Limited, there has been no majority shareholder, i.e., a party (or parties) having more than 50.1% interest in the shares of the Company. If the proposed corporate exercises are duly approved and completed, Yaoo Capital Pte Ltd would be interested in approximately 71% of the enlarged issued and paid-up share capital of your Company. It is reasonable to expect that thereafter Yaoo Capital Pte Ltd would provide fresh leadership to your Company and possibly bring new ideas to refresh the Group and its operations.

Before concluding, it remains for us to thank shareholders, management and staff of the Group for sticking with the Company through difficult times. Hopefully, the rest of 2019 and beyond will be better.

*Yours sincerely,*

**Roland Kenneth Selvanayagam**
*Chairman, Non-Executive Independent Director and Lead Independent Director*

**Tan Soo Khoon Raymond**
*Group Chief Executive Officer, Executive Director*

# Board of Directors

## ROLAND KENNETH SELVANAYAGAM

**Non-Executive Chairman, Lead Independent Director**

Mr Selvanayagam joined the Company as Non-Executive Independent Director on 4 January 2010. He is the Chairman of the Remuneration Committee and a member of the Nominating Committee and Audit Committee. He is also the Non-Executive Chairman and Lead Independent Director.

He is a professionally qualified Chartered Management Accountant with close to 4 decades of commercial experience. He was the President of the Chartered Institute of Management Accountants – Malaysia Division. He is a recipient of the Institute's Bronze medal awarded in recognition of his contribution to the Institute and the profession at large.

He has worked for and managed companies in Malaysia, Thailand, Sri Lanka and Australia besides serving on the boards of listed companies in South Africa, Malaysia and Australia.

Mr Selvanayagam 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.

## TAN SOO KHOON RAYMOND

**Group Chief Executive Officer, Executive Director**

Mr Tan joined the Company 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. Mr Tan was appointed as Group Chief Executive Officer and resigned from his positions as the Group General Counsel and Company Secretary on 1 October 2015.

Mr Tan was formerly a partner at Robert Wang & Woo LLP where he was the head of its Corporate and Commercial Department. With over 30 years of experience as a practicing lawyer specialising in corporate and commercial work, 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.

## BERNARD SOO PUONG YII

**Non-Executive,**
**Independent Director**

Mr Soo joined the Company as 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 he is associated with the 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).

## DR DENIS EDMUND CLARKE

**Non-Executive,**
**Independent Director**

Dr Clarke joined the Company as Non-Executive Independent Director on 1 October 2012. He is the Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee.

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 of the Exploration, Finance and Administration, and Corporate divisions of the company. He was part of the team which 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 and Cullen Resources Limited both of which are listed on the ASX. He is currently Non-Executive Director of ASX-listed Dart Mining N L.

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 over 20 years of experience in investment banking and corporate advisory and was previously Co-Head of Corporate Finance at DMG & Partners Securities Pte Ltd for 5 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.

## 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 30 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 (AusIMM) with over 30 years of continuous membership.

# Group Structure


DA GER
FLAM MABL
GAS

# Corporate Information

## BOARD OF DIRECTORS

### Executive

**Tan Soo Khoon Raymond**
(Group Chief Executive Officer, Director)

### Non-Executive

**Roland Kenneth Selvanayagam**
(Non-Executive Chairman,
Lead Independent Director)

**Bernard Soo Puong Yii**
(Independent Director)

**Dr Denis Edmund Clarke**
(Independent Director)

## COMPANY SECRETARY

**Ong Sing Huat**

## REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12 Bermuda
Tel : +441 295 2244
Fax : +441 292 8666

## BERMUDA REGISTRATION NO.

35500

## BERMUDA RESIDENT REPRESENTATIVE

Estera Services (Bermuda) Limited
Canon's Court
22 Victoria Street
Hamilton HM12 Bermuda
Tel : +441 295 2244
Fax : +441 292 8666

## PRINCIPAL SHARE REGISTRAR

Estera Management (Bermuda) Limited
Canon's Court
22 Victoria Street
Hamilton HM12 Bermuda

## SINGAPORE BUSINESS OFFICE

100 Beach Road, #21-01,
Shaw Tower,
Singapore 189702
Tel : +65 6690 6860
Fax : +65 6690 6844

## SINGAPORE SHARE TRANSFER AGENT

B.A.C.S. Private Limited
8 Robinson Road, #03-00
ASO Building
Singapore 048544
Tel : +65 6593 4848
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

The Board ("**Board**") of Directors (collectively "**Directors**" and individually "**Director**") of LionGold Corp Ltd (the "**Company**", and 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.

On 6 August 2018, the Monetary Authority of Singapore ("**MAS**") issued a revised Code of Corporate Governance (the "**2018 Code**"). The 2018 Code will apply to annual reports covering financial years commencing 1 January 2019. Notwithstanding, the Company has adopted the 2018 Code in advance for its annual report for the financial year ended 31 March 2019 ("**FY2019**").

This Report describes the Company's corporate governance practices with specific reference to the 2018 Code. Where there are deviations from the 2018 Code, appropriate explanations are provided.

## BOARD MATTERS

### Board's Conduct of its Affairs

***Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.***

The Board provides entrepreneurial leadership, oversees the business affairs and dealings of the Group, determines and sets the Group's corporate strategies and objectives, and ensures that the necessary financial and human resources are in place for the Company to meet its objectives. 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. The Board has overall responsibility for establishing and maintaining a framework of good corporate governance in the Group, including the risk management systems and internal control to safeguard shareholders' interests and the Group's assets.

The Board has three (3) committees to assist it in the execution of its responsibilities, namely the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"), which are formed under the 2018 Code. 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 2018 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. The Company does not have a document with guidelines setting forth matters reserved for the Board's decision or material transactions that require Board approval and relies on the Listing Rules for guidance. Furthermore, given that the size of the Company's Board is small and all members are contactable via e-mail, Management informs and discusses with the Board on every potential transaction, be it material or not. 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 2018 Code and the rules and requirements of regulatory bodies that the Company is subject to.

In addition to the above and in line with the 2018 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 FY2019 is tabulated below:

**Attendance at Meetings**

| | Board Committees | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Board | | AC | | NC | | RC | |
| **Board Members** | Held | Attended | Held | Attended | Held | Attended | Held | Attended |
| Roland Kenneth Selvanayagam (1) | 5 | 5 | 4 | 4 | 1 | 1 | 1 | 1 |
| Tan Soo Khoon Raymond | 5 | 5 | 4# | 4# | 1 | N.A. | 1 | N.A. |
| Bernard Soo Puong Yii | 5 | 5 | 4 | 4 | 1 | 1 | 1 | 1 |
| Dr Denis Edmund Clarke | 5 | 5 | 4 | 4 | 1 | 1 | 1 | 1 |
| Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil (2) (resigned on 30 July 2018) | 1 | 0 | 1 | N.A. | 1 | N.A. | 1 | N.A. |

# By invitation.

Notes:

(1) Roland Kenneth Selvanayagam was appointed as Non-executive Chairman of the Board on 9 November 2018.

(2) Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil retired as Executive Chairman of the Board on 30 July 2018.

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. Newly appointed directors are also required to undergo training in the roles and responsibilities of a listed company director. 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.

Directors have unrestricted access to the Company's records and information, all Board and committee minutes, and receive management accounts (including but not limited to disclosure documents, budgets, forecast and monthly internal financial statements) so as to enable them to carry out their duties. Directors have separate and independent access to Management and may also liaise with senior executives of the Company and other employees to seek additional information, if required.

Detailed board papers and agendas (which include background or explanatory information relating to matters brought before the Board) 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 ensuring that the Board's procedures are followed and for advising on the implementation of the Group's compliance requirements pursuant to the relevant statutes and regulations. The Company Secretary also ensures that clear information flows to and within the Board and its committees, as well as between Management and non-executive Directors. 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.

**Board Composition and Guidance**

***Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.***

As at the date of this Annual Report, the Board comprises one (1) executive Director and three (3) non-executive independent Directors:

| Name of Director | Board of Directors | Date of Appointment | Date of last Re-election | AC | NC | RC |
|---|---|---|---|---|---|---|
| Roland Kenneth Selvanayagam | Non-executive Chairman, Lead independent Director | 4 Jan 2010 | 28 Jul 2017 | Member | Member | Chairman |
| Tan Soo Khoon Raymond | Group Chief Executive Officer, Executive Director | 1 Oct 2012 | 30 Jul 2018 | N.A. | N.A. | N.A. |
| Bernard Soo Puong Yii | Non-executive independent Director | 29 Jul 2008 | 28 Jul 2017 | Chairman | Member | Member |
| Dr Denis Edmund Clarke | Non-executive independent Director | 1 Oct 2012 | 30 Jul 2018 | Member | Chairman | Member |

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

The Board's composition, size, balance and independence of each independent 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 judgement 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 is independent in character, has exercised independent judgement, made decisions objectively in the best interests of the Company and its shareholders and that there are no relationships or circumstances which are likely to affect, or could appear to affect, the directors' judgement. Following the NC's recommendation, the Board is of the view that non-executive Directors make up a majority of the Board, which is in line with the 2018 Code. In addition, notwithstanding that the Chairman is independent, independent Directors make up a majority of the Board in compliance with the 2018 Code.

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. Where necessary, the non-executive Directors are encouraged to meet without the presence of Management to facilitate a more effective check on Management.

Mr Bernard Soo Puong Yii ("**Mr Bernard Soo**") has been an independent Director of the Board for almost eleven years from the date of his first appointment on 29 July 2008. Mr Roland Kenneth Selvanayagam ("**Mr Roland Selvanayagam**") has been an independent Director of the Board for more than nine years from the date of his first appointment on 4 January 2010. The Board, with the concurrence of the NC, has rigorously reviewed the independence of both Mr Bernard Soo and Mr Roland Selvanayagam respectively, and is satisfied that they are independent in character and judgment, and found no evidence to indicate that the length of their service has in any way affected their independence. Given their experience and professionalism in carrying out their duties, the NC has found both Mr Bernard Soo and Mr Roland Selvanayagam suitable to act as independent Directors. The Board has accepted the NC's recommendation that both Mr Bernard Soo and Mr Roland Selvanayagam be considered independent. Mr Bernard Soo and Mr Roland Selvanayagam have abstained from deliberating on their respective independence and nomination.

The Board holds the view that continuity and stability of the Board is important and considers it is not currently in the interests of the Company and shareholders to require directors who have served for nine years or longer to retire. The Board nevertheless will on a continual basis, review the need for progressive refreshing of the Board.

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.

**Chairman and Chief Executive Officer ("CEO")**

***Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.***

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. In FY2019, Mr Roland Selvanayagam was appointed as the Non-executive Chairman of the Company. The Chairman is 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. The Chairman monitors communications and relations between the Company and its Shareholders, within the Board and between the Board and Management, with a view of encouraging constructive relations and dialogue amongst them. The Chairman also works to facilitate the effective contribution of non-executive Directors and promotes high standards of corporate governance.

The Group CEO, Mr Raymond Tan, 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 Mr Roland Selvanayagam 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.

Mr Roland Selvanayagam is also the Lead Independent Director of the Company. This is to ensure that a separate channel of communication is always available to shareholders in the event that normal interactions with the Group 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 Management.

**Board Membership**

***Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.***

The NC comprises three (3) Directors, namely Mr Bernard Soo, Mr Roland Selvanayagam and Dr Denis Edmund Clarke, all of whom are non-executive independent Directors. The chairman of the NC is Dr Denis Edmund Clarke. 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.

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 key terms of reference of the NC are to:

- review succession plans for the Board, in particular, the Non-executive Chairman and the Group CEO;
- 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 2018 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 competencies, commitment, 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 board committees and the Directors of the Company 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.

In its deliberations on the re-appointment of the Directors, the NC takes into consideration the Director's competencies, commitment, contributions and performance (including attendance, participation and candour), to meet the evolving needs of the Group.

For FY2019, 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 Mr Bernard Soo and Mr Roland Selvanayagam. After due review, the NC recommends the re-election of Mr Bernard Soo and Mr Roland Selvanayagam as Directors of the Company. Mr Bernard Soo and Mr Roland Selvanayagam, being eligible, have offered themselves for re-election.

Please refer to pages 31 to 35 of this Annual Report for additional information on Mr Bernard Soo and Mr Roland Selvanayagam pursuant to Rule 720(5) of the Listing Manual.

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 time and attention to the affairs of the Group. The Board believes that each Director is best placed to decide whether he has sufficient capacity to discharge his 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.

The Company does not have any alternate Director on the Board.

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 |
|---|---|---|---|
| Roland Kenneth Selvanayagam | Mitrajaya Holdings Bhd(1) | 23 Apr 1998 | N.A. |
| Tan Soo Khoon Raymond | NIL | N.A. | N.A. |
| Bernard Soo Puong Yii | NIL | N.A. | N.A. |
| Dr Denis Edmund Clarke | Cullen Resources Limited(2) | 1 Apr 1999 | 21 Nov 2017 |
| | Dart Mining NL(2) | 14 Mar 2018 | N.A. |

Notes:

(1) Listed on Bursa Malaysia
(2) Listed on the Australian Securities Exchange

**Board Performance**

***Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.***

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 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, which does not change from year to year. 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 and will address how the Board has enhanced long-term Shareholders' value.

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

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

***Principle 6:*** ***The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his own remuneration.***

The RC is responsible for determining the remuneration of Directors and key management executives ("**Key Executives**") of the Group. The RC comprises three (3) non-executive independent Directors, namely Mr Bernard Soo, Mr Roland Selvanayagam and Dr Denis Edmund Clarke. The Chairman of the RC is Mr Roland Selvanayagam.

The key terms of reference 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, share-based incentives and 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 2018 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 of the Company. During FY2019, the RC did not engage any remuneration consultant in relation to remuneration matters of the Group.

### Level and Mix of Remuneration

***Principle 7:*** ***The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.***

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. The Company ensures that such performance-related remuneration is aligned with the interests of the shareholders, promotes the long-term success of the Group and takes into account the risk policies of the Group.

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). In addition, the RC also reviews whether the Directors and Key Executives are eligible for share awards under the LionGold Performance Share Plan. Further Details of the LionGold Performance Share Plan can be found on page 37 of the Annual Report.

All non-executive Directors receive Directors' fees which are recommended by the Board based on the level of contribution by the non-executive Directors, taking into account factors such as effort, time spent and responsibilities, and are subject to approval by Shareholders at each Annual General Meeting. The executive Directors are not paid Directors' fees.

The Company is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of remuneration from executive Directors and Key Executives paid in prior years in exceptional circumstances of mismanagement of financial results, or of misconduct resulting in financial loss. The executive Directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the executive Directors in the event of such breach of fiduciary duties.

**Disclosure on Remuneration**

***Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.***

Details of the Directors' remuneration for FY2019 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 | 87.8% | NIL | NIL | 12.2% | 100% |
| **Below $250,000** | | | | | |
| Bernard Soo Puong Yii | NIL | NIL | 100% | NIL | 100% |
| Roland Kenneth Selvanayagam | NIL | NIL | 100% | NIL | 100% |
| Dr Denis Edmund Clarke | NIL | NIL | 100% | NIL | 100% |
| Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil (1) | 100% | NIL | NIL | NIL | 100% |

Note:

(1) Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil retired as Executive Chairman of the Board on 30 July 2018.

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.

For the financial year ending 31 March 2019, the RC has recommended that the non-executive independent Directors be paid an aggregate fee of S$135,000, 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 FY2019 are set out below:

| Remuneration band of Top Executives | Designation, Company | Salary | Bonus | Allowances and other benefits | Total |
|---|---|---|---|---|---|
| **S$250,000 to S$500,000** | | | | | |
| Goh Sian Hin Brendan | Chief Financial Officer, LionGold Corp Ltd | 78.6% | NIL | 21.4% | 100% |
| Stephen Robert Jeffers | General Manager – Victoria, Castlemaine Goldfields Pty Ltd | 92.8% | NIL | 7.2% | 100% |

The aggregate amount of the total remuneration paid to the top Key Executives (who are not Directors) is S$714,026.

There is no employee who is a substantial shareholder of the Company, or is related to a Director or is an immediate family member of any Director, Key Executive or substantial shareholder of the Company for FY2019.

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 FY2019.

There are no termination, retirement and post-employment benefits that may be granted to Directors, the CEO and Management.

## ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Controls

***Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.***

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 determining the Company's levels of risk tolerance and risk policies, and overseeing the Management in the design, implementation and monitoring of risk management and internal controls and the Board reviews, annually, the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. However, the Board recognises that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement, 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 FY2019, 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 FY2019, the Board has received assurance from the Group CEO 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 addressing financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at 31 March 2019 and met 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.

**Audit Committee**

***Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.***

The AC consists of three (3) Directors, namely Mr Bernard Soo, Mr Roland Selvanayagam and Dr Denis Edmund Clarke, all of whom are non-executive independent Directors. The Chairman of the AC is Mr Bernard Soo. The AC has specific terms of reference and met four (4) times in FY2019.

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 key terms of reference of the AC are to:

- review, at least annually, the adequacy and effectiveness of the Company's audit function;
- 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 significant financial reporting issues and judgements so as to ensure the integrity of 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;
- making recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditors;
- 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, including financial, operational, compliance and information technology 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 terms of reference. 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 and the internal auditors without the presence of the Management at least once a year.

The external auditors provide regular updates and periodic briefings to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any. Directors are also invited to attend relevant seminars on changes to accounting standards and issues by leading accounting firms.

During FY2019, the AC reviewed and deliberated on acquisitions and disposals made (or proposed to be made) by the Company of assets in both the gold exploration and mining industry.

For FY2019, 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 FY2019 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 TFW LLP 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 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 an independent audit firm, Virtus Assure 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 unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The internal auditors have reported their audit findings and recommendations directly to the AC Chairman. The internal audit reports have also been given to the external auditors to ensure effective use of resources and to avoid duplication of effort. The AC reviews the adequacy and effectiveness of the internal audit function on an annual 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.

## SHAREHOLDERS RIGHTS AND ENGAGEMENT

### Shareholder Rights and Conduct of General Meetings

***Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.***

The Board is accountable to the shareholders while the Management is accountable to the Board. The Board approves the quarterly and full year 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 to provide shareholders with a balanced and clear analysis of the Group's financial performance, position and prospects. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

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. The Bye-Laws of the Company allow shareholders (who are relevant intermediaries as defined in Section 181(6) of the Companies Act) to appoint more than two (2) proxies to attend general meetings, so that shareholders who hold shares through a relevant intermediary can attend and participate in general meetings as proxies. In accordance with the 2018 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. There are no provisions for absentia voting at general meetings as the Company's Bye-Laws do not specifically mention absentia voting. However, this is implemented through the use of proxies and accompanying forms and processes.

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. Shareholders are also informed of the rules, including voting procedures that govern general meetings.

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 will prepare minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting and responses from the Board, and will make these minutes available to Shareholders upon their request.

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.

## ENGAGEMENT WITH SHAREHOLDERS

***Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders the opportunity to communicate their views on various matters affecting the Company.***

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 our 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;

- The Company's website at www.liongoldcorp.com; and

- SGXNET and press releases on major developments of the Group.

The Company's register of shareholders indicates that its shareholding base is highly fragmented and does not include any significant institutional shareholders. There is also currently no analyst coverage on the Company. As such, it would not be meaningful for the Company to hold any roadshows or analyst briefings. The Company has a dedicated investor relations team which communicates with its shareholders on a regular basis and attends to their queries or concerns. Shareholders may provide their feedback to the Group's investor relations team via telephone or e-mail.

## MANAGING STAKEHOLDERS RELATIONSHIPS

### Engagement with Stakeholders

***Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.***

The Company has arrangements in place to identify and engage with its stakeholders. Our engagement with material stakeholder groups are disclosed in the Company's Sustainability Report (which should be read together with the Company's 2019 Annual Report) and includes the Company's strategy and key areas of focus and engagement channels.

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.

## 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 full-year 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.

The aggregate value of the interested person transactions entered into by the Group during the financial year was as follows:

| Name of interested person | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) |
|---|---|---|
| Premier Equity Fund Sub Fund E | S$1,000,000 | – |

For completeness, as previously announced by the Company, Mr Tan Soo Khoon Raymond, the Group Chief Executive Officer and Executive Director of the Company, entered into a loan agreement with the Company on 13 July 2018. As the loan is interest free, the value at risk is zero.

**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 Listing Manual, there were no non-sponsor fees paid to the Sponsor during FY2019, and no legal fees were paid to Morgan Lewis Stamford LLC, a related corporation of the Sponsor.

**Use of Proceeds**

**Proceeds from thirteenth and fourteenth sub-tranches of Tranche 1 of Redeemable Convertible Bonds ("RCBs")**

The Company has fully utilised the proceeds of approximately S$946,500 arising from the issue of the thirteenth and fourteenth sub-tranches of the Tranche 1 RCBs to the Subscriber on 17 January 2018 and 13 March 2018 respectively.

During FY2019, the Company fully utilised the proceeds of the thirteenth and fourteenth sub-tranches of the Tranche 1 RCBs as follows:

| Date of Announcement | Use of Proceeds | Amount Utilised S$ |
|---|---|---|
| 12 April 2018 | Working capital: | 946,500 |
| | a) *Advance of working capital to subsidiaries* | 252,389 |
| | b) *Group general administration expenses* | 208,399 |
| | c) *Professional fees* | 485,712 |
| | **Total** | 946,500 |

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(5) OF THE LISTING MANUAL**

Mr Roland Selvanayagam and Mr Bernard Soo are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be held on 30 July 2019 ("**AGM**") under Ordinary Resolutions 3 and 4 as set out in the Notice of AGM dated 5 July 2019.

Pursuant to Rule 720(5) read with Appendix 7F of the Listing Manual, the information relating to the retiring Directors is set out below:

| **Name of Director** | Roland Kenneth Selvanayagam | Bernard Soo Puong Yii |
|---|---|---|
| **Date of Appointment** | 4 January 2010 | 29 July 2008 |
| **Date of Last Re-appointment (if applicable)** | 28 July 2017 | 28 July 2017 |
| **Age** | 62 | 68 |
| **Country of principal residence** | Australia | Hong Kong |
| **The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)** | Mr Roland Selvanayagam has been an independent Director of the Board for more than nine years from the date of his first appointment on 4 January 2010. The Board, with the concurrence of the NC, has rigorously reviewed the independence of Mr Roland Selvanayagam and is satisfied that he is independent in character and judgment, and found no evidence to indicate that the length of his service has in any way affected his independence. Given his experience and professionalism in carrying out his duties, the NC has found Mr Roland Selvanayagam suitable to act as independent Director.<br><br>Also taking into account Mr Roland Selvanayagam's contributions and performance to the Board of Directors, such as his attendances at Board Meetings and his active participation at such meetings, the Board is of the view that Mr Roland Selvanayagam be recommended to the Shareholders for re-election at the forthcoming Annual General Meeting. | Mr Bernard Soo has been an independent Director of the Board for almost eleven years from the date of his first appointment on 29 July 2008. The Board, with the concurrence of the NC, has rigorously reviewed the independence of Mr Bernard Soo and is satisfied that he is independent in character and judgment, and found no evidence to indicate that the length of his service has in any way affected his independence. Given his experience and professionalism in carrying out his duties, the NC has found Mr Bernard Soo suitable to act as independent Director.<br><br>Also taking into account Mr Bernard Soo's contributions and performance to the Board of Directors, such as his attendances at Board Meetings and his active participation at such meetings, the Board is of the view that Mr Bernard Soo be recommended to the Shareholders for re-election at the forthcoming Annual General Meeting. |
| **Whether appointment is executive, and if so, area of responsibility** | Non-executive | Non-executive |
| **Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)** | Non-Executive Chairman, Lead Independent Director, Chairman of the Remuneration Committee, Member of Audit Committee and Nominating Committee | Independent Director, Chairman of the Audit Committee, Member of Nominating Committee and Remuneration Committee |

| Name of Director | Roland Kenneth Selvanayagam | Bernard Soo Puong Yii |
|---|---|---|
| **Professional qualifications** | Mr Roland Selvanayagam is a professionally qualified Accountant and is a Fellow of the Chartered Institute of Management Accountants (UK), the Association of Chartered Certified Accountants (UK), CPA Australia; a member (Chartered Accountant) of the Malaysian Institute of Accountants; and a Member of the Singapore Institute of Directors. | Mr Bernard Soo graduated with an honours degree in Accountancy from the University of Bolton (UK). |
| **Working experience and occupation(s) during the past 10 years** | Mr Roland Selvanayagam is a professionally qualified Chartered Management Accountant with close to 4 decades of commercial experience. He was the President of the Chartered Institute of Management Accountants – Malaysia Division.<br><br>Mr Roland Selvanayagam 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.<br><br>Mr Roland 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. | Mr Bernard Soo has wide experience in project, finance and business development with various international companies and he is associated with the Foundation and Trust that provide funds to various projects in the Asia Pacific region. |
| **Shareholding interest in the listed issuer and its subsidiaries** | 950,000 shares in LionGold Corp Ltd being 0.011% | 950,000 shares in LionGold Corp Ltd being 0.011% |
| **Any relationship (including immediate family relationships) with any existing director, existing executive director, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries** | Nil | Nil |
| **Conflict of interest (including any competing business)** | Nil | Nil |
| **Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer** | Yes | Yes |

| Name of Director | Roland Kenneth Selvanayagam | Bernard Soo Puong Yii |
|---|---|---|
| **Other Principal Commitments Including Directorships** | | |
| **Past (for the last five years)** | Senior Corp. Advisor – Sena Group of Companies, Malaysia | Independent Director – ITE Electric Co Ltd |
| **Present** | 1) Non-Executive Director – Mitrajaya Holdings Bhd, Listed on Bursa Malaysia<br>2) Director – Ardmore International Pty Ltd, Australia<br>3) Director – Signature Metals Limited, Australia<br>4) Director – Castlemaine Goldfields Pty Ltd, Australia | NIL |
| **Information required** | | |
| **(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?** | No | No |
| **(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?** | No | No |
| **(c) Whether there is any unsatisfied judgment against him?** | No | No |
| **(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?** | No | No |

| Name of Director | Roland Kenneth Selvanayagam | Bernard Soo Puong Yii |
|---|---|---|
| **(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?** | No | No |
| **(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?** | No | No |
| **(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?** | No | No |
| **(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?** | No | No |
| **(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?** | No | No |
| **(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—** | | |
| **(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or** | No | No |

| Name of Director | Roland Kenneth Selvanayagam | Bernard Soo Puong Yii |
|---|---|---|
| **(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or** | No | No |
| **(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or** | No | No |
| **(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,** | No | No |
| **in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?** | | |
| **(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?** | No | No |
| **Disclosure applicable to the appointment of Director only.** | | |
| **Any prior experience as a director of an issuer listed on the Exchange?<br>If yes, please provide details of prior experience.<br>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.<br>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).** | N.A. | N.A. |

# 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 2019 and the balance sheet of the Company at 31 March 2019.

**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 43 to 108, 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 2019 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 (International); 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 director and CEO*

Tan Soo Khoon Raymond

*Non-executive directors*

Bernard Soo Puong Yii
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 2019 and the financial position of the Group and of the Company at that date are set out in the financial statements on pages 43 to 108.

No final dividend has been proposed for the current financial year (2018: Nil).

**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:

| | Holdings registered in name of a director or nominee | | Holdings in which director is deemed to have an interest | |
|---|---|---|---|---|
| **Name of director and corporation in which interests are held** | **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** | | | | |
| Ordinary Shares | | | | |
| Tan Soo Khoon Raymond | 1,800,000 | 1,800,000 | – | – |
| Bernard Soo Puong Yii | 950,000 | 950,000 | – | – |
| Roland Kenneth Selvanayagam | 950,000 | 950,000 | – | – |
| Dr Denis Edmund Clarke | 1,300,000 | 1,300,000 | – | – |

Save for the disclosure above, the directors' shares in the ordinary shares of the Company at 21 April 2019 were the same as those at 31 March 2019.

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.

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 financial year 2015, 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 Soo Khoon Raymond | – | – | – | 1,800,000 | 1,800,000 |
| Bernard Soo Puong Yii | – | – | – | 950,000 | 950,000 |
| Roland Kenneth Selvanayagam | – | – | – | 950,000 | 950,000 |
| Dr Denis Edmund Clarke | – | – | – | 1,200,000 | 1,200,000 |

No shares were granted to any directors or employees of the Company or its subsidiaries, or to controlling shareholders of the Company or their associates, during the financial year and no participant has received 5% or more of the total shares available under the LPSP. No shares were granted at a discount during the financial year.

**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.

**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, Dr Denis Edmund Clarke and Mr Roland Kenneth Selvanayagam, all of whom are non-executive independent directors. The AC has specific terms of reference and met four times during the financial year ended 31 March 2019.

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 key terms of reference of the AC are to:

- review, at least annually, the adequacy and effectiveness of the Company's audit function;
- 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 significant financial reporting issues and judgements so as to ensure the integrity of 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;
- making recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditors;
- 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, including financial, operational, compliance and information technology 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.

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 to the Board 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 Virtus Assure 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 2019.

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.

**Independent auditor**

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

On behalf of the Board of Directors

Roland Kenneth Selvanayagam
Director

Tan Soo Khoon Raymond
Director

27 June 2019

## Report on the Audit of the Financial Statements

### *Disclaimer of Opinion*

We were engaged to audit the accompanying financial statements of LionGold Corp Ltd and its subsidiaries (collectively referred to as the "Group") as set out on pages 43 to 108, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 March 2019, 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 notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### *Basis for Disclaimer of Opinion*

*Going concern assumptions*

As disclosed in Note 2(a) to the financial statements, the Group reported a total comprehensive loss of $2,489,000 for the financial year ended 31 March 2019 and as at that date, the Group's and the Company's current liabilities exceeded their current assets by $580,000 and $43,559,000 respectively. In addition, as disclosed in Note 25 to the financial statements, the Company has a restructured loan due in June 2020 of $15,803,000.

As further 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.

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.

As discussed in Note 2(a) to the financial statements, the Company has on 13 July 2018 entered into an unsecured interest-free loan agreement with the Group Chief Executive Officer ("CEO") of the Company of up to $3,500,000. Further, on 28 December 2018, the Company entered into a subscription agreement with Yaoo Capital Pte Ltd (the "Subscriber") whereby (a) the Subscriber intends to acquire the Company's debt owing to Premier Equity Fund Sub Fund D (the "Creditor") and Value Capital Asset Management Private Limited (the "Manager") amounting to approximately $21,558,000 (the "Outstanding Amount") pursuant to the debt restructuring agreement entered into with Premier Equity Fund Sub Fund D and Value Capital Asset Management Private Limited dated 29 June 2017. The Outstanding Amount would be repayable to the Subscriber; and (b) the Company will allot and issue to the Subscriber, up to 21,808,939,540 new ordinary shares ("Subscription Shares") in the capital of the Company at the issue price of $0.001 for each Subscription Share ("Subscription"). As a result of this Subscription, the Company's issued and paid up capital will increase from 8,698,161,119 shares as at 28 December 2018 to 30,507,100,659 shares, which approximates 71.49% of the enlarged issued and paid-up share capital of the Company after the Subscription. The consideration of the Subscription will be fully offset against the Outstanding Amounts under the debt restructuring agreement, which will be deemed fully repaid upon the completion of the allotment and issuance of the Subscription Shares.

The completion of the Subscription is conditional upon, inter alia, approvals from the Securities Industry Council ("SIC") and shareholders of the Company. The Company will convene a special general meeting to seek the approval of the shareholders for (a) the allotment and issuance of the Subscription Shares and (b) Whitewash Waiver of the requirement for the Subscriber and its concert parties to make a mandatory general offer for the Shares of the Company not already owned by the Subscriber or its concert parties.

The directors of the Company believe that the Group and the Company will be able to raise the necessary funds from the unsecured interest-free loan from the Group CEO and obtain the necessary approvals for the subscription, as well as to generate positive cash flows from the mining operations. As such, 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 outcomes of which are inherently uncertain.

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 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 the 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 2019.

Our independent auditor's report dated 29 June 2018 on the financial statements of the Group and the balance sheet of the Company for the financial year ended 31 March 2018 included a disclaimer of opinion for the similar reasons as described above.

***Responsibilities of Management and Directors for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards (International), 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our responsibility is to conduct an audit of the accompanying financial statements in accordance with Singapore Standards on Auditing and to issue an independent auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

The engagement partner on the audit resulting in this independent auditor's report is Mr Khor Boon Hong.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

27 June 2019

# Consolidated Statement Of Profit Or Loss

For the financial year ended 31 March 2019

| | Note | 2019 $'000 | 2018 $'000 |
|---|---|---|---|
| **Revenue** | 4 | **70,144** | 59,136 |
| Cost of sales | 8 | **(63,127)** | (65,004) |
| **Gross profit/(loss)** | | **7,017** | (5,868) |
| Other income | 5 | **215** | 208 |
| Expenses: | | | |
| Administrative expenses | | **(3,386)** | (4,349) |
| Other gains, net | 6 | **362** | 1,839 |
| Finance costs | 7 | **(2,999)** | (2,410) |
| **Total expenses** | | **(6,023)** | (4,920) |
| **Profit/(loss) before income tax** | 8 | **1,209** | (10,580) |
| Income tax expense | 10 | **(930)** | – |
| **Profit/(loss) for the year** | | **279** | (10,580) |
| **Profit/(loss) for the year attributable to:** | | | |
| Equity holders of the Company | | **1,217** | (10,490) |
| Non-controlling interests | | **(938)** | (90) |
| | | **279** | (10,580) |
| **Earning/(loss) per share attributable to equity holders of the Company (cents)** | | | |
| Basic and diluted | 11 | **0.01** | (0.15) |

The accompanying notes form an integral part of these financial statements.

# Consolidated Statement Of Comprehensive Income

For the financial year ended 31 March 2019

| | Note | 2019 $'000 | 2018 $'000 |
|---|---|---|---|
| **Profit/(loss) for the year** | | **279** | (10,580) |
| | | | |
| **Other comprehensive loss, net of tax** | | | |
| *Items that are or may be reclassified subsequently to profit or loss:* | | | |
| Currency translation differences | | **(2,768)** | (3,784) |
| Reclassification of currency translation differences on loss of control and struck off of subsidiaries from equity to profit or loss | | **–** | (274) |
| **Total comprehensive loss for the year** | | **(2,489)** | (14,638) |
| | | | |
| **Total comprehensive loss for the year attributable to:** | | | |
| Equity holders of the Company | | **(2,123)** | (15,287) |
| Non-controlling interests | | **(366)** | 649 |
| | | **(2,489)** | (14,638) |

The accompanying notes form an integral part of these financial statements.

As at 31 March 2019

| | | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | | **31.3.2019** | 31.3.2018 | 1.4.2017 | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | Note | $'000 | $'000 | $'000 | **$'000** | $'000 | $'000 |
| **ASSETS** | | | | | | | |
| **Current assets** | | | | | | | |
| Cash and cash equivalents | 12 | **5,580** | 3,757 | 11,153 | **6** | 5 | 374 |
| Financial assets at fair value through profit or loss | 13 | **–^** | –^ | –^ | **–^** | –^ | –^ |
| Available-for-sale financial assets | 14 | **–** | – | – | **–** | – | – |
| Other receivables | 15 | **488** | 493 | 697 | **3** | 15 | 20 |
| Due from subsidiaries | 16 | **–** | – | – | **–** | – | 18 |
| Other current assets | 17 | **570** | 557 | 742 | **459** | 458 | 498 |
| Inventories | 18 | **9,189** | 7,327 | 6,168 | **–** | – | – |
| | | **15,827** | 12,134 | 18,760 | **468** | 478 | 910 |
| **Non-current assets** | | | | | | | |
| Financial asset at fair value through profit or loss | 13 | **–** | – | – | **–** | – | – |
| Available-for-sale financial assets | 14 | **–** | – | – | **–** | – | – |
| Security deposits | 19 | **4,180** | 4,379 | 4,657 | **–** | – | – |
| Investments in subsidiaries | 16 | **–** | – | – | **67,790** | 64,446 | 76,014 |
| Exploration and evaluation expenditure | 20 | **4,649** | 5,519 | 5,287 | **–** | – | – |
| Mining properties | 21 | **2,587** | 3,598 | 2,558 | **–** | – | – |
| Property, plant and equipment | 22 | **14,706** | 14,360 | 19,609 | **1** | 6 | 13 |
| | | **26,122** | 27,856 | 32,111 | **67,791** | 64,452 | 76,027 |
| **Total assets** | | **41,949** | 39,990 | 50,871 | **68,259** | 64,930 | 76,937 |
| **LIABILITIES** | | | | | | | |
| **Current liabilities** | | | | | | | |
| Trade and other payables | 23 | **15,116** | 11,660 | 9,576 | **6,336** | 3,440 | 2,453 |
| Due to subsidiaries | 16 | **–** | – | – | **37,636** | 35,816 | 34,423 |
| Income tax liabilities | | **834** | – | – | **–** | – | – |
| Finance lease liabilities | 24 | **402** | 705 | 664 | **–** | – | – |
| Borrowings | 25 | **–** | – | 11,852 | **–** | – | 11,852 |
| Convertible bonds | 26 | **46** | 419 | – | **46** | 419 | – |
| Derivative liability conversion option in convertible bonds | 27 | **9** | 97 | 124 | **9** | 97 | 124 |
| | | **16,407** | 12,881 | 22,216 | **44,027** | 39,772 | 48,852 |
| **Non-current liabilities** | | | | | | | |
| Finance lease liabilities | 24 | **173** | – | 546 | **–** | – | – |
| Borrowings | 25 | **15,803** | 15,803 | 3,951 | **15,803** | 15,803 | 3,951 |
| Convertible bonds | 26 | **–** | – | 541 | **–** | – | 541 |
| Deferred consideration | 28 | **2,386** | 2,272 | 2,191 | **–** | – | – |
| Rehabilitation and preservation provision | 29 | **5,833** | 5,739 | 5,615 | **–** | – | – |
| | | **24,195** | 23,814 | 12,844 | **15,803** | 15,803 | 4,492 |
| **Total liabilities** | | **40,602** | 36,695 | 35,060 | **59,830** | 55,575 | 53,344 |
| **Net assets** | | **1,347** | 3,295 | 15,811 | **8,429** | 9,355 | 23,593 |

^ Amount less than $1,000

The accompanying notes form an integral part of these financial statements.

# Balance Sheets

As at 31 March 2019

| | | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | | **31.3.2019** | 31.3.2018 | 1.4.2017 | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | Note | **$'000** | $'000 | $'000 | **$'000** | $'000 | $'000 |
| **EQUITY** | | | | | | | |
| **Issued capital and reserves attributable to equity holders of the Company** | | | | | | | |
| Issued capital | 30 | **870** | 811 | 558 | **870** | 811 | 558 |
| Share premium | 30 | **280,000** | 279,518 | 277,648 | **280,000** | 279,518 | 277,648 |
| Other reserves | | **(267,132)** | (265,009) | (249,721) | **(272,441)** | (270,974) | (254,613) |
| Equity attributable to equity holders of the Company | | **13,738** | 15,320 | 28,485 | **8,429** | 9,355 | 23,593 |
| Non-controlling interests | | **(12,391)** | (12,025) | (12,674) | **–** | – | – |
| **Total equity** | | **1,347** | 3,295 | 15,811 | **8,429** | 9,355 | 23,593 |

The accompanying notes form an integral part of these financial statements.

# Consolidated Statement Of Changes in Equity

For the financial year ended 31 March 2019

| | Attributable to equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Issued capital | Share premium | Contributed surplus | Foreign currency translation reserve (Restated) | Accumulated losses (Restated) | Subtotal | Non-controlling interests | Total equity |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Balance at 1 April 2018 | 811 | 279,518 | 61,979 | (21,133) | (305,855) | 15,320 | (12,025) | 3,295 |
| Impact on adoption of SFRS(I) 1 | – | – | – | 16,335 | (16,335) | – | – | – |
| Balance at 1 April 2018 as restated | 811 | 279,518 | 61,979 | (4,798) | (322,190) | 15,320 | (12,025) | 3,295 |
| Profit/(loss) for the year | – | – | – | – | 1,217 | 1,217 | (938) | 279 |
| Other comprehensive (loss)/income for the year, net of tax | – | – | – | (3,340) | – | (3,340) | 572 | (2,768) |
| Total comprehensive (loss)/income for the year | – | – | – | (3,340) | 1,217 | (2,123) | (366) | (2,489) |
| Conversion of shares from convertible bonds | 59 | 482 | – | – | – | 541 | – | 541 |
| At 31 March 2019 | 870 | 280,000 | 61,979 | (8,138) | (320,973) | 13,738 | (12,391) | 1,347 |

The accompanying notes form an integral part of these financial statements.

# Consolidated Statement Of Changes in Equity

For the financial year ended 31 March 2019

| | Attributable to equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Issued capital | Share premium | Contributed surplus | Foreign currency translation reserve (Restated) | Accumulated losses (Restated) | Subtotal | Non-controlling interests | Total equity |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Balance at 1 April 2017 | 558 | 277,648 | 61,979 | (16,335) | (295,365) | 28,485 | (12,674) | 15,811 |
| Impact on adoption of SFRS(I) 1 | – | – | – | 16,335 | (16,335) | – | – | – |
| Balance at 1 April 2017 as restated | 558 | 277,648 | 61,979 | – | (311,700) | 28,485 | (12,674) | 15,811 |
| Loss for the year | – | – | – | – | (10,490) | (10,490) | (90) | (10,580) |
| Other comprehensive (loss)/income for the year, net of tax | – | – | – | (4,798) | – | (4,798) | 739 | (4,059) |
| Total comprehensive (loss)/income for the year | – | – | – | (4,798) | (10,490) | (15,288) | 649 | (14,639) |
| Conversion of shares from convertible bonds | 253 | 1,870 | – | – | – | 2,123 | – | 2,123 |
| **At 31 March 2018** | 811 | 279,518 | 61,979 | (4,798) | (322,190) | 15,320 | (12,025) | 3,295 |

The accompanying notes form an integral part of these financial statements.

# Consolidated Statement Of Cash Flows

For the financial year ended 31 March 2019

| | Note | 2019 $'000 | 2018 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit/(loss) before income tax | | **1,209** | (10,580) |
| Adjustments for: | | | |
| Write-back of allowance for impairment loss on other receivables | 6 | **–** | (500) |
| Allowance for impairment loss on other receivables | 6 | **–** | 4 |
| Amortisation of | | | |
| - discount on provision for rehabilitation and preservation | 7 | **53** | 57 |
| - mining properties | 8 | **7,058** | 7,088 |
| Depreciation of property, plant and equipment | 22 | **3,818** | 6,440 |
| Exploration and evaluation expenditure written off | 6 | **610** | 323 |
| Gain arising from loss of control over subsidiary | 6 | **–** | (274) |
| Loss on disposal of property, plant and equipment | 6 | **7** | 2 |
| Plant and equipment written off | 6 | **27** | 12 |
| Receivables written off | 6 | **13** | – |
| Unwind of discount on deferred consideration | 6 | **223** | 215 |
| Interest income | 5 | **(145)** | (142) |
| Interest expense | 7 | **2,946** | 2,353 |
| Operating cash flows before working capital changes | | **15,819** | 4,998 |
| Changes in operating assets and liabilities: | | | |
| Inventories | | **(1,863)** | (1,158) |
| Other receivables | | **(7)** | 690 |
| Other current assets | | **(12)** | 148 |
| Trade and other payables | | **(896)** | (460) |
| Other liabilities | | **1,135** | 161 |
| Currency translation adjustments | | **(1,705)** | (2,090) |
| Cash generated from operations | | **12,471** | 2,289 |
| Interest received | | **145** | 142 |
| Interest paid | | **(55)** | (65) |
| Tax paid | | **(74)** | – |
| **Net cash generated from operating activities** | | **12,487** | 2,366 |
| **Cash flows from investing activities** | | | |
| Additions to mining properties | 21 | **(4,914)** | (6,532) |
| Exploration and evaluation expenditure | 20 | **(1,049)** | (2,781) |
| Proceeds from disposal of property, plant and equipment | | **10** | – |
| Purchases of property, plant and equipment | 22 | **(3,980)** | (1,754) |
| **Net cash used in investing activities** | | **(9,933)** | (11,067) |

The accompanying notes form an integral part of these financial statements.

# Consolidated Statement Of Cash Flows

For the financial year ended 31 March 2019

| | Note | 2019 $'000 | 2018 $'000 |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Proceeds from issuance of convertible bonds | A | **–** | 1,900 |
| Repayment of finance lease liabilities | A | **(667)** | (435) |
| Refund of security deposits | | **–** | 10 |
| **Net cash (used in)/generated from financing activities** | | **(667)** | 1,475 |
| **Net increase/(decrease) in cash and cash equivalents** | | **1,887** | (7,226) |
| Cash and cash equivalents at the beginning of the financial year | | **3,757** | 11,153 |
| Effect of foreign exchange rate changes, net | | **(64)** | (170) |
| Cash and cash equivalents at the end of the financial year | | **5,580** | 3,757 |

**Note A:**

Reconciliation of movements of liabilities to cash flow arising from financing activities:

| | Convertible bonds $'000 | Finance lease liabilities $'000 | Borrowings Principal $'000 | Borrowings Interest* $'000 | Total $'000 |
|---|---|---|---|---|---|
| Balance at 1 April 2017 | 541 | 1,210 | 15,803 | 766 | 18,320 |
| Changes from financing cash flows | | | | | |
| - proceeds | 1,900 | – | – | – | 1,900 |
| - repayments | – | (435) | – | – | (435) |
| - interest paid | – | (65) | – | – | (65) |
| Non-cash changes | | | | | |
| - conversion of convertible bonds | (1,744) | – | – | – | (1,744) |
| - amortisation of management fees | (37) | – | – | – | (37) |
| - derivative liability conversion component of convertible bonds | (352) | – | – | – | (352) |
| - interest expenses | 111 | 65 | – | 2,177 | 2,353 |
| - currency translation differences | – | (70) | – | – | (70) |
| Balance at 31 March 2018 and 1 April 2018 | 419 | 705 | 15,803 | 2,943 | 19,870 |
| Changes from financing cash flows | | | | | |
| - repayments | – | (667) | – | – | (667) |
| - interest paid | – | (55) | – | – | (55) |
| Non-cash changes | | | | | |
| - new finance leases | – | 569 | – | – | 569 |
| - conversion of convertible bonds | (452) | – | – | – | (452) |
| - interest expenses | 79 | 55 | – | 2,812 | 2,946 |
| - currency translation differences | – | (32) | – | – | (32) |
| Balance at 31 March 2019 | 46 | 575 | 15,803 | 5,755 | 22,179 |

* Interest is recorded under accrued operating expenses

The accompanying notes form an integral part of these financial statements.

## 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 100 Beach Road, #21-01 Shaw Tower, Singapore 189702. The shares of the Company are listed on the Singapore Exchange Securities Trading Limited.

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

The Group reported a total comprehensive loss of $2,489,000 (2018: $14,638,000) for the financial year ended 31 March 2019, and as at that date, the Group's and the Company's current liabilities exceeded their current assets by $580,000 (2018: $747,000) and $43,559,000 (2018: $39,294,000) respectively. In addition, the Company has a restructured loan due in June 2020 of $15,803,000.

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.

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.

On 13 July 2018, the Company entered into an unsecured interest-free loan agreement with Mr Tan Soo Khoon Raymond (Group CEO) of up to $3,500,000 to the Company.

On 28 December 2018, the Company entered into a subscription agreement with Yaoo Capital Pte Ltd (the "Subscriber") whereby (a) the Subscriber intends to acquire the Company's debt owing to Premier Equity Fund Sub Fund D (the "Creditor") and Value Capital Asset Management Private Limited (the "Manager") amounting to approximately $21,558,000 (the "Outstanding Amount") pursuant to the debt restructuring agreement entered into with Premier Equity Fund Sub Fund D and Value Capital Asset Management Private Limited dated 29 June 2017. The Outstanding Amount would be repayable to the Subscriber; and (b) the Company will allot and issue to the Subscriber, up to 21,808,939,540 new ordinary shares ("Subscription Shares") in the capital of the Company at the issue price of $0.001 for each Subscription Share ("Subscription"). As a result of this Subscription, the Company's issued and paid up capital will increase from 8,698,161,119 shares as at 28 December 2018 to 30,507,100,659 shares, which approximates 71.49% of the enlarged issued and paid-up share capital of the Company after the share subscription. The consideration of the Subscription will be fully offset against the Outstanding Amounts under the debt restructuring agreement, which will be deemed fully repaid upon the completion of the allotment and issuance of the Subscription Shares.

The completion of the Subscription is conditional upon, inter alia, approvals from the Securities Industry Council ("SIC") and shareholders of the Company. The Company will convene a special general meeting to seek the approval of the shareholders for (a) the allotment and issuance of the Subscription Shares and (b) Whitewash Waiver of the requirement for the Subscriber and its concert parties to make a mandatory general offer for the Shares of the Company not already owned by the Subscriber or its concert parties.

**2 Summary of significant accounting policies (cont'd)**

**(a) Going concern assumptions (cont'd)**

The directors of the Company believe that the Group and the Company will be able to raise the necessary funds from the unsecured interest-free loan from the Group CEO and obtain the necessary approvals for the Subscription as described above, as well as to generate positive cash flows from the mining operations. As such, 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.

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. Adjustments may have to be made to reflect the situation that 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 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 in the financial statements.

**(b) Basis of preparation**

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar ("$") (rounded to the nearest thousand ($'000) except when otherwise indicated), and have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the following accounting policies.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

*Use of estimates and judgements*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 2(a) and Note 3.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

*New and revised standards*

In December 2017, the Accounting Standards Council ("ASC") issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). SFRS(I) comprises the standards and interpretations that are identical to the International Financial Reporting Standards. As required by the listing requirements of Singapore Exchange ("SGX"), the Group has adopted SFRS(I) on 1 April 2018.

These financial statements for the financial year ended 31 March 2019 are the first set of financial statements of the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 March 2018 were prepared in accordance with Singapore Financial Reporting Standards ("FRS").

## 2 Summary of significant accounting policies (cont'd)

### (b) Basis of preparation (cont'd)

*New and revised standards (cont'd)*

In adopting SFRS(I) on 1 April 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of SFRS(I).

Under SFRS(I), these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 March 2019. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group has also presented statement of financial position as at 1 April 2017, which is the date of transition to SFRS(I).

In addition to the adoption of the new framework, the Group also concurrently applied all new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are effective for the current financial year. The application of these new and revised SFRS(I) and SFRS(I) INT do not have a material effect on the financial statements.

**Summary of quantitative impact**

The following reconciliations summarise the impacts on initial application of SFRS(I), SFRS(I) 15 and SFRS(I) 9 on the Group's balance sheet as at 1 April 2017, 31 March 2018 and 1 April 2018. There were no material adjustments to the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows for the financial year ended 31 March 2018 arising on transition to SFRS(I).

**Consolidated statement of financial position**

| | 31 March 2018 | | | 1 April 2018 | |
|---|---|---|---|---|---|
| | FRS framework | SFRS(I) 1 | SFRS(I) framework | SFRS(I) 9 | SFRS(I) framework |
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Current assets** | | | | | |
| Cash and cash equivalents | 3,757 | – | 3,757 | – | 3,757 |
| Financial assets at fair value through profit or loss | –^ | – | –^ | – | –^ |
| Available-for-sale financial assets | – | – | – | – | – |
| Other receivables | 493 | – | 493 | – | 493 |
| Other current assets | 557 | – | 557 | – | 557 |
| Inventories | 7,327 | – | 7,327 | – | 7,327 |
| | 12,134 | – | 12,134 | – | 12,134 |
| **Non-current assets** | | | | | |
| Available-for-sale financial assets | – | – | – | – | – |
| Security deposits | 4,379 | – | 4,379 | – | 4,379 |
| Exploration and evaluation expenditure | 5,519 | – | 5,519 | – | 5,519 |
| Mining properties | 3,598 | – | 3,598 | – | 3,598 |
| Property, plant and equipment | 14,360 | – | 14,360 | – | 14,360 |
| | 27,856 | – | 27,856 | – | 27,856 |
| **Total assets** | 39,990 | – | 39,990 | – | 39,990 |

## 2 Summary of significant accounting policies (cont'd)

### (b) Basis of preparation (cont'd)

*New and revised standards (cont'd)*

**Consolidated statement of financial position (cont'd)**

| | 31 March 2018 | | | 1 April 2018 | |
|---|---|---|---|---|---|
| | FRS framework | SFRS(I) 1 | SFRS(I) framework | SFRS(I) 9 | SFRS(I) framework |
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | 11,660 | – | 11,660 | – | 11,660 |
| Finance lease liabilities | 705 | – | 705 | – | 705 |
| Convertible bonds | 419 | – | 419 | – | 419 |
| Derivative liability conversion option in convertible bonds | 97 | – | 97 | – | 97 |
| | 12,881 | – | 12,881 | – | 12,881 |
| **Non-current liabilities** | | | | | |
| Borrowings | 15,803 | – | 15,803 | – | 15,803 |
| Deferred consideration | 2,272 | – | 2,272 | – | 2,272 |
| Rehabilitation and preservation provision | 5,739 | – | 5,739 | – | 5,739 |
| | 23,814 | – | 23,814 | – | 23,814 |
| **Total liabilities** | 36,695 | – | 36,695 | – | 36,695 |
| **Net assets** | 3,295 | – | 3,295 | – | 3,295 |
| **EQUITY** | | | | | |
| Share capital | 811 | – | 811 | – | 811 |
| Share premium | 279,518 | – | 279,518 | – | 279,518 |
| Foreign currency translation reserve | (21,133) | 16,335 | (4,798) | – | (4,798) |
| Accumulated losses | (305,855) | (16,335) | (322,190) | – | (322,190) |
| Contribution surplus | 61,979 | – | 61,979 | – | 61,979 |
| Equity attributable to equity holders of the Company | 15,320 | – | 15,320 | – | 15,320 |
| Non-controlling interests | (12,025) | – | (12,025) | – | (12,025) |
| **Total equity** | 3,295 | – | 3,295 | – | 3,295 |

^ Amount less than $1,000

## 2 Summary of significant accounting policies (cont'd)

### (b) Basis of preparation (cont'd)

*New and revised standards (cont'd)*

**Consolidated statement of financial position (cont'd)**

| | 1 April 2017 | | |
|---|---|---|---|
| | FRS framework $'000 | SFRS(I) 1 $'000 | SFRS(I) framework $'000 |
| **Current assets** | | | |
| Cash and cash equivalents | 11,153 | – | 11,153 |
| Other receivables | 697 | – | 697 |
| Other current assets | 742 | – | 742 |
| Inventories | 6,168 | – | 6,168 |
| | 18,760 | – | 18,760 |
| **Non-current assets** | | | |
| Security deposits | 4,657 | – | 4,657 |
| Exploration and evaluation expenditure | 5,287 | – | 5,287 |
| Mining properties | 2,558 | – | 2,558 |
| Property, plant and equipment | 19,609 | – | 19,609 |
| | 32,111 | – | 32,111 |
| **Total assets** | 50,871 | – | 50,871 |
| **Current liabilities** | | | |
| Trade and other payables | 9,576 | – | 9,576 |
| Finance lease liabilities | 664 | – | 664 |
| Borrowings | 11,852 | – | 11,852 |
| Derivative liability conversion option in convertible bonds | 124 | – | 124 |
| | 22,216 | – | 22,216 |
| **Non-current liabilities** | | | |
| Finance lease liabilities | 546 | – | 546 |
| Borrowings | 3,951 | – | 3,951 |
| Convertible bonds | 541 | – | 541 |
| Deferred consideration | 2,191 | – | 2,191 |
| Rehabilitation and preservation provision | 5,615 | – | 5,615 |
| | 12,844 | – | 12,844 |
| **Total liabilities** | 35,060 | – | 35,060 |
| **Net assets** | 15,811 | – | 15,811 |
| **Equity** | | | |
| Share capital | 558 | – | 558 |
| Share premium | 277,648 | – | 277,648 |
| Foreign currency translation reserve | (16,335) | 16,335 | – |
| Accumulated losses | (295,365) | (16,335) | (311,700) |
| Contribution surplus | 61,979 | – | 61,979 |
| Equity attributable to equity holder of the Company | 28,485 | – | 28,485 |
| Non-controlling interests | (12,674) | – | (12,674) |
| Total equity | 15,811 | – | 15,811 |

**2 Summary of significant accounting policies (cont'd)**

**(b) Basis of preparation (cont'd)**

*New and revised standards (cont'd)*

**Consolidated statement of financial position (cont'd)**

***A. First time adoption of SFRS(I)***

In adopting SFRS(I), the Group has applied the transition requirements in SFRS(I) with 1 April 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, subject to certain mandatory exceptions and optional exemptions under SFRS(I) 1. Except as described below, the application of SFRS(I) did not have any significant impact on the financial statements.

*Foreign currency translation reserve*

The Group elected 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 $16,335,000 (in debit balance), determined in accordance with FRSs as at 1 January 2017, was reclassified to retained earnings as at 1 April 2017.

Subsequent to the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

By electing this optional exemption, the cumulative foreign currency translation reserve decreased by $16,335,000 and accumulated losses increased by the same amount as at 1 April 2017 and 31 March 2018.

***B. SFRS(I) 15 Revenue from Contracts with Customers***

SFRS(I) 15 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. SFRS(I) 15 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in SFRS(I) 15 by applying a 5-step approach.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. The entity is required to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model; to contracts with their customers. The standard also specifies the accounting for incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted SFRS(I) 15 using the full retrospective approach.

At the date of initial application and 31 March 2019, the Group has assessed that the adoption of SFRS(I) 15 does not have any material impact to the financial position and results of the Group.

## 2 Summary of significant accounting policies (cont'd)

### (b) Basis of preparation (cont'd)

*New and revised standards (cont'd)*

**Consolidated statement of financial position (cont'd)**

***C. SFRS(I) 9 Financial Instruments***

SFRS(I) 9 replaces FRS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. It 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. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model and replace FRS 39 incurred loss model.

The Group and the Company applied SFRS(I) 9 using a modified retrospective approach, with date of initial application on 1 April 2018. The Group and the Company have not restated the comparative information, which continues to be reported under FRS 39. Differences arising from the adoption of SFRS(I) 9 have been recognised directly in accumulated losses and other components of equity as at 1 April 2018.

The impact upon adoption of SFRS(I) 9 as at 1 April 2018 was as follows:

*(a) Classification and measurement*

Under SFRS(I) 9, the Group and the Company classify its financial assets based on entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The assessment of the Group's and the Company's business model was made as of the date of initial application on 1 April 2018. The assessment of whether contractual cash flows on debt instruments solely comprised principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The following are the changes in classification and measurement arising from adopting SFRS(I) 9:

- Loans and receivables (including trade and other receivables (excluding prepayments) and cash and cash equivalents) as at 31 March 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 April 2018;

- Investment in unquoted equity shares classified as available-for-sale financial assets at cost as at 31 March 2018 are classified and measured at fair value through profit or loss beginning 1 April 2018.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

**2 Summary of significant accounting policies (cont'd)**

**(b) Basis of preparation (cont'd)**

*New and revised standards (cont'd)*

**Consolidated statement of financial position (cont'd)**

*(a) Classification and measurement (cont'd)*

The following summarises the required or elected reclassifications as at 1 April 2018 upon adoption of SFRS(I) 9:

| | Original carrying amount $'000 | SFRS(I) 9 measurement category FVTPL $'000 | SFRS(I) 9 measurement category Amortised cost $'000 |
|---|---|---|---|
| **Group** | | | |
| **FRS 39 measurement category** | | | |
| *Loans and receivables* | | | |
| Other receivables | 493 | – | 493 |
| Other current assets | 32 | – | 32 |
| Security deposits | 4,379 | – | 4,379 |
| Cash and cash equivalents | 3,757 | – | 3,757 |
| *Financial asset at fair value through profit or loss* | | | |
| - Quoted equity investments | –^ | –^ | – |
| **Company** | | | |
| **FRS 39 measurement category** | | | |
| *Loans and receivables* | | | |
| Other receivables | 15 | – | 15 |
| Cash and cash equivalents | 5 | – | 5 |
| *Financial asset at fair value through profit or loss* | | | |
| - Quoted equity investments | –^ | –^ | – |

^ Amounts less than $1,000

(b) Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets at amortised cost, either on a 12-month or lifetime basis.

At the date of initial application and 31 March 2019, the Group and the Company have assessed that the adoption of SFRS(I) 9 does not have any material impact to the financial position and results of the Group and the Company.

## 2 Summary of significant accounting policies (cont'd)

### (b) Basis of preparation (cont'd)

*New and revised standards (cont'd)*

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 2019 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 follows:

***SFRS(I) 16 Leases***

SFRS(I) 16 replaces the existing FRS 17: Leases. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), within limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The Group plans to adopt the new standard on the required effective date using the modified retrospective approach and recognises any differences in the carrying amounts of assets and liabilities resulting from the adoption of SFRS(I) 16 at the date of initial application in the opening retained earnings as at 1 April 2019. Right-of-use assets are recognised at an amount equal to the lease liability (adjusted for any prepaid or accrued lease payments) on adoption.

The standard is effective for annual periods beginning on or after 1 January 2019. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $161,000 (Note 33). These commitments related to short-term leases and leases of low value items which will be recognised on a straight-line basis as expense in the profit or loss. The Group is performing a detailed assessment of the impact and plans to adopt the standard on the required effective date.

The Group's activities as a lessor are not material and the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required in the financial statements upon adoption of the standard.

### (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.

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.

**2 Summary of significant accounting policies (cont'd)**

**(c) Group accounting (cont'd)**

***Subsidiaries (cont'd)***

*Basis of consolidation (cont'd)*

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 FRS.

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.

## 2 Summary of significant accounting policies (cont'd)

### (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.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

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 |
| Office and electronic equipment | - 3 to 10 years |
| Motor vehicles | - 5 to 10 years |
| Field equipment | - 2 to 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.

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 net disposal proceeds and its carrying amount is recognised in profit or loss.

### (e) Intangible assets

*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.

**2 Summary of significant accounting policies (cont'd)**

**(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.

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.

## 2 Summary of significant accounting policies (cont'd)

### (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.

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 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.

**2 Summary of significant accounting policies (cont'd)**

**(k) Financial assets**

The accounting policy for financial assets before 1 April 2018 are as follows:

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. 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.

*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.

**2 Summary of significant accounting policies (cont'd)**

**(k) Financial assets (cont'd)**

The accounting policy for financial assets before 1 April 2018 are as follows (cont'd)

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

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.

*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.

2 **Summary of significant accounting policies (cont'd)**

(k) **Financial assets (cont'd)**

The accounting policy for financial assets from 1 April 2018 onwards are as follows:

***Recognition and derecognition***

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets 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 are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition if financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

***Classification and measurement***

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss ("FVTPL").

The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income ("FVOCI"), it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

***Subsequent measurement***

*i)* *Debt instruments*

Debt instruments include trade and other receivables (excluding prepayments), loans to subsidiaries and cash and cash equivalents. The subsequent measurement category is depending on the Group's business model for managing the asset and cash flow characteristics of the asset:

*Amortised cost*

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

**2 Summary of significant accounting policies (cont'd)**

**(k) Financial assets (cont'd)**

The accounting policy for financial assets from 1 January 2018 onwards are as follows (cont'd):

***Subsequent measurement (cont'd)***

*i) Debt instruments (cont'd)*

- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

*ii) Equity instruments*

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "Other income". On disposal of an equity investment classified as FVTPL, the difference between the carrying amount and sales proceed amount would be recognised in profit or loss. Dividends from equity investments are recognised in profit or loss and presented in "Other income".

***Impairment***

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in income or expenditure for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

***Offset***

Financial assets and liabilities are offset and the net amount presented on the balance sheet when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2 Summary of significant accounting policies (cont'd)**

**(l) Financial liabilities**

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than fair value through profit or loss, directly attributable transaction costs.

Subsequent to initial recognition, financial liabilities not at fair value through profit or loss and other than financial guarantees are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. A financial liability is derecognised when the obligation under the liability is extinguished.

**(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.

*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, and it is probable an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be estimated reliably. 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.

## 2 Summary of significant accounting policies (cont'd)

### (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 in accordance with the original or modified terms of a debt instrument.

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 loss computed using the impairment methodology under FRS 109. Financial guarantees contracts are amortised in profit or loss over the period of the guarantee.

Prior to 1 April 2018, financial guarantees were subsequently measured at the higher of the initial fair value less cumulative amortisation and the expected amount payable to the holder.

### (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 provided using the liabilities method on 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.

Deferred income tax is provided 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.

**2 Summary of significant accounting policies (cont'd)**

**(r) Leases (cont'd)**

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

*Finance leases (cont'd)*

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 taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

*Operating leases*

Leases where a significant portion of the risks and rewards incidental to 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 taken 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**

*Sale of gold*

Revenue from sales of gold is recognised at the point when the gold are delivered to the customer. The amount of revenue recognised is the amount of transaction price allocated to the satisfied performance obligation as per specified in the contract with no element of financing deemed present. The transaction price determined is the amount of consideration in the contract to which the Group expects to be entitled in exchange for satisfying the performance obligation. A receivable is recognised when the gold are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

*Rental income*

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

*Interest income*

Interest income is recognised using the effective interest method.

**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 premium account.

**(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.

## 2 Summary of significant accounting policies (cont'd)

### (z) Currency translation (cont'd)

*Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing 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.

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 Group's 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.

## 3 Critical accounting judgements and key sources of estimation uncertainty

***Critical judgement made on applying accounting policies***

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations described below).

*Contingent liabilities arising from legal proceedings*

Certain legal proceedings as described in Note 34 are pending against the Group. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against the Group 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.

## 3 Critical accounting judgements and key sources of estimation uncertainty (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 (2018: Nil) was recognised in relation to contingent liabilities which arose from legal proceedings as disclosed in Note 34.

*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.

During the current financial year, there was a write-off of $610,000 (2018: $323,000) in relation to exploration and evaluation expenditure. The carrying amount of the Group's exploration and evaluation expenditure at 31 March 2019 is disclosed in Note 20.

*Functional currency*

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiary companies. In determining the functional currencies of the entities in the Group, judgement is required by management to determine the primary economic environment in which the entities operate, the entities' process of determining sales prices and the currency of the country whose competitive forces and regulations mainly influences the prices of its goods and services. Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the Group. In addition, most of the entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency.

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 ("CAD") of the Singapore Police Force in relation to an investigation into an offence under the Securities and Futures Act, Chapter 289. As the CAD has not provided details of its investigation, 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.

**3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)**

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

*Impairment of non-current assets*

Property, plant and equipment, mining properties 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, CGU, have been determined based on the higher of fair value less cost to sell and value in use calculations. These calculations involve the use of estimates and assumptions such as forecasted revenue and operating costs, and discount rate. These estimates and assumption involve significant management judgement and are affected by future market and economic conditions. Changes to these estimates and assumptions could result in a change in the carrying value of these assets.

The carrying amounts of the property, plant and equipment, mining properties and exploration and evaluation expenditure at the balance sheet date are disclosed in Notes 22, 21 and 20 respectively.

*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 2019 is disclosed in Note 29.

*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.

## 3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

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

*Ore reserves, mineral resource and exploration target (cont'd)*

The carrying amounts of mining properties and exploration and evaluation expenditure at the balance sheet date are disclosed in Notes 21 and 20 respectively.

*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 $7,058,000 (2018: $7,088,000) (Note 21).

The carrying amount of the Group's mining properties at 31 March 2019 is disclosed in Note 21.

*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 2019, excluding construction in progress, was $9,395,000 (2018: $12,050,000).

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 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 or indicate that the recoverable amount of an asset may be higher than the carrying amount. 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 or write back of impairment. 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 CGU and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investments in subsidiaries at 31 March 2019 is disclosed in Note 16.

*Calculation of loss allowance*

When measuring ECL, the Group and Company use reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculations of loss allowances on other receivables and amount due from subsidiaries are subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of receivables. Details of ECL measurement and carrying value of other receivables and amounts due from subsidiaries at the end of the year are disclosed in Note 15, Note 16 and Note 36 respectively.

## 4 Revenue

Revenue represents income from the sale of gold which is recognised at a point in time when the gold is delivered to the customer. The primary geographical market of the Group's revenue is in Australia.

## 5 Other income

| | Group | |
|---|---|---|
| | **2019** | 2018 |
| | **$'000** | $'000 |
| Interest income | **145** | 142 |
| Rental income | **13** | 57 |
| Others | **57** | 9 |
| | **215** | 208 |

## 6 Other (gains)/expenses, net

| | Group | |
|---|---|---|
| | **2019** | 2018 |
| | **$'000** | $'000 |
| Write-back of impairment loss on other receivables | **–** | (500) |
| Allowance for impairment loss on other receivables | **–** | 4 |
| Exploration and evaluation expenditure written off | **610** | 323 |
| (Gain)/loss on foreign exchange (net) | **(1,700)** | (2,098) |
| Loss on disposal of property, plant and equipment | **7** | 2 |
| Gain arising from loss of control over subsidiary | **–** | (274) |
| Other mining related expenses | **458** | 477 |
| Plant and equipment written off | **27** | 12 |
| Receivables written off | **13** | – |
| Unwind of discount on deferred consideration (Note 28) | **223** | 215 |
| | **(362)** | (1,839) |

## 7 Finance costs

| | Group | |
|---|---|---|
| | **2019** | 2018 |
| | **$'000** | $'000 |
| Late payment interest | **–** | 2 |
| Interest on finance lease liabilities | **55** | 63 |
| Interest on restructured loan and convertible bonds | **2,891** | 2,288 |
| Total interest expense | **2,946** | 2,353 |
| Amortisation of discount on provision for rehabilitation and preservation (Note 29) | **53** | 57 |
| | **2,999** | 2,410 |

## 8 Profit/(loss) before income tax

| | Group | |
|---|---|---|
| | **2019** | 2018 |
| | **$'000** | $'000 |
| Profit/(loss) before income tax is arrived at after charging: | | |
| Cost of sales | | |
| - cost of inventories sold | **52,333** | 51,591 |
| - depreciation of property, plant and equipment | **3,736** | 6,325 |
| - amortisation of mining properties (Note 21) | **7,058** | 7,088 |
| | **63,127** | 65,004 |
| Included in administrative expenses: | | |
| Employee benefits costs (Note 9) | **1,952** | 2,537 |
| Depreciation of property, plant and equipment | **82** | 115 |
| Royalty fees | **–** | 15 |
| Travelling expenses | **120** | 71 |
| Legal and professional fees | **173** | 306 |
| Operating lease rental on offices and staff quarters | **122** | 220 |
| Audit fees: | | |
| - Auditor of the Company# | **246** | 217 |
| - Other auditors* | **152** | 155 |
| Non-audit fees: | | |
| - Auditor of the Company | **2** | 2 |
| - Other auditors* | **–** | – |

* Includes overseas independent member firms of Baker Tilly International network.

\# Amount in 2019 included under accrual of prior year's fee of $9,000 (2018:Nil).

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

| | Group | |
|---|---|---|
| | **2019** | 2018 |
| | **$'000** | $'000 |
| Salaries and related costs | **1,836** | 2,391 |
| Employer's contributions to defined contribution plans | **116** | 146 |
| | **1,952** | 2,537 |

Remuneration of key management personnel has been separately disclosed in Note 32.

## 10 Income tax expense

| | Group | |
|---|---|---|
| | **2019** | 2018 |
| | **$'000** | $'000 |
| Income tax expense attributable to results is made up of: | | |
| Current income tax provision | **857** | – |
| Under provision in respect of prior years | **73** | – |
| | **930** | – |

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

| | Group | |
|---|---|---|
| | **2019** | 2018 |
| | **$'000** | $'000 |
| Profit/(loss) before income tax | **1,209** | (10,580) |
| Income tax calculated at applicable tax rates | **893** | (3,030) |
| Tax effect of income not subject to income tax | **(1)** | (108) |
| Tax effect of expenses not deductible for income tax | **1,942** | 1,102 |
| Utilisation of previously unrecognised tax losses | **(1,977)** | – |
| Deferred tax assets not recognised | **–** | 2,036 |
| Under provision in respect of prior years | **73** | – |
| | **930** | – |

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

At the balance sheet date, unrecognised tax losses of the Group available for offsetting against future taxable profits amount to $16,866,000 (2018: $23,457,000). 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 2019, the deferred tax benefit arising from unrecognised tax losses of approximately $5,060,000 (2018: $7,037,000) has not been recognised in the financial statements as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised. The tax losses have no expiry date.

## 11 Earning/(loss) per share

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

| | Group | |
|---|---|---|
| | **2019** | 2018 |
| Profit/(loss) for the year attributable to equity holders of the Company ($'000) | **1,217** | (10,490) |
| Weighted average number of ordinary shares on issue ('000) | **8,591,795** | 6,831,602 |
| Basic and diluted earnings/(loss) per share (cents) | **0.01** | (0.15) |

There was no difference between the basic and diluted loss per share as the effect of all potentially dilutive shares outstanding was insignificant for the current financial year and was anti-dilutive for the financial year ended 31 March 2018.

## 12 Cash and cash equivalents

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | 1.4.2017 | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | **$'000** | $'000 | $'000 | **$'000** | $'000 | $'000 |
| Cash at bank and on hand | **2,692** | 3,757 | 2,864 | **6** | 5 | 374 |
| Fixed deposits | **2,888** | – | 8,289 | **–** | – | – |
| | **5,580** | 3,757 | 11,153 | **6** | 5 | 374 |

Fixed deposits are placed with banks and mature within 2 months after balance sheet date and earn interest of 2.02% (31.3.2018: nil; 1.4.2017: 2.34%) per annum.

## 13 Financial assets at fair value through profit or loss

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | 1.4.2017 | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | **$'000** | $'000 | $'000 | **$'000** | $'000 | $'000 |
| Current | | | | | | |
| *Financial assets measured at FVTPL* | | | | | | |
| Quoted equity investments in Singapore | **–^** | –^ | –^ | **–^** | –^ | –^ |
| Non- current | | | | | | |
| *Financial assets measured at FVTPL* | | | | | | |
| Unquoted equity investments in: | | | | | | |
| - Singapore | **–** | – | – | **–** | – | – |
| - Africa | **–** | – | – | **–** | – | – |
| - South America | **–** | – | – | **–** | – | – |
| | **–** | – | – | **–** | – | – |

^ Amount less than $1,000

*Quoted equity investments represent the Group's and Company's equity interests in two companies in Singapore.*

The quoted equity investments offer the Group the opportunity for returns through dividend income and fair value gains. The instruments are mandatorily measured at fair value through profit or loss.

The fair values of the quoted equity shares were determined by reference to the quoted market prices at balance sheet date. These instruments were included in Level 1 of the fair value hierarchy (Note 38(b)).

Investment in quoted and unquoted equity investments classified as available-for-sale financial asset as at 31 March 2018 are classified and measured at fair value through profit or loss beginning at 1 April 2018 (Note 14).

## 14 Available-for-sale financial assets

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | 1.4.2017 | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | **$'000** | $'000 | $'000 | **$'000** | $'000 | $'000 |
| *Current* | | | | | | |
| Unquoted investment, at cost | **–** | 2,500 | 2,500 | **–** | – | – |
| Less: Allowance for impairment loss | **–** | (2,500) | (2,500) | **–** | – | – |
| | **–** | – | – | **–** | – | – |
| *Non-current* | | | | | | |
| Unquoted investment, at cost | **–** | 5,341 | 5,341 | **–** | 3,500 | 3,500 |
| Less: Allowance for impairment loss | **–** | (5,341) | (5,341) | **–** | (3,500) | (3,500) |
| | **–** | – | – | **–** | – | – |

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

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | 1.4.2017 | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | **$'000** | $'000 | $'000 | **$'000** | $'000 | $'000 |
| Balance at the beginning and end of the financial year | **–** | 7,841 | 7,841 | **–** | 3,500 | 3,500 |

The unquoted investments represent the Group's and Company's interests in the unquoted equity securities in Singapore, Africa and South America. 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 in the prior financial years.

## 15 Other receivables

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | 1.4.2017 | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | **$'000** | $'000 | $'000 | **$'000** | $'000 | $'000 |
| VAT recoverable | **397** | 387 | 432 | **–** | – | – |
| Loan receivable | **–** | – | 2,627 | **–** | – | 2,627 |
| Sundry debtors | **991** | 1,006 | 1,161 | **903** | 915 | 916 |
| Less: Allowance for impairment loss | **(900)** | (900) | (3,523) | **(900)** | (900) | (3,523) |
| | **488** | 493 | 697 | **3** | 15 | 20 |

The movements in the allowance for impairment loss of the other receivables are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | **31.3.2019** | 31.3.2018 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Balance at the beginning of the financial year | **900** | 3,523 | **900** | 3,523 |
| Allowance made | **–** | 4 | **–** | 4 |
| Write-back of allowance | **–** | (500) | **–** | (500) |
| Write-off | **–** | (2,127) | **–** | (2,127) |
| Balance at the end of the financial year | **900** | 900 | **900** | 900 |

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

| | Company | | |
|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | **$'000** | $'000 | $'000 |
| Investments in subsidiaries, at cost | **150,942** | 150,942 | 150,942 |
| Less: Allowance for impairment loss | **(83,152)** | (86,496) | (74,928) |
| Investments in subsidiaries, net | **67,790** | 64,446 | 76,014 |
| Due from subsidiaries | **88,457** | 85,453 | 88,763 |
| Less: Allowance for impairment loss | **(88,457)** | (85,453) | (88,745) |
| Due from subsidiaries, net | **–** | – | 18 |
| Due to subsidiaries | **(37,636)** | (35,816) | (34,423) |

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

| | Company | |
|---|---|---|
| | **31.3.2019** | 31.3.2018 |
| | **$'000** | $'000 |
| Balance at the beginning of the financial year | **86,496** | 74,928 |
| Allowance for impairment loss | **1** | 11,568 |
| Write-back of allowance | **(3,345)** | – |
| Balance at the end of the financial year | **83,152** | 86,496 |

During the current financial year, a full allowance for impairment of $1,000 (2018: $Nil) was recognised to impair the net carrying amount of the investment in LionGold Corp (Singapore) Pte Ltd ("LGCS") as at the date of the balance sheet.

During the current financial year, a write-back of allowance of $3,345,000 (2018: allowance for impairment of $11,568,000) in the investment in Castlemaine Goldfields Pty Ltd ("CGT"). The recoverable amount of CGT of $67,790,000 (2018: $64,445,000) was determined based on its fair value less cost to sell. The fair value less cost to sell is computed 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 | |
|---|---|---|
| | **31.3.2019** | 31.3.2018 |
| | **$'000** | $'000 |
| Balance at the beginning of the financial year | **85,453** | 88,745 |
| Disposal of subsidiaries | **–** | (2,916) |
| Allowance for impairment loss | **1,698** | 2,955 |
| Exchange differences | **1,306** | (3,331) |
| Balance at the end of the financial year | **88,457** | 85,453 |

The amounts due from subsidiaries are non-trade, unsecured, interest-free and repayable in cash on demand. The amounts due from subsidiaries have been fully impaired since prior years.

The Company has impaired $88,457,000 (2018: $85,453,000) of the amounts due from subsidiaries as management considered the relevant amounts to be not recoverable.

The amount due to subsidiary is non-trade, unsecured, bears interest at Australian Bill Swap Rate plus 0.5% per annum and repayable in cash on demand.

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

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 | | |
|---|---|---|---|---|---|---|---|
| | | **2019** | 2018 | 2017 | **2019** | 2018 | 2017 |
| | | **%** | % | % | **%** | % | % |
| Held by the Company | | | | | | | |
| Think Power Pte. Ltd. [(a)] Singapore | Investment holding | **100** | 100 | 100 | **–** | – | – |
| LionGold Investments Pte. Ltd. [(a)] Singapore | Investment holding | **100** | 100 | 100 | **–** | – | – |
| LionGold Corp (Singapore) Pte. Ltd. [(a)] Singapore | Investment holding | **100** | 100 | 100 | **–** | – | – |
| Signature Metals Limited [(b)] Australia | Investment holding | **76.86** | 76.86 | 76.86 | **–** | – | – |
| Castlemaine Goldfields Pty Ltd [(b)] Australia | Gold mining | **100** | 100 | 100 | **–** | – | – |
| LionGold Australia Pty Ltd [(b)] Australia | Investment holding | **100** | 100 | 100 | **–** | – | – |
| LionGold Mining Canada Inc. [(c)] Canada | Investment holding | **–** | – | 100 | **–** | – | – |
| Held by subsidiaries | | | | | | | |
| Uganda Minerals Pty Ltd [(b)] Australia | Gold exploration | **–** | – | – | **76.86** | 76.86 | 76.86 |
| Embuyaga Exploration Ltd [(c)] Uganda | Gold exploration | **–** | – | – | **76.86** | 76.86 | 76.86 |
| Balmaine Gold Pty Ltd [(b)] Australia | Gold exploration | **–** | – | – | **100** | 100 | 100 |
| Ironbark Mining Pty Ltd [(b)] Australia | Gold exploration | **–** | – | – | **100** | 100 | 100 |

(a) Audited by Baker Tilly TFW LLP, Singapore.

(b) Audited by independent member firm of Baker Tilly International network in the respective country of incorporation.

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

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

**Summarised financial information of subsidiaries with material non-controlling interests ("NCI")**

The Group has the following subsidiaries that have NCI that are considered by management to be material to the Group:

| Name of subsidiary | Principal place of business/ Country of incorporation | Ownership interests held by NCI |
|---|---|---|
| **31 March 2019** | | |
| Signature Metals Limited | Australia | 23.14% |
| 31 March 2018 | | |
| Signature Metals Limited | Australia | 23.14% |
| 1 April 2017 | | |
| Signature Metals Limited | Australia | 23.14% |

The following are the summarised financial information of SML which includes consolidation adjustments but before inter-company eliminations.

*Summarised Balance Sheet*

| | SML | | |
|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | **$'000** | $'000 | $'000 |
| Non-current assets | **7** | 10 | 13 |
| Current assets | **8** | 13 | 128 |
| Non-current liabilities | **(2,386)** | (2,272) | (2,192) |
| Current liabilities | **(51,177)** | (49,717) | (52,720) |
| | **(53,548)** | (51,966) | (54,771) |
| **Net liabilities attributable to NCI** | **(12,391)** | (12,025) | (12,674) |

*Summarised Statement of Profit or Loss*

| | SML | |
|---|---|---|
| | **2019** | 2018 |
| | **$'000** | $'000 |
| (Loss)/profit from continuing operations | **(4,054)** | (390) |
| Loss from discontinued operations | **–** | – |
| | **(4,054)** | (390) |
| **Loss attributable to NCI** | **(938)** | (90) |

*Summarised Cash Flows*

| | SML | |
|---|---|---|
| | **2019** | 2018 |
| | **$'000** | $'000 |
| Cash flows used in operating activities | **(99)** | (293) |
| Cash flows used in investing activities | **–** | – |
| Cash flows from financing activities | **96** | 299 |
| **Net (decrease)/increase in cash and cash equivalents** | **(3)** | 6 |

## 17 Other current assets

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | 1.4.2017 | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | **$'000** | $'000 | $'000 | **$'000** | $'000 | $'000 |
| Sundry deposits | **32** | 32 | 78 | **–** | – | 3 |
| Prepayments | **538** | 525 | 664 | **459** | 458 | 495 |
| | **570** | 557 | 742 | **459** | 458 | 498 |

## 18 Inventories

| | Group | | |
|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | **$'000** | $'000 | $'000 |
| Raw materials, at cost | **1,234** | 1,096 | 1,141 |
| Gold in circuit and in safe at net realisable value | **5,878** | 5,707 | 4,467 |
| Stockpile of unprocessed ore, at net realisable value | **2,077** | 524 | 560 |
| | **9,189** | 7,327 | 6,168 |

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $52,333,000 (2018: $51,591,000).

## 19 Security deposits

| | Group | | |
|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | **$'000** | $'000 | $'000 |
| Security deposits with banks | **4,180** | 4,379 | 4,657 |

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 1.45% to 2.55% (2018: 2.40% to 2.45%) per annum with the longest dated maturity of 4 August 2019 (2018: 13 September 2018). 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.

## 20 Exploration and evaluation expenditure

| | Group | | |
|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | **$'000** | $'000 | $'000 |
| **Cost** | | | |
| Balance at the beginning of the financial year | **5,519** | 5,287 | 7,724 |
| Struck off of subsidiaries | **–** | – | (3,426) |
| Expenditure capitalised during the financial year | **1,049** | 2,781 | 1,278 |
| Transfer to mining properties | **(1,108)** | (1,948) | – |
| Write-off | **(610)** | (323) | (546) |
| Exchange differences | **(201)** | (278) | 257 |
| Balance at the end of the financial year | **4,649** | 5,519 | 5,287 |
| **Accumulated impairment** | | | |
| Balance at the beginning of the financial year | **–** | – | 3,426 |
| Struck off of subsidiaries | **–** | – | (3,426) |
| Balance at the end of the financial year | **–** | – | – |
| **Net carrying amount** | | | |
| Balance at the end of the financial year | **4,649** | 5,519 | 5,287 |

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

## 21 Mining properties

| | Group | | |
|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | **$'000** | $'000 | $'000 |
| **Cost** | | | |
| Balance at the beginning of the financial year | **44,944** | 39,191 | 30,869 |
| Additions | **4,914** | 6,532 | 7,309 |
| Transfer from exploration and evaluation expenses | **1,108** | 1,948 | – |
| Exchange differences | **(2,037)** | (2,727) | 1,013 |
| Balance at the end of the financial year | **48,929** | 44,944 | 39,191 |
| **Accumulated impairment** | | | |
| Balance at the beginning of the financial year | **41,346** | 36,633 | 25,911 |
| Amortisation (Note 8) | **7,058** | 7,088 | 9,620 |
| Exchange differences | **(2,062)** | (2,375) | 1,102 |
| Balance at the end of the financial year | **46,342** | 41,346 | 36,633 |
| **Net carrying amount** | | | |
| Balance at the end of the financial year | **2,587** | 3,598 | 2,558 |

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.

## 22 Property, plant and equipment

| | Freehold land | Leasehold land and building | Leasehold improvements | Plant and machinery | Office and electronic equipment | Motor vehicles | Field equipment | Construction in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Group** | | | | | | | | | |
| **2019** | | | | | | | | | |
| **Cost** | | | | | | | | | |
| At 1 April 2018 | 4,914 | 4,230 | 86 | 34,817 | 802 | 703 | 9,763 | 2,310 | 57,625 |
| Additions | – | – | – | 1,171 | 56 | 60 | 374 | 3,191 | 4,852 |
| Disposals/write-offs | – | – | – | (897) | (147) | (69) | – | – | (1,113) |
| Exchange differences | (222) | (192) | – | (1,573) | (30) | (33) | (452) | (190) | (2,692) |
| At 31 March 2019 | **4,692** | **4,038** | **86** | **33,518** | **681** | **661** | **9,685** | **5,311** | **58,672** |
| **Accumulated depreciation** | | | | | | | | | |
| At 1 April 2018 | – | 4,230 | 12 | 30,957 | 732 | 611 | 6,723 | – | 43,265 |
| Charge for the year | – | – | 17 | 1,563 | 36 | 48 | 2,154 | – | 3,818 |
| Disposals/write-offs | – | – | – | (882) | (147) | (67) | – | – | (1096) |
| Exchange differences | – | (192) | – | (1,413) | (26) | (28) | (362) | – | (2,021) |
| At 31 March 2019 | **–** | **4,038** | **29** | **30,225** | **595** | **564** | **8,515** | **–** | **43,966** |
| **Net carrying amount** | | | | | | | | | |
| At 31 March 2019 | 4,692 | – | 57 | 3,293 | 86 | 97 | 1,170 | 5,311 | 14,706 |

| | Freehold land | Leasehold land and building | Leasehold improvements | Plant and machinery | Office and electronic equipment | Motor vehicles | Field equipment | Construction in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Group** | | | | | | | | | |
| **2018** | | | | | | | | | |
| **Cost** | | | | | | | | | |
| At 1 April 2017 | 5,214 | 4,487 | 335 | 36,166 | 1,032 | 760 | 9,932 | 1,645 | 59,571 |
| Additions | – | – | 86 | 741 | 28 | 94 | 428 | 790 | 2,167 |
| Disposals/write-offs | – | – | (335) | – | (216) | (108) | (10) | – | (669) |
| Exchange differences | (300) | (257) | – | (2,090) | (42) | (43) | (587) | (125) | (3,444) |
| At 31 March 2018 | 4,914 | 4,230 | 86 | 34,817 | 802 | 703 | 9,763 | 2,310 | 57,625 |
| **Accumulated depreciation** | | | | | | | | | |
| At 1 April 2017 | – | 4,207 | 302 | 29,786 | 929 | 711 | 4,027 | – | 39,962 |
| Charge for the year | – | 275 | 35 | 2,987 | 55 | 44 | 3,044 | – | 6,440 |
| Disposals/write-offs | – | – | (325) | – | (214) | (106) | – | – | (645) |
| Exchange differences | – | (252) | – | (1,816) | (38) | (38) | (348) | – | (2,492) |
| At 31 March 2018 | – | 4,230 | 12 | 30,957 | 732 | 611 | 6,723 | – | 43,265 |
| **Net carrying amount** | | | | | | | | | |
| At 31 March 2018 | 4,914 | – | 74 | 3,860 | 70 | 92 | 3,040 | 2,310 | 14,360 |
| At 1 April 2017 | 5,214 | 280 | 33 | 6,380 | 103 | 49 | 5,905 | 1,645 | 19,609 |

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

Included within additions of the Group are plant and equipment acquired under finance leases amounted to $569,000 (2018: $Nil) and provision for rehabilitation and preservation of $303,000 (2018: $413,000) during the year. The cash outflow on acquisition of property, plant and equipment amounting to $3,980,000 (2018: $1,754,000).

At 31 March 2019, the net carrying amount of plant and machinery of the Group held under finance leases was $863,000 (2018: $734,000).

| | Office and electronic equipment $'000 |
|---|---|
| **Company** | |
| **2019** | |
| **Cost** | |
| Balance at 1 April 2018 | 56 |
| Written off | (4) |
| Balance at 31 March 2019 | **52** |
| **Accumulated depreciation** | |
| Balance at 1 April 2018 | 50 |
| Charge for the year | 5 |
| Written off | (4) |
| Balance at 31 March 2019 | **51** |
| **Net carrying amount** | |
| Balance at 31 March 2019 | 1 |
| **2018** | |
| **Cost** | |
| Balance at 1 April 2017 | 55 |
| Additions | 1 |
| Balance at 31 March 2018 | 56 |
| **Accumulated depreciation** | |
| Balance at 1 April 2017 | 42 |
| Charge for the year | 8 |
| Balance at 31 March 2018 | 50 |
| **Net carrying amount** | |
| Balance at 31 March 2018 | 6 |
| Balance at 1 April 2017 | 13 |

## 23 Trade and other payables

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | 1.4.2017 | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | **$'000** | $'000 | $'000 | **$'000** | $'000 | $'000 |
| Trade payables | **1,726** | 2,223 | 1,721 | **–** | – | – |
| Other payables and accruals | | | | | | |
| - accrued interests | **5,755** | 2,943 | 766 | **5,755** | 2,943 | 766 |
| - employee benefits | **3,716** | 3,516 | 2,674 | **–** | – | – |
| - others | **3,919** | 2,978 | 4,415 | **581** | 497 | 1,687 |
| | **15,116** | 11,660 | 9,576 | **6,336** | 3,440 | 2,453 |

## 24 Finance lease liabilities

| | Group | | |
|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | **$'000** | $'000 | $'000 |
| Minimum lease payments payable: | | | |
| - due not later than one financial year | **428** | 723 | 709 |
| - due later than one financial year and not later than five financial years | **177** | – | 564 |
| | **605** | 723 | 1,273 |
| Finance charges allocated to future financial years | **(30)** | (18) | (63) |
| Present value of minimum lease payments | **575** | 705 | 1,210 |
| Present value of minimum lease payments: | | | |
| Non-current liabilities | | | |
| - due later than one financial year and not later than five financial years | **173** | – | 546 |
| Current liabilities | | | |
| - due not later than one financial year | **402** | 705 | 664 |
| | **575** | 705 | 1,210 |

The weighted average effective interest rate of the Group's finance leases is 6.75% (2018: 4.75%) per annum.

## 25 Borrowings

| | Group and Company | | |
|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | **$'000** | $'000 | $'000 |
| Restructured loan | **15,803** | 15,803 | 15,803 |
| Presented on the balance sheet as: | | | |
| Current | **–** | – | 11,852 |
| Non-current | **15,803** | 15,803 | 3,951 |
| | **15,803** | 15,803 | 15,803 |

## 25 Borrowings (cont'd)

*Restructured loan*

On 22 May 2015, Premier Equity Fund Sub Fund D ("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 outstanding bonds (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 paid an upfront amount of $2,780,000 (US$2,000,000) towards repayment of the Restructured Loan.

Based on the Bond Restructuring 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% 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 with a minimum payment of $2,500,000 every quarter starting from 17 September 2015 shall be repaid no later than 18 June 2017.

On 5 July 2016, the Company, PEFD and Value Capital entered into a supplemental agreement to the Bond Restructuring Agreement, further to which the final repayment date of the Restructured Loan was extended from 18 June 2017 to 18 June 2018. The accrued interest shall be aggregated to the balance sum of loan as at 19 June 2017 (the "Aggregated Sum"), and the Company will repay the Aggregated Sum along with interest payable at a fixed interest rate of 15% of the Aggregated Sum in four quarterly instalments by 18 June 2018. During the previous financial year, the Company has repaid approximately $2,000,000 of the Restructured Loan.

On 29 June 2017, the Company entered into a Debt Restructuring Agreement with PEFD and Value Capital for the repayment of the Restructured Loan ("New Restructured Loan"). The repayment due date of the New Restructured Loan may be extended to 5 years from the date of the debt restructuring agreement, subject to the Company obtaining all the relevant approvals necessary to give effect to the debt restructuring agreement ("Maturity Date") or 2 years from the date of the debt restructuring agreement in the event that the Company is unable to obtain all the relevant approvals. Based on the terms of the New Restructured Loan, the Company agrees to repay $1,000,000 in cash on 18 June 2019. Thereafter, the Company shall repay $750,000 on each date falling six months from 18 June 2019 up until the Maturity Date ("Scheduled Repayment"). PEFD shall, at its discretion, have the option to waive the Company's obligations for each of the Scheduled Repayments. Notwithstanding any waivers granted by PEFD, the Company shall repay, in aggregate, a minimum sum of $1,000,000 for every 12 month period from 18 June 2019 up until the Maturity Date. Upon obtaining the relevant approvals in relation to the debt restructuring agreement, PEFD has the option but not an obligation to subscribe for shares in the Company as a form of repayment of the New Restructured Loan. In the previous financial year, the Company has not obtained all the relevant approvals and therefore the Bond Restructuring Agreement has been automatically extended by two years and the final repayment date is due on 18 June 2020.

## 26 Convertible bonds

| | Group and Company | | |
|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | **$'000** | $'000 | $'000 |
| Current | | | |
| Redeemable Convertible Bonds | **46** | 419 | – |
| Non-current | | | |
| Redeemable Convertible Bonds | **–** | – | 541 |
| | **46** | 419 | 541 |

**26 Convertible bonds (cont'd)**

| | Group and Company | | |
|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | **$'000** | $'000 | $'000 |
| Liability component at the beginning of the financial year | **419** | 541 | 1,306 |
| Face value, net of transaction cost, of convertible bonds issued | **–** | 1,863 | 2,795 |
| Derivative liability conversion component on initial recognition | **–** | (352) | (530) |
| Liability component on initial recognition | **–** | 1,511 | 2,265 |
| Amortisation of interest expense | **79** | 111 | 104 |
| Conversion of convertible bonds into ordinary shares | **(452)** | (1,744) | (3,134) |
| Liability component at the end of the financial year | **46** | 419 | 541 |

On 19 June 2015, the Company entered into a Subscription Agreement with Premier Equity Fund Sub Fund E ("PEFE") and its manager, 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 ("RCB 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.

Consequently, the maximum number of conversion shares that may be issued pursuant to the conversion of the RCB is 33,333,333,333 conversion shares. After taking into account the 7,434,835,856 shares previously issued pursuant to the conversion of an aggregate $9,500,000 principal amount of RCB (up to 31 March 2018) and the lowest conversion price of $0.00085 per conversion share, the Company may issue a balance of an aggregate principal amount of approximately $23,000,000 of RCB pursuant to the Subscription Agreement.

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. In the previous financial year, the Company issued RCB with an aggregate principal amount of $2,000,000.

On 13 July 2018, the Company entered into a supplemental agreement with PEFE and Value Capital to extend the maturity date to 16 March 2020. During the financial year, RCB with an aggregate principal amount of $500,000 (2018: $2,150,000) were fully converted into ordinary shares of the Company. At the balance sheet date, the principal amount of RCB that has been issued which are yet to be converted into the ordinary shares of the Company amounted to $50,000 (2018: $550,000).

On 25 March 2019, the Company entered into a conditional termination agreement with PEFE and Value Capital, pursuant to which the parties have agreed to terminate the RCB Subscription Agreement in its entirety. The termination is conditional upon the completion of the subscription agreement with Yaoo Capital Pte Ltd (Note 2(a)), the payment of a termination fee of $500,000 and the completion of the proposed issuance by the Company of 500,000,000 share options at an exercise price of S$0.001 for each new share.

## 27 Derivative liability conversion component on the convertible bonds

| | Group | | |
|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | **$'000** | $'000 | $'000 |
| Derivative liability conversion component at the beginning of the financial year | **97** | 124 | 300 |
| Derivative liability conversion component on initial issuance of bonds | **–** | 352 | 530 |
| Conversion of convertible bonds into ordinary shares | **(88)** | (379) | (706) |
| | **9** | 97 | 124 |

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

## 28 Deferred consideration

| | Group | | |
|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | **$'000** | $'000 | $'000 |
| Balance at the beginning of the financial year | **2,272** | 2,191 | 1,754 |
| Unwind of discount on deferred consideration (Note 6) | **223** | 215 | 371 |
| Exchange differences | **(109)** | (134) | 66 |
| Balance at the end of the financial year | **2,386** | 2,272 | 2,191 |

The Group via its subsidiary, Signature Metals Limited recognised deferred consideration on the option agreement to purchase 70% of the Konongo Gold Project under Owere Mines Limited ("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). Although the Group's interest in OML has been reduced to 0.01%, the Group is still obligated under the terms of the agreement to fulfil the final payment of A$3 million should the project achieve the production of 100,000 ounces of gold. The deferred consideration is recognised as a financial liability at amortised cost at an effective interest rate of 10% per annum based on the expected payment date that was determined by management. The carrying amount is deemed to approximate its fair value at the balance sheet date.

## 29 Rehabilitation and preservation provision

| | Group | | |
|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | **$'000** | $'000 | $'000 |
| Balance at the beginning of the financial year | **5,739** | 5,615 | 5,278 |
| Provision made during the year | **303** | 413 | 106 |
| Return of exploration rehabilitation bond | **–** | (20) | – |
| Amortisation of discount (Note 7) | **53** | 57 | 56 |
| Exchange differences | **(262)** | (326) | 175 |
| Balance at the end of the financial year | **5,833** | 5,739 | 5,615 |

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.

## 30 Issued capital and share premium

| | Group | | |
|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | **$'000** | $'000 | $'000 |
| Authorised: | | | |
| 2,777,200,000,000 ordinary shares of $0.0001 each | **277,720** | 277,720 | 277,720 |

| | **31.3.2019** | 31.3.2018 | 1.4.2017 | **31.3.2019** | 31.3.2018 | 1.4.2017 |
|---|---|---|---|---|---|---|
| | ← | Number of shares $0.0001 each | → | **$'000** | $'000 | $'000 |
| *Issued and fully paid* | | | | | | |
| At beginning of financial year | **8,109,925,825** | 5,580,514,064 | 2,034,749,734 | **811** | 558 | 204 |
| Conversion of shares from convertible bonds | **589,235,294** | 2,529,411,761 | 3,545,764,330 | **59** | 253 | 354 |
| At the end of financial year | **8,699,161,119** | 8,109,925,825 | 5,580,514,064 | **870** | 811 | 558 |
| *Share premium:* | | | | | | |
| At beginning of financial year | | | | **279,518** | 277,648 | 274,162 |
| Conversion of shares from convertible bonds | | | | **482** | 1,870 | 3,486 |
| At end of financial year | | | | **280,000** | 279,518 | 277,648 |

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.

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.

**30 Issued capital and share premium (cont'd)**

In financial year 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 | – | – |

**31 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.

*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.

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

| | **Group** | |
|---|---|---|
| | **2019** | 2018 |
| | **$'000** | $'000 |
| Balance at the beginning of the financial year | **–** | (16,335) |
| Impact on adoption of SFRS(I) 1 | **–** | 16,335 |
| Balance at the beginning of the financial year as restated | **(4,798)** | – |
| Net currency translation differences of financial statements of foreign subsidiaries | **(2,768)** | (4,333) |
| Non-controlling interests | **(572)** | (739) |
| Reclassification of currency translation differences on loss of control and struck off of subsidiaries from equity to profit or loss | **–** | 274 |
| Balance at the end of the financial year | **(8,138)** | (4,798) |

## 32 Related party transactions

*Compensation of key management personnel*

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

| | Group | |
|---|---|---|
| | **2019** | 2018 |
| | **$'000** | $'000 |
| Salaries and other short term employee benefits | **1,278** | 1,416 |
| Directors' fees | **204** | 233 |
| Contributions to defined contribution plans | **42** | 57 |
| | **1,524** | 1,706 |
| Comprise amounts paid/payable to: | | |
| - Directors of the Company | **810** | 961 |
| - Other key management personnel | **714** | 745 |
| | **1,524** | 1,706 |

## 33 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 | |
|---|---|---|
| | **2019** | 2018 |
| | **$'000** | $'000 |
| Within one financial year | **124** | 124 |
| Between two to five financial years | **37** | 161 |
| | **161** | 285 |

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

(b) Capital commitments

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

| | Group | |
|---|---|---|
| | **2019** | 2018 |
| | **$'000** | $'000 |
| Exploration tenements | **3,859** | 2,680 |
| Property, plant and equipment | **1,995** | 141 |
| | **5,854** | 2,821 |

## 34 Contingent liabilities

(a) In the financial year ended 31 March 2015 ("FY2015"), 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 FY2015. As such, no provision was recognised as at 31 March 2019.

(b) 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 disputed 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 defense against the customer's claims.

IPT had completed the engineering, procurement and construction of the power plant which IPT has received approximately $29,300,000 (equivalent of RM78,300,000), being approximately 90% of the EPCC Contract's original contract sum. As at 31 March 2019, according to the terms of the EPCC Contract, the exposure of the maximum liquidated damages is approximately $5,400,000 (equivalent of RM16,240,000 at the current prevailing exchange rate).

At the date of these financial statements, the directors confirmed that the customer has not made any claim against the Group and the Company on the corporate guarantee and it is not expected that any claims will arise from the corporate guarantee and the Group and the Company do not expect the credit loss to be significant. Accordingly, no liability has been recognised in the financial statements.

## 35 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.

The Group operates in one business segment, that of gold mining. Therefore, separate segment information is not presented.

(a) Geographical segments

The Group operates in one main geographical segment by location of customers which is in Australia.

(b) Information about major customers

Revenue of $70,144,000 (2018: $59,136,000) is derived from one (2018: one) external customer who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

| | | Group | |
|---|---|---|---|
| | | **2019** | 2018 |
| | | **$'000** | $'000 |
| | Attributable segments | | |
| Customer 1 | Gold investments | **70,144** | 59,136 |

## 36 Financial instruments

***Categories of financial instruments***

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | 1.4.2017 | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | **$'000** | $'000 | $'000 | **$'000** | $'000 | $'000 |
| *Financial assets* | | | | | | |
| Available-for-sale financial assets | **–** | –^ | –^ | **–** | –^ | –^ |
| Financial assets at fair value through profit or loss | **–^** | –^ | –^ | **–^** | –^ | –^ |
| Loans and receivables | **–** | 8,661 | 16,585 | **–** | 21 | 415 |
| Financial assets at amortised cost | **10,280** | – | – | **7** | – | – |
| | **10,280** | 8,661 | 16,585 | **7** | 21 | 415 |
| *Financial liabilities* | | | | | | |
| At amortised cost | **36,042** | 33,084 | 32,303 | **59,820** | 55,478 | 53,220 |
| Derivative financial instruments | **9** | 97 | 124 | **9** | 97 | 124 |
| | **36,051** | 33,181 | 32,427 | 59,829 | 55,575 | 53,344 |

^ Amount less than $1,000

***Financial risk management***

The Group's and the 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:

***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 and the Company'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, 24, 25 and 26.

Interest rate risk is managed by the Group and the Company 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 and the Company's results net of tax has not been disclosed as the Group's exposure to changes in market interest rates is not significant as the majority of the Group's borrowings are charged at a fixed rate.

**36 Financial instruments (cont'd)**

***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

Concentration of credit risk exists when changes in economic, industry or geographical factors similarly affect group of counterparties whose aggregate exposure is significant in relation to the Group's total credit exposure. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses (ECL):

| Description of evaluation of financial assets | Basis for recognition and measurement of ECL |
|---|---|
| Counterparty has a low risk of default and does not have any past due amounts | 12-month ECL |
| Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition | Lifetime ECL - not credit-impaired |
| Contractual payments are more than 90 days past due or there is evidence of credit impairment | Lifetime ECL - credit-impaired |
| There is evidence indicating that the Company has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings | Write-off |

*Significant increase in credit risk*

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- significant increases in credit risk on other financial instruments of the same debtor; and

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

**36 Financial instruments (cont'd)**

***Financial risk management (cont'd)***

***Credit risk (cont'd)***

*Significant increase in credit risk (cont'd)*

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the end of the reporting period. A financial instrument is determined to have low credit risk; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

*Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes. Where information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

*Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

*Estimation techniques and significant assumptions*

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

*Maximum exposure and concentration of credit risk*

The Group and the Company does not have concentration of credit risk at 31 March 2019 and 2018.

As the Group and the Company 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 34.

The credit loss for cash and cash equivalents and other receivables are immaterial as at 31 March 2019.

## 36 Financial instruments (cont'd)

***Financial risk management (cont'd)***

***Credit risk (cont'd)***

*Other financial assets at amortised cost*

Other financial assets at amortised cost include other receivables, other current asset (excluding prepayments) and cash and cash equivalents.

The table below details the credit quality of the Group's financial assets:

| | 12-month or lifetime ECL | Gross carrying amount $'000 | Loss allowance $'000 | Net carrying amount $'000 |
|---|---|---|---|---|
| **Group** | | | | |
| Other receivables | Lifetime | 1,388 | (900) | 488 |
| Other current assets | 12-month | 32 | – | 32 |
| Security deposit | N.A. Exposure Limited | 4,180 | – | 4,180 |
| Cash and cash equivalents | N.A. Exposure Limited | 5,580 | – | 5,580 |
| **Company** | | | | |
| Other receivables | Lifetime | 903 | (900) | 3 |
| Due from subsidiaries | Lifetime | 88,457 | (88,457) | – |
| Cash and cash equivalents | N.A. Exposure Limited | 6 | – | 6 |

*Movements in credit loss allowance*

There are no movement in the allowance for impairment of financial assets under SFRS (I) 9 during the financial year for the Group and Company except for the following:

| | Due from subsidiaries $'000 |
|---|---|
| **Company** | |
| Balance at 1 April 2018 | 85,453 |
| Loss allowance measured/(reversed): | |
| Lifetime ECL | |
| - Credit impaired | 3,004 |
| Balance at 31 March 2019 | 88,457 |

*Financial guarantee*

The Group and the Company have issued financial guarantees to customers in connection with products purchased by a former subsidiary and for a project granted to a former subsidiary. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Group and the Company do not expect significant credit losses arising from these guarantees.

**36 Financial instruments (cont'd)**

***Financial risk management (cont'd)***

***Credit risk (cont'd)***

*Previous accounting policy for impairment of financial assets*

*Financial assets that are past due but not impaired*

The Group and Company do not have any class of financial assets that is past due but not impaired.

There is no other class of the Group's and Company's financial assets that is past due and/or impaired except for other receivables and amounts due from subsidiaries.

The carrying amounts of other receivables and amounts due from subsidiaries individually determined to be impaired and the movement in the related allowance for impairment are as follows:

| | Group | Company |
|---|---|---|
| | 2018 | 2018 |
| | $'000 | $'000 |
| Gross amount | 913 | 86,366 |
| Less: Allowance for impairment | (900) | (86,353) |
| | 13 | 13 |
| Movement in allowance for impairment: | | |
| Beginning of financial year | 3,523 | 92,268 |
| Disposal of subsidiaries | – | (2,916) |
| Allowance made | 4 | 2,955 |
| Allowance written back | (500) | (500) |
| Allowance written off | (2,127) | (2,123) |
| Exchange difference | – | (3,331) |
| End of financial year | 900 | 86,353 |

Receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

***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") and Australian Dollar ("AUD").

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.

**36 Financial instruments (cont'd)**

***Financial risk management (cont'd)***

***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 |
|---|---|---|
| **Group** | | |
| **31 March 2019** | | |
| *Financial assets* | | |
| Other receivables | – | 1 |
| Cash and cash equivalents | 6 | 1 |
| | 6 | 2 |
| *Financial liabilities* | | |
| Trade and other payables | 97 | 9 |
| Due to subsidiaries | – | 37,636 |
| | 97 | 37,645 |
| Currency exposure on net financial liabilities | **(91)** | **(37,643)** |
| **31 March 2018** | | |
| *Financial assets* | | |
| Other receivables | – | 1 |
| Cash and cash equivalents | 6 | 1 |
| | 6 | 2 |
| *Financial liabilities* | | |
| Trade and other payables | 97 | 9 |
| Due to subsidiaries | – | 35,816 |
| | 97 | 35,825 |
| Currency exposure on net financial liabilities | (91) | (35,823) |
| **1 April 2017** | | |
| *Financial assets* | | |
| Other receivables | 53 | 1 |
| Cash and cash equivalents | 3 | 3 |
| | 56 | 4 |
| *Financial liabilities* | | |
| Trade and other payables | 156 | 13 |
| Due to subsidiaries | – | 34,423 |
| | 156 | 34,436 |
| Currency exposure on net financial liabilities | (100) | (34,432) |

**36 *Financial instruments (cont'd)***

***Financial risk management (cont'd)***

***Foreign currency risk (cont'd)***

| | USD $'000 | AUD $'000 |
|---|---|---|
| **Company** | | |
| **31 March 2019** | | |
| *Financial assets* | | |
| Other receivables | – | 1 |
| Cash and cash equivalents | 1 | 1 |
| | 1 | 2 |
| *Financial liabilities* | | |
| Trade and other payables | 97 | 9 |
| Due to subsidiaries | – | 34,636 |
| | 97 | 34,645 |
| Currency exposure on net financial liabilities | **(96)** | **(34,643)** |
| **31 March 2018** | | |
| *Financial assets* | | |
| Other receivables | – | 1 |
| Cash and cash equivalents | 1 | 1 |
| | 1 | 2 |
| *Financial liabilities* | | |
| Trade and other payables | 96 | 9 |
| Due to subsidiaries | – | 35,816 |
| | 96 | 35,825 |
| Currency exposure on net financial liabilities | (95) | (35,823) |
| **1 April 2017** | | |
| *Financial assets* | | |
| Other receivables | – | 1 |
| Cash and cash equivalents | 1 | 3 |
| | 1 | 4 |
| *Financial liabilities* | | |
| Trade and other payables | 155 | 13 |
| Due to subsidiaries | – | 34,423 |
| | 155 | 34,436 |
| Currency exposure on net financial liabilities | (154) | (34,432) |

### 36 Financial instruments (cont'd)

***Financial risk management (cont'd)***

***Foreign currency risk (cont'd)***

A 5% (2018: 5%) strengthening of the relevant functional currencies of the Company and 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 | | |
|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | **$'000** | $'000 | $'000 |
| **Group** | | | |
| USD | **(4)** | (4) | (4) |
| AUD | **(1,562)** | (1,791) | (1,429) |
| **Company** | | | |
| USD | **(4)** | (4) | (6) |
| AUD | **(1,562)** | (1,791) | (1,429) |

A 5% (2018: 5%) weakening of the relevant functional currencies of the Company and 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.

***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.

The sensitivity analysis for price risk is not disclosed as the effect on the profit or loss and other comprehensive income is considered not significant.

***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.

**36 Financial instruments (cont'd)**

***Financial risk management (cont'd)***

***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** | | | | | |
| **2019** | | | | | |
| Trade and other payables | 15,116 | 15,116 | 15,116 | – | – |
| Deferred consideration | 2,386 | 2,887 | – | 2,887 | – |
| Rehabilitation and preservation provision | 5,833 | 5,855 | – | 2,130 | 3,725 |
| Borrowings | 15,803 | 18,765 | – | 18,765 | – |
| Convertible bonds | 46 | 50 | 50 | – | – |
| Finance lease liabilities | 575 | 605 | 428 | 177 | – |
| | **39,759** | **43,278** | **15,594** | **23,959** | **3,725** |
| **2018** | | | | | |
| Trade and other payables | 11,660 | 11,660 | 11,660 | – | – |
| Deferred consideration | 2,272 | 3,024 | – | 3,024 | – |
| Rehabilitation and preservation provision | 5,739 | 6,029 | – | 2,199 | 3,830 |
| Borrowings | 15,803 | 16,395 | – | 16,395 | – |
| Convertible bonds | 419 | 550 | 550 | – | – |
| Finance lease liabilities | 705 | 723 | 723 | – | – |
| | 36,598 | 38,381 | 12,933 | 21,618 | 3,830 |
| **2017** | | | | | |
| Trade and other payables | 9,576 | 9,576 | 9,576 | – | – |
| Deferred consideration | 2,191 | 3,209 | – | 3,209 | – |
| Rehabilitation and preservation provision | 5,615 | 6,029 | – | 2,231 | 3,798 |
| Borrowings | 15,803 | 16,395 | 12,207 | 4,188 | – |
| Convertible bonds | 541 | 700 | – | 700 | – |
| Finance lease liabilities | 1,210 | 1,273 | 709 | 564 | – |
| | 34,936 | 37,182 | 22,492 | 10,892 | 3,798 |

**36 Financial instruments (cont'd)**

***Financial risk management (cont'd)***

***Liquidity risk (cont'd)***

| | 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 |
|---|---|---|---|---|---|
| **Company** | | | | | |
| 2019 | | | | | |
| Due to subsidiaries | 37,636 | 37,636 | 37,636 | – | – |
| Trade and other payables | 6,336 | 6,336 | 6,336 | – | – |
| Borrowings | 15,803 | 18,765 | – | 18,765 | – |
| Convertible bonds | 46 | 50 | 50 | – | – |
| | **59,821** | **62,787** | **44,022** | **18,765** | **–** |
| **2018** | | | | | |
| Due to subsidiaries | 35,815 | 35,815 | 35,815 | – | – |
| Trade and other payables | 3,441 | 3,441 | 3,441 | – | – |
| Borrowings | 15,803 | 16,395 | – | 16,395 | – |
| Convertible bonds | 419 | 550 | 550 | – | – |
| | 55,478 | 56,201 | 39,806 | 16,395 | – |
| **2017** | | | | | |
| Due to subsidiaries | 34,423 | 34,423 | 34,423 | – | – |
| Trade and other payables | 2,453 | 2,453 | 2,453 | – | – |
| Borrowings | 15,803 | 16,395 | 12,207 | 4,188 | – |
| Convertible bonds | 541 | 700 | – | 700 | – |
| | 53,220 | 53,971 | 49,083 | 4,888 | – |

The contractual expiry by maturity of the Group's and the Company's financial guarantees is described in Note 37.

**37 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 and Company | | |
|---|---|---|---|
| | **31.3.2019** | 31.3.2018 | 1.4.2017 |
| | **$'000** | $'000 | $'000 |
| | **1 year or less** | 1 year or less | 1 year or less |
| Corporate guarantee provided to a customer in connection with a project granted to a former subsidiary - unsecured | **29,277** | 29,277 | 27,445 |
| Financial guarantee provided to a supplier in connection with products purchased by a former subsidiary - unsecured | **241** | 241 | 245 |
| | **29,518** | 29,518 | 27,690 |

## 38 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 and liabilities measured at fair value at 31 March 2019 and 31 March 2018:

| | Level 1<br>$'000 | Level 2<br>$'000 | Level 3<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **2019** | | | | |
| **Assets** | | | | |
| Financial assets at fair value through profit or loss | –^ | – | – | –^ |
| **Liabilities** | | | | |
| Derivative financial instruments | – | 9 | – | 9 |
| **2018** | | | | |
| **Assets** | | | | |
| Financial assets at fair value through profit or loss | –^ | – | – | –^ |
| **Liabilities** | | | | |
| Derivative financial instruments | – | 97 | – | 97 |
| **2017** | | | | |
| **Assets** | | | | |
| Financial assets at fair value through profit or loss | –^ | – | – | –^ |
| **Liabilities** | | | | |
| Derivative financial instruments | – | 124 | – | 124 |

^ Amount less than $1,000

**38 Fair values of assets and liabilities (cont'd)**

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

The following table presents the assets measured at fair value at 31 March 2019 and 31 March 2018 (cont'd):

| | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
|---|---|---|---|---|
| **Company** | | | | |
| **2019** | | | | |
| **Assets** | | | | |
| Financial assets at fair value through profit or loss | –^ | – | – | –^ |
| **Liabilities** | | | | |
| Derivative financial instruments | – | 9 | – | 9 |
| **2018** | | | | |
| **Assets** | | | | |
| Financial assets at fair value through profit or loss | –^ | – | – | –^ |
| **Liabilities** | | | | |
| Derivative financial instruments | – | 97 | – | 97 |
| **2017** | | | | |
| **Assets** | | | | |
| Financial assets at fair value through profit or loss | –^ | – | – | –^ |
| **Liabilities** | | | | |
| Derivative financial instruments | – | 124 | – | 124 |

^ Amount less than $1,000

*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.

*Derivative financial instruments*

The basis for determining fair values at the balance sheet date is disclosed in Note 27.

There were no transfers between Level 1 and 2 during the financial years ended 31 March 2019 and 31 March 2018.

(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 rate at the balance sheet date was not significantly different from either the interest rates of borrowings or market lending rate at the initial measurement date of convertible bonds.

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.

## 39 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.

## 40 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 27 June 2019.

## STATISTICS OF SHAREHOLDERS

| | | | |
|---|---|---|---|
| Authorised Capital | S$277,720,000 | | |
| Issued and fully Paid-up Capital | S$869,816.11 | | |
| Number of Issued Shares | 8,698,161,119 | | |
| 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 | | |
| Subsidiary Holdings | Nil | | |

## ANALYSIS OF SHAREHOLDING BY RANGE

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 - 99 | 221 | 3.26 | 4,606 | 0.00 |
| 100 - 1,000 | 417 | 6.16 | 236,055 | 0.00 |
| 1,001 - 10,000 | 1,527 | 22.55 | 9,002,809 | 0.10 |
| 10,001 - 1,000,000 | 3,811 | 56.29 | 776,221,591 | 8.93 |
| 1,000,001 & ABOVE | 795 | 11.74 | 7,912,696,058 | 90.97 |
| TOTAL | 6,771 | 100.00 | 8,698,161,119 | 100.00 |

## SUBSTANTIAL SHAREHOLDERS

| | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| Name of Shareholder | Units | % | Units | % |
| Value Capital Asset Management Private Limited | 1,585,799,422 | 18.23 | – | – |
| Premier Equity Fund Sub Fund E | – | – | 1,585,799,422 | 18.23[1] |

Note:

1 The deemed interest arises by virtue of the interest in Value Capital Asset Management Private Limited. Value Capital Asset Management Private Limited is the Investment Manager for Premier Equity Fund Sub Fund E. Premier Equity Fund Sub Fund E's aggregate interest in 1,585,799,422 shares are held by Value Capital Asset Management Private Limited.

# Shareholders' Information

As at 18 June 2019

## LIST OF TWENTY LARGEST SHAREHOLDERS

| Name of Shareholders | No. of Shares | % |
|---|---|---|
| DBS VICKERS SECURITIES (S) PTE LTD | 1,641,495,046 | 18.87 |
| NEO YAM CHENG OR LEE KWEE LAN | 244,416,500 | 2.81 |
| PHILLIP SECURITIES PTE LTD | 231,040,688 | 2.66 |
| MAYBANK KIM ENG SECURITIES PTE.LTD | 176,991,300 | 2.04 |
| KOH SWEE YONG | 168,500,000 | 1.94 |
| OCBC SECURITIES PRIVATE LTD | 163,728,329 | 1.88 |
| PHANG CHUNG WAH | 160,000,000 | 1.84 |
| LEE EE @ LEE ENG | 157,000,000 | 1.80 |
| RAFFLES NOMINEES (PTE) LIMITED | 135,631,769 | 1.56 |
| DBS NOMINEES PTE LTD | 130,149,865 | 1.50 |
| CHONG FON KHIAM | 118,500,000 | 1.36 |
| CITIBANK NOMINEES SINGAPORE PTE LTD | 86,865,952 | 1.00 |
| PEH TAI KIM | 70,000,000 | 0.80 |
| HO BENG SIANG | 69,500,000 | 0.80 |
| RHB SECURITIES SINGAPORE PTE LTD | 65,551,958 | 0.75 |
| HUANG QINGPING | 60,000,000 | 0.69 |
| LIM CHIN KHENG | 60,000,000 | 0.69 |
| NG SENG LIN | 60,000,000 | 0.69 |
| TOH CHENG HAI | 60,000,000 | 0.69 |
| ABN AMRO CLEARING BANK N.V. | 58,702,051 | 0.67 |
| TOTAL | 3,918,073,458 | 45.04 |

## DIRECTORS' INTERESTS AS AT 21 APRIL 2019

| | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| Name of Director | Units | % | Units | % |
| Roland Kenneth Selvanayagam | 950,000 | 0.011 | – | – |
| Tan Soo Khoon Raymond | 1,800,000 | 0.021 | – | – |
| Bernard Soo Puong Yii | 950,000 | 0.011 | – | – |
| Dr Denis Edmund Clarke | 1,300,000 | 0.015 | – | – |

## SHAREHOLDINGS HELD BY THE PUBLIC

Based on information available to the Company as at 18 June 2019, 81.71% 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 IS HEREBY GIVEN** that the Annual General Meeting of LIONGOLD CORP LTD ("**Company**") will be held at Level 3, Meeting Room 336, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Tuesday, 30 July 2019 at 2.00 p.m., for the following purposes:

**AS ORDINARY BUSINESS**

1 To receive and adopt the audited financial statements for the financial year ended 31 March 2019 ("**FY2019**") and the Directors' Statement and Independent Auditors' Report thereon.

**(Resolution 1)**

2 To approve the payment of Directors' fees of S$135,000 for the year ending 31 March 2020 ("**FY2020**"), to be payable quarterly in arrears (Previous year FY2019: S$135,000).

**(Resolution 2)**

3 To re-elect the following Directors retiring pursuant to Bye-Law 104 of the Company:

(i) Bernard Soo Puong Yii **(Resolution 3)**

(ii) Roland Kenneth Selvanayagam **(Resolution 4)**

4 To re-appoint Baker Tilly TFW LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.

**(Resolution 5)**

5 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:

6 **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**"), 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

(b) (notwithstanding the authority conferred by this Resolution 6 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 6 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 6, 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 6, provided the options or 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 6, 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 A)***

**(Resolution 6)**

7 **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 from time to time such number of fully-paid Shares as may be required to be issued 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 allotted and issued 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 B)***

**(Resolution 7)**

By Order of the Board

**Ong Sing Huat**
Company Secretary
Singapore
5 July 2019

**EXPLANATORY NOTES ON RESOLUTIONS TO BE PASSED**

**NOTES TO SPECIAL BUSINESS:**

**Explanatory Note A**

The proposed Resolution 6, 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 6 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 6 is passed, provided the options or awards were granted in compliance with the Catalist Rules, and any subsequent bonus issue, consolidation or subdivision of Shares.

**Explanatory Note B**

The proposed Resolution 7, 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.

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
CORP

100 Beach Road,
#21-01 Shaw Tower, Singapore 189702
Telephone: +65 6690 6860
Facsimile: +65 6690 6844
Email: info@liongoldcorp.com

WWW.LIONGOLDCORP.COM