



REPUBLICGold

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Republic Gold enters into agreement to sell the Amayapampa gold project

The Directors of Republic Gold today announce that the company has entered into an agreement to sell the Amayapampa gold project in Bolivia to Singaporean gold developer LionGold Corp for a mixture of cash and shares in LionGold Corp. The total consideration is USD\$7m and the agreement is subject to a number of conditions precedent including approval of Republic Gold's shareholders and completion of LionGold's due diligence.

Lion Gold's announcement to the Singaporean exchange follows.

LIONGOLD CORP LTD

COMPANY ANNOUNCEMENT

THE PROPOSED ACQUISITION OF 100% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF VISTA GOLD ANTIGUA CORP AND ITS WHOLLY-OWNED SUBSIDIARIES THAT OWN THE AMAYAPAMPA GOLD PROJECT IN BOLIVIA

A. INTRODUCTION

LionGold Corp Ltd ("**LGC**" or the "**Company**") refers to its announcement ("**Announcement**") on 18 May 2012 in relation to the Loan Agreement with Republic Gold Limited ("**Republic Gold**").

(Capitalised terms defined in the Announcement shall have the same meanings when used herein)

The Company wishes to announce that it has on 2 June 2012 entered into a Share Sale Agreement ("**Share Sale Agreement**") with Republic Gold whereby the Company proposes to acquire ("**Vista Gold Acquisition**") from Republic Gold, the entire issued and paid-up capital ("**Vista Gold Shares**") of Vista Gold Antigua Corp ("**Vista Gold**") and the wholly-owned subsidiaries of Vista Gold (collectively the "**Vista Companies**") that own the Amayapampa Gold Project ("**Amayapampa Gold Project**") in Bolivia for the purchase price of US\$7,000,000 ("**Consideration**") (approximately S\$9,054,500, at an exchange rate of US\$1.00 to S\$1.2935). The Vista Gold Acquisition includes an assignment by Republic Gold to the Company of all of Republic Gold's rights, interest and benefit in and under the intra-group loans ("**Vista Companies Loans**") owing by the Vista Companies to Republic Gold.



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The Vista Gold Acquisition is being made in the ordinary course of business and is in furtherance of the Company's strategy to "Accelerate and Amass" investments in the gold mining industry (*please refer to the Company's Circular dated 14 February 2012*).

As at the date of the Share Sale Agreement, the Company does not own or control (whether directly or indirectly) any share in Republic Gold or any share in any Vista Company, and none of the directors or substantial shareholders of the Company owns or controls any share in Republic Gold or any share in any Vista Company. Prior to the Loan Agreement and Share Sale Agreement, neither the Company nor any of its directors or substantial shareholders had any dealings (business or otherwise) with Republic Gold or any of the directors or substantial shareholders of Republic Gold. To the best of the Company's knowledge and belief, none of the directors and/or substantial shareholders of Republic Gold have an interest in the shares of the Company.

B. ABOUT REPUBLIC GOLD AND VISTA GOLD

(information relating to Republic Gold and Vista Gold has been extracted from publicly available sources)

Republic Gold is a company incorporated in Australia (ACN 106 399 311) with its registered address at Suite 302, Level 3, 70 Pitt Street, Sydney, New South Wales. The shares of Republic Gold are listed and quoted for trading on the ASX (ASX Code: RAU). Vista Gold is a company incorporated in Antigua and Barbuda under IBC No. 005448 and the Company understands it is the holding company of the following subsidiaries:

- (a) MINERA NUEVA VISTA S.A (a company incorporated in Bolivia);
- (b) COMPAÑÍA INVERSORA VISTA S.A. (a company incorporated in Bolivia); and
- (c) COMPAÑÍA EXPLORADORA VISTEX S.A. (a company incorporated in Bolivia)

The Vista Companies own, legally and beneficially, the Amayapampa Gold Project in the Municipality of Chayanta, Bustillo Province in Bolivia, consisting of numerous overlapping concessions totaling 3,367 hectares and one concession at Consolidada III.

The Amayapampa Gold Project is located 380 km southeast of La Paz, on the Altiplano of south western Bolivia, at an elevation of 4,100 metres. Mineralisation at the project is as free gold in association with pyrite, in a structural envelope of sheared quartz veins in black argillites with quartzite and siltstone interbeds.

The Amayapampa Gold Project has the following Mineral Resources:



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Mineral Resources as of June 2011

	Tonnes (M)	Grade (Au g/t)	Ounces Au
Indicated	26 160	1.2	969 000
Inferred	8 750	1.1	311 000

Ore Reserves as of June 2011

	Tonnes (M)	Grade (Au g/t)	Ounces Au
Proven	-	-	-
Probable	18.9	1.3	787 300

Republic carried out further drilling and surface trenching after the most recent June 2011 resource estimate. The results of this work were comparable to the block model in the areas affected and are not expected to materially affect the resource estimate.

Please refer to the Statement on Mineral Resources and Ore Reserves at the end of this Announcement.

Additional information relating to Republic Gold and Vista Gold may be obtained from Republic Gold's website at www.republicgold.com.au.

C. SHARE SALE AGREEMENT

Under the terms of the Share Sale Agreement, the Company has agreed to acquire the Vista Gold Shares for the Consideration. In addition, Republic Gold shall assign the Vista Companies Loans to the Company.

The Consideration was arrived at by the Company after taking into consideration the following factors:

1. The Amayapampa Gold Project is an attractive asset which is undervalued. This is supported by a comparison of peers on an EV/Resource basis and also when compared to a number of DCF scenarios generating the NPV of the Amayapampa Gold Project.
2. The Vista Gold Acquisition enables the Company to acquire a 100% interest and using that position to further drive value in the business.



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3. The Company is of the view that significant value may be extracted post acquisition by:-
- (a) Funding the development of the Amayapampa Gold Project in a timely manner; and
 - (b) Providing technical expertise to optimise pit designs mine planning and scheduling to maximise value of the mine development.

Under the terms of the Share Sale Agreement, the Consideration is to be satisfied by (a) the payment of US\$750,000, which will be set-off against an amount equal to the loan amount due from Republic Gold to the Company under the Loan Agreement; and (b) the allotment and issue of such number of new shares ("**Vista Gold Consideration Shares**") credited as fully paid in the issued and paid-up capital of the Company that is equal in value to the amount of US\$6,250,000 based on (i) the volume weighted average price of the Company's Shares as traded on the SGX-ST on the date of the Share Sale Agreement as quoted by www.Bloomberg.com; and (ii) the exchange rate between Singapore Dollars and US Dollars at 9pm Sydney time on the day prior to the date of the Share Sale Agreement as determined by www.Bloomberg.com. Based on the foregoing, the amount of US\$6,250,000 is equivalent to S\$8,084,375 and the Company will, on completion of the Vista Gold Acquisition allot and issue 8,052,968 Vista Gold Consideration Shares, credited as fully paid to Republic Gold. The issue price of the Vista Gold Consideration Shares is S\$1.0039, which is the volume weighted average price of the shares of the Company traded on the SGX-ST on 1 June 2012 being the last full trading day prior to the date the Share Sale Agreement was entered into. The Vista Gold Consideration Shares represents approximately 1.10% of the number (727,849,704) of shares in issue as at the date of the Company's Annual General Meeting on 30 July 2011. The Company intends to issue the Vista Gold Consideration Shares pursuant to the general share issue mandate obtained in general meeting on 30 July 2011.

D. SALIENT TERMS OF THE SHARE SALE AGREEMENT

Other than the terms detailed above, some of the other salient terms of the Share Sale Agreement are:

1. CONDITIONS PRECEDENT

1.1. Conditions Precedent

Completion of the transactions under the Share Sale Agreement is conditional on the following Conditions Precedent being satisfied or waived:

- a) The Company receives the approval of the SGX-ST for the listing and quotation of the Vista Gold Consideration Shares.



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- b) No later than 30 trading days after the date of the Share Sale Agreement the Company gives written notice to Republic Gold stating that it has completed its legal, financial and technical due diligence investigations and that it is satisfied with the outcome of those investigations.
 - c) The Company receives all approvals which are required by Law or by any authority or third party approvals which are necessary to complete the transactions completed by the Share Sale Agreement.
 - d) A resolution of Republic Gold has been passed at a general meeting of Republic Gold to approve the acquisition of the Vista Gold Shares and the assignment of the Vista Companies Loans to the Company (in accordance with the requirements of ASX Listing Rule 11.2).
 - e) There is no material breach, and there are no facts, matters, events or circumstances that may reasonably be expected to lead to a material breach, of any of the warranties given by Republic Gold before completion.

2. ESCROW FOR CLAIMS

- a) Republic Gold will transfer 25% of the Vista Gold Consideration Shares to be issued to Republic Gold to an Escrow Agent. These shares will be held by the Escrow Agent to satisfy any warranty claims (and other specified claims) that might be made by the Company under the Share Sale Agreement. The shares will be held in escrow for 12 months.

3. COMPLETION ACCOUNTS ADJUSTMENT

- a) Following completion, Republic Gold and the Company will procure that "Completion Accounts" are prepared for the purposes of calculating the "Completion Liabilities Amount".
- b) If the Completion Liabilities Amount:
 - (i) is more than a "Target Liabilities Amount", Republic Gold must pay the difference within 14 days of the Completion Accounts being finalised as an adjustment to the Consideration; or
 - (ii) is equal to or less than the Target Liabilities Amount, there will be no adjustment to the Consideration.



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4. REPRESENTATIONS, WARRANTIES AND INDEMNITIES

- a) Under the Share Sale Agreement Republic Gold has provided numerous representations and warranties in the Company's favour. Further, Republic Gold has also provided several indemnities in favour of the Company (including, but not limited to, taxation, undisclosed material contracts and a breach of warranty).
- b) LGC considers that the liability regime under the Share Sale Agreement is customary for acquisitions of this nature.

5. CONDUCT OF BUSINESS PENDING COMPLETION

- a) Republic Gold has also agreed customary restrictions on the conduct of Vista Gold and its business pending completion of the transaction and has agreed to a restraint of trade under which it agrees not to engage in a business in competition to Vista Gold within specified areas for a specified period following completion.

6. RIGHT TO TERMINATE AGREEMENT PRIOR TO COMPLETION

- a) If Republic Gold defaults in the performance of any of its obligations under the Share Sale Agreement, the Company may, at any time prior to completion, immediately terminate the Share Sale Agreement by giving notice in writing to Republic Gold.
- b) If the Company or Republic Gold has given the other a written notice of a breach of warranty or an indemnity under the Share Sale Agreement and, if the breach is capable of remedy, it has not been remedied by Republic Gold within 5 Business Days and such a breach has or would have a Material Adverse Change, the Company may, at any time prior to completion terminate the Share Sale Agreement.

Material Adverse Change means a material adverse change in the financial condition, operations, prospects or performance of a Vista Company which does or would result in a diminution in the value of the business exceeding (in aggregate) \$350,000.

The rationale for the Vista Gold Acquisition is motivated by the Company's analysis that the combination of the Company's strategic management and access to stronger financial backing through the Company would enable the Amayapampa Gold Project to continue to grow.



DATE: JUNE 04, 2011

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The opportunity to make the Vista Gold Acquisition was procured by the Company itself through an unsolicited approach. The Company has not agreed to remunerate any person, whether in cash or otherwise, for introducing to the Company the opportunity to make the Vista Gold Acquisition.

A copy of the Share Sale Agreement is available for inspection at the Company's office in Singapore at 38 Kallang Place, Singapore 339166 for a period of three (3) months from the date of this announcement.

The Company will keep shareholders informed of developments, including in relation to the satisfaction of the Conditions Precedent, by way of announcements on SGXNET.

By Order of the Board

Wong Choy Yin
Executive Director
LionGold Corp Ltd
4 June 2012

Statement on Mineral Resources

The information in this announcement that relates to mineral resources is based on information compiled by Kerrin Allwood. Kerrin Allwood is employed by Geomodelling (NZ) Ltd and is a member of the Australian Institute of Mining and Metallurgy. Kerrin Allwood is a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources (the JORC Code). Kerrin Allwood has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code. Kerrin Allwood consents to the publication of this information in the form and content in which it appears.