

19 June 2012

Company Announcements Platform
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Dear Sir/Madam

**LionGold Corp Limited takeover offer for Castlemaine Goldfields Limited (Offer)
Notice of despatch of Bidder's Statement**

In accordance with section 633(1) item 8 of the Corporations Act 2001, we advise that LionGold Corp Limited has today completed the despatch of its bidder's statement (**Bidders Statement**) relating to the Offer, as required by section 633(1) item 6 of the Corporations Act. The Offer is dated 15 June 2012 and will close on 18 July 2012, unless extended.

Please find attached a copy of the Bidder's Statement as despatched to holders of securities in Castlemaine Goldfields Limited.

Yours sincerely



HOLDING REDLICH

S:2837526_1 TCY

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ IT IN ITS ENTIRETY. IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH THIS DOCUMENT, PLEASE CONSULT YOUR FINANCIAL, LEGAL OR OTHER PROFESSIONAL ADVISER.

LIONGOLD

CORP

BIDDER'S STATEMENT

OFFER BY LIONGOLD CORP LTD

TO ACQUIRE ALL YOUR SHARES IN CASTLEMAINE GOLDFIELDS LIMITED

THE OFFER IS UNANIMOUSLY RECOMMENDED BY
CASTLEMAINE'S DIRECTORS, IN THE ABSENCE OF A SUPERIOR PROPOSAL.

IMPORTANT NOTICES

This Bidder's Statement is given by LionGold Corp Ltd (**LionGold**) to Castlemaine Goldfields Limited (**Castlemaine**) and Castlemaine Shareholders in relation to an off-market takeover bid for all Castlemaine Shares. It sets out certain disclosures required by the Corporations Act together with the terms of the Offer to acquire Your Castlemaine Shares.

Key Dates

Announcement Date	16 April 2012
Date of this Bidder's Statement	13 June 2012
Date of Offer	15 June 2012
Offer ends (unless extended or withdrawn)	7:00pm Sydney time on 18 July 2012

Role of ASIC

A copy of this Bidder's Statement was lodged with ASIC on 13 June 2012. Neither ASIC nor any of its officers takes any responsibility for the contents of this Bidder's Statement.

Singapore Exchange (SGX)

A copy of this Bidder's Statement will also be released by LionGold on the SGXNET in Singapore. The SGX assumes no responsibility for the correctness of any of the statements made, reports contained/referred to, or opinions expressed in this Bidder's Statement. This Bidder's Statement is also used or to be used by LionGold in support of its application to the SGX for the listing and quotation of the LionGold Shares (to be issued as Offer Consideration) on the SGX. If granted, the in-principle approval of the SGX for the listing and quotation of the LionGold Shares is not to be taken as an indication of the merits of the Offer, LionGold or its subsidiaries or the LionGold Shares.

Responsibility for information in this Bidder's Statement

LionGold is responsible for the contents of the Bidder's Statement other than, to the maximum extent permitted by law, the Tenements Reports, Investigating Accountant's Report and Independent Geologists' Reports (please see Section 12.9 for further information) and the information relating to Castlemaine (see Section 7).

Investment decisions

This Bidder's Statement is not intended to provide financial or tax advice and has been prepared without taking into account your personal circumstances. You should obtain your own independent professional advice before making any decisions regarding the matters contained in this Bidder's Statement.

Forward looking statements

This Bidder's Statement contains forward looking statements which are not based solely on historical facts but are based on current expectations about future events and results. These forward looking statements are subject to inherent risks and uncertainties. Such risks and uncertainties include factors and risks specific to the industries in which the LionGold Group and Castlemaine operate, as well as general economic conditions, prevailing exchange rates and interest rates, conditions in the financial markets, government policies and regulation, competitive pressures and changes in technology. Actual events or results may differ materially from the expectations expressed or implied in such forward looking statements.

None of LionGold or its directors, officers, employees and advisers makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law.

Accordingly, you are cautioned about relying on forward looking statements contained in this Bidder's Statement.

Foreign Shareholders

The distribution of this Bidder's Statement in jurisdictions outside Australia and Singapore may be restricted by law and any person who comes into possession of it should seek advice. In particular, Castlemaine Shareholders

whose address on the Castlemaine Register is in New Zealand will, for the purposes of this Offer, be regarded as Ineligible Foreign Shareholders.

In addition, this Bidder's Statement has not been registered by the Registrar of Companies in Hong Kong pursuant to the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). See Section 11.18.

This Bidder's Statement does not constitute an Offer to acquire Castlemaine Shares from any Castlemaine Shareholder in any jurisdiction in which to do so would be illegal. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

This Bidder's Statement has been prepared having regard to Australian disclosure requirements. These disclosure requirements may be different from those in other countries. If you are not an Australian resident taxpayer or are liable for tax outside Australia, it is important that you seek specific tax advice in relation to the Australian and overseas tax consequences of the Offer.

LionGold public announcements and releases

LionGold has made various announcements on SGXNET and LionGold's Website (www.liongoldcorp.com) which comply with the laws of Singapore and the Singapore Exchange. While all information which is material for the purposes of this Offer contained in various announcements on the Singapore Exchange and LionGold's Website is included in this Bidder's Statement, statements in relation to Exploration Targets, Mineral Resources and Ore Reserves may not be in compliance with the JORC Code and should be considered after reference to Annexure I to compare the difference between rules and regulations which apply to Australian listed entities and those that apply to LionGold in Singapore and Bermuda. Accordingly, Castlemaine's Shareholders should exercise caution before making any decision in relation to this Offer based on any publicly available information that is not included or incorporated by reference in this Bidder's Statement (or any supplementary Bidder's Statement).

Maps and diagrams

Any diagrams and maps appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data in maps, graphs, tables and diagrams is based on information available at the date of this Bidder's Statement.

Currency

Unless otherwise stated, the exchange rates used in this Bidder's Statement are the exchange rates published by the Reserve Bank of Australia at 4pm (Sydney time) on the latest practicable date before the date of this Bidder's Statement (being 8 June 2012), being A\$1: S\$1.2653.

Effect of Rounding

A number of figures, amounts, percentages or estimates and calculations of value in this Bidder's Statement may be subject to the effect of rounding.

Privacy

Personal information relating to your shareholding in Castlemaine will be obtained by LionGold or its agents from Castlemaine in accordance with its rights under the Corporations Act. LionGold may share this information with its related bodies corporate, advisers, agents and regulators, such as ASIC and SGX, where necessary for the purposes of the Offer, or as otherwise required or permitted by law. LionGold, its related bodies corporate, advisers and agents will use this information solely for purposes relating to the Offer and to assist in any future relationship with you as a shareholder.

Enquiries

Please contact the LionGold Offer Information Helpline on 1300 368 402 (for callers within Australia) or + 61 3 9415 4061 (for callers outside of Australia).

Glossary

Please see the Glossary at Section 13 for the meaning of capitalised terms.

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A MESSAGE FROM THE CHAIRMAN OF LIONGOLD



Dear Castlemaine Shareholder,

Offer for Your Castlemaine Shares

I am delighted to provide you with this Offer to acquire all of Your Castlemaine Shares in Castlemaine Goldfields Ltd (**Castlemaine**).

LionGold focuses primarily on gold exploration, development and production and has interests in Ghana and Mali. These range from interests in exploration properties to interests in gold mines that are in trial production and development. Subject to recently announced transactions successfully completing, LionGold will acquire interests in Western Australia, Victoria and Bolivia.

In March 2012, LionGold changed its core business to gold exploration, development and production, and since that time, we have:

- 1 completed the takeover of Signature Metals Ltd (an ASX listed entity) – LionGold has a 76% shareholding in Signature, which has interests in mining tenements in the Ashanti Gold Belt of Ghana and has Mineral Resources of approximately 1,470,000 ounces of gold (combined Indicated and Inferred Mineral Resources, which includes 687,000 ounces in the Indicated Mineral Resources category);
- 2 announced the Takeover Bid for Castlemaine and acquired 11.4% of the issued share capital in Castlemaine for a total subscription amount of approximately \$3,900,000;
- 3 announced, on 4 June 2012, a takeover bid for Brimstone Resources Ltd (an Australian unlisted public company with beneficial interests in tenements in Western Australia and Victoria);
- 4 announced, on 4 June 2012, a share sale purchase agreement with Republic Gold Limited (an ASX listed entity) under which LionGold will, subject to the satisfaction of conditions, acquire the shares in Vista Gold Antigua which, through its subsidiaries, owns the Amayapampa Gold Project in Bolivia; and
- 5 raised S\$39,000,000 (approximately A\$30,822,000) from capital markets in support of LionGold's push into the gold mining business.

These current and prospective interests are in addition to LionGold's initial gold mining investments in Ghana and Mali which it holds through a 41% shareholding of ASWA (which has interests in Ghana) and a 70% interest in Mornington (which has research permits in Mali).

We are also actively pursuing other acquisition opportunities in other parts of the world.

Our goal is to become a global mid-tier gold explorer, developer and producer and the acquisition of Castlemaine is an important step in helping us achieve this objective. LionGold is offering two (2) LionGold Shares for every nine (9) Castlemaine Shares that you own. This Offer represents an attractive premium for Your Castlemaine Shares. The Offer represents:

- 1 a 59% premium based on the volume weighted average price of LionGold Shares on 13 April 2012, being the last trading day before the Announcement Date;
- 2 a 24.8% premium to the closing price of A\$0.145 per Castlemaine Share on ASX on 8 June 2012 (the latest practicable date before the date of this Bidder's Statement); and
- 3 a 34.1% premium to the 90 day volume weighted average price of A\$0.135 per Castlemaine Share on ASX to 8 June 2012 (the latest practicable date before the date of this Bidder's Statement).

The LionGold Board shares the Castlemaine Board's vision and business strategy for Castlemaine's projects and believes that they have excellent potential. With LionGold's strong balance sheet and its ability to raise financing combined with the expertise of Castlemaine's senior management (which LionGold intends to retain), LionGold

believes that it can provide the scale, financial resources and access to capital necessary to develop Castlemaine's projects to their full potential in a more timely manner.

Please note that the Offer is subject to a number of Conditions, which are set out in Section 11.5 of this Bidder's Statement. These include (but are not limited to):

1. acceptance of the Offer by Castlemaine Shareholders which gives LionGold an aggregate Relevant Interest in Castlemaine Shares of at least 50.1% - for this purpose, LionGold will include any acceptances in the Institutional Acceptance Facility (and LionGold's current Relevant Interest of approximately 11.4%); and
2. in-principle approval by the Singapore Exchange of LionGold's application for the listing and quotation on the SGX of the LionGold Shares to be issued as the Offer Consideration – we will make our application as soon as practicable after the date of this Bidder's Statement.

Under our Offer, you may be able to participate in a Share Sale Facility which provides for the sale, without paying brokerage, of the LionGold Shares that you receive under the Offer and you will receive the net proceeds in cash (by way of cheque). If you wish to accept the Offer but do not wish to hold LionGold Shares, then the Share Sale Facility may be an attractive option for you.

The Castlemaine Board has unanimously recommended the Offer to Castlemaine Shareholders and each Castlemaine Director (at the time of the Announcement Date) has indicated their intention to accept the Offer for their own Castlemaine Shares, in the absence of a Superior Proposal.

If you have any queries, please contact the LionGold Offer Information Helpline on 1300 368 402 (for callers within Australia) or + 61 3 9415 4061 (for callers outside of Australia).

I encourage you to carefully read this Bidder's Statement. Our Offer is open for acceptance until 7pm (Sydney time) on 18 July 2012 unless extended. The LionGold Board believes that this Offer presents a compelling opportunity for Castlemaine Shareholders to retain an interest in Castlemaine's projects, in particular the Ballarat Project, and also to obtain an interest in LionGold's projects in Ghana and Mali and its prospective projects which, subject to the completion of the Brimstone Takeover and the Vista Gold Antigua Acquisition, will include additional projects in Western Australia, Victoria and Bolivia.

We look forward to receiving your acceptance and to welcoming you as a shareholder in LionGold.

Yours sincerely,

Tan Sri Dato Nik Ibrahim Kamil
Executive Chairman

1 INVESTMENT OVERVIEW

The information set out in this Section is intended to provide an overview of LionGold, the Offer that LionGold is making for Your Castlemaine Shares and the risks you should consider in accepting this Offer.

The information in this Section is not intended to be exhaustive and should be read in conjunction with the detailed information contained in this Bidder's Statement.

1.1 Summary of the Offer

Question	Answer	More Information
What is the Offer?	LionGold is offering to acquire Your Castlemaine Shares, on the terms and subject to the conditions of this Offer.	See Section 11 for details of the Offer.
What consideration will I receive if I accept the Offer?	<p>If you are an Eligible Shareholder and you accept the Offer and it is declared unconditional, you will be issued two (2) LionGold Shares for every nine (9) Castlemaine Shares you own.</p> <p>If you accept the Offer and elect to accept into the Share Sale Facility, the LionGold Shares you would otherwise be entitled to receive will be issued to the Sale Facility Agent and your LionGold Shares (or any scaled back number of them) will be sold on your behalf at market prices and you will be paid the proceeds of sale of such shares (in Australian dollars) by cheque.</p>	<p>See Section 11.2 regarding the Offer Consideration.</p> <p>See Annexure A for details of the Share Sale Facility.</p>
What if I am an Ineligible Foreign Shareholder?	If you are an Ineligible Foreign Shareholder and accept the Offer, you will not receive any LionGold Shares. Instead, you will be paid the net proceeds of the sale (in Australian dollars) by the Foreign Sale Nominee of the LionGold Shares you would have otherwise been entitled to receive under the Offer.	See Section 11.19 for details regarding Ineligible Foreign Shareholders.
What is the Share Sale Facility and how does it work?	<p>The Share Sale Facility gives Eligible Shareholders the option of selling (without paying brokerage) the LionGold Shares to which they are entitled as a result of accepting the Offer. Castlemaine Shareholders who choose to accept the Offer and elect to participate in the Share Sale Facility will be paid cash (in Australian dollars) for their LionGold Shares following the sale of their LionGold Shares by the Sale Facility Agent.</p> <p>The Share Sale Facility is subject to a pro rata scale back if the number of LionGold Shares that Castlemaine Shareholders who elect to take part in the Share Facility hold exceeds the cap of 40% of Castlemaine Shares on issue. Accordingly, it is possible that not all your LionGold Shares will be sold in the Share Sale Facility, in which case, you will be issued with LionGold Shares.</p> <p>If you wish to participate, you must follow the instructions on the accompanying Acceptance Form and mark the relevant box to make a valid election.</p> <p>You should be aware there are certain risks if you elect to participate and these are set out in Annexure A.</p> <p>LionGold is not giving any advice or making any recommendation to you as to whether the Share Sale Facility is the best or most appropriate way for you to sell your LionGold Shares.</p>	See Annexure A for the terms and conditions of the Share Sale Facility.
What is the value of the Offer?	<p>If you accept the Offer, the value of the consideration you will receive under the Offer will depend on the price of LionGold Shares at the time LionGold Shares are allotted and issued to you under the Offer.</p> <p>For example, based on the exchange rate of A\$1: S\$1.2653 and using the volume weighted average price of A\$0.8144 of LionGold Shares traded on the SGX on the latest practicable date before the date of this Bidder's</p>	

	<p>Statement (8 June 2012) this results in an implied value under the Offer of A\$0.181 per Castlemaine Share. However, the implied value of the Offer may change as a result of changes in the market price of LionGold Shares and fluctuations in the Australian dollar and Singapore dollar exchange rates.</p> <p>If you elect to participate in the Share Sale Facility or are an Ineligible Foreign Shareholder, the amount of cash you receive for your LionGold Shares will depend on the price received for LionGold Shares when they are sold by the Sale Facility Agent or Foreign Sale Nominee (as the case may be) and the prevailing currency exchange rate. There is no certainty as to what that price and exchange rate may be and this will affect the amount that you will be paid.</p>	
Why should I accept the Offer?	<p>The Offer represents an attractive value for Your Castlemaine Shares.</p> <p>It is more likely that Castlemaine's assets will be more fully developed under LionGold's ownership in a more timely manner.</p> <p>As a LionGold Shareholder, you may benefit from LionGold's ability to raise financing while reducing your existing exposure as a Castlemaine Shareholder to dilution of your equity interests in order for Castlemaine to secure development capital.</p> <p>You can elect to participate in the Share Sale Facility and potentially sell your LionGold Shares with no brokerage costs.</p> <p>The Castlemaine Directors have indicated that they unanimously recommend the Offer in the absence of a Superior Proposal.</p>	See Section 2 for more information about why you should accept the Offer.
Is the Offer subject to conditions?	<p>Yes. Similar to other off-market takeover bids, this Offer is subject to a number of conditions, the key conditions being: minimum acceptance by Castlemaine Shareholders which gives LionGold a Relevant Interest in Castlemaine Shares of at least 50.1% - for this purpose, LionGold will include any acceptances in the Institutional Acceptance Facility (and LionGold's current Relevant Interest of 11.4%); and SGX in-principle approval for the listing and quotation on the SGX of the LionGold Shares to be issued as Offer Consideration, and if such in-principle approval is subject to conditions, such conditions being acceptable to LionGold.</p>	See Section 11.5 for more details of these and the other Conditions.
What happens if the Conditions of the Offer are not satisfied or waived?	<p>If the Conditions of the Offer are not satisfied or waived by the Closing Date, the Offer will lapse.</p>	See Section 11.8.

1.2 Overview of LionGold

Question	Answer	More Information
Who is making the Offer?	LionGold Corp Ltd is the company making the Offer.	See Section 4 for further details about LionGold.
Who is LionGold?	<p>LionGold is a company incorporated in Bermuda and whose shares are listed and quoted for trading on the SGX (Bloomberg code: LIGO SP, SGX code: A78). On the latest practicable date before the date of this Bidder's Statement (being 8 June 2012), LionGold had a market capitalisation of approximately A\$655 million.</p> <p>LionGold's core business is gold exploration and mining and its assets include gold mining tenements and interests</p>	See Section 4 (for a general outline of LionGold and its business), Section 5 (for more information about LionGold's gold mining

	<p>held by its subsidiaries and associated companies ranging from gold mines in trial production to developments and explorations in concessions. LionGold Group has gold mining interests in Ghana, Mali and, subject to completion of the Brimstone Takeover and Vista Gold Antigua Acquisition, will have interests in Bolivia, Western Australia and Victoria.</p> <p>LionGold Group also has interests in businesses that are involved in the manufacture of office equipment products and in engineering, procurement and contracting services.</p> <p>Castlemaine Shareholders can obtain trading information about LionGold on the SGX Website or the LionGold Website.</p>	<p>projects and interests), Section 6 (for details about LionGold's financial information) and Section 12 (for additional information about LionGold).</p>
<p>What are LionGold's intentions for Castlemaine?</p>	<p>It is the present intention of LionGold, that subject to the Offer becoming unconditional and LionGold acquiring a controlling interest of Castlemaine that:</p> <ul style="list-style-type: none"> • the operations of Castlemaine will be conducted in substantially the same manner presently conducted; • LionGold will identify sources of ore from satellite orebodies for development in the short and medium term; • satellite orebodies will include ores in close enough radius to render them economic for trucking to the Ballarat Mine for milling and gold recovery; • satellite bodies within the Ballarat Project infrastructure will be the short term priority; • ores sources from further radii may be explored and investigated for potential to be treated for pre-concentration at source, before concentrates are brought to the Ballarat Mine for gold recovery; • there will not be any other redeployment of fixed assets of Castlemaine; and • LionGold does not anticipate any need to reduce operational staff at any level. 	<p>See Section 8 for more information about LionGold's intentions for Castlemaine, including an explanation of more specific intentions that it currently has which are dependent on the Relevant Interest that LionGold acquires after the Closing Date.</p>
<p>Who are LionGold's Directors?</p>	<ul style="list-style-type: none"> • Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil, Executive Chairman and Group CEO; • Wong Choy Yin, Executive Director and Chief Financial Officer; • Bernard Soo Puong Yii, Non-Executive Independent Director; • Ng Su Ling, Non-Executive Independent Director; • Roland Selvanayagam, Non-Executive Independent Director; and • Dato' Md Wira Dani Bin Abdul Daim, Non-Executive Director. 	<p>See Section 4.6 for further details about each person.</p>
<p>Who are LionGold's senior management?</p>	<ul style="list-style-type: none"> • Errol Smart, Group Chief Operating Officer; • Mark Gillie, Director of African Operations and Director and CEO of Signature Metals Limited; • Theo Christodoulou, Director of Corporate Development; • Peter Chen Hing Woon, Director of Project Development; • Tan Aik Hong (Tony), Senior Manager, Corporate Development; • Bill Oliver, Non-Executive Director, Signature Metals Ltd; • Mark Meyer, Project Manager, Owere Mines Limited; and • Bill Reid, Manager (Geology), Owere Mines Limited. 	<p>See Section 4.7.</p>

Who are the substantial shareholders of LionGold?	LionGold's substantial shareholders, at the date of this Bidder's Statement, include: <ul style="list-style-type: none"> • Asiasons Capital Limited; • Asiasons Investment Managers, Inc; • Dato' Mohammed Azlan bin Hashim; • Jared Lim Chih Li; • Asiasons Investment Ltd; • Dato' Md Wira Dani Bin Abdul Daim, Non-Executive Director; and • Macquarie Bank Ltd. 	See Section 4.9.
Are there any differences between Australian/Bermudian/Singapore securities laws?	Yes, you should be aware that the companies and securities laws in Bermuda (where LionGold is incorporated) and Singapore (where LionGold Shares are listed and quoted for trading) are different to Australian securities laws and listing rules. In particular, Castlemaine Shareholders should be aware that the SGX does not require LionGold to comply with the JORC Code in relation to the reporting of Exploration Results, Mineral Resources and Ore Reserves.	See Annexure I for a comparison table of some of the key securities laws and regulations between Australia, Singapore and Bermuda.

1.3 Questions about accepting the Offer

Question	Answer	More Information
What choices do I have?	If you are an Eligible Shareholder, you have the following choices: <ul style="list-style-type: none"> • accept the Offer; • accept the Offer and elect to participate in the Share Sale Facility; • sell Your Castlemaine Shares (unless you have previously accepted the Offer); or • do nothing. 	See Section 3.
What choices do I have if I accept the offer?	If you validly accept the Offer, you can: <ul style="list-style-type: none"> • receive LionGold Shares in certificated form (by way of a physical share certificate); • elect to receive LionGold Shares in uncertificated form (electronically) into your CDP Securities Account; • elect to have LionGold Shares issued to the CDP Securities Account of your nominee in uncertificated form (electronically); or • elect to participate in the Share Sale Facility (and have the Sale Facility Agent sell your LionGold Shares). 	See Section 3.1.
How do I accept the Offer?	To accept the Offer, you must correctly complete the accompanying Acceptance Form in accordance with the instructions or, if you have a CHESS Holding, provide your instructions to your Controlling Participant (normally your stockbroker).	See Section 3.2 for information about accepting the Offer.
Where do I send the Acceptance Form?	Computershare Investor Services Pty Limited, GPO Box 2115, Melbourne, Victoria 3001.	See the accompanying Acceptance Form.
What is the Closing Date?	The Offer is scheduled to close at 7pm, Sydney time, on 18 July 2012 unless extended or withdrawn in accordance with the Corporations Act.	
What happens if I do not accept the Offer?	If you do not accept the Offer and you do not sell Your Castlemaine Shares, you will remain a Castlemaine Shareholder and will not receive any Offer Consideration. However, if LionGold becomes entitled to compulsorily	See Section 8.3.

	acquire Your Castlemaine Shares, it intends to do so. If this occurs, Castlemaine will receive the Offer Consideration as your trustee. You must claim this consideration, so you will receive the consideration at a later date than you would have received it if you had accepted the Offer. In that case, you will be required to make a claim on Castlemaine, as trustee of your consideration, in order to receive the Offer Consideration for Your Castlemaine Shares at the conclusion of the compulsory acquisition process.	
Can I withdraw my acceptance after I have accepted the Offer?	No. You cannot withdraw your acceptance of the Offer unless a right to withdraw arises under the Corporations Act. A withdrawal right will arise if, after you accept the Offer, LionGold varies the Offer in a way that postpones for more than one month the time that LionGold has to meet its obligations under the Offer (for example, if LionGold extends the Offer for more than one month while the Offer remains subject to any of the Conditions).	See Section 11.9.
Can I accept the Offer for part of my shareholding?	No, you may only accept the Offer for all Your Castlemaine Shares.	See Section 11.2.
Do I have to pay any brokerage fees if I accept the Offer?	No, you will not pay brokerage if you accept the Offer and are entitled to receive LionGold Shares. However, you may need to pay brokerage fees if you wish to trade LionGold Share(s) you receive under the Offer (other than through the Share Sale Facility).	
If I accept the Offer when will I receive my LionGold Shares?	If you accept the Offer, and the Offer becomes unconditional, LionGold Shares will be issued to you on or before the earlier of one month after the Offer becoming unconditional or 21 days after the end of the Offer Period.	See Section 11.12.
Will LionGold Shares issued as Offer Consideration be listed on the ASX?	No. If you accept the Offer, and subject to SGX in-principle approval for listing and quotation on the SGX of the LionGold Shares to be issued as Offer Consideration being obtained, the LionGold Shares you receive will be listed and quoted for trading on the SGX. LionGold will, as soon as practicable after the date of this Bidder's Statement, make an application to the SGX for in-principle-approval for the listing and quotation on the SGX of the LionGold Shares to be issued as the Offer Consideration.	
How do I deal with LionGold Shares on the SGX that I receive?	If you accept the Offer you will be issued LionGold Shares. These will only be quoted on the SGX (and not ASX). Market trades for shares listed on the SGX are settled electronically through CDP. Generally, to trade shares on the SGX, you will need a CDP Securities Account (which is an account which allows you to hold shares that are listed and quoted for trading on the SGX), a trading account (maintained with a stockbroker who is a "SGX Member Company") and a bank account (with a bank account that can provide a direct crediting service) (even if you appoint a broker). If you do not have a CDP Securities Account and do not wish to open one, you should contact a broker for advice.	See Annexure B for a more details on how you can deal with your LionGold Shares.
What happens if I own less than nine (9) Castlemaine Shares and accept the Offer?	Fractional entitlements will be rounded up to the nearest whole number. This means that if you accept the Offer and hold less than nine (9) Castlemaine Shares, you will still be issued two (2) LionGold Shares.	See Section 11.2.
Are there any difficulties in	Under the rules relating to trading of the SGX, listed securities are traded on the "ready market" of the SGX in	

dealing with small parcels of LionGold Shares on the SGX?	lots of 1,000 shares, known as “board lots”. Trading in smaller lots than board lots occurs on the unit share market, which is not as easily tradable. Accordingly, if you hold less than 4,500 Castlemaine Shares and you accept the Offer and are entitled to be issued with LionGold Shares, you will be issued less than 1,000 LionGold Shares and, therefore, you may not be able to easily trade those shares. You may need to appoint a broker and incur costs (including brokerage costs) in respect of dealing with such lot of shares. You might also find it difficult to find a broker who is willing to deal with such a small number of shares.	
If I elect to participate in the Share Sale Facility, when will I receive the relevant proceeds of sale?	This will depend on when the Sale Facility Agent is able to sell the LionGold Shares issued to it under the Share Sale Facility. However, LionGold will use reasonable endeavours to procure that Castlemaine Shareholders who elect to participate in the Share Sale Facility will receive the proceeds of the sale of their LionGold Shares within one month of the date that they would otherwise have been entitled to receive the Offer Consideration. Castlemaine Shareholders who elect to participate in the Share Sale Facility should be aware that they will be exposed to fluctuations in the LionGold Share price and the foreign exchange rate until the time the LionGold Shares are sold by the Sale Facility Agent and the proceeds are remitted to Computershare (the payment agent).	See Section 3.3 and Annexure A for details of the Share Sale Facility and Section 11.12 for details of when LionGold will issue the Offer Consideration.
What is the Institutional Acceptance Facility?	The Institutional Acceptance Facility is only open to certain wholesale Castlemaine Shareholders holding more than 300,000 Castlemaine Shares. You will be contacted by Computershare if you are eligible to participate.	See Section 12.6.
What are the taxation implications of accepting the Offer?	Sections 10.1 and 10.2 contain an overview of the Australian and Singaporean taxation implications of accepting the Offer. You should consider if there are any implications in accepting the Offer by 30 June 2012. LionGold recommends that you seek independent professional advice in relation to your own specific circumstances.	See Sections 10.1 and 10.2.

1.4 Overview of Risks

Question	Answer	More Information
What are the risks if I accept the Offer?	<p>If you accept the Offer, and the Offer becomes unconditional, you will be issued with new LionGold Shares (unless you are an Ineligible Foreign Shareholder or you elect to participate in the Share Sale Facility).</p> <p>There are risks in holding LionGold Shares. The financial and operational performance of LionGold Group’s businesses and the value and trading prices for LionGold Shares will be influenced by a range of risks. Many of these risks are beyond the control of the LionGold Board and management.</p> <p>Section 9 provides detailed explanations of these risks such as:</p> <ul style="list-style-type: none"> • risks that are specific to LionGold; • general industry risks; and • risks related to the Offer. <p>In summary, and please note that this is not an exhaustive list of all of the risks of the Offer (for a fuller list, and more information on the risks, please refer to Section 9), the risks include:</p> <ul style="list-style-type: none"> • LionGold’s ability to raise further financing to develop 	<p>See Section 11 for details regarding the terms of the Offer.</p> <p>See Section 9 for more information on the risks of the Offer.</p>

its projects and interests;

- LionGold's Board has limited experience in gold exploration, development and production and accordingly LionGold is dependent on its management team which, in turn, is reliant on LionGold's agreement with Stellar Services Limited;
 - LionGold and its subsidiaries or associated entities are party to a number of material contracts, particularly joint venture agreements – a failure by a counterparty to these agreements to comply with their obligations may have a material adverse effect on LionGold or its projects;
 - as the LionGold Group currently operates (and is proposing to operate) in various countries, it is subject to differing geopolitical risks, legal systems, business cultures and currency risks; and
 - the price of LionGold Shares fluctuates and you may be exposed to a fall in LionGold's Share price.
-

2 REASONS TO ACCEPT THE OFFER

2.1 The Offer represents an attractive value for Your Castlemaine Shares

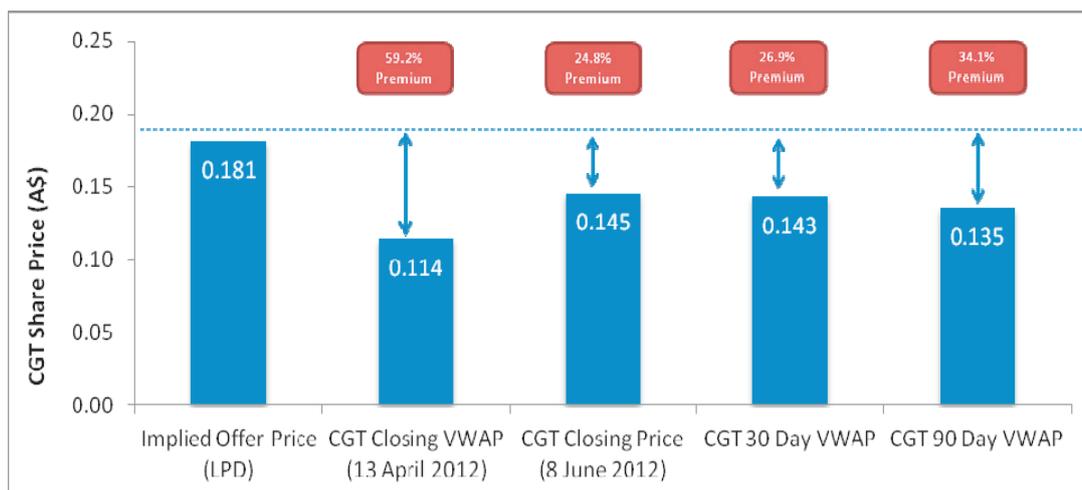
The Offer is two (2) LionGold Shares for every nine (9) Castlemaine Shares which implies a value of A\$0.181 per Castlemaine Share (based on a LionGold Share price of A\$0.8144 and the prevailing foreign exchange rate on the latest practicable of trading before the date of the Bidder's Statement, being 8 June 2012).

This represents a 24.8 % premium to the last trading price of \$0.145 per Castlemaine Share on the latest practicable date before the date of this Bidder's Statement (being, 8 June 2012) (as advised to us by Castlemaine).

The Offer represents:

- (a) a 59.2% premium based on the volume weighted average price of LionGold Shares on the last trading day before the announcement of the Offer being 13 April 2012;
- (b) a 26.9 % premium for the 30 day volume weighted average price of A\$0.135 per Castlemaine Share on the ASX on the latest practicable date (8 June 2012) before the date of this Bidder's Statement; and
- (c) a 34.1 % premium for the 90 day volume weighted average price of A\$0.135 per Castlemaine Share on the ASX on the latest practicable date (8 June 2012) before the date of this Bidder's Statement.

The chart below illustrates the premium reflected in the Offer.



2.2 It is more likely that Castlemaine's assets will be more fully developed under LionGold's ownership in a more timely manner

LionGold's interest in acquiring Castlemaine is related to its interest in more fully exploring and then developing Castlemaine's assets in a more timely manner. Based on LionGold's investigations of Castlemaine's operations and exploration properties, LionGold considers it is likely to be difficult and financially prohibitive for Castlemaine to establish Ore Reserves before conducting mining even on a trial scale. Such development activity is capital intensive and is not readily debt financeable through resource banking institutions, who seek the comfort of "bankable feasibility studies" before providing finance. LionGold believes that Castlemaine does not have the financial resources to advance exploration and undertake this style of development activity on many of its tenements and is unlikely to be able to secure those financial resources in the near term.

Accordingly, Castlemaine will require a significant amount of capital to advance other projects into production. If Castlemaine Shareholders do not accept the Offer, development of the projects through bankable feasibility studies would likely take longer to occur and may give rise to a significant funding requirement for Castlemaine, which may require substantial capital raisings, for example via rights issues or dilutive placements to third parties.

2.3 You may benefit from LionGold's ability to raise financing

LionGold is likely to be better able than Castlemaine on its own to raise financing on more favourable terms for Castlemaine's projects because:

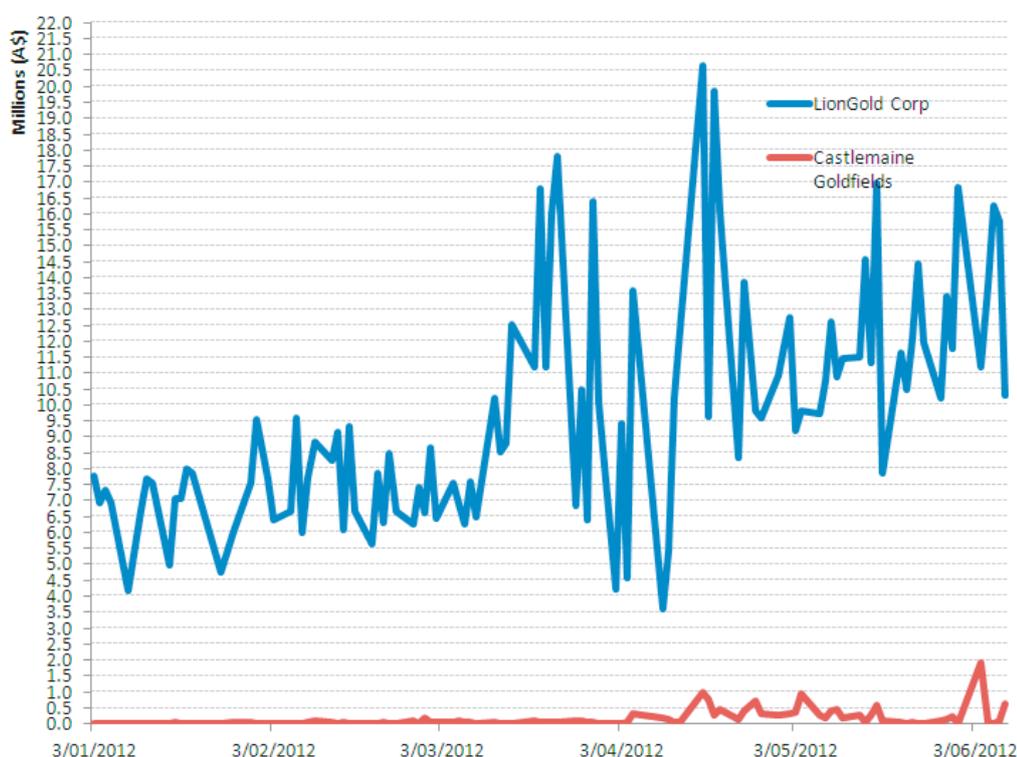
- (a) LionGold is a constituent stock for the MSCI Singapore Index. This gives LionGold greater visibility to investors in Singapore and Asian markets, including global institutional investors;
- (b) unlike Australia, there are limited opportunities for investors to invest in resources-listed stock (particularly gold) in South-East Asia;
- (c) Asian investors place value on gold as a safe-haven investment due, in part, to high demand for physical product;
- (d) confidence in gold is backed by the ongoing increase of Asian central banks' asset allocation to gold. In LionGold's view, this trend is likely to continue, given their relative under investment in gold compared to western nations and in light of global economic uncertainty, for which gold is widely regarded as a hedge; and
- (e) LionGold is based in Singapore which is an international banking centre.

LionGold has demonstrated its ability to raise finance. Since March 2012, when LionGold obtained shareholder approval for a change of its core business activity to that of gold exploration and gold mining, LionGold has raised approximately S\$39,000,000 from the capital markets in support of its expansion into the gold mining industry.

In the last three months, LionGold Shares have been trading at an average daily volume of approximately S\$15,514,702 (\$A12,261,679) compared with Castlemaine's of approximately \$A227,696.

The graph below shows a comparison of the average daily trading values of LionGold Shares in 2012.

YTD Daily Traded Value of LGC & CGT (in A\$)



Note: This graph excludes data points which were considered outliers. LionGold considers trading days where they were zero value of trades, either due to public holidays or other factors, as outliers. LionGold also considered certain trading days of LionGold where the total value of shares traded exceeded A\$30 million as outliers. Such data points, where applicable, were removed for both LionGold and Castlemaine for that particular date.

LionGold currently has 805,206,540 shares on issue, giving it a market capitalisation of approximately S\$829 million (approximately A\$655 million), compared to Castlemaine, which has a market capitalisation of approximately A\$43 million.

As a result, any fundraisings in capital markets by LionGold is likely to be less dilutive to Castlemaine Shareholders who accept the Offer and hold LionGold Shares, than it would be for Castlemaine Shareholders if Castlemaine conducted these capital raisings on its own.

2.4 Asset diversification

Together with Castlemaine's projects in Victoria, as a LionGold Shareholder you will obtain exposure to LionGold's geographically diverse projects including projects in Ghana and Mali and also its potential projects. These potential projects include the recently announced Vista Gold Antigua Acquisition (which, if completed, will give LionGold interests in the Amayapampa Gold Project in Bolivia) and the Brimstone Takeover (which, if completed, will give LionGold beneficial interests in tenements in Western Australia and a legal interest in an additional tenement in central Victoria).

See Section 5.5 in relation to LionGold's ongoing acquisition program.

2.5 The Castlemaine Directors have indicated that they unanimously recommend the Offer in the absence of a Superior Proposal

The Castlemaine Board has indicated that it unanimously recommends the Offer, in the absence of a Superior Proposal. All Castlemaine Directors (at the Announcement Date) who own or control Castlemaine Shares have confirmed they will accept the Offer in respect of the Castlemaine Shares they own or control, in the absence of a Superior Proposal.

2.6 You can elect to participate in the Share Sale Facility and sell your LionGold Shares with no brokerage costs

Accepting the Offer and participating in the Share Sale Facility provides an alternative, if you are an Eligible Shareholder, to sell your LionGold Shares (subject to a pro rata scale back) and avoid brokerage costs which may, depending on your shareholding, represent a significant portion of your proceeds. If you do not want to receive LionGold Shares and would prefer to receive the cash proceeds of a sale of your LionGold Shares, you can elect to participate in the Share Sale Facility. You should be aware that the Share Sale Facility is capped at 40% of the Castlemaine Shares on issue. Please see Annexure A for the terms of the Share Sale Facility.

3 INFORMATION ABOUT ACCEPTING THE OFFER

3.1 Overview

The table below sets out an overview of the options available to you to receive the Offer Consideration if you accept the Offer. Further details about each of the options can be found in this Section below. The information in this Section is not intended to be exhaustive and LionGold recommends that you seek professional advice.

If you choose to accept the Offer Consideration in this way:	You will need to do this:	You will receive this:	Next Steps:
Receive LionGold Shares in certificated form (by way of a physical share certificate)	Accept the Offer as set out below. You do not need to do anything further.	You will receive a physical share certificate in the mail.	If you wish to trade your LionGold Shares, you will need to deposit your physical share certificate with CDP in order to credit the shares into your CDP Securities Account. Refer to Annexure B for further details of setting up a CDP Securities Account.
Elect to receive LionGold Shares through your CDP Securities Account in uncertificated form (electronically)	Accept the Offer as set out below. You must also provide Computershare with your CDP Securities Account details.	Your LionGold Shares will be deposited electronically into your CDP Securities Account.	You can trade your LionGold Shares through your CDP Securities Account.
Elect to direct your LionGold Shares to be issued to your nominee's CDP Securities Account in uncertificated form (electronically)	Accept the Offer as set out below. You or your nominee must also provide through the LionGold Offer Information Line with the nominee's CDP Securities Account details. You must also complete a direction and indemnity form available through the LionGold Offer Information Line.	Your LionGold Shares will be deposited electronically into the CDP Securities Account of your nominee as advised.	You should contact your nominee to deal with the shares held in your nominee's CDP Securities Account.
Elect to participate in the Share Sale Facility (to sell your LionGold Shares)	Accept the Offer as set out below and mark the corresponding box on the Acceptance Form.	After the Sale Facility Agent has completed the sale of the LionGold Shares under the Share Sale Facility, you will receive a cheque in the mail.	Please deposit your cheque.

3.2 How do I accept the Offer?

Your Castlemaine Shares are registered in an Issuer Sponsored Holding (your SRN begins with an "I")	To accept the Offer you must complete, sign and return the enclosed Acceptance Form in accordance with the instructions so that it is correctly completed and received at the address indicated on the Acceptance Form (as set out below) before the end of the Offer Period.
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<p>Your Castlemaine Shares are registered in a CHESS Holding (your HIN starts with an “X”)</p>	<p>To accept the Offer you must either:</p> <ul style="list-style-type: none"> • instruct your Controlling Participant (such as your broker) to accept the Offer in sufficient time for your acceptance to be received in CHESS before the end of the Offer Period; • correctly complete, sign and send the enclosed CHESS Acceptance Form directly to your Controlling Participant in sufficient time for the Offer to be accepted before the end of the Offer Period with instructions to initiate acceptance of the Offer on your behalf; or • correctly complete, sign and return the enclosed CHESS Acceptance Form in accordance with the instructions so that it is received at the address indicated on the Acceptance Form (as set out below) by the second last day of the Offer Period. This will authorise LionGold to instruct your broker or Controlling Participant to initiate acceptance of the Offer on your behalf.
<p>You are a Controlling Participant</p>	<p>Acceptance of the Offer must be initiated in accordance with the ASX Settlement Operating Rules before the end of the Offer Period.</p> <p>Controlling participants are advised that there are three separate CHESS codes:</p> <ul style="list-style-type: none"> • accept the Offer; • accept the Offer and elect to participate into the Share Sale Facility; and • accept the Offer and direct the LionGold Shares to be electronically deposited into a particular CDP Securities Account.

Please note that if you accept the Offer but do not make any other election in the Acceptance Form, you will receive a physical share certificate.

Also, if you do not provide CDP Securities Account details (whether you own or those of your nominee), you will receive a physical share certificate. It is your responsibility to provide these details in a timely manner.

You should be aware that you will not be able to deal with or trade your LionGold Shares until you establish or nominate a CDP Securities Account into which your LionGold Shares are to be held. This can be done at any time after you receive the share certificate for your LionGold Shares.

3.3 Share Sale Facility

If you accept the Offer and are an Eligible Shareholder, you may also elect to participate in the Share Sale Facility by completing your Acceptance Form in accordance with the specific instructions relating to the Share Sale Facility.

Further information, including the terms of the Share Sale Facility, are set out in Annexure A. Please read these terms carefully before making an election to participate in the Share Sale Facility.

3.4 If I accept the Offer, how will I receive my LionGold Shares?

If you accept the Offer, you could receive your LionGold Shares in one of the following ways:

- (a) receive a physical share certificate;
- (b) if you provide details of your CDP Securities Account, your LionGold Shares will be credited to your CDP Securities Account; or
- (c) if you appoint or nominate a broker/nominee/custodian with a CDP Securities Account to which you would like your LionGold Shares to be issued, your LionGold Shares will be credited to that CDP Securities Account.

If you accept the Offer and elect to participate in the Share Sale Facility, your LionGold Shares will be issued to the Sale Facility Agent and you will receive the net proceeds of the sale (in \$A) by cheque.

If you accept the Offer and are an Ineligible Foreign Shareholder, you will not be issued LionGold Shares but rather the LionGold Shares to which you would otherwise have been entitled will (together with those of all other Ineligible Foreign Shareholders who accept the Offer) be issued to the Foreign Share Nominee and you will receive the net proceeds of the sale by cheque – please refer to Section 11.19 for further details.

3.5 Appointment of a nominee

If you do not have a CDP Securities Account in your own name, you may appoint a nominee broker to receive your LionGold Shares in your nominee broker's CDP Securities Account. You must complete and execute in favour of LionGold a written direction and indemnity (which is to be obtained through the LionGold Offer Information Line). It is your responsibility to complete and execute the written direction and indemnity correctly. LionGold will not be responsible to any Castlemaine Shareholder for any delay in issuing the LionGold Shares to the nominee broker's CDP Securities Account if incorrect or insufficient information has been provided.

This option may also be used if you are a nominee who holds your Castlemaine Shares on behalf of another person (**UBO**) and, on instructions of the UBO, you wish to receive your LionGold Shares into the CDP Securities Account of another person (for example, because you are not able, whether under the terms of your mandate or otherwise to hold shares listed on a foreign exchange, such as LionGold Shares).

3.6 Trading your LionGold Shares

Please see Annexure B for further information about how you may deal with the LionGold Shares you receive under the Offer, including the process involved in setting up a CDP Securities Account.

4 LIONGOLD COMPANY INFORMATION

4.1 Introduction

LionGold is a SGX-listed company with a core business of investing in gold mining, mine development and exploration interests. LionGold Group also has interests in other businesses in office equipment products manufacturing and in turnkey engineering, procurement and construction services.

4.2 Overview

Gold mining (exploration, development and production)	<ul style="list-style-type: none">• Ghana: through its 76% interest in Signature Metals Ltd (and its interposed entity Owere Mines Limited, in which Signature has a 70% interest), an interest in the Konongo Gold Project with JORC compliant Mineral Resources of approximately 1,470,000 ounces of gold (combined Indicated and Inferred which includes 687,000 ounces of gold Indicated). In addition, through its 41% interest in ASWA (and interposed entities), LionGold has interests in 13 mining services agreements.• Mali: through interposed entities, two research permits in connection with exploration for gold.• Potential interests in Mongolia, Bolivia and Australia.• See Section 5 which provides detailed information about LionGold's exploration, development and production, projects and interests.• Refer also to the Independent Geologists Reports and the Tenements Reports.
Manufacturing	<ul style="list-style-type: none">• LionGold's manufacturing business is conducted through wholly owned subsidiaries in the People's Republic of China.• Office equipment products, primarily shredders, binders and laminators, are manufactured for clients based in the USA, Europe and Japan.• The manufacturing business employs approximately 1,800 workers.
Engineering, procurement and construction (EPC)	<ul style="list-style-type: none">• LionGold, through an interposed entity, owns 75% of Industrial Power Technology Pte Limited (IPT), a specialist services contractor for biomass power generation projects.• IPT assists its clients in evaluating the development of biomass power generation projects and it also designs, installs and commissions biomass power generation projects.• Currently, LionGold is reconsidering its intention to maintain its investment in IPT and proposes to commence negotiations to dispose of its 75% interest.

4.3 LionGold's objectives

LionGold's objective is to become a global, mid-tier gold explorer, developer and producer, through acquisitions and organic growth.

LionGold's strategy is to selectively acquire companies or projects with scalable resources in advanced stage development or nascent production that may be rapidly enhanced. This generally reduces the time that would otherwise be required to identify potential sites, apply for the necessary permits, engage professionals to carry out initial exploration works and also reduces the speculative risk of exploring multiple sites and ascertaining economic recoverable resources.

LionGold acquired its first interests in gold mining assets through its investment in Mornington in November 2010 and subsequently, its investment in ASWA in April 2011.

In March 2012, LionGold's shareholders approved LionGold's change in its core business and, since that time, LionGold has:

- (a) completed the takeover of Signature Metals Limited (an ASX listed entity) in March 2012. LionGold has a 76% shareholding in Signature, which has interests in tenements in the Ashanti Gold Belt of Ghana and has Mineral Resources of approximately 1,470,000 ounces of gold (combined Indicated and Inferred categories, which includes 687,000 ounces in the Indicated category);
- (b) announced the Takeover Bid for Castlemaine on 16 April 2012;

- (c) announced, on 4 June 2012, a takeover offer for Brimstone Resources Limited (an unlisted Australian public company with beneficial interests in tenements in Western Australia and a legal interest in an additional tenement in Victoria) (**Brimstone Takeover**);
- (d) announced, on 4 June 2012, a share purchase agreement with Republic Gold Limited (an ASX listed entity) under which LionGold will, subject to the satisfaction of conditions, acquire the shares in Vista Gold Antigua which, through its subsidiaries, owns the Amayapampa Gold Project in Bolivia (**Vista Gold Antigua Acquisition**); and
- (e) raised S\$39,000,000 from the capital markets in support of LionGold's expansion into the gold mining sector.

In addition to the four transactions above, LionGold is pursuing other potential acquisitions.

LionGold selects and vets its potential acquisitions based on review and analysis of the following criteria:

- (a) current production profile;
- (b) existing life of mine plans,
- (c) declared Mineral Resources and Ore Reserves (prepared by suitable competent persons); and
- (d) existing definitive feasibility studies.

By pursuing this strategy, LionGold hopes to achieve, by 2014, target holdings of 10 million ounces of Mineral Resources and 2 million ounces of Ore Reserves and consolidated monthly production of 10,000 ounces per month.

These are aspirational statements of LionGold's corporate strategy only and there can be no assurance that LionGold will achieve the strategic targets mentioned above.

Castlemaine Shareholders should note that LionGold is not stating or reporting that it has or will have, following completion of announced transactions, Mineral Resources or Ore Reserves or monthly production at the levels of the strategic targets mentioned above.

LionGold's ability to meet its strategic targets depends on a range of factors and matters including:

- (a) LionGold's financial position, financial performance and prospects;
- (b) LionGold's ability to identify appropriate acquisition targets;
- (c) LionGold's ability to fund acquisitions including its ability to raise finance which may be necessary to complete acquisitions;
- (d) obtaining regulatory approvals (where necessary) to complete acquisitions, particularly in foreign jurisdictions;
- (e) receiving shareholder approval (where necessary) from potential target acquisitions;
- (f) LionGold's ability to fund capital and operating expenditure for its current projects and any future projects that it acquires;
- (g) finalisation of feasibility studies;
- (h) maintaining security of tenure;
- (i) obtaining permits and approvals for the construction and development of mine infrastructure; and
- (j) LionGold's ability to procure, manage and complete construction and development of mine infrastructure.

For further details about these factors see Section 9.

LionGold intends to achieve an investment profile with a spread of projects with varying degrees of risk, with 45% of projects in developed nations, 45% in emerging markets and 10% in challenging environments (where there are unusually difficult operating circumstances due to security of tenure issues).

Currently, LionGold, through its interest in Signature, holds attributed Mineral Resources (combined Indicated and Inferred categories) of 1,140,000 million ounces of gold. See Independent Geologist's Report for the Konongo Gold Project at Annexure E for details.

	Mineral Resources	Ore Reserves
Current		
Signature Metals	1,470,000*	
Announced (but not completed)		
Castlemaine	734,000	
Amayapampa Gold Project	1,280,000	787,300
Brimstone	52,300	
TOTAL	3,536,300	787,300

*Mineral Reserves and Ore Reserves declared by counter-parties to LionGold's current and proposed acquisitions which have been announced but have not been completed. *The figures for Signature are total amounts. Castlemaine Shareholders should note that LionGold's interest in Signature is currently approximately 76%.*

Notes to table

Note 1: In relation to the Mineral Resources figure for Castlemaine, please note the following:

- (a) All Mineral Resources announced by Castlemaine are classified as Inferred Mineral Resources in accordance with the JORC Code.
- (b) Inferred Mineral Resources estimates announced by Castlemaine are ported within grade ranges to best represent the likely gold grade variability, and degree of uncertainty for the style of mineralisation estimated. Using these ranges, the total combined Inferred Mineral Resource for Castlemaine is considered to be between 525,000 ozs and 1,106,000 ozs (Castlemaine Shareholders are referred to public announcements made by Castlemaine on ASX, in particular on 2 June 2008 and 5 April 2012).

All Mineral Resources estimates of Castlemaine are estimated to a zero gold grade cut off.

Note 2: The figures in the table above referring to Mineral Reserves and Ore Reserves declared by counter-parties to LionGold's proposed acquisitions which have been announced but have not been completed are subject to the following qualifications:

- (a) LionGold obtains a Relevant Interest in all of the Castlemaine Shares following the Offer becoming unconditional;
- (b) LionGold acquires all of the shares of Brimstone Resources Limited following the Brimstone Takeover becoming unconditional; and
- (c) The conditions to completion of the Vista Gold Antigua Acquisition are satisfied or waived and LionGold acquires all of the shares of Vista Gold (Antigua) Corp Ltd.

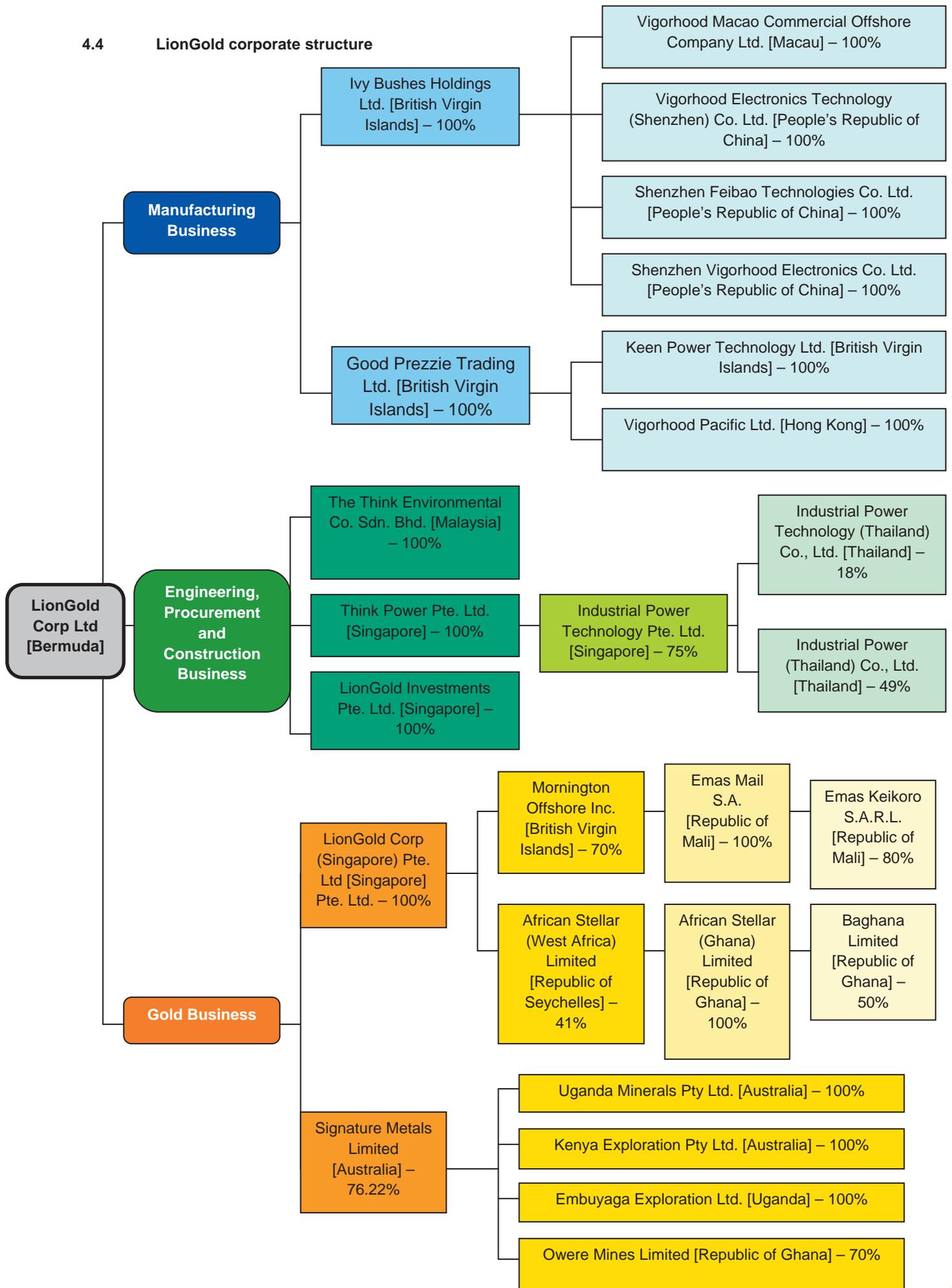
Note 3: Castlemaine Shareholders should note the following qualifications and risks in relation to the statements as to Mineral Resources, Ore Reserves and production targets included in this Section 4.3 and in the above table.

Specific key risks in addition to those mentioned above in this Section 4.3 and at Note 2 include:

- (a) life of mine plans, definitive feasibility studies may require revision and amendment;
- (b) the development of LionGold Group's current or future mining projects may require obtaining approvals and additional expenditure in the event that economic gold deposits are discovered. LionGold might not be able to raise additional capital or to find suitable joint venture partners, all of which are conditions that would negatively impact on LionGold's performance;
- (c) there can be no assurance that exploration of any of the above projects areas or any other tenements that may be acquired in the future will result in the discovery of an economically recoverable ore deposit. Even if an apparently viable deposit is identified and can be economically recovered and there is no certainty that it can be commercially developed; and
- (d) there is no certainty that any proposed exploration activities will reveal any mineable mineralisation or that any such mineralisation will ultimately be commercially viable.

See also the risk factors set out at Section 9.

4.4 LionGold corporate structure



4.5 Share Structure

As at the date of this Bidder's Statement, LionGold has an authorised capital of US\$50,000,000 divided into 1,250,000,000 ordinary shares with a par value of US\$0.04 each, and an issued and paid-up share capital of US\$32,208,262 divided into 805,206,540 shares. The market capitalisation of LionGold as at 8 June 2012, being the latest practicable date before the date of this Bidder's Statement, is approximately S\$829 million (approximately A\$655 million).

If the Offer is accepted by all Castlemaine Shareholders and assuming all the Castlemaine Options (and Performance Rights) are exercised, the maximum number of LionGold Shares that will be issued under the Offer will be 60,687,446 which, at the date of this Bidder's Statement, constitutes approximately 7.5% of the existing share capital of LionGold. On a fully diluted basis, assuming the exercise of all Castlemaine Options (and all Performance Shares), the maximum number of LionGold Shares issued under the Offer will, at the date of this Bidder's Statement, constitute approximately 7.0% of the enlarged share capital of LionGold following the issue of LionGold Shares under the Offer.

4.6 Board of Directors

<p>Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil</p>	<ul style="list-style-type: none"> • Appointed as an Independent Non-Executive Director on 13 April 2011 and re-designated to Executive Chairman and Group Chief Executive Officer on 9 May 2011. • More than 40 years managerial and business experience in manufacturing, merchant banking and finance, petroleum, media and port management. • Previous directorships included: <ul style="list-style-type: none"> ○ Managing Director of NSTP Group (the publisher of New Straits Times, a leading English language newspaper in Malaysia). ○ Non-Executive Independent Director of Camerlin Group Bhd, an investment holding company. ○ Chairman of QSR Brands Bhd (the holding company of the Pizza Hut franchise in Malaysia, Singapore and Brunei). ○ Chairman of KFC Malaysia Bhd, the franchisee of the KFC chain of restaurants in Malaysia, Singapore, Brunei, Cambodia and India. ○ Chairman of Southern Investment Bank Sdn Bhd. (now part of CIMB Bank, one of the largest banks in Malaysia). • Present directorships include: <ul style="list-style-type: none"> ○ Independent Non-Executive Chairman of OCB Bhd (a Malaysian public listed company with interests in manufacturing). ○ Non-Executive Chairman of Octagon Consolidated Bhd (a Malaysian public listed company with interests in manufacturing and renewable energy). ○ Chairman of Westport Holdings Sdn Bhd and Director of Westport Malaysia Sdn Bhd (a Malaysian private company that operates a port in Malaysia). • Bachelor of Science Degree in Economics and Business Administration (Georgetown University), Washington DC, USA.
<p>Wong Choy Yin</p>	<ul style="list-style-type: none"> • Appointed as Executive Director on 30 January 2007 and Chief Financial Officer on 10 October 2008. • Has more than 20 years of accounting and audit experience in the entertainment, construction, manufacturing, transportation, oil palm, rubber and cocoa plantations, and palm oil mills industries. • Admitted as an Associate of the Chartered Institute of Management Accountants (UK). • Admitted as a Registered Accountant of the Malaysian Institute of Accountants. • Master of Business Administration (University of Keele (UK)). • Choy Yin is also a director of Signature Metals Limited.
<p>Bernard Soo Puong Yii</p>	<ul style="list-style-type: none"> • Appointed as Non-Executive Independent Director on 29 July 2008. • Chairman of the Audit Committee and Member of the Nominating Committee and Remuneration Committee of LionGold. • Has experience in project development, finance and business

	<p>developments with various international companies.</p> <ul style="list-style-type: none"> • Bernard is a non-executive independent director of another company listed on SGX Catalyst, the sponsor-supervised board of the SGX. • Bachelor of Arts (Accountancy) (Hons) (University of Bolton (UK)).
Ng Su Ling	<ul style="list-style-type: none"> • Appointed as Non-Executive Independent Director on 29 July 2009. • Chairman of the Nominating Committee and Member of the Audit Committee and Remuneration Committee of LionGold. • Has 16 years of practice in areas of legal work, ranging from litigation and conveyancing to corporate and commercial matters. • Su Ling is a partner, practising corporate law, in Damodara Hazra LLP (a Singapore law firm). • Bachelor of Laws (University of Wolverhampton (UK)).
Roland Kenneth Selvanayagam	<ul style="list-style-type: none"> • Appointed as Non-Executive Independent Director on 4 January 2010. • Chairman of the Remuneration Committee and Member of the Audit Committee and Nominating Committee of LionGold. • Roland is a director of a company listed on Bursa Malaysia (the Malaysia Stock Exchange) and is also a director of Signature Metals Limited.
Dato' Md Wira Dani Bin Abdul Daim	<ul style="list-style-type: none"> • Appointed as Non-Executive Non-Independent Director on 27 May 2011. • Currently, he is Managing Director of Dani Sdn Bhd which is a property investment company based in Kuala Lumpur, Malaysia and a director of Asiasons WFG Financial Ltd, a company whose shares are listed and quoted for trading on the Singapore Exchange. • Previous role(s) included: <ul style="list-style-type: none"> ○ Non-Executive Director of Byford International Limited (an apparel company) listed on the Growth Enterprise Market of the Hong Kong Stock Exchange. ○ Non-Executive Director and Deputy Chairman of Magnus Energy Group Ltd (an investment holding company with interests in engineering and mining) listed on the SGX Catalyst. • Bachelor of Arts (University of Cambridge), Master of Arts (University of Cambridge).

4.7 Technical team/senior management

The profiles of some of LionGold Group's senior management team are set out below. LionGold has appointed Errol Smart, Mark Gillie and Theo Christodolou to the positions as set out below through their company Stellar Services Ltd. Please refer to Stellar Services' appointment at Section 12.16(g).

Errol John Smart, Group Chief Operating Officer, LionGold Corp Ltd	<ul style="list-style-type: none"> • BSc (Hons), PrSciNat. • Qualified as an economic geologist. • Has more than 23 years of industry experience in all aspects of exploration, mine development and operation. • Started his career with Anglo-American and has since developed his credentials in the start-up, turnaround and sale of junior gold miners. • Founded and managed a number of exploration and mining companies and has extensive experience throughout Africa and has exposure in Asia, Australia and Canada. • Held positions in Anglogold, Cluff Mining, Metallon Gold and Clarity Minerals. • Member of the South African Council for Natural Scientific Professions.
Mark Gillie, Director of African Operations and Director and CEO of Signature Metals Limited	<ul style="list-style-type: none"> • A mining professional with over 25 years of experience in mineral mining and exploration with 19 years in Africa. • Has been involved in all aspects of the industry from an operational level to chief executive. • The last 19 years of his career have been spent in Africa. • Was a founding member of the executive team managing Central African

	<p>Gold Limited Plc, where he was Group Manager for Business Development.</p> <ul style="list-style-type: none"> • Was later appointed as the Investec Bank Representative, on-site at the Bibiani Gold Mine in Ghana with operational control of the mine until its eventual disposal to Noble Mineral Resources. • Was previously the CEO of Digital Mining Services and of Rift Mining, a South African company engaged in gold exploration in Africa. • Has also held positions in Western Mining, Digital Mining Services, Rift Mining, Metallon Gold, CAG Plc.
<p>Theo Christodoulou, Director of Corporate Development</p>	<ul style="list-style-type: none"> • Served as Director and Head of Metals and Mining at Deutsche Bank from 2005 to 2010. • Has extensive experience in advising on mining initiatives, project finance planning and management, mergers and acquisitions and IPO across Africa. • Chartered Accountant. • Masters of Business Administration (Duke, USA). • Alternate Director of Signature Metals Ltd.
<p>Peter Chen Hing Woon, Director of Project Development</p>	<ul style="list-style-type: none"> • Was a corporate lawyer with over 16 years of experience in private legal practice. • He previously served as Independent Non-Executive Director and General Legal Counsel for publicly-listed companies in Malaysia. • In the last five years, has been actively involved in the setting-up of several iron ore and gold mining operations around the world including Mali and Mongolia. • Has developed an extensive network of geologists, mine engineers and mining consultants specialised in gold geology and production. • Bachelor of Commerce and Bachelor of Laws (Australian National University).
<p>Tan Aik Hong (Tony), Senior Manager, Corporate Development</p>	<ul style="list-style-type: none"> • Previously a Senior Associate with Deloitte & Touche Corporate Finance Pte Ltd and was involved in corporate finance advisory in Avenue Securities Sdn Bhd. • Bachelor of Commerce (University of Melbourne).
<p>Bill Oliver, Non-Executive Director, Signature Metals Ltd</p>	<ul style="list-style-type: none"> • Is a consultant to Signature Metals Ltd advising on exploration strategies and the delineation and development of mineral resources at the Konongo Gold Project. • Holds an honours degree in Geology from The University of Western Australia as well as a post-graduate diploma in finance and investment from FINSIA. • Relevant industry experience includes leading large scale resource definition projects for Rio Tinto Iron Ore and managing exploration in Portugal for Iberian Resources Limited. • Previously Exploration Manager for Bellamel Mining Limited and BC Iron Limited. • Currently Non Executive Director of View Resources Ltd.
<p>Mark Meyer, Project Manager, Owere Mines Limited</p>	<ul style="list-style-type: none"> • A professionally qualified and experienced mechanical engineer with technical proficiency in mining and metallurgical processing and has considerable general knowledge and experience in the mining and metallurgy of gold deposits, ranging from small underground operations through to the large scale mechanized and open cast operations. • Previous positions include senior positions in Anglovaal, CAG Plc, African Pioneer Mining and Duration Gold Zimbabwe. • Bachelor of Science. • Holds a Engineers' Certificate of Competency (Mines and Works), Mines' Department, Republic of South Africa.

Bill Reid , Manager Geology, Owere Mines Limited	<ul style="list-style-type: none"> • Has a total of 15 years of professional experience as a geologist specializing in gold and base metals. • Authored or co-authored 10 regional published geological maps, and worked on many research projects globally. • Previously held positions in RSC Mining & Mineral Exploration Ltd, Geological Survey of New South Wales, University of Sydney, BHP, Wheaton Minerals and Plutonic Operations. • Bachelor of Science (Hons).
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4.8 Director's interests

	Direct interest		Deemed interest		Total %
	No of shares	%	No of shares	%	
Director					
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil	-	-	40,000,000 ⁽¹⁾	4.97	4.97
Wong Choy Yin	-	-	-	-	
Bernard Soo Puong Yii	-	-	-	-	
Roland Selvanayagam	-	-	-	-	
Dato' Md Wira Dani Bin Abdul Daim	16,425,000	2.04	40,000,000 ⁽²⁾	4.97	7.01
Ng Su Ling	-	-	7,600,000 ⁽³⁾	0.94	0.94

Notes:

- (1) By virtue of interests in Forte Services Limited.
- (2) By virtue of interests in Venaton Holdings Limited.
- (3) By virtue of interests in DMG & Partners Securities Pte. Ltd., Maybank Nominees (Singapore) Private Limited and Singapura Finance Ltd.

4.9 Substantial shareholders in LionGold

	Direct interest		Deemed interest		Total No of Shares	%
	No. of Shares	%	No. of Shares	%		
Asiasons Capital Limited	-	-	82,097,777 ⁽¹⁾	10.20	82,097,777	10.20
Asiasons Investment Managers Inc	-	-	82,097,777 ⁽¹⁾	10.20	82,097,777	10.20
Dato' Mohammed Azlan bin Hashim	-	-	82,097,777 ⁽¹⁾	10.20	82,097,777	10.20
Jared Lim Chih Li	-	-	82,097,777 ⁽¹⁾	10.20	82,097,777	10.20
Asiasons Investment Ltd	77,500,000	9.62	-	-	77,500,000	9.62
Dato' Md Wira Dani Bin Abdul Daim	16,425,000	2.04	40,000,000 ⁽²⁾	4.97	56,425,000	7.01
Macquarie Bank Ltd	45,000,000	5.58	-	-	45,000,000	5.58

Notes:

- (1) This is one and the same parcel of shares that are registered in the name of various nominees.
- (2) By virtue of interests in Venaton Holdings Limited.

4.10 Corporate Governance

LionGold is committed to maintaining a high standard of corporate governance. It recognises the importance of practising good corporate governance as a fundamental part of its responsibilities to enhance shareholder value, and the financial performance of LionGold. As LionGold is listed on the SGX, it is required to report annually on its compliance with the Singapore Code of Corporate Governance (**Code**).

The Code is benchmarked to international standards and designed to serve as a guide for companies to meet stakeholders' expectations of governance standards. Singapore adopts a 'comply-or-explain' approach towards the Code. Although compliance with the Code is not mandatory, companies are required to disclose their corporate governance practices and give explanations for deviations from the Code in their annual reports. Best practices of the Code include having an independent board, adopting transparent procedures and maintaining sound systems of internal controls. In those respects, the Code is similar to the ASX Corporate Governance Council of Principles of Good Corporate Governance and Best Practice Recommendations.

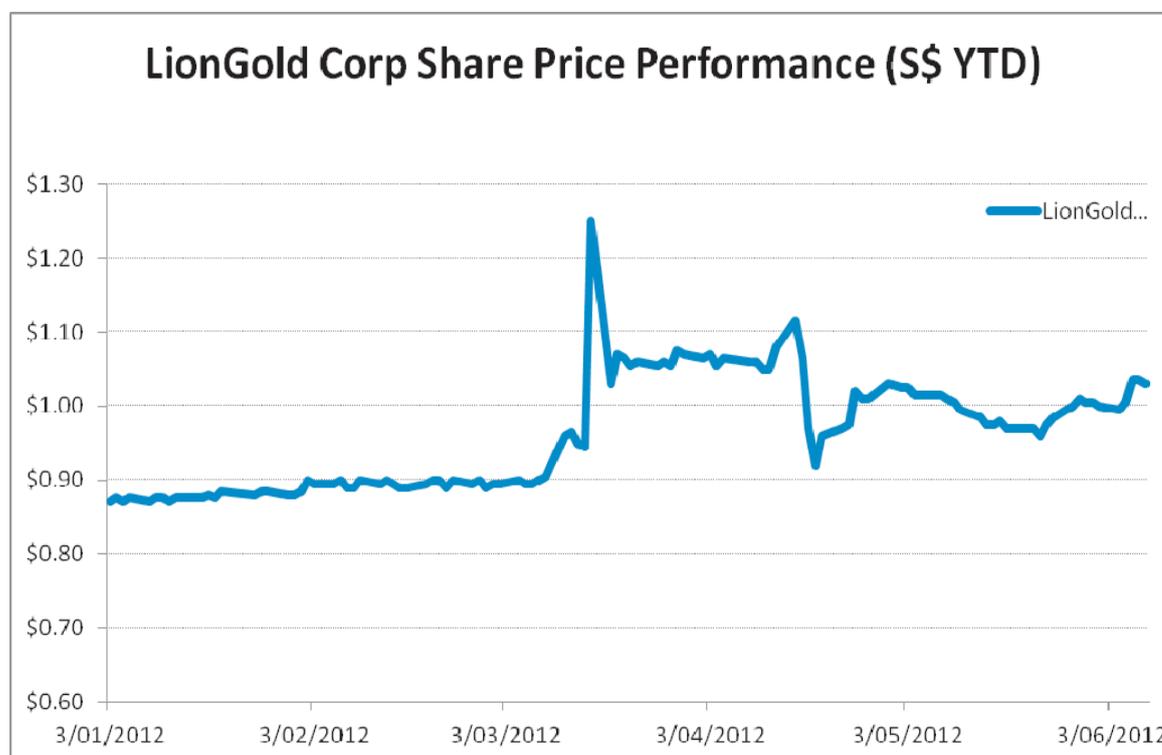
LionGold has the following committees (which consist entirely of independent non-executive directors):

- (a) audit committee;
- (b) remuneration committee; and
- (c) nominating committee.

LionGold provides a corporate governance statement in its Annual Report which can be found on LionGold's Website.

4.11 LionGold's recent share price performance

The table below shows LionGold's share price performance in 2012. During this time, LionGold Shares have been trading between a range of S\$0.87 and S\$1.25.



5 LIONGOLD'S GOLD PROJECTS AND INTERESTS

5.1 Overview of LionGold's interests

A summary of LionGold's current and potential gold exploration, development and production projects and interests is set out below.

Ghana	<ul style="list-style-type: none"> LionGold's 76% subsidiary, Signature Metals Ltd, has a 70% interest in Owere Mines Ltd which owns the Konongo Gold Project. LionGold has a 41% shareholding in African Stellar (West Africa) Limited (ASWA). ASWA, through one of its subsidiaries, has an interest in one small scale mining licence in Ghana. ASWA's subsidiaries have entered into 13 mining service agreements covering one (1) small-scale mining licence and nine (9) applications for small-scale mining licences. Please refer to the Ghana Tenements Reports regarding LionGold's interests in Ghana.
Mali	<ul style="list-style-type: none"> LionGold has a 70% shareholding in Mornington Offshore Inc (Mornington), a company incorporated in the British Virgin Islands. The terms of the agreement under which LionGold acquired its shareholding in Mornington are discussed at Section 12.16(d) of this Bidder's Statement. Mornington's wholly owned subsidiary Emas Mali SA (EMSA), a company incorporated in Mali, is the holder of 2 research permits for the Dougoufina region covering an area of 174 km² and the Kolassokoro region covering an area of 250 km² in Mali. EMSA has 80% shareholding in EMAS Keikoro SARL. EMAS Keikoro SARL holds a research permit in respect of the zone of Keikoro, Rural Commune of Domba, Cercle de Bougouni, Sikasso region of the Republic of Mali for an area of approximately 47 km². Please refer to the Mali Tenements Report regarding LionGold's interests in Mali.
Potential interests in Mongolia	<ul style="list-style-type: none"> LionGold has entered into a conditional agreement to acquire 100% of the shares in a company holding exploration interests in Mongolia. At this stage, this acquisition remains subject to further due diligence investigations and negotiations. See Section 12.16(i) for further details.
Potential interests in Bolivia	<ul style="list-style-type: none"> LionGold has entered into a share purchase agreement to acquire 100% of the shares of Vista Gold (Antigua) Corp, which through its wholly-owned subsidiaries own the Amayapampa Gold Project in Bolivia (Vista Gold Antigua Acquisition). The Vista Gold Antigua Acquisition remains subject to satisfaction of a number of conditions, including LionGold's due diligence investigations, shareholder approval of Republic Gold Limited and regulatory approvals. See Section 12.16(a) for further details.
Potential interests in Australia	<ul style="list-style-type: none"> LionGold has entered into a Bid Implementation Deed with Brimstone Resources Limited, an unlisted Australian public company which has beneficial interests in tenements in Western Australia, under which LionGold has agreed to make an off-market takeover bid for all of the shares in Brimstone Resources Limited. See Section 12.16(b) for further details.

More information about the material interests referred to above is set out below.

5.2 Funding of LionGold's gold projects and interests

Up to the date of this Bidder's Statement, LionGold has not received significant revenue from its interests in gold exploration, development and production.

LionGold anticipates requiring additional funds for the purposes of advancing its gold mining business. Until such time that its gold mining business achieves an aggregate cash generative status, LionGold intends to raise funds through capital raisings in the equity markets or borrowings in debt markets on terms that are acceptable to LionGold for the purpose of funding its interests in gold exploration, development and production activities.

After LionGold obtained approval (in general meeting) for a change in its core business activity in March 2012, LionGold successfully raised approximately S\$39,000,000 (approximately A\$30,822,000) by way of a private placement and a convertible bond issue. A substantial portion of the funds raised (approximately S\$27,000,000) came from the convertible bond issue that was managed by DMG & Partners Securities

Pte Ltd. The balance S\$12,000,000 raised was by way of a private placement of new LionGold Shares to two high net worth individuals. As at the date of this Bidder's Statement, LionGold has utilised all the proceeds amounting to S\$12,000,000 from its private placement and approximately S\$20,000,000 from its convertible bond issue, leaving a balance of approximately S\$7,000,000.

As at the date of this Bidder's Statement, LionGold has a cash balance of approximately S\$7,000,000 (approximately A\$5,532,285) from its convertible bond issue. In addition, LionGold expects to receive, before the end of 2012, from Enchante an amount of S\$20,910,000 (approximately A\$15,806,528), being the remaining consideration payable to LionGold in respect of the sale of certain assets of its EPC Business – see Section 12.16(h) for further details.

In addition, LionGold is holding share certificates for 9,953,000 LionGold Shares that are registered in the names of unrelated third parties, which LionGold is entitled to dispose at any time. The 9,953,000 LionGold Shares have an estimated aggregate value of approximately S\$10,000,000 (approximately A\$7,903,264). The share certificates relating to the 9,953,000 LionGold Shares are held by LionGold pursuant to an agreement made in 2007, relating to the purchase of IPT by LionGold and, in particular, pursuant to a profit warranty given by the former owners of IPT to LionGold – please see Section 12.16(m) for further details. LionGold is in the process of appointing a stockbroker in Singapore to dispose the 9,953,000 LionGold Shares.

Accordingly, by the end of 2012, apart from any additional funds that may be raised from fund raising exercises, LionGold expects to have accumulated financial resources of approximately S\$41,600,000 (approximately A\$32,877,578).

LionGold intends to use part of these funds together with any additional funds that LionGold may raise from its additional fund raising efforts, for its working capital and to finance its investments and operations in gold exploration, development and production for the next 12 to 18 months.

LionGold's planned expenditure for its exploration, development and production operations, including its operations in Ghana for the next 12 to 18 months is approximately US\$17,000,000 to US\$19,000,000 (being approximately A\$17,255,379 to A\$19,285,425) of which approximately US\$13,000,000 (approximately A\$12,180,268) is budgeted for LionGold's existing projects and interests and approximately US\$4,000,000 – US \$6,000,000 (approximately A\$4,060,089 to A\$6,090,134) is budgeted for capital expenditure for other potential acquisitions referred to in this Bidder's Statement.

5.3 Ghana

(a) Country overview

Ghana ranks as Africa's second largest gold producer, and is the most developed mining jurisdiction in West Africa. Gold exports contribute over 90% of the country's total mineral exports. According to the Mining Journal Supplement, Country Profile on Ghana (dated March 2010), Ghana is one of the most attractive destinations for mining and related investments in Africa.

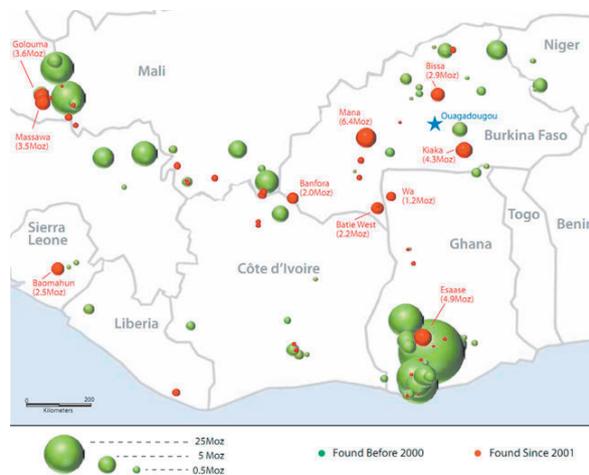


Figure 1: Map showing historic gold deposits of West Africa (source MinEx Consulting Pty Limited, August 2011)

The Ghana Statistics Service has indicated that mining and quarrying activity posted a 7.6% year on year growth on the back of higher gold production (6.8% increase), as well as bauxite and manganese according to The Economist's Intelligence Unit's Country Report (June 2011) for Ghana.

Ghana also has in place a Medium Term Development Plan (until 2013). This includes improving the country's macroeconomic stability, expanding the development of production infrastructure, and promoting transparent and accountable governance. Further, in 2011, an agreement was signed between the Ghanaian Chamber of Mines, the Ghanaian Minerals Commission and the International Finance Corporation in 2011. The agreement encompasses the development of a program to build the expertise of companies in the mining industry's supply chains which will, in turn, support the growth of business in the industry. To support its mining industry, Ghana has also made available high resolution airborne data, made up of magnetic and radiometric information, covering the entire state.

LionGold's key interests in Ghana are held through its shareholding in Signature which has 70% equity interest in Owere Mines Ltd, which is an explorer, developer and producer operating principally in Ghana holding tenements in the Ashanti Gold Belt of Ghana and the operator of the Konongo Gold Project. LionGold's other interests in Ghana are held through its interests in ASWA.

The Konongo Gold Project and ASWA's interests in Ghana are discussed further below.

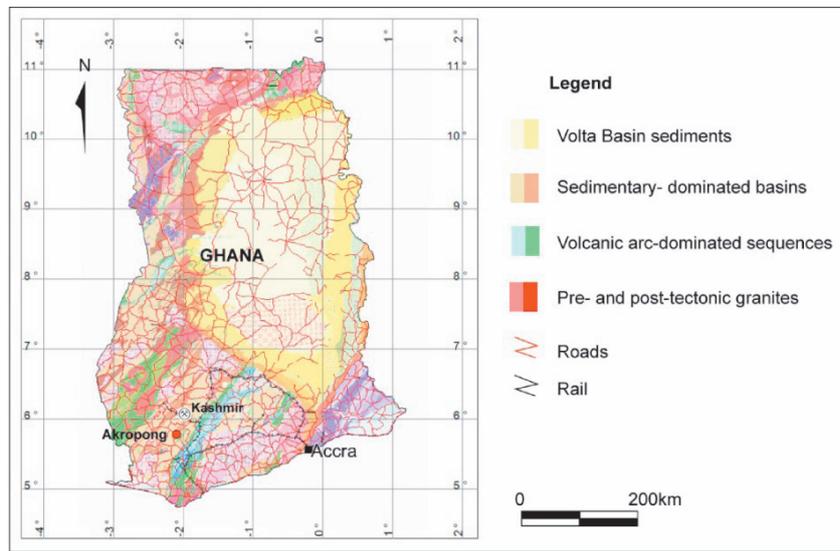


Figure 2: Regional geology and locality of ASWA's operations Akropong and Kashmir in Ghana

(b) **Konongo Gold Project**

The Konongo Gold Project comprises 192 km² of granted tenure and contains 16 known gold deposits along 12 kilometres of strike. The Konongo Gold Project is estimated to contain 1,470,000 ounces of gold in JORC compliant Mineral Resources (23,400,000 tonnes at 1.95 g/t gold combined in the Indicated and Inferred categories) – see the Independent Geologist's Report relating to the Konongo Gold Project (Annexure E) for further details.

In 2009, Signature acquired a 70% interest in the Konongo Gold Project from African Gold Plc (now known as Mwana Africa Plc) through the acquisition of Mwana Africa Plc's 70% shareholding in Owere Mines Ltd, and in March 2012 LionGold acquired a 76.2% shareholding in Signature.

Owere Mines Ltd holds the Konongo Mining Lease covering the Konongo Gold Project which is due to expire on 24 June 2023. See the Ghana Tenements Report prepared by Reindorf Chambers for a summary of the tenements comprising the Konongo Gold Project.

The Konongo Project is located approximately 200 kilometres north-northwest of the capital of Accra and 50 kilometres from the regional centre of Kumasi that contains all necessary support businesses and services for the mining industry including equipment suppliers, mining and

earthmoving contractors and skilled workers and trades people. Kumasi also has an airport with daily flights to Accra. Significant infrastructure remained on site including a 360 kilo-tonnes-per-annum carbon-in-pulp (CIP) plant.

Gold mineralisation within the area of the Konongo Gold Project can be divided into four distinct styles:

- (i) quartz reef style, with gold mineralisation hosted within narrow, intensely sheared, quartz veined and altered transition zone sediments;
- (ii) disseminated sulphide / gold lodes, hosted within Upper Birimian volcano-sedimentary rocks;
- (iii) associated with highly sheared, altered and quartz veined granitoid intrusive; and
- (iv) broad hydrothermal auriferous stockwork zones in Tarkwaian rocks.

Previous mining concentrated on the bonanza grade quartz reefs leaving potential for significant wall rock mineralisation and/or high-grade disseminated mineralisation to be discovered or developed. Limited exploration has been carried out away from the main mining camps of Konongo and Obenemase.

The area has been mined in several phases since 1903 and during this time has produced approximately 4.4 million tonnes of ore producing approximately 1.6 million ounces of gold at an average recovered grade of 11.8 g/t.

See the Independent Geologist's Report prepared in respect of the Konongo Gold Project (Annexure E) for a summary of the history of mining activity in the area of the Konongo Gold Project.

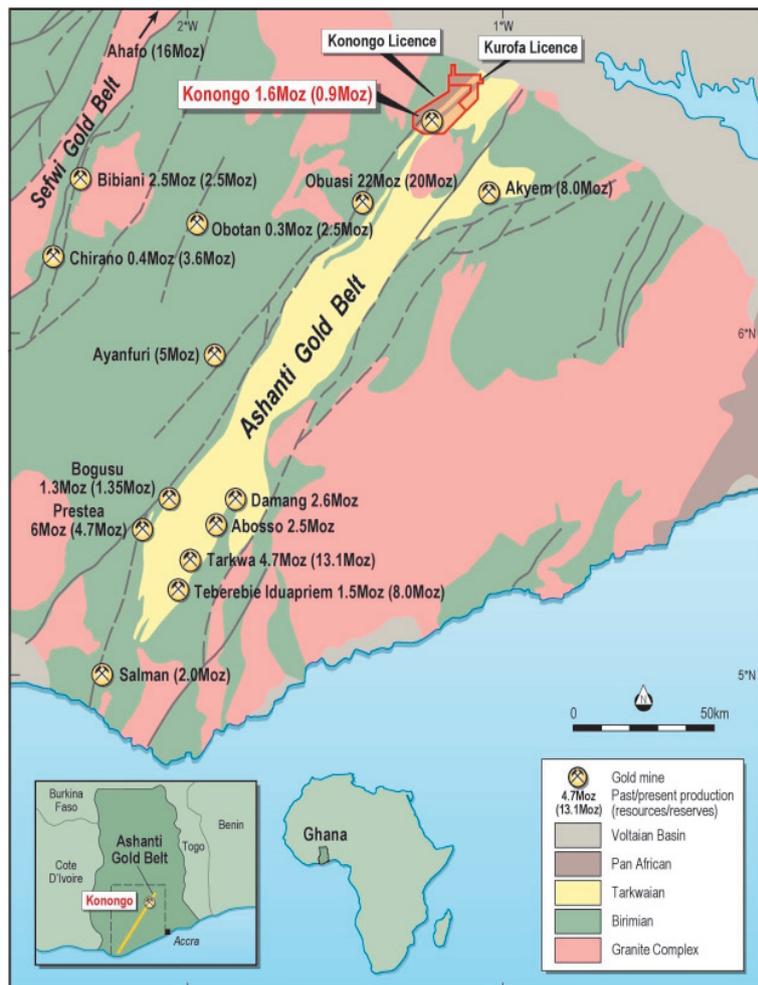


Figure 3: Geological map of the Ashanti Gold Belt above shows the location of the Konongo Gold Project

(c) **Recent developments at the Konongo Gold Project**

Signature has progressed the Konongo Gold Project on two fronts by:

- (i) expanding JORC Mineral Resources to a total of 23.4 million tonnes at a grade of 1.95g/t in the combined Indicated and Inferred categories for a total of 1.47 million ounces of gold (detailed in Table 1 and the Independent Geologist's Report prepared in relation to the Konongo Gold Project at Annexure E); and
- (ii) refurbishing and commissioning a milling, CIL metallurgical plant in order to undertake trial mining and bulk sampling.

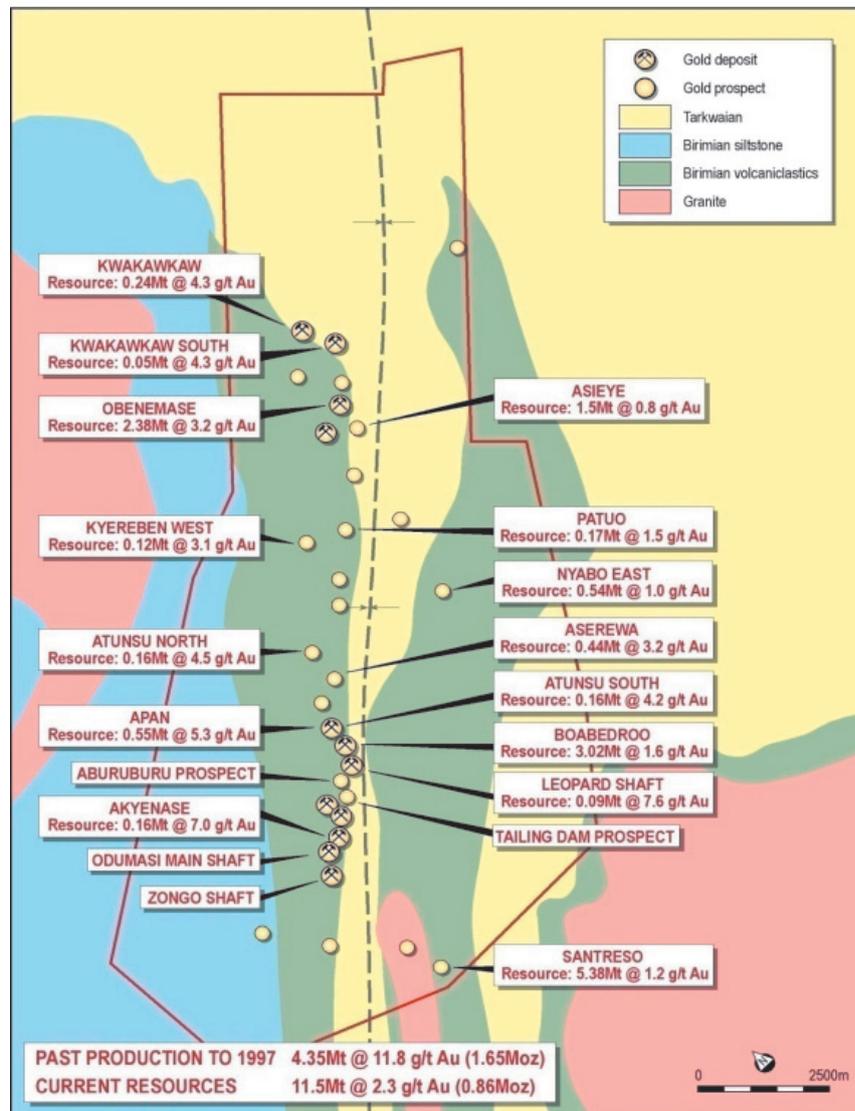


Figure 4: Map showing resources at Konongo Gold Project (Signature 70% interest) as at 25 November 2011

On 28 March 2011, Signature announced that it had commenced mining at the Konongo Gold Project. Signature received the environmental permit required for the re-commencement of mining and processing by the Ghanaian Environmental Protection Agency and engaged local earthmoving contractors to carry out mining and haulage as well as haul road maintenance. Further refurbishment of the haul road was also carried out to enable haulage to be possible year round.

On 28 April 2011, Signature announced that it had commenced the final phase of commissioning the refurbished processing plant onsite at the Konongo Gold Project. This followed the successful completion of mechanical and electrical testing and wet commissioning.

On 15 June 2011, Signature announced that first gold had been poured at the Konongo Gold Project. The first bars were poured as part of commissioning the elution circuit and gold room, representing the final area of the processing plant to be brought back into operation.

During the quarter from July 2011 to September 2011, Signature continued to increase production at the Konongo Gold Project. Plant availability remained at 90% or above throughout the entire quarter. On 19 January 2012, Signature announced that the crushing plant purchased to feed the on-site processing plant at the Konongo Gold Project became fully operational.

In May 2012, Signature announced gold production in April showed an increase of 60% from March to April, mainly as a result of improved gold recovery in the processing plant achieved on ore from trial mining at the newly opened Kyereben Pit.

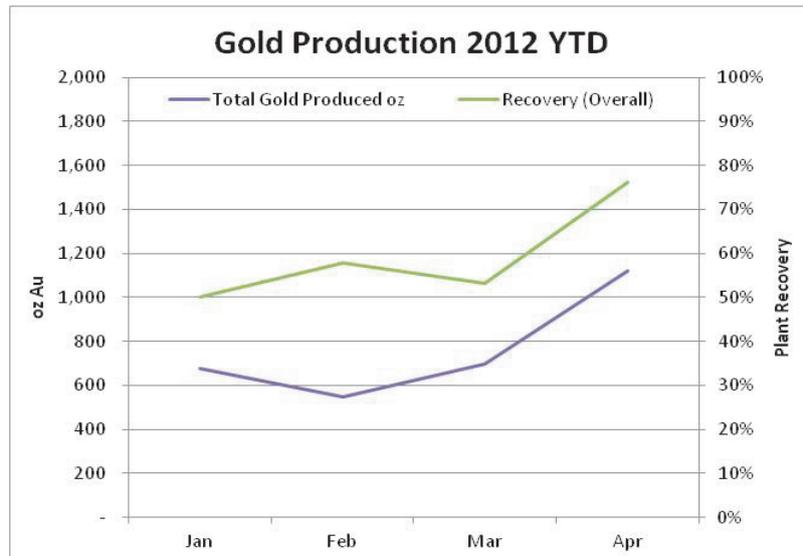


Figure 5: Chart showing Signature's gold production and plant recovery rate between January to April 2012

Trial mining of oxide material from the Kyereben Pit has made a significant improvement in the profitability of the operation, when compared to the material fed to the plant earlier in the year. The tailings previously mined, hauled and treated yielded recoveries typically between 50 – 60%, consistently below the 60% targeted for this material. Average gold recovery for the month of April was 76% and the expectation is that recoveries should continue to improve in future months, with a target of 90% for the oxide material. The improvement in gold recovered can be seen in the summary table below which shows year-to-date (YTD) production by month:

	January	February	March	April
Tonnes processed	22,394	16,400	20,331	20,750
Rate (tonnes / day) ¹	887	836	873	867
Availability	81%	68%	75%	80%
Grade	1.88	1.79	2.01	2.21
Recovery ²	50%	58%	53%	76%
Gold produced (oz)	677	546	700	1,123

The trial mining at Kyereben Pit and metallurgical processing of run of mine oxide ore is providing important parameters for future feasibility study work that could include plant design for expanded milling operations. This additional data may also assist in establishing JORC compliant Ore Reserves.

(d) **Future Plans for the Konongo Gold Project**

- (i) Short term plans

Currently available mineable resources at Kyereben are limited, and accordingly exploration efforts are focussed on delivering another ore source to complement the Kyereben Pit. The proposed Boabedroo South Extension pit is in advanced stages of evaluation, and it is anticipated that trial mining of this ore source will commence during June 2012. Other prospective targets within the area of the Konongo Mining Lease are also being investigated.

(ii) Medium and long term plans

LionGold's technical staff have worked with Signature and evaluated historic reports on technical investigations. LionGold believes that the future of the Konongo Gold Project is directly related to an increase in scale of operations. To achieve this LionGold will support Signature to secure financing in order to complete the requisite work and techno-economic studies and generate optimised feasibility studies of sufficient veracity in order to secure funding for these expansions. The key projects for review will be:

- (A) high tonnage – low grade oxide ore project to be processed in an expanded or new CIL facility;
- (B) high tonnage moderate grade sulphide operations (2.5 - 4.5g/t) – including concentration and oxidation for refractory ores sourced from open pits; and
- (C) moderate to high grade underground operations (6-15g/t) - including concentration and oxidation of concentrates from refractory ores sourced from mechanised underground mining.

(e) **African Stellar West Africa (ASWA)**

LionGold's other interests in Ghana are held through its 41% shareholding in African Stellar West Africa (**ASWA**) which, in turn, wholly owns African Stellar Ghana Limited (**ASGL**). ASGL holds 50% of the shares in a Ghanaian company called Baghana Limited (**Baghana**). Baghana's other shareholder is a Ghanaian company called Modern Africa Mines and Minerals Limited (**MAMAML**).

LionGold recently scaled back its shareholding in ASWA from 51% to approximately 41%, rendering ASWA an associate company. LionGold (by agreement with ASWA's majority shareholder) ceased to be the exclusive funder of ASWA following its decision to prioritise its investments in its other operations in Ghana at Owere Mines Limited and other projects, including those of Castlemaine and its proposed acquisitions. Nonetheless, LionGold remains committed to its investment in ASWA and will work together with ASWA's majority shareholder on joint funding (on terms acceptable to both parties) as well as progressing the gold exploration and gold mining operations currently being undertaken by ASWA. While LionGold has been relieved of existing obligations to be the sole funder of ASWA, LionGold continues to believe in the merits of the small scale and alluvial mining opportunity in Ghana and will seek to advance its interests in this sector once a more conducive business model can be established.

Baghana, as contractor, will develop and mine small scale mining licences in the Ashanti region of Ghana held by third party licence holders under mining services agreements entered into with the relevant licence holders.

Baghana has since entered into 13 "mining services agreements". The mining services agreements are contractual arrangements between ASWA's subsidiaries and Ghanaian nationals who hold or who are the applicants for small scale mining licences. Under the mining services agreements, the licence holder retains title to minerals while the contractor is entitled to a fee based on a percentage of the sale of all minerals extracted after deduction for government royalties.

The contractor charges a fee of 85% of the gross value of minerals mined, processed and paid by an authorised buying agent. The fees are charged after the payment to the national government of a 5% royalty on the total revenue earned from minerals obtained by the licence holder. The remaining 15% is paid to the licence holder by the contractor within 15 days of

receiving payment from the licensed purchaser. Each of the mining services agreements is on similar terms.

Please see the Ghana Tenements Report (relating to ASWA at Annexure G) regarding the heads of agreement, small scale mining licence and the applications for the small scale mining licences and the terms of the mining services agreements.

Kashmir

The Kashmir Project comprises the small scale mining licence and the corresponding related mining services agreement related to the Denkyira Abora area listed at Schedule 2 of the Ghana Tenements Report (relating to ASWA at Annexure G) and the applications for small scale mining licences and the corresponding related mining services agreements with Nubuke Mining Enterprise and Rainbow Dor Enterprise listed at Schedule 2 of the Ghana Tenements Report (relating to ASWA at Annexure G).

The Kashmir Project is located on the Offin River, some 15km west of Ayanfuri in Ghana in Ashanti Region.

The Kashmir Project is an alluvial gold project which is sandwiched between a number of operators.

Baghana has installed bulk sampling plants and has undertaken trial mining of the gravels. Testing of the tailings left by other scale miners in the area indicate that the application of these recovery processes normally employed are very inefficient for gold recovery and mining of this material will benefit greatly from application of better technology.



Figure 6: Gold derived from 0.5m³ of -7mm sized tailings material from Baghana's washing plant on 16 November 2011

Due to the lenticular nature of the gravel beds being targeted and extreme nugget deportment of the gold in the gravels, LionGold is not attempting to state any Mineral Resources or Ore Reserves on this material at present.

(f) **ASWA's interests - future plans and operations**

LionGold has in consultation with ASHL, (the majority shareholder of ASWA) agreed to cease its funding obligations to ASWA and is working with ASHL to establish a more favourable business framework to continue the business. LionGold continues to believe in the merits of the small scale and alluvial mining opportunity in Ghana.

LionGold's technical team are of the opinion that the highly nuggety orebodies being explored can only be successfully measured by efficient bulk testing and trial mining. ASWA has deployed its first APT RG 60 Scrubber, which have a nameplate capacity to process 6 tonnes of ore per hour to its site at Kashmir. This unit has been applied for trial mining and bulk testing, along with other installed trommels and gravity gold concentration equipment. Tests continue to determine the ultimate best plant configuration in order to maximise gold recovery.

ASWA has informed LionGold that it will in future focus its attention to expand beyond the current Baghana Joint Venture and will seek to apply its engineering and exploration expertise, to acquire holdings in other small scale and alluvial mining ventures in Ghana.

5.4 Mali

Through its 70% shareholding in Mornington Offshore Inc, LionGold has interests in.

- (a) **2 research permits (Dougoufin and Kolassokoro region):** the two research permits are made in connection with the exploration of gold and other minerals classified as Group II. The research permits are valid for a period of three years from the date of grant and may be renewed twice for the same period. The current research permits expire on or about 28 July 2013 and may be renewed.
- (b) **Establishment Agreement (Keikoro):** LionGold has been advised that an establishment agreement was signed on 9 January 2012 between the Malian government and EKSA, but that the associated permit has not yet been issued. See Mali Tenements Report.

The current political and civil unrest in Mali is hampering operations and LionGold is considering its options and investment objectives in Mali. LionGold will revisit its investments in Mali once the civil and political situation stabilises.

5.5 Ongoing acquisition program

In line with its strategy to be a global mid-tier gold producer, LionGold is actively pursuing opportunities to acquire gold mining assets in other parts of the world.

On 4 June 2012, LionGold announced two separate transactions (both of which are subject to conditions) as set out below:

- (a) **Vista Gold Ltd – Amayapampa Gold Project, Bolivia**

LionGold entered into a conditional share purchase agreement with Republic Gold Limited (an ASX listed entity) to acquire all of the issued share capital of Vista Gold (Antigua) Corp Ltd (**Vista Gold Antigua**) as well as to acquire Republic Gold Limited's interest in a loan due from Vista Gold to Republic (together, the **Vista Gold Antigua Acquisition**).



Figure 7: Map showing the geographical location of the Amayapampa Gold Project, Bolivia

Vista Gold is a company incorporated in Antigua and through its Bolivian subsidiaries (collectively the **Vista Companies**) owns, legally and beneficially, the Amayapampa Gold Project (**Amayapampa Gold Project**) in the Municipality of Chayanta, Bustillo Province in Bolivia, consisting of 38 overlapping concessions totalling 3,367 hectares and one concession at Consolidada.

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 as of June 2010

Mineral Resources as of June 2010

	Tonnes (M)	Grade (Au g/t)	Ounces Au (000's)
Measured	-	-	-
Indicated	26.2	1.2	969
Inferred	8.8	1.1	311
Total	34.9	1.1	1,280

Ore Reserves as of June 2010

	Tonnes (M)	Grade (Au g/t)	Content (000's)
Proven	-	-	-
Probable	18.9	1.3	787
Total	18.9	1.3	787

Republic carried out further drilling and surface trenching after the most recent June 2010 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.

LionGold believes that the Amayapampa Gold Project, which has been subject to a feasibility study that has been reviewed by AMC Mining Consultants Limited (**AMC**) is an attractive development project.

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

Castlemaine Shareholders should note that the completion of the Vista Gold Antigua Acquisition is subject to a number of conditions (including due diligence by LionGold, shareholder approval of Republic and regulatory approvals). At the date of this Bidder's Statement, none of these conditions has been satisfied or waived. Please see Section 12.16(a) for further details.

(b) **Brimstone Resources Ltd (Brimstone)**

Brimstone is an Australian unlisted public company with interests in several tenements in Western Australia near Kalgoorlie:

Brimstone has:

- (i) entered into a staged farmin agreement to acquire up to 100% of Empire Resources Ltd's (**Empire**) tenements (which include the Penny's Find Mining Lease (M27/156)) of which to date Brimstone has acquired a 40% beneficial interest; and
- (ii) entered into a joint venture agreement to acquire up to 70% interest in Rubicon Resources Ltd's (**Rubicon**) tenements.

Brimstone holds 100% of one exploration licence E27/452 southwest of the Penny's Find Mining Lease (M27/156).

There is a JORC Code compliant Mineral Resource reported within the Penny's Find Mining Lease (M27/156) (which was based on Empire's work on the "Golden Feather Tenements" before Brimstone's involvement) as follows:

Category	Tonnes	Grade (g/t Au)	Ounces
Measured	79,000	4.40	11,120
Indicated	132,000	3.98	16,880
Inferred	103,000	7.33	24,313
TOTAL	314,000	5.18	52,313

Note: This Mineral Resource is reported at a 0.5g/t Au cut-off.

In addition to its interests in Western Australia, Brimstone is the 100% owner of exploration licence EL5231 at Stawell East, Victoria.

Brimstone lodged a prospectus in May 2011 which was unsuccessful. Brimstone requires funds to advance its exploration in order to prove up additional Mineral Resources.

Empire's tenements also known as the Golden Feather Tenements or the Penny's Find Project are located near the large mining centre of Kalgoorlie.

The Golden Feather Tenements collectively cover approximately 59km². Nearby Kalgoorlie offers numerous mining, contract and professional services as well as accommodation.

Brimstone's exploration licence at Stawell East in Western Victoria is a large exploration licence that is prospective for gold deposits under soil cover and close to the large Stawell Gold Mine.

6 LIONGOLD FINANCIAL INFORMATION

6.1 LionGold Financial Information

Set out in Tables A and B below (LionGold Balance Sheets and LionGold Profit and Loss Statement) is a summary of LionGold's consolidated balance sheets and profit and loss statements for the past 3 full financial years (noting the financial year end of LionGold is 31 March).

The full accounts and financial statements of LionGold Group are available through the annual reports of LionGold which are available on both the SGX Website (www.sgx.com) and LionGold's Website (www.liongoldcorp.com). You are encouraged to read these statements together with the Investigating Accountant's Report in order to gain an understanding of LionGold's financial statements and financial position and performance.

LionGold has recently released its unaudited full year financial statements for the financial year ended 31 March 2012. These accounts are in the process of being audited and LionGold will release the audited financial statements together with the annual report for the financial year ended 31 March 2012.

The financial year ended 31 March 2012 represented the first year of operation for LionGold's new core business of gold exploration and mining. LionGold Group incurred a loss of S\$31.4 million (\$A24.8 million) much of which was attributable to impairment of goodwill, writing-off exploration and pre-operating expenses of Mornington and ASWA and expenses relating to the acquisition of gold mining assets.

Table A: LionGold Balance Sheet (for the last 3 financial years, in S\$ and A\$)

	(A\$1:S\$1.2653)		(A\$1:S\$1.2653)		(A\$1:S\$1.2653)	
	As at	As at	As at	As at	As at	As at
	31.03.2012	31.03.2012	31.03.2011	31.03.2011	31.03.2010	31.03.2010
	(un-audited)	(un-audited)	(audited)	(audited)	(audited)	(audited)
	S\$'000	A\$'000	S\$'000	A\$'000	S\$'000	A\$'000
ASSETS						
Current assets						
Inventories	5,545	4,382	5,042	3,985	5,073	4,009
Other current assets	1,334	1,054	1,688	1,334	930	735
Trade and other receivables	32,670	25,820	14,586	11,528	17,786	14,057
Financial assets at fair value through profit or loss	79	62	75	59	1,628	1,287
Pledged deposits	-	-	-	-	30	24
Available-for-sale financial assets	15,763	12,458	-	-	-	-
Assets held for sale	5,847	4,621	-	-	-	-
Cash and cash equivalents	15,816	12,500	16,207	12,809	13,968	11,039
	77,054	60,897	37,598	29,715	39,415	31,151
Non-current assets						
Property, plant and equipment	4,460	3,525	4,299	3,398	4,965	3,924
Intangible assets	10,250	8,101	20,203	15,967	22,147	17,503
Investments in associated companies	31	25	5,980	4,726	6,745	5,331
Available-for-sale financial assets	-	-	15,725	12,428	5,958	4,709
	14,741	11,651	46,207	36,519	39,815	31,467
Total assets	91,795	72,548	83,805	66,234	79,230	62,618
LIABILITIES						
Current liabilities						
Trade and other payables	30,408	24,032	20,027	15,828	22,625	17,881
Income tax liabilities	18	14	18	14	742	586
Due to a director	-	-	-	-	5,219	4,125
Finance lease liabilities	60	48	33	26	38	30
Borrowings	40	32	38	30	39	31
	30,526	24,126	20,116	15,898	28,663	22,653
Non-current liabilities						
Finance liabilities	246	194	43	34	77	61
Borrowings	30,760	24,310	13,628	10,770	614	485
	31,006	24,504	13,671	10,804	691	546
Total liabilities	61,532	48,630	33,787	26,702	29,354	23,199
Net assets	30,263	23,918	50,018	39,532	49,876	39,419
EQUITY						
Issued capital and reserves attributable to equity holders of the company						
Issued capital	42,848	33,864	42,249	33,391	42,249	33,391
Share premium	26,824	21,200	17,286	13,662	17,286	13,662
Other reserves	(34,986)	(27,650)	(9,255)	(7,314)	(9,748)	(7,704)
	34,686	27,414	50,280	39,739	49,787	39,349
Non-controlling interests	(4,423)	(3,496)	(262)	(207)	89	70
Total equity	30,263	23,918	50,018	39,532	49,876	39,419

Table B: LionGold Profit and Loss Statement

	(A\$1:S\$1.2653)		(A\$1:S\$1.2653)		(A\$1:S\$1.2653)	
	31.03.2012	31.03.2012	31.03.2011	31.03.2011	31.03.2010	31.03.2010
	(un-audited)	(un-audited)	(audited)	(audited)	(audited)	(audited)
	S\$'000	A\$'000	S\$'000	A\$'000	S\$'000	A\$'000
Revenue	97,956	77,417	83,932	66,334	70,410	55,647
Cost of sales	(87,701)	(69,312)	(73,415)	(58,022)	(60,506)	(47,819)
Gross profit	10,255	8,105	10,517	8,312	9,904	7,828
Other operating income	10,706	8,461	2,627	2,076	2,865	2,264
Expenses:						
Selling and distribution expenses	(2,447)	(1,934)	(2,253)	(1,781)	(2,279)	(1,801)
Administrative expenses	(14,842)	(11,730)	(6,506)	(5,142)	(6,403)	(5,060)
Other operating expenses	(31,900)	(25,211)	(1,629)	(1,287)	(779)	(616)
Finance costs	(2,963)	(2,342)	(1,643)	(1,298)	(44)	(35)
Total expenses	(52,152)	(41,217)	(12,031)	(9,508)	(9,505)	(7,512)
Share of loss of an associated company	(102)	(81)	(765)	(605)	(349)	(276)
Profit/(Loss) before income tax from continuing operations	(31,293)	(24,732)	348	275	2,915	2,304
Income tax credit/(expense)	(123)	(97)	116	92	(383)	(303)
Net Profit /(Loss) for the year from continuing operations	(31,416)	(24,829)	464	367	2,532	2,001
Profit/(Loss) from discontinued operations net of tax	-	-	14	11	(170)	(134)
Net Profit/(Loss) after tax for the year	(31,416)	(24,829)	478	378	2,362	1,867
Attributable to:						
Equity holders of the Company						
Profit/(Loss) from continuing operations, net of tax	(26,440)	(20,896)	815	644	2,976	2,352
Profit/(Loss) from discontinued operations, net of tax	-	-	123	97	(123)	(97)
Profit/(Loss) for the year attributable to equity holders of the company	(26,440)	(20,896)	938	741	2,853	2,255
Non-controlling interests						
Loss from continuing operations, net of tax	(4,976)	(3,933)	(351)	(278)	(444)	(351)
Loss from discontinued operations, net of tax	-	-	(109)	(86)	(47)	(37)
Loss for the year attributable to non-controlling interest	(4,976)	(3,933)	(460)	(364)	(491)	(388)
Earnings per share attributable to equity holders of the company (cent)						
Continuing and discontinued operations						
- Basic and diluted	-	-	0.13	0.10	0.40	0.32
Continuing operations						
- Basic and diluted	(3.62)	(2.86)	0.11	0.09	0.42	0.33
Total Profit/(Loss) for the year	(31,416)	(24,829)	478	378	2,362	1,867
Other comprehensive income/(loss)						
Currency translation differences	709	560	(445)	(352)	(623)	(492)
Total comprehensive income/(loss) for the year	(30,707)	(24,269)	33	26	1,739	1,375
Total comprehensive income/(loss) for the year attributable to:						
Equity holders of the company	(25,731)	(20,336)	493	390	2,230	1,763
Non-controlling interests	(4,976)	(3,933)	(460)	(364)	(491)	(388)
	(30,707)	(24,269)	33	26	1,739	1,375

6.2 Accounting Standards

The financial statements of LionGold are prepared in accordance with Singapore Financial Reporting Standards, with the unaudited condensed consolidated financial information of LionGold for the year ended 30 December 2011, which forms part of the Investigating Accountant's Report (**IAR**), having been prepared in accordance with Singapore Financial Reporting Standard FRS 34 Interim Financial Reporting (which is equivalent to Australian Accounting Standard 134 Interim Financial Reporting).

There are no material differences between Australian Accounting Standards (Australian Equivalents to International Financial Reporting Standards) and Singapore Financial Reporting Standards, with both countries closely modelling their accounting standards on the International Financial Reporting Standards issued by the International Accounting Standards Board.

6.3 Pro Forma Consolidated Financial Information to show effects of Castlemaine acquisition

The pro forma financial information included in Tables C and D below (Pro Forma Consolidated Statements of Financial Position and Pro Forma Consolidated Statement of Comprehensive Income for nine months ended 31 December 2011) is intended to show the financial effects of the acquisition of Castlemaine Shares under the Offer. The information reproduced below has been extracted from the IAR. You are encouraged to read the full IAR at Annexure C for an understanding of the basis and methodology used in preparing this information.

The notional profit and loss statement for the year ended 31 December 2011 comprises the combination of the results of LionGold and of Castlemaine for the nine months ended 31 December 2011 without adjustment.

The proforma balance sheet as at 31 December 2011 incorporates the consolidated balance sheet of LionGold as at 31 December 2011, adjusted on the basis of the acquisition of 100% of the issued capital of Castlemaine and the completion of certain other transactions as disclosed in Note 3 Appendix 3 of the IAR.

The condensed consolidated pro-forma Statement of Financial Position of LionGold as at 31 December 2011, as presented in Appendix 3 of the IAR, does not take into account the trading results of LionGold and its controlled entities subsequent to 31 December 2011, except to the extent of specific transactions itemised in Note 3 of Appendix 3 of the IAR. However, in the IAR, the Investigating Accountant confirms that it was provided with the trading results for the three months ended 31 March 2012 and that, based on its review of these subsequent trading results, the Investigating Accountant concluded that any adjustment required (attributable to these trading results) to the condensed consolidated proforma Statement of Financial Position of LionGold as at 31 December 2011 would not be material.

The notional profit and loss statement and pro forma balance sheet (at Tables C and D) are unaudited and consolidated to include Castlemaine.

Table C: Pro-Forma Consolidated Statements of Financial Position as at 31 December 2011 Balance Sheet

	(A\$1:S\$1.2653)		(A\$1:S\$1.2653)	
	Actual	Actual	Pro-forma	Pro-forma
	as at	as at	as at	as at
	31.12.2011	31.12.2011	31.12.2011	31.12.2011
	S\$'000	A\$'000	S\$'000	A\$'000
ASSETS				
Current assets				
Inventories	6,781	5,359	13,962	11,034
Other current assets	1,500	1,185	3,746	2,960
Trade and other receivables	36,332	28,714	39,596	31,294
Financial assets at fair value through profit or loss	75	59	75	59
Available for sale financial assets	15,763	12,458	15,763	12,458
Assets held for sale	5,847	4,621	5,847	4,621
Cash and cash equivalents	12,682	10,023	53,957	42,644
	78,980	62,419	132,946	105,070
Non-current assets				
Property, plant and equipment	4,701	3,715	30,415	24,038
Intangible assets	10,259	8,108	109,438	86,492
Investments in associated companies	31	25	31	25
Other financial assets	-	-	6,136	4,849
	14,991	11,848	146,020	115,404
Total assets	93,971	74,267	278,966	220,474
LIABILITIES				
Current liabilities				
Trade and other payables	40,685	32,154	52,249	41,294
Provisions for employee entitlements	-	-	1,464	1,157
Income tax liabilities	18	14	18	14
Finance lease liabilities	59	47	548	433
Borrowings	39	31	39	31
	40,801	32,246	54,318	42,929
Non-current liabilities				
Finance liabilities	261	206	1,029	813
Borrowings	27,743	21,926	11,745	9,282
Convertibles bonds	-	-	28,727	22,704
Rehabilitation & preservation provisions	-	-	5,869	4,638
	28,004	22,132	47,370	37,437
Total liabilities	68,805	54,378	101,688	80,366
Net assets	25,166	19,889	177,278	140,108
EQUITY				
Issued capital and reserves attributable to equity holders of the company				
Issued capital	42,848	33,864	49,599	39,200
Share premium	26,822	21,198	164,504	130,012
Other reserves	(6,282)	(4,965)	(6,282)	(4,965)
Accumulated losses	(35,908)	(28,379)	(39,629)	(31,320)
	27,480	21,718	168,192	132,927
Non-controlling interests	(2,314)	(1,829)	9,086	7,181
Total equity	25,166	19,889	177,278	140,108

Table D: Pro-forma Consolidated Statements of Comprehensive Income for nine months ended 31 December 2011

	(A\$1:S\$1.2653)		(A\$1:S\$1.2653)	
	Actual	Actual	Notional	Notional
	31.12.2011	31.12.2011	31.12.2011	31.12.2011
	S\$'000	A\$'000	S\$'000	A\$'000
Revenue	76,897	60,774	82,005	64,811
Cost of sales	(68,292)	(53,973)	(68,292)	(53,973)
Gross Profit	8,605	6,801	13,713	10,838
Other operating income	636	503	2,407	1,902
Expenses:				
Selling and distribution expenses	(1,853)	(1,464)	(1,854)	(1,465)
Administration expenses	(10,508)	(8,305)	(16,511)	(13,049)
Other operating expenses	(31,742)	(25,087)	(52,794)	(41,724)
Finance costs	(1,796)	(1,419)	(1,796)	(1,419)
Expenses from remeasuring the contingent consideration for Owere Mines acquisition	-	-	(535)	(423)
Total expenses	(45,899)	(36,275)	(73,490)	(58,080)
Share of Loss of an associated company	(102)	(81)	(102)	(81)
Profit/(Loss) before income tax	(36,760)	(29,052)	(57,472)	(45,421)
Income tax credit/(expense)	(68)	(54)	(48)	(38)
Net Profit/(Loss) after tax for the period	(36,828)	(29,106)	(57,520)	(45,459)
Net profit/(loss) attributable to:				
Equity holders of the Company	(33,960)	(26,839)	(54,135)	(42,784)
Non-controlling interest	(2,868)	(2,267)	(3,385)	(2,675)
	(36,828)	(29,106)	(57,520)	(45,459)
Earnings per share attributable to equity holders of the company (cent)				
- Basic and diluted	(4.66)	(3.68)	(7.43)	(5.87)
Total profit/(loss) for the year	(36,828)	(29,106)	(57,520)	(45,459)
Other comprehensive income/(loss):				
Currency translation differences	1,025	810	(370)	(292)
Total comprehensive income/(loss) for the year	(35,803)	(28,296)	(57,890)	(45,751)
Total comprehensive income/(loss) for the year attributable to:				
Equity holders of the Company	(32,935)	(26,029)	(54,505)	(43,076)
Non-controlling interests	(2,868)	(2,267)	(3,385)	(2,675)
	(35,803)	(28,296)	(57,890)	(45,751)
Allocation of Notional Comprehensive (loss)				
- LionGold			(35,801)	(28,294)
- Castlemaine			(18,522)	(14,638)
- Signature			(3,567)	(2,819)
			(57,890)	(45,751)

6.4 Currency

LionGold's financial statements are reported in Singapore dollars. For convenience, the figures above are also presented in Australian dollars at an exchange rate of A\$1 = S\$1.2653 being the currency rate as at 8 June 2012, being the latest practicable date before the date of this Bidder's Statement.

6.5 Borrowings

As at the date of this Bidder's Statement, LionGold has aggregate borrowings of approximately S\$8,297,617 (being approximately A\$6,557,825). The large majority of those borrowings are unsecured and incur interest at a rate of 12.8% per annum. None of these borrowings are due and payable within 12 months of the date of this Bidder's Statement.

6.6 Dividends

As at the date of this Bidder's Statement, LionGold has not declared any dividends nor does it expect to declare a dividend in the next 12 months.

7 INFORMATION ABOUT CASTLEMAINE GOLDFIELDS LTD

7.1 Disclaimer

Information in this Bidder's Statement as to Castlemaine, the Castlemaine Shares, the Castlemaine Shareholders and the Castlemaine Group and the assets and liabilities, financial position and prospects of the Castlemaine Group has not been independently verified by LionGold. Accordingly, LionGold does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Further information relating to Castlemaine's business is included in the Targets Statement, which has been sent to you along with this Bidder's Statement. Castlemaine is a listed disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations.

7.2 Overview

Castlemaine is an ASX-listed gold explorer and producer with a market capitalisation of A\$43.285 million as at the latest practicable date before the date of this Bidder's Statement, 8 June 2012. As at 31 March 2012, Castlemaine reported cash holdings of A\$12.8 million. Castlemaine's primary focus is its high-grade underground gold mine in Ballarat, which started producing gold in September 2011.

Castlemaine holds exploration titles across five substantial goldfields in central Victoria, giving it access to two of the three largest historical gold producing areas. Castlemaine has a 100% interest in each of the Ballarat, Castlemaine, Tarnagulla and Berringa Goldfields, and is farming out exploration on its 100% owned Sebastian and Raydarra project.

Castlemaine's head office is located at the Ballarat mine site in Mount Clear, Victoria.

7.3 Castlemaine's issued securities

According to documents provided by Castlemaine to the ASX, as at 8 June 2012, its issued securities consisted of the securities set out in the following table:

Class of security	Number
Fully paid ordinary shares on issue	298,516,503
Options Series F (unlisted) exercisable at \$1.99 on or before 31 December 2012	35,000
Options Series F (unlisted) exercisable at \$2.29 on or before 31 December 2012	35,000
Options Series F (unlisted) exercisable at \$2.59 on or before 31 December 2012	35,000
Options Series F (unlisted) exercisable at \$2.99 on or before 31 December 2012	35,000
Options Series C2 (unlisted) exercisable at \$4.99 on or before 22 April 2013	100,000
Performance Rights with expiry date of 25 March 2014 convertible to fully paid ordinary shares for nil consideration	8,250,000

Note: Castlemaine Shares are listed on the ASX. Castlemaine Options and Performance Rights are unlisted and cannot be traded on the ASX.

As at 8 June 2012, being the latest practicable day before the date of this Bidder's Statement, Castlemaine had 298,516,503 Castlemaine Shares on issue. Castlemaine Shares are listed and quoted for trading on the ASX. As at 8 June 2012, being the last trading day before the date of this Bidder's Statement, based on information provided by Castlemaine's Share Registrar, there are approximately 1,799 Castlemaine Shareholders.

7.4 Substantial Shareholders

Based on material lodged with the ASX as at 8 June 2012, each of the following shareholders had disclosed the following substantial shareholdings in the issued ordinary capital of Castlemaine:

Substantial Shareholder	Disclosed number of Castlemaine Shares held	Percentage of issued capital
International Commodity Finance Limited	76,104,485	25.49
LionGold Corp Ltd	33,913,000	11.36
Baker Steel Capital Managers LLP (clients of and associated or connected parties)	18,451,468	6.2
Weiss Asset Management LLP	26,716,629	8.9
Laxey Partners Ltd	18,405,278	6.17

7.5 Performance Rights

On 1 May 2012, Castlemaine issued 8,250,000 Performance Rights to its senior management and eligible staff (including 1,800,000 Performance Rights to Mr Matthew Gill, the managing director of Castlemaine). The issue of Performance Rights under the Performance Rights Plan for the next 3 years and the issue of 1,800,000 Performance Rights to Mr Matthew Gill was approved by the shareholders of Castlemaine at Castlemaine's Annual General Meeting on 30 April 2012. A Performance Right entitles the holder to one fully paid ordinary share in Castlemaine, for nil consideration, if the applicable performance and vesting conditions set for that holder are satisfied. Under the terms of the Performance Rights Plan, the Castlemaine Board has discretion to determine that any vesting conditions applicable to unvested Performance Rights be waived, regardless of whether the relevant performance and vesting hurdles have been satisfied.

7.6 Castlemaine Board of Directors

The directors of Castlemaine are: Gary Scanlan (Non-Executive Chairman), Matthew Gill (Managing Director and Chief Executive Officer), Drew Henry (Non-Executive Director), Peter McCarthy (Non-Executive Director) and Peter Lester (Non-Executive Director). Further information on the background of each director is provided in the Target's Statement.

7.7 Projects

Castlemaine has 5 projects: Ballarat, Berringa, Castlemaine, Tarnagulla and Sebastian/Raydarra – for more information on these projects, please refer to the Target's Statement.

7.8 Historical financial information on Castlemaine

Castlemaine's financial report for the year ending 31 December 2011 (released on 16 March 2012) is available on the Castlemaine website at www.cgt.net.au.

7.9 Risks

Key risks associated with being a Castlemaine Shareholder are described in section 4.12 of the Target's Statement.

8 LIONGOLD'S INTENTIONS FOR CASTLEMAINE

8.1 Introduction

This Section sets out LionGold's intentions on the basis of facts and public information concerning Castlemaine which are known to LionGold at the date of this Bidder's Statement. However, LionGold will only reach its decision in light of material facts and circumstances at the relevant time. Accordingly, the statements set out are statements of current intentions only and may vary as new information becomes available or if circumstances change.

Further, the ability of LionGold to implement the intentions set out in this Section 8 will be subject to:

- (a) the law, in particular in relation to related party transactions and conflicts of interests;
- (b) the legal obligation of the Castlemaine Directors to act for proper purposes and in the best interests of Castlemaine Shareholders as a whole; and
- (c) the rights of holders of Castlemaine Shares which may be subject to compulsory acquisition.

8.2 General Intentions

Subject to the matters set out in this Section 8 and elsewhere in this Bidder's Statement, it is the present intention of LionGold, on the basis of the facts and information concerning Castlemaine that are known to it and the existing circumstances affecting the business of Castlemaine at the date of this Bidder's Statement, that:

- (a) the operations of Castlemaine will be conducted in substantially the same manner as it is presently being conducted other than as set out below in Section 8.3 (under 'Ballarat Project' and 'Other Projects' below);
- (b) there will not be any other redeployment of fixed assets of Castlemaine; and
- (c) the employment of Castlemaine's current employees will continue.

8.3 Intentions if LionGold acquires more than 90% of Shares

This Section sets out LionGold's current intentions if during, or at the end of the Offer Period, it has a Relevant Interest in 90% or more of the Castlemaine Shares and is entitled to proceed to compulsory acquisition of the outstanding Castlemaine Shares.

Compulsory acquisition	LionGold intends to proceed with a compulsory acquisition of any Castlemaine Shares not acquired under the Offer which LionGold is entitled to compulsorily acquire under the Corporations Act.
Review of operations and assets	LionGold intends to conduct an immediate review of Castlemaine's operations, assets, structure and employees. The key objective of this review will be to ascertain the extent of any changes required to improve the performance of Castlemaine and ensure that Castlemaine's assets are operated in order to maximise their value and long term viability.
Castlemaine Board	LionGold intends to seek the appointment of its nominees to the Castlemaine Board so that LionGold nominees comprise a majority of directors of the Castlemaine Board. Under the Implementation Deed, LionGold is required to retain at least one non-executive director of Castlemaine for so long as LionGold does not hold 100% of Castlemaine.
Delisting	Following the conclusion of the compulsory acquisition process, LionGold intends to arrange for Castlemaine to be removed from the official list of the ASX. Additionally, providing that the requirements of the Corporations Act are satisfied, LionGold proposes to convene a meeting of Castlemaine for the purposes of considering and passing a resolution to change the status of Castlemaine from a public company to a proprietary company. If this resolution is passed, LionGold proposes to apply to ASIC to change the status of Castlemaine to a proprietary company.
Employees	LionGold intends to retain the present employees of Castlemaine and, in addition, provide the opportunity to suitably qualified employees to be given the option to be redeployed to support the expanded LionGold Group as is most appropriate. It is considered that the skill sets of the existing Castlemaine employees are

complimentary in many respects to LionGold's current and future staffing needs.

Ballarat Project	LionGold intends to identify sources of ore from satellite orebodies (ores which are close enough radius to render them economic for trucking to Ballarat for milling and gold recovery) for production in the short term. Ore sources from further radii be treated for pre-concentration at source, before concentrates are brought to Ballarat for gold recovery. The Ballarat mine will also support regional operations.
Other Projects	LionGold also intends to expedite the expansion of the business to its ultimate potential to be reliant on the development of multiple satellite mine sites with Ballarat and its superb infrastructure providing the hub for management, engineering, exploration and metallurgical services. LionGold will thus seek to increase exploration efforts at a prudent scale so as not to overstretch available resources, but at maximum possible rate to bring these satellite properties to account.

8.4 Intentions if LionGold acquires less than 90% but more than 50% of Castlemaine Shares

This Section sets out LionGold's current intentions if during, or at the end of the Offer Period, it has a Relevant Interest in less than 90% but more than 50% of the Castlemaine Shares.

Castlemaine Board	LionGold will seek to appoint to the board of directors of Castlemaine its nominees, so that LionGold has, at least, a majority of nominees on the board of directors of Castlemaine. The nominees are not yet known. Under the Implementation Deed, LionGold is required to retain at least one current non-executive director of Castlemaine for so long as LionGold does not hold 100% of Castlemaine.
Review of operations and assets	LionGold intends to conduct an immediate review of Castlemaine's operations, assets, structure and employees. The key objective of this review will be to ascertain the extent of any changes required to improve the performance of Castlemaine to the extent that LionGold is able to procure that these occur.
Financing	LionGold intends to offer Castlemaine assistance to procure third party finance to further Castlemaine's business and the above intentions. In considering financing options, Castlemaine Directors will be required to have regard to the interests of Castlemaine and all Castlemaine shareholders and the requirements of the Corporations Act and the ASX Listing Rules relating to transactions between related parties.
ASX Listing	Subject to the spread and number of Castlemaine Shareholders remaining after closing of the Offer and any regulatory approvals, LionGold intends to seek approval of Castlemaine Shareholders to delist Castlemaine from the ASX.
Limitation in giving effect to intentions	The ability of LionGold to implement the intentions set out in this Section 8.4 will be subject to the legal obligation of Castlemaine directors to have regard to the interests of Castlemaine and all Castlemaine Shareholders and the requirements of the Corporations Act and the ASX Listing Rules relating to transactions between related parties. These may limit or modify the implementation of the intentions outlined above.

9 RISK FACTORS

9.1 Introduction

This Section is a summary of the material risk factors to the LionGold Group as well as risks arising from the terms of the Offer.

9.2 Risk factors relating to LionGold Group's overall business activities

Financing	In order to proceed with the development of its projects, including its intentions for Castlemaine as set out in Section 8, LionGold is likely to be required to raise additional equity and/or debt capital in the future. There is no assurance that it will be able to raise such capital when it is required or that the terms associated with providing such capital will be satisfactory to LionGold, which may prejudice its ongoing ability to fully pursue its strategy, intentions and projects.
Contractual and joint venture	LionGold (or its subsidiaries or associated entities) is a party to a number of material contracts as set out at Section 12.15, some of which are with third parties or involve joint venture arrangements. Failure by any party to a contract with LionGold (or its subsidiaries or associated entities) to comply with their obligations could have a material adverse effect on LionGold. Additionally, the failure by LionGold (or its subsidiaries or associated entities) to finalise and execute contracts or perform its obligations under contracts presently under negotiation or to finalise conditions arising under existing conditional material contracts could affect the timely delivery of projects and also have an adverse financial effect on LionGold.
Exchange rates	LionGold Group is exposed to currency exchange fluctuations in several countries in which it operates. This has the potential to have an adverse effect on LionGold particularly where revenue under contracts is received in one currency but operating costs relating to that contract are sourced in another currency.
Adverse changes in raw materials	An increase in the price or the decrease in availability of raw materials may affect LionGold's operating performance and financial position. For example, the availability of raw materials is critical for the manufacturing industry and without materials, infrastructure cannot be fully utilised. Any increase in the cost of raw materials may decrease profit margins.
Reliance on key customers of manufacturing business	LionGold's revenue from its manufacturing business is reliant on a limited number of key customers. A loss of any of these customers would have a material impact on revenue derived from the manufacturing business.
Labour cost pressures in China	Wage costs in China have historically been lower than other western economy countries for comparably skilled labour. Wages have been increasing at a faster rate and some cities in China have recently introduced, or are introducing, increases in minimum wages. Upward wage pressure may increase operational costs in LionGold's manufacturing business with an effect on profits.
Risk of failure by Enchante to pay balance of purchase price to LionGold	While LionGold has received written assurance from Enchante in relation to the balance of the purchase price (being S\$20,910,000) payable to LionGold for the sale of Think Environmental Ltd and Think Greenergy Limited, there remains some risk that Enchante will default on payment. Nonetheless, LionGold notes that it has had previous dealings with the beneficial owner of Enchante and on this basis anticipates that the proceeds will be received before the end of 2012.

9.3 Risks relating to gold exploration, development and production

Limited Experience	LionGold's Board has limited experience in the gold mining exploration and production industry. Accordingly, LionGold relies to a significant extent on the experience and expertise of Stellar Services Ltd and in particular, on the consultants which Stellar Services Ltd has seconded to LionGold, including Errol Smart, Mark Gillie, Theo Christodoulou, Bill Reid and Mark Meyer. Please see Section 12.16(g) for a description of the contract between Stellar Services Ltd and LionGold.
Geopolitical risks	The LionGold Group operates in various countries including Ghana and Mali (with potential acquisitions of assets in Bolivia and Mongolia), and is therefore subject to differing legal systems, economic risks and political tensions. LionGold Group must also comply with a number of regulatory, legal and political environments which increases its legal risks and may result in additional costs to ensure

compliance. Further, in some of the areas in which the LionGold Group has interests or is exploring interests (such as West Africa), there is some potential for civil or political unrest which places the LionGold Group's employees and contractors at risk. Currently, there is unrest in Mali following a military coup in March 2012.

In certain countries such as Bolivia where LionGold is seeking to expand operations, there is heightened risk of state intervention such as nationalisation of part or all of private or foreign investment holdings in the mining industry.

Exploration, development and production risk	<p>Exploration and high risk development and production is inherently a speculative activity and success in ascertaining economic recoverable resources can never be guaranteed. Until LionGold is able to realise value from its projects and interests, it may incur ongoing operating losses.</p> <p>In addition, exploration, development and production activities can be affected by uncontrollable factors such as inclement weather, industrial action, environmental issues, project delays, unforeseen increases in costs, technical difficulties not anticipated in LionGold's business plan.</p> <p>The development of LionGold Group's current or future mining projects may require obtaining approvals and additional expenditure if economic gold deposits are discovered. LionGold might not be able to raise additional capital or to find suitable joint venture partners, which would negatively impact LionGold's performance.</p> <p>There can be no assurance that exploration of the project areas described in this Bidder's Statement, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no certainty that it can be commercially developed.</p>
Gold price volatility	<p>The price of gold, which may fluctuate, is affected by numerous factors beyond LionGold's control, which include:</p> <ul style="list-style-type: none"> • level of sales or leasing of gold by governments and central banks; • expectations of the rate of inflation; • the relative exchange rate of the US dollar with other major currencies; • global and regional economic activity; • speculative trading; • demand for gold; • supply of gold from production, disinvestment, scrap and hedging; • level of sales by gold producers in forward transactions and other hedging; • the production and cost levels for gold in major gold-producing nations; and • the cost level (in local currencies) for gold in major consuming nations. <p>Fluctuations in gold prices may adversely affect the market value of LionGold's gold bullion inventory, LionGold's financial performance or results of operations. Further, if the market price of gold falls, profitability and cash flow will suffer and LionGold may experience losses, asset write-downs and may curtail or suspend some or all of its exploration, development and mining activities.</p> <p>Furthermore, sustained low gold prices can:</p> <ul style="list-style-type: none"> • reduce revenues further by production cutbacks due to cessation of the mining of deposits or portions of deposits that have become uneconomic at the then-prevailing gold price; • halt or delay the development of new projects; • reduce funds available for mineral exploration, with the result that depleted mineral reserves are not replaced; • reduce the existing mineral reserves where they cannot be economically mined or treated at prevailing prices; and • result in the recording of a write-down of mining interests due to the determination that future cash flows do not recover the carrying value.
Title and tenure risks	<p>LionGold Group has or may acquire an interest in mining rights which are governed by laws and regulations covering the grant and administration of permits, leases and licences. Each permit, lease or licence is for a specific term and carries with it annual expenditure, reporting, compliance or compulsory</p>

reduction conditions. Consequently, the LionGold Group may lose title to an interest if the relevant permit, lease or licence conditions are not met or if insufficient funds are available to meet expenditure requirements.

If a mining right, permit, lease or licence is not renewed, LionGold may suffer significant damage through loss of opportunity to discover and develop a material project within the relevant area granted. Permits, leases and licences are subject to administrative procedures for application, renewal or conversion into a different type of title. LionGold has no control over the administrative procedures for the application, grant or renewal of a title.

See the Tenements Reports at Annexure F, Annexure G and Annexure H for further details.

Material adverse change to political and legal systems in Mali and Ghana and potentially, Bolivia and Mongolia	<p>The political and legal systems of Ghana, Mali, Bolivia and Mongolia are different from those in Australia. This may result in risks including:</p> <ul style="list-style-type: none"> • failure to implement applicable laws and regulations; • difficulties in obtaining administrative decisions or legal remedies in courts for breaches of laws or regulations; and • inconsistencies or conflicts in the application or implementation of applicable laws and regulations. <p>This may result in joint ventures, licences, licence applications or other legal arrangements which the LionGold Group has entered into or intends to enter into, being adversely affected by the actions or inactions of government authorities or others.</p>
Environmental risks	<p>Mining activities can cause damage or harm to the environment. LionGold Group could be subject to costs for environmental rehabilitation, damage control and losses by third parties due to risks inherent in its activities, such as accidental spills, leakages or other unforeseen circumstances.</p>
Weather – Mali and Ghana	<p>LionGold Group's operations in Mali and Ghana may be affected by wet weather conditions. During the wet weather seasons, between June to September in Mali, and between April to July and between September to November in Ghana, excessive rainfall, typhoons and other conditions may cause landslides or floods, which, in turn, may damage roads and infrastructure thereby restricting travel and the suspension of mining activities in the affected regions. Conversely, droughts pose a threat to the ability to continue mining and exploration activity which may rely on potable and industrial water. This may have an affect the revenue and/or profitability of LionGold Group's gold mining business.</p>
Language and communication difficulties	<p>LionGold Group may have language and communication difficulties in some jurisdictions in which it operates or intends to operate in. Where the LionGold Group lacks language skills, this may lead to delays in the giving of instructions or the interpretation of local ground conditions. These, in turn, may result in unnecessary delays for the LionGold Board in fully understanding and dealing with operational matters.</p>

9.4 Risks that may arise from accepting the Offer

Dilution	<p>LionGold intends to issue further LionGold Shares to satisfy the consideration payable by LionGold in respect of other potential acquisitions, including the Brimstone Takeover and the Vista Gold Antigua Acquisition. In addition, LionGold may issue new LionGold Shares or convertible securities as part of future fundraising or further acquisitions. Accordingly, any further issues of LionGold Shares will have a dilutive effect on your LionGold Shares.</p>
LionGold Share price fluctuation	<p>The price of LionGold Shares fluctuates. You are exposed to a fall in the LionGold Share price, for example, the VWAP of LionGold shares on 8 June 2012 (being the latest practicable day before the date of this Bidder's Statement) of S\$1.0305 is lower than the VWAP of LionGold Shares on 13 April 2012 of S\$1.0738 being the last trading day before the announcement of the Offer.</p>
Issue of LionGold Shares as Offer Consideration	<p>The value of the Offer Consideration will fluctuate depending upon the future performance of LionGold and the market value of LionGold Shares. Accordingly, you will be exposed to any rise or fall in the LionGold share price.</p>

Investing in a foreign company	There are risks in investing in a company which is incorporated and its securities listed in an overseas country. These risks include the difficulty in taking legal action (including enforcing your rights) against a foreign company and the associated costs in doing so. There are differences between the companies and securities laws of Bermuda and Singapore (which apply to LionGold). Please refer to Annexure I for more information about some of the key differences.
Offer terms	<p>Castlemaine Shareholders will have limited withdrawal rights with respect to the Offer, which means that a decision to accept the Offer may be irrevocable.</p> <p>Once you have accepted the Offer for Your Castlemaine Shares, you have the limited right to withdraw your acceptance of the Offer only in limited circumstances. Under the Corporations Act, if after you have accepted the Offer and while it remains subject to conditions, the Offer is varied (such as by an extension of the Offer Period) so as to postpone for more than one month, the time when the Bidder must meet its obligations under the Offer, you will be able to withdraw your acceptance.</p> <p>Otherwise, you will be unable to withdraw your acceptance of the Offer even if the market value of LionGold Shares varies significantly from their value on the date of your acceptance of the Offer.</p>
Change in control	Change of control provisions in Castlemaine's agreements triggered upon the acquisition of control of Castlemaine may lead to adverse consequences, including possible termination of those agreements.

10 May 2012

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Dear Directors

OFF-MARKET TAKEOVER OF CASTLEMAINE GOLDFIELDS LIMITED (CGT) BY LIONGOLD CORP LTD (LIONGOLD)

Following are our comments for inclusion in a Bidder's Statement in relation to the tax consequences for shareholders in CGT who accept the offer. The facts in this matter are summarised in the Investigating Accountant's Report and we have relied on these in preparing our comments.

1 TAX CONSIDERATIONS

1.1 Introduction

The information contained in this Section is general in nature and should not be relied upon by CGT Shareholders as tax advice. This Section is not intended to be an authoritative or complete statement of the taxation law applicable to the particular circumstances of every CGT Shareholder.

This section reflects the tax law in effect in Australia as at the date of this Bidder's Statement. It does not take into account or anticipate any changes in taxation law, nor does it take into account the tax law in any other country except Australia.

Any information in this section does not constitute tax advice. CGT Shareholders should obtain their own professional advice on the taxation consequences of disposing of their CGT Shares under the offer.

This Section does not consider the Australian tax consequences for CGT Shareholders who:

- (a) hold their CGT Shares as trading stock or as revenue assets; or
- (b) hold their CGT Shares as part of a profit making undertaking or scheme.

Acceptance of the Offer will involve the disposal by CGT Shareholders of CGT Shares to LionGold which may give rise to a capital gains tax event (**CGT Event**) for Australian CGT Shareholders. The **CGT Event** will happen at the time Australian CGT Shareholders transfer their CGT Shares to LionGold.

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Australian CGT Shareholders will make a capital gain if the capital proceeds received are greater than the cost base of those shares.

The capital proceeds on the disposal of CGT Shares under the transaction will, in the case of each CGT Shareholder, be the value of the LionGold shares issued to CGT Shareholder.

The cost base of the CGT Shares in the hands of the CGT Shareholders will, broadly, be the original amount paid to acquire those CGT Shares and any incidental costs.

1.2 Australian Tax Implications

(a) Stamp duty

No stamp duty should be payable by CGT Shareholders on the disposal of their CGT Shares pursuant to the Offer.

(b) GST

No GST will be payable by CGT Shareholders in respect of the disposal their CGT Shares pursuant to the Offer.

CGT Shareholders may however be charged GST on costs that relate to their participation in the transaction (such as advisor fees). CGT Shareholders may be entitled to full or partial input tax credits for any GST payable on such costs, but this will depend on each CGT Shareholder's individual circumstances.

CGT Shareholders should seek independent advice in this regard.

(c) Capital Gains Tax

The disposal of CGT Shares may (an exception is explained under Scrip for Scrip Rollover) give rise to a **CGT Event** for CGT Shareholders.

(i) Shares acquired (or deemed to be acquired) on or after 20 September 1985

CGT Shareholders who acquired (or are deemed to have acquired) their CGT Shares on or after 20 September 1985 may be entitled to reduce any capital gain on the disposal of their CGT Shares by applying the CGT discount (discussed below).

(ii) Indexation

Where CGT Shares were acquired (or are deemed to have been acquired) by CGT Shareholders on or after 30 September 1985 and at or before 11.45am on 21 September 1999, the cost base of the CGT Shares may be increased for indexation based on the Consumer Price Index (CPI) movement from the date of acquisition to 30 September 1999.

This indexation can be applied by CGT Shareholders that are companies and have held their CGT Shares for at least 12 months.

CGT Shareholders that are individuals, trusts or complying superannuation funds that have held CGT Shares prior to 11.45am on 21 September 1999 can choose to apply either the cost base indexation or the CGT discount in calculating their net capital gain from the disposal of their CGT Shares.

Where CGT Shareholders acquired (or are deemed to have acquired) their CGT Shares after 11.45am on 21 September 1999, it is not possible to apply indexation to the cost base of the CGT Shares.

(iii) Capital Gains Tax discount

The capital gains tax discount should be available to CGT Shareholders who are individuals, trusts or complying superannuation funds, who have held their CGT Shares for at least 12 months before the disposal under the transaction and who hold their shares as a capital asset.

Broadly, the capital gains tax discount provisions enable the CGT Shareholders to reduce their capital gain (after the application of any current year or prior year capital losses) by 50% for individuals and trusts and 33 1/3% for complying superannuation funds.

The capital gains tax discount is not available to CGT Shareholders that are companies or for CGT Shareholders who have chosen to apply the indexation method to the cost base of their CGT Shares.

If the CGT Shares are held for less than 12 months then the discount should not apply on the capital gain.

Capital losses

Any capital loss may be used to offset any capital gains derived by the CGT Shareholder for the relevant year of income, or may be carried forward to offset against capital gains in future income years.

Specific loss recoupment rules apply to trusts and companies to restrict their ability to utilise capital losses in future years in some circumstances. CGT Shareholders should seek their own tax advice in relation to the operation of these rules.

(d) Shares acquired before 20 September 1985

If any CGT Shareholder acquired their CGT Shares before 20 September 1985 (and are not deemed under the income tax law to have acquired them on or after that date), those CGT Shareholders should seek their own legal advice.

1.3 Scrip for Scrip Rollover

Deferral of a taxable capital gain that would otherwise arise as described above may be available. If applicable no taxable gain will arise as a consequence of acceptance of the bid offer.

Subject to satisfying the conditions, scrip for scrip relief under Subdivision 124-M of the *Income Tax Assessment Act 1997* may be available to the CGT Shareholders that are Australian resident taxpayers. A shareholder who derives a taxable capital gain can choose to apply the provisions. The choice is only available where a gain is made and cannot be made where a capital loss is incurred

If the provisions are applicable, and a choice is made, any capital gain which would otherwise be realised by a CGT Shareholder would be disregarded for tax purposes. The scrip for scrip relief does not apply to shareholders who are not Australian resident taxpayers and who do not hold taxable Australian property, as defined by the CGT provisions, immediately after the scrip for scrip arrangement. Non-resident shareholders should seek advice regarding the status of their shares. It is possible (if a substantial number of shares, 10%, are held) that the shares they hold in CGT are taxable Australian property and subject to these provisions.

Where the choice is made the CGT Shareholders' CGT cost base for the shares they receive in LionGold will be the same as the CGT cost base of the shares they previously held in CGT. CGT shareholders who accept the LionGold offer and choose to take advantage of these provisions will need to apportion the cost base of their CGT shares over the smaller number of LionGold shares they receive.

If rollover relief is not available or no choice is made the shareholder will derive an assessable capital gain or incur a loss on disposal of CGT shares. The capital gain would be calculated as outlined above.

The choice is only available where LionGold ultimately acquires at least 80% (including the shares acquired through the share placement) of the shares in CGT. Subject to the minimum acceptance level being achieved CGT shareholders can make their choice at the time they lodge your income tax return for the year ended 30 June 2012.

Yours sincerely



Syd Jenkins
Director
Moore Stephens

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10.2 Singapore tax considerations

(a) Income tax

Singapore tax residents, which broadly include individuals who are residing in Singapore and companies which are controlled or managed in Singapore, are subject to Singapore income tax on:

- (i) income that is accrued in or derived from Singapore; and
- (ii) subject to certain exceptions, foreign income received or deemed to be received in Singapore.

Foreign-sourced income in the form of dividends, branch profits and services income received or deemed to be received in Singapore by all tax resident taxpayers on or after 1 June 2003, will be exempt from tax if certain prescribed conditions are met.

All foreign-sourced income received in Singapore by Singapore tax resident individuals are exempt from tax with effect from the year of assessment 2005. In addition, certain Singapore sourced investment income derived by individuals on or after 1 January 2004 is also exempt from tax.

Non-resident corporate taxpayers are subject to income tax on:

- (i) income that is accrued in or derived from Singapore; and
- (ii) subject to certain exceptions, on foreign income received in Singapore.

Non-resident individuals, subject to certain exceptions, are subject to income tax on the income accrued in or derived from Singapore.

A company is a tax resident in Singapore if the control and management of its business is exercised in Singapore.

An individual is a tax resident in Singapore in a year of assessment if:

- (i) in the preceding year, that individual was physically present in Singapore;
- (ii) exercised an employment in Singapore (other than as a director of a company) for 183 days or more; or
- (iii) if that individual resides in Singapore.

The prevailing corporate tax rate in Singapore is currently 17% with certain exemptions for the first S\$300,000 of normal chargeable income. Normal chargeable income refers to income to be taxed at the prevailing corporate tax rate.

For a Singapore tax resident individual, the rate of tax will vary according to the individual's circumstances but is subject to a maximum rate of 20%.

(b) Dividend distributions

Singapore moved to the one-tier corporate tax system with effect from 1 January 2008. Under this system, the tax payable on normal chargeable income by companies which are tax resident in Singapore would constitute a final tax. As such, dividends payable by companies on the one-tier corporate tax system would be exempt from tax in the hands of its shareholders.

There is no withholding tax on dividends paid to non-Singapore tax resident shareholders.

Castlemaine Shareholders are advised to consult their own tax advisors in respect of the tax laws of their respective countries of residence and the applicability of any double taxation agreement that their country of residence may have with Singapore.

(c) **Gains on Disposal of our Shares**

Singapore does not impose tax on capital gains. However, capital gains may be construed to be income and subject to Singapore tax if they arise from activities which the Inland Revenue Authority of Singapore regards as the carrying on of a trade in Singapore.

Any profits from the disposal of LionGold Shares are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature, in which case, the disposal profits would be taxable.

(d) **Stamp Duty**

Stamp duty is payable on the instrument of transfer of LionGold Shares at the rate of S\$0.20 for every S\$100 or any part thereof, calculated on the consideration of the transfer, or the market value of LionGold Shares registered in Singapore, whichever is higher.

The purchaser is liable for stamp duty, unless otherwise agreed. No stamp duty is payable if no instrument of transfer is executed or the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is received in Singapore.

Stamp duty is not applicable for electronic transfers of LionGold Shares through the CDP system.

(e) **Singapore Goods and Services Tax (GST)**

The sale of shares by an investor who is a resident of Singapore through an SGX member or to another person who is a resident of Singapore is an exempt sale not subject to GST. Generally, any GST directly or indirectly incurred by the GST-registered investor in respect of this exempt sale will become an additional cost to the investor.

Where LionGold shares are sold by a GST registered investor to a person who is not a resident of Singapore, the sale is a taxable sale subject to GST at zero-rate if certain conditions are met. Any GST incurred by a GST-registered investor in the making of this taxable supply in the course or furtherance of a business may be recovered from the Comptroller of GST. Services such as brokerage, handling and clearing charges rendered by a GST-registered person to an investor who is a resident of Singapore in connection with the investor's purchase, sale, holding of shares will be subject to GST at the standard rate which is currently at 7%. Similar services rendered to a non-resident investor in Singapore may be zero-rated if certain conditions are met.

11 TERMS OF OFFER

11.1 Offer

- (a) LionGold offers to acquire all of Your Castlemaine Shares, together with all Rights attached to them, on the following terms and conditions.
- (b) The Offer will extend to Castlemaine Shares which are issued during the period from the Register Date to the Closing Date due to a conversion or exercise of rights attached to securities which exist, or will exist, as at the Register Date including any of the Castlemaine Options and the Performance Rights.

11.2 Offer Consideration

- (a) The consideration offered is two (2) LionGold Shares for every nine (9) Castlemaine Shares, with any fractional entitlements to LionGold Shares rounded up to the nearest whole LionGold Share.
- (b) If LionGold reasonably believes that a Castlemaine Shareholder's holdings have been manipulated to take advantage of any rounding (for example, through share splitting), then any fractional entitlement will be aggregated and rounded to the nearest whole number of LionGold Shares.
- (c) The LionGold Shares to be issued under this Offer will, from their date of issue, rank equally in all respects with existing LionGold Shares currently on issue.

11.3 Offer Period

The Offer, unless withdrawn, will remain open for acceptance during the period commencing on the date of this Offer, being 15 June 2012, and ending at 7pm (Sydney time) on 18 July 2012, subject to any extension in accordance with the Corporations Act.

11.4 Official quotation

LionGold will, as soon as practicable after the date of this Bidder's Statement, apply for official quotation on the SGX of the LionGold Shares that are to be issued as Offer Consideration. Quotation will not be automatic but will depend on the SGX exercising its discretion. LionGold has already been admitted to the mainboard of the SGX and the LionGold Shares to be issued under the Offer are of the same class as LionGold Shares already quoted on the SGX. LionGold cannot guarantee, and does not represent or imply, that the LionGold Shares will be listed on the SGX following issue. The Offer is conditional on the SGX approving the application for quotation and listing of the LionGold Shares to be issued as Offer Consideration.

11.5 Offer Conditions

The Offer is subject to the fulfilment of the following conditions:

- (a) **(Minimum acceptance)** At or before the end of the Offer Period, LionGold has a Relevant Interest in such number of Castlemaine Shares which represents at least 50.1% of the aggregate of all the Castlemaine Shares on issue. For these purposes, LionGold will include any acceptances in the Institutional Acceptance Facility whether or not, at the relevant time, they constitute a Relevant Interest.
- (b) **(Renewal of Mining Interests)** Between the Announcement Date and the end of the Offer Period (each inclusive), no mining or exploration agreement, right or licence to explore or mine or both a particular area or to construct, use or maintain infrastructure in connection with a mining operation, including an exploration licence or mining licence held by any member of the Castlemaine Group at the Announcement Date (**Mining Interests**), or any interest in any Mining Interest is revoked, terminated or expires (excluding for the avoidance of doubt relinquishment of parts of tenements in the ordinary course of business) or in the case of a renewal of a Mining Interest is not granted, provided that this does not apply if the relevant Mining Interest (or interest in the relevant Mining Interest) is not any of EL 3018, MIN 5396, MIN 4847, EL 3242 or MIN4470.

- (c) **(No prescribed occurrences)** During the period from the date of the Bidder's Statement to the end of the Offer Period (each inclusive), none of the following occurrences (being the prescribed occurrences listed in section 652C of the Corporations Act) happens:
- (i) Castlemaine converts all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
 - (ii) Castlemaine or a subsidiary of Castlemaine resolves to reduce its share capital in any way;
 - (iii) Castlemaine or a subsidiary of Castlemaine enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C (1) or 257D (1) of the Corporations Act;
 - (iv) Castlemaine or a subsidiary of Castlemaine issues shares (other than as a result of the exercise of Castlemaine Options or Castlemaine Performance Rights) or grants an option over its shares, or agrees to make such an issue or grant such an option;
 - (v) Castlemaine or a subsidiary of Castlemaine issues, or agrees to issue, convertible notes;
 - (vi) Castlemaine or a subsidiary of Castlemaine disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
 - (vii) Castlemaine or a subsidiary of Castlemaine charges, or agrees to charge or encumber, the whole, or a substantial part, of its business or property;
 - (viii) Castlemaine or a subsidiary of Castlemaine resolves to be wound up;
 - (ix) a liquidator or provisional liquidator of Castlemaine or of a subsidiary of Castlemaine is appointed;
 - (x) a court makes an order for the winding up of Castlemaine or of a subsidiary of Castlemaine;
 - (xi) an administrator of Castlemaine or of a subsidiary of Castlemaine is appointed under section 436A, 436B or 436C of the Corporations Act;
 - (xii) Castlemaine or a subsidiary of Castlemaine executes a deed of company arrangement; or
 - (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Castlemaine or a subsidiary of Castlemaine,
- each a **Prescribed Occurrence**.
- (d) **(No Prescribed Occurrences between Announcement Date and service of Bidder's Statement)** None of the Prescribed Occurrences happens during the period beginning on the Announcement Date and ending at the end of the day before the Bidder's Statement is given to Castlemaine.
- (e) **(No action by Government Agency adversely affecting the Takeover Bid)** During the period from the Execution Date to the end of the Offer Period:
- (i) there is not in effect any preliminary or final decision, order or decree issued by a Government Agency;
 - (ii) no action or investigation is instituted, or threatened by any Government Agency with respect to Castlemaine or any subsidiary of Castlemaine; or
 - (iii) no application is made to any Government Agency (other than an application by LionGold or any company within the LionGold Group, an application under section 657G of the Corporations Act, or an application commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Offer),
- in consequence of, or in conjunction with, the Offer, which restrains or prohibits or threatens to restrain or prohibit, or may otherwise materially adversely impact upon, the making of the Offer or the completion of any transaction contemplated by the Bidder's Statement (including

implementing the intentions expressed therein) or seeks to require the divestiture by LionGold of any Castlemaine Shares, or the divestiture of any assets by Castlemaine or by any subsidiary of Castlemaine or by any company within the LionGold Group.

(f) **(Approvals by Government Agencies)** During the period from the Execution Date to the end of the Offer Period, LionGold receives all approvals which are required by law or by any Government Agency:

- (i) to permit the Offers to be made to and accepted by Castlemaine Shareholders; or
- (ii) as a result of the Offers or the successful acquisition of the Castlemaine Shares and which are necessary for the continued operation of the business of Castlemaine and its subsidiaries or of LionGold and its subsidiaries,

and those Approvals are on an unconditional basis and remain in force in all respects and there is no notice or indication of intention to revoke, suspend, restrict, modify or not renew those Approvals. This includes LionGold receiving the approval of the SGX for the listing and quotation of the LionGold Shares to be issued as Offer Consideration.

(g) **(No material acquisitions, disposals, etc)** Except for any proposed transaction publicly announced by Castlemaine before the Announcement Date, none of the following events occur during the period from that date to the end of the Offer Period without the written consent of LionGold:

- (i) Castlemaine, or any subsidiary of Castlemaine, acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount greater than A\$500,000 or makes an announcement about such an acquisition;
- (ii) Castlemaine, or any subsidiary of Castlemaine, disposes, offers to dispose or agrees to dispose of, or creates, or offers to create an equity interest in one or more companies or assets (or an interest in one or more companies or assets) for an amount greater than A\$100,000 or makes an announcement about such a disposal;
- (iii) Castlemaine, or any subsidiary of Castlemaine, enters into, offers to enter into or announces that it proposes to enter into any joint venture or partnership involving a commitment of greater than A\$500,000 or dual listed company structure, or makes an announcement about such a commitment; or
- (iv) Castlemaine, or any subsidiary of Castlemaine, incurs or commits to, or grants to another person a right the exercise of which would involve Castlemaine or any subsidiary of Castlemaine incurring or committing to any capital expenditure or liability for one or more related items of greater than A\$500,000 or makes an announcement about such a commitment.

(h) **(No material failings in filings)** LionGold does not become aware, during the period from the Execution Date to the end of the Offer Period, that:

- (i) any document filed by or on behalf of Castlemaine with ASX or ASIC contains a statement which is incorrect or misleading in any material respect or from which there is a material omission; or
- (ii) Castlemaine has not made an announcement in breach of its continuous disclosure obligations.

(i) **(Non-existence of certain rights)** No person has any right (whether subject to conditions or not) as a result of LionGold acquiring Castlemaine Shares to:

- (i) acquire, or require Castlemaine or a subsidiary of Castlemaine to dispose of, or offer to dispose of, any material asset of Castlemaine or a subsidiary of Castlemaine;
- (ii) terminate or vary any material agreement with Castlemaine or a subsidiary of Castlemaine; or

- (iii) accelerate or adversely modify the performance of any obligations of Castlemaine or any of its subsidiaries in a material respect under any material agreements, contracts or other legal arrangements.
- (j) **(No force majeure event)** During the period from the Execution Date to the end of the Offer Period, no outbreak of hostilities (whether war is declared or not) or terrorism, mobilisation of armed forces, civil or political unrest or labour disturbance, fire or natural disaster, material increase in the intensity of any of the above events or other event beyond the control of Castlemaine or the relevant subsidiary occurs which affects or is likely to affect the assets, liabilities, financial position, performance, profitability or prospects of Castlemaine or any of its subsidiaries.
- (k) **(No material adverse change to Castlemaine)** During the period from the Execution Date to the end of the Offer Period, no Castlemaine Material Adverse Change occurs.

11.6 Declaration of Offer being free from Conditions

- (a) LionGold may, subject to the Corporations Act, declare this Offer and all contracts resulting from the acceptance of Offers free from the Conditions (or any one or more or any part of them) in Section 11.5. LionGold has no present intention of waiving these Conditions. If for whatever reason, this intention does change and any or all of the Conditions are waived, LionGold may provide you with further information as to whether or not to accept the Offer having regard to the impact of the Condition or Conditions being waived.
- (b) Subject to compliance with sections 630 and 650F of the Corporations Act, a declaration made under this Section 11.6 must be made by LionGold by notice in writing to Castlemaine but reserves the right to do so, not less than 7 days before the end of the Offer Period.

11.7 Status Notice

The date for giving the notice referred to in section 630(1) of the Corporations Act relating to the status of the Conditions in Section 11.5 is 10 July 2012. This date may be extended in accordance with section 630(2) of the Corporations Act if the Offer Period is extended.

11.8 Void Contracts

If, at the end of the Offer Period,

- (a) LionGold has not declared this Offer and all contracts resulting from the acceptance of Offers free from the Conditions in Section 11.5; or
- (b) the Conditions in Section 11.5 have not been fulfilled,

all contracts resulting from the acceptance of Offers and all Offers that have been accepted from whose acceptance binding contracts have not yet resulted will be automatically void. In that event LionGold will, if you have accepted this Offer return, at your risk, your Acceptance Form together with all documents forwarded by you with the Acceptance Form to your address shown in the Acceptance Form.

11.9 Effect of acceptance

Other than as detailed below, once you have accepted this Offer, you will be unable to revoke your acceptance. The contract resulting from your acceptance will be binding on you and you will be unable to withdraw Your Castlemaine Shares from the Offer or otherwise dispose of Your Castlemaine Shares, except as follows:

- (a) if the Offer is terminated in accordance with Section 11.8;
- (b) if the Offer Period is extended for more than one month and at the time this Offer is subject to one or more of the Conditions in Section 11.5, you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act.

11.10 Your agreement

By completing, signing and returning the Acceptance Form, or otherwise accepting the Offer, you will be deemed to have:

- (a) subject to Section 650E of the Corporations Act and Section 11.9, irrevocably accepted this Offer in respect of all Your Castlemaine Shares;
- (b) subject to this Offer being declared free from the Conditions or such Conditions being fulfilled, agreed to transfer all Your Castlemaine Shares to LionGold;
- (c) agreed to execute all such documents, transfers and assurances that may be necessary or desirable to convey Your Castlemaine Shares and any Rights to LionGold;
- (d) represented and warranted to LionGold as a fundamental condition of the contract resulting from your acceptance of this Offer that, both at the time of acceptance of this Offer and at the time the transfer of Your Castlemaine Shares to LionGold that:
 - (i) you have paid to Castlemaine all amounts which at the time of acceptance have fallen due for payment in respect of Your Castlemaine Shares;
 - (ii) all of Your Castlemaine Shares are fully paid up and free from all Encumbrances; and
 - (iii) you have full power and a capacity to accept this Offer and to sell and transfer the legal and beneficial ownership of Your Castlemaine Shares to LionGold;
- (e) irrevocably authorised LionGold (and any of LionGold's Directors, officers, servants or agents) to alter the Acceptance Form on your behalf by:
 - (i) inserting correct details of Your Castlemaine Shares;
 - (ii) filling in any blanks remaining on the Acceptance Form; and
 - (iii) rectifying any errors or omissions on the Acceptance Form,as may be necessary to make the Acceptance Form an effective acceptance of this Offer or to enable registration of all Your Castlemaine Shares in the name of LionGold;
- (f) with effect from the later of your acceptance of this Offer and the date on which all of the Conditions to this Offer in Section 11.5 have been fulfilled or freed:
 - (i) irrevocably appointed LionGold (and each of its Directors, secretaries, officers, agents and attorneys), from time to time, jointly and severally as your true and lawful attorney to exercise all powers and rights which you could lawfully exercise as the registered holder of Your Castlemaine Shares, including (without limitation), powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative at all general meetings of Castlemaine and to request Castlemaine to register, in the name of LionGold or its nominee, Your Castlemaine Shares; and
 - (ii) agreed not to attend or vote in person at any meeting of Castlemaine or to exercise or purport to exercise any of the powers conferred on LionGold or its nominees under Section 11.10(f)(i);
- (g) agreed that in exercising the powers and rights conferred by the powers of attorney granted under Section 11.10(f)(i), the attorney be entitled to act in the interests of LionGold as the beneficial owner and intended registered holder of Your Castlemaine Shares;
- (h) agreed to do all such acts, matters and things that LionGold may require to give effect to the matters the subject of this Section 11.10 (including the execution of a written form of proxy to the same effect as this Section 11.10) which complies in all respects with the requirements of the constitution of Castlemaine, if requested by LionGold;
- (i) irrevocably authorised and directed Castlemaine to pay to LionGold, or to account to LionGold for, all Rights in respect of Your Castlemaine Shares, subject to LionGold accounting to you for any such Rights received if this Offer is withdrawn or any contract resulting from your acceptance to this Offer is rescinded or rendered void;
- (j) irrevocably authorised LionGold to notify Castlemaine on your behalf that your place of address for the purpose of serving notices upon you in respect of Your Castlemaine Shares is the address specified by LionGold in the notification;

- (k) if, at the time of acceptance of this Offer, Your Castlemaine Shares are in a CHESS Holding, with effect from the later of your acceptance of this Offer and the date on which all of the Conditions to this Offer in Section 11.5 have been fulfilled or freed, irrevocably authorised LionGold (and any nominee) to transmit a message in accordance with ASX Settlement Operating Rule 14.17.1 so as to transfer Your Castlemaine Shares to LionGold, regardless of whether it has not yet allotted the Offer Consideration due to you under this Offer at the time of such transfer;
- (l) if, at the time of acceptance of this Offer, Your Castlemaine Shares are in an Issuer Sponsored Holding, with effect from the later of your acceptance of this Offer and the date on which all of the Conditions to this Offer in Section 11.5 have been fulfilled or freed, irrevocably authorised LionGold (and any nominee) to transfer ownership of Your Castlemaine Shares to LionGold, regardless of whether it has not yet allotted the Offer Consideration due to you under this Offer at the time of such transfer.
- (m) agreed to indemnify LionGold in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your HIN or SRN, or in consequence of the transfer of Your Castlemaine Shares to LionGold being registered by LionGold without production of your HIN or SRN for Your Castlemaine Shares; and
- (n) represented and warranted to LionGold that, unless you have notified it in accordance with Section 11.14, Your Castlemaine Shares do not consist of separate and distinct parcels of Castlemaine Shares.

11.11 Continuing representations and warranties

The representations, warranties, undertakings and authorities referred to in Section 11.10 will (unless otherwise stated) remain in force after you receive the consideration for Your Castlemaine Shares and after LionGold becomes registered as the holder of Your Castlemaine Shares.

11.12 Allotment of Offer Consideration

- (a) When you will be issued your Offer Consideration

Subject to this Section 11.12 and the Corporations Act, if you accept this Offer and the Conditions are satisfied or waived, LionGold will issue the Offer Consideration that you are entitled to under the terms of this Offer on or before the earlier of:

- (i) 1 month after the date you validly accepted this Offer or, if at the time of your acceptance this Offer is subject to Conditions, within 1 month after the contract resulting from your acceptance of this Offer becomes, or is declared, unconditional; or
- (ii) 21 days after the end of the Offer Period.

- (b) Where additional documents are required

Where the Acceptance Form requires additional documents to be given to LionGold with your acceptance of the Offer to enable LionGold to become the holder of Your Castlemaine Shares (such as power of attorney):

- (i) if the documents are given with your acceptance, LionGold will issue the Offer Consideration in accordance with section 11.12(a) above;
- (ii) if the documents are given after the acceptance and before the end of the Offer Period and the Offer is subject to the Conditions at the time that LionGold is given the documents, LionGold will issue the Offer Consideration by the end of whichever period ends earlier:
 - (A) within 1 month after the contract resulting from your acceptance of the Offer becomes unconditional; and
 - (B) 21 days after the end of the Offer Period; or
- (iii) if the documents are given after acceptances and before the end of the Offer Period and the Offer is unconditional at the time that LionGold is given the documents, LionGold will issue the Offer Consideration by the end of which whichever period ends earlier:

- (A) within 1 month after LionGold is given the documents; and
- (B) 21 days after the end of the Offer Period;
- (iv) if the documents are given at the end of the Offer Period, and the Offer is unconditional at the time, LionGold will issue the Offer Consideration within 21 days after the documents are given; but if at the time LionGold is given the documents, the Offer is still subject to the conditions, LionGold will issue the Offer Consideration within 21 days after the Offer becomes unconditional.

If you do not provide LionGold with the required additional documents within 1 month after the end of the Offer Period, LionGold may, in its sole discretion, rescind the contract resulting from your acceptance of the Offer.

(c) Return of documents

If the Offer does not become unconditional or any contract arising from the Offer is rescinded by LionGold on the ground of a breach of condition of that contract, LionGold will, at its election, return by post to you (at the address shown on the Acceptance Form) the Acceptance Form and any other documents sent by you or destroy those documents and notify the ASX of this.

(d) Where LionGold is entitled to Rights

If you accept this Offer and LionGold becomes entitled to any Rights in respect of Your Castlemaine Shares, you must give LionGold all documents necessary to vest title to those Rights in LionGold. If you do not give those documents to LionGold, or if you have received the benefit of those Rights, LionGold will be entitled to deduct from the Offer Consideration that you are entitled to in accordance with the terms of this Offer the amount (or an amount equal to the value, as reasonably assessed by LionGold) of those Rights.

(e) Clearance for offshore residents

If, at the time of acceptance of this Offer:

- (i) any authority or clearance of a Government Authority is required for you to received the Offer Consideration under the Offer; or
- (ii) you are a:
 - (A) resident in, or a resident of, a place to which, or
 - (B) person to whom,
 any law of Australia that would make it unlawful for LionGold to allot the Offer Consideration that you are entitled to under the terms of the Offer, applies,

then the acceptance of the Offer will not create or transfer to you any right (contractual or contingent) to have the Offer Consideration allotted to you unless and until all requisite authorities or clearances have been obtained.

11.13 If another person is entitled to Your Castlemaine Shares

If, when the Offer is made to you, or at any time during the Offer Period, another person is entitled to be registered as the holder of some or all of Your Castlemaine Shares (**Transferred Shares**), then LionGold will be taken to have:

- (a) made to the other person a corresponding Offer for the Transferred Shares;
- (b) made you a corresponding Offer for Your Castlemaine Shares except the Transferred Shares; and
- (c) withdrawn the Offer.

11.14 If you are a trustee or nominee

If at any time during the Offer Period you are a trustee for or nominee of two or more persons or Your Castlemaine Shares for some other reason consist of two or more distinct portions within the meaning of section 653B of the Corporations Act, then:

- (a) a separate Offer will be taken to have been made to you in relation to each of the distinct portions of Your Castlemaine Shares; and
- (b) an acceptance by you of the Offer for a distinct portion of Your Castlemaine Shares will be ineffective unless:
 - (i) you have given LionGold a notice, delivered in accordance with this Section 11.14, stating that Your Castlemaine Shares consist of distinct portions; and
 - (ii) your acceptance specifies the number of Castlemaine Shares in the distinct portions to which the acceptance relates.

11.15 Withdrawal

LionGold may withdraw this Offer at any time with the written consent of ASIC. That consent may be given subject to any conditions specified in the consent.

11.16 Variation

LionGold may at any time before the end of the Offer Period vary this Offer in accordance with the Corporations Act:

- (a) by extending the Offer Period;
- (b) by increasing the Offer Consideration; and
- (c) with the written consent of ASIC, and subject to any conditions specified by ASIC in that consent, in the manner that ASIC permits.

11.17 Extension of Offer Period

If LionGold extends the Offer Period, you will be sent notice of the extension, unless, at the date of the extension, you have already accepted this Offer and the Offer has become free from the conditions in Section 11.5 or those conditions have been waived.

11.18 Notice for Hong Kong registered Castlemaine Shareholders

The contents of this Bidder's Statement have not been reviewed by any regulatory authority in the Hong Kong Special Administrative Region of the People's Republic of China (Hong Kong). You are advised to exercise caution in relation to the Offer and should inform yourself as to the legal requirements. If you are in any doubt about any of the contents of this Bidder's Statement, you should obtain independent professional advice.

This Bidder's Statement is distributed on a confidential basis only to Castlemaine Shareholders who are registered in the Castlemaine Register with a registered address in Hong Kong (**HK Shareholders**) but not to, nor is it intended to be distributed to, anyone else nor to any person other than the person to whom this Bidder's Statement is sent. No person receiving a copy of this Bidder's Statement may treat the same as constituting an invitation to that person, unless such an invitation could lawfully be made to that person under the Laws of Hong Kong without compliance with any registration or other similar legal requirements. This Bidder's Statement is not directed at nor are its contents intended to be accessed or read (whether concurrently or otherwise) by the public of Hong Kong other than the HK Shareholders who are sent the same.

LionGold Shares have not been, will not be and are not intended to be offered or sold in Hong Kong, by means of any document, other than (i) to "professional investors" as defined in the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the Securities and Futures Ordinance) and any rules made under the Securities and Futures Ordinance, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance, Chapter 32 of the Laws of Hong Kong (the Companies Ordinance), or (iii) which do not constitute an offer to the public within the meaning of the Companies Ordinance (except if permitted to do so under the securities laws of Hong Kong).

No advertisement, invitation or document relating to the LionGold Shares has been or will be issued, or possessed for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Castlemaine Shares which are or are

intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance and any rules made under that ordinance.

Any recipient of this Bidder’s Statement, if his or her application for LionGold Shares is accepted by LionGold, will be deemed to have undertaken to comply with the Laws of Hong Kong and not to resell or transfer in any manner whatsoever the LionGold Shares to be allotted to him or her or any of them to the public of Hong Kong.

11.19 Offer to Ineligible Foreign Shareholders

- (a) If you are a person whose address as shown in the Castlemaine Register is in a jurisdiction other than Australia, its external territories, Singapore and the law of that jurisdiction makes it, in the reasonable opinion of LionGold, unlawful or too onerous for LionGold to make the Offer to you and to issue you with LionGold Shares then you will be taken to be an **Ineligible Foreign Shareholder**. As an Ineligible Foreign Shareholder, you will not be entitled to receive LionGold Shares as consideration for your Castlemaine Shares.
- (b) In these circumstances:
- (i) LionGold will arrange for the Foreign Sale Nominee of LionGold Shares to which you (and other Castlemaine Shareholders to whom Section 11.19(a) applies) would have become entitled to receive under the Offer Consideration but for this Section 11.19;
 - (ii) cause the Foreign Sale Nominee to sell on-market on the SGX, or cause the Foreign Sale Nominee to procure the on-market sale on the SGX of, all LionGold Shares issued to the Foreign Sale Nominee under Section 11.19(b)(i) as soon as reasonably practicable after the Closing Date;
 - (iii) after the sale of LionGold Shares pursuant to Section 11.19(b)(ii), cause the Foreign Sale Nominee to procure the payment of the amount which is received by the Foreign Sale Nominee upon the sale of all LionGold Shares to which Section 11.19(a) applies less, stamp duty and other sale expenses (**Net Proceeds of Sale**) to Computershare;
 - (iv) Computershare (as paying agent for LionGold) will pay, or procure the payment of the proportion of the Proceeds of Sale to which you are entitled to receive (**Your Entitlement**), ascertained in accordance with the following formula:
$$\text{Your Entitlement} = \text{Net Proceeds of Sale} \times (A/B)$$

where:

A is the number of LionGold Shares which LionGold would otherwise be required to issue to you as a result of the acceptance of the Offer; and

B is the total number of LionGold Shares issued to the Foreign Sale Nominee under Section 9.16(b)(i); and
 - (v) under no circumstances, will interest be paid on Your Entitlement of the Proceeds of Sale regardless of any delay in remitting those proceeds to you.
- (c) Payment will be made by cheque in Australian dollars posted to you at your risk by ordinary mail.
- (d) Notwithstanding anything else in the Bidder’s Statement, LionGold is under no obligation to spend any money, or undertake any action, in order to satisfy itself that a person is not an Ineligible Foreign Shareholder and is therefore able to receive LionGold Shares under the Offer or their share of the net proceeds of sale as set out in this Section 11.19.

12 ADDITIONAL INFORMATION

12.1 Bid Implementation Deed

Copies of the announcements made by LionGold to the SGX and ASX on the Announcement Date regarding the Offer including the Implementation Deed are available through the ASX and SGX websites or Castlemaine's and LionGold's websites respectively.

In addition to the terms and conditions of the Offer set out in this Bidder's Statement, the Implementation Deed contains the following material terms:

- (a) Conduct of business by Castlemaine before the end of the Offer Period
 - (i) Until the end of the Offer Period, Castlemaine must and procure that any subsidiary must carry on its business in substantially the same manner as previously conducted and in accordance with normal and prudent practice and in the ordinary course including maintaining the condition of its business and assets.
 - (ii) Until the end of the Offer Period, Castlemaine must ensure that Castlemaine takes all action from time to time as may be necessary to maintain any mining or exploration tenements, licences or permits registered in the name of Castlemaine or its subsidiaries in good standing.
 - (iii) In addition, Castlemaine has agreed that it will not do any of the following things prior to the end of the Offer Period (unless LionGold consents):
 - (A) enter into or terminate a Material Contract (as defined in the Implementation Deed);
 - (B) increase the remuneration of or pay any bonus (other than in accordance with existing arrangements and in the ordinary course) or issue any securities or options to, or otherwise vary the employment agreements with, any of its directors or employees;
 - (C) accelerate the rights of any of its directors or employees to benefits or any kind;
 - (D) pay a director, executive or employee a termination payment, other than as provided for in an existing employment contract in place as at the Announcement Date;
 - (E) announce, declare or pay any dividends;
 - (F) take any action which would be reasonable expected to give rise to a Prescribed Occurrence;
 - (G) take any action in respect of its information technology systems which would have a material impact on those systems; or
 - (H) do any of the matters set out above.
- (b) Payment of break fee by Castlemaine
 - (i) Castlemaine has agreed to pay LionGold a break fee of \$250,000 (**Break Fee**) if at any time after the Announcement Date, any of the following circumstances occur:
 - (A) a Competing Proposal is announced and is publicly recommended, promoted or otherwise endorsed by the Castlemaine Board or by any of the Castlemaine Directors;
 - (B) a Competing Proposal is completed at any time prior to the first anniversary of the Execution Date and, as a result, a party to the Competing Proposal acquires a Relevant Interest in 20% or more of all Castlemaine Shares which was not held prior to the announcement of the Competing Proposal;

- (C) any Castlemaine Director does not recommend the Takeover Bid to Castlemaine Shareholders or, having recommended it, withdraws his or her recommendation of the Takeover Bid except if the rolling 20 day VWAP of LionGold's Shares ending on any trading day during the period from the Announcement Date to the date that the Takeover Bid becomes unconditional (providing that LionGold has a Relevant Interest in Castlemaine Shares of 50.1% or more, including, for this purpose, any acceptances under the Institutional Acceptance Facility) falls to a level that is 20% below the price of LionGold Shares as at the close of trading on the Business Day before the date of the Bid Implementation Deed (**LionGold Event**);
 - (D) any Castlemaine Director who holds Castlemaine Shares or who has control over Castlemaine Shares (**Director Shares**) does not accept the Offer (or procures that any Director Share is not accepted into the Takeover Bid) except if the Bid Implementation Deed has been terminated or if a LionGold Event occurs;
 - (E) LionGold terminates the Implementation Deed and that termination relates to:
 - a. a material unremedied breach of a warranty made by Castlemaine in the Implementation Deed (or a material breach of a warranty made by Castlemaine in the Implementation Deed that cannot be remedied) and the effect of that breach would result in a Castlemaine Adverse Material Change or cause a person in the position of LionGold to not proceed with the Takeover Bid on the terms and subject to the conditions of the Implementation Deed; or
 - b. the happening of a Prescribed Occurrence which was not consented to by LionGold or has not been waived by LionGold;
 - (F) LionGold terminates the Implementation Deed in accordance with clause 9.1 of the Implementation Deed (which relates to a material breach of the Implementation Deed);
 - (G) Castlemaine terminates the Implementation Deed in accordance with clause 9.2(b) of the Implementation Deed (which relates to termination in the case of a LionGold Event); or
 - (H) a dividend other than a dividend made in the ordinary course of business is declared, announced or paid during the term of the Implementation Deed.
- (c) Payment of break fee by LionGold
- (i) LionGold must pay Castlemaine a break fee of \$250,000 if at any time after the Announcement Date, any of the following circumstances occur:
 - (A) LionGold does not make an Offer as required by the terms of the Implementation Deed; or
 - (B) Castlemaine terminates the Implementation Deed in accordance with clause 9.1 of the Implementation Deed (which relates to a material breach of the Implementation Deed).
- (d) Exclusivity obligations
- Castlemaine has agreed to grant certain exclusivity rights to LionGold in respect of the Takeover Bid, subject to standard fiduciary carve-outs in the case of a Superior Proposal or a Competing Proposal.

12.2 Foreign Investment Review Board approval

On 20 April 2012, LionGold applied to the Treasurer under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) for a statement of no objection to the acquisition of up to 100% of the issued capital of Castlemaine under the Offer. On 22 May 2012, the Foreign Investment Review Board Secretariat issued a letter of no objection to LionGold in respect of the Offer.

12.3 Acquisitions of Castlemaine Shares by LionGold and its associates during the last 4 months

Pursuant to a Subscription Agreement between Castlemaine and LionGold dated 14 April 2012, LionGold subscribed for and Castlemaine issued on 3 May 2012, 33,913,000 Castlemaine Shares to LionGold at an issue price of A\$0.115 per new share.

12.4 Collateral benefits

During the period of 4 months before the date of this Bidder's Statement, neither LionGold nor any associate of LionGold gave, or offered to give, a benefit to another person that was likely to induce the other person, or an associate of that person, to:

- (a) accept the Offer; or
- (b) dispose of their Castlemaine Shares,

and which was not offered to all holders of Castlemaine Shares under the Offer.

12.5 Information about LionGold Shares

LionGold is incorporated in Bermuda. The following is a broad summary of the rights which attach to LionGold Shares. It is not intended to be an exhaustive summary. Please also refer to Annexure I for a table setting out some of the key companies and securities laws and regulations in Bermuda and Singapore which apply to LionGold and also a comparison of these laws and regulations against Australian companies and securities laws and regulations.

The rights, privileges and restrictions attaching to LionGold Shares can be summarised as follows:

Ordinary shares	LionGold currently has one class of shares, namely, ordinary shares. Under the Companies Act 1981 of Bermuda (Bermuda Companies Act), only persons who are registered on the register of members are recognised as shareholders of LionGold. Shareholders who are named as depositors in the depository register maintained by The Central Depository (Ptd) Ltd (CDP) will not be recognised as shareholders under Bermuda law and will hold their shares and exercise their rights through CDP.
General meetings	A shareholder is entitled to attend, speak and vote at any general meeting in person and a shareholder (other than CDP) who is the holder of two or more shares may appoint not more than two proxies to attend on the same occasion. A proxy need not be a shareholder.
Voting rights	Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a show of hands every shareholder who is present in person or by a duly authorised corporate representative or by proxy shall have one vote, and on a poll every shareholder present in person or by a duly authorised corporate representative or by proxy, shall have one vote for every share of which he is the holder which is fully paid up or credited as fully paid up. On a poll a shareholder entitled to more than one vote need not use all his votes or cast his votes in the same way. The Bye-laws of LionGold provide a distinction between an "ordinary resolution" and a "special resolution", a distinction which is not made in the Bermuda Companies Act. A resolution shall be an "ordinary resolution" when it has been passed by a simple majority of the votes cast by the shareholders at a general meeting held in accordance with these presents and of which not less than 14 days' notice has been duly given. A resolution shall be a "special resolution" when it has been passed by a majority of not less than 3/4 of the votes cast by the shareholders at a general meeting of which not less than 21 days' notice, specifying (without prejudice to the power contained in these presents to amend the same) the intention to propose the resolution as a special resolution, has been duly given.

Dividend rights	LionGold may, by ordinary resolution, declare dividends at a general meeting, but may not pay dividends in excess of the amount recommended by the Board of Directors. All dividends declared by LionGold must be paid out of profits, which would generally comprise retained earnings.
Winding-up	<p>As LionGold is incorporated in Bermuda, any winding-up of LionGold is governed by the provisions of the Bermuda Companies Act and by the Companies (Winding Up) Rules 1982 (Rules) and may be divided into the following two types:</p> <p>(a) voluntary winding-up which commences with the shareholders' resolution or upon the happening of a specified event (fixed or limited life company) and which itself can be sub-divided into a shareholders' voluntary winding-up and a creditors' voluntary winding-up; and</p> <p>(b) compulsory winding-up, by petition presented to the courts of Bermuda followed by a winding-up order.</p> <p>If LionGold is wound up, the surplus assets remaining after payment to all creditors shall be divided among the shareholders in proportion to the capital paid up on the shares held by them respectively, and if such surplus assets shall be insufficient to repay the whole of the paid up capital, they shall be distributed subject to the rights of any shares which may be issued on special terms and conditions, so that, as nearly as may be, the losses shall be borne by the shareholders in proportion to the capital paid up on the shares held by them respectively.</p>
Transfer of Shares	Title to securities of companies whose securities are traded or listed on an appointed stock exchange may, only with effect from the coming into operation of regulations made by the Minister of Finance of Bermuda (the Minister), be evidenced and transferred without a written instrument either in accordance with regulations made by the Minister or by a person appointed by the Minister i.e. through the mechanism required or permitted by an appointed stock exchange.
Variation of rights of existing shares or classes of shares	Subject to the Bermuda Companies Act, if at any time the share capital of LionGold is divided into different classes of shares, all or any of the special rights attached to any class (unless otherwise provided for by the terms of issue of the shares of that class) may, subject to the provisions of the Bermuda Companies Act, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.
Change in capital	Under the Bermuda Companies Act, changes in the capital structure of LionGold (for example, an increase, a consolidation or a sub-division of the share capital of LionGold) require shareholder approval at general meetings which requires a minimum period of 14 days with resolutions being passed by a simple majority. However, LionGold is required to obtain shareholders' consent by way of a special resolution for any reduction of its share capital, redemption reserve, fund or any share premium account or other undistributable reserve, subject to the conditions prescribed by law.
Limitations of shareholders regarded as non-residents of Bermuda	Provided that the shares of LionGold remain listed on the Singapore Exchange, there are no limitations on the rights of LionGold Shareholders who are regarded as non-residents of Bermuda to hold or vote their shares.

12.6 Institutional Acceptance Facility

LionGold has established an acceptance facility (**Institutional Acceptance Facility**) that will be open to certain Castlemaine Shareholders who are wholesale investors (as determined by the Corporations Act) and who hold a minimum of 300,000 Castlemaine Shares. The Institutional Acceptance Facility will be established to provide for a situation to accommodate Castlemaine Shareholders who are wholesale investors and are unable to accept the Offer (for example, by reason of their investment mandates) until it is declared unconditional.

The Institutional Acceptance Facility will be by invitation only and its terms will be advised to eligible Castlemaine Shareholders who are wholesale investors and are invited to participate (**Eligible Acceptance Facility Shareholders**). Castlemaine Shareholders who are not Eligible Acceptance Facility Shareholders will not be able to participate in the Institutional Acceptance Facility.

LionGold has arranged for Computershare to act as lodgement agent for the Eligible Acceptance Facility Shareholders under the Institutional Acceptance Facility (**Lodgement Agent**). Enquiries especially in

relation to the Institutional Acceptance Facility may be directed to IAF@computershare.com.au. All other enquires should be made through the LionGold Offer Information Line.

It is intended that the key features of the Institutional Acceptance Facility will be as follows:

- (a) Eligible Acceptance Facility Shareholders will be able to lodge Acceptance Forms and/or directions to custodians to accept the Offer (**Acceptance Instructions**) with the Lodgement Agent in respect of the Castlemaine Shares which the Eligible Acceptance Facility Shareholder holds;
- (b) the Lodgement Agent will hold Acceptance Instructions as lodgement agent only and will not acquire a Relevant Interest in any of the Castlemaine Shares the subject of the Acceptance Instructions. Acceptance Instructions lodged with the Lodgement Agent will demonstrate the intention of the relevant Eligible Acceptance Facility Shareholders to accept the Offer; however, they will not constitute acceptances of the Offer while they are held by the Lodgement Agent;
- (c) Eligible Acceptance Facility Shareholders who lodge Acceptance Instructions with the Lodgement Agent will have directed the Lodgement Agent to deliver the Acceptance Instructions as formal acceptances of the Offer once LionGold provides written confirmation (**Confirmation Letter**) to the Lodgement Agent that either:
 - (i) LionGold has declared the Offer free from all Offer Conditions; or
 - (ii) LionGold will declare the Offer free from all Offer Conditions as soon as practicable after all Acceptance Instructions are validly processed or implemented;
- (d) until the Lodgement Agent receives the Confirmation Letter from LionGold, Eligible Acceptance Facility Shareholders will retain all rights in relation to their Castlemaine Shares and will be able to withdraw their Acceptance Instructions by notice in writing to the Lodgement Agent at any time; and
- (e) before 9.00am on each Business Day during the Offer Period, the Lodgement Agent will inform LionGold of the number of Castlemaine Shares in respect of which Acceptance Instructions have been received. Following receipt of this information from the Lodgement Agent, LionGold will disclose this to the ASX by 9.30am on the Business Day following any movement in the aggregate of the number of Castlemaine Shares subject to the Institutional Acceptance Facility and the number of Castlemaine Shares in which LionGold has a Relevant Interest together with a breakdown of the aggregate amount between those two categories.

12.7 Disclosure of fees and benefits received by certain persons

- (a) Except as set out in this Bidder's Statement, no person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement holds, or held at any time during the last two years, any interest in:
 - (i) the formation or promotion of LionGold;
 - (ii) property acquired or proposed to be acquired by LionGold in connection with its formation or promotion or the Offer; or
 - (iii) the Offer of LionGold Shares.
- (b) Holding Redlich acted as Australian legal adviser to LionGold in relation to the Offer. In respect of this work, Holding Redlich will be paid approximately A\$340,000 (excluding disbursements and GST) for work performed by it until the date of this Bidder's Statement.
- (c) Robert Wang & Woo LLP acted as Singaporean legal adviser to LionGold in relation to the Offer. In respect of this work, Robert Wang & Woo LLP will be paid approximately S\$150,000 (approximately \$A118,548) (excluding disbursements and GST) for work performed by it until the date of this Bidder's Statement.
- (d) Moore Stephens acted as Investigating Accountant and has prepared the Investigating Accountant's Report and the section on Australian tax considerations. In respect of the preparation of the Investigating Accountants Report and in respect of the work on Australian tax considerations, Moore Stephens will be paid A\$45,000 (excluding disbursements).
- (e) Bentsi-Enchill Letsa & Ankomah prepared the Ghana Tenements Report (in respect of LionGold's interests in Ghana and Mali, other than the Konongo Gold Project). In respect of the preparation of this Tenements Report, Bentsi-Enchill Letsa & Ankomah will be paid US\$2,440 (approximately A\$2,476) (excluding disbursements).
- (f) Reindorf Chambers prepared the Ghana Tenements Report in respect of LionGold's interests in the Konongo Gold Project. In respect of the preparation of this Tenements Report, Reindorf Chambers will be paid US\$9,250 (approximately A\$9,388) (excluding disbursements).

- (g) John W. Ffooks & Co has prepared the Mali Tenements Report. In respect of the preparation of the Mali Tenements Report, John W. Ffooks & Co will be paid GBP5,000 (approximately A\$7,857) (excluding disbursements).
- (h) Appleby acted as Bermuda legal adviser to LionGold solely in relation to the information regarding the rights, privileges and restrictions attaching to LionGold Shares as set out at Section 12.5 and the parts relating to Bermuda laws in Annexure I (Comparison of Relevant Companies and Securities Laws and Listing Rules Applying to LionGold in Singapore and Bermuda). Appleby will be paid approximately US\$6,000 for this work.

The parties above have given and have not, before the date of this Bidder's Statement, withdrawn their consent to be named in this Bidder's Statement in the form and context in which they are named above.

12.8 Additional Consents

- (a) Computershare Investor Services Pty Limited has been engaged by LionGold to assist with certain aspects of the Offer, including:
 - (i) the printing and despatch of this Bidder's Statement;
 - (ii) the receipt and processing of acceptances of the Offer;
 - (iii) the receipt and despatch to relevant Castlemaine Shareholders of funds received from the Sale Facility Agent and the Foreign Sale Nominee in respect of the proceeds received under the Share Sale Facility and the sale of the LionGold Shares applying to Ineligible Foreign Shareholders; and
 - (iv) the establishment and operation of the Institutional Acceptance Facility.
- (b) Raymond Tan is the company secretary of LionGold. He is also a partner of Robert Wang & Woo LLP, the Singapore legal adviser to LionGold.
- (c) Auralia Mining Consulting Pty Limited and SEMS Exploration Services Ltd have been engaged by LionGold for the purpose of preparing the Independent Geologist's Reports.
- (d) Georgeson Shareholder Communications Australia Pty Limited has been engaged by LionGold to provide the LionGold Offer Information Helpline to Castlemaine Shareholders in relation to the Offer.
- (e) Ord Minnett has been engaged by LionGold in respect of its role as Sale Facility Agent for the Share Sale Facility and Foreign Sale Nominee. In accordance with section 619(3) of the *Corporations Act*, ASIC has approved Ord Minnett (ABN 68 553 454 614 Australian Financial Services Licence 237121) as the nominee for the purpose of receiving and selling LionGold Shares to which Ineligible Foreign Shareholders would otherwise have been entitled to receive under the Offer.

The parties above have given and have not, before the date of this Bidder's Statement, withdrawn their consent to be named in this Bidder's Statement in the form and context in which they are named above.

12.9 Responsibility for information

- (a) SEMS Exploration Ltd prepared the Independent Geologist's Report in relation to LionGold's interests in Ghana and Mali (other than the Konongo Gold Project). None of LionGold, nor its respective directors, officers, employees and advisers assumes any responsibility for the accuracy or completeness of the information in the Independent Geologist's Report, except in relation to information given by LionGold to SEMS Exploration Ltd. This report was originally issued by SEMS Exploration Ltd in respect of the Signature Metals Limited takeover bid and included in the supplementary bidder's statement issued by LionGold to shareholders of Signature Metals Limited on 20 January 2012. On the basis that LionGold has indicated to SEMS Exploration Ltd that there has been no material change in the mining interests held by LionGold in Ghana (other than the Konongo Gold Project) and Mali since 20 January 2012, the original report remains valid and has therefore been reissued by SEMS Exploration Ltd for the purposes of this Bidder's Statement.
- (b) Auralia Mining Consulting Pty Ltd prepared the Independent Geologist's Report in respect of the Konongo Gold Project in which LionGold's 76% subsidiary, Signature Metals Limited, has a 70% interest. None of LionGold, nor its respective directors, officers, employees and advisers assumes any responsibility for the accuracy or completeness of the information in the Independent Geologist's Report, except in relation to information given by LionGold to Auralia Mining Consulting Pty Ltd.
- (c) Moore Stephens prepared the Investigating Accountant's Report and the Australian tax considerations section (Section 10.1) and is responsible for the IAR and the Australian tax considerations section. None of LionGold, nor its respective directors, officers, employees and advisers assumes any responsibility for the accuracy or completeness of the information in the

Investigating Accountant's Report or the Australian tax considerations section of this Bidder's Statement except, in relation to information given by LionGold to the Investigating Accountant.

- (d) John W. Fooks & Co prepared the Mali Tenements Report and is responsible for that report. None of LionGold, nor its respective directors, officers, employees and advisers assumes any responsibility for the accuracy or completeness of the information in the Mali Tenements Report, except, in relation to information given by LionGold to John W. Fooks & Co.
- (e) Bentsi-Enchill Letsa & Ankomah prepared the Ghana Tenements Report relating to the mining interests held by ASWA in Ghana, and is responsible for that report. None of LionGold, nor its respective directors, officers, employees and advisers assumes any responsibility for the accuracy or completeness of the information in the Ghana Tenements Report which Bentsi-Enchill Letsa & Ankomah has prepared, except in relation to information given by LionGold to Bentsi-Enchill Letsa & Ankomah.
- (f) Reindorf Chambers prepared the Ghana Tenements Report relating to the Konongo Gold Project and Owere Mines Limited and is responsible for that report. None of LionGold, nor its respective directors, officers, employees and advisers assumes any responsibility for the accuracy or completeness of the information in that Ghana Tenements Report, except in relation to information given by LionGold to Reindorf Chambers.

12.10 Agreements with Castlemaine directors

There is no agreement between LionGold and a director or another officer of Castlemaine in connection with or conditional on the outcome of the Offers.

12.11 Benefits given, offered or agreed

Except as otherwise disclosed in this Bidder's Statement, during the four months before the date of this Bidder's Statement, neither LionGold nor an associate gave, offered to give or agreed to give a benefit to another person that was likely to induce the other person or an associate to:

- (a) accept an Offer; or
- (b) dispose of Castlemaine Shares,

that was not offered to all Castlemaine Shareholders.

12.12 Expenses of the Offer

The total costs of the Offer to be borne by LionGold are estimated at approximately A\$976,000. This includes accounting, solicitors, stamp duty, share registrar, printing, postage, ASIC, ASX and other professional fees.

12.13 Date for determining holders

For the purposes of section 33(2) of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) of the Corporations Act is the Register Date, being 7pm (Sydney time) on 13 June 2012.

12.14 Material litigation

LionGold was served with a Notice of CIETAC (China International Economic Trade and Arbitration Commission) Arbitration (**Notice of Arbitration**) (equivalent of the Statement of Case) on 9 March 2011 in relation to a claim for a sum of approximately S\$1,786,500 made by the Chinese Society of Environmental Services (**CSES**) against LionGold.

The dispute relates to the Strategic Alliance Co-operation and Services Agreement (**SACA**) entered into by LionGold with CSES to establish a strategic alliance to mutually promote renewable energy and other relevant environmental projects in the People's Republic of China (**PRC**). On 31 March 2010, LionGold entered into a Supplemental Agreement to the SACA to settle the payment by way of issuance of a number of shares to CSES (or its nominees) that are equivalent to the service fee of S\$2,000,000.

On 18 November 2011, LionGold announced that it has been informed by its PRC solicitors that an award has been made against LionGold and LionGold is required to pay an aggregate sum of approximately S\$1,700,000 (inclusive of costs) to CSES. LionGold is taking advice from its PRC solicitors and intends to contest the award made.

On 10 February 2012, LionGold announced that it had taken out an application to set aside the award made against LionGold before the Beijing No. 1 Intermediate People's Court.

The CSES has also made an application to enforce the award against LionGold in Singapore. LionGold has appointed lawyers to resist this enforcement application. The matter is adjourned to 18 June 2012 before the Supreme Court of Singapore.

12.15 Exploration Results, Mineral Resources and Ore Reserves Information

The information in Sections 4.3 and 5.5(a) of this Bidder's Statement which relates to the Mineral Resources of the Amayapampa Gold Project has been compiled and reviewed by Kerrin Allwood. Kerrin Allwood is a member of the Australasian Institute of Mining and Metallurgy, and has sufficient experience which is relevant to the style of mineralisation 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 is a consultant working with Geomodelling Ltd which was engaged by Republic to prepare Mineral Resources estimates in respect of the Amayapampa Gold Project. Kerrin Allwood consents to the inclusion of this information in the form and context in which it appears based on the information presented to him and has not withdrawn that consent before the date of lodgement with ASIC of this Bidder's Statement.

The information in Sections 4.3 and 5.5(a) of this Bidder's Statement which relates to the Ore Reserves of the Amayapampa Gold Project has been compiled and reviewed by Colin Spratt. Colin Spratt is a member of the Australasian Institute of Mining and Metallurgy, and has sufficient experience which is relevant to the style of mineralisation 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. Colin Spratt is employed by AMC Consultants Pty Ltd. Colin Spratt consents to the inclusion of this information in the form and context in which it appears based on the information presented to him and has not withdrawn that consent before the date of lodgement with ASIC of this Bidder's Statement.

The information in this Bidder's Statement which relates to Mineral Resources at the Konongo Gold Project containing deposits at Obenmase, Boabedroo, Aserewa, Atunsu, Apan, Patuo and Kwakawkaw and the Southern Tails Area has been compiled and reviewed by Peter John Ball. Mr Ball is a member of the Australasian Institute of Mining and Metallurgy, and has sufficient experience which is relevant to the style of mineralisation 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. Mr Ball is a consultant working with DataGeo Geological Consultants which was engaged by Signature to prepare Mineral Resources estimates in respect of the Konongo Gold Project. Mr Ball consents to the inclusion of this information in the form and context in which it appears based on the information presented to him and has not withdrawn that consent before the date of lodgement with ASIC of this Bidder's Statement.

The information in Sections 4.3 and 5.5(b) of this Bidder's Statement which relates to Mineral Resources of Brimstone has been compiled and reviewed by Peter John Ball. Mr Ball is a member of a member of the Australasian Institute of Mining and Metallurgy, and has sufficient experience which is relevant to the style of mineralisation 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. Mr Ball consents to the inclusion of this information in the form and context in which it appears based on the information presented to him and has not withdrawn that consent before the date of lodgement with ASIC of this Bidder's Statement.

The information in Section 5.5(b) of this Bidder's Statement that relates to tenements in joint ventures and other tenements owned by Brimstone is based on information compiled by Ray Muskett. Ray Muskett is a member of the Australian Institute of Mining and Metallurgy and 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). Ray Muskett 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. Ray Muskett consents to the publication of this information in the form and content in which it appears based on the information presented to him and has not withdrawn that consent before the date of lodgement with ASIC of this Bidder's Statement.

The information in Section 4.3 of this Bidder's Statement which relates to Exploration Results and Mineral Resources of Castlemaine has been compiled and reviewed by Mr Wessley Byce Edgar who is an employee of Castlemaine. Mr Edgar is a member of a member of the Australasian Institute of Mining and Metallurgy, and has sufficient experience which is relevant to the style of mineralisation 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. Mr Edgar consents to the inclusion of this information in the form and context in which it appears based on the information presented to him and has not withdrawn that consent before the date of lodgement with ASIC of this Bidder's Statement.

The information in this Bidder's Statement which relates to Exploration Results and sampling (and for which another competent person has not given a sign-off, as set out in this Section 12.15) has been compiled and

reviewed by Errol Smart. Errol Smart is a member of the South African Council for Natural Scientific Professions, being a "Recognised Overseas Professional Organisation" included in the list promulgated by the ASX (**ROPO**), and has sufficient experience which is relevant to the style of mineralisation 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. Errol Smart consents to the inclusion of this information in the form and context in which it appears based on the information presented to him and has not withdrawn that consent before the date of lodgement with ASIC of this Bidder's Statement.

12.16 Key contracts

LionGold Group's key contracts which are referred to in this Bidder's Statement are set out below:

- (a) LionGold has entered into a conditional Share Purchase Agreement with Republic Gold Limited (**Republic**) dated 2 June 2012 under which LionGold will acquire the entire issued capital of Vista Gold (Antigua) Corp (**Vista Gold Antigua**) as well as acquire Republic's interest in loans due from Vista Gold Antigua to Republic (together, the **Vista Gold Antigua Acquisition**).

LionGold will pay a total of US\$7 million to Republic of which US\$6.25 million will be satisfied by way of the issue of new LionGold Shares and the remaining US\$750,000 will be set-off against the same amount which is owed by Republic to LionGold under a loan agreement dated 16 May 2012. Republic has agreed not to dispose of more than 25% of these LionGold Shares in each three month period following completion unless a takeover bid is announced for LionGold Shares.

The parties have also agreed a completion adjustment under which Republic must pay to LionGold an adjustment amount equal to the amount by which completion liabilities exceed target liabilities.

Completion of the Vista Gold Antigua Acquisition is subject to numerous conditions precedent, including:

- (i) LionGold completing due diligence investigations to its satisfaction;
- (ii) approval from the SGX for the listing and quotation of the LionGold Shares to be issued to Republic;
- (iii) LionGold receiving all regulatory approvals and third party consents which are required to complete the transaction; and
- (iv) approval from Republic's shareholders under the ASX Listing Rules for Republic to divest Vista Gold Antigua.

The conditions need to be satisfied by 16 August 2012 (other than the due diligence condition which needs to be satisfied within 30 trading days after 2 June 2012), otherwise the Share Purchase Agreement may be terminated by either party. LionGold may, in certain circumstances, also terminate the agreement if there is a material breach of a warranty by Republic before completion.

Under the Share Purchase Agreement, Republic has provided representations, warranties and indemnities in LionGold's favour. LionGold considers that the liability regime under the Share Purchase Agreement is standard for acquisitions of this nature. The parties have agreed that 25% of the LionGold Shares that are to be issued by LionGold to Republic will be held in escrow for 12 months after completion to satisfy warranty and other claims that LionGold may have under the Share Purchase Agreement.

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

- (b) As announced to the SGX, on 4 June 2012, LionGold has entered into a Bid Implementation Deed with Brimstone Resources Limited (**Brimstone**) under which LionGold will make a conditional off market-takeover bid for the entire issued capital of Brimstone (**Brimstone Implementation Deed**). A copy of the announcement, including the conditions of the offer, are available through the SGX Website or Brimstone's and LionGold's respective websites.

The Brimstone Implementation Deed contains the following material terms:

- (i) Terms of the offer
 - (A) LionGold will offer 100 LionGold Shares for every 424 Brimstone Shares.
 - (B) LionGold must despatch the offer and its bidder's statement in respect of the offer by no later than 4 August 2012. It is expected that Brimstone's target statement will be despatched at or around the same time as LionGold's bidder's statement.

- (ii) Conditions of the offer
- (A) As detailed above, the full terms of the offer conditions are available from the SGX website and Brimstone's and LionGold's respective websites.
- (B) In summary, the offer conditions include:
- a. a 50.1% minimum acceptance condition;
 - b. approval for the acquisition by the Foreign Investment Review Board;
 - c. no tenement, mining or exploration agreement or mining right, lease or prospect of Brimstone or its subsidiaries is revoked, terminated or expires;
 - d. no prescribed occurrence occurring under s652C of the Corporations Act;
 - e. no action being taken by a government agency which adversely affects LionGold's offer;
 - f. LionGold receiving all approvals from government agencies to permit LionGold's offer to be made and accepted by Brimstone shareholders or as a result of the offer (or acquisition of Brimstone shares) which are necessary for the continued operation of the business of Brimstone or its subsidiaries;
 - g. Brimstone and its subsidiaries not undertaking certain actions (including asset acquisitions or disposals over a specified amount, entry into joint ventures involving commitments over a specified amount or incurring capital expenditure or liability above a specified amount);
 - h. Brimstone lodging caveats to protect specifically identified mining interests;
 - i. Brimstone and third parties agreeing specific amendments to an existing joint venture agreement;
 - j. LionGold not becoming aware of any material error or misleading statement, or omission, in Brimstone documents filed with ASIC;
 - k. no person having any right to acquire a material assets of Brimstone or its subsidiaries, terminate any material agreement with any of them or accelerate or adversely modify the performance of any of their obligations under a material contract;
 - l. no event of force majeure occurring; and
 - m. no material adverse change occurring.
- (iii) Funding and provision of a loan
- (A) LionGold and Brimstone propose to enter into a loan agreement (**Loan Agreement**) once certain of the offer conditions are satisfied. The form of the Loan Agreement has been agreed, however, it will not be entered into until certain bid conditions are satisfied (and provided that others have not occurred). The proposed material terms of the loan agreement include the following:
- a. LionGold will loan \$1,000,000 to Brimstone, \$100,000 of which has already been advanced by LionGold. The funds may be used to satisfy Brimstone's capital expenditure requirements in respect of certain existing contractual arrangements and any budget agreed by the parties from time to time;
 - b. the interest rate of the loan is 3% above the Australian bank bill swap reference mid rate;
 - c. the term of the loan is 12 months; and
 - d. representations, warranties, undertakings and events of default which LionGold considers appropriate for a loan of this nature.
- (B) If the full amount of the facility under the Loan Agreement is drawn down, the \$100,000 is taken to form part of the amounts due under the Loan Agreement. If not fully drawn down, the \$100,000 is non-refundable unless

Brimstone directors withdraw their recommendation of LionGold's offer in certain circumstances.

- (C) LionGold has also agreed to provide Brimstone (or procure from third parties), after the closing of the offer, additional funding in such form and on such terms as may be agreed by the parties (no terms have been agreed as yet). The current intention of LionGold and Brimstone is that the additional funding will be in an amount of \$3 to \$3.5 million (however, the final amount will be determined by LionGold and Brimstone in good faith negotiations which consider Brimstone's then operational needs and considering Brimstone's working capital requirements.
- (iv) Conduct of business by Brimstone before the end of the offer
 - (A) Until the end of the period of the offer, Brimstone must and procure that any subsidiary must carry on its business in substantially the same manner as previously conducted and in accordance with normal and prudent practice and in the ordinary course including maintaining the condition of its business and assets.
 - (B) Until the end of the period of the offer, Brimstone must ensure that it takes all action from time to time as may be necessary to maintain any mining or exploration tenements, licences or permits registered in its name or its subsidiary's in good standing.
 - (C) The Brimstone Implementation Deed also includes specific prohibitions regarding the conduct of Brimstone and its subsidiaries which LionGold considers are standard for a transaction of this nature.
- (v) Exclusivity obligations

Brimstone has agreed to grant certain exclusivity rights to LionGold in respect of the offer, subject to standard fiduciary carve-outs in the case of a superior proposal or a competing proposal.
- (vi) Board appointment

Once LionGold's offer is unconditional (and provided that LionGold has greater than a 50.1% relevant interest in Brimstone shares) LionGold will be entitled to appoint persons to the Brimstone board so that LionGold's number of nominees on the board constitutes a majority of the board. Once the offer closes (provided that it is unconditional) the Brimstone board will be reconstituted (including by appointment of LionGold nominees and resignation of existing directors) so that, as far as possible, the number of LionGold nominees corresponds to its relevant interest in Brimstone shares.
- (c) LionGold entered into a Heads of Agreement dated 27 April 2011 with African Stellar Holdings Ltd (**ASHL**) and African Stellar (West Africa) Limited (**ASWA**), for the subscription by LionGold of 5,100,000 new ordinary shares constituting 51% of the issued and paid-up share capital of ASWA for an aggregate consideration of US\$5,000,000. The balance 49% of the issued and paid-up share capital of ASWA is held by ASHL. The consideration of US\$5,000,000 is allocated as follows, US\$1,500,000 to be paid as capital and US\$3,500,000 to be advanced as shareholders' loans.

As at the date of this Bidder's Statement, LionGold has paid an aggregate of approximately US\$4,032,000 to ASWA, leaving a balance of approximately US\$968,000 to be paid. On 29 May 2012, LionGold and ASHL agreed that LionGold cease to be the exclusive funder for the business carried on by ASWA and also that LionGold's 51% shareholding of ASWA should be scaled-back to approximately 41%. The 10% shares that are scaled-back would instead be given to ASHL. In addition, it was agreed between the parties that LionGold is not under any obligation to provide any further funding to ASWA.
- (d) LionGold entered into a sale and purchase agreement dated 27 December 2010 with Avalon Ventures Corporation, for the acquisition of shares constituting 70% of the issued and paid-up share capital of Mornington Offshore Inc. Under the terms of the agreement, LionGold may be required to pay additional consideration of up to US\$30,000,000 in the event that certain milestones relating to gold production are met. As at the date of this Bidder's Statement, no part of the sum of US\$30,000,000 has been paid or is payable and LionGold Board does not expect any part of the sum of US\$30,000,000 to be payable. If, nevertheless, any part of the additional consideration becomes payable, LionGold may elect to satisfy the consideration of up to 70% of such amounts by way of an allotment and issue of additional new LionGold Shares subject to terms and conditions including compliance with SGX listing rules.

Under this agreement, LionGold has agreed to purchase 70% of the issued and paid-up capital of Mornington Offshore Inc for a consideration of US\$35,000,000 (in shares & cash). The deferred

consideration (US\$30,000,000) would be payable only upon the following conditions being satisfied.

Milestone	Performance Requirement	Amount Payable
A	For the first 1,000,000 ounces of Measured Mineral Resource and Indicated Resource (M+I Resource) as independently certified by JORC	US\$15.00 per ounce
B	For the next 500,000 ounces of M+I Resource in excess of the first 1,000,000 ounces	US\$18.00 per ounce
C	For every ounce of M+I Resource in excess of the first 1,500,000 ounces	US\$21.00 per ounce
D	For achieving production of 36,000 ounces per annum	US\$4.00 per ounce of M+I Resource

- (e) Industrial Power Technology Pte Ltd (a subsidiary of LionGold) (**IPT**) entered into an Engineering, Procurement, Construction & Commissioning Turnkey Contract with FTJ Bio Power Sdn Bhd for the construction of a 10.0 MW empty-fruit-bunch biomass power plant to be located at Jengka, Pahang, Malaysia. The expected revenue is approximately S\$36,500,000 (based on projections which will be payable over the course of the project as and when certain stages are completed. LionGold has announced on 28 March 2012 that following the change in its core business, the LionGold Board is reconsidering its intention to maintain its investment and proposes to commence negotiations for the disposal of its interests in IPT.
- (f) IPT was awarded two engineering, procurement and construction contracts with BuaSommai Biomass Co Ltd for the construction of two mixed-fuel fired biomass power plants in Thailand. The expected revenue for the LionGold Group of the project is approximately S\$48,600,000 (based on projections). LionGold has announced on 28 March 2012 that following the change in its core business, the LionGold Board is reconsidering its intention to maintain its investment and proposes to commence negotiations for the disposal of its interests in IPT.
- (g) Agreement with Stellar Services Ltd (**SSL**), a company incorporated in Seychelles to provide mining industry professional management consulting, strategic advisory and accounting services to LionGold. The fee payable to SSL is US\$55,000 per month. Additional fees at the rate of US\$100 per hour in excess of 100 hours per month are chargeable by senior personnel of SSL, namely Errol Smart, Mark Gillie and Bill Reid. The services to be provided by SSL include identifying new business opportunities in Africa, leading negotiations with vendors on behalf of LionGold, monitoring the activities of the geological and mining contractors to ensure the delivery as per approved plans and budgets, advising on the selection and formal contracting of additional contractors such as mine and plant construction contractors, advising on appropriate strategic focus on elements of exploration and mine development to fulfil investor/market expectations and putting policies and procedures in place with controls to ensure accounting is accurate, complete and valid. The agreement is for rolling periods of six months commencing from November 2011 and may be terminated on 1 month's notice.
- (h) Agreement with Enchante Services Inc (**Enchante**) to dispose its investment in its associated company, Think Environmental Ltd and available-for-sale financial asset, Think Greenergy Ltd for a consideration of S\$8,600,000 and S\$16,000,000, respectively. LionGold has been paid S\$3,690,000 of these sale proceeds and expects to receive the balance of approximately S\$20,910,000 before the end of 2012. The delay in payment of the balance S\$20,910,000 by Enchante arose as a result of the purchaser experiencing delays in obtaining financing. Nonetheless, LionGold notes that it has had previous dealings with the beneficial owner of Enchante and on this basis expects these proceeds to be received before the end of 2012.
- (i) Sale and purchase agreement dated 23 June 2011 with Mr Nelson Fernandez for the acquisition of 100% of the issued and paid-up share capital of Abundant Minerals Pte Ltd. The purchase price of US\$16,000,000 is conditional upon satisfactory due diligence including a geologist's report. These investigations are ongoing. If LionGold proceeds with this transaction, a purchase price of up to US\$16,000,000 will be payable as follows:

- (i) US\$4,000,000 on completion; and
 - (ii) the balance on the receipt of a geologist report that verifies the existence of certain gold deposits.
- (j) Two conditional subscription agreements (**Subscription Agreements**) dated 20 March 2012 with Tan Sri Dato Paduka Lee Kim Yew and Li Hua for the issuance and subscription of an aggregate of 12,000,000 new ordinary shares (**Subscription Shares** and each a **Subscription Share**) in the capital of LionGold at an issue price of S\$1.0350 per Subscription Share. The Subscription Shares represents approximately 1.64% of the existing issued share capital and approximately 1.61% of the enlarged issued capital of LionGold.

The net proceeds from the Subscription Agreements amounting to approximately S\$12,405,000 have been utilised as working capital and for the repayment of loans. LionGold completed the subscription on 12 April 2012, and the Subscription Shares have been allotted and issued to Tan Sri Dato Paduka Lee Kim Yew and Li Hua.

The Subscription shares were listed and quoted for trading on the SGX on 16 April 2012. The Subscription Shares have a moratorium of three months from the date they are listed and quoted for trading on the SGX. The moratorium is expected to expire on or about 15 July 2012.

- (k) A subscription agreement dated 27 March 2012 (**Subscription Agreement**) for the issue of convertible bonds with DMG & Partners Securities Pte Ltd, which has been appointed as the manager (**Manager**) of the offering of the Convertible Bonds (**Offering**). Under the terms of the Subscription Agreement, LionGold has agreed to issue, and the Manager has agreed to procure, on a best efforts basis, subscribers to subscribe for, an aggregate of up to US\$30,000,000 in principal amount of 9.0% convertible bonds due in 2015 at an issue price of 100% of the principal amount of the convertible bonds (**Convertible Bonds**). Subject to the applicable terms and conditions of the Convertible Bonds, the Convertible Bonds are convertible into new ordinary shares in the capital of LionGold (**Conversion Shares**).

LionGold received the approval in-principle of the SGX for the admission to the Mainboard of the SGX and the listing and quotation of up to 39,211,618 ordinary shares, being the maximum number of Conversion Shares to be allotted and issued pursuant to the full conversion of the Convertible Bonds. Subscription of the Convertible Bond was completed on 11 May 2012.

- (l) A subscription agreement dated 14 April 2012 with Castlemaine (**Subscription Agreement**) to subscribe for 33,913,000 new shares (**CGT New Shares**), constituting approximately 11.4% of the existing issued and paid-up share capital of Castlemaine at a subscription price of A\$0.115 (**Subscription Price**) for each CGT New Share.

Under the terms of the Subscription Agreement, LionGold agreed to subscribe for the CGT New Shares in cash. The aggregate Subscription Price is A\$3,899,995 (**Placement Consideration**). The Placement Consideration is intended to be applied towards the implementation of the Ballarat Mine Plan and regional exploration activities. The placement was completed on 3 May 2012.

- (m) LionGold entered into a sale and purchase agreement dated 13 August 2007 (which was amended by a supplementary agreement dated 21 November 2007 and a further supplementary agreement dated 31 March 2010) with Whitefield Management Ltd and IPT Pte. Ltd. (**Vendors**) for the acquisition of 75% shareholding interest in IPT for an aggregate consideration of S\$22,500,000.

Under the terms and conditions of the agreement, the Vendors warranted to LionGold that the audited cumulative profit before tax of IPT shall not be less than S\$10,000,000 for the period commencing from 1 April 2008 to 31 March 2012 and as security for the performance of the obligations of the Vendors under the Profit Warranty, LionGold was entitled to withhold payment of the sum of S\$3,000,000 which could be in cash or in the form of new shares issued in favour of the Vendors. Upon completion of the acquisition, LionGold elected to have the security in the form of new shares issued in favour of the Vendors. Accordingly, 23,076,923 shares issued in favour of Whitefield Management Limited were collateralised and the share certificates relating to the shares were deposited with LionGold. On or about 31 March 2010, when LionGold agreed to

extend the profit warranty period to 31 March 2012, a further 6,000,000 shares of LionGold were provided by the Vendors as further security for the satisfaction of the profit warranty amount.

Following LionGold's Special General Meeting on 6 March 2012, the LionGold Board reviewed its investment in IPT and formed the view that the Vendors would not be able to satisfy the Profit Warranty by 31 March 2012. After forming its view, the LionGold Board had discussions with the Vendors and the parties agreed that, notwithstanding that under the terms of the agreement, the Profit Warranty Period would only expire on 31 March 2012, LionGold is entitled to declare an anticipatory breach on the part of the Vendors for failing to procure IPT to achieve the Profit Warranty Amount during the Profit Warranty Period. Pursuant to its rights under the agreement, LionGold intends to dispose of approximately 9,953,000 LionGold Shares (which at the material time had an aggregate notional value of approximately S\$10,000,000) and return the balance of 19,124,000 LionGold Shares to the Vendors.

- (n) Under the terms of the agreement dated on or around August 2009 in which Signature acquired 70% of Owere Mines Limited, Signature must make further payments to Alpina Group Limited if certain production milestones are met in respect of the Konongo Gold Project. These are as follows:
 - (i) a payment of 50 million shares (in Signature) or A\$1 million cash once the Konongo Gold Project achieves 1 million ounces in Measured and Indicated JORC Mineral Resources; and
 - (ii) a final payment of A\$3 million in cash or shares (in Signature) must also be made following the production of 100,000 ounces of gold from the Konongo Gold Project.
- (o) Signature is party (by way of a deed of assignment) to a joint venture agreement with Talos Ghana Limited (the 20% shareholder of Owere Mines Limited) regarding Owere Mines Limited and the Konongo Gold Project. The key terms of this joint venture agreement are summarised in the Reindorf Chambers Ghana Tenements Report at Annexure F.
- (p) Under a loan agreement dated 29 February 2012, Signature borrowed from a third party an amount of A\$453,000. The loan incurs interest at 8% per annum, payable quarterly. The principal amount is repayable on 16 March 2013. The loan is unsecured.

12.17 ASIC modifications

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC. Under the terms of the ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in the Bidder's Statement. If you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements, free of charge, please contact the LionGold Offer Information Helpline on 1300 368 402 (for callers within Australia) or + 61 3 9415 4061 (for callers outside of Australia).

ASIC has granted in-principle approval for the modification of section 653A of the Corporations Act so that if an Eligible Shareholder authorises LionGold in writing to accept, or to instruct another person to accept, the Offer in respect of Castlemaine Shares on the Eligible Shareholder's behalf, the Offer is taken to have been accepted in relation to those Shares when LionGold receives that authority.

12.18 Governing law

The Offer and any contract that results from your acceptance of it are to be governed by the laws in force in Victoria, Australia.

12.19 No other material information

Except as set out in this Bidder's Statement, in the opinion of the LionGold Board, there is no other information material to the making of a decision in relation to the Offer which has not been previously been disclosed, being information that is within the knowledge of any director of LionGold which has not been disclosed.

12.20 Expiry date

No LionGold Shares will be issued on the basis of the Offer after the date that is 13 months after the date of this Bidder's Statement.

13 GLOSSARY AND INTERPRETATION

13.1 Glossary

The following is a glossary of certain terms used in this Bidder's Statement (except for each document annexed to this Bidder's Statement) unless the context clearly requires otherwise.

A\$	Australian dollars, the lawful currency of the Commonwealth of Australia
Acceptance Form	the acceptance form accompanying this Bidder's Statement
Alluvial material or Alluvial gold	material or gold that is found in the soil or sediments deposited by a river, stream, or other running water and usually takes the form of dust, thin flakes or nuggets
Amayapampa Gold Project	Republic's Amayapampa Gold Project located in the Municipality of Chayanta, Bustillo Province, Bolivia
Announcement Date	the date of announcement of the Offer, being 16 April 2012
APT	the mining plant designer and manufacturer known as Appropriate Process Technologies
APT RG, 60, 200, 800, 2000	gold processing plants of 6, 20, 80, 200 tonnes per hour capacity respectively
Ashanti	a historical gold mining district in Ghana named after the tribe that inhabits the area
ASIC	Australian Securities & Investments Commission
ASX	ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange
ASX Settlement	ASX Settlement Pty Ltd, the body which administers CHES in Australia
ASX Settlement Operating Rules	the settlement rules of ASX Settlement
ASWA	African Stellar (West Africa) Limited, a company incorporated in the Republic of the Seychelles
Ballarat Project	Castlemaine's Ballarat Project, Victoria
Bidder's Statement	this document including its annexures
Birimian	the Birimian rocks are major sources of gold and diamonds that extend through Ghana, the Ivory Coast, Guinea, Mali and Burkina Faso
Brimstone	Brimstone Resources Ltd (ABN 12 116 221 848)
Brimstone Implementation Deed	bid implementation deed between LionGold and Brimstone dated 2 June 2012 relating to the Brimstone Takeover
Brimstone Takeover	the conditional off market takeover bid by LionGold for the entire issued share capital of Brimstone as announced on 4 June 2012
Business Day	a day on which the banks are open for business in Sydney, Australia and Singapore, excluding a Saturday, Sunday or public holiday
Castlemaine	Castlemaine Goldfields Ltd (ABN 45 073 531 325) of 10 Woolshed Gully Drive, Mount Clear, Victoria, Australia
Castlemaine Board	the board of directors of Castlemaine
Castlemaine Director	a director of Castlemaine
Castlemaine Group	Castlemaine and each of its controlled entities

Castlemaine Material Adverse Change	has the meaning set out in the Implementation Deed
Castlemaine Option	an option to subscribe for a Castlemaine Share
Castlemaine Register	the share register of Castlemaine
Castlemaine Share	a fully paid ordinary share issued in the capital of Castlemaine
Castlemaine Shareholder	a person who is recorded in Castlemaine's Register as the holder of one or more Castlemaine Shares
CDP	Central Depository (Pte) Limited
CDP Securities Account	an account held by CDP for shareholders to enable them to trade their shares on the SGX
CHESS	Clearing House Electronic Subregister System established and operated by ASX Settlement Pty Ltd which provides for electronic ownership and transfer in Australia
CHESS Holding	a holding of Castlemaine Shares on the CHESS subregister of Castlemaine
Closing Date	7pm (Sydney time) on 18 July 2012 or such later date to which the Offer is extended
Colluvial Material	material or gold consisting of angular fragments of the original rocks that have been transported a short distance from where they outcrop. This transportation is assisted by surface water drainage. Typically found at the bottom or on the lower slopes of a hill.
Competing Proposal	<p>a proposal pursuant to which a person (other than LionGold or another entity in the LionGold Group) would, if the proposal were implemented substantially in accordance with its terms:</p> <p>(a) directly or indirectly, acquire an interest in all or a substantial part of the assets of Castlemaine;</p> <p>(b) directly or indirectly, acquire an interest, a Relevant Interest in or become the holder of 20% or more of the Castlemaine Shares;</p> <p>(c) acquire control of Castlemaine, within the meaning of section 50AA of the Corporations Act; or</p> <p>(d) otherwise acquire or merge with Castlemaine (including by way of a scheme of arrangement, reverse takeover bid or dual listed companies structure)</p>
Computershare	Computershare Investor Services Pty Limited
Conditions or Offer Conditions	each condition set out in Section 11.5
Control	has the meaning given to it in section 50AA of the Corporations Act
Controlling Participant	has the same meaning as in the ASX Settlement Operating Rules
Corporations Act	<i>Corporations Act 2001</i> (Cth)
DNGM	National Office of Geology and Mines in the Republic of Mali
Eligible Shareholder	all Castlemaine Shareholders who are not Ineligible Foreign Shareholders
Enchante	Enchante Services Inc
Encumbrance	<p>(a) a mortgage, charge, pledge, lien, hypothecation or a title retention arrangement;</p> <p>(b) a notice under section 255 of the <i>Income Tax Assessment Act 1936</i> (Cth), subdivision 260-A in schedule 1 to the Taxation Administration Act 1953 (Cth) or any similar legislation;</p> <p>(c) any other interest in or right over property (including a right to set off or withhold payment of a deposit or other money);</p> <p>(d) any other thing that prevents, restricts or delays the exercise of a</p>

	right over property, the use of property or the registration of an interest in or dealing with property; or (e) an agreement to create anything referred to above or to allow any of them to exist
EPC Business	the business of contracting for the engineering, procurement and construction of biomass power plants
Execution Date	the date of execution of the Implementation Deed, being 14 April 2012
FIRB	Foreign Investment Review Board
Foreign Sale Nominee	Ord Minnett Ltd
Ghana Tenements Reports	the reports prepared by Bentsi-Enchill, Letsa & Ankomah and Reindorf Chambers in relation to LionGold Group's contractual interests in connection with tenements in Ghana, attached as Annexure F and Annexure G, respectively
Government Agency	any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity whether foreign, federal, state, territorial or local in any part of the world in which a party is domiciled or holds any of its assets, including ASIC and SGX (and any other stock exchange)
Government Agency Approval	a licence, authority, consent, approval, order, exemption, waiver, ruling or decision
HIN	Holder Identification Number, which is the number that starts with an "X", allocated by your Controlling Participant
IAR or Investigating Accountants Report	the Investigating Accountant's Report prepared by Moore Stephens attached as Annexure C to this Bidder's Statement
Implementation Deed	Bid Implementation Deed between LionGold and Castlemaine executed on 14 April 2012
Independent Geologists' Reports	both the independent geologist's report prepared by Auralia Mining Consulting Pty Ltd in respect of the Konongo Gold Project, Ghana (attached as Annexure D) and the independent geologist's report prepared by SEMS Exploration Services Ltd in respect of properties in Ghana and Mali (attached as Annexure E).
Indicated Mineral Resource	has the meaning given in the JORC Code
Ineligible Foreign Shareholder	has the meaning given to that term in Section 11.19
Inferred Mineral Resource	has the meaning given in the JORC Code
IPT	Industrial Power Technology Pte Ltd
Issuer Sponsored Holding	a holding of Castlemaine Shares on Castlemaine's issuer sponsored register
Institutional Acceptance Facility	the facility to be established in relation to the Offer in accordance with Section 12.6
JORC Code	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
Konongo Gold Project	the Konongo Gold Project, located in Ghana
LionGold	LionGold Corp Ltd
LionGold Board	the board of directors of LionGold
LionGold Group	LionGold and its controlled entities

LionGold Offer Information Line	the telephone line that Castlemaine Shareholders can call if they have any questions in relation to the Offer, being 1300 368 402 (for callers within Australia) or +61 3 9415 4061 (for callers outside Australia)
LionGold Share	a fully paid ordinary share issued in the capital of LionGold
LionGold Website	www.liongold.com
Mali	the Republic of Mali
Mali Tenements Report	the report prepared by John W. Fooks & Co in relation to LionGold's interests in tenements in Mali attached as Annexure H to this Bidder's Statement
Milling	has the meaning of size reduction of mined ore by mechanical attrition, including crushing, and ball or sag milling
Mineral Resources	has the meaning given in the JORC Code
Mineralisation	any single mineral or combination of minerals occurring in a mass, or deposit, of economic interest
Mornington	Mornington Offshore Inc, company number 1013967, registered in the British Virgin Islands
Moore Stephens	Moore Stephens Perth Corporate Services Limited
Nuggety Ore	ore with valuable mineral department at macro scale and or statistically highly random distribution.
Offer	the offer for Castlemaine Shares as set out in this Bidder's Statement
Offer Consideration	the consideration for the Offer as set out in Section 11.2
Offer Period	the period during which the Offer is open for acceptance being 15 June 2012 to the Closing Date
Ord Minnett	Ord Minnett Limited (ABN 86 002 733 048) (Australian Financial Services Licence No. 237121)
Ore Reserve	has the meaning given in the JORC Code
Owere Mines Limited	a limited liability company incorporated under the laws of Ghana which has certain rights in relation to the Konongo Gold Project
Performance Rights	a performance right issued pursuant to the Castlemaine's Performance Rights Plan Rules
Register Date	7pm (Sydney time) on 13 June 2012
Related Body Corporate	has the meaning given in the Corporations Act
Relevant Interest	has the meaning given in the Corporations Act
Republic	Republic Gold Limited (ABN 86 106 399 311)
RG Scrubber	a patented process machine that increases the disintegration of placer and alluvial clays and releases bound minerals, normally for subsequent gravity concentration
Rights	means all accretions, rights or benefits of whatever kind attaching to or arising from Castlemaine Shares directly or indirectly after the date of this Bidder's Statement, including all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared, paid or made by Castlemaine or any of its subsidiaries
S\$	Singaporean dollars, the lawful currency of the Republic of Singapore
Sale Facility Agent	Ord Minnett Limited
Section	a section of this Bidder's Statement
SGX Net Singapore Exchange Network	a system network used by listed companies in sending information and announcements to the SGX

SGX Website	www.sgx.com
SGX or Singapore Exchange	Singapore Exchange Securities Trading Limited or the financial market known as the Singapore Exchange
Share Sale Facility	the share sale facility which is available to Eligible Shareholders, the terms of which are set out in Annexure A
Signature or SBL	Signature Metals Limited (ABN 86 106 293 190)
SRN	Securityholder Reference Number, which is the number which starts with an "I", allocated by Castlemaine to identify a Castlemaine Shareholder with an Issuer Sponsored Holding
Strike	the horizontal extent and continuation of a geological occurrence
Superior Proposal	a bona fide Competing Proposal which the Castlemaine Directors have determined, in good faith, is: <ul style="list-style-type: none"> (a) reasonably capable of being valued, taking into account all aspects of the Competing Proposal and the person making it; (b) reasonably capable of being completed on a timely basis; and (c) is more favourable to Castlemaine Shareholders than the Takeover Bid, taking into account all the terms and conditions of the Competing Proposal
Takeover Bid	an off-market takeover bid for all Castlemaine Shares by LionGold constituted by the despatch of the Offers in accordance with the Corporations Act
Tailings	tailings, also called mine dumps, slimes, tails, leach residue, or slickens are the materials left over after the process of separating the valuable fraction from the uneconomic fraction of an ore
Target Statement	the target's statement to be issued by Castlemaine under section 638 of the Corporations Act in relation to the Offer
Tenements Reports	the Mali Tenements Report and the Ghana Tenements Reports
Trenching	an exploration method involving the excavation of shallow linear excavations to expose the sub surface material for mapping and sampling
US\$	United States dollars, the lawful currency of the United States of America
Vista Gold Antigua Acquisition	the proposed acquisition by LionGold of the entire issued capital of the Vista Gold (Antigua) Corp from Republic pursuant to a share purchase agreement between LionGold Republic dated 2 June 2012
VWAP	Volume Weighted Average Price
Your Castlemaine Shares	the Castlemaine Shares in respect of which you are registered holder in Castlemaine on the Register Date and to which you are able to give good title at the time you accept the Offer during the Offer Period

13.2 Interpretation

In this Bidder's Statement (except for documents annexed to this Bidder's Statement), unless the context clearly indicates otherwise:

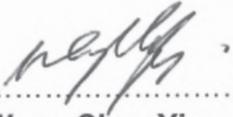
- (a) a reference to **legislation** or a **legislative provision** includes any statutory modification or substitution of that legislation or legislative provision and any subordinate legislation issued under that legislation or legislative provision;
- (b) a reference to a **body** or **authority** which ceases to exist is a reference to either a body or authority that the parties agree to substitute for the named body or authority or, failing agreement, to a body or authority having substantially the same objects as the named body or authority;
- (c) a reference to a **person** includes a natural person, corporation, statutory corporation, partnership, the Crown or any other organisation or legal entity;
- (d) a reference to a **natural person** includes their personal representatives, successors and permitted assigns;
- (e) a reference to a **corporation** includes its successors and permitted assigns;

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- (f) **associate, related** or **subsidiary** in respect of a corporation has the same meaning given to that term in the Corporations Act;
 - (g) a reference to a right or obligation of a party is a reference to a right or obligation of that party under this deed;
 - (h) **including** and **includes** are not words of limitation; and
 - (i) a reference to a time is to that time in Sydney, Australia.

APPROVAL OF BIDDER'S STATEMENT

This Bidder's Statement has been approved by a unanimous resolution passed at a meeting of the directors of LionGold.

Signed for and on behalf of LionGold by Wong Choy Yin, being a director of LionGold, who is authorised to sign by a resolution passed at a meeting of the directors of LionGold.



.....
Wong Choy Yin
Director

Dated: 13 June 2012

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ANNEXURE A

SHARE SALE FACILITY

SHARE SALE FACILITY

1 Overview

- (a) LionGold has made arrangements with Ord Minnett Ltd (ABN 86 002 733 048 AFSL No 237121) (**Sale Facility Agent**) whereby the Sale Facility Agent is making available the Share Sale Facility under which Eligible Shareholders will be able to sell the LionGold Shares that they are entitled to receive as Offer Consideration, as a result of acceptance of the Offer.
- (b) The Sale Facility Agent will engage DMG & Partners Securities Pte Ltd (**DMG**) as its execution and settlement broker. The price at which LionGold Shares will be sold under the Share Sale Facility is not fixed and is not underwritten, and may be less than the market price of LionGold Shares at the time that you elect to participate or that any sale takes place.
- (c) The provision of the Share Sale Facility is separate to the Offer to acquire your Castlemaine Shares under the Offer and does not form part of the consideration for those Castlemaine Shares. All references to the provision of the consideration under the Offer do not include a reference to any cash proceeds to which you may be entitled as a result of any sale under the Share Sale Facility.
- (d) This Annexure A (or any other part of this Bidder's Statement) does not constitute advice or a recommendation by any of the above to buy, sell or hold securities in LionGold, nor that the Share Sale Facility or any other facility is the best way to sell your new LionGold Shares. Accordingly, before you elect to use the Share Sale Facility you should ensure that the Share Sale Facility meets your own objectives, financial situation and needs. If you are unsure of what action to take you should consult a licensed financial adviser.
- (e) LionGold will pay brokerage (and any applicable GST) to the Sale Facility Agent in relation to the sale of your new LionGold Shares under the Share Sale Facility.
- (f) LionGold's obligations to you under the Offer will be satisfied by LionGold providing you with the consideration described in Section 11.2 within the time periods, and in the manner, specified in this Annexure A.

2 Cap

- (a) The number of shares to be sold in the Share Sale Facility is capped at 40% of the Castlemaine Shares on issue, which is the **Sale Facility Limit**.
- (b) Where the maximum number of LionGold Shares to be sold under the Share Sale Facility exceeds the Sale Facility Limit, each Castlemaine Shareholder who has accepted into the Offer and elected to participate in the Share Sale Facility (**Sale Facility Participant**) after the Sale Facility Limit has been exceeded will be scaled back on a pro rata basis.
- (c) In these circumstances, Sale Facility Participants will be issued LionGold Shares (in certificated form) for any shares that have been scaled back.

3 Procedure

The Share Sale Facility will operate as follows:

- (a) on or as soon as practicable after the Closing Date, LionGold will notify the Sale Facility Agent of the aggregate number of LionGold Shares that are to be part of the Share Sale Facility (**SSF Shares**);
- (b) on or as soon as practicable after the Closing Date, LionGold will instruct its share registry to transfer the SSF Shares, in uncertificated form, to Ord Minnett's depository sub account maintained by DMG;
- (c) The Sale Facility Agent will then instruct DMG to sell the SSF Shares in one or more tranches as soon as reasonably practicable after the issue of the SSF Shares;

- (d) on completion of the sale of all of the SSF Shares, the Sale Facility Agent will instruct DMG to remit the funds to Ord Minnett who will transfer to Computershare, in cleared funds, the sale proceeds (being an amount equal to the volume weighted average sale price realised for the sale of the SSF Shares multiplied by the number of SSF Shares) into a specially established authorised deposit-taking institution Australian dollar bank account held on trust for former Castlemaine Shareholders (**Disbursement Account**), which will only be used for the purpose of this Share Sale Facility; and
- (e) as soon as practicable after receipt of the proceeds of the sale, Computershare will cut and despatch cheques for each participating Castlemaine Shareholder.
- (f) the SSF Shares will be sold in Singapore dollars but remitted to participating shareholders in Australian dollars. The currency conversion will be made at the discretion of the Sale Facility Agent subject to the prevailing rate.

4 Terms of participation

The terms of participation in the Share Sale Facility are as follows:

- (a) the Share Sale Facility is only available to Castlemaine Shareholders who are not Ineligible Foreign Shareholders;
- (b) the Share Sale Facility will only be available in respect of LionGold Shares that are (or, but for the operation of the Share Sale Facility, would have been) issued to Castlemaine Shareholders as a result of their acceptance of the Offer. The Share Sale Facility is not available for LionGold Shares acquired by any other means;
- (c) participation in the Share Sale Facility is entirely voluntary;
- (d) if you are eligible to participate in the Share Sale Facility and you elect to participate, you:
 - (i) will do so on the basis of the terms and conditions in this Annexure A, the terms set out in the Acceptance Form, as well as any associated documents provided or made available to you in relation to the Share Sale Facility (together the **Sale Facility Documents**);
 - (ii) will be a Sale Facility Participant;
 - (iii) will not be liable to pay any brokerage or handling fees for the sale of your new LionGold Shares under the Share Sale Facility but you will be liable for any other tax or charge on the sale of your new LionGold Shares (including, capital gains tax (if any));
- (e) election to participate in the Share Sale Facility must be received by 7.00 pm (Sydney Time) on 18 July 2012 unless the Offer is extended or withdrawn, in which case the election period to participate in the Share Sale Facility will be likewise extended or withdrawn respectively (**Sale Facility Acceptance Period**); and
- (f) participation in the Share Sale Facility is only allowed up to the Sale Facility Limit.

5 Acceptance procedure

- (a) The acceptance procedure in relation to the Share Sale Facility is as follows:
 - (i) the Acceptance Form which accompanies this Bidder's Statement will contain a box allowing you to elect to participate in the Share Sale Facility; and
 - (ii) if you are an Eligible Shareholder, you must mark the relevant election to participate (in the Share Sale Facility) specified in your Acceptance Form at the time you accept the Offer and return the Acceptance Form in accordance with the instructions on the Acceptance Form (including provision of documents, if any).
- (b) LionGold reserves the right, on behalf of the Sale Facility Agent and for any reason, to modify the timetable for, or to suspend (for any period of time) the operation of, the Share

Sale Facility (including to suspend the ability to elect to participate in, or to suspend the sale of Sale Shares under, the Share Sale Facility) in its sole discretion. Any such modification or suspension will be announced to the ASX.

6 Sale Facility Agent

- (a) Each Sale Facility Participant irrevocably appoints the Sale Facility Agent (and execution and settlement agent) as execution-only broker to sell all of the Share Sale Facility Participant's new LionGold Shares on behalf of the Sale Facility Participant in accordance with the Share Sale Facility Documents.
- (b) Instructions from Sale Facility Participants will be taken to be provided to the Sale Facility Agent at the time that LionGold or its agent advises the Sale Facility Agent of the batch in which the relevant Sale Facility Participant's new LionGold Shares are included in accordance with the Share Sale Facility Documents.
- (c) The Sale Facility Agent's appointment as 'execution-only' broker means that neither the Sale Facility Agent nor LionGold or any of its agents is giving, nor are any of them obliged to give, any advice to you.
- (d) LionGold and the Sale Facility Agent are irrevocably authorised by each Sale Facility Participant to do all things and execute all documents (including to effect any holding adjustment, securities transformation or other transmission or transaction in relation to a Sale Facility Participant's holding of new LionGold Shares, whether personally or, where practicable, through an agent) to facilitate the sale of all the new LionGold Shares of the Sale Facility Participant by the Sale Facility Agent as broker under the Share Sale Facility or the transfer of the LionGold Shares from the Sale Facility Agent to you.

7 Election to participate

- (a) Once a Sale Facility Participant has provided a valid election to participate, they are not permitted to sell any of their new LionGold Shares outside the Share Sale Facility.
- (b) LionGold may, in its sole discretion, at any time determine on behalf of the Sale Facility Agent that an election to participate is valid in accordance with the Share Sale Facility Documents, even if the election to participate is incomplete, contains errors or is otherwise defective. LionGold (or any agent of LionGold acting on its instructions) may correct any error in or omission from an Acceptance Form and complete the Acceptance Form by the insertion of any missing details.
- (c) Notwithstanding section 7(b) of this Annexure A, neither LionGold nor the Sale Facility Agent is under any obligation to accept any election to participate, whether completed correctly or not.

8 Processing of sales of new LionGold Shares

- (a) LionGold or its agent will process all elections to participate and will aggregate valid elections to participate according to the order in which they are processed to form batches to be sold by the Sale Facility Agent. LionGold or its agent will advise the Sale Facility Agent of the number of new LionGold Shares available to be sold in respect of each batch as batches become available (taking into account, amongst other things, the time at which the relevant new LionGold Shares are issued) and the Sale Facility Agent will (subject to sections 8(e) and 8(f) of this Annexure A) sell the batches of new LionGold Shares in the order in which the instructions in relation to each batch are provided by LionGold or its agent.
- (b) The price that a Sale Facility Participant will be paid for each of their new LionGold Shares that are sold under the Sale Facility (**Sale Price**) will be the volume weighted average price achieved by the Sale Facility Agent for the sale of all new LionGold Shares sold by the Sale Facility Agent under the Share Sale Facility for the batch of Sale Shares in which the Sale Facility Participant's new LionGold Shares are assigned.

- (c) Sale Facility Participants should note that they will not have control over the time of the sale of their new LionGold Shares, and therefore will not be able to personally ensure that the sale occurs at a certain price. The Sale Price is subject to change from time to time and will depend upon the market conditions (including trading in and liquidity of LionGold Shares on the SGX) prevailing at the time of the sale and may be different to the price of LionGold Shares appearing in the newspaper or quoted by the SGX on the day that a Sale Facility Participant's new LionGold Shares are sold.
- (d) The Sale Facility Agent may sell the new LionGold Shares of a Sale Facility Participant at any time during the period commencing from the time at which the Sale Facility Participant's new LionGold Shares are allotted and issued.
- (e) The Sale Facility Agent will (in its sole discretion) place one or more orders to sell all new LionGold Shares comprising a batch on the SGX in the ordinary course of business (including, in the Sale Facility Agent's sole discretion, by crossings). The new LionGold Shares included in a batch may therefore be sold by multiple trades at different prices.
- (f) Subject to section 8(e) of this Annexure A, the new LionGold Shares included in a batch will generally be sold on the trading day following the day on which LionGold or its agent advises that a batch is available for sale under section 8(a) of this Annexure A or as soon as practicable thereafter. However the Sale Facility Agent may, in its sole discretion, delay the sale of some or all of the new LionGold Shares available to be sold on any trading day, if it considers that to be in the best interests of the relevant Sale Facility Participant (for example, because it considers market conditions to be unsuitable or to avoid an excessive concentration of sales on a particular trading day).

9 Payment and confirmation

- (a) Sale proceeds calculated in accordance with section 8(b) of this Annexure A above will be paid to each Sale Facility Participant:
 - (i) within 20 Business Days after the settlement of the sale of the last of the new LionGold Shares of the relevant Sale Facility Participant; and
 - (ii) in Australian dollars by cheque posted by ordinary mail to the address for that Sale Facility Participant as formerly shown in the register of members of LionGold prior to the sale of their LionGold Shares, and made payable to the name or names on the LionGold register, at the risk of the Sale Facility Participant

provided that LionGold will use its reasonable endeavours to procure that Sale Facility Participants will receive the proceeds of the sale of their LionGold Shares, in accordance with the terms of the Share Sale Facility, within one month of the date that they would otherwise have been entitled to receive the Offer Consideration.
- (b) The excess LionGold Shares not sold under the Share Sale Facility (i.e. new LionGold Shares in excess of the Sale Facility Limit in respect of each Sale Facility Participant) will be issued to the Sale Facility Participants in accordance with the terms of the Offer.
- (c) Sale Facility Participants will need to wait for the periods set out above before they will receive the proceeds of sale. During this time, LionGold's Share price may change. Sale Facility Participants will also be exposed to fluctuations in the foreign exchange rate until the time the SSF Shares are sold by the Sale Facility Agent.

10 Further information

- (a) Up to date information on LionGold's Share price can be found on the SGX Website.

For further information about the Sale Facility Agent, Ord Minnett Ltd, or to obtain Ord Minnett's financial services guide, please see www.ords.com.au or contact Wai-Yee Chen at wchen@ords.com.au or on + 61 2 8216 6490.

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ANNEXURE B

TRADING YOUR LIONGOLD SHARES

TRADING YOUR LIONGOLD SHARES

1 Introduction

This Annexure provides a brief overview about how you may trade LionGold Shares if you accept the Offer. You should obtain your own independent professional advice about dealing with shares listed on the SGX.

2 What do I need to do to trade my LionGold Shares that I receive under the Offer?

Unless you appoint a nominee broker that is able to receive your LionGold Shares in a CDP Securities Account (regardless whether such CDP Account is in the name of your nominee broker or in your name maintained with your nominee broker), you will need a CDP Securities Account, a trading account and a bank account (with a bank that can provide a direct crediting service) in order to trade shares on the SGX.

Market trades for shares listed on the SGX are settled electronically through the Central Depository (Pte) Limited (**CDP**), a subsidiary of SGX, that provides depository, clearing, settlement, and computerized book-entry services for securities traded on the SGX. CDP holds shares on your behalf in securities accounts.

Your situation	Further information
I do not have a CDP Securities Account and wish to trade shares on the SGX	You will need to do all of the below (not in order of priority): <ul style="list-style-type: none">• open a CDP Securities Account (further details below).• open a trading account (further details below).• open a bank account with a participating bank which provides direct crediting services (further details below).• link the CDP Securities Account with the trading account (further details below).
I have a CDP Securities Account, a trading account, and a bank account opened with a bank that provides direct crediting services	If you already have a CDP Securities Account, a trading account opened with a SGX Member Company that is linked to your CDP Securities Account, and a bank account opened with a bank that provides direct crediting services, you are able to instruct the SGX Member Company with whom you have a trading account to trade your LionGold Shares on your behalf.
I do not have a CDP Securities Account and do not wish to obtain one	If you do not have a CDP Securities Account and do not wish to open a CDP Securities Account or appoint a nominee broker who has a CDP Securities Account, you should contact a stockbroker based in Australia to enquire if they are able to assist you in trading your LionGold Shares on your behalf.

3 Opening a CDP Securities Account

How do I open a CDP Securities Account?	<ul style="list-style-type: none">• in person in Singapore at CDP• through a SGX Member Company• by mailing the application form which can be obtained through the LionGold Offer Information Line to CDP
What do I need to do?	You need to provide the required documents (see question and answer below) verify your signature on the application form (see question and answer below)
Who can verify my signature on the application form?	<ul style="list-style-type: none">• Singapore Embassy• Notary Public• Singapore solicitors or advocates• Justices of the Peace• Commissioners for Oaths

What documents do I need?	You will need to provide certified (certified by the same person witnessing the signature on the application form) copies of the following: <ul style="list-style-type: none"> • application form (request a copy by calling the LionGold Offer Information Line) • applicable identity documents – Australian citizens will need a valid and current passport
Who do I give certified copies of these documents to?	<ul style="list-style-type: none"> • If in person, at the offices of CDP • Send to The Central Depository (Pte) Limited, 4 Shenton Way, #02-01, SGX Centre 2, Singapore 068807 • Give them to the SGX Member Company with whom you have opened a trading account
Who are SGX Member Companies?	This information can be found on the SGX Website or a list can be requested from the LionGold Offer Information Line.
Are there any fees to open a CDP account?	No, there are no fees.
Additional information	Additional information relating to the CDP and the services offered by the CDP are available at the CDP's website at www.cdp.com.sg

4 **Opening a trading account**

How do I open a trading account?	You must visit a stockbroker who is a SGX Member Company and complete an application form in the presence of an authorised officer. Alternatively, some SGX member companies may allow you to complete and sign the application form in the presence of the persons listed under the section, "Who can verify my signature on an application form". You may contact the SGX member companies to enquire if you are able to open a trading account if you are unable to visit their offices.
What documents do I need?	Identification card (if applicable), passport, work and re-entry permit (if applicable), bank account number, CPF (the Singapore statutory pension fund scheme) investment account number (if any), CDP Securities Account number
Additional information	Additional information on how to open a trading account is available at the CDP's website at www.cdp.com.sg .

5 **Opening a bank account with a direct crediting service**

You need to open a bank account which allows you to credit payments directly into your bank account. The DCS application form can be obtained by calling the LionGold Offer Information Line. Conditions may apply.

6 **Linking your CDP Securities account with your trading account.**

You need to complete a linkage form, which can be obtained from the SGX Member Company with whom you have opened your trading account. Alternatively, this form can also be obtained from the SGX Website or by requesting a copy from the LionGold Offer Information Line.

7 **What are the brokerage fees if I trade my LionGold shares?**

There is no fee involved in opening a CDP Securities Account but there will be fees and brokerage payable when you trade your LionGold Shares. Commission may be charged by stockbrokers and rates vary from stockbroker to stockbroker. You should contact brokers directly to obtain their fees and charges. Castlemaine Shareholders should note that brokerage fees may be higher than equivalent rates in Australia, for those Castlemaine Shareholders who receive small shareholdings in LionGold Shares if they accept the Offer.

8 **Use a CDP account of your broker**

If you do not have a CDP Securities Account in your own name, you may appoint a nominee broker to receive your LionGold Shares in your nominee broker's CDP Securities Account. You will be required to complete and execute in favour of LionGold a written direction and indemnity (which is to be obtained through the LionGold Offer Information Helpline). It is your responsibility to correctly complete and submit the direction and indemnity and provide your nominee's CDP Securities Account details. LionGold will not be responsible for any incorrectly completed or late form including any delay in issuing the LionGold Shares to the nominee broker's CDP Securities Account. Please contact your broker for further information.

9 **What happens if I do not elect to receive my LionGold Shares in a CDP Securities Account**

If you accept the Offer but do not nominate a CDP Securities Account into which your LionGold Shares should be issued, you will receive a physical share certificate. In this case, you will not be able to deal with or trade your LionGold Shares until you establish or nominate a CDP Securities Account into which your LionGold Shares are to be held. This can be done at any time after you receive your LionGold Shares.

10 **How can I get copies of the forms and documents required?**

If you require any of the documents listed below, please call the LionGold Offer Information Line to request copies of these documents:

- (a) application for opening of CDP Securities Account
- (b) DCS application form
- (c) account linkage form
- (d) list of SGX Member Companies

ANNEXURE C

INVESTIGATING ACCOUNTANT'S REPORT

8 June 2012

The Directors
LionGold Corp Ltd
36 Kallang Place
SINGAPORE 339166

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

This report has been prepared at the request of the Directors of LionGold Corp Ltd ("LionGold" or "the Company") for inclusion in the Bidder's Statement.

On 16 April 2012 the Company and Castlemaine Goldfields Limited ("Castlemaine") announced that they had signed a Bid Implementation Deed for an off-market takeover bid by LionGold for all the issued and outstanding shares in Castlemaine (the "Bid").

Consideration for the transaction will be in LionGold shares with Castlemaine shareholders offered two (2) LionGold shares for every nine (9) Castlemaine shares held (the "Offer"). The transaction values Castlemaine at AUD\$0.1842 per share, or approximately AUD\$50.30 million (SGD\$65.20 million), based on a LionGold share price of SGD\$1.0738 and foreign exchange rate of SGD\$1.2953:AUD\$1.00, as at 16 April 2012. Further details of the off-market takeover bid are set out in the Bidder's Statement.

The Company and Castlemaine also announced that the Company will in addition subscribe for 33,813,000 new Castlemaine shares at AUD\$0.115 per share raising AUD\$3.89 million (SGD\$5.04 million) for exploration activities in the Ballarat region.

Expressions defined in the Bidders Statement have the same meaning in this report.

2. Basis of Preparation

This report has been prepared to provide Castlemaine shareholders with information in relation to historical and pro-forma financial information of LionGold as at 31 December 2011 and for the nine months then ended.

The historical and pro-forma financial information is presented in a condensed consolidated form insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to financial reports in accordance with the Corporations Act 2001.

The report does not address the rights attaching to the shares to be issued in accordance with the Offer, nor the risks associated with accepting the Offer. Moore Stephens Perth Corporate Services Pty Ltd has not been requested to consider the prospects for LionGold nor the merits and risks associated with becoming a shareholder and accordingly has not done so, nor purports to do so.

Consequently Moore Stephens Perth Corporate Services Pty Ltd has not made and will not make any recommendation, through the issue of this report, to potential investors of the Company, as to the merits of the Offer and takes no responsibility for any matter or omission in the Bidder's Statement, other than responsibility for this report.

This report is prepared in accordance with the Professional Standards for Investigating Accountants.

Moore Stephens Perth Corporate Services Pty Ltd
ABN 41 421 048 107
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Telephone +61 8 9225 5355 Facsimile +61 8 9225 6181
Email perth@moorestephens.com.au Website www.moorestephens.com.au
Liability limited by a scheme approved under Professional Standards Legislation
An independent member of Moore Stephens International Limited- members in principal cities throughout the world
The Perth Moore Stephens firm is not a partner or agent of any other Moore Stephens firm

3. Background

LionGold is a public Company which is currently listed on the main board of the Singapore Exchange Limited ("SGX").

The Company or its subsidiaries currently own or have interests in mining licenses in Mali and Ghana.

On 27 March 2012 the Company closed its takeover offer for Signature Metals Limited ("Signature") having acquired a 76.22% controlling interest. Signature owns a 70% interest in the multi-million ounce Konogo Gold Project located in the world class Ashanti Gold Belt of Ghana, as well as controlling large exploration licenses and application in Kenya and Uganda that are prospective for iron ore, nickel and copper.

The Company is in the midst of a corporate transformation whereby its focus is now on investing in and managing entities for the exploration and exploitation of precious and other minerals.

In addition to its mineral investments the Company will continue to operate its renewable energy and office equipment businesses. Its renewable energy business is primarily in Industrial Power Technology Pte Ltd, a leading turnkey supplier of biomass power plants in South East Asia, whilst its office equipment manufacturing business operates in Shenzhen in China.

On 16 April 2012 the Company announced that it had signed a Bid Implementation Deed for an off-market takeover bid for all the issued and outstanding shares in Castlemaine, to be satisfied by the issue of 60,720,779 LionGold shares at SGD\$1.0738 per share.

Castlemaine is a gold explorer and producer, listed on the Australian Securities Exchange, which holds significant exploration titles across five goldfields in Central Victoria, Australia namely Ballarat, Berringa, Castlemaine, Sebastian/Raydarra and Tamagulla projects. Castlemaine's cornerstone asset, the Ballarat project, commenced gold production in the third quarter of 2011.

The Bid is subject to a number of conditions including LionGold receiving all approvals required by law or by any government agency.

Further information about the off-market takeover bid and the future plans of the Company can be found in other sections of the Bidder's Statement.

4. Scope of Report

You have requested Moore Stephens Perth Corporate Services Pty Ltd to prepare an Investigating Accountant's Report on:

- a) The condensed consolidated Statement of Comprehensive Income of LionGold for the nine months ended 31 December 2011.
- b) The notional condensed consolidated Statement of Comprehensive Income of LionGold for the nine months ended 31 December 2011.
- c) The condensed consolidated Statement of Financial Position of LionGold as at 31 December 2011.
- d) The condensed consolidated pro-forma Statement of Financial Position of LionGold as at 31 December 2011 adjusted on the basis of the acquisition of 100% of the issued and outstanding shares in Castlemaine as at that date and the completion of certain other transactions as disclosed in this report.

5. Scope of Review

The historical financial information has been extracted from the Company's unaudited condensed consolidated financial report for the nine months ended 31 December 2011, the audited consolidated financial statements of Castlemaine for the year ended 31 December 2011 (as well as from the unaudited management accounts of Castlemaine for the nine months ended 31 December 2011) and the reviewed consolidated half year financial report of Signature as at 31 December 2011 (as well as from the unaudited management accounts of Signature for the nine months ended 31 December 2011). The Company's condensed consolidated financial report was subject to review by Moore Stephens LLP (the Company's auditor) in accordance with Singapore Standard on review engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, whilst the financial statements for the year ended 31 December 2011 of Castlemaine were audited by Price Waterhouse Coopers, Melbourne, and the half year financial report of Signature as at 31 December 2011 was reviewed by Ernst & Young Perth.

The Directors of LionGold are responsible for the preparation and presentation of the historical and pro-forma financial information, including the determination of the pro-forma transactions.

We have conducted our review of the historical financial information in accordance with Australian Auditing Standard ASRE 2405 *Review of Historical Financial Information Other than a Financial Report*. We made such inquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- a) A review of contractual arrangements;
- b) a review of financial statements, management accounts, work papers, accounting records and other documents;
- c) a comparison of consistency in application of the recognition and measurement principles in Accounting Standards in Australia and Singapore, with the accounting policies adopted by the Company;
- d) a review of the assumptions used to compile the notional condensed consolidated Statement of Comprehensive Income and the condensed consolidated pro-forma Statement of Financial Position; and
- e) enquiry of directors, management and auditors of LionGold and Castlemaine.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

These procedures have been undertaken to form an opinion as to whether we have become aware, in all material respects, that the historical financial information set out in Appendix 1 to 3 does not present fairly, in accordance with Australian Accounting Standards (which are equivalent to International Financial Reporting Standards) and the accounting policies adopted by the Company, a view which is consistent with our understanding of the financial position and pro-forma financial position of the Company and its controlled entities as at 31 December 2011 and of their actual and notional consolidated financial result for the nine months ended 31 December 2011.

The condensed consolidated Statement of Comprehensive Income and the notional condensed consolidated Statement of Comprehensive Income of LionGold for the nine months ended 31 December 2011 are included at Appendix 1. The notional condensed consolidated Statement of Comprehensive Income for the nine months ended 31 December 2011 comprises the combination of the results of LionGold, Signature (of which control was recently acquired) and of Castlemaine for the nine months ended 31 December 2011 without adjustment (does not incorporate the pro-forma adjustments set out in Note 3 of Appendix 3).

The condensed consolidated Statement of Financial Position as at 31 December 2011 of the Company is included in Appendix 2.

Also included in Appendix 2 is the condensed consolidated pro-forma Statement of Financial Position of the Company which incorporates the condensed consolidated Statement of Financial Position as at 31 December 2011, adjusted on the basis of the acquisition of 100% of the issued and outstanding shares in Castlemaine as at that date and the completion of certain other transactions as disclosed in this report. Details of these transactions are set out in Note 3 of Appendix 3.

6. Valuation of Capitalised costs - Exploration, Evaluation and Development of Mines

Upon completion of the acquisitions of Castlemaine and Signature, a significant asset of LionGold will be its mining interests in exploration and mining tenements, comprising tenement acquisition, exploration, evaluation and mine development costs, which have been capitalised in the Statements of Financial Position.

The interests in exploration and mining tenements have been included at either cost of acquisition to LionGold or capitalised exploration, evaluation and development expenditure incurred, in the Statements of Financial Position.

We have not carried out valuations of the exploration and mining tenements and do not express a view on whether the carrying values of the capitalised exploration, evaluation and development of mines costs exceed recoverable amounts. The value of the exploration and mining tenements may rise or fall depending on such factors as future exploration results and world prices for minerals being sought.

7. Measurement of assets and liabilities acquired from Castlemaine and Signature

The acquisitions of Castlemaine and Signature as recorded in the condensed consolidated pro-forma Statement of Financial Position reflect provisional amounts allocated to the assets and liabilities acquired (also refer note 4).

In respect of Castlemaine, the assets and liabilities acquired will be remeasured after completion of the acquisition. Whilst the total net assets acquired are not expected to change significantly, the allocation between the different types of assets acquired may change significantly as a result of this remeasurement.

In respect of Signature, the amounts allocated to the assets and liabilities acquired have yet to be remeasured. The assets acquired include goodwill on consolidation of SGD\$32,996,000 (provisionally measured). Until all the assets and liabilities have been remeasured it will not be practicable to determine a final figure for goodwill on consolidation, nor to assess whether its carrying value exceeds its recoverable amount. As a consequence we do not express an opinion as to whether the provisionally measured goodwill on consolidation relating to Signature exceeds its recoverable amount. Other than for the goodwill on consolidation relating to Signature, which may need to be written down to some extent, the total net assets acquired are not expected to change significantly, although the allocation between the different types of assets acquired may change significantly as a result of this remeasurement.

8. Opinion

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- The condensed consolidated Statement of Comprehensive Income and the notional condensed consolidated Statement of Comprehensive Income of the Company for the nine months ended 31 December 2011, as set out in Appendix 1, does not present fairly the results for the year then ended in accordance with the accounting methodologies required by Australian Accounting Standards;

Wentworth Accounting Services Pty Ltd

- The condensed consolidated Statement of Financial Position of the Company, as set out in Appendix 2, does not present fairly the assets and liabilities of the Company and its controlled entities as at 31 December 2011 in accordance with the accounting methodologies required by Australian Accounting Standards.
- The condensed consolidated pro-forma Statement of Financial Position of the Company, as set out in Appendix 2, does not present fairly the assets and liabilities of the Company and its controlled entities as at 31 December 2011 in accordance with the accounting methodologies required by Australian Accounting Standards and on the basis of assumptions and transactions set out in Note 3 of Appendix 3.

9. Consistency in Application of Accounting Standards

We have been advised by the Directors of LionGold that the Company's unaudited consolidated financial statements for the 9 months ended 31 December 2011 have been prepared in accordance with Singapore Financial Reporting Standards, with the accounting policies applied and methods of computation used being consistent with those adopted in the preparation of the Company's most recently audited financial statements.

There are no key differences between Australian Accounting Standards (Australian Equivalents to International Financial Reporting Standards - "AIFRS") and Singapore Financial Reporting Standards ("FRS"), with both countries closely modelling their accounting standards on the International Financial Reporting Standards issued by the International Accounting Standards Board.

Accordingly we expect there to be no material differences between the consolidated financial statements of LionGold for the nine months ended 31 December 2011, as they have been prepared, in comparison to their preparation under AIFRS. In order to confirm this view we reviewed the Company's consolidated financial statements for the nine months ended 31 December 2011 and made enquiries of the persons at LionGold responsible for the financial information included therein. Based on our review and discussions nothing has come to our attention that indicates that LionGold's consolidated financial statements for the nine months ended 31 December 2011, have not been prepared on a basis consistent with Australian Accounting Standards (AIFRS).

Our review and discussions in relation to the above matter was substantially less in scope than an audit or review conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit or review. Accordingly we do not express an audit opinion or provide any level of assurance in relation to the Company's unaudited consolidated financial results for the 9 months ended 31 December 2011.

10. Subsequent Events

To the best of our knowledge and belief, there have been no material items, transactions or events subsequent to 31 December 2011 not otherwise disclosed in this report or the Bidder's Statement, that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

The condensed consolidated pro-forma Statement of Financial Position of LionGold as at 31 December 2011, as presented in Appendix 3 of our report, does not take into account the trading results of LionGold and its controlled entities subsequent to 31 December 2011, except to the extent of specific transactions itemised in Note 3 of Appendix 3. The trading results for the three months ended 31 March 2012 have been made available to us. Based on our review of these subsequent trading results we consider that any adjustment required (attributable to these trading results) to the condensed consolidated Statement of Financial Position of LionGold as at 31 December 2011 would not be material.

WILSON JONES & COMPANY LIMITED, ACCOUNTING ADVISOR TO THE BIDDER

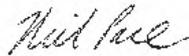
11. Other Matters

Moore Stephens Perth Corporate Services Pty Ltd does not have any pecuniary interest that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion on this matter.

Moore Stephens Perth Corporate Services Pty Ltd will receive a professional fee for the preparation of this Investigating Accountant's Report.

Moore Stephens Perth Corporate Services Pty Ltd were not involved in the preparation of any other part of the Bidder's Statement and accordingly makes no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Bidder's Statement.

Yours faithfully



Neil Pace
Director

LIONGOLD CORP LTD
(Incorporated in Bermuda with Limited Liability)

AND ITS SUBSIDIARIES

UNAUDITED CONDENSED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 31 DECEMBER 2011

Summarised below is the Company's actual and notional condensed consolidated Statement of Comprehensive Income for the nine months ended 31 December 2011. The notional condensed consolidation statement of Comprehensive Income illustrates what the financial performance of the Company would have been had it owned Castlemaine and Signature from 1 April 2011 (the results of LionGold, Castlemaine and Signature have been combined, without adjustment - it does not incorporate the pro-forma adjustments set out in Note 3 of Appendix 3).

	<u>Note</u>	<u>Actual</u> <u>31.12.2011</u> <u>S\$'000</u>	<u>Notional</u> <u>31.12.2011</u> <u>S\$'000</u>
Revenue	5	76,897	82,005
Cost of sales		(68,292)	(68,292)
Gross profit		<u>8,605</u>	<u>13,713</u>
Other operating income	6	636	2,407
Expenses:			
Selling and distribution expenses		(1,853)	(1,854)
Administrative expenses		(10,508)	(16,511)
Other operating expenses	7	(31,742)	(52,794)
Finance costs		(1,796)	(1,796)
Expense from remeasuring the contingent consideration for Owere Mines acquisition	21	-	(535)
Total expenses		<u>(45,899)</u>	<u>(73,490)</u>
Share of loss of an associated company		(102)	(102)
Profit/(Loss) before income tax		<u>(36,760)</u>	<u>(57,472)</u>
Income tax credit/(expense)		(68)	(48)
Net Profit/(Loss) after tax for the period		<u>(36,828)</u>	<u>(57,520)</u>
Net profit/(loss) attributable to:			
Equity holders of the Company		(33,960)	(54,135)
Non-controlling interests		(2,868)	(3,385)
		<u>(36,828)</u>	<u>(57,520)</u>

To be read in conjunction with the accounting policies set out in Appendix 3

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 31 DECEMBER 2011

(cont'd)

	<u>Note</u>	<u>Actual 31.12.2011 S\$'000</u>	<u>Notional 31.12.2011 S\$'000</u>
Earnings per share attributable to equity holders of the Company (S\$ cent)			
- Basic and diluted	8	<u>(4.66)</u>	<u>(7.43)</u>
Total profit/(loss) for the year		(36,828)	(57,520)
Other comprehensive income/(loss):			
Currency translation differences		<u>1,025</u>	<u>(370)</u>
Total comprehensive income/(loss) for the year		<u>(35,803)</u>	<u>(57,890)</u>
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Company		(32,935)	(54,505)
Non-controlling interests		<u>(2,868)</u>	<u>(3,385)</u>
		<u>(35,803)</u>	<u>(57,890)</u>
Allocation of Notional Comprehensive (loss)			
- LionGold			(35,801)
- Castlemaine			(18,522)
- Signature			(3,567)
			<u>(57,890)</u>

To be read in conjunction with the accounting policies set out in Appendix 3

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

(cont'd)

	Note	Actual as at 31.12.2011 S\$'000	Pro-forma as at 31.12.2011 S\$'000
ASSETS			
Current assets			
Inventories	9	6,781	13,962
Other current assets		1,500	3,746
Trade and other receivables	10	36,332	39,596
Financial assets at fair value through profit or loss		75	75
Available for sale financial assets	14	21,610	21,610
Cash and cash equivalents		<u>12,682</u>	<u>53,957</u>
		78,980	132,946
Non-current assets			
Property, plant and equipment	11	4,701	30,415
Intangible assets	12	10,259	109,437
Investments in associated companies		31	31
Other financial assets	13	<u>-</u>	<u>6,136</u>
		14,991	146,020
Total assets		<u>93,971</u>	<u>278,966</u>
LIABILITIES			
Current liabilities			
Trade and other payables	15	40,685	52,249
Provisions for employee entitlements		-	1,464
Income tax liabilities		18	18
Finance lease liabilities		59	548
Borrowings	16	<u>39</u>	<u>39</u>
		40,801	54,318

To be read in conjunction with the accounting policies set out in Appendix 3

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

(cont'd)

	Note	Actual as at 31.12.2011 S\$'000	Pro-forma as at 31.12.2011 S\$'000
Non-current liabilities			
Finance liabilities		261	1,029
Borrowings	16	27,743	11,745
Convertible bonds	17	-	28,727
Rehabilitation & preservation provisions	18	-	5,869
		<u>28,004</u>	<u>47,370</u>
Total liabilities		<u>68,805</u>	<u>101,688</u>
Net assets		<u>25,166</u>	<u>177,278</u>
EQUITY			
Issued capital and reserves attributable to equity holders of the Company			
Issued capital	19	42,848	49,599
Share premium	19	26,822	164,504
Other reserves		(6,282)	(6,282)
Accumulated losses		(35,908)	(39,629)
		<u>27,480</u>	<u>168,192</u>
Non-controlling interests		(2,314)	9,086
Total equity		<u>25,166</u>	<u>177,278</u>

To be read in conjunction with the accounting policies set out in Appendix 3

LIONGOLD CORP LTD
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NOTES TO THE UNAUDITED CONDENSED

CONSOLIDATED FINANCIAL INFORMATION – 31 DECEMBER 2011

1 Significant Accounting Policies

(a) Basis of Preparation

The unaudited condensed consolidated financial information of LionGold and its subsidiaries (the "Group") for the nine months ended 31 December 2011 has been prepared on a condensed basis in accordance with the Singapore Financial Reporting Standard ("FRS") FRS 34 Interim Financial Reporting (which is equivalent to Australian Accounting Standard 134 Interim Financial Reporting).

The condensed consolidated financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group's audited annual report for the year ended 31 March 2011 (which is the balance date of LionGold), which is available on the Company's and SGX's websites.

The financial information has been prepared under the historical cost convention, except as disclosed in the accounting policies below.

Accounting policies and methods of computation used in the condensed consolidated financial information are consistent with those applied in the Group's audited consolidated financial statements for the year ended 31 March 2011.

(b) Basis of Consolidation

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial information, 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. The financial statements of the subsidiaries used in the preparation of the consolidated financial information are prepared for the same reporting date as the Company. 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 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.

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NOTES TO THE UNAUDITED CONDENSED

CONSOLIDATED FINANCIAL INFORMATION – 31 DECEMBER 2011

1 Significant Accounting Policies (cont'd)

(b) Basis of Consolidation (cont'd)

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 comprises 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.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combinations, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 1(d) Intangible Assets. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Disposals of subsidiaries or businesses

When a change in the Company's 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 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 Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 1(e) below for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

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CONSOLIDATED FINANCIAL INFORMATION – 31 DECEMBER 2011

1 Significant Accounting Policies (cont'd)

(b) Basis of Consolidation (cont'd)

Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(c) Property, Plant and Equipment

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 asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure for additions, improvements and renewals is capitalised and expenditure for maintenance and repairs is charged to profit or loss.

Depreciation is calculated on the straight-line method to write off the cost of these assets over their estimated useful lives or the lease term, after taking into account the estimated residual value at 10% of its cost. The estimated useful lives are as follows:

Leasehold land and building	- 34 years (over the lease term)
Leasehold improvements	- 3 to 5 years
Plant and machinery	- 5 to 10 years
Moulds	- 5 years
Office and electronic equipment	- 3 to 5 years
Motor vehicles	- 5 years

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.

The residual values, estimated useful lives and depreciation method 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.

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1 Significant Accounting Policies (cont'd)

(c) Property, Plant and Equipment (cont'd)

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the property, plant and equipment is included in profit or loss in the year the property, plant and equipment is derecognised.

(d) Intangible Assets

Research and development costs

Research costs are recognised as expenses as incurred. Development costs incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Capitalised development costs are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of three years, from the date when the products are put into commercial production.

Goodwill

Goodwill arising on acquisitions of subsidiaries is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

For the purpose of impairment testing, goodwill acquired is allocated to each of the Group's cash-generating units ("CGUs") that are expected to benefit from the synergies of the combination. The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

When goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

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1 Significant Accounting Policies (cont'd)

(d) Intangible Assets (cont'd)

Mining Interests

Once the legal right to explore has been acquired, all costs related to the acquisition, exploration and development of mineral interests are capitalised separately for each area of interest, unless the directors conclude that future economic benefit are not likely to be realised. The recoverability of the cost is dependent upon the discovery of economically recoverable gold reserves, the ability to obtain necessary financing to complete development and the development of future profitable production.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation. Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful 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 economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Expenditure which fails to meet the conditions outlined above is written off, furthermore, the directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off. Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Group's right of tenure to that area of interest are current.

Expenditures that are included in the initial measurement of exploration and evaluation of mining assets include acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory, drilling, trenching, sampling and activities in relation to evaluating the technical feasibility and commercial viability of extracting the mineral resource.

The exploration and evaluation assets are measured at cost initially and are tested for impairment annually and whenever there is an indication that those may be impaired.

Mine Property assets include costs to develop the mine and costs associated with the refurbishment and recommissioning of the processing plant. The cost of mining properties 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

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1 Significant Accounting Policies (cont'd)

(d) Intangible Assets (cont'd)

Mining Interests (cont'd)

cost per ounce basis utilising total ounces expected to be produced and the total estimated capital development cost related to those ounces. The amortisation method is reviewed half yearly and any changes in expected production and future expenditure on capital mine development are accounted for by changing the amortisation calculation, which is a change in accounting estimate.

The mine property asset is stated at cost less accumulated amortisation.

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 cash-generating unit ("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, in accordance with FRS 36.

(e) Group Accounting

Subsidiaries

Investments in subsidiaries are stated in the Company's statement of financial position at cost less any accumulated impairment losses. An assessment of recoverable amounts of investments in subsidiaries is performed when there is indication that the asset has been impaired or the impairment losses recognised in the prior years no longer exist.

Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses. Goodwill relating to associated companies is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

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CONSOLIDATED FINANCIAL INFORMATION – 31 DECEMBER 2011

1 Significant Accounting Policies (cont'd)

(f) Impairment of Non-Financial Assets Excluding Goodwill

Property, plant and equipment, intangible assets (excluding goodwill), and investments in subsidiaries and associated companies 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 cash-generating unit ("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 assets' 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 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.

(g) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost includes the cost of raw materials as determined on the weighted average basis and, in the case of work-in-progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of production overheads. Net realisable value is determined either by reference to the selling prices of items sold in the ordinary course of business subsequent to the year-end date, or to management estimates, less any further costs expected to be incurred to completion and disposal.

(h) Financial Assets

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

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1 Significant Accounting Policies (cont'd)

(h) Financial Assets (cont'd)

re-evaluates this designation at every balance sheet date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

Financial assets at fair value through profit or loss

Financial asset is classified as financial assets 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 either held for trading or are expected to be realised within 12 months after the balance sheet date.

Purchases and sales of investments are recognised on 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, which are the current bid 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 "trade and other receivables" and "cash and cash equivalents" on the statement of financial position.

(i) Trade and other receivables

Trade and other receivables, which are normally settled on 60 to 90 days term 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. An allowance for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in profit or loss.

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1 Significant Accounting Policies (cont'd)**(h) Financial Assets (cont'd)**Loans and receivables (cont'd)**(ii) 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.

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.

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.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in the fair value reserve. 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 losses recognised in profit or loss for investments in equity instruments classified as available-for-sale are not subsequently reversed through profit or loss. If there is no impairment and the fair value of unquoted equity investments cannot be measured reliably because the range of possible fair value estimates is wide and the probabilities of the various estimates within the range cannot be reasonably assessed, the investment is stated at cost.

(i) Financial Instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

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1 Significant Accounting Policies (cont'd)

(i) Financial Instruments (cont'd)

Trade and other payables

Trade and other payables, which are normally settled on 75 to 90 days term and amounts due to subsidiaries, are initially measured at fair value and are subsequently carried at amortised cost using the effective interest method.

Borrowings

Borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs.

After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowings using the effective interest method.

(j) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. 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.

(k) 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 include the dismantling and removal of any plant, equipment and building structures and rehabilitation, where such work is deemed appropriate by the relevant government authorities and the cost of making safe and remaining aspects of the previous mining operation.

The provision is based on the costs expected to be incurred at the expiry of the respective license agreements. Such costs have been determined based on estimates of future costs, current legal requirements and technology and any changes in the estimates for the costs are accounted on a prospective basis. Given the short term nature of the exploration permits the provision is assessed on a continuing basis.

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CONSOLIDATED FINANCIAL INFORMATION – 31 DECEMBER 2011

† Significant Accounting Policies (cont'd)

(l) Financial Guarantees

Financial guarantee contracts are arrangements drawn between the Company and financial institutions for the issuance of corporate guarantees for bank facilities obtained by its subsidiaries.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs, and subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless the Company has incurred an obligation to reimburse the financial institutions for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the financial institutions.

(m) Income Taxes

Current income tax liabilities for current and prior periods are recognised at the amounts expected to be paid to the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(n) Leases

Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

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1 Significant Accounting Policies (cont'd)

(n) Leases (cont'd)

Finance leases (cont'd)

Assets acquired on hire purchase arrangements are capitalised and the corresponding obligations treated as a liability. The total interest, being the difference between the total instalments payable and the capitalised amount, is charged to profit or loss over the period of such hire purchase arrangements on a basis that reflects a constant periodic rate of charge on the balance of capital repayments outstanding.

Operating leases

Leases of office, factory, and plant and equipment where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the leases.

(o) Revenue Recognition

Sale of Office Equipment

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer and collectability of the related receivables is reasonably assured.

Investment Trading

Gain on sale of financial assets at fair value through profit or loss is recognised when the ownership of the shares or rights have been transferred to the buyer.

Interest Income

Interest income is recognised on a time proportion basis using the effective interest method.

Construction Revenue

When the outcome of the construction contract can be estimated reliably, contract revenue and costs are recognised in profit or loss in proportion to the stage of completion of the contract.

When the outcome of the construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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1 Significant Accounting Policies (cont'd)**(o) Revenue Recognition (cont'd)**Construction Revenue (cont'd)

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work and claims, to the extent that it is probable that those additions will result in revenue and can be measured reliably. The stage of completion of the contract is measured by reference to the surveys of work performed.

(p) Employee BenefitsDefined 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 expense in profit or loss as and when they are incurred. The Group has no further payment obligations once the contributions have been paid.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits expected to be settled within 12 months of the reporting date are recognised in other payables and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The provision for long service leave is created as and when employees reach five years of service by pro-rata accrual of long service leave entitlements. The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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1 Significant Accounting Policies (cont'd)**(p) Employee Benefits**Share-based payments

Share-based compensation benefits are provided to employees, consultants and contractors via Employees' and Contractors' Option Plans and other grants of unlisted options approved by the board of directors.

The fair value of options granted is recognised as an employee, consultant and contractor benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the recipient becomes unconditionally entitled to the options.

(q) 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.

(r) Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

(s) Currency TranslationFunctional and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (the "functional currency"). For the purpose of the consolidated financial statements, the results and financial position of the group are expressed in Singapore Dollars ("S\$" or "SGD\$"), which is the presentation currency for the consolidated financial statements. All values are rounded to the nearest thousand (S\$'000) except when otherwise indicated.

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

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1 Significant Accounting Policies (cont'd)

(s) Currency Translation (cont'd)

Transactions and balances (cont'd)

the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in profit or loss, except for currency translation differences on net investment in foreign entities and borrowings and other currency instruments qualifying as net investment hedges for foreign operations in the consolidated financial statements.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rate at the date of the transaction.

Currency translation differences on non-monetary items, whereby the gains or losses are recognised in profit or loss, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Currency translation differences on non-monetary items whereby the gains or losses are recognised directly in equity, such as equity investments classified as available-for-sale financial assets are included in the fair value reserve.

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 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 the foreign currency translation reserve within equity.

Consolidation adjustments

On consolidation, currency translation differences arising from the net investment in foreign entities and borrowings and other currency instruments designated as hedges of such investments are taken to foreign currency translation reserve. When a foreign operation is

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1 Significant Accounting Policies (cont'd)**(s) Currency Translation (cont'd)**Consolidation adjustments (cont'd)

disposed of, such currency translation differences are recognised in profit or loss as part of the gain or loss on disposal.

(t) Construction Contracts

Construction contracts are stated at the lower of cost plus attributable profit less anticipated losses and progress billings, and net realisable value. Cost comprises material costs, direct labour, borrowing costs and relevant overheads. Provision for total anticipated losses on construction contracts is recognised in the financial statements when the loss is foreseeable.

Provision for liquidated damages for late completion of projects are made where there is a contractual obligation and written notice is received from customers, and where in management's opinion an extension of time is unlikely to be granted.

At the balance sheet date, the aggregated costs incurred with the addition of recognised profit (less recognised loss) on each contract is compared against the progress billings. Where such costs exceed progress billings amount, the balance is presented as due from customers on construction contracts within 'trade and other receivables'. Where progress billings amount exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within 'trade and other payables'.

Progress billings which are not paid by customers and retentions are classified as 'trade and other receivables'. Whereas advances received are classified as 'trade and other payables'.

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2 Critical Accounting Estimates, Assumptions and Judgements

Estimates, assumptions and judgements concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Key Sources of Estimation Uncertainty

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.

Estimated useful life and residual value of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 34 years. The carrying amount of the Group's property, plant and equipment as at 31 December 2011, excluding construction in progress, was SGD\$4,519,000 (pro-forma – SGD\$29,703,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these property, plant and equipment, therefore future depreciation charges could be revised.

If the depreciation on property, plant and equipment differs by 10% from management's estimates, the Group's profit after tax for the year will vary by 1%.

Mineral Resources and Exploration Target Estimates

Castlemaine estimates its Mineral Resources and Exploration Targets based on information compiled by Competent persons (as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as revised December 2004 [the JORC code]). Resources and Exploration Targets, if applicable, determined in this way are taken into account in the calculation of depreciation, amortisation, impairment, mining properties and rehabilitation expenditure.

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, operational cost, metal price, mining control, dilution or other relevant issues. There has been insufficient exploration to define these Inferred Mineral Resources as an Indicated or Measured Mineral Resource as there is insufficient close-spaced drill hole data to adequately define grade and geological continuity for this structurally complex deposit. It is uncertain if further exploration will result in upgrading the Inferred Mineral Resource to an Indicated or Measured Mineral Resource category or to Ore Reserves.

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2 Critical Accounting Estimates, Assumptions and Judgements**(a) Key Sources of Estimation Uncertainty**Mineral Resources and Exploration Target Estimates (cont'd)

An Exploration Target is a hypothetical view of 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.

Further study including underground development and diamond drilling is required.

The determination of Mineral Resources, Exploration Targets and mine life affects the Group's financial results and financial position including asset carrying values impacted by estimated future cash flows, depreciation and amortisation charges, impairment and rehabilitation provision.

Mining Properties

Costs incurred in the development of the mine projects and costs associated with the refurbishment and recommissioning of the processing plant are capitalised as Mining Properties to the extent that these costs are expected to be recouped through commercially viable extraction of resources. Mining property expenditure is amortised on a cost per ounce basis utilising estimates of total ounce production and projected total capitalised development 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.

The mine property assets are stated at cost less accumulated amortisation.

Impairment of mining interests

The future recoverability of capitalised mining interests is dependent on a number of factors, including whether the Company decides to explore and 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 measured, indicated 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).

To the extent that capitalised mining interests are determined not to be recoverable in the future, this will reduce profit and net assets in the period in which this determination is made.

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2 Critical Accounting Estimates, Assumptions and Judgements (cont'd)

(a) Key Sources of Estimation Uncertainty (cont'd)

Impairment of mining interests (cont'd)

In addition, mining interests are capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence of 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 the determination is made. The carrying amount of Group's mining interests as at 31 December 2011 was SGD\$ Nil (pro-forma – SGD\$68,354,000)

Rehabilitation and Mine Closure Provisions

During the course of the reporting period, the entity has continued to perform incremental rehabilitation of tenement and licence areas. As set out in note 1 (k) provision has been made for rehabilitation and preservation of previous and current mining sites. The provision is based upon director's estimates of the future cost of restoration and heritage preservation. Significant judgement is required in determining the provisions for mine rehabilitation and closure. A change in any or a combination of the key assumptions used to determine the provisions could have a material impact on the carrying value of the provisions. The provision recognised at each reporting date is based on the facts and circumstances available at the time with any changes to estimated future costs recognised in the provision for that reporting period.

Impairment of goodwill arising from acquisition of subsidiary

Goodwill arising from the acquisition of a subsidiary is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. The recoverable amount of the allocated cash-generating unit ("CGU") has been determined based on value-in-use calculations. The calculation requires the use of estimates and assumptions. Changes to these estimates and assumptions could result in a change in the carrying value of the goodwill.

A 5% increase or decrease in the estimated growth rate and discount rate used would not result in a recoverable amount lower than the carrying amount of goodwill.

During the financial period, impairment loss of S\$6,061,000 and S\$10,000,000 were recognised for Mornington Offshore Inc. and Industrial Power Technology Pte Ltd respectively. The carrying value amount of the Group's goodwill as at 31 December 2011 was S\$10,178,000 (pro-forma – SGD\$10,178,000)

(b) Critical Judgements made in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made certain judgements, apart from those involving estimations, which have a significant effect on the amounts recognised in the financial statements.

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2 Critical Accounting Estimates, Assumptions and Judgements (cont'd)

(b) Critical Judgements made in Applying Accounting Policies (cont'd)

Allowance for inventory obsolescence

Reviews are made periodically by management in respect of inventories for excess inventories, obsolescence and decline in net realisable value below cost. Allowances are recorded against the inventories for any such declines based on historical obsolescence and slow-moving experiences.

During the financial period, no allowance for inventory obsolescence was recognised. The carrying amount of the Group's inventories as at 31 December 2011 was SGD\$6,781,000 (pro-forma SGD\$13,962,000).

Impairment of trade and other receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

During the financial period the Group impaired other receivables of S\$3,395,000 (Note 7(a)). No impairment loss was recognised for trade receivables and as at 31 December 2011, the carrying amount of the Group's trade and other receivables was SGD\$36,332,000 (pro-forma SGD\$39,598,000).

Impairment of investment in associated company

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. 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.

During the financial period, no allowance for impairment of investments in associated companies was made. The carrying amount of the Group's investments in associated companies as at 31 December 2011 was SGD\$31,000 (pro-forma SGD\$31,000).

Impairment of available-for-sale financial assets

Management assesses impairment of the available-for-sale financial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. 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.

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2 Critical Accounting Estimates, Assumptions and Judgements (cont'd)**(b) Critical Judgements made in Applying Accounting Policies (cont'd)***Impairment of available-for-sale financial assets (cont'd)*

During the financial period, impairment loss of S\$1,841,000 for available for sale financial assets was made (Note 7(a)). The carrying amount of the Company's available-for-sale financial assets as at 31 December 2011 was SGD\$21,610,000 (pro-forma SGD\$21,610,000).

Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide income tax liabilities. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax liabilities in the period in which such determination is made. The carrying amount of the Group's income tax liabilities at 31 December 2011 was SGD\$18,000 (pro-forma SGD\$18,000).

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3 The Preparation of the Condensed Consolidated Pro-Forma Statement of Financial Position

The 31 December 2011 condensed consolidated Statement of Financial Position of the Group has been adjusted to reflect the impact of the following proposed transactions or transactions which have taken place subsequent to 31 December 2011:

- The acquisition by LionGold of all the issued and outstanding shares in Castlemaine, satisfied by the issue of 60,720,779 LionGold shares at SGD\$1.0738 per share. On this basis the consideration is valued at SGD\$65.20 million.
- The acquisition by LionGold of 76.22% of the issued and outstanding shares in Signature, satisfied by the issue of 61,862,111 LionGold shares at SGD\$1.080 per share. On this basis the consideration is valued at SGDS66.81 million (or approximately AUD\$51.79 million, based on a foreign exchange rate of SGD\$1,290/AUD\$1.00 as at 16 April 2012).
- The accrual of an estimated SGD\$1,236,000 in costs to be incurred by the Company in relation to the acquisition of Castlemaine and the subsequent expensing of these costs in the Statement of Comprehensive Income.
- The payment, subsequent to 31 December 2011, of an estimate SGD\$1,397,000 in costs incurred by the Company in relation to the acquisition of Signature and the expensing of these costs in the Statement of Comprehensive Income.
- The placement on 12 April 2012 by LionGold of 12,000,000 shares at SGD\$1.035 raising cash of SGD\$12,420,000, utilised for payment of expenses of the placement (SGD\$15,000), repayment of borrowings (SGD\$5,500,000), Castlemaine Goldfields Limited share subscription (SGD\$5,037,760 – as noted below), payment of expenses relating to the acquisition of Signature Metals Limited (SGD\$245,862), advances to subsidiaries for working capital purposes (SGD\$1,594,367) and the balance of SGD\$27,011 for working capital of the Company.
- The call by LionGold on its profit warranty, relating to its investment in IPT, for SGD\$10 million from the vendors. The impact is to increase LionGold's profit by the amount of the warranty and to increase receivables.
- The receipt on 11 May 2012 by LionGold of 3 year interest bearing convertible bonds raising cash of US\$23.0 million (SGD\$28,727,000). After deducting expenses of the bond issue of US\$859,284 (SGD\$1,073,320), which has been expensed in the Statement of Comprehensive Income, the balance of funds has been allocated to repayment of unsecured borrowings (SGD\$12,728,000) and cash at bank (SGD\$14,926,000).
- The placement by Castlemaine in April 2012 of 33,913,000 shares at AUD\$0.115 to LionGold for consideration of AUD\$3.89 million (SGD\$5.04 million).

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CONSOLIDATED FINANCIAL INFORMATION – 31 DECEMBER 2011

4 The Preparation of the Condensed Consolidated Pro-Forma Statement of Financial Position

Details of the acquisition of Castlemaine transaction, provisionally measured are:

	S\$'000
Purchase consideration	<u>65,202</u>
Assets and liabilities held at acquisition date, at cost:	
Cash	21,745
Other current assets	2,246
Inventories	3,158
Property, plant and equipment	12,392
Mining interests – exploration & evaluation	14,466
Mining interests – mining properties	21,747
Other financial assets	6,136
Trade & other payables	(6,187)
Employee & rehabilitation provisions	(7,073)
Financial liabilities	<u>(1,257)</u>
	67,374
Discount on acquisition	(2,172)
	<u>65,202</u>

Details of the acquisition of Signature transaction, provisionally measured, are:

	S\$'000
Purchase consideration	<u>66,811</u>
Assets and liabilities held at acquisition date, at cost:	
Cash	332
Trade & other receivables	3,264
Inventories	4,023
Property, plant and equipment	13,322
Mining interests	32,141
Trade & other payables	(5,376)
Provisions	(260)
Financial liabilities	<u>(2,230)</u>
	45,216
Goodwill on consolidation	32,998
Non-controlling equity interest in acquisition	(11,401)
	<u>66,811</u>

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5 Revenue	Actual <u>31.12.2011</u> S\$'000	Notional <u>31.12.2011</u> S\$'000
Sale of office equipment	71,952	71,952
CDM projects	4,945	4,945
Gold sales	-	5,108
	<u>76,897</u>	<u>82,005</u>
6. Other Operating Income		
Interest income	36	1,412
Others	57	183
Fair value gain/(loss) on financial assets at fair value through profit or loss	(2)	(2)
Gain from sale of spare parts	247	247
Gain on sale of surplus equipment	298	530
Scrap metal sales	-	4
Rental income	-	33
	<u>636</u>	<u>2,407</u>
7 Other Operating Expenses		
Amortisation of intangible assets	36	36
Loss on foreign exchange – unrealised (net)	1,102	1,104
Plant & equipment written off	25	25
R&D expenses	10	10
Loss/(gain) on disposal of plant & equipment	-	-
Impairment of goodwill	16,061	16,061
Capitalised exploration & evaluation costs written off	3,249	6,153
Impairment loss on available for sale financial asset (a)	1,841	1,841
Impairment loss on other receivable (a)	3,395	3,395
Exploration & evaluation expenses	4,052	5,098
Pre-acquisition development costs written off	1,971	1,971
Mining costs	-	17,100
	<u>31,742</u>	<u>52,794</u>

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7 Other Operating Expenses (cont'd)

- (a) The available-for-sale financial asset relates to the Company's investment in African Stellar (West Africa) Limited ("ASWA"). In accordance with the Heads of Agreement ("HOA") signed with African Stellar Holdings Limited ("Vendor"), the Company paid US\$1,500,000 (equivalent to S\$1,841,000) for 5,100,000 ordinary shares ("escrowed shares") representing 51% of the total issued and paid up capital of ASWA. The ASWA shares are held in escrow and will be released to the Company upon funding of a further US\$3,500,000 (equivalent to S\$4,547,000) in tranches based on the same HOA. This interest-free loan shall be repaid within 24 months of advancing each tranche to ASWA. If ASWA fails to meet certain production targets set for 30 June 2012 and 30 June 2013, the loan disbursed to ASWA can be converted to ordinary equity of ASWA. If the Company fails to provide the loan of US\$3,500,000 based on certain timetable as set out in the HOA, one escrowed share per every one dollar less than US\$5,000,000 advanced by the Company shall be transferred to the Vendor, with remaining escrowed shares held in the name of the Company to be released to the Company at the same time.

As at 31 December 2011, the Company paid US\$2,612,750 (equivalent to S\$3,395,000) out of the US\$3,500,000 loan to be provided to ASWA and this is recorded as a long term other receivable. The Group has impaired US\$2,612,750 (equivalent to S\$3,395,000) of the loan provided to ASWA as well as its investment in ASWA of US\$1,500,000 (equivalent to S\$1,841,000) for the financial period ended 31 December 2011 as these are deemed to be not recoverable. In addition, the Company has also served a notice on 29 May 2012 to the Vendor that the Company shall cease to be the exclusive funder of the business carried on by ASWA.

8 Earnings per Share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Actual 31.12.2011 S\$'000	Notional 31.12.2011 S\$'000
Total net loss attributable to equity holders of the Company (S\$'000)	(33,960)	(54,135)
Weighted average number of ordinary shares in issue ('000)	728,777	728,777
Basic and diluted earnings per ordinary share (S\$ cent)	(4.66)	(7.43)

There is no difference between the basic and diluted earnings per share as there were no potential dilutive shares for the twelve months ended 30 June 2011.

APPENDIX 3

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9 Inventories

	Actual as at <u>31.12.2011</u> S\$'000	Pro-forma as at <u>31.12.2011</u> S\$'000
Raw materials	4,181	6,130
Work-in-progress	1,720	1,720
Finished goods	1,554	1,554
Less: Allowance for impairment of inventories	(674)	(674)
Supply inventories at cost	-	4,023
Gold in circuit and in safe at net realisable value	-	562
Stockpile of unprocessed ore at net realisable value	-	647
	<u>6,781</u>	<u>13,962</u>

10 Trade and Other Receivables

Trade receivables	30,665	33,929
Less: Allowance for impairment of trade receivables	(360)	(360)
Trade receivables, net	30,305	33,569
GST/VAT recoverable	4,928	4,928
Advance to suppliers	-	-
Sundry debtors	1,099	1,099
	<u>36,332</u>	<u>39,596</u>

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11	Property, Plant and Equipment	Actual as at 31.12.2011 S\$'000	Pro-forma as at 31.12.2011 S\$'000
	Leasehold Land and Building		
	Cost	1,452	4,049
	Accumulated Depreciation	171	171
	Net Book Value	<u>1,281</u>	<u>3,878</u>
	Leasehold Improvements		
	Cost	633	633
	Accumulated Depreciation	357	357
	Net Book Value	<u>276</u>	<u>276</u>
	Plant and Machinery		
	Cost	2,025	26,135
	Accumulated Depreciation	1,229	3,380
	Net Book Value	<u>796</u>	<u>22,755</u>
	Moulds		
	Cost	3,433	3,433
	Accumulated Depreciation	2,612	2,612
	Net Book Value	<u>821</u>	<u>821</u>
	Office and Electronic Equipment		
	Cost	1,173	1,631
	Accumulated Depreciation	797	1,009
	Net Book Value	<u>376</u>	<u>622</u>
	Motor Vehicle		
	Cost	1,175	1,787
	Accumulated Depreciation	251	481
	Net Book Value	<u>924</u>	<u>1,306</u>
	Construction in Progress		
	Cost	182	712
	Accumulated Depreciation	-	-
	Net Book Value	<u>182</u>	<u>712</u>
	Field Equipment		
	Cost	50	50
	Accumulated Depreciation	5	5
	Net Book Value	<u>45</u>	<u>45</u>
	Total		
	Cost	<u>10,123</u>	<u>38,430</u>
	Accumulated Depreciation	<u>5,422</u>	<u>8,015</u>
	Net Book Value	<u>4,701</u>	<u>30,415</u>

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11 Property, Plant and Equipment (cont'd)

As at 31 December 2011, leasehold land and building with a net book value of approximately S\$1,281,000 was pledged as securities for banking facilities of a subsidiary as described in Note 16.

As at 31 December 2011, the net book value of motor vehicles of the Group held under finance leases was S\$532,000 (relates to motor vehicles).

12 Intangible Assets

	Actual as at 31.12.2011 S\$'000	Pro-forma as at 31.12.2011 S\$'000
Computer Software		
Cost	117	117
Accumulated Amortisation	36	36
Net Book Value	<u>81</u>	<u>81</u>
Mining Interests – Exploration & Evaluation		
Cost	3,249	19,487
Accumulated Amortisation/Impairment	3,249	5,021
Net Book Value	<u>-</u>	<u>14,466</u>
Mining Interests – Mining Properties		
Cost	-	54,988
Accumulated Amortisation/Impairment	-	1,100
Net Book Value	<u>-</u>	<u>53,888</u>
Goodwill		
Cost	26,241	26,241
Accumulated Amortisation/Impairment	16,063	16,063
Net Book Value	<u>10,178</u>	<u>10,178</u>
Goodwill – Castlemaine/Signature		
Cost	-	30,824
Accumulated Amortisation/Impairment	-	-
Net Book Value	<u>-</u>	<u>30,824</u>
Total		
Cost	29,501	131,657
Accumulated Amortisation/Impairment	19,242	22,220
Net Book Value	<u>10,259</u>	<u>109,437</u>

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12 Intangible Assets (cont'd)

Mining Interests – Exploration & Evaluation

These exploration and evaluation expenditure include mining interests amounting to S\$3,249,000 related to the costs incurred to acquire several mining concession rights in the Republic of Mali. The mining interest was fully impaired as at 31 December 2011 as the Group does not expect meaningful progress in its mining activities in Mali and the costs are not expected to be recouped.

The remaining exploration & Evaluation expenditure capitalised comprises capitalised expenditure relating to Castlemaine's gold exploration projects (S\$14,466,000).

Mining Interests – Mining Properties

Mining Property assets comprise costs to develop the underground Ballarat mine, costs associated with the refurbishment and recommissioning of the processing plant (SGD\$21,747,000) and costs incurred to develop the mine and commissioning of the processing plant at the Konogo gold project in Ghana (SGD\$32,141,000). Total mining properties cost is amortised over the estimated ounces of production generated from the mines.

Goodwill

- (a) Included in goodwill is an amount of S\$20,178,000 (S\$10,178,000 after adjusting for the impact of the impairment write down) which relates to the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets and liabilities acquired in Industrial Power Technology Pte Ltd ("IPT"). The goodwill was attributable to the products and business prospects of the entities acquired.

The Group has impaired S\$10,000,000 IPT goodwill based on recoverable amount of the IPT goodwill.

The Group assessed the recoverable amount of goodwill based on value-in-use calculations which uses cash flow projections covering a two to three-year period based on projects that are likely to be carried out in the next six-month period, as approved by management. The discount rate 6% which represents the weighted average cost of capital of the Group has been applied to the cash flow projections. The directors believe that any reasonable possible change in the key assumptions on which the recoverable amount is based on would not result in the carrying amount of goodwill to significantly exceed its recoverable amount.

- (b) The Company acquired 70% of Mornington Offshore Inc. ("MOI") from Avalon Ventures Corporation ("Vendor") for a total consideration of US\$35.0 million on 20 April 2011. This consideration comprises of US\$5.0 million shares of the Company and a contingent consideration amounting to US\$30.0 million which has to be paid to the Vendor subject to certain milestones that the Vendor needs to achieve. Management believes the fair value of the contingent consideration is nil.

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12 Intangible Assets (cont'd)

Goodwill (cont'd)

The goodwill amounting S\$6,061,000 ("MOI goodwill") arising on consolidation relates to excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets and liabilities acquired in MOI during the current financial year. The goodwill was attributable to the products and business prospects of the entities acquired. The Group has assessed the recoverable amount of the MOI goodwill is nil as at 31 December 2011. The Group has fully impaired the MOI goodwill of S\$6,061,000 as at year end.

Goodwill – Castlemaine/Signature

The goodwill relates to the excess of the cost of acquisition over the fair value of identifiable net assets to be acquired in Signature of SGDS\$32,996,000 and in Castlemaine of negative SGDS\$2,172,000 – provisionally assessed at this time.

13 Non-current assets – Other financial assets

Security deposits with banks	-	6,136
	<u> </u>	<u>6,136</u>

Security deposits with banks are short-term bank deposits to secure bank guarantees primarily in favour of the Minister for Energy and Resources equivalent in value to amounts prescribed as rehabilitation bonds. The deposits of varying maturities are renewed throughout the life of the related rehabilitation bonds. The current deposits earn interest ranging from 4.7% to 6.05% per annum with the longest dated maturity of April 2012. The term of future investment periods will take into account relative interest rates.

14 Available-for-sale Financial Assets, Current

	Actual as at <u>31.12.2011</u> S\$'000	Pro-forma as at <u>31.12.2011</u> S\$'000
Unquoted investments	21,610	21,610
Balance as at end of the period	<u>21,610</u>	<u>21,610</u>

These assets are proposed to be disposed of, as announced 1 June 2011, and as further discussed in Note 24 (i).

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15 Trade and Other Payables

	Actual as at <u>31.12.2011</u> S\$'000	Pro-forma as at <u>31.12.2011</u> S\$'000
Trade payables	28,264	36,457
Other payables and accruals	6,162	9,533
Advances from customers	350	350
Unearned revenue	4,103	4,103
Provision for legal claim	1,806	1,806
	<u>40,685</u>	<u>52,249</u>

Provision for legal claim relates to estimated amount payable to the Chinese Society for Environmental Science as disclosed in Note 25.

16 Borrowings

	Actual as at <u>31.12.2011</u> S\$'000	Pro-forma as at <u>31.12.2011</u> S\$'000
Current liabilities		
- repayable not later than one year	39	39
Non-current liabilities		
- repayable later than one year and not later than five years	27,396	11,745
- repayable later than five years	347	-
	<u>27,743</u>	<u>11,745</u>

As at 31 December 2011, total borrowings include a bank loan amounting to S\$565,000 secured by a legal mortgage of the property as described in Note 10. The property is located at 38 Kallang Place Singapore 339166. This loan incurred an average effective interest rate of approximately 5.25% per annum. The bank loan is repayable in 15 years by monthly instalments of approximately S\$5,005, S\$5,108 and S\$5,628 for the first three years commencing from March 2008. The interest charges were at 1.5% and 1.2% per annum below average prime lending rate for the first year and second year respectively. Starting from third year and subsequent years the interest rate is 0.25% above prime rate.

Actual non-current liabilities include borrowings provided by a third party of S\$23,346,000. The amount is unsecured and incurs interest at a rate of 12.8 % per annum. The loan is repayable in year 2015. Subsequent to 31 December 2011 an amount of SGD\$12,728,000 has been repaid off this loan.

The remaining borrowing of S\$3,871,000 is unsecured and incurred interest at a rate of 12.8 % per annum during the period.

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17 Convertible Bonds – Non-current Liability

US\$ Convertible Bonds	-	28,727
	<u>-</u>	<u>28,727</u>

The bonds are denominated in US\$ (US\$23 million), with a maturity date of April 2015, and bear interest at the rate of 9.0% per annum.

The bonds may be converted, at the option of the holder, at any time on or after 30 days after the issue date. The Company may redeem the bonds on or at any time after 24 months from the issue date. Unless redeemed or converted before maturity date the Company will redeem all bonds plus accrued interest at the maturity date.

18 Non-current Liabilities – Provisions

Rehabilitation and preservation provision	-	5,869
	<u>-</u>	<u>5,869</u>

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, Castlemaine and Tarnagulla.

19 Issued Capital and Share Premium

	Actual as at 31.12.2011 S\$'000	Pro-forma as at 31.12.2011 S\$'000
<i>Authorised:</i>		
1,250,000,000 ordinary shares of US\$0.04 each	<u>50,000</u>	<u>50,000</u>
 <i>Issued and fully paid:</i>		
At end of the year	<u>42,848</u>	<u>49,599</u>
 <i>Share premium:</i>		
At end of the year	<u>26,822</u>	<u>164,504</u>

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.

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20 Commitments

(a) Operating Lease Commitments

The Group leases various factory buildings, staff quarters and 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:

	Actual as at <u>31.12.2011</u> S\$'000	Pro-forma as at <u>31.12.2011</u> S\$'000
Within one year	1,233	1,233
Between two to five years	661	661
After five years	1,104	1,104
	<u>2,998</u>	<u>2,998</u>

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

(b) Exploration and mining expenditure requirements

The group holds exploration and mining licences that have certain obligations to perform minimum exploration work associated with minimum expenditure commitments. Variation to these tenement obligations can be negotiated where circumstances allow and are also subject to variations by farm-in agreements or joint ventures. The terms and conditions attached to the licences are subject to variation upon renewal. The main licence for the Ballarat Gold Project expires in October 2023. The terms of the other licences range from less than one to four years. Generally, application is made to renew the licences as renewal dates occur throughout the life of the related mining or exploration project.

21 Contingent Consideration

Owere Mines Limited

On 3 August 2009, Signature announced it had reached agreement to acquire 70% of Owere Mines Limited. On the 21 December 2009 Signature exercised the option to acquire the interest and issued 50 million shares to Alpina Group Limited as consideration to acquire the interest. 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 will be made following the production of 100,000 ounces of gold from the project (tranche 3).

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21 Contingent Consideration (cont'd)

Owere Mines Limited (cont'd)

The deferred consideration is recorded at estimated fair value of S\$2,099,000 under non-current finance liabilities.

The deferred consideration was originally measured at acquisition date at S\$585,000, but was remeasured at 31 December 2011 and again at 30 June 2011, which resulted in an additional amount being accrued of SGD\$1,514,000 (SGD\$535,000 relating to the period covered by this report).

Mornington Offshore Inc ("MOI")

LionGold acquired 70% of MOI on 20 April 2011. The Consideration includes a contingent consideration amounting to US\$30 million which has to be paid to the vendor subject to certain milestones being achieved. The contingent consideration is recorded at estimated fair value of nil based on management's assessment that, at this time, the likelihood of additional payments being made is remote.

22 Segment Information

The identification of the Group's reportable segments under FRS 108 are as follows:

<u>Business segments</u>	<u>Principal activities</u>
Investment holdings	Investment holding
CDM* projects	Waste management projects
Office equipment	Manufacturing and sale of office equipments
Gold Investment	Exploration for and exploitation of precious and other minerals, and natural resources

* CDM – Clean Development Mechanism

APPENDIX 3

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22 Segment Information (cont'd)

(a) Business Segments

Group	Investment holdings S\$'000	CDM projects S\$'000	Office equipment S\$'000	Gold investments S\$'000	Actual 31.12.11 Consolidated S\$'000
31 December 2011: Unaudited					
Segment revenue					
Sales to external customers	-	4,945	71,952	-	76,897
Cost of goods sold	-	(4,157)	(64,135)	-	(68,292)
Gross profit	-	788	7,817	-	8,605
Other operating income	3	36	597	-	636
Operating expenses	(20,628)	(1,275)	(4,932)	(17,258)	(44,103)
Finance costs	(1,793)	(2)	(1)	-	(1,796)
Share of loss of an associated company	(102)	-	-	-	(102)
Loss before income tax	(22,520)	(453)	3,481	(17,258)	(36,750)
Income tax expense					(86)
Net loss for the year					(36,836)
Other segment information					
Segment assets	10,110	27,875	51,608	4,378	93,971
Segment liabilities	5,763	5,363	28,859	900	40,685
Unallocated liabilities					18
- Income tax liabilities					320
- Finance lease liabilities					27,782
- Borrowings					68,805
Capital expenditure					
- property, plant and equipment	48	408	181	446	1,081
- intangible assets	-	-	81	6,061	6,142
- exploration & evaluation expenditure	-	-	-	3,249	3,249
- available for sale financial asset	-	-	-	1,841	1,841
Depreciation of property, plant and equipment	(65)	(94)	(485)	(39)	(683)
Other non-cash expenses					
- Amortisation of intangible assets	-	-	(36)	-	(36)
- property, plant and equipment written off	-	-	(25)	-	(25)
- impairment of goodwill	-	(10,000)	-	(6,061)	(16,061)
- exploration and evaluation expenditure written off	-	-	-	(3,249)	(3,249)
- impairment loss on available for sale financial asset	-	-	-	(1,841)	(1,841)
- impairment loss on other receivable	-	-	-	(3,395)	(3,395)
- pre acquisition development costs written off	-	-	-	(1,970)	(1,970)
- share of loss of an associated company	(102)	-	-	-	(102)

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22 Segment Information (cont'd)

(b) Geographical segments

The Group operates in three main geographical segments by location of customers, namely USA, Europe and Japan. Other geographical areas mainly comprise Canada, Korea, Australia, New Zealand, South Africa and other countries, none of which constitute a separately reportable segment.

The turnover by geographical segments is based on the location of customers regardless of where the goods are produced. The non-current assets are based in PRC, Africa, Singapore and Malaysia where the Group operates.

	USA S\$'000	Europe S\$'000	Japan S\$'000	Others S\$'000	Consolidated S\$'000
Turnover					
<u>31 December 2011 Unaudited</u>					
Total sales to external customers	208	27,671	8,679	40,339	76,897

	PRC S\$'000	Africa S\$'000	Singapore S\$'000	Malaysia S\$'000	Consolidated S\$'000
Non-current assets *					
<u>31 December 2011 Unaudited</u>					
Non-current assets	2,379	2,190	10,393	29	14,991

* Non-current assets presented have excluded financial instruments

(c) Information about Major Customers

Revenue of approximately S\$66.5 million is derived from 2 external customers. These revenues are attributable to the PRC's office equipment segment.

23 Contingent Liabilities

Financial Guarantees

The maximum amount of financial guarantee contracts are allocated to the earliest period in which the guarantee could be recalled.

	Actual as at 31.12.2011 S\$'000	Pro-forma as at 31.12.2011 S\$'000
Corporate guarantee provided to a financial institution in connection with equipment purchased - unsecured	928	928

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23. Contingent Liabilities (cont'd)

Other Contingent Liabilities

A royalty capped at \$50 million is payable to Newcrest Mining Limited as the previous owner of the Ballarat gold project assets, based upon 2.5% of net smelter returns from gold won from the Ballarat gold project and ore from pre-existing projects treated through the Ballarat gold plant.

In addition, two other, pre-existing royalty obligations were assumed with the purchase of the Ballarat Gold Project assets. A 4% royalty payable on production in excess of 25,000 ounces from MIN 4847 (Ballarat South) and a royalty of 2% capped at 4,000 ounces payable on production from MIN 4847 (Ballarat South) and from EL 3018 (Ballarat Regional).

24. Events after Balance Sheet Date

(a) Industrial Power Technology Pte Ltd ("IPT") profit warranty

In relation to the Company's acquisition of IPT in prior years, an additional consideration of S\$7,500,000 will be payable by way of a cash sum of S\$5,250,000, and the issuance and allotment of 17,307,692 new ordinary shares at an issue price of S\$0.13 per ordinary share to acquire the balance of the 25% equity interest of IPT if the acquired operations achieve a cumulative audited net profit before tax ("NPBT") of S\$10,000,000 ("Target Profit Guarantee") within the profit warranty period, 1 April 2008 to 31 March 2012 ("Profit Warranty Period").

In the event that the Target Profit Guarantee is not satisfied, original sellers of IPT shall be liable to pay the Company the shortfall between the Target Profit Guarantee and the aggregate cumulative audited net profit before tax ("NPBT") for the Profit Warranty Period (Profit Warranty").

The Board recently reviewed the Company's investment in IPT and arrived at the view that the Profit Warranty at the expiration of the Profit Warranty Period will not be met.

On 28 March 2012, the Company announced that it will call upon the Profit Warranty. The Company had also announced that it is reconsidering its intention to maintain its investment in IPT. No firm decision has been taken to date.

(b) Private placement of 12,000,000 new shares in LionGold

On 11 May 2012, LionGold announced that it has completed the allotment and issuance of private placement of 12,000,000 ordinary new shares of the Company at S\$1.035 per share. The utilisation of these funds is set out in Note 3.

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24 Events after Balance Sheet Date (cont'd)**(c) Acquisition of 100% of Castlemaine Goldfields Limited ("Castlemaine")**

On 16 April 2012, LionGold announced that it had on 14 April 2012 entered into an agreement to subscribe for 33,913,000 new shares at A\$0.115 per share in Castlemaine ("Castlemaine Subscription").

On 16 April 2012, LionGold also announced that it had on 14 April 2012 entered into an Implementation Deed Agreement to make an off-market takeover bid for all the issued shares of Castlemaine that are not owned by LionGold.

Castlemaine is listed on the Australian Securities Exchange.

Subsequently, LionGold announced that the Castlemaine Subscription was successfully completed on 3 May 2012, thereby making the LionGold a substantial shareholder of Castlemaine at 11.36% of the enlarged and paid-up capital of Castlemaine.

(d) Issuance of convertible bonds

On 28 March 2012, LionGold agreed to issue an aggregate of up to US\$30.0 million in principal amount of 9.0% convertible bonds due 2015 at an issue price of 100% of the principal amount of the convertible bonds (the "Convertible Bonds").

On 11 May 2012, LionGold announced that the issuance of US\$23,000,000 in aggregate principal amount of 9.0% convertible bonds due 2015 has successfully closed. The utilisation of these funds is set out in Note 3.

(e) Acquisition of Signature Metals Limited ("SML")

On 14 October 2011, the Board announced that LionGold had on 13 October 2011 entered into the implementation Deed with SML whereby the Company agreed, on and subject to the terms and conditions of the Implementation Deed, to make an off-market takeover offer to the SML Shareholders to acquire all the SML Shares for the SML Consideration, which is to be satisfied by the allotment and issue of One (1) LionGold share for every thirty-four (34) SML Shares.

SML is listed on the Australian Securities Exchange.

On 16 April 2012, LionGold announced that it has completed the acquisition of 76.22% of SML through issuance of 61,862,111 number of consideration shares in LionGold.

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24 Events after Balance Sheet Date (cont'd)

(f) Proposed Acquisition of Belvedere Assets Inc.

On 25 April 2011, LionGold entered into a conditional sale and purchase agreement (SPA) to acquire 10,000 fully-paid ordinary shares constituting 100% of the issued and paid-up share capital of Belvedere Assets Inc. (BAI) for a purchase consideration of US\$1,150,000.

On 24 April 2012, LionGold announced that due to on-going security issues in Southern Mindanao, where the mining tenement is located, LionGold has not been able to complete due diligence. As such, the SPA is terminated without any recourse to either party.

(g) Loan Agreement with Republic Gold Limited

On 16 May 2012 LionGold entered into a loan agreement with Republic Gold Limited ("Republic Gold") to provide a loan of US\$750,000 to Republic Gold on the terms and conditions set out in the loan agreement. LionGold proposes to acquire from Republic Gold the entire issued capital of its wholly owned subsidiary, Vista Gold Antigua Corp, and its subsidiaries that own the Amayapampa Gold Project in Bolivia. The loan agreement has been entered into in connection with the proposed acquisition and the amount is to be applied towards the cash consideration payable under the Share Purchase Agreement.

(h) Republic Share Purchase

LionGold has entered into a conditional Share Purchase Agreement with Republic Gold Limited ("Republic") dated 2 June 2012 under which LionGold will acquire the entire issued capital of Vista Gold Antigua Corp ("Vista Gold") as well as acquire Republic's interest in a loan due from Vista Gold to Republic (together, the Vista Gold Acquisition).

LionGold will pay a total of US\$7 million (approximately S\$9.045 million at an exchange rate of US1.00 to S\$1.2935) to Republic of which US\$6.25 million will be satisfied by way of the issue of new LionGold Shares and the remaining US\$750,000 will be set-off against the same amount which is owed by Republic to LionGold under a loan agreement dated 16 May 2012. Completion of the Vista Gold Acquisition is subject to numerous conditions precedent, including LionGold completing due diligence, Republic shareholder approval and regulatory approvals.

(i) Proposed Disposal of Think Environment Ltd and Think Greenergy Ltd

On 1 June 2011, LionGold announced that it had signed an agreement with Enchante Services Inc to dispose of its investments in the above companies for combined consideration of SGD\$24.6 million. The proposed disposal is yet to be completed, although a deposit of approximately SGD\$3,690,000 has been received by LionGold. Completion is expected on or before 31 December 2012.

The carrying amount of the Group's investment in these companies is SGD\$21.61 million (refer Note 14). The estimated profit on sale of these investments, of SGD\$2.99 million, is

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24 Events after Balance Sheet Date (cont'd)

(i) Proposed Disposal of Think Environment Ltd and Think Greenergy Ltd (cont'd)

yet to be recognised by the Group and has not been recognised in the Pro-Forma statement of financial position.

(j) Proposed acquisition of Brimstone Resources Limited

Bid Implementation Deed

On 2 June 2012, LionGold entered into a "Bid Implementation Deed" with Brimstone Resources Limited ("Brimstone"), an unlisted public company registered in Western Australia under which LionGold will make a conditional off market-takeover bid for the entire issued capital of Brimstone ("Brimstone Implementation Deed"). The consideration for the offer is LionGold Shares – 100 LionGold Shares for every 424 Brimstone shares. Based on exchanges rates and LionGold's trading price on the date of the Brimstone Implementation Deed, the bid price is equivalent to approximately A\$0.19 per Brimstone share or approximately A\$3.8 million, if LionGold acquires all of the Brimstone shares. LionGold must despatch bidder's statement by no later than 4 August 2012. The takeover offer is subject to a number of conditions, including a minimum acceptance condition of 50.1% and regulatory approvals. LionGold also advanced A\$100,000 to Brimstone under the Bid Implementation Deed. If the full amount under the Loan Agreement (which is detailed below) is drawdown the A\$100,000 is taken to form part of amounts due under the agreement. If not fully drawdown, the A\$100,000 is non-refundable unless Brimstone directors withdraw their recommendation of LionGold's offer in certain circumstances. The Brimstone Implementation Deed also contains standard terms as to exclusivity and conduct of business. Brimstone directors have agreed to recommend the takeover offer to Brimstone shareholders.

Loan Agreement

LionGold and Brimstone also propose to enter into a loan agreement ("Loan Agreement") once certain of the offer conditions under the bid implementation deed are satisfied (the form of the Loan Agreement has been agreed, however, it will not be entered into until certain bid conditions are satisfied and provided that others have not occurred). Under this agreement LionGold will loan A\$1,000,000 to Brimstone and the funds may be used to satisfy Brimstone's capital expenditure requirements contained in an agreed budget. The interest rate of the loan is 3% above the Australian bank bill swap reference mid-rate and the duration of the loan is 12 months.

LIONGOLD CORP LTD
(Incorporated in Bermuda with Limited Liability)

AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED

CONSOLIDATED FINANCIAL INFORMATION – 31 DECEMBER 2011

25 Litigation

The Company was served with a Notice of CIETAC (China International Economic Trade and Arbitration Commission) Arbitration ("Notice of Arbitration") (equivalent of the Statement of Case) on 9 March 2011 in relation to a claim for a sum of approximately S\$1,786,500 made by the CSES against the Company.

The dispute relates to the Strategic Alliance Co-operation and Services Agreement ("SACA") entered into by the Company with CSES to establish a strategic alliance to mutually promote renewable energy and other relevant environmental projects in the People's Republic of China ("PRC"). On 31 March 2010, the Company entered into a Supplemental Agreement to the SACA ("Supplemental SACA") to settle the payment by

25 Litigation (cont'd)

way of issuance of a number of shares to CSES (or its nominees) that are equivalent to the service fee of S\$2,000,000.

Due to the objections raised by SGX-ST on the proposed issuance of new shares, the Company and CSES executed a second supplemental agreement ("Second Supplemental Agreement") to terminate the Supplemental SACA and agreed to the cash settlement of the service fee. To date, a fee of S\$500,000 has been paid by the Company to CSES.

On 18 November 2011, the Company announced that it has been informed by its PRC solicitors that an award has been made against the Company and the Company is required to pay an aggregate sum of approximately S\$1,808,000 (Note 15). A total of S\$ 2,306,000 (consisting of the S\$500,000 paid) has been recognised in the income statement for the period ended 31 December 2011.

ANNEXURE D

**INDEPENDENT GEOLOGIST'S REPORT -
AURALIA MINING CONSULTING PTY LTD**



LionGold Corp Ltd

Konongo Gold Project - Ghana Competent Persons Report



Auralia Mining Consulting
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Paddy Reidy
Associate Consultant
BSc, MAusIMM



17 May 2012

**The Directors
LionGold Corp Ltd**

Dear Sirs,

Re; Competent Persons Report – Konongo Gold Project Ghana

Auralia Mining Consulting Pty Ltd (“Auralia”) has been commissioned by LionGold Corp Ltd (“LionGold” or “LGC”) to provide a Competent Persons Report (“Report” or “CPR”) on the Konongo Gold Project (the “Project”) located within the Ashanti region of Ghana, West Africa. As per scope, the CPR is to focus on providing an Independent Geological Review (“IGR”).

It is our understanding that this Report will be used to support the proposed off market takeover bid by LionGold for all of the issued shares of Castlemaine Goldfields Limited (“CGT”), and shall be included in a Bidder’s Statement to be issued to CGT shareholders.

Auralia has provided and not withdrawn written consent for the inclusion of the CPR in the Bidder’s Statement, and to the inclusion of statements made by Auralia and to the references of its name in other sections of the document, in the form and context in which this Report and those statements appear.

Auralia has based this Report on information available to the principal author and by investigations of published and unpublished data as well as on information provided by LGC and its advisors. Auralia has relied upon discussions with LGC, its advisors, recent Project exploration reports, and independent technical reporting for information contained within this Report. A site visit was completed to the Project by the principal author between 30th April and 3rd May 2012.

LGC have confirmed to Auralia that to their knowledge the information provided is true, accurate and complete and not incorrect, misleading or irrelevant in any aspect. Auralia has no reason to believe that any facts have been purposefully withheld. A draft copy of this report was provided to the directors of LGC along with a request to confirm that there are no material errors or omissions in the report and that the information in the report is factually accurate.

This CPR has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (“The VALMIN Code”), which is binding upon Members of the Australasian Institute of Mining and Metallurgy (“AusIMM”) and the Australian Institute of Geoscientists (“AIG”), and the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission (“ASIC”) and Australian Securities Exchange (“ASX”), which pertain to Independent Expert’s Reports.

This CPR is complete up to and including 17th May 2012. Having taken all reasonable care to ensure that such is the case Auralia confirms that, to the best of its knowledge, the information contained in this CPR is in accordance with the provided and prior published factual data (obtained via public domain releases), contains

no omission(s) likely to affect its import, and that no material change has occurred from 17th May 2012 to the date hereof that would require any amendment to the CPR.

Auralia accepts responsibility for this Report for the purposes of a CPR under the ASX Rules.

The primary author of the report is Auralia's associate consultant geologist, Mr Paddy Reidy (B.Sc. 1994) a Member of the AusIMM, who has worked for 16 years as a professional geologist with experience in the evaluation and mining of mineral properties within Australia and worldwide. Mr Reidy has the relevant qualifications, experience, competence and independence to be considered an "Expert" under the definitions provided in the VALMIN Code.

Neither Auralia (as a corporate entity), nor the author of this Report have or have previously had any significant interest in LGC, or the mineral properties which are the subject of this report. Auralia, Paddy Reidy and Daniel Tuffin are independent of LGC, the Directors, senior management of LGC and its other advisers. The relationship with LGC is solely one of professional association between client and independent consultant.

This report is prepared in return for professional fees based upon agreed commercial rates and the payment of those fees is in no way contingent on the results of this Report.

Yours faithfully

Auralia Mining Consulting Pty Ltd



Daniel Tuffin

Managing Director

Executive Summary

This Competent Persons Report ("CPR") has been prepared at the request of the Board of LionGold Corp Ltd ("LionGold" or "LGC"). As per the requested scope, this CPR focuses on providing an Independent Geological Review ("IGR") of the Konongo Gold Project (the "Project") in relation to the proposed off market takeover bid by LionGold for Castlemaine Goldfields Limited ("CGT") who are a public company listed on the Australian Securities Exchange ("ASX"). As such the higher detail areas contained in this CPR focus on geological issues; the CPR also provides brief overviews relating to other areas such as mining, metallurgy, environmental and social issues, however should LGC wish to review any of these additional areas in more detail, Auralia recommends more detailed levels of study focussing on the specific area(s) of interest.

LionGold hold an interest in the Project through their 76.2 % ownership of ASX listed Signature Metals Ltd ("SBL"), whose principal asset is a 70 % ownership of Owere Mines Ltd ("Owere") who hold the Konongo Mining License 749/03 covering an area of 125.5 km², and the contiguous Kurofa Prospecting Licence covering an area of 67km². Ownership of the remainder of Owere is held by Talos Ghana Limited ("Talos") 20 %, with the remaining 10 % held by the Government of Ghana.

The Project is situated within the Ashanti region of Ghana, West Africa and approximately 255 km north of the capital Accra.

The Project has been mined in several phases commencing with colonial mining in 1903 and during this time has produced approximately 4.4 million tonnes of ore for approximately 1.6 million ounces of gold at an average recovered grade of 11.8 grams per tonne. The major producer was Konongo Mines Limited who, between 1932 and 1984, mined a series of sulphidic quartz reefs to depths of 844 metres from five shafts. From 1988 until 1997 Southern Cross Mining Limited ("SCML") and Obenemase Gold Mines Limited ("OGM") operated a number of shallow open pit mines at Obenemase and Konongo, recovering oxidized ores.

No mining was undertaken by OGM subsequent to 1997, at which time OGM was acquired by Resolute Mining Limited ("RML"). A pre-feasibility study carried out by RML indicated the potential for the definition of significant sulphide resources and good metallurgical recoveries from Obenemase mineralisation by flotation, pressure oxidation and cyanide leaching. RML failed to obtain a joint venture partner or purchaser for the Konongo Project and the ML's were relinquished in December 2002.

In 2002 Talos acquired the current Konongo Mining License from the Government of Ghana, and in 2004 entered into a joint venture agreement with African Gold Plc, forming Owere Mines Limited. As part of this agreement African Gold Plc (now Mwana Africa Plc ("Mwana")) purchased a 70 % interest in the Project. In 2009 Signature acquired a 70 % interest in the Project from Mwana, and in March 2012 LionGold acquired 76.2 % of Signature via their unconditional General Offer for all of the shares of Signature.

The Project is situated on the western margin of the northeast trending Ashanti Belt, which hosts the world class Obuasi deposit, currently operated by AngloGold Ashanti, and where past production has exceeded 22 Moz of gold. The Ashanti Belt also hosts the Prestea/Bogosu deposits, currently mined by Golden Star Resources, which have historically produced approximately 12Moz of gold. Both the Obuasi and Prestea/Bogosu deposits are very similar in terms of geological setting and mineralisation styles to the Konongo deposits.

The Project currently contains Indicated and Inferred Mineral Resources of 23.4Mt at 1.95 g/t for 1.47 Moz of gold, estimated in accordance with the Australasian Joint Ore Reserves Committee ("JORC") guidelines for the Reporting of Mineral Resources and Ore Reserves. These Mineral Resources consist of 15 separate deposits and two historical tailings dams within the mining licence area.

Historical mining at the Project was primarily focussed on free milling quartz veins which were the subject of extensive underground development. Additional sulphide mineralisation proximal to the quartz veins was not extracted due to its refractory nature, and subsequent drilling has confirmed the relatively continuous and high grade nature of this style of mineralisation.

Auralia considers that significant potential therefore exists to define Mineral Resources down dip and outside of the current areas of drilling within reefs at the main Konongo and Obenemase mine areas. This has been demonstrated by a successful diamond drilling campaign completed by Signature in 2010 at the Obenemase deposit.

Near surface oxide mineralisation has also been tested by extensive exploration activity over a significant time period within the general Konongo licence area, and recent exploration success has enabled the commencement of trial mining at the Kyereben Deposit.

By the end of April 2012 and following the commissioning of a crushing circuit and oxygen plant at the on-site processing facility, approximately 13,000 tonnes of oxide ore from Kyereben had been processed at an approximate head grade of 2.41 g/t with process plant recoveries of up to 93 %. Exploration is continuing to target existing oxide mineralisation at Boabedroo South and Patuo for development, as well as earlier stage targets throughout the lease area with the potential for shallow oxide mineralisation.

This focus on oxide mineralisation is in conjunction with a Mining Study completed by Signature circa 2010 which investigated a phased approach to gold production at the Project. The Mining Study proposed a phase 1 gold production of 20,000oz per annum over 9 years, with processing planned through the existing Carbon in Leach ("CIL") processing plant which has an annual throughput capacity of 350,000 tonnes.

The Mining Study indicated that at a gold price of US\$1,000 per ounce, a resumption of mining and processing was economically viable. It should be noted that Ore Reserves were not estimated as part of the Mining Study for the Project as modifying factors lacked the necessary detail and confidences required.

Further work on the Project is likely to focus on testing the down dip and/or down plunge extensions to high grade mineralisation. It is likely that mineralisation identified during these work programmes would need to be mined using underground methods and processed in a new or upgraded processing facility due to the sulphidic nature of the fresh rock mineralisation. Therefore it is recommended that detailed metallurgical testwork programmes are carried out in conjunction with the exploration / resource definition drilling programmes.

The Kurofa licence area contains a number of soil anomalies, however it does not contain the same prospective structures as Konongo and is largely within unfavourable lithologies.

This CPR has been prepared on information available up to and including 17th May 2012.

All references to units of currency in this Report are to Dollars of the United States ("\$" or "US\$"), unless stipulated as Australian Dollars ("A\$"). Standard abbreviations used are grams gold per tonne ("g/t"), kilometres ("km"), metres ("m"), million ("M"), troy ounces gold ("oz") and tonnes ("t").

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1 Introduction

1.1 Context, Scope and Terms of Reference

LionGold Corp Ltd ("LionGold" or "LGC") is a public company listed on the Mainboard of the Singapore Stock Exchange. LionGold hold an interest in the Konongo Gold Project through their 76.2 % ownership of ASX listed Signature Metals Ltd ("Signature"), whose principal asset is a 70 % ownership of Owere Mines Ltd ("Owere") who hold the Konongo Mining License.

Auralia Mining Consulting Pty Ltd ("Auralia") has been commissioned LionGold to provide a Competent Persons Report ("Report" or "CPR") on the Konongo Gold Project (the "Project") located within the Ashanti region of Ghana, West Africa. As per scope, the CPR is to focus on providing an Independent Geological Review ("IGR"). Please refer to the preamble for further context, scope and terms of reference.

1.2 Reporting Standards

As per the scope of the engagement, the valuation has been prepared to comply with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities (the "VALMIN Code"), which is binding upon members of the AusIMM and the AIG when they are involved in the preparation of Public Independent Expert Reports that are required by legislation such as the Australian Corporations Act 2001, or by the listing rules of the ASX or of other recognised Stock Exchanges.

This Report has been prepared to conform to the principles of the VALMIN Code and it has also been prepared having due regard to ASIC Regulatory Guide 111 – Content of Expert Reports, and ASIC Regulatory Guide 112 – Independence of Experts.

1.3 Principal Sources of Information

This review is based on the information provided by the current tenement holders, technical reports of consultants and previous explorers, as well as other published (see Bibliography) and unpublished data relevant to the area, including public domain data.

A site visit was made by Paddy Reidy (please refer to the preamble for further information relating to Mr Reidy) to the Project between 30th April and 3rd May 2012, during which current exploration programs, current mining operations, work procedures and results were reviewed. Mr Bill Reid, Geology Manager for Owere Mines at Konongo accompanied Mr Reidy on this review.

The author (Mr Reidy) has endeavoured, by making all reasonable enquiries, to confirm the authenticity and completeness of the technical data upon which this report is based. Both LionGold and Signature were provided a final draft of this report and requested to identify any material errors or omissions prior to its final release.

1.4 Property Location, Access and Infrastructure

The Konongo Mining License is located in the Ashante Akyem North Municipality within the Ashanti Region of Ghana (see Figure 1).

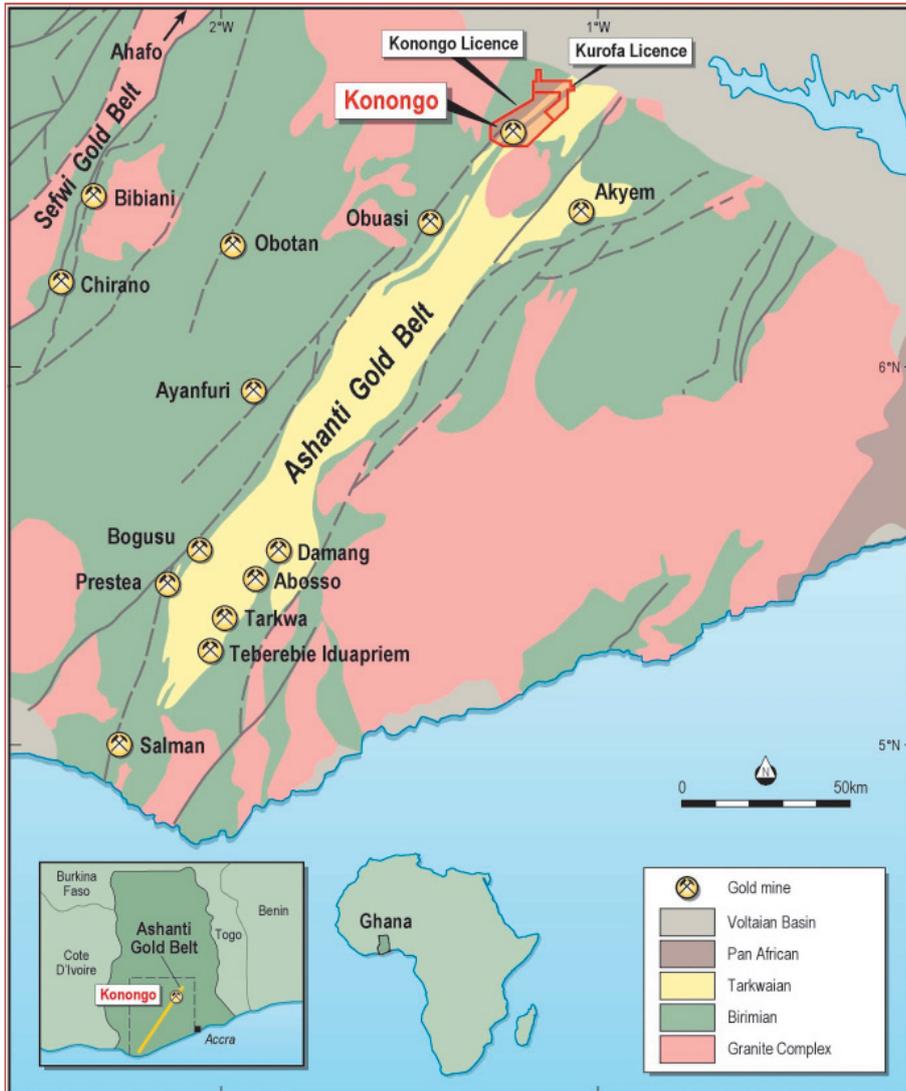


Figure 1. Project Location – Konongo Gold Project

Konongo is 55km from the regional capital Kumasi which is 200km by road from Accra, the national capital. The roads from Accra and Kumasi are fully sealed. The Konongo area is served by the Accra-

Kumasi railway as well as being connected to the national power grid and telephone system. Access within the concession is provided by several all-weather public roads, a haul road constructed during operations in the 1990's, and numerous minor tracks and footpaths.

LGC has an existing bulk power supply agreement with the Volta River Authority for electrical power supply and their high voltage power lines run over the Konongo Mining License (Figure 2). The mine electrical distribution system comprises 11,000 volt overhead power lines to the old Konongo mine area and the processing plant. Transformers provide 440 volt 3 phase power supply via local sub-stations.



Figure 2. Konongo Power Substation

The mine administrative offices are located on the outskirts of the major town of Konongo-Odumasi which is located on the Accra-Kumasi highway. Both senior staff and junior staff accommodation exists at Konongo.

Temperatures in the region vary between 18-35 degrees Celsius and rainfall averages about 1200 mm per annum. The rainy season is from April to October with two peak periods in May-June and September. The topography is gently undulating with some prominent hills, covered primarily by secondary tropical forest comprising trees up to 60 metres in height and thick undergrowth. Average elevation is 200 to 250 metres above sea level.

1.5 Ghanaian Mineral Tenure

The legal framework governing mining and related activities within Ghana is embodied in the Ghanaian Minerals and Mining Act 2006, Act 703.

Significant features of this legislation are as follows –

- All minerals are owned by the state: The Minister of Lands and Natural Resources (“MLNR”) grants exclusive mineral rights. No transfers are permitted without the approval of the MLNR.
- Application of mineral legislation: The legislation is applied equally to both Ghanaians and foreign entities, except for the provisions relating to small-scale mining of minerals, which is reserved for Ghanaian entities. However, foreign entities can participate in the exploration and exploitation of industrial minerals where the proposed investment is not less than US\$10 million.
- Government participation in mining lease: The Government is entitled to a free-carried equity interest of 10 % in mineral ventures. Any further participation is to be agreed with the holder.
- Payment of royalties: Royalties vary from 3-6 % of the gross value of minerals produced.
- Mining lease: A person, not necessarily a holder of a Reconnaissance / Prospecting License may apply for a mining lease.
- Stability agreement: It seeks to protect the holder of a mineral right for a period of up to 15 years, from any adverse effects of future changes in law that are capable of imposing a large financial burden on the holder. The agreement is subject to parliamentary approval.
- Development agreement: The MLNR may enter into a Development Agreement (“DA”) with the holder of /applicant for a mining lease if the investment exceeds US\$500 million. The DA may contain terms of a stability agreement, in addition to terms that may vary the mining law (especially the fiscal regime).

1.6 Project Tenure

The current mining title previously comprised a group of 8 areas which formed the Konongo concession. This concession was issued to the State Gold Mining Corporation (“SGMC”) on the 8th December 1986 for a period of 30 years and subsequently assigned to Southern Cross Mining Limited on 8th August 1988. The current Konongo Mining License 749/03 concession was issued to Talos in December 2002 for a period of 8 years and covers an area of 125.54 square kilometres (Figure 3). In 2004 Talos entered into a joint venture agreement with African Gold Plc, forming Owere Mines Limited (“Owere”). As part of this agreement African Gold Plc (now Mwana Africa Plc (“Mwana”)) purchased a 70 % interest in Owere. In 2009 Signature acquired a 70% interest in the Project from Mwana via the acquisition of their 70 % ownership of Owere.

The current Mining Lease (Figures 3 & 4) was issued to Owere on 25th June 2010 for a period of 13 years. The Kurofa Prospecting licence PL 6/296 covering 67 km² was issued to Owere in August 2005,

and was renewed in February 2010 for a period of 2 years. The licence is currently the subject of a renewal application which is expected to be granted. Licence coordinates are detailed in Table 1.

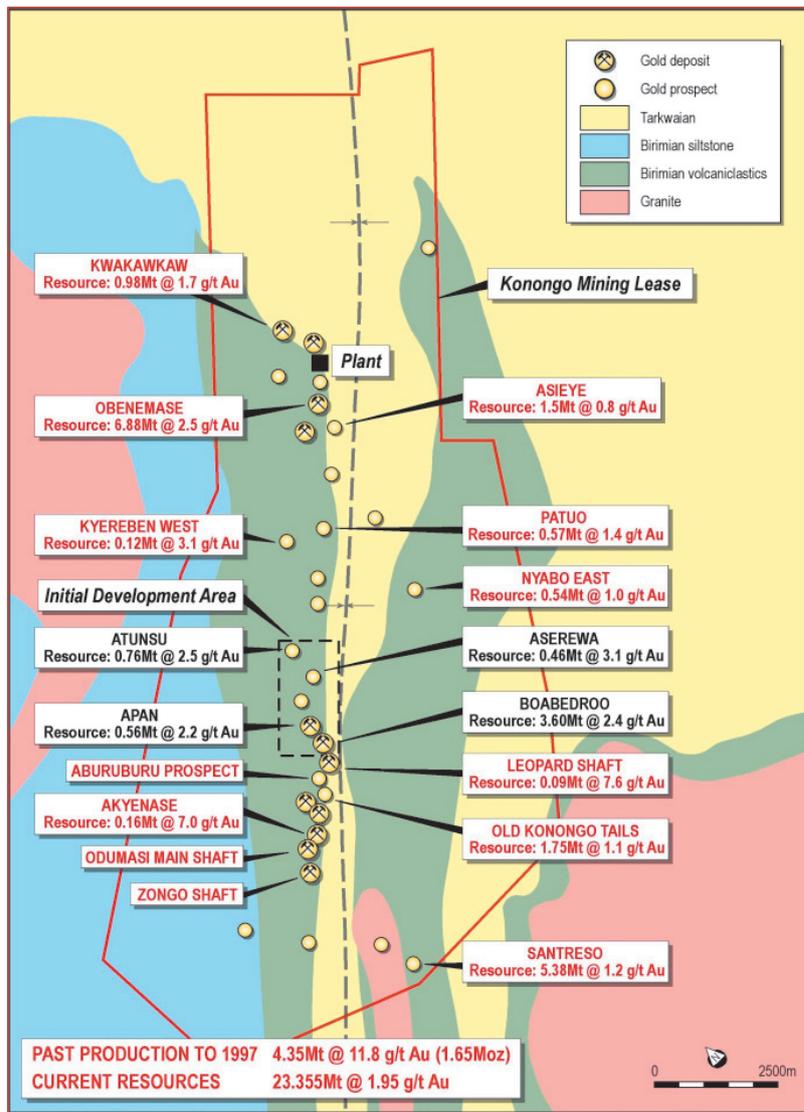


Figure 3. Konongo Mining Licence 749/03 & Mineral Resources

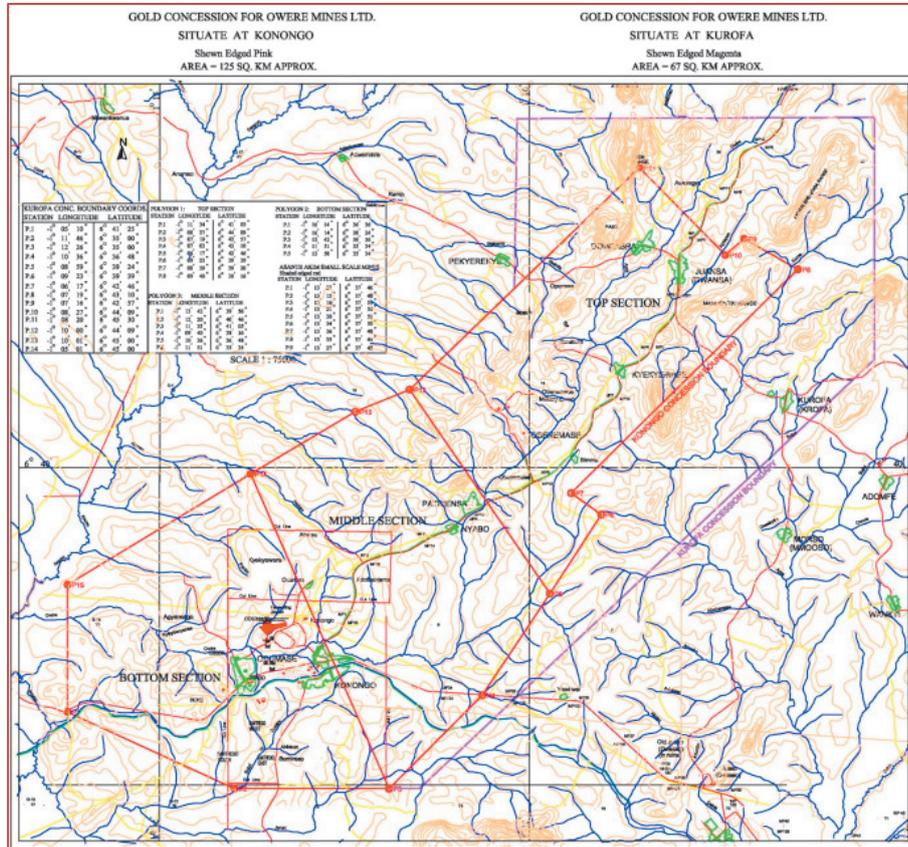


Figure 4. Konongo Mining Licence 749/03 & Kurofa PL 6/296

Table 1. Konongo ML 749/03 & Kurofa PL 6/296 Co-ordinates per Figure 4 Polygons

KUROFA CONC. BOUNDARY COORDS.			
STATION	LONGITUDE	LATITUDE	
P.1	-1° 05' 18"	6° 41' 25"	
P.2	-1° 11' 46"	6° 35' 00"	
P.3	-1° 12' 26"	6° 35' 00"	
P.4	-1° 10' 36"	6° 36' 48"	
P.5	-1° 08' 59"	6° 39' 24"	
P.6	-1° 09' 23"	6° 39' 39"	
P.7	-1° 06' 17"	6° 42' 46"	
P.8	-1° 07' 19"	6° 43' 10"	
P.9	-1° 07' 16"	6° 42' 57"	
P.10	-1° 08' 27"	6° 44' 09"	
P.11	-1° 08' 20"	6° 45' 30"	
P.12	-1° 10' 00"	6° 44' 09"	
P.13	-1° 10' 01"	6° 45' 00"	
P.14	-1° 05' 01"	6° 45' 00"	

POLYGON 1: TOP SECTION			
STATION	LONGITUDE	LATITUDE	
P.1	-1° 11' 34"	6° 41' 05"	
P.2	-1° 08' 27"	6° 44' 09"	
P.3	-1° 07' 19"	6° 42' 57"	
P.4	-1° 07' 03"	6° 43' 10"	
P.5	-1° 06' 17"	6° 42' 46"	
P.6	-1° 09' 23"	6° 39' 39"	
P.7	-1° 08' 59"	6° 39' 24"	
P.8	-1° 09' 40"	6° 38' 16"	

POLYGON 2: BOTTOM SECTION			
STATION	LONGITUDE	LATITUDE	
P.1	-1° 16' 14"	6° 36' 36"	
P.2	-1° 16' 14"	6° 38' 24"	
P.3	-1° 13' 42"	6° 39' 56"	
P.4	-1° 11' 51"	6° 35' 34"	
P.5	-1° 13' 58"	6° 35' 34"	

POLYGON 3: MIDDLE SECTION			
STATION	LONGITUDE	LATITUDE	
P.1	-1° 13' 42"	6° 39' 56"	
P.2	-1° 12' 20"	6° 40' 46"	
P.3	-1° 11' 35"	6° 41' 05"	
P.4	-1° 09' 40"	6° 38' 16"	
P.5	-1° 10' 36"	6° 36' 48"	
P.6	-1° 11' 51"	6° 35' 34"	

ASANTE AKIM SMALL SCALE MINES			
STATION	LONGITUDE	LATITUDE	
P.1	-1° 13' 27"	6° 37' 46"	
P.2	-1° 13' 15"	6° 37' 48"	
P.3	-1° 13' 16"	6° 37' 51"	
P.4	-1° 13' 21"	6° 37' 50"	
P.5	-1° 13' 30"	6° 37' 51"	
P.6	-1° 13' 34"	6° 37' 50"	
P.7	-1° 13' 36"	6° 37' 48"	
P.8	-1° 13' 33"	6° 37' 44"	
P.9	-1° 13' 27"	6° 37' 45"	

2 Geological Setting and Metallogeny

2.1 West African Regional Setting

Extending across a number of West African nations, the West African Craton has an Archean core surrounded by younger Precambrian and Phanerozoic greenstone sequences. The southern part of this Craton, the Man Shield (Minerals Commission, 2002), has both Archean and Proterozoic portions. The oldest Precambrian rocks are >2500 Ma, and this Archean core extends across western Côte d'Ivoire through Liberia, Sierra Leone and into southern Guinea (Figure 5). The highly metamorphosed mafic to felsic gneissic units represent the oldest basement. A continental scale feature is the north-south striking Sassandra fault which separates the Archean units from the younger Proterozoic sequences. Palaeoproterozoic meta-sedimentary and meta-volcanic units and associated intrusive complexes form the most extensive units of the Man Shield and are exposed through Ghana, Côte d'Ivoire, Burkina Faso and into southern Mali, northern Guinea and southwest corner of Niger. These complexes host the vast majority of substantial gold resources (as well as manganese) and as a consequence are well studied, particularly in Ghana where these units have long been mined for gold.

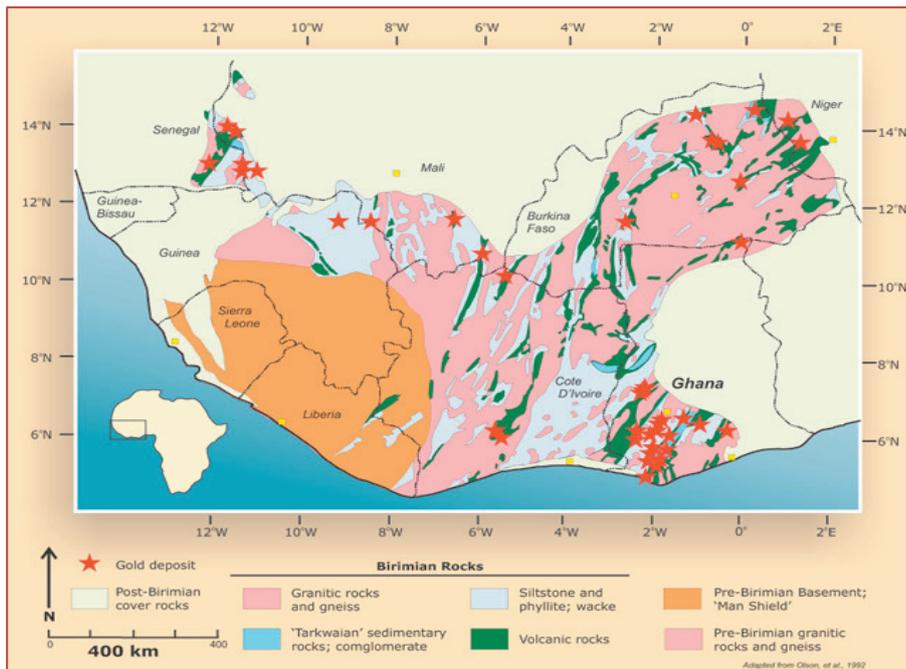


Figure 5. West African Craton, Birimian geology and gold deposits (Adapted from Olson et al 1992)

Various regional stratigraphic studies have demonstrated regional variations to the Birimian Supergroup and nomenclature such as the Lower Birimian (dominantly metasedimentary) and Upper Birimian (dominantly metavolcanic units) has been proposed. Geochronological research from the 1990's in Côte d'Ivoire identified two distinct generations of Birimian volcanic belts, separated by a 50 Ma time span. On this basis Hirdes, et al (1996) divided this area into an older, eastern sub-province and a younger, western sub-province. It was proposed that the relative paucity of known gold deposits in the western sub-province may be a function of this difference and not just a relative lack of exploration. However, more recently the discovery of world class gold deposits such as Morila and Loulo in Mali within the western sub-province may challenge this notion. The Birimian Supergroup throughout the region comprises relatively narrow (20-60 km wide) volcanic belts that extend along strike for hundreds of kilometres, separated by wider basins of mainly marine clastic sediments (Figure 6).

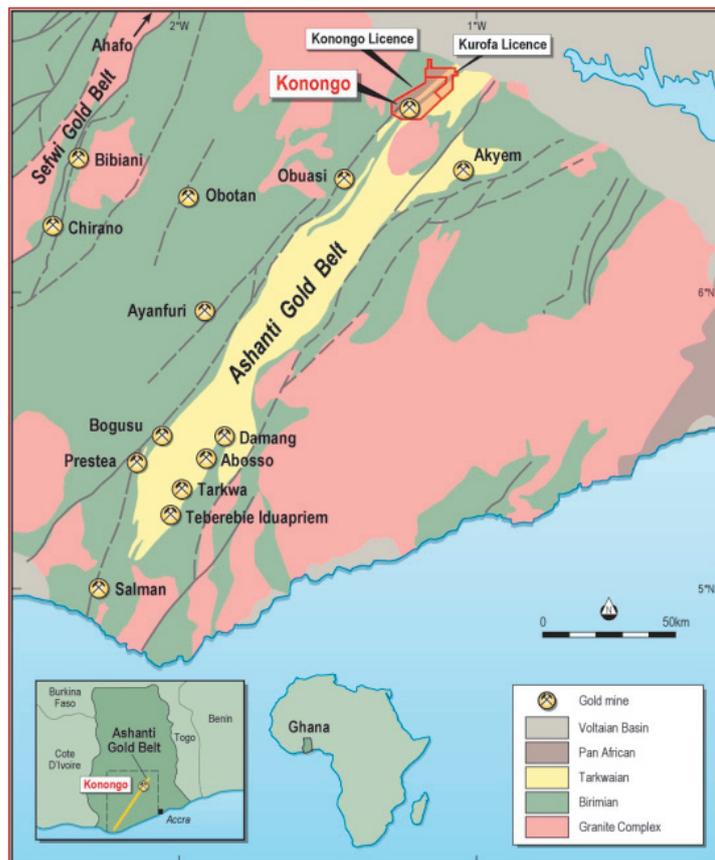


Figure 6. Geology and Mineral Resources of Southwest Ghana

Gold mineralisation, particularly in Ghana, is generally concentrated in narrow structural corridors of 10 to 15 km width in the transition zones between the volcanic belts and the sedimentary basins (Leube, et al, 1990). However, major gold deposits also occur within the intervening sedimentary basins. These geometrical and stratigraphic features are found in greenstone belts throughout the globe.

All of the Birimian Supergroup has been extensively deformed and metamorphosed to greenschist or amphibolite facies. This deformation resulted from the Eburnean orogenic event, which peaked at about 2100 Ma (Minerals Commission, 2002). The latter phases of this event correspond to widespread granitoid intrusions especially within the highly deformed sedimentary basins. Again, this type of metamorphism is characteristic of a greenstone terrain including the late-stage granitic intrusion.

Of note in Ghana is the Tarkwaian Group, which consists of a distinctive metasedimentary sequence that occurs along the Ashanti Gold Belt. This group hosts significant palaeoplacer style gold deposits in the Tarkwa district of Ghana. This sedimentary gold is derived from the erosion of the primary greenstone /granite rock sequences.

2.2 Metallogeny

Gold mineralisation in Ghana is concentrated along the margins of the Birimian volcanic belts, particularly the NW margin of the Ashanti Belt and the SE margin of the Sefwi Belt. These gold deposits are localised along networks of major faults that cut through the Birimian sequences and are often defined by zones of graphitic mylonite and quartz +- carbonate veining (Allibone, et al., 2002a).

The deposits form as simple to complex vein systems with strong structural controls (Minerals Commission, 2002). While metasediments are perhaps the most common favourable host rock, mineralisation also occurs within volcanic, volcanoclastic and intermediate to mafic igneous units. Primary veins and sulphides contain both free gold and refractory mineralisation associated with sulphides.

Major palaeoplacer style gold deposits also occur in West Africa, most notably within the Tarkwa district and the Bui Belt of Ghana. In addition, there is also evidence of gold occurring within older Archean greenstone belts, particularly in parts of Sierra Leone, Liberia and Guinea. Numerous Late Quaternary alluvial gold deposits occur throughout the region, where mineralisation has been transported from the Archean greenstone belts into younger river systems.

3 Konongo Project Geology

3.1 Stratigraphy

Within the Konongo licence area the sequence comprises rocks of the Upper Birimian Series and Tarkwaian System. The Tarkwaian rocks occur as an infolded synclinal structure flanked to the northwest and southeast by the Upper Birimian. The sequence in the northern part of the concession is best exposed in the Kwakawkaw mine through mining and exploration and it is believed to be representative of the Upper Birimian within the concession. The succession in the south western part of the concession is known from mining and exploration of the Konongo mines. The rocks strike in a north-easterly direction and are overfolded and dip steeply to the northwest. The deposits in the Konongo Gold Project area occur within a greenschist facies sequence of meta-sedimentary and tuffaceous rocks, with minor intercalated andesitic flows. Gold quartz vein mineralisation is developed entirely within the Mine series rocks, chiefly the Akyenase, Awere and Odumase greenstones. Gold mineralisation is associated with broad zones of sulphide-silica-carbonate alteration within greywacke, shale and chloritic schist, forming multiple lenses, with the central zone being the most consistent and continuous. The mineralised envelope dips and plunges sub-vertically, with two high grade cores identified plunging about 30-40 degrees to the north and to the south (Porter, 2006). The lodes pinch and swell along strike and down dip.

Granitoid rocks related to the West African Eburnean orogeny are widespread in the Konongo region, although none outcrop within the concession. The intrusion of the Juaso batholith, 10 km south east of Konongo, has resulted in an increase in metamorphic grade near the Konongo mines from lower greenschist to alandine-amphibole. Minor granodiorite dykes post-date quartz veining and gold mineralisation. Diorite stocks outcrop in the north eastern part of the concession, and have well developed radial dyke swarms and sheeted zones which post-date the Obenemase sulphide mineralisation but may be contemporaneous with Tarkwaian deposition. At the Kwakawkaw and Kwakawkaw south mines, diorite dykes of the radial type cut both lithological boundaries and mineralisation. At Obenemase, diorite and lamprophyre dykes are emplaced along axial planes or parallel to axial plane foliation, and displace mineralisation. Lamprophyres occur only in the Obenemase A mine and form the last stage of intrusion, truncating earlier dolerites (Porter, 2006).

3.2 Structure

Early structural observations on the area tended to focus on the styles of folding within the mine sequence rocks. Regionally, the Birimian rocks appear to be folded around a north east trending axis, broadly parallel to the long axis of the concession but swinging north-easterly with flattening dips between the Obenemase and Kwakawkaw mines. Folding is isoclinal, with the fold axis overturned to the east, the dips of the limbs varying from 80 degrees west to vertical. The Konongo and Obenemase mineralisation occurs on the western limb of the fold whose eastern limb outcrops along the eastern margin of the Project. Folding postdates Tarkwaian deposition, and the two limbs of the isoclinal fold are separated by a narrow vertically dipping belt of sandstones of the Tarkwaian Basket Series (Porter, 2006).

Outside the Project area the more massive Tarkwaian rocks are folded on an open axis with more moderate dips of 40 degrees to 65 degrees. Throughout the area, axial plane foliation (F1) is near parallel to bedding in tuffs and metasediments.

At Konongo there is little or no angular separation between the foliation and bedding but at Obenemase angular divergence is 5 to 8 degrees. At least two subsequent fold episodes are superimposed over F1 foliation with an F2 foliation intersecting F1 at 30 to 50 degrees. The local effect of this F2 episode is to super-impose a set of parasitic F2 folds, which at Konongo have a clear spatial relationship with higher grade mineralisation, while at Obenemase, gold-sulphide mineralisation has been folded around tight anticlines and synclines and is concentrated in fold closures. The imposition of F2 deformation on F1 is clearly seen at Obenemase where the parasitic fold structures repeat en-echelon on the west limb of the major isoclinal fold. The fold regime and metamorphism is more intense at Konongo where axial plane thrusting has been preserved. At Kwakawkaw, chevron folding has developed in tuff and graphitic argillite but there is a complete absence of the drag folding characteristic of Konongo and Obenemase (Affleck, 1995).

Structural data collection undertaken by Continental Resource Management Pty Ltd ("CRM"), in late 1995 resulted in the accumulation of a substantial body of kinematic data from pits and oriented diamond core from the various prospects. Over one thousand four hundred orientation readings on veins, foliation, bedding, contacts, faults, shear zones, cleavage, fractures, joints, fractures and lineations were collected from Santreso to Kwakawkaw to clarify the overall structural regime throughout the concession. The purpose of this structural study was to understand the gold mineralisation within the context of the host shear systems as distinct from earlier stratigraphic and syn-sedimentary interpretations of their location.

Two deformation events are identified in most of the prospects:

- The first is a moderately ductile strike-slip shear zone which is right-lateral (dextral), generally northerly striking and a shallow southerly plunging movement direction. The shears may dip steeply either easterly or westerly and intersection lineations, fold hinges and high grade shoots plunge steeply to the north. The shear system appears to have been compressive as northerly dipping reverse faults are associated with the array from Boabedroo to Obenemase.
- The second deformation event is a more brittle dip slip system which has reverse movement, refolds lineations produced in the strike slip movement (particularly clear at Obenemase A), and generally produces shallow south plunging fold hinges, intersection lineations and shoots in mineralised zones.

The main mineralising event appears to be the strike slip shearing with possible remobilization by the dip-slip event. Gold mineralisation at the main Konongo deposit occurs within four main sub-parallel northeast trending shear zones (Figure 7). These zones are listed below, from east to west:

- Akyenase Zone, hosting the Akyenase South, Akyenase Central and Leopard Shoots;
- Zongo Zone, hosting the Zongo shoot;
- Aserewa Zone, hosting the partly mined Aserewa deposit and the Aburburo anomaly; and

- 4 Odumase-Boabedroo Zone, hosting the Odumase and Boabedroo shoots, as well as the Apan, Atunsu and Atunsu North oxide deposits.

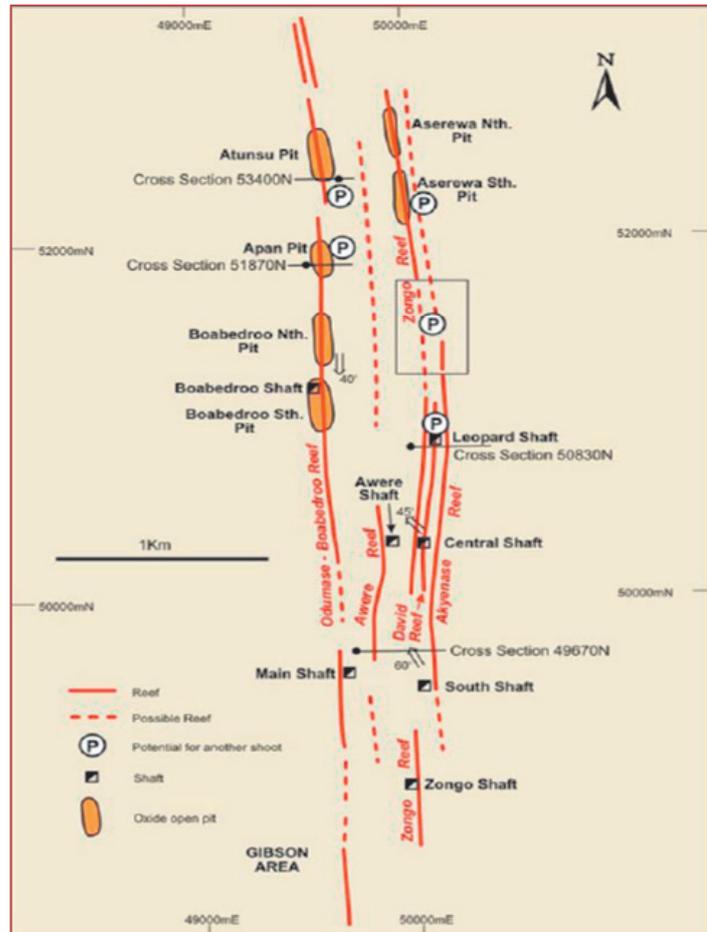


Figure 7. Konongo Deposit Mineralised Shoots

The steep northwest dipping shears lie entirely within the Upper Birimian volcano-sedimentary sequence, proximal to the contact with the Tarkwaian clastic sediments, comprising interbedded tuff, greywacke, brecciated shale, minor basalt flows; and strongly sheared graphitic zones. The metamorphic grade is greenschist facies locally increasing to amphibolite facies.

Individual ore shoots within this complex shear system have a defined strike length of less than 400m, but remain open down plunge below 800m vertically, similar to the Prestea and Obuasi ore shoots which have plunges to depths of 1,900m and 1,800m respectively. All known ore shoots are open at depth.

3.3 Mineralisation

Gold mineralisation within the Konongo Project can be divided into four distinct styles:

- Quartz reef style, with gold/sulphide mineralisation hosted within narrow, intensely sheared, quartz veined and altered transition zone sediments (Konongo area);
- Disseminated sulphide/gold lodes; hosted within Upper Birimian volcano-sedimentary rocks (Obenemase-Kwakawkaw area);
- Associated with highly sheared, altered and quartz veined granitoid intrusives (Santreso area); and
- Broad hydrothermal auriferous stockwork zones in Tarkwaian rocks (Abebe area).

Reef style mineralisation is principally seen at the Konongo deposit area and accompanies arsenopyrite, pyrite, and rare chalcopyrite. Gold may occur in coarse form, on fractures in sulphides as well as rimming sulphides. Quartz veins, which are from 0.5m to 0.8m wide, show evidence of repeated shearing and rehealing. Laminated quartz is common, often with included wall fragments. Arsenopyrite forms a thin vein selvage or a wall rock halo up to 0.5m to 1.0m wide around veins, and often carries significant gold. There is a positive correlation between increased vein width and higher gold grade. Carbonate and potassic wall rock alteration is intense with carbonates, chiefly ankerite, forming a wide halo around the veins. Potassic alteration accompanies the highest ore grades and only occurs close to the veins. Mineral assemblage varies between individual veins and ore shoots. Disseminated sulphide mineralisation is widespread in the Zongo shear and forms a wide zone around quartz veins and in tuff.

Disseminated style mineralisation occurs at the Obenemase-Kwakawkaw deposits where it is hosted by volcanic rocks, with arsenopyrite, pyrrhotite and minor base metal sulphides disseminated within tuff and tuffaceous sandstone which are local lateral facies equivalents. Mineralisation occurs in a potassic alteration zone which accompanied silica flooding, within a wider zone of carbonate metasomatism. The highest grade ore comprises a dense mosaic of ankerite sericite and finely divided hematite, with interstitial silica, grading laterally into siliceous, carbonate altered tuff. Arsenopyrite, the most common sulphide, occurs as foliation parallel needles 5mm to 8mm in length, or aggregates to 10 mm, with pyrrhotite. Gold rims arsenopyrite or occurs in fractures in arsenopyrite crystals. Remobilisation of both gold and sulphides species veinlets are common. Several generations of quartz are evident, both mineralised and barren.

The Santreso deposits were discovered during exploration by OGM in 1994. The deposits are located on the eastern limb of the Konongo syncline, which in part has been intruded by a coarse grained granodiorite known as the Trobokro Sill. Gold mineralisation is contained within the north-western contact of the sill, adjacent to Upper Birimian and Tarkwaian sediments.

Broad, steeply dipping low grade mineralised lenses occur within highly sheared, silica ankerite-chlorite altered granitic rocks and partly within sedimentary rocks. Gold occurs free in quartz veins, or is intimately associated with disseminated zones of arsenopyrite, pyrrhotite and pyrite. The mineralised zones are between 2 m and 20 m apart.

4 Project History

4.1 Historical Mining and Ownership

The Konongo gold mining region has been mined in several phases since 1903 and during this time has produced approximately 4.4 million tonnes of ore producing approximately 1.6 million ounces of gold at an average recovered grade of 11.8 g/t.

Mining activity predates European settlement at Konongo and native workings are found in both Tarkwaian and Birimian rocks north to the Voltaian escarpment and south to Lake Bosumtwi (an ancient meteorite impact crater) over a distance of 70km. At Konongo numerous pits are found on the reef outcrops and in down slope laterite.

Colonial mining commenced with the discovery of gold at Obenemase in 1903, when the BI shaft was sunk and four levels developed between 1903 and 1907, when production ceased.

Mine development recommenced at Konongo in 1918 which formed the bulk of production and was ultimately developed to a maximum depth of 844 m through four shafts, with ore bodies discovered on the Odumase-Boabedroo, Awere and Akyenase structures. Production ceased in 1986 with a total of 2.8 million tonnes mined for approximately 1.4 Moz of gold, at a recovered grade of 15.7 g/t gold.

In 1986, the State Gold Mining Corporation of Ghana ("SGMC") was granted a 125 km² ML over the Konongo Project area for a term of 30 years, and in 1988, formed a joint venture with North Queensland Company Limited. The joint venture company was called Southern Cross Mining Limited ("SCML") and was set up with the purpose of exploiting oxide resources at the project.

Between 1988 and 1992, SCML heap leached a total of 852,000 tonnes of ore for 86,295 recovered ounces of gold at a recovered grade of 3.15 g/t Au. The bulk of the ore was extracted from open pits on the Obenemase A and B lodes. The operation was unsuccessful, primarily due to poor recoveries from the heap leach pads, and was closed in 1992.

In 1994, a 90 % share of the ML's was acquired by Obenemase Gold Mines Limited ("OGM"), with the Government of Ghana retaining a 10% interest. A second hand CIL plant with a nominal capacity of 350 ktpa was purchased and mining of the remaining oxide resources commenced in 1995. Between 1995 and 1997, OGM treated 614,000 tonnes of ore grading 2.96 g/t Au for 58,500 recovered ounces until production ceased in 1997 due to decreasing production and increasing operating costs. No mining was undertaken by OGM subsequent to 1997.

In 1998, Resolute Mining Limited ("RML") acquired an interest of 19.9 % in Ghana Gold Mines ("GGM") who had, in turn, acquired a 90 % interest in OGM. RML, through GGM, aided the funding of a pre-feasibility study on the Obenemase A and B lodes, and undertook an extensive data compilation and validation program on all available exploration and development data relating to the Konongo ML's and the surrounding PL's. In 2000, RML increased its equity interest in the Project to 81 % through the purchase of 90% of Ghana Meeting Investments Pty Limited ("GMI"), a wholly owned subsidiary of GGM. The remaining 19 % interest in the Owere Project was held by the Government of Ghana (10%) and the Apollo Group (9 %).

The pre-feasibility study carried out by OGM (RML) indicated good potential for the definition of significant sulphide resources and good metallurgical recoveries by flotation, pressure oxidation and cyanide leaching.

Gold prices during this period were at historical lows, and the high cost of resource drilling, together with the capital investment required for the establishment of a pressure oxidation plant could not justify an open pit operation based on the defined resources. At the time, it was estimated that the project would be marginally profitable over a 4 year open pit mine life at Obenemase, utilising the currently available gold plant for the production of a gold-sulphide flotation concentrate.

OGM (RML) failed to obtain a joint venture partner or purchaser for the Project and the ML's were relinquished in December 2002 and placed on care and maintenance.

Talos Ghana Limited ("Talos") acquired the current Konongo Mining License from the Government of Ghana in 2002 for a period of 8 years, and in 2004 Talos entered into a joint venture agreement with African Gold Plc (Mwana), forming Owere Mines Limited ("Owere"). As part of this agreement Mwana purchased a 70% interest in Owere. In 2009 Signature acquired a 70 % interest in the Project from Mwana via the acquisition of their 70 % ownership of Owere, and in March 2012 LionGold acquired a 76.2 % ownership in Signature.

4.2 Historical Exploration

Extensive underground exploration was undertaken throughout the life of the Konongo mines to maintain a reserve base ahead of production but few records of this work have been preserved. Similarly the records of systematic surface exploration are also fragmentary.

Geophysical techniques were used for prospecting as early as 1935 and have continued to be used up to the present day. The major surveys for which records have been located are:

- 1935: Electrical survey carried out by the Electrical Prospecting Company of Sweden;
- 1946: Ground magnetics at Kwakawkaw;
- 1956: A magnetic variometer survey north of the Nanwa Gold Mine;
- 1959-60: Vertical magnetic intensity survey over known reefs;
- 1960: Aeromagnetic traverses flown by Hunting Surveys Ltd. with flight lines of 1/3 mile;
- 1967: Electromagnetics (Turam) and ground magnetics; and
- 1973: Resistivity survey at Nanwa (extensions to Obenemase A & B lodes). [*Report by D. Hastings of the University of Science and Technology at Kumasi*]

Geochemical surveys have also been an effective tool in locating mineralisation. In the early 1950's a large, detailed geochemical survey was completed on the concessions by Lyndhurst Deep Level (Gold and Silver) Ltd which included 7,050 soil samples panned for concentrate and 1,820 quartz samples panned and examined (Tremlett 1952 a & b). In the 1970's SGMC (Leever, 1973) carried out orientation geochemical surveys at Obenemase and Kwakawkaw, demonstrating the presence of

significant arsenic haloes. At Obenemase A the halo measured 600 m by 100 m at 250 parts per million ("ppm") arsenic, with a peak of +8,000 ppm arsenic. At Kwakawkaw the halo measured 500 m by 70 m at 250 ppm arsenic with a peak of +1,700 ppm arsenic.

SCML commenced exploration on the concession in 1987, initially to assess the oxide ore resources in the Obenemase A deposit. The pit area was explored using reverse circulation ("RC") drillholes on section lines 40 m apart to a depth of 50 m.

Because of the limited surface outcrop within the licence area, regional exploration included an extensive programme of trenching around the Konongo and Obenemase mines. This exploration proved to be of limited value as many trenches failed to penetrate the thick laterite, and bedrock lithologies were not always correctly identified. All trenches were sampled on 2 m intervals, and assayed for gold only at a detection limit of 0.2 ppm gold. Blanket trenching of this type was not cost effective and the program was substantially reduced in late 1989 and suspended in March 1990. Thereafter widely spaced trenching was undertaken only to confirm geological mapping and to provide exposure in critical areas.

A geochemical sampling programme commenced in November 1990 based on sample grid of 800 m by 30 m, covering the Tarkwaian contact and uppermost Birimian volcanic belt. Numerous gold-arsenic anomalies were detected in Birimian and Tarkwaian lithologies but follow-up was limited.

Limited drilling programmes were carried out by SCML at the historical Konongo mine, Atunsu, and at Patriensa, however these programs failed to intersect significant mineralisation.

With mining having commenced in 1988, regional exploration was curtailed and exploration focused on defining further mineable resources. In 1991, 28 diamond drillholes totalling 2,105 m were drilled below the Obenemase A pit which indicated the persistence of sulphide mineralisation with depth. A further 48 diamond holes were drilled in 1992 and 1993 beneath Obenemase A and B pits by SCML to provide sufficient control for resource assessment of the sulphide mineralisation.

OGM carried out a number of exploration programs from 1994 to 1999 within the Konongo Mining Lease, and the adjacent Kurofa Prospecting Lease, concurrent with open pit mining at Boabedroo, Apan, Atunsu, Aserewa, and Obenemase. Again, the focus of most of the exploration work was on the definition of additional oxide mill feed.

During 1998, all known exploration and development information was sorted, validated and entered into a Microsoft Access database. In summary, the following data was collated:

- Regional soil sampling data, comprising over 500 line kilometres and approximately 15,000 sample points. The soil sampling data covers the entire ML on 30 m intervals along lines spaced between 50 m and 300 m apart;
- Regional airborne geophysical data, comprising 1,246 flight line km of helimagentic / EM data flown by Aerodat in 1995. Flight lines were spaced at 200 m and terrain clearance was a nominal 60 m;
- Trenching data for approximately 370 trenches (78,950 m); and

- Drilling data comprising rotary air blast (RAB, 7,772 m), RC 85,092 m and diamond core (DC, 39,580 m) data.

In addition, maps of underground workings at Konongo and Obenemase were converted to metric measurements and digitised. Underground sampling results were likewise converted to metric and re-located where possible. All previous mining and exploration grids were located and the survey data converted to the exploration grid, the Ghana National Grid and to UTM (WGS84).

As part of a pre-feasibility study, the Obenemase deposit was drilled to a depth of between 150 m and 200 m in order to test the potential for shallow sulphide resources that would be available to an open pit mining operation, assuming that the refractory ore could be treated satisfactorily.

Prior to project acquisition by Mwana, there had been very little deeper drilling completed to test the true potential of deeper sulphide resources at Konongo or Obenemase.

4.3 Recent Exploration Mwana

Following their entry into a joint venture with Talos, and the formation of Owere Mines Limited, Mwana (then African Gold Plc) completed several exploration programs at the Project consisting of regional soil geochemistry, trenching and a combination of diamond core and reverse circulation drilling as follows:

- RC and DC drilling at Aserewa, Obenemase, Kwakawkaw, Leopard and Boabedro - designed to systematically test the down dip extensions of open pit mineralisation;
- 600m by 30m spaced regional soil geochemistry over the Kurofa licence;
- 7,000m of regional trenching over the Ashanti structural domain; and
- Geophysical reinterpretation of the helimagnetic / EM data flown by Aerodat in 1995.

Best results from these exploration programs were returned from drilling at Obenemase where RC and DC drilling targeted high grade ore shoots and tested the down plunge zone to the north of the Obenemase mine area. A number of significant intercepts were returned, with high grade intersections including:

- 12 metres at 10.9 g/t Au from 108 metres in 04OBADD002
- 16 metres at 12.0 g/t Au from 107 metres in 04OBADD005
- 15 metres at 6.45 g/t Au 105 metres in 04OBADD006
- 5.1 metres at 11.28 g/t Au from 85 metres in 04OBADD010
- 7.9 metres at 11.12 g/t Au from 141 metres in 04OBADD014

The continuity of the ore shoots at depth was however not well defined with the density of drilling.

RC drilling programmes largely focussed on the Boabedroo South prospect where the primary objective was to investigate the continuity and trend of mineralisation at the Boabedroo South prospect along the Odumasi – Boabedroo mineralised system, as well as to confirm/extend mineralisation intersected in a parallel system to the east. Drilling was designed to test the continuation of mineralisation to about 150m depth and to collect sufficient data to enable the near surface oxide resource to be estimated.

4.4 Recent Exploration Signature

Signature Metals commenced work at the Project in May 2009 and have since carried out diamond drilling (11 holes for 3,043 metres), RC drilling (96 holes for 9,116 metres), aircore drilling (131 holes for 2,874 metres), and trenching (6,025 metres).

4.4.1 Diamond Core Drilling

Diamond drilling was completed at the Obenemase deposit and was designed to test mineralisation at depth within Birimian metasediments and metavolcanics. The drilling was successful in delineating high grade mineralisation (Figure 8), largely hosted within quartz and quartz carbonate veining and associated siliceous alteration. Drilling results were incorporated into an updated Mineral Resource estimate for Obenemase and are also being used to assess the potential for underground development at the deposit. Selected high grade intersections from this drilling are as follows:

- 14 metres at 5.44 g/t gold from 129 metres (09KGDR001)
- 3 metres at 10.4 g/t gold from 159 metres (09KGDR001)
- 4 metres at 10.5 g/t gold from 127 metres (09KGDR003)
- 10 metres at 5.70 g/t gold from 173 metres (09KGDR003)
- 1 metre at 438 g/t gold from 147 metres (09KGDR007)
- 2 metres at 13.5 g/t gold from 165 metres (09KGDR007)
- 16 metres at 9.76 g/t gold from 170 metres (09KGDR007)
- 5 metres at 7.25 g/t gold from 200 metres (09KGDR007)
- 3 metres at 7.98 g/t gold from 207 metres (09KGDR009)

This diamond drilling commenced at Obenemase on 31st August 2009 and ended on the 25th February 2010 with a total of 11 diamond holes for 3,043 m completed. Nine of the eleven holes were RC pre-collared for a total of 496 m. The drilling was carried out by African Mining Services ("AMS") with two drill rigs used. A Schramm 660 with a hammer diameter of 5.5 inches was used in drilling the RC pre-collars whilst a UDR 450 was engaged in drilling the HQ diamond core.

Drill holes were pegged using a Total Station theodolite with an accuracy of 0.1 mm, and downhole surveys were carried out during drilling with a Flexit Tool. After drilling, drillhole locations were again surveyed using Total Station.

HQ Core samples were taken from the drill rig at a maximum of 3 m runs. Core recovery measurements were taken for every run, especially in weak/fractured zones where core losses were recorded. Drill core was divided into two halves with a jig saw machine, with half-core sent to the laboratory and the remaining half stored for future reference. A total of approximately 3,250 samples, including repeats were taken and sent to the ALS laboratory in Kumasi for analysis by the fire assay 50 gram charge method. QAQC was carried out to verify the integrity of assay data by the insertion of standards and blanks at 20 m intervals and repeats taken at 10 m intervals.

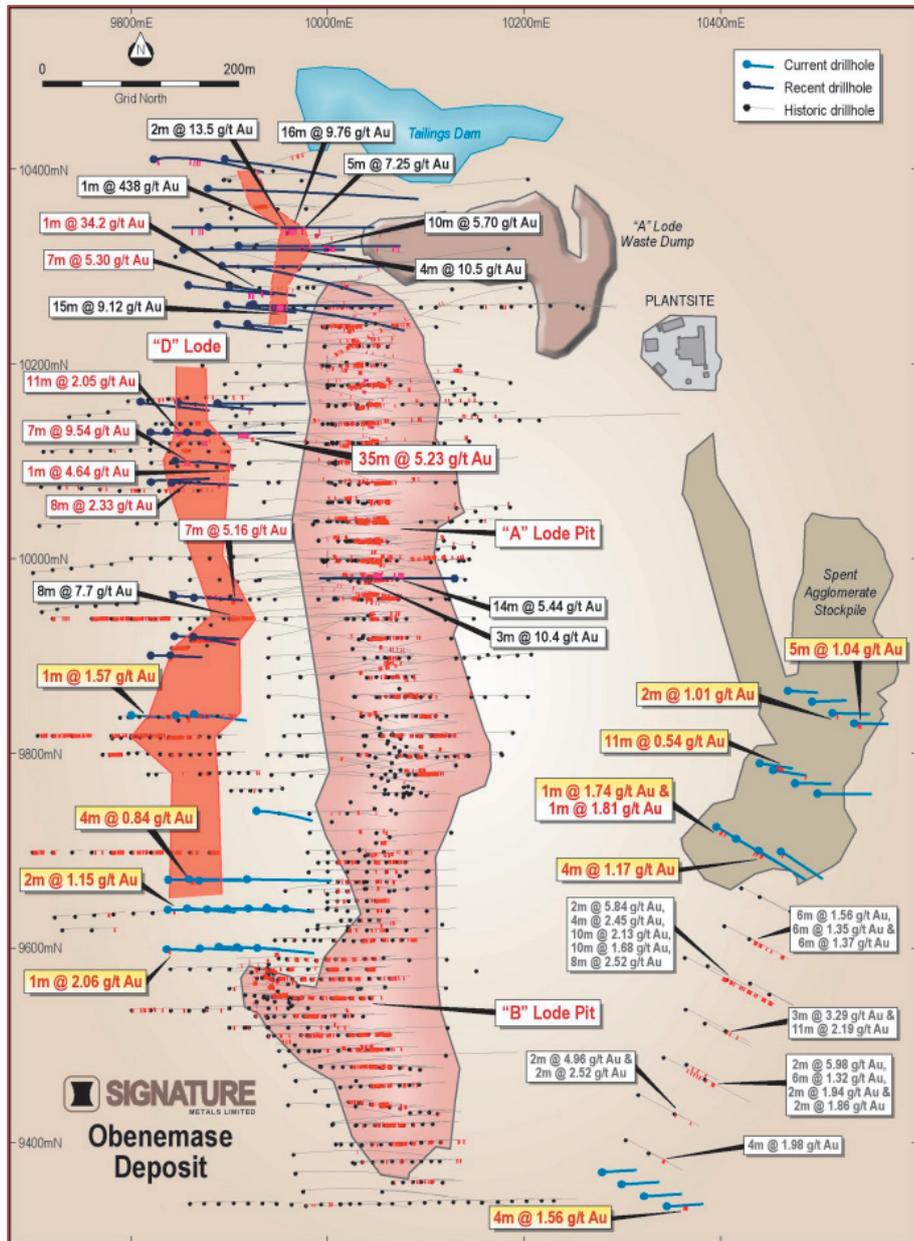


Figure 8. Obenemase Deposit – Signature Diamond and RC Drill Results

4.4.2 RC Drilling

Obenemase

RC drilling commenced at Obenemase in January 2010, targeting mineralisation hosted in oxidised quartz veins at shallow depths within the saprolitic/transition zones as seen in historical drilling at D Lode and in areas west of the current pit. A total of 58 holes were completed at Obenemase for 5,078 m and results (shown in Figure 8) included:

-  35 metres at 5.23 g/t gold from 98 metres
-  7 metres at 5.30 g/t gold from 133 metres
-  1 metre at 34.2g/t gold from 62 metres
-  11 metres at 2.05g/t gold from 15 metres
-  8 metres at 2.33g/t gold from 87 metres
-  2 metres at 9.72 g/t gold from 141 metres
-  7 metres at 9.54 g/t gold from 23 metres
-  7 metres at 5.16g/t gold from 74 metres
-  4 metres at 1.56 g/t gold from 34 metres
-  6 metres at 1.11g/t gold from 10 metres
-  5 metres at 1.04g/t gold from 5 metres

AMS completed the drilling programs utilising a UDR 650 and a Schramm 660 both with a 5.5 inch hammer.

Samples were collected from the drill rig at 1 m intervals with a 4 m composite sample created using a riffle splitter and sent to the laboratory. The remaining 1 m split was stored for re-assay. In all, 2,689 composite samples including duplicates were taken and sent to ALS Minerals and SGS laboratories in Kumasi and Tarkwa, respectively, for fire assay 50 gram gold analysis.

Standards and blanks were inserted at 40 m intervals and repeats at 20 m intervals for quality control purposes. The standards used were from Geostats Pty Ltd in Australia whilst the blanks were sea sand samples taken from the banks of Labadi beach in Accra, Ghana. In all, about 358 standards and blanks were used for the 4m composite sampling dispatched to the assay laboratory.

Kwakawkaw Prospect

At Kwakawkaw 60 RC holes for 5,482 m were drilled commencing in May 2011 to test for near surface mineralisation adjacent to the Kwakawkaw North and South pits as well as deeper mineralisation below the previously mined pits. Significant near-surface results from the Kwakawkaw South deposit included:

- 7 metres at 4.82 g/t gold from 16 metres, including 5m at 6.04 g/t gold
- 10 metres at 2.48 g/t gold from surface
- 5 metres at 3.42 g/t gold from 8 metres
- 3 metres at 5.72 g/t gold from surface
- 5 metres at 2.09 g/t gold from 12 metres
- 2 metres at 4.11 g/t gold from 29 metres
- 4 metres at 1.22 g/t gold from 44 metres, including 1m at 3.33 g/t gold

The results indicate the potential for a remnant resource close to surface in the area and warrant further work to re-evaluate the deposit. Mineralisation of 4 metres at 5.0 g/t gold from 44 metres (including 1 m at 13.4 g/t gold) was intersected in drilling between the Kwakawkaw South and North deposits which may indicate a link between the two deposits.

Deeper intercepts from Kwakawkaw South included:

- 8 metres at 3.3 g/t gold from 51 metres
- 7 metres at 2.63 g/t gold from 66 metres, including 3m at 4.87 g/t gold
- 10 metres at 1.51 g/t gold from 55 metres, including 5m at 2.41 g/t gold
- 8 metres at 1.17 g/t gold from 69 metres
- 2 metres at 4.30 g/t gold from 66 metres
- 2 metres at 4.02 g/t gold from 70 metres

It has been observed that while the tenor of these intersections is lower than that intersected in historical drilling, it will nevertheless assist in targeting higher grade mineralised zones more accurately.

Kyereben Deposit

At Kyereben 29 holes were drilled for 2,601 m during 2011 with significant results including:

- 8 metres at 3.87 g/t gold from 29 metres (KGRC0138)
- 8 metres at 2.27 g/t gold from 58 metres (KGRC0143)
- 9 metres at 2.49 g/t gold from 27 metres (KGRC0156), including 6m at 3.38g/t gold
- 3 metres at 6.99 g/t gold from 40 metres (KGRC0159), including 1m at 19.7g/t gold
- 4 metres at 3.20 g/t gold from 24 metres (KGRC0162; composite samples)

- 2 metres at 4.52 g/t gold from 9 metres (KGRC0156)
- 3 metres at 2.70 g/t gold from 41 metres (KGRC0146)
- 8 metres at 1.25 g/t gold from 24 metres (KGRC0151; composite samples)

Results in KGRC0138, KGRC0143 and KGRC0146 were returned from the same area as previous aircore drilling, with KGRC0138 extending this mineralised zone along strike to the north. The other results represent depth extensions to mineralisation.

RC Drilling was also carried out to test historical drilling in the Kyereben area, north-east of the previous aircore drilling (Figure 9). The results listed above from KGRC0151, KGRC0156, KGRC0159 and KGRC0162 confirmed historical intercepts:

- 6 metres at 7.1g/t gold from 72 metres (KYWR5)
- 4 metres at 3.28g/t gold from 24 metres (KYWR4)
- 4 metres at 1.77g/t gold from 38 metres (KYWR3)

Further drilling is planned to fully define the extents of interpreted mineralisation and to test for links between the two mineralised areas (Figure 9).

Boabedroo South

The RC programme at Obenemase was followed by a program at Boabedroo South where 38 holes were drilled for a total of 4,038 m during May 2010. RC drilling at Boabedroo South was focussed on an 800 metre section of unmined gold mineralisation to the south of the historical Boabedroo South open pit. The strike extension to the Boabedroo Deposit was first identified by Mwana Africa plc in two drilling campaigns which yielded results including:

- 2 metres at 53.20 g/t gold from 29 metres
- 23 metres at 3.66 g/t gold from 100 metres
- 9 metres at 6.08 g/t gold from 133 metres
- 5 metres at 6.53 g/t gold from 15 metres
- 4 metres at 16.40 g/t gold from 96 metres

Significant intercepts from Signature's RC campaign included:

- 21 metres at 2.66 g/t gold from 47 metres
- 3 metres at 6.15 g/t gold from 77 metres
- 9 metres at 2.18 g/t gold from 83 metres
- 2 metres at 10.4g/t gold from 24 metres

- 7 metres at 2.79 g/t gold from 42 metres
- 4 metres at 3.39 g/t gold from 15 metres
- 6 metres at 2.80 g/t gold from 34 metres
- 6 metres at 2.02 g/t gold from 115 metres
- 6 metres at 1.72 g/t gold from 10 metres
- 12 metres at 1.66 g/t gold from 60 metres
- metres at 1.87 g/t gold from 4 metres
- 4 metres at 2.01 g/t gold from 4 metres
- 3 metres at 4.56 g/t gold from 21 metres
- 3 metres at 4.80 g/t gold from 63 metres
- 2 metres at 4.07 g/t gold from 50 metres

The same drilling and sampling methodologies were used as for the Obenemase RC programme.

The results from the Signature drilling programme largely confirmed the thickness and tenor of mineralisation present in this area. A review of the drilling has identified higher grade zones within the deposit and follow up drilling is planned to target the extensions of these zones.

The results of this drilling were also used to update the resource estimate for the Boabedroo Deposit.

4.4.3 Air Core Drilling

Konongo Tailings Dam

An initial phase of aircore drilling targeted the Old Konongo Tailings Dam, (also referred to as the Leopard Tailings Dam) was commenced in October 2009. The drilling program was designed to obtain bulk representative samples from the dam for testwork and to provide information on the grade of the tailings material. A total 131 aircore holes for 2,874 m were drilled by AMS with an aircore rig and bit size of 2.5 inch diameter.

Samples were collected from the drill rig at 1 m intervals with a 4 m composite sample created using a riffle splitter and sent to the laboratory. The remaining 1 m split was stored for re-assay. A total of 1,011 composite samples including duplicates were taken and sent to ALS Minerals laboratory in Kumasi for fire assay 50 gram gold analysis. Standards and blanks were inserted at 20 m intervals and repeats at 10m intervals for quality control purposes.

Assay results returned from the aircore drilling were consistent with the historical sampled grades at approximately 1.0 g/t. The in-situ Mineral Resource currently estimated at the Tailings Dam is 1.75 Mt at a grade of 1.09 g/t.

The holes were pegged using a Total Station theodolite before drilling and completed drillhole collars surveyed with the same instrument after drilling. There was no downhole survey for the aircore drill holes.

The standards used were from Geostats Pty Ltd in Australia whilst the blanks were sea sand samples taken from the banks of Labadi beach in Accra, Ghana. Approximately 90 standards and blanks were used for the entire drill programme.

Kyereben Deposit

Aircore drilling was also completed in January 2011 at the Kyereben deposit (Figure 9) comprising 40 holes for 1,334 metres which was successful in defining a continuous near surface mineralized zone over a strike length of 200 metres.

All samples from this program were analysed by 50g Fire Assay method at accredited laboratories in Ghana with QA/QC samples inserted regularly by Signature including certified reference samples, blanks and duplicates.

Results of this aircore drilling are detailed in Table 2

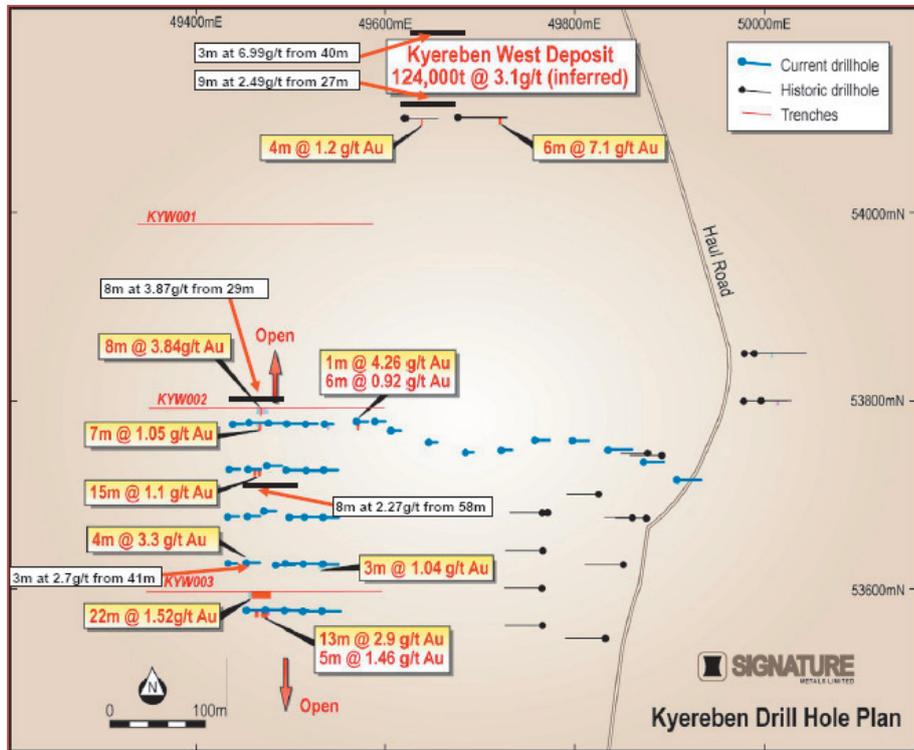


Figure 9. Kyereben Deposit – Aircore and RC Drill Results

Table 2. Kyereben Deposit Aircore Drilling Results

Hole Id	Project Grid		Total Depth	Dip/ Grid Azimuth	Intercept			
	Easting	Northing			From	To	Interval	Grade Au g/t
KGAC156	49606	53768	20	-60/90	15	16	1	4.26
KGAC158	49569	53777	24	-60/90	0	6	6	0.92
				<i>including</i>	2	3	1	2.92
KGAC163	49455	53776	41	-60/90	21	28	7	1.05
				<i>including</i>	21	24	3	2.01
KGAC169	49454	53726	27	-60/90	12	27	15	1.12
				<i>including</i>	13	16	3	2.41
					Mineralisation at end of hole			
KGAC174	49453	53627	28	-60/90	0	4	4	3.3
KGAC181	49513	53626	43	-60/90	32	35	3	1.04
KGAC183	49452	53576	50	-60/90	34	47	13	2.90
				<i>including</i>	34	36	2	4.18
				<i>including</i>	44	47	2	5.06
					Mineralisation at end of hole			
KGAC184	49473	53576	52	-60/90	0	5	5	1.46
				<i>including</i>	0	1	1	3.41

Bimma South Prospect

The Bimma South prospect is located within the eastern Birimian sequence which was previously untested by drilling. Sixteen holes for 646 metres of aircore drilling was completed on a single line to test a significant 600 metre long soil anomaly after trenching returned intersections of 2 metres at 39.8 g/t, 2 metres at 4.80 g/t, and 54 metres at 0.22 g/t gold. The trench intersections were constrained to the north of the soil anomaly indicating that the soil anomaly had been transported by weathering.

Drilling intersected a deeply weathered sequence of siltstone and graphitic shales with gold mineralisation associated with quartz veining within graphitic metasediments. Significant results were as follows:

-  1 metre at 6.87 g/t from 46 metres in KGAC142
-  5 metres at 1.04 g/t from 35 metres in KGAC147

An intersection of 32 metres at 0.24 g/t was recorded in KGAC147 from surface, with additional results of 5 metres at 0.31 g/t (from surface) and 8 metres at 0.27 g/t intersected up-dip of KGAC147 in KGAC146, indicating that drilling had intersected a mineralised system. Further work is required to test this, and future drill programs will focus to the north and west of the 2011 drilling, targeting the source of the soil anomaly.

Kykyewere Prospect

Aircore drilling at the Kykyewere Prospect provided a near-surface test of gold anomalies in historical soil sampling along a 3 kilometre section of the Ashanti Shear Zone. The drill programme consisted of 99 holes for 3,949 metres with an average depth of 40 metres. Significant gold intersections are as follows:

- 19 metres at 1.11 g/t gold from surface
- 17 metres at 0.47 g/t gold from 21 metres
- 14 metres at 0.47 g/t gold from 12 metres, including 6 metres at 0.92g/t gold
- 10 metres at 0.46 g/t gold from 8 metres
- 3 metres at 1.31 g/t gold from 4 metres
- 1 metre at 3.84 g/t gold from 4 metres
- 1 metre at 1.47 g/t gold from 8 metres

The majority of the significant intersections lie on or near the interpreted location of the Ashanti Shear Zone (Figure 10), demonstrating that this system is mineralised within the project area.

Mineralisation at Kykyewere is hosted within a graphitic metasediment package with common quartz veining. While no "bonanza" grade intersections were returned from the drill programme, the presence of quartz veining associated with mineralised intervals provides encouragement that there may be a vein-hosted component to mineralisation at the prospect. Evidence of shearing was noted in the logging of these drill holes confirming that the Ashanti Shear was intersected in the drill programme.

Mineralisation is currently open along strike to the south and north, and future exploration will include the testing of other gold in soil anomalies along the interpreted location of the Ashanti Shear Zone.

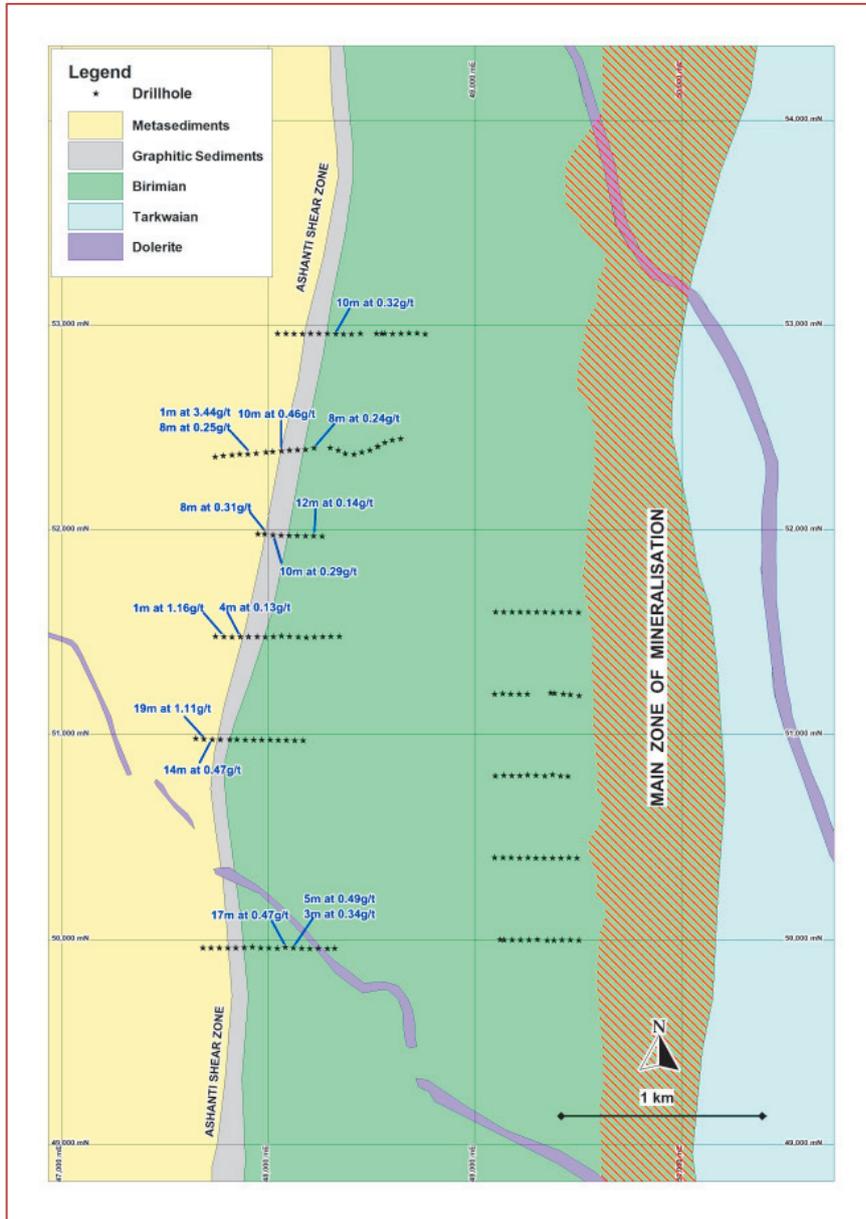


Figure 10. Kyekyewere Prospect 2011 Aircore Drilling Results

4.4.4 Trenching

Since November 2011, exploration activities have focussed on close-spaced trenching and sampling of shallow oxide targets which are supported by drilling data in order to generate oxide mill-feed with sufficient data to commence mining. This method has been successful in defining the structural controls of near surface mineralisation at the Kyereben deposit and has allowed for the commencement in March 2012 of trial mining.

To the end of March 2012, 6,025 m of trenching over nine resource areas had been completed at Kyereben, Kyereben West, Kyereben North, Patuo, Leopard, Boabedroo South Extended, Kwakawkaw, Obenekwakwa, Deathwish and Obenemase D lode (Figure 11).

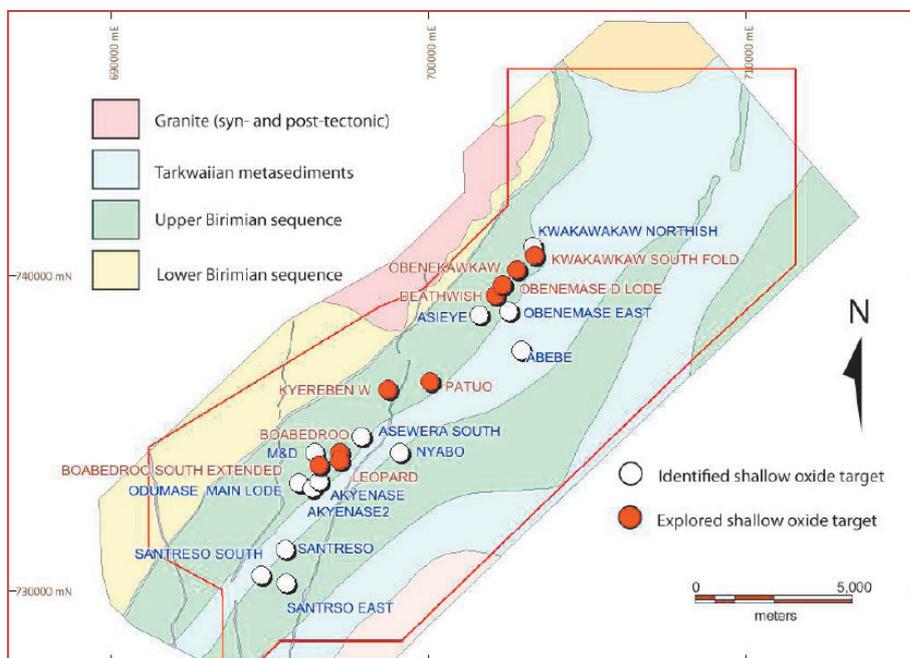


Figure 11. Oxide Targets and Trenching Locations Completed to Date

A strategic target of this trenching is to delineate 300,000 tonnes of + 2 g/t mineralisation being one year's feed for the current processing facility. It is intended that upon achieving this target, the exploration focus will be expanded to include the trenching of geochemical targets and established shear zones with follow up drilling to establish new oxide resources.

Patuo

Seventeen trenches for 2,077 metres have been completed at Patuo to test the shallow oxide mineralisation associated with the reported Indicated Mineral Resource of 128,000 t at 1.43 g/t Au. Historical drilling intercepts include:

- 8 metres @ 2.29 g/t from 8 metres
- 6 metres @ 2.97 g/t from 13 metres
- 3 metres @ 3.30 g/t from 18 metres
- 2 metres @ 10.50 g/t from 29 metres
- 9 metres @ 3.89 g/t from 35 metres

Results returned to date from the trenches indicate a 5-10m wide zone of 2-3 g/t gold mineralisation, with a strike length of 110 m. The mineralisation occurs as two northeast plunging, west-dipping ore shoots. Thicker intercepts and better grades are interpreted to occur at the intersection of two structures identified in trench data - the bedding parallel dominant cleavage and a later, east-west structural fabric.

Interpretation of the geological and structural data from the trenches show that the mineralisation is hosted by north dipping veins associated with northeast striking, west dipping shears and is situated on the vertical short limb of an inclined northwest dipping (south east verging) antiform, which may represent a possible control on strike continuity. Trenching results as at the end of March 2012 are detailed in Table 3 with trench coordinates in local project grid.

Table 3. Patuo Trenching Results

Trench ID	Easting	Northing	Azimuth	Total Length metres	Intercept
POT018	50146	54618	089	95	2m @ 1.89 g/t
POT019	50141	54639	089	102	5m @ 1.07 g/t
POT020	50146	54661	089	101	10m @ 2.44 g/t
POT020	50146	54661	089	101	1m @ 2.07 g/t
POT021	50159	54699	088	97	1m @ 4.09 g/t
POT021	50159	54699	088	97	1m @ 4.52 g/t
POT023	50159	54742	089	102	10m @ 2.20 g/t
POT024	50165	54764	089	101	7m @ 2.29 g/t
POT024	50165	54764	089	101	1m @ 4.49 g/t

Boabedroo South Extended

Trenching to date at Boabedroo South Extended demonstrates that mineralisation is continuous to surface as narrow 1 to 2 metre veining. Thirty one trenches for 2,246 m have been excavated, sampled and mapped to the end of March 2012, testing the continuity and controls on mineralisation. Historical shallow drilling results include:

- 4 metres @ 2.1 g/t from 5 metres
- 4 metres @ 3.17 g/t from 9 metres

-  5 metres @ 3.53 g/t from 15 metres
-  4 metres @ 3.34 g/t from 26 metres
-  15 metres @ 3.79 g/t from 28 metres

Drilling data indicates that the deposit is moderately to steeply west dipping with variable grades and widths at depth. Interpretation of the drill data indicates short-strike mineralised shoots near surface. Structural interpretation of the trench data has indicated that the target is hosted in the steeply west-dipping limb of a fold although the fold closure has not been identified.

At surface, narrow mineralisation occurs throughout the trenches in a predictable position with localised, thickening of mineralisation as ore shoots. Significant trenching intercepts are summarised in Table 4 with trench coordinates in local project grid.

Table 4. Boabedroo South Extended Trenching Results

Trench ID	Easting	Northing	Azimuth	Total Length metres	Intercept
BST02	49552	50732	088	93	1 m @ 1.40 g/t
BST02	49552	50732	088	93	1 m @ 1.23 g/t
BST02	49552	50732	088	93	1 m @ 1.14 g/t
BST03	49591	50638	087	86	1 m @ 1.19 g/t
BST03	49591	50638	087	86	1 m @ 1.07 g/t
BST04	49592	50538	087	108	1 m @ 1.48 g/t
BST04	49592	50538	087	108	11 m @ 2.29 g/t
BXST02	49641	50504	088	278	3 m @ 2.15 g/t
BXNT05	49810	50309	089	101	1 m @ 2.63 g/t
BXNT05	49810	50309	089	101	1 m @ 9.83 g/t
BXST03	49556	50301	089	198	1 m @ 2.13 g/t
BXST03	49556	50301	089	198	2 m @ 2.18 g/t
BXST03	49556	50301	089	198	1 m @ 3.09 g/t
BXST03	49556	50301	089	198	1 m @ 2.95 g/t
BXST03	49556	50301	089	198	1 m @ 2.54 g/t
BXST04	49629	50402	088	101	1 m @ 8.31 g/t
BXST04	49629	50402	088	101	2 m @ 2.10 g/t
BXST04	49629	50402	088	101	1 m @ 6.66 g/t
BXNT02	49811	50309	091	149	1 m @ 2.83 g/t
BXNT06	49638	50705	090	101	2 m @ 3.96 g/t
BXNT06	49638	50705	090	101	1 m @ 3.22 g/t

Kyereben

The Kyereben Deposit was first identified in 2010 based on anomalous historical soil geochemistry, and is hosted within Birimian metavolcanics, proximal to a regional NW trending dolerite dyke. Three 250 m-long trench lines (2 m deep) were dug 200 m apart across a moderate soil anomaly. Trenches KYW2 and KYW2 indicated the presence of a strong north-east trending Au anomaly of >1 g/t with widths from 8 to 22 m and peak values of 2 m @ 7.84 g/t (Figure 12).

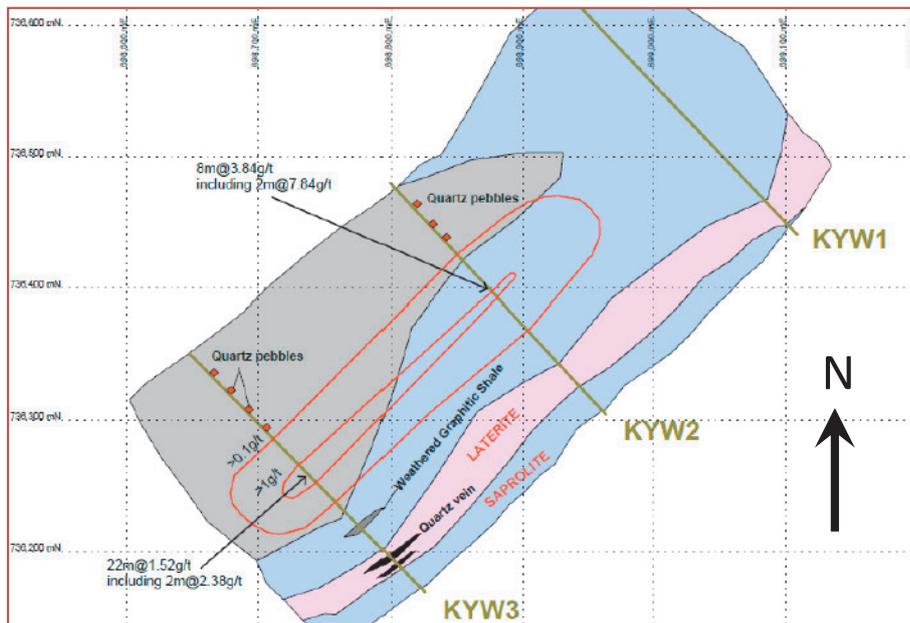


Figure 12. Kyereben Trench Map with Geology and Assay Intervals

Follow up aircore drilling at Kyereben returned intersections including:

- 13 metres at 2.90 g/t from 34 metres
- 15 metres at 1.12 g/t from 12 metres

RC drilling completed in 2011 to infill aircore drilling and to test for depth extensions to mineralisation returned intersections as follows:

- 8 metres at 3.87 g/t from 29 metres
- 8 metres at 2.27 g/t from 58 metres
- 9 metres at 2.49 g/t from 27 metres

Close spaced surface trenching was carried out to validate the continuity of up-dip and up-plunge mineralisation and constrain structural controls on mineralisation. A total of 21 trenches were completed with results indicating a stacked, quartz vein-hosted mineralised system comprised of multiple, generally north-dipping veins controlled by, and bounded by, northeast trending, vertical, stratabound shears. The mineralisation is interpreted to be largely continuous at surface with trenching results extending mineralisation to the northeast for a total mineralised strike length of 360 m. The mineralisation has further strike potential to the northeast and southwest and has not been fully tested at depth, where it remains open. The mineralisation was previously regarded as occurring on the Main Odumase shear zone, however it is now interpreted to lie on a separate, poorly tested shear structure.

Further drilling is required to estimate a Mineral Resource in accordance with JORC guidelines, however trial mining has commenced at the deposit based upon a geologically constrained Oxide Exploration Target* of 120,000 to 220,000 tonnes of mineralisation at grades between 1.4 g/t and 1.8 g/t of gold. This Exploration Target is based on drill intersections to date, and trench geological and structural data. Significant trenching intercepts are summarised in Table 5 with trench coordinates in local project grid.

**This Exploration Target is conceptual in nature and relates to defined Exploration Targets/areas where mineralisation has been identified but Mineral Resources have not been delineated. The Exploration Target for Kyereben is based on a strike length of 200 metres, mineralised widths of between 8 and 15 metres (as intersected in drilling) extending to a depth of 50 to 60 metres and using an SG of 1.5 for oxide material and 2.7 for fresh. The quantity and grade of the global Exploration Target is based on past production records and in comparison with currently defined Mineral Resources contained within the project. There has been insufficient exploration to define a Mineral Resource in these areas and it is uncertain if further exploration will result in the determination of a Mineral Resource*

Table 5. Kyereben Trenching Results

Trench ID	Easting	Northing	Azimuth	Total Length metres	Intercept
KWT006	49410	53540	090	103	1 m @ 4.40 g/t
KWT007	49440	53580	090	67	2 m @ 1.85 g/t
KWT007	49440	53580	090	67	5 m @ 2.09 g/t
KWT008	49440	53620	090	40	1 m @ 1.06 g/t
KWT008	49440	53620	090	40	1 m @ 1.18 g/t
KWT008	49440	53620	090	40	1 m @ 6.32 g/t
KWT009	49440	53640	090	40	1 m @ 1.37 g/t
KWT009	49440	53640	090	40	2 m @ 5.31 g/t
KWT010	49440	53660	090	34	1 m @ 1.03 g/t
KWT011	49430	53680	090	62	1 m @ 1.41 g/t
KWT012	49440	53720	090	44	8 m @ 2.23 g/t
KWT013	49449	53740	090	40	2 m @ 2.23 g/t
KWT014	49440	53760	090	46	8 m @ 3.29 g/t
KWT015	49440	53780	090	46	6 m @ 3.51 g/t
KWT016	49450	53810	090	52	8 m @ 2.35 g/t

KWT017	49420	53850	090	118	1 m @ 1.03 g/t
KWT017	49420	53850	090	118	1 m @ 1.08 g/t
KWT018	49450	53730	090	20	4 m @ 4.34 g/t
KWT019	49450	52750	090	17	3 m @ 2.86 g/t
KWT020	49450	53790	090	31	8 m @ 2.75 g/t
KWT022	49466	53871	090	60	1 m @ 5.19 g/t
KWT024	49460	53892	090	32	2 m @ 5.35 g/t
KWT025	49460	53950	090	36	5 m @ 2.80 g/t
KWNXT001	49420	53920	090	102	3 m @ 5.18 g/t

Kyereben North

Six trenches were excavated at the Kyereben North Prospect (Figure 13). The prospect is located on the Main Odumase shear, the same structure controlling the Boabedroo, Odumase and Cooase deposits. Mineralisation occurs as variably developed stockwork quartz veining controlled by the shear trend and appears to pinch and swell. Work to date has identified a strike length of 150 m and mineralisation is open to the southwest. Significant shallow drilling intercepts at Kyereben North include:

- 2 metres @ 4.53 g/t from 9 metres
- 2 metres @ 3.35 g/t from 24 metres
- 4 metres @ 3.28 g/t from 24 metres
- 3 metres @ 3.23 g/t from 26 metres
- 6 metres @ 3.38 g/t from 30 metres
- 3 metres @ 6.99 g/t from 40 metres

Significant trenching intercepts are summarised in Table 6 with trench coordinates in local project grid.



Figure 13. Trenching - 5m Wide Quartz Veining Exposed in Trench at 736800mN on Right

Table 6. Kyereben North Trenching Results

Trench ID	Easting	Northing	Azimuth	Total Length metres	Intercept
KWNXT002	49624	54028	090	100	2 m @ 1.21 g/t
KWNXT002	49624	54028	090	100	1 m @ 2.17 g/t
KWNXT003	49623	54083	090	100	1 m @ 1.17 g/t
KWNXT003	49623	54083	090	100	7 m @ 3.38 g/t
KWNXT005	49624	54183	090	100	4 m @ 2.39 g/t
KWNXT005	49624	54183	090	100	6 m @ 2.48 g/t

Obenemase D Lode

Nine trenches for 889 m were excavated at the Obenemase D Lode, targeting the surface projection of mineralisation intersected in drilling including:

- 7 metres @ 2.78 g/t from 15 metres
- 6 metres @ 6.08 g/t from 15 metres
- 5 metres @ 2.82 g/t from 22 metres

-  7 metres @ 9.54 g/t from 23 metres
-  10 metres @ 2.64 g/t from 26 metres

Trench mapping indicated a closed, shallowly north-plunging anticline, with mineralisation occurring in the limbs and fold axis. Based on this data, the trenches are interpreted as being too far to the northeast to comprehensively test the target mineralisation, however trench results did include significant intercepts, as per Table 7 with trench coordinates in local project grid.

Table 7. Obenemase D Lode Trenching Results

Trench ID	Easting	Northing	Azimuth	Total Length metres	Intercept
OBDNT01	49580	58392	074	85	1 m @ 60.80 g/t
OBDNT02	49574	58425	073	86	1 m @ 1.90 g/t
OBDNT04	49569	58467	073	86	6 m @ 2.36 g/t
OBDNT05	49557	58484	074	101	1 m @ 1.28 g/t
OBDNT07	49559	58525	074	100	2 m @ 2.58 g/t
OBDNT08	49552	58565	075	117	1 m @ 1.04 g/t
OBDNT08	49552	58565	075	117	1 m @ 2.92 g/t
OBDNT08	49552	58565	075	117	1 m @ 3.24 g/t
OBDNT08	49552	58565	075	117	1 m @ 1.95 g/t
OBDNT09	49554	58609	074	120	3 m @ 1.96 g/t

Leopard

Trenching at Leopard was completed with 8 trenches excavated for 559 m, and was designed to test the surface projection of a narrow, high grade ore system on the Zongo mineralisation trend. Historical aircore drilling intersections results include:

-  3 metres @ 14.03 g/t from 9 metres
-  1 metres @ 18.90 g/t from 18 metres
-  1 metres @ 4.92 g/t from 53 metres
-  1 metres @ 15.30 g/t from 55 metres
-  1 metres @ 6.90 g/t from 55 metres

Drilling was widely spaced and rarely tested the near-surface potential. At surface, the system strikes over 150 m and potentially remains open to the north.

The eight trenches exposed a volcano-sedimentary succession of felsic tuffite, metabasite, and volcanoclastic metasedimentary rocks. Mineralisation forms a steeply west-dipping zone of stacked, shallow-dipping, north plunging, centimetre to decimetre scale quartz veins. The veins are tectonised

and include disseminated fine grained sulphide in the mineralisation assemblage. Assay results have not been returned at the date of this Report.

Kwakawkaw South

Trenching at Kwakawkaw South to date has comprised 7 trenches for 560 m and was designed to test possible strike extensions of a northeast trending high grade zone. The shallow target at Kwakawkaw South lies immediately to the east of the historic Kwakawkaw South pit which has been extensively drilled. Historical drill results occurring over an 80 m strike length include:

- 14 metres @ 6.40 g/t from surface
- 14 metres @ 3.26 g/t from surface
- 32 metres @ 5.97 g/t from surface
- 10 metres @ 4.80 g/t from surface
- 10 metres @ 5.88 g/t from surface
- 8 metres @ 4.15 g/t from surface
- 6 metres @ 5.93 g/t from surface
- 10 metres @ 5.92 g/t from surface
- 28 metres @ 8.86 g/t from surface

Trenching tested the open northeast and southern extents and potentially indicates a highly weathered hydrothermal system at surface where lithology, structure and mineralisation have been drawn into parallelism. Assay results are yet to be returned for the trenching program at the date of this Report.

Obenekawkaw

Five trenches were completed at Obenekawkaw for 472 m, located half way between Obenemase and Kwakawkaw South, targeting the surface potential of an apparently east striking quartz vein of approximately 1 to 2 m width. Historical drilling results include:

- 4 metres @ 3.60 g/t from surface
- 20 metres @ 2.00 g/t from 2 metres
- 2 metres @ 3.40 g/t from 4 metres
- 2 metres @ 4.40 g/t from 16 metres
- 2 metres @ 2.00 g/t from 22 metres
- 4 metres @ 2.00 g/t from 26 metres

Assay results are yet to be returned for the trenching program at the date of this Report.

Deathwish

One trench for 28 m was completed at Deathwish which is located between the Old Konongo Tailings Dam and the west wall of Obenemase A lode pit. The program was abandoned as the area has been significantly in-filled and is not suited to trenching.

4.4.5 Alluvial Pitting and Exploration

A review of the alluvial potential at the project in late 2011 has led to the development of 105 reconnaissance pits within alluvial systems at Atunsu, Kyekyewere, Bomriso and Nyabo (Figure 14).

Alluvial samples have been taken as bulk samples (300 kg to 1000 kg), and concentrated by gravity methods on-site (Figure 15).

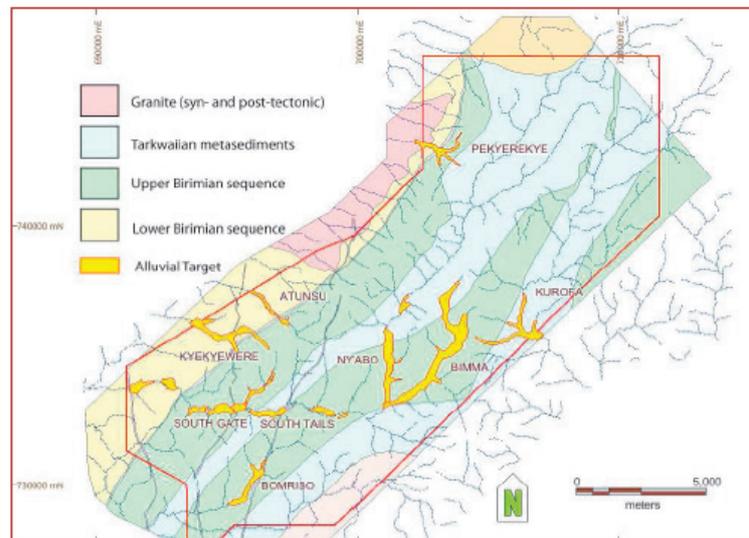


Figure 14. Alluvial Target Areas Konongo Project



Figure 15. Exploration gravity concentrator for bulk alluvial samples

Alluvial mining on the Konongo leases will be dependent upon the granting of appropriate permits, which to date are only in place for the South Shaft Tails area. Twenty-six reconnaissance pits were completed in the March 2012 Quarter with the Atunsu alluvials returning an average indicative gold grade of 0.47 g/t Au with an average thickness of 1.3 m from surface (Signature March 2012 Quarterly Activities Report).

Gold grades were determined by Signature using gravity recovery techniques on bulk samples, however aspects of the sampling process are not in accordance with JORC guidelines and principally in relation to the generation of a gravity concentrate using portable sluices whereby a portion of fine gold is lost.

Gold distribution within alluvial material is inherently variable and grade estimation for this type of mineralisation may be imprecise. Grades as estimated by Signature to date are utilised for internal evaluation purposes and are considered to be indicative in nature only.

Alluvial reconnaissance pitting at Kyekyewere and Bomriso returned thin gravel horizons with limited large scale alluvial gold potential. Discontinuous thick gravels and patchy higher grades occur, but are likely non-prospective for large scale alluvial mining.

Alluvial reconnaissance pitting at Nyabo (35 pits in the March 2012 Quarter) indicated a significant gravel bed in the alluvial plain bounding the Owere River having a variable thickness up to 2 meters and averaging 0.9 m.

5 Mineral Resources

5.1 Signature Updated Mineral Resources

Since the acquisition of their 70 % ownership of the Project in 2009, Signature updated Mineral Resource estimates for the Obenemase, Boabedroo, Aserewa, Atunsu, Apan and Patuo deposits. Mineral Resources were also estimated for the Southern and Old Konongo Tails dams (Table 8).

The estimates were completed by DataGeo Geological Consultants ("DataGeo") and specifically Mr Peter Ball who is a Competent Person as per the JORC Code 2004 guidelines.

5.1.1 Obenemase Mineral Resources

The Obenemase deposit is interpreted as a series of steeply dipping lodes which are surface enriched and thickened in supergene style zones in some locations, and where the main most central lodes (A and B) have been mined via open pit and underground historically. The D Lode occurs along the entire western side of the main lode system, and is unmined, as is the East Lode which is orientated slightly more to the NNE compared to the other lodes occurs to the east of the main A Lode.

The deposit was the subject of a several phases of drilling in 2009 and 2010 with 3,043 m of diamond drilling and 5,078 m of RC drilling completed (Figure 8), and the results of this drilling were incorporated into updated Mineral Resource estimates completed by DataGeo initially in January 2010, and updated in October 2010.

The Mineral Resources were defined by drilling on approximately 20 m to 30 m spaced centres for the main A and B Lodes, and on 20 m to 80 m spaced centres for the D and East Lodes. Sectional interpretation incorporating lithological and assay information was used to define mineralisation boundaries in a solid model. Mineral Resource estimation was completed using the Inverse Distance squared ("ID²") method and constrained within the interpreted solid models using Surpac geological software.

The methodology adopted for drilling, sampling, and assay determination was reviewed by DataGeo, and is considered by DataGeo to be in accordance with industry standards. QAQC information was also reviewed and DataGeo considers that the results are representative.

Resource classification was developed from the confidence levels of key criteria including drilling methods, geological understanding and interpretation, sampling, data density and location, grade estimation and the quality of the estimate.

Tonnage was assigned by weathering condition (oxide, transition, and fresh) using specific gravity ("SG") values generated from historical drill core measurements.

In assessing the reportable Mineral Resource, the economic viability of mining the in situ Mineral Resource was considered. DataGeo considered it appropriate to report the Mineral Resource above 0.5 g/t for oxide/transition and 1 g/t for fresh material based upon data provided by Signature.

Variable reports of the underground production on the main A and B Lodes have resulted in an allowance being made of 69,500 tonnes at 10 g/t Au to be removed from the in situ Mineral Resource.

The total reportable Mineral Resource for the Obenemase deposit is currently 6,875,500 tonnes at 2.50 g/t gold for 553,125 ounces.

5.1.2 Apan, Aserewa, Atunsu, Patuo, Kwakawkaw, and Boabedroo Mineral Resources

The Apan, Aserewa, Atunsu, Patuo, Kwakawkaw and Boabedroo deposits consist of semi-vertical quartz/breccia zones within altered greywacke, shale and schist, with mineralisation occurring in steeply plunging shoots. The oxidised component of some of the deposits has been mined and there has been minor historical underground mining at the Boabedroo deposit.

Mineral Resource estimates were completed by DataGeo for these deposits in February 2010.

The Mineral Resources were defined by drilling on approximately 20 m to 30 m spaced centres and took into consideration the complexity of lode mineralisation. Sectional interpretation incorporating lithological and assay information was used to define mineralisation boundaries in a solid model. Mineral Resource estimation was completed using the ID² method and constrained within the interpreted solid models using Surpac geological software.

The methodology adopted for drilling, sampling, and assay determination was reviewed by DataGeo, and is considered by DataGeo to be in accordance with industry standards. QAQC information was also reviewed and DataGeo considers that the results are representative.

Resource classification was developed from the confidence levels of key criteria including drilling methods, geological understanding and interpretation, sampling, data density and location, grade estimation and the quality of the estimate.

Tonnage was assigned by weathering condition (oxide, transition, and fresh) SG values generated from historical drill core measurements.

In assessing the reportable Mineral Resource, the economic viability of mining the in situ Mineral Resource was considered. DataGeo considered it appropriate to report the Mineral Resource above 0.5 g/t for oxide/transition and 1 g/t for fresh material.

The total reportable Mineral Resource for the Apan, Aserewa, Atunsu, Patuo, Kwakawkaw and Boabedroo deposits is currently 6,944,500 tonnes at 2.25 g/t gold for 502,450 ounces.

5.1.3 Old Konongo Tails Dam and South Tails Dam

The Old Konongo Tails Dam (also termed the Leopard Tails Dam) contains the waste product from the processing of underground mining at Konongo. It was drilled by Signature on drill spacings varying between 25mE x 25mN and 25mE x 50mN.

Based on surveyed volumes the grade of the contained tails was estimated using the Inverse Distance cubed ("ID³") method and constrained within interpreted solid models using Surpac geological software. The estimated volume was 1,030,625 m³, to which an in situ specific gravity of 1.7 t/m³ was applied, resulting in a Mineral Resource of 1,752,000 tonnes at 1.09 g/t Au.

This Mineral Resource estimate was completed in February 2010 and has been classified according to confidence in the volume defining the tails and the drill hole data density.

A program of auger drilling and sampling was carried out by Signature over the South Tails Dam and was incorporated into a Mineral Resource estimate by DataGeo. Based on surveyed volumes the grade of the contained tails has been estimated using the ID³ method and constrained within interpreted solid models using Surpac geological software. The estimated volume was 172,085 m³, to which an in situ specific gravity of 1.6 t/m³ was applied, resulting in a Mineral Resource of 275,000 tonnes at 1.56 g/t Au.

This Mineral Resource estimate was completed in July 2010 and has been classified according to confidence in the volume defining the tails and the drill hole data density.

5.2 Previously Estimated Mineral Resources

Mineral Resources for the Asieye, Nyabo East, Kyereben West, Leopard Shaft, and Akyenase Central, (Table 8) were prepared by Resolute Mining Limited between 1997 and 2001, and were reviewed by RSG Global in a Competent Persons Report in 2005 in relation to Mwana Africa's AIM-listing. These Mineral Resources have been compiled and reviewed by Mr Bill Oliver, and in the opinion of Mr Oliver, who is the Competent Person for the Mineral Resource statements covering these deposits, they have been estimated in accordance with JORC guidelines. Mr Oliver is a Competent Person as per the JORC Code guidelines. Mineral Resource estimation reports for these deposits were not sighted by the author.

Mineral Resources for Santreso West, Santreso South, and Santreso East, were estimated by Snowden Associates Pty Ltd ("Snowdens") in May 1997.

The Mineral Resources were predominantly defined by drilling on approximately 40 m (along strike) by 30 m (across strike) spaced centres with sectional interpretation incorporating lithological and assay information used to define mineralisation boundaries in a solid model. Mineral Resource estimation was completed using the full and median indicator kriging method and constrained within the interpreted solid models using Surpac geological software (Readford, 1997).

Resource classification by Snowdens was primarily based upon drill spacing.

Bulk density factors used to calculate tonnages for Santreso mineralisation were derived from the work of Continental Resource Management in 1996 which used 1.9 t/m³ for oxide material and 2.7 t/m³ for fresh material.

The total reportable Mineral Resource for Santreso West, Santreso South, and Santreso East combined is currently 5,370,00 tonnes at 1.21 g/t gold for 209,655 ounces.

5.3 Mineral Reserves

Mineral Reserves have not been estimated in accordance with JORC guidelines for the Konongo Project. It should be noted that although a Mining Study was carried out, aspects of the study and modifying factors were not completed in the necessary detail required to estimate Mineral Reserves in accordance with JORC guidelines.

**Note 1: The information in this report that relates to Mineral Resources at the Obenemase, Boabedroo, Aserewa, Atunsu, Apan and Patuo Deposits, as well as for the Old Konongo Tailings Dam and South Tails Dam is based on information compiled by Mr Peter Ball. Peter Ball is a member of the Australasian Institute of Mining and Metallurgy (MAusIMM), and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a competent person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Peter Ball is the Manager of DataGeo Geological Consultants and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

**Note 2: The information in this report that relates to Mineral Resources at the Asieye, Nyabo East, Kyereben West, Leopard Shaft, Akyenase Central, Santreso West, Santreso South, and Santreso East Deposits is based on information compiled and reviewed by Mr Bill Oliver from publically stated JORC-compliant information originally prepared in 2005 by RSG Global for Mwana Africa's AIM-listing document. This information, in the opinion of Mr Oliver, complies with the reporting standards of the 2004 JORC Code. Bill Oliver is a member of the Australasian Institute of Mining and Metallurgy (MAusIMM), and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a competent person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Bill Oliver is a director of Signature Metals and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

Table 8. Konongo Project Mineral Resources – Re-estimated Resources in Bold

Deposit	Measured			Indicated			Inferred			Total		
	Tonnes	Grade (g/t)	Contained Ounces	Tonnes	Grade (g/t)	Contained Ounces	Tonnes	Grade (g/t)	Contained Ounces	Tonnes	Grade (g/t)	Contained Ounces
Obenemase				3,802,500	2.91	355,440	3,073,000	2.00	197,630	6,875,500	2.50	553,125
Asieye							1,500,000	0.80	38,580	1,500,000	0.80	38,580
Kwakawkaw							985,000	1.72	54,575	985,000	1.72	54,575
Nyabo East							540,000	1.03	17,940	540,000	1.03	17,940
Patuo				128,000	1.43	5,905	445,000	1.44	20,660	573,000	1.44	26,565
Kyereben West							124,000	3.10	12,360	124,000	3.10	12,360
Aserewa				324,000	2.42	25,130	136,000	4.66	20,355	460,000	3.10	45,485
Atunsu				99,000	2.01	6,415	659,500	2.61	55,435	758,500	2.54	61,850
Apan				39,000	2.03	2,565	526,000	2.22	37,620	565,000	2.21	40,185
Leopard Shaft							95,000	7.55	23070	95,000	7.55	23,070
Boabedroo				1,359,000	2.36	103,300	2,244,000	2.36	170,490	3,603,000	2.36	273,790
Akyenase Central				58,000	4.00	7,460	96,000	8.80	27,160	154,000	6.99	34,620
Santreso West				3,520,000	1.20	135,805	810,000	1.25	32,555	4,330,000	1.21	168,360
Santreso South							340,000	1.16	12,680	340,000	1.16	12,680
Santreso East							700,000	1.27	28,615	700,000	1.27	28,615
Old Tailings Dam				1,177,000	1.19	45,050	575,000	0.87	16,100	1,752,000	1.09	61,150
Southern Tails							275,000	1.56	13,795	275,000	1.56	13,795
Total	0	0	0	10,506,500	2.03	687,070	13,123,500	1.85	779,620	23,355,000	1.95	1,466,690

6 Mining

6.1 Signature Mining Study 2010

In May 2010 Signature completed a Mining Study into the recommencement of gold production at Konongo, which was submitted to the Minerals Commission of Ghana. The Mining Study examined a strategy proposed by Signature shortly after the acquisition of the Project from Mwana of mining oxide ore from existing and new open pits. Remnant stockpiles and tailings were also examined for their potential to provide supplemental mill feed.

Key aspects of the Mining Study are as follows:

- Phase 1 production averaging 20,000 ounces per annum over 9 years
- Phase 1 utilising the existing 350 ktpa CIL processing plant on site, to be refurbished as part of a capital expenditure programme of US\$7.9 million
- Phase 2 production target of 1–3 Mtpa through a new processing facility, to be built following additional studies into fresh rock resources
- Drilling and other resource development work to underpin Phase 2 project expansion
- Mineral Resources defined at the Project on at the time of the Study were 19.6 Mt at 2.02 g/t for 1,272,63 oz of gold.

Whittle pit shell optimizations were carried out on these Mineral Resources to generate a mineral inventory which could be economically mined by open cut mining methods utilising the existing 350,000 ktpa CIL plant.

Operating costs for the optimisations and the mining study were derived from a database of costs for mining projects and processing facilities globally (including operating mines in Ghana and other parts of West Africa). Mining and earthmoving contractors, local reagent suppliers and other subcontractors were approached to provide indicative quotes for equipment/work at the project and for the supply of consumables.

Historical costs for mining and processing at the Project were also reviewed, inflated to today's costs and compared to costs derived from other sources.

Again, it must be noted that no Mineral Reserves resulted from the study. In accordance with JORC guidelines for the Konongo Project the mining study could only outline likely in-ground stocks (a "mining inventory") as aspects of the study and modifying factors were not completed in the necessary detail required to estimate Mineral Reserves in accordance with JORC guidelines.

Mine scheduling was modelled based on the pit designs generated from optimisations and on the estimated operational costs. The schedule for phase 1 was developed primarily on the Obenemase,

Boabedroo South Extended and Atunsu North Deposits with supplemental feed material from the Old Konongo (or Leopard) Tailings Dam.

The Study proposed that Mineral Resources at Apan, Aserewa, Atunsu Main, Boabedroo North, Boabedroo South and Patuo would be used as supplementary mill feed during the life of the project to maintain a consistent blend of hard and soft material (as well as between oxide and fresh rock).

Sensitivity analysis was carried out to determine the projects reliance on different elements used or generated in the mining study. This analysis indicated that the project is most sensitive to changes in revenues and the prevailing gold price.

The Mining Study indicated that the performance of the Project is constrained by the throughput of the current milling facility and its suitability to treat the various ore types present. A programme of metallurgical testwork was commissioned to determine the maximum recoverable gold by cyanide leaching. Upon the commencement of processing, this initial testwork was followed by testwork which more closely modelling the process flowsheet. In addition options are currently being evaluated for increased processing capability at the Project including flotation circuits and biooxidation (BIOX) plants.

The Study proposed that a Phase 2 stage of production would implement an optimum processing flowsheet for the project through the design and construction of a 1 to 3 million tonne per annum processing facility. Signature announced the results of an initial expansion study to the ASX in September 2010 which stated that processing throughput could be doubled for an initial estimate of US\$3-4 million. No report on this study was made available to the author, however increased plant throughput warrants further investigation and costing in more detail.

6.2 Mining

Approvals were received in March 2012 to proceed with an open cut mine at Kyereben and an initial batch of ore comprising almost 3,700 tonnes was mined and processed during March. Total recovery for this material was 90 % from a head grade of approximately 2.7 g/t gold.

Based on these results, Signature is currently engaged in a more extensive trial mining project at Kyereben. By the end of April, 24,300 tonnes of ore had been delivered to the on-site processing facility with 13,100 tonnes processed at an average head grade of 2.41 g/t Au, and with gold recoveries increasing to 93 %.

Mining is via conventional backhoe-type excavator and 40 tonne rigid trucks with all material being 'free-dig', with no blasting required (Figure 16). The mining is carried out via a contract earthmoving provider.



Figure 16. Kyereben Open Pit Trial Mining

Grade control and ore block definition is carried out via trench lines on a 5 m spacing which are sampled and mapped by Signature geologists. All ore mining is carried out under the supervision of Signature geologists.

7 Metallurgy and Processing

7.1 Current Processing Plant

The existing CIL plant (less the current crushing section) is located on the Konongo mining license close to the Obenemase pits, and where the original plant design was undertaken by Lycopodium Engineers. The plant was initially operational between 1995 and 1999 with a nominal capacity of 350,000 tpa.

Process tailings are currently deposited in the existing OGM tailings dam located approximately 2 km to the north west of the plant. The Company has since commissioned a design for a new tailings dam to the north of the plant site.

Process water is currently sourced from the nearby Obenemase pits and power supply is via a local overhead 11 Kv transmission grid.

The grinding circuit is configured with a single ball mill operated in closed-circuit with a typical size distribution of 80 % passing 75 micron with a capacity of approximately 50 tonnes per hour when milling oxidized ores.

The leach and adsorption circuit is comprised of 5 square contactor type leach tanks and 4 round adsorption tanks arranged in series. The tanks are equipped with agitators and most have the facility to add oxygen into the tanks in the form of compressed air to assist the leaching process.

The OGM gold recovery circuit is of a standard Zadra design where loaded carbon is directed from the loaded carbon screen to the combined acid wash/elution column.

The current crusher was commissioned in January 2012 and commenced operations on 18th January (Figure 16). As of 26th April it had crushed 36,968 tonnes and has a maximum throughput of 250 tph. Current process rates are averaging 70 tph, primarily due to the damp nature of the ore being crushed.

The oxygen plant was also commissioned in January and has played a significant role in increasing gold recoveries (Figure 17). It has an operational capacity 5 tpd at 95 % purity at ideal operating capabilities but currently operates at an average of 3 tpd of pure oxygen at 90 % purity.



Figure 17. Konongo Crushing Plant



Figure 18. Konongo Oxygen Plant and CIL Tanks in Background

7.2 Oxide Ore

The gold within the oxidised or free milling ores at Konongo is generally hosted in quartz veins and weathered metasediment rock. The gold is usually in the form of free gold with size distribution ranging from very fine particles to coarse nuggets. Previous mining at Konongo has concentrated on the bonanza grade quartz reefs.

7.3 Sulphide Ore

Historical testwork indicates that gold mineralisation within fresh rock at Konongo is associated with disseminated sulphides. Mineralisation commonly occurs in the following forms:

- Very fine free gold adhered to sulphides mineral such as pyrite and arsenopyrite
- Interstitial fine gold located within the grain boundaries of pyrite and arsenopyrite
- Gold existing as a solid solution within pyrite and arsenopyrite

The efficiency of gold recovery by direct cyanide leaching generally decreases in the order shown above with recovery generally improved through the application of a finer grind or an oxidising pre-treatment.

8 Environmental and Social

8.1 Introduction

Tagit Consulting have been engaged at the Project to carry out the environmental studies required for the recommencement of mining and processing, and commenced work in December 2009 addressing the following areas:

- Completion of a baseline data collection programme in accordance with Ghanaian regulations and in line with internationally recognized guidelines for data quality, representivity and completeness;
- Identification and assessment of environmental and social impacts associated with the refurbishment and operation of the Konongo Gold Project
- Preparation of an Environmental Impact Statement document to meet Ghanaian EPA requirements

8.2 Environmental Impact Statement

Tagit Consulting completed the Environmental Impact Statement ("EIS") in September 2010 following which it was lodged with the Ghanaian Environmental Protection Authority ("EPA"). A public meeting was held in December 2010 to discuss the proposed re-commencement of mining and processing at Konongo and the potential impacts on the community. The Project was subsequently granted an EPA permit in March 2012.

8.3 Employment & Compensation

The Project currently employs 456 people, of which 234 are from the local region. Almost all of the onsite staff live in the local area, predominantly in Konongo, Obenmase and Odumase. Casual labour is also drawn from local villages and purchases are made both locally and in Kumasi and Accra.

Several Ghanaian companies have been employed during the recommissioning and operation of the Project. According to the Company a total of total of GH¢424,980 (approximately US\$325,000) has been paid as compensation to 547 affected farmers from communities within the mine concession since Signature became a partner in 2009.

8.4 Community Projects

Signature has also carried out several community projects since commencing activities in 2009, and they have estimated that approximately GH¢400,618 (over US\$300,000) has been paid either directly to the community or in funding community projects as part of its Corporate Social Responsibility.

Some of the more significant projects are as follows:

- Donation to funeral expenses for 2009 to 2011 at a cost of GH¢72,000
- Construction works at the Konongo Police Station at a cost of GH¢60,000
- Provided clean drinking water at a cost of GH¢49,500
- Refurbish roads in communities at a cost of GH¢26,000
- Repair of bridges in 4 communities at a cost of GH¢15,000
- Sports community sponsorships at a cost of GH¢14,000
- Donation to the building of a New Police Station for Obumasi at a cost of GH¢11,500
- Educational competition sponsorships for 2009 and 2010 at a cost of GH¢9,400
- Repairing roads in Obenmase at a cost of GH¢9,000
- Rehabilitation of the Kwakawkaw / Kyekyebiase road at a cost of GH¢7,280
- Renovated the Odumase Mosque at a cost of GH¢6,500
- Rehabilitation of a health facility at Obenemase at a cost of GH¢6,000
- Clearing and de-silting flooded areas in the communities at a cost of GH¢5,000
- Held a community Christmas party for children at a cost of GH¢5,000
- Support to local NGO's at a cost of GH¢5,000
- Construction works at Odumase Primary school at a cost of GH¢3,800

Signed by:

A handwritten signature in blue ink, appearing to read "P. Reidy", is shown within a light blue rectangular box.

Paddy Reidy

BSc, MAusIMM

Date: 17/5/2012

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Glossary

aircore:	Drilling method employing a drill bit that yields sample material which is delivered to the surface inside the rod string by compressed air.
alluvial:	Pertaining to silt, sand and gravel material, transported and deposited by a river.
alteration:	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
anticline:	A fold in the rocks in which strata dip in opposite directions away from the central axis.
antiformal:	An anticline-like structure.
amphibolite:	A metamorphic crystalline rock consisting mainly of amphiboles and some plagioclase.
amphibolite facies:	The set of metamorphic mineral assemblages (facies) which is typical of regional metamorphism between 450-700°C.
Archaean:	Widely used term for the earliest era of geological time spanning the interval from the formation of Earth to about 2,500 million years ago.
arsenopyrite:	A silvery-gray mineral consisting of an arsenide and sulfide of iron, chemical formula FeAsS.
basalt:	A dark, fine-grained volcanic rock of low silica (<55%) and plagioclase feldspar and pyroxene.
biotite:	A type of black mica.
breccia:	A rock made up of mainly angular fragments.
carbonate:	A sediment formed from the organic or inorganic precipitation from aqueous solution of carbonates of calcium, magnesium, or iron; e.g., limestone and dolomite.
chalcopyrite:	A bright brass-yellow copper-iron sulphide: CuFeS ₂ .
chlorite:	Family of tetrahedral sheet silicates of iron, magnesium, and aluminum, characteristic of low-grade metamorphism.
clays:	A fine-grained, natural, earthy material composed primarily of hydrous aluminium silicates.
craton:	Large, and usually ancient, stable mass of the Earth's crust.
diamond drilling:	A method of obtaining a cylindrical core of rock by drilling with a diamond-set or diamond impregnated bit.

dolerite:	A fine to medium grained intrusive mafic rock.
dyke:	Thin, sheet-like intrusion of magmatic (igneous) rock.
electromagnetic (EM) survey:	A geophysical survey technique where potential fields are measured under the influence of an applied current.
epigenetic:	A hydrothermal event imposed upon rocks (usually by the hydrothermal phase of felsic intrusions).
facies:	Changes in composition, mineral associations or crystallisation sequence brought about by different depositional environments, increasing distance from source, or differing physical and chemical parameters.
felsic:	Light coloured rocks containing an abundance of feldspars and quartz.
ferruginous:	Containing iron.
foliation:	The banding or lamination of metamorphic rocks as distinguished from stratification in sedimentary rocks.
gabbro:	A coarse-grained mafic intrusive rock, which is low in silica and has relatively high levels of iron and magnesium minerals.
geochronology:	The dating and relative dating of geologic formations and events.
granite:	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
greenschist:	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.
greenstone belt:	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
greywacke:	A sandstone like rock, with grains derived from a dominantly volcanic origin.
hinge zone:	A zone along a fold where the curvature is at a maximum.
hydrothermal:	Hot water associated with thermal springs or felsic intrusive rocks.
igneous:	Rocks that have solidified from a magma.
infill:	Refers to sampling or drilling undertaken between pre-existing sample points.
in situ:	In the natural or original position.
intermediate:	A rock unit which contains a mix of felsic and mafic minerals.
intrusions:	A body of igneous rock which has forced itself into pre-existing rocks.
isoclinal:	A series of folds that dip in the same direction at the same angle.

JORC:	The Joint Ore Reserves Committee (Australia). The JORC Code for the classification and reporting of mineral resources and ore reserves has now become an internationally accepted standard.
laterite:	Red residual soil developed in humid, tropical, and subtropical regions of good drainage.
Ma:	An abbreviation for 'million years ago'.
mafic:	Descriptive of rocks composed dominantly of magnesium, iron and calcium-rich rock-forming silicates.
magnetite:	A naturally occurring magnetic oxide of iron (Fe ₃ O ₄).
mantle:	The zone between the core and crust of the earth.
metallogenic:	Association of metal ores that is peculiar to a particular region, or period of time.
meta-:	A prefix meaning 'metamorphosed'.
metamorphic:	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids.
metasedimentary:	A rock formed by metamorphism of sedimentary rocks.
mylonite:	A compact, chert like rock without cleavage, produced by the extreme granulation and shearing of rocks.
olivine:	An olive green magnesium-iron silicate (Mg,Fe) ₂ SiO ₄ , common in mafic and ultramafic igneous rocks.
orogeny:	Process by which mountain structures develop.
Paleoproterozoic:	The first of the three sub-divisions (eras) of the Proterozoic occurring between 2500 to 1600 million years ago.
pegmatite:	An exceptionally coarse-grained igneous rock, with interlocking crystals, usually found as irregular dykes, lenses or veins.
percussion drilling (RC):	Drilling method employing a repeated hammering action on a drill bit, also known as Reverse Circulation (RC) drilling.
peridotite:	A general term for ultramafic igneous rocks dominantly consisting of dominant olivine, subordinate clinopyroxene, and lacking feldspar.
pluton:	A body of igneous rock formed beneath earth surface by consolidation from magma.
porphyry:	An igneous rock of any composition that contains conspicuous phenocrysts (coarse crystals) in a fine-grained groundmass.
Precambrian:	All geologic time, and its corresponding rocks, before the beginning of the Palaeozoic (from 570 Ma back).

Proterozoic:	An era of geological time spanning the period from 2,500 million years to 570 million years before present.
pyrite:	A very common iron sulphide mineral FeS ₂ .
pyrrhotite:	A magnetic iron sulphide mineral (complex structure, summary Fe ₇ S ₈ formula).
schist:	A micaceous crystalline metamorphic rock having a foliated structure.
sericite:	A white or pale apple green potassium mica.
shale:	A fine grained, laminated sedimentary rock formed from clay, mud and silt.
shear:	Deformation resulting from stresses that cause contiguous parts of a body to slide relative to each other in a direction parallel to their plane of contact.
silica:	Dioxide of silicon, SiO ₂ , usually found as the various forms of quartz.
stratigraphic:	The arrangement of strata.
strike:	The direction or trend taken by a structural surface.
stockwork:	A mineral deposit consisting of a three-dimensional network of planar to irregular veinlets closely enough spaced that the whole mass can be mined.
sulphide minerals:	Mineralisation characterised by compounds of metals and sulphur.
supergene:	Oxidation, electrolytic and solution effects brought about by low temperature, ground-water activity.
syncline:	A configuration of folded, stratified rocks in which rocks dip downward from opposite directions to come together in a trough.
synform:	A fold whose limbs close downward in strata for which the stratigraphic sequence is unknown.
tectonised:	Rocks that have been deformed by movement of the crust.
thrust:	An overriding movement of one crustal unit over another.
ultramafic:	Igneous rock in which more than 90% of the minerals are ferromagnesian minerals.

ANNEXURE E

**INDEPENDENT GEOLOGIST'S REPORT -
SEMS EXPLORATION SERVICES LTD**



17 Orphan Crescent
Labone, Accra
Ghana

Tel: +233 302 784 124

11th June 2012

The Directors
LionGold Corporation Ltd
38 Kallang Place
Singapore 33916

Dear Sirs

Re: Independent Geologist's Report

The Independent Geologist's Report attached to this letter was originally issued on 20th January 2012 in connection with LionGold Corp Ltd's ("**LionGold**") takeover bid of Signature Metals Limited (ABN 86 106 293 190). SEMS Exploration Services Ltd ("**SEMS**") is now re-issuing the Independent Geologist's Report for inclusion in LionGold's bidders statement for the proposed takeover of Castlemaine Goldfields Limited, a company incorporated and registered in Australia (ABN 45 073 531 325) ("**Castlemaine Bidder's Statement**").

SEMS prepared this Independent Geologist's Report for two properties in Ghana, the Kashmir Property and the Ettadoom Property and one property in Mali, West Africa, the Keikoro Property, in relation to which LionGold holds certain indirect interests.

SEMS visited the properties in Ghana and Mali as recently as January 2012 for the purposes of preparing the Independent Geologist's Report and, in reliance on LionGold's letter to SEMS dated 8th June 2012 in which LionGold has stated that there has been no material change to any of the sites or assets which are the subject of this Independent Geologist's Report ("**LionGold No Material Change Letter**"), we are satisfied there is no need to change any of our findings or views on the sites and assets as stated in the Independent Geologist's Report. On this basis and, in particular in reliance on the LionGold No Material Change Letter, in our view, the Independent Geologist's Report remains valid and appropriate for inclusion, for which we consent, in the Castlemaine Bidder's Statement .

We rely on the legal and tenement opinions as compiled by Bentsi Enchil, Letsa and Ankoah and John W. Ffooks & Co, the company's appointed Ghanaian and Malian lawyers, respectively, ("**Ghana Tenements Report and Mali Tenements Report**", respectively) as SEMS have not been requested to and have not undertaken any due diligence in this regard.

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A handwritten signature in blue ink, appearing to be "S.B.", is located in the bottom right corner of the page.

This report was prepared under the guidelines and standards of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore /Reserves (the “**JORC Code**”) and the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2005 (the “**VALMIN Code**”).

This report was prepared and compiled by Joe Amanor and Simon Meadows Smith of SEMS. Joe Amanor is a member of AusIMM and has the relevant experience and competence to be considered an expert under the definitions provided by the ASIC guidelines, JORC Code and the VALMIN Code.

Simon Meadows Smith is a member of the Institute of Materials, Mining and Minerals, a recognised overseas professional organisation for the purposes of the JORC Code and has the relevant experience and competence to be considered a “competent person” under the definition provided by JORC Code and an “expert” as defined under the VALMIN Code..

Joe Amanor is a consulting geologist with extensive experience in surface and underground exploration in Ghana as well as mineral resource evaluation.

Simon Meadows Smith is the Managing Director of SEMS, a key member of the geological consultancy staff and has over 20 years’ working experience in the Achaean Terrains of Western Australia and the Proterozoic Terrains of West Africa. He has been working for SEMS since its inception in 2002.

This Independent Geologist’s Report is based on reports and data provided by LionGold, along with technical reports prepared by consultants and other relevant published and unpublished data for the area and on SEMS’s geological expertise. SEMS reviewed all of the available historical exploration work conducted on the Kashmir and Ettadoom Properties in Ghana and the Keikoro Property in Mali. In addition, Joe Amanor visited the Kashmir and Ettadoom Properties in Ghana and the Keikoro Property in Mali in January 2012.

This Independent Geologist’s Report was compiled based on information available up to and including the date of the Independent Geologist’s Report although, as we stated above in reliance on the LionGold No Material Change Letter, we are of the view that the Independent Geologist’s Report does not need to be changed for any events occurring from the date of the Independent Geologist’s Report to the date of this letter. This Independent Geologist’s Report was prepared in conformity with the JORC Code.

Details in respect to the legal nature and status of the tenements comprising the Kashmir and Ettadoom Properties in Ghana and the Keikoro Property in Mali and LionGold’s indirect interests in those properties have not been considered in this Independent Geologist’s Report but are outlined in the Ghana Tenements Report and the Mali Tenements Report which are to be included in the Castlemaine Bidder’s Statement.

Neither SEMS, Joe Amanor nor Simon Meadows Smith have any direct or contingent interest in LionGold or in any of the mineral properties included in this Independent Geologist’s Report, nor in any other asset of LionGold. Fees for the preparation of this Independent Geologist’s Report were charged at commercial rates while expenses were reimbursed at cost.

Payment of fees and expenses are not contingent upon the conclusions of this Independent Geologist's Report or on the outcome of the proposed takeover by LionGold of Signature Metals Ltd or Castlemaine Goldfields Limited.

The results of evaluation and any opinion or conclusion made by SEMS was not dependent upon any prior agreements or any undisclosed understandings concerning any future business dealings with LionGold.

Consent has been given for the distribution of this Independent Geologist's Report in the form and context in which it appears and such consent has not been withdrawn before lodgement of the Castlemaine Bidder's Statement with ASIC.

Yours faithfully



Joe Amanor (M AusIMM)
Consulting Geologist, SEMS



Simon Meadows Smith (Institute of Materials, Minerals and Mining)
Managing Director, SEMS



17 Orphan Crescent
Labone, Accra
Ghana

Tel : +233 302 784 124

20 January 2012

The Directors
LionGold Corporation Ltd
38 Kallang Place
Singapore 33916

Dear Sirs

Re: Independent Geologist's Report

In response to your request SEMS Exploration Services Ltd ("SEMS") has prepared this Independent Geologist's Report in relation to two properties in Ghana, the Kashmir Property and the Abawso Property and one property in Mali, West Africa, the Keikoro Property, in relation to which LionGold holds certain indirect interests.

This Independent Geologist's Report has been prepared for inclusion in a Second Supplementary Bidder's Statement to be lodged with the Australian Securities and Investments Commission in connection with the proposed takeover by LionGold of Signature Metals Ltd a company incorporated and registered in Australia (ACN 86 106 293 190).

This report has been prepared under the guidelines and standards of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore /Reserves (the "JORC Code") and the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2005 (the "VALMIN Code").

This report was prepared and compiled by Joe Amanor and Simon Meadows Smith of SEMS. Joe Amanor is a member of AusIMM and has the relevant experience and competence to be considered an expert under the definitions provided by the ASIC guidelines, JORC Code and the VALMIN Code.

Simon Meadows Smith is a member of the Institute of Materials, Mining and Minerals, a recognised overseas professional organisation for the purposes of the JORC Code and has the relevant experience and competence to be considered an expert under the definitions provided by the ASIC guidelines, JORC Code and the VALMIN Code.

Joe Amanor is a consulting geologist with extensive experience in surface and underground exploration in Ghana as well as mineral resource evaluation.

Simon Meadows Smith is the Managing Director of SEMS, a key member of the geological consultancy staff and has over 20 years' working experience in the Achaean Terrains of Western Australia and the Proterozoic Terrains of West Africa. He has been working for SEMS since its inception in 2002.

This Independent Geologist's Report is based on reports and data provided by LionGold, along with technical reports prepared by consultants and other relevant published and unpublished data for the area and on SEMS's geological expertise. SEMS reviewed all of the available historical exploration work conducted on the Kashmir and Abawso Properties in Ghana and the Keikoro Property in Mali. In addition, Joe Amanor visited the Kashmir and Abawso Properties in Ghana and the Keikoro Property in Mali.

This Independent Geologist's Report has been compiled based on information available up to and including the date of this Independent Geologist's Report. This Independent Geologist's Report was prepared following the guidelines of VALMIN and in conformity with generally accepted "Exploration Best Practices" Guidelines.

Details in respect to the legal nature and status of the tenements comprising the Kashmir and Abawso Properties in Ghana and the Keikoro Property in Mali and LionGold's indirect interests in those properties have not been considered in this Independent Geologist's Report but are outlined in the Ghana Tenements Report and the Mali Tenements Report which were prepared by LionGold's Ghanaian legal adviser and Malian legal adviser respectively and included in the Bidder's Statement and updated by way of the First Supplementary Bidder's Statement.

Neither SEMS, Joe Amanor nor Simon Meadows Smith have any direct or contingent interest in LionGold or in any of the mineral properties included in this Independent Geologist's Report, nor in any other asset of LionGold. Fees for the preparation of this Independent Geologist's Report are charged at commercial rates while expenses are reimbursed at cost. Payment of fees and expenses is not contingent upon the conclusions of this Independent Geologist's Report or on the outcome of the proposed takeover by LionGold of Signature Metals Ltd.

The results of evaluation and any opinion or conclusion made by SEMS was not dependent upon any prior agreements or any undisclosed understandings concerning any future business dealings with LionGold.

Consent has been given for the distribution of this Independent Geologist's Report in the form and context in which it appears and such consent has not been withdrawn before lodgement of the Second Supplementary Bidder's Statement with ASIC.

Yours faithfully



Joe Amanor (M AusIMM)
Consulting Geologist, SEMS



Simon Meadows Smith (Institute of Materials, Minerals and Mining)
Managing Director, SEMS

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Executive Summary{ TA \l "Executive Summary" \s "Executive Summary" \c 1 }

Introduction

On 19th December 2011, LionGold Corporation Limited (“**LionGold**”), commissioned SEMS Exploration Services Limited (“**SEMS**”) to prepare, for the purpose of inclusion in a Second Supplementary Bidder’s Statement to be lodged with ASIC in connection with the proposed takeover by LionGold of Signature Metals an Independent Geologist’s Report covering the area of two small scale mining projects (comprising a granted small scale mining licence and a number of small scale mining licence applications) located on the Asankragwa Gold Belt of the Western Region of Ghana and the Keikoro exploration authorisation (which is to be transformed into a research permit), a 47 sq. km property, located in the Bougouni Region of Southern Mali.

A small scale mining licence in Ghana comprises a ground holding with an areal extent of up to 25 acres. The two small scale mining projects visited in Ghana are referred to as the Kashmir Property and the Abawso Property. The Kashmir Property lies about 15 km to the northwest of Ayanfuri and the Abawso Property is located about 24 km southwest of Ayanfuri and 4 km northeast of Akropong. Both Properties are located within the Kumasi Basin.

The Kashmir Property is prospective for alluvial gold and includes one granted small scale mining licence and two small scale mining licence applications. The property is currently being trial mined with the objective of better understanding the mineral system and working towards identification of a Mineral Resource.

The Abawso Property comprises nine small scale mining licence applications. The Abawso Property has both hard rock and alluvial mineralisation potential. The Abawso Property comprises two sub-areas, called Abawso and Taiwan respectively, which together form the Abawso Property.

The Abawso sub-area, which includes six small scale mining licence applications, has geological potential for structurally hosted gold mineralisation. Known mineralisation is hosted in quartz veins with disseminated arsenopyrite and pyrite. The host rock is Birimian argillaceous metasedimentary rocks (locally referred to as phyllites) and volcaniclastic sediments. The historic Ettadoom Mine is the largest mined deposit in this area. Potential for colluvial gold and minor alluvial gold also occurs on these leases.

The Taiwan sub-area, which includes three small scale mining licence applications, is situated on the banks of the Ashire River. Auriferous alluvial gravels occur in drainage systems sourced from a northeast trending, mineralised ridgeline that continues to Ayanfuri, 15 km to the northeast. The Ashire River drains the southern flank of the ridgeline and is prospective for alluvial gold.

Details of the legal nature and status of the tenements comprising the Kashmir Property and the Abawso Property and LionGold’s indirect interests held in those properties by way of its interests in mining services agreements are discussed in the Ghana Tenements Report prepared for LionGold by Bentsi Enchill Letsa & Ankomah.

The Keikoro Property is located about 265 kilometers south of Bamako, the capital city of Mali (*Figure 1*). The Sokoulouni prospect, within the Keikoro Property, is host to both auriferous alluvial material and colluvial gravels.

The details of the legal nature and status of the tenement comprising the Keikoro Property (which is being transformed from an exploration authorisation into a research permit) and LionGold's indirect interest in that property is discussed in the Mali Tenements Report prepared for LionGold by John W. Ffooks and Co.

SEMS notes that each of the Ghana Tenements Report and the Mali Tenements Report has been updated by the First Supplementary Bidder's Statement.

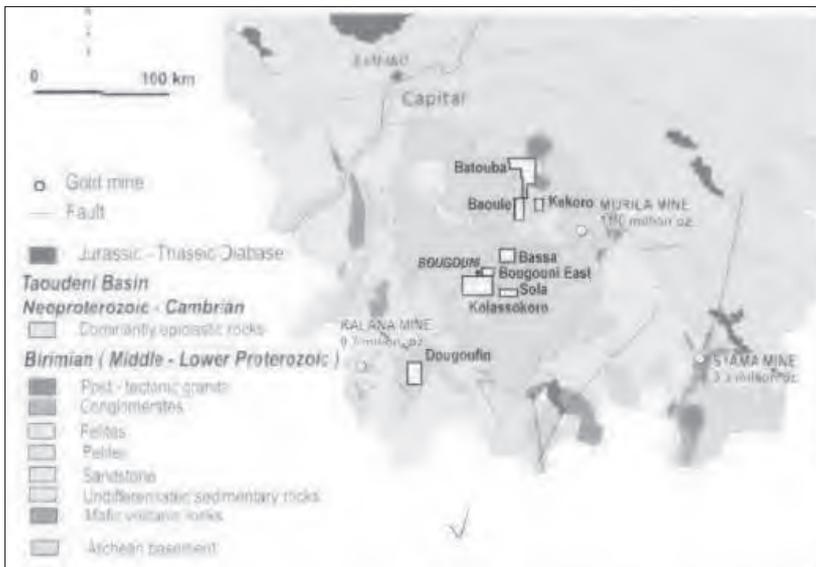


Figure 1 Map of Mali showing location of Keikoro Property

History

Kashmir

In 1903, the Ashanti Goldfields Auxiliary, a subsidiary of the then Ashanti Goldfields Corporation (now AngloGold Ashanti), owned dredging rights over 250 kilometres of the Ofin and Oda rivers known as the Upper Ofin Concession. The company operated two dredges on the Ofin, one at Dominase (Kashmir area) and the other about 16 kilometres to the north of Dunkwa.

In 1908, the name of the operating company was changed to Ashanti Rivers and Concession Limited which had up to five dredges operating at one time. Dredging was continued until April, 1913 when the company turned its attention to prospecting for hard rock mineralisation.

Abawso

Mining at the Ettadoom Mine, which is located in the Abawso Property, commenced at the turn of the century with the excavation of numerous shafts and adits targeting auriferous quartz veining in phyllites. In the 1930's the Gold Coast Selection Trust conducted underground development as a way of exploring to depths of 80m below the surface in which phyllites with anastomosing quartz veining and associated arsenopyrite and pyrite mineralization were exposed and mined

The mine was serviced by a 4ft x 4ft, concrete-lined, rectangular shaft which is now dramatically exposed due to past artisanal mining activity (*Figure 2*).



Figure 2 The Abawso pit looking southwest. Note the shaft

In the early 1990s, Cluff Mining explored the Abawso Property area carrying out extensive trenching which identified pervasive quartz veining with erratic gold values, and identified a number of shears parallel to the mine trend

In the late 1990s, the property was acquired by JCI of South Africa who conducted a short RC drilling program, the results of which were somewhat disappointing in the context of the grades of gold being mined in those days. In a modern exploration context, the results can be considered worthy of further exploration efforts. Mineralised intercepts are reported by JCI, but details of sampling methodology, sample quality control and assurance and sample recovery mean the results cannot be relied on to be representative in either grade or thickness and cannot form part of a resource estimate. In 2000, MinConsul, a Ghanaian consultancy, generated a non-JORC compliant Mineral Resource in the Abawso Property area. Data supporting the resource calculation is unavailable and the resource figure is not included in this document.

Keikoro

The Keikoro Property's first encounter with modern exploration activity was during an UNDP regional soil sampling program in the 1980s and the 1990s. The next exploration phase after the UNDP program was the work carried out at the Sokoulouni prospect by LionGold through its indirect shareholding in EMAS Mali SA.

Geological Setting

The regional geology of south west Ghana and southern Mali is similar and comprises thick g2.3 Ga). These sequences comprise the Birimian Supergroup and occur in a number of north and northeasterly trending belts.

The Geology of the Abawso area in Ghana is dominated by a series steeply dipping, isoclinally folded Birimian metasedimentary rocks and minor metavolcanic rocks. The geology is cut by a series of north- to northeast-trending faults and shears which form a series of splays along the Akropong-Ayanfuri structural trend. In the area of the Abawso Property, interpretation of aeromagnetic data indicates that structural imbrication (repeated stacking of slices of the

geology) is likely to occur. A complex structural environment like this can play a role in focusing mineralising fluids. The interpreted principal structure forms a prominent northeast trending ridge at surface. Gold mineralisation occurs along the crest of the ridge for 15km, starting at the Abawso Property and ending at Perseus Mining Limited's 5.8Moz Edikan deposit. Weathering of the ridge transports gravels from this trend into the contemporary drainage system, part of which flows south east through some of the tenements at the Abawso Property. The Abawso Property lies immediately to the south of Perseus Mining Limited's Lease holding.

Hard Rock Gold Mineralisation

On a regional scale, dilation jogs developed along the curvi-planar northeast striking fault zones are important for the localization of gold mineralisation. Structurally-controlled gold deposits are predominantly hosted in the metasedimentary rocks, close to major lithological contacts with either Birimian volcanic or Tarkwaian sedimentary rocks. Gold mineralisation is often associated with major northeast striking fault zones and with pervasive silica, carbonate and sulphide hydrothermal alteration.

During the Eburnean Orogeny (2.1Ga), syn- and post-tectonic granitoids intruded both the metasedimentary rocks and metavolcanic rocks of the Birimian Supergroup. Granitoids are divided into two groups, Basin type granitoids and belt type granitoids. Basin type granitoids intrude the metasedimentary basins whereas Belt type granitoids intrude the volcanic and volcano-sedimentary assemblages. Both granitoid types are known to host mineralisation.

Gold mineralisation at Abawso is mainly observed and hosted by greenschist facies quartzofeldspathic and chloritic rocks. Two distinct types of gold mineralisation are recognized: quartz vein hosted, free-milling gold and sulphide-rich (arsenopyrite) disseminated refractory gold which is interpreted to form alteration haloes around the quartz vein lodes.

Alteration at Abawso is characterised by vein-proximal sericite and silica alteration and disseminated wall rock sulphides and spotted carbonate alteration. There are notable similarities between the mineralisation observed at the Abawso Prospect and other known structurally-controlled gold deposits of the Ashanti Gold Belt (for example, controlling structures, the mineralisation and alteration assemblage and the approximate timing of the mineralising events during the structural evolution of the Eburnean Orogeny).

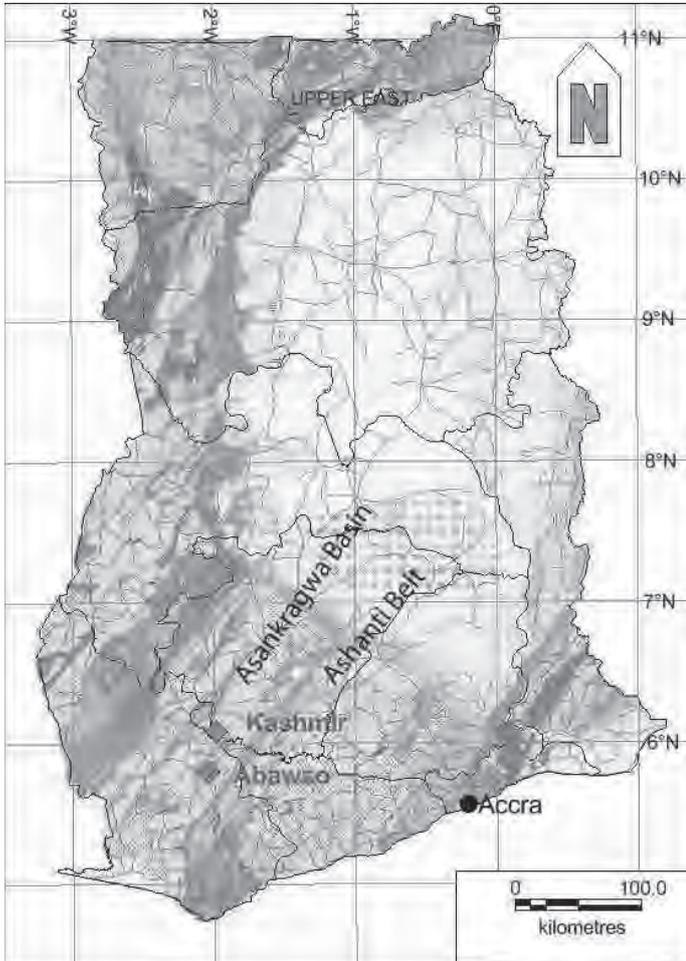


Figure 3 The geology of Ghana. The Asankragwa belt is marked.

Exploration Activities

Kashmir

To date, gold exploration on the Kashmir Property has comprised the excavation of pits on a fifty metre square grid covering the entire 25 acres of the small scale mining licence granted to HOPAT Mining Enterprise. These pits have defined the thicknesses of auriferous gravel horizons, helped to understand the palaeomorphology (which plays a role in gold deposition in alluvial systems) and provided an approximate gold grade distribution. Gravel thicknesses up to 5.4 metres have been recorded. Exploration has also benefitted from the exposure created in the trial mining pit. A better understanding of the sedimentary environment which transports the gold can be determined from the pit face. Minor in-situ quartz veining has been exposed by the trial mining. It is therefore possible that primary mineralisation will be found.

At the time of writing gravels from the Kashmir Property were being trial mined by Baghana Limited (which is a party to a mining services agreement with HOPAT Mining Enterprise) using a 100tph washing plant utilising sluicing mats as a gold recovery facility. A Knelson Concentrator was fitted on to the recovery line but was not commissioned at the time of the SEMS visit. It is planned that a 24hour operation with a throughput capacity of 1,500 tpd would be in place by early 2012.



Figure 4 THE Kashmir trial pit. Lines show the lithology boundaries. Graphitic argillites overlain by 02-5m of auriferous gravels and 2-5m of clays and barren sands

Abawso

The Abawso Property has been explored by a combination of aeromagnetic interpretation constrained with available structural controls identified in pits and mapped outcrop. A regional soil geochemistry surveys has been conducted and, in addition, channel sampling in existing pits has been to understand the distribution of gold in the system.

In alluvial areas of the Abawso Property, hand pitting and bulk sampling have tested for gravel thickness, grade and matrix:clast ratios.

Keikoro

This property has been covered by soil geochemical sampling by the UNDP in the 1970s and 1980s. In more recent times an aggressive trenching program was initiated by EMAS Mali SA between June and August, 2011. During that time 106 trenches were excavated for a total length of 2,516 metres.

In addition to the trenching program, a rock chip sampling and sampling of spoil from artisanal mining activity was also initiated by EMAS Mali SA.

Conclusions

The Kashmir Property

A preliminary evaluation of the property's potential has been based upon the collection of samples from auriferous gravel horizons in sampling pits excavated on a 50m by 50m grid. Results of this sampling exercise prompted the establishment of a trial mining program which is currently operational and producing gold.

Trial mining at the Kashmir Property is producing both coarse and fine grained alluvial gold from a gravity recovery circuit.

The Abawso Property

The Abawso Property is primarily a hard rock gold project that has been mined in the past by underground mining from a vertical shaft and adits. The oxide surface material has later been the focus of artisanal mining activities. More recently, artisanal miners have exploited alluvial gravels which also occur within the property.

There is a long history of mineral exploration on the Abawso Property, including RC drilling, but it appears that information generated by these various exploration programs has not been well collated.

SEMS is of the opinion that both properties in Ghana have mineralisation potential.

The Keikoro Property

There is abundant evidence of gold mineralisation as was observed during the SEMS field visit. The sheer size of the artisanal workings in the Sokoulouni valley confirms the presence of gold in the colluvial material and within in-situ quartz veins and quartz veinlets observed by SEMS.

Recommendations

The Kashmir Property

It is recommended that the understanding of the distribution of Kashmir gold mineralisation be improved through the implementation of a closer spaced pit sampling grid. Trial mining has improved understanding of the variability in depth, grade and thickness of the Kashmir auriferous gravels.

It is suggested that a 25m by 25m grid would be appropriate to establish the volume of auriferous gravel that occurs within the lease and estimate the average gold content. Due to the conditions prevalent on the Kashmir Property it is recommended that such a pitting program be undertaken during the dry season.

It is considered important to more accurately anticipate average gold grades so that a meaningful reconciliation with gold production records can be achieved. This process will assist management

with the planning of production profiles and possible expansion of the processing facilities, if considered appropriate.

Experience shows that successful alluvial gold mining is more successful with greater managerial supervision.

It is also recommended that the achieved throughput of ore to the trommel be compared with the manufacturer's rated throughput in order to make a well informed decision on the merits of possible processing plant expansion. Experience with similar operations in Ghana has demonstrated the difficulty in achieving a manufacturer's rated throughput owing to the presence of high levels of clay in alluvial gravels along the Ofin River.

Considering the size of the Kashmir ground holding it is strongly recommended that agreements be reached with surrounding lease holders with a view to extending the life expectancy of a commercial small scale mining operation.

The Abawso Property

It is recommended that in-situ ground to the north and south of the historic Ettadoom Mine shaft be trenched. Two long, pilot trenches, located 30metres to the north and south of the shaft respectively, would more clearly position strike continuity of the anastomosing quartz vein structure exposed in the excavated shaft area.

The Abawso Property has a long history of hard rock gold exploration. It is recommended that all data generated from the various phases of exploration be properly collated into a workable database. Once properly organised it is considered likely that interpretation of this information will generate new drill targets.

It is also recommended that exploration work will be required in the lower lying drainage channels to fully evaluate the alluvial gold potential of the Abawso Property.

The Keikoro Property

It is recommended, based on the objectives of LionGold, that data from the trenching completed in September 2011 and information that may become available as a result of the VTEM airborne survey interpretation be integrated to generate targets for a comprehensive RC drilling program.

Owing to the heavy seasonal rains that Mali experiences it is recommended that additional trenching and a follow up RC drilling program be completed during the next four months.

1.0 Introduction

On 19th December 2011, LionGold Corporation Limited (“**LionGold**”), commissioned SEMS Exploration Services Limited (“**SEMS**”) to prepare this Independent Geologist’s Report covering the Kashmir Property, the Abawso Property and the Keikoro Property.

By definition, in Ghana, a small scale mining licence comprises a ground holding with an areal extent of up to 25 acres. The two small scale projects visited in Ghana are referred to as the Kashmir Property and the Abawso Property respectively.

The Kashmir Property lies about 15 km to the northwest of Ayanfuri whilst the Abawso Property is located about 24 km southwest of Ayanfuri. Both properties are contained within the geological terrain generally known as the Kumasi Basin.

The Kashmir Property is an alluvial deposit covered by one granted small scale mining licence granted to HOPAT Mining Enterprise and two small scale mining licence applications (being the an application for a small scale mining licence by Nubuke Mining Enterprise and an application for a small scale mining licence by Rainbow Dor Enterprises). The Kashmir Property is currently being trial mined to better understand the gold distribution in the gravel horizon.

The Abawso Property is a small scale mining project comprising the following nine small scale mining licence applications:

1. Application for small scale mining licence by Abawso Mining Group
2. Application for small scale mining licence by Booman Enterprise
3. Application for small scale mining licence by E.A.T Enterprise
4. Application for small scale mining licence by Kurukro Enterprise
5. Application for small scale mining licence by Mam Enterprise
6. Application for small scale mining licence by View Tec Enterprise
7. Application for small scale mining licence by Amoaki Enterprise
8. Application for small scale mining licence by Dynacofa Enterprise
9. Application for small scale mining licence by E.Boat Enterprises

Note that the Abawso Property is also known as the Akropong Small Scale Mining Area.

The Abawso Property has both hard rock and alluvial mineralisation targets. The Abawso Property comprises two sub-areas, called Abawso and Taiwan respectively, which together form the Abawso Property.

The Abawso sub-area includes the following six small scale mining licence applications:

1. Application for small scale mining licence by Abawso Mining Group
2. Application for small scale mining licence by Booman Enterprise
3. Application for small scale mining licence by E.A.T Enterprise
4. Application for small scale mining licence by Kurukro Enterprise
5. Application for small scale mining licence by Mam Enterprise
6. Application for small scale mining licence by View Tec Enterprise

The Abawso sub-area has potential for several structures hosting gold mineralisation, some of which are visible in magnetics, some as quartz float in the field. Known mineralisation occurs in quartz veins with disseminated arsenopyrite and pyrite in Birimian argillaceous metasedimentary rocks (locally referred to as phyllites) and also in volcanoclastic sediments.

The historic Ettadoom Mine is the largest mined deposit in this Abawso Property area. Potential for colluvial gold and minor alluvial gold also occurs on these leases.

The Taiwan sub-area includes three small scale mining licence applications (one small scale mining licence application by Amoaki, one small scale mining licence application by Dynacofa Enterprise and one small scale mining licence application by E.Boat Enterprises) situated on the alluvial plain of the Ashire River. Auriferous alluvial gravels occur in drainage systems sourced from a northeast trending, mineralised ridgeline that continues to Ayanfuri, 15km to the northeast. The Ashire River drains the southern flank of the ridgeline and is prospective for alluvial gold.

The Keikoro Property is located about 265 kilometers south of Bamako, the capital city of Mali. The Sokoulouni prospect, within the Keikoro Property, is host to both auriferous alluvial material and colluvial gravels.

1.1 Site Visit

In accordance with the VALMIN guidelines, SEMS personnel, Joe Amanor, visited the Kashmir and the Abawso Property in Ghana and the Keikoro Property in southern Mali in late December 2011 and January 2012 respectively.

The purpose of these visits was to ascertain the prospectivity of the geology of the Kashmir Property and Abawso Property in Ghana and the Keikoro Property in southern Mali. SEMS examined outcrops in different portions of the leases, visited several artisanal mining sites and an active alluvial gold plant. SEMS was also able to confirm the existence of one security guarded, artisanal, gold mining site in the vicinity of the historic Ettadoom Mine.

2.0 Overview of the Republic of Ghana and the Republic of Mali

The Republic of Ghana (“Ghana”), formerly known as the Gold Coast, is located in West Africa on the Gulf of Guinea and shares borders with Côte d’Ivoire to the west, Togo to the east and Burkina Faso (formerly Upper Volta) to the north. To the south are the Gulf of Guinea and the Atlantic Ocean.

Ghana has a total land area of approximately 239,540 square kilometres or (approximately 23,954,000 hectares and is about the size of Britain. Ghana’s capital city, Accra, is located along the south eastern coast.

In March 1957, Ghana was the first country in sub-Saharan Africa to gain independence from Britain. Following a national referendum in July 1960, Ghana became a republic. Ghana has a population of approximately 24 million people (January 2011), most of whom are English-speaking.

Ghana is subdivided into ten regions. The regions are subdivided into 138 districts.



Figure 5 Infrastructure and the Property locations, Ghana

The Republic of Mali is a landlocked country in Western Africa. Mali borders Algeria on the north, Niger on the east, Burkina Faso and the Côte d'Ivoire on the south, Guinea on the south-west, and Senegal and Mauritania on the west.

Mali has a total land area of approximately 1,240,192 square kilometres and a population of 14,517,176 in 2009. Mali's capital city is Bamako located in the southern portion of the country.

Southern and western Mali has a Sudanese climate with a short rainy season from June to September. Rainfall averages 140 cm (55 in) at Sikasso in the far south. To the north is the Sahelian zone, a semiarid region along the southern border of the Sahara. At Gao, in Mali's northeast Sahel, rainfall is about 23 cm (9 in) a year.

The year is divided into three main seasons varying in length according to latitude: October–January, a cool and dry season; February–May, a hot and dry season; and June–September, a season of rains characterized by lower temperatures and an increase in humidity.

3. Property Description and Location

The Kashmir Property and the Abawso Property both lie in the Asankragwa Gold Belt of south western Ghana (the Kumasi Basin) and are located in the Wasa Amenfi East and the Wasa West Districts of the Western Region of Ghana.

The Keikoro Property is located in the Bougouni Region of southern Mali. Keikoro is about 265 km south of the capital city, Bamako.

The tenements that comprise the Kashmir and Abawso Properties are defined by boundary and corner point co-ordinates which are contained in the Appendix.

The Keikoro Property boundary co-ordinates were not available at the time of writing but the Mali Tenements Report compiled by John W. Fooks & Co, (contained in the Bidder's Statement and updated by the First Supplementary Bidder's Statement) confirms that the interest is valid and is being converted from an exploration authorisation into a research permit.

3.1 Location of Known Mineralized Zones, Mineral Resources, Mineral Reserves, Mine Workings and Important Natural Features

The Kashmir and Keikoro Properties do not contain declared Mineral Resources.

However, it is expected that the excavation of additional sampling pits on the Kashmir Property combined with further trail mining activities will generate data of sufficient density and reliability to enable a Mineral Resource to be estimated.

It is also expected that the interpretation of trench mapping and assay results obtained from the trenching program completed during 2011 on the Sokoulouni Prospect combined with the interpretation of an airborne VTEM survey will generate a significant number of drill targets on the Keikoro Property

Gold mineralisation is known to occur on the Kashmir Property as evidenced by results from a pit sampling program and the abundant artisanal mining activities in the area.

A program of pitting was completed in 2011 on the Kashmir Property. The methodology followed a developed operating procedure. An excavator was used sample gravels at approximately 0.50m samples. Depths were recorded. The minus 3mm fraction was sieved and cobbles stockpiled. Weights and volumes of gravels and sands were recorded. Samples were transported to a field mill, and a panned pre-concentrate was further concentrated through a 3" Knelson Concentrator. These concentrates were sent to ANTECH, Zimbabwe and fired to destruction to return a gold prill.

This methodology includes a number of potential shortfalls – principally contamination from the excavator and gold loss though the sample washing process. The process minimizes the variance from samples with a high likelihood of nuggetty gold. The results returned cannot yet be demonstrated to be representative of the actual grades of the gravels, and regression results against samples from the trial pit are required to confidently report the results. The grades are therefore not included in this document.

Gold grades and gravel thickness were used to predict gold distribution for the trial mining exercise. Spatial results from the Kashmir pitting program are presented in Table 1 below and identified a thick (3-5metre) gravel bed within the property.

Table 1 Pit results from Kashmir Property

Pit ID	East(UTM)	North(UTM)	Overburden (m)	Gravel(m)	Depth(m)
003	612891	672201	4.70	0.20	5.2
004	612850	672200	3.70	1.70	5.7
005	612795	672251	1.70	0.30	5.3
006	612854	672252	4.00	0.10	4.3
007	612903	672253	3.50	1.50	5.3
010	612954	672300	4.70	1.50	6.4
011	612892	672304	3.35	2.65	6.2
012	612842	672302	5.20	0.30	5.8
013	612801	672305	5.00	0.40	5.7
014	612800	672350	3.90	0.90	5.15
015	612850	672350	3.46	1.57	5.25
016	612900	672350	3.70	2.40	6.3
017	612955	672357	3.40	5.20	8.9
018	613000	672351	3.10	4.40	7.8
020	613006	672393	3.00	5.30	8.6
021	612944	672393	3.60	2.70	6.5
022	612908	672397	3.80	0.80	4.9
023	612849	672402	4.40	1.40	6.1
024	612898	672452	4.10	1.70	6.2
025	612947	672445	4.30	1.60	6.1
026	613000	672450	6.40	1.50	8.2*
027	613048	672447	5.30	2.90	8.2*
029	613095	672502	4.80	2.40	8.4*
030	613050	672509	5.60	2.70	8.3*
031	613000	672498	4.60	3.80	8.4*
039	612750	672350	3.50	0.50	4.1
040	612806	672395	4.70	0.30	5.2
041	612843	672443	3.00	3.90	7.1
102	612777	672251	3.10	0.20	3.5
103	612813	672200	3.70	0.90	5
110	612801	672148	4.60	0.40	5.3
111	612844	672145	3.90	0.90	5.1
112	612800	672104	3.90	2.50	6.7
* Abandoned (caved-in within gravel horizon)					

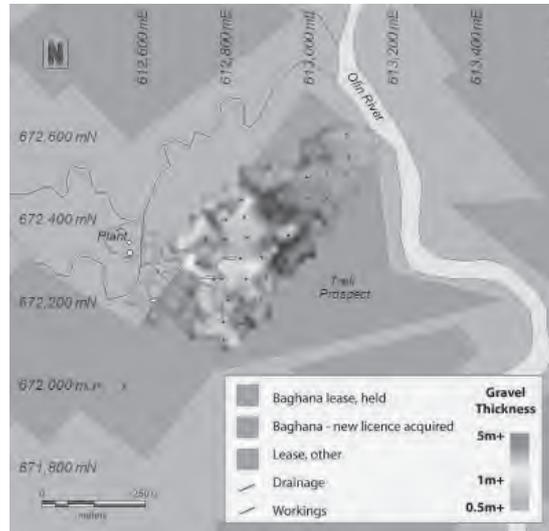


Figure 6 Modelled gravel thickness data from the pit program at Kashmir (projection: WGS84UTM30N)

3.2 Environmental Liabilities

SEMS has not conducted a detailed review of the environmental liabilities related to the three properties and therefore no professional opinion can be expressed on this matter by SEMS.

However, consideration must be given to the fact that artisanal mining activities are present on all three properties and limited, underground, historical production is known to have occurred on the Abawso Property. All these activities have negatively impacted upon the immediate environment.

It is possible that any future, legitimate mining operator on these licences may have to rehabilitate environmental conditions they have inherited.

4. Accessibility, Climate, Local Resources, Infrastructure and Physiography

4.1 Accessibility

The Kashmir Property is located about 15 kilometres northwest of Ayanfuri and accessible via the tarred Ayanfuri-Awaso road until the village of Dominase where one turns onto a dirt road which leads to the Ofin River.

The Abawso Property is located at Abawso which is about 24 kilometres southwest of Ayanfuri and is accessed via the tarred but potholed Ayanfuri - Akropong road.

In contrast the Keikoro Property is accessed by an excellent, asphalted road from Bamako, the RN7, and southwards towards Sikasso. One turns off the main road at Koualéand continues for

about 70 kilometres along a well graded dirt road to the northwest to Keikoro. Overall, it is about a four hour drive from Bamako covering a total of 265 km

4.2 Topography, Elevation and Vegetation

The topography of the Kashmir area comprises gently rolling hills which flatten towards the banks of the Ofin River. The Kashmir licences lies almost entirely within the alluvial plains of the river.

The Abawso area occurs at the southwest end of a persistently gold-mineralised, regionally significant, northeast trending prominent ridge. Elevations on this property range from 120 metres at the bank of the Ashire River to about 180 metres above MSL on the ridge. The vegetation is generally secondary bush interspersed with occasional tall trees. Valleys incised into the ridge, and drainage flows south into the Ashire River, the main host of the alluvial gold deposits in the area.

At Keikoro in Mali the terrain is flat lying and sparsely covered by typical savannah vegetation.

4.3 Proximity and Nature of Transport

The Kashmir Property is located 15 kilometres northwest of Ayanfuri and about 390 kilometres northwest of Accra, the capital city of Ghana. Access is by bitumen and dirt road which may require the use of four wheel drive vehicles during the wet season.

The Abawso Property is 24 kilometres south west of Ayanfuri and about 403 kilometres northwest of Accra. Access to the site, even during the dry season, requires the use of four wheel drive vehicles.

The Keikoro Property is easily accessed for most of the year but a four wheel drive vehicle is required to reach site during the wet season.

4.4 Climate and Length of Operating Season

The Kashmir and Abawso Properties experience two rainy seasons per year, (March to July and September to November). Annual rainfall in this part of Ghana averages 1,500 mm to 2,000 mm for most areas and >2,000 mm in some hilly areas.

Daytime temperatures peak at 30 to 36° Celsius and 23° to 28° Celsius during the night. Generally it is possible to operate all year round.

Southern Mali, where the Keikoro Property is located, has a Sudano-Sahelian climate with a defined wet season from June to October. The annual average rainfall for the last ten years oscillates between 800mm and 1,200mm.

Although temperatures are generally lower during the wet season, it is understood that the increased humidity makes field conditions more difficult. The first dry and cold period of the year (from November to February) is characterised by temperature variations between day time (30° Celsius) and night time (6°-10° Celsius) and a dry warm period (from March to May) with higher and more constant temperatures 35° - 45° Celsius.

Although August is the month of peak rainfall saturated ground and swollen rivers makes access to the Keikoro Licence most difficult during the month of September and October.

4.5 Local Resources

Cocoa is the main local resource for people living within or near the Kashmir and Abawso Properties. Most of the inhabitants of the Kashmir and Abawso areas are subsistence farmers growing plantain cassava and cocoyam. Additionally, tomatoes, peppers, garden eggs and okro are also cultivated.

In the Keikoro area of Mali cotton farming is the main local resource.

4.6 Infrastructure

Ghana has a reasonably good network of paved highways and roads. The road network linking the two properties is presently under repairs. Power is available in large towns, cities and even some villages. Ayanfuri, and Akropong, the nearest towns to the two Ghanaian properties, are both connected to the National Electricity Grid. Generators may be used as backups where the National Grid is not available.

Telephone communication is fairly stable. Mobile cellular phones are typically used outside the centralized areas of the country with about five service providers operating country wide. The major towns Ayanfuri and Akropong have limited, pipe-born water supplies with most of the surrounding villages depending on wells and boreholes as well as nearby streams. Ayanfuri and Akropong have populations of over 4,000 persons each.

Extensive mining infrastructure is in place in all of the major gold producing areas of Ghana.

In Mali there is a sufficient road network across the country particularly in the more populated areas in the south. These roads are generally good quality gravel and dirt tracks but surface conditions can deteriorate quickly during the wet season. Most asphalted roads are major transport arteries leading to Bamako or other key towns such as Dakar in Senegal. The road to Sikasso in the southeast which provides access to Keikoro is in excellent condition.

A 729kmlong railway line connects Bamako with Kayes in the west of Mali and the port of Dakar in Senegal. Although it is still being used, it has been described as dilapidated and is frequently closed during the rainy season. This railway is particularly important as Mali is a landlocked country. Mali has 29 airports (2007), the principal one being the Senou International Airport in Bamako.

Telecommunication and Internet connections are still not well developed in Mali. It is however, improving with two main mobile network providers. Infrastructure for electric power in Mali is relatively poor compared to other African nations. The high cost of power generation has resulted in only 17% of Mali's population having access to electricity. It was necessary to upgrade the power lines to the EMAS office and house in Bougouni to run lighting, computer equipment, refrigeration and air conditioning. Weekly power cuts, particularly during the wet season, which can last for several days, necessitated the installation of backup generators.

5.0 History

An understanding of historical work undertaken in the Ayanfuri and Akropong areas of Ghana has been taken from references in Dr. Junner's Summary of prospecting activity in Ghana in the Geological Survey Memoir No 4 of 1932.

To date, the only exploration data available on the Keikoro area in Mali is a UNDP soil sampling program and digital data supplied by the DNGM (Malian Geological Survey). Significant exploration in the region is focused on the 11Moz. Morila Mine (AngloGold Ashanti, Randgold) located approximately 25 km to the southeast.

5.1 Alluvial / Colluvial Mining and Exploration History

Prior to the arrival of European companies to the Upper Ofin, Dominase, Ayanfuri and Abawso areas of Ghana the local inhabitants had obtained gold by pitting alluvial gravel beds in valleys and from weathered exposures of quartz. This was done by excavating cylindrical holes up to metres in depth known in the local language as 'nkr ɲ'. Upon treatment, the gravel from these pits normally yielded coarse gold similar to that recovered from Kashmir today.

In 1903, Ashanti Goldfields Auxiliary (a subsidiary of the Ashanti Goldfields Corporation - now, AngloGold Ashanti) operated two dredges in the Upper Ofin concession, one at Dominase and the other about 16 kilometres north of Dunkwa with dredging rights over 400 kilometres on the Ofin and the Oda rivers. In 1908, the title of the operating company was changed to Ashanti Rivers and Concessions Limited and production stepped up to five dredges. Dredging was continued until April, 1913, when the company turned its attention to hard rock prospecting. From 1907 to 1913, 24,396 fine ounces of gold were recovered from 5,387,509 cubic yards of gravel being an average yield of 2.2 grains per cubic yard.

6.0 Geological Setting

6.1 Regional Geology of Ghana

The regional geology of south western

Ghana is characterised by northeast trending belts of steeply dipping inverted metasedimentary basins and metavolcanics belts. The entire package of rocks forms the Proterozoic Birimian Supergroup (2.2-2.3Ga).

The geological evolution of the Birimian Supergroup commenced with stabilization of the older crust followed by an episode of rifting and incipient ocean floor spreading. Rifting gave rise to the formation of tectonically active basins and microplates. Along plate margins, volcanic island arc complexes were formed. Volcaniclastic sediments associated with island arc development and sediments derived from uplift and erosion of craton margins, fed the elongated basins. Rifting was followed by compression during the Eburnean Orogeny in which the island arc and basalt assemblages were deformed, sheared and mineralised.

Under the compressional regime, the basinal sediments were folded and island arc assemblages migrated along major thrust faults. Later deformation gave rise to major wrench faults which occurred preferentially at the margin of volcanic belts and basinal sediments.

6.2 Asankragwa Gold Belt – Kumasi Basin Geology

The Asankragwa Gold Belt is in the central portion of the sediment-dominated Kumasi Basin in south-western Ghana. It has a thrust structural contact with the Ashanti Gold Belt to the east. The Ashanti Belt hosts many of Ghana's active producing gold mines. The NE-trending greenstone belt and basin continue for approximately 300 km. The geology is truncated to the southwest by a large granitoid batholith. To the northeast the Birimian rocks are overlain by younger, flat lying Voltaian sediments.

The principal drainages in the central Kumasi Basin are the Ofin and Oda Rivers. Gravels in these rivers are partially sourced from known mineralised trends in the Kumasi Basin. Gold prospectivity in gravels can (but cannot be guaranteed) to increase where gold-bearing structures are intersected by the rivers.

The geology is typified by thick sequences of metasedimentary rocks (greywacke, argillite and phyllite). Regional traverses and airborne geophysical data indicate the presence of extensive volcanoclastic with narrower mafic flows and mafic sills.

Numerous, small plutons of belt-type (or Dixcove-type) intrusives, (inferred from aerial radiometrics) appear to be emplaced within the belt; and several northeast-elongated bodies of Basin-type (or Cape Coast-type) intrusive occur along the western margin of the belt. The Belt-type granitoids of southern Ghana, which are typically I-type granites, are most commonly of diorite to granodiorite composition, and the Basin S-type granites of granodiorite to granite composition.

The Belt-type granitoids were emplaced earlier as subvolcanic plutonism late in the development of the Birimian greenstone belts, between 2179 and 2136 Ma (Hirdes et al, 1992); and the Basin granitoids were emplaced mostly during the Eburnean Orogeny, between 2116 and 2088 Ma (Oberthür et al, 1998).

Structurally, the Basin exhibits a number of regional northeast trending structures as well as cross cutting features inferred from airborne geophysical data and field observations. These cross-cutting faults and shears sometimes align with major valleys in the belt and the structures may represent the primary mineralisation source for alluvial gold occurrences. Structural splays from the Belt-Basin contact thrust into the Kumasi Basin are prospective for gold. Recent syn-depositional models for the basin and belt units suggest that the belt is an overturned antiformal structure with a major northeast-trending reverse faults (dipping northwest) along the eastern flank of the range ((Eisehlohr and Hirdes, 1992).



Figure 7. Excavated shaft of Abawso Property



Figure 8: Sub-horizontal anastomosing quartz veining seen at the Abawso mine

6.3 The Geology of Mali

The Keikoro Property is situated on two of the major geological components of Archaean – Paleoproterozoic basement that make up northwest Africa; the West African Craton in the west of the country (which hosts gold mineralisation) and the Tuareg shield in the east. These two crustal blocks collided during the Neoproterozoic Pan-African orogeny. The suture zone is located to the west of the Adrar des Iforas Mountains in eastern Mali.

The Keikoro Property in the Bougouni region of southern Mali occurs within the Birimian which in turn implies that all the EMAS Mali licence areas are located in the Birimian. The Lower Birimian (BI) volcanic sequences of southern Mali are represented by tholeiitic, andesitic and rhyodacitic units. The dacitic and rhyodacitic calc-alkaline units seem to be less prevalent.

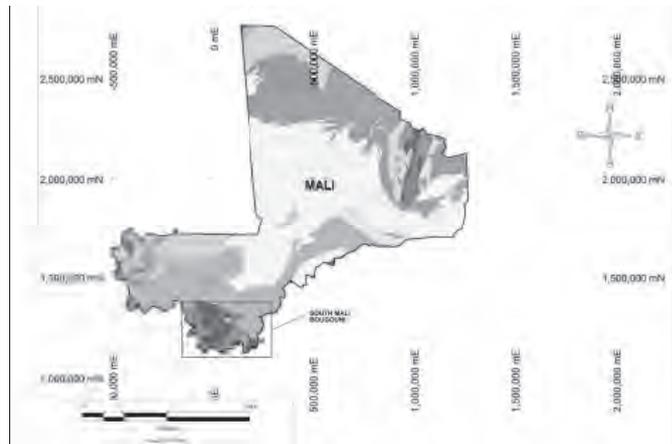


Figure 9 Geological map of Mali

6.4 Local Geology and Mineralisation

The Keikoro license comprises Birimian meta-sediments, mainly meta-greywackes, mudstones and flych deposits (2120 to 2150 Ma) overlying dacites and volcanioclastic rocks (2100 – 2120 Ma), which have been intruded by dolerites (194-200 Ma). There is little exposure of fresh rock due to extensive lateritic and alluvial cover.

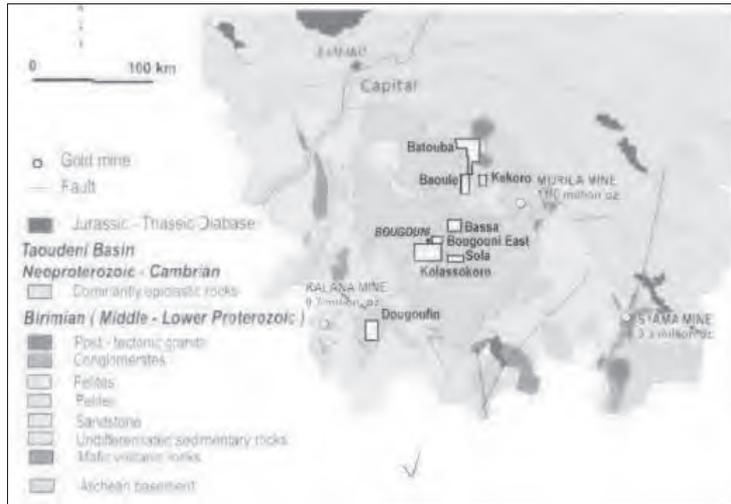


Fig 10: Geological map of southern Mali with the location of the EMAS Mali tenement boundaries

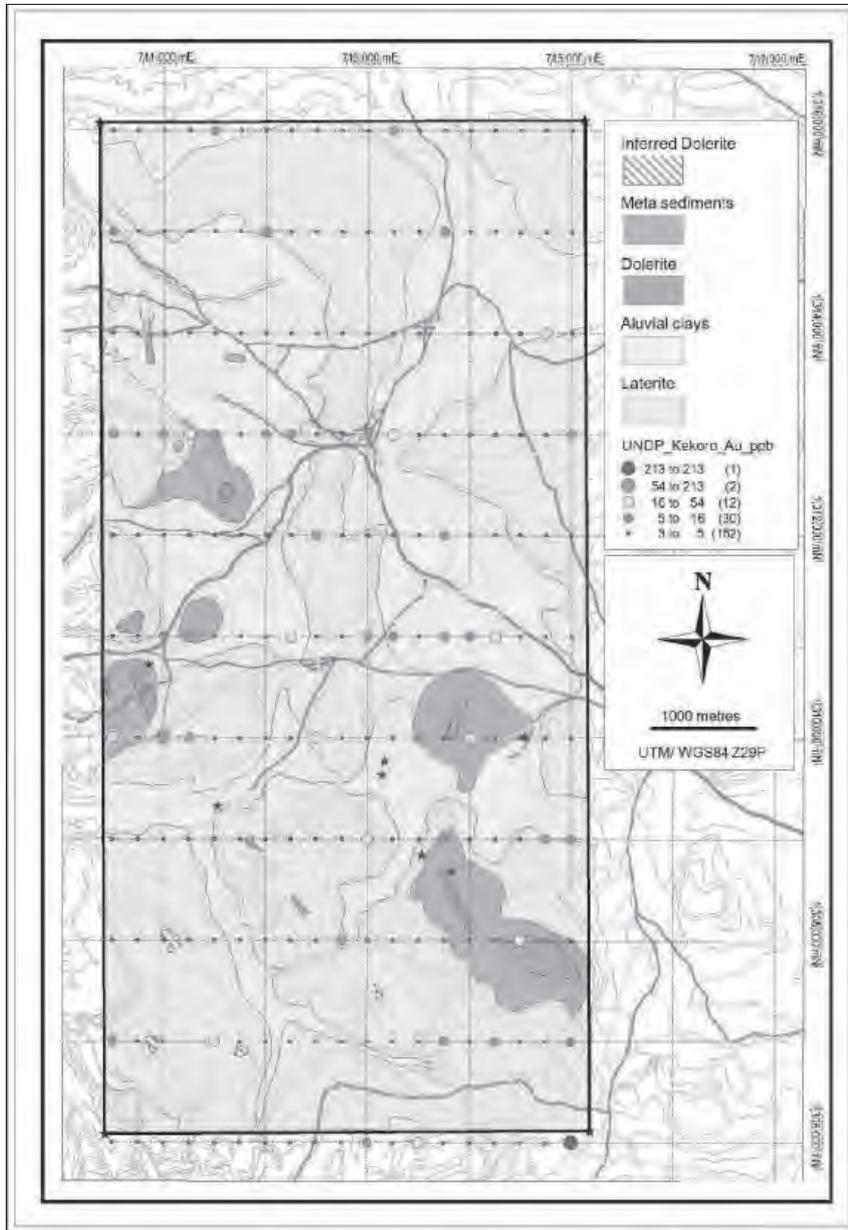


Fig 11: Exploration on the Keikoro Property (trenching rock chip and mining spoil sampling) Regional soil sampling completed under the supervision of the DNGM during the 1980s. Geological mapping, infill soil sampling, trenching, rock chip and mining spoil sampling undertaken by EMAS Mali SA during 2011. The black stars on the map depict gold occurrences as mapped by the DNGM and shown on the DNGM base topography sheets.



Fig12: A typical view of the Keikoro Licence with scattered Sahel vegetation and laterite ridges.

In addition to soil sampling, an aggressive trenching program was initiated between June and August, 2011. During that time 106 trenches were excavated for a total length of 2,516 metres. The program tested the potential for surface gold grades from regolith and weathered rock to provide APT feed at the Sokoulouni prospect in Keikoro. A rock chip and spoil sampling program from artisanal mining areas was also conducted.

7.0 Deposit Types

7.1 Lode Gold Deposits

The Asankragwa Gold Belt hosts a large resource of bedrock gold as evidenced by widespread alluvial occurrences along its trend. The occurrence of many low lying, drainage basins within the Asankragwa belt, in which bedrock does not outcrop, may mask several potential gold resources.

The deposit type targeted on Abawso Property is that of large, orogenic, mesothermal occurrences similar to the classic Ashanti-type. Deposits of this type in Ghana include Obuasi, Prestel, Bogosu, Konongo and Bibiani.

The Ashanti-style, shear zone hosted, lode gold mineralisation is characterised by complicated quartz vein systems commonly associated with extensive disseminated sulphides (Griffis et al., 2002). The vein systems usually appear to be related to regional NE trending deformation corridors along the margins of Birimian greenstone belts and adjacent metasedimentary basins. The most favourable host rocks are usually inter-bedded argillite, greywacke and volcanoclastic units frequently deposited in the transitional zone between the belts and basins. These transitional zones may also contain a variety of chemical sediments (graphite, manganese, carbonate and sulphides).

7.2 Deposits Associated with Birimian Intrusives

Gold deposits associated with Birimian intrusive bodies have also been recognized in the Asankragwa district, such portions as the Nkran Hill gold mine at Obotan.

Over 20 significant gold occurrences hosted by Belt (or Dixcove) type granitoids are known in Ghana, with a number constituting significant deposits. The structural setting and mineralisation style for Belt and Basin granitoid-hosted gold deposits are very similar in nature. Belt-type intrusive hosted gold deposits include Newmont Mining's Subika deposit, the largest deposit of the Ahafo mine project, and Red Back Mining's Chirano deposits, on the Sefwi Belt; and Golden Star Resources' Hwini-Butre deposit at the southern extremity of the Ashanti Gold Belt.

Basin-type granitoid hosted gold deposits include Perseus Mining Limited's cluster of deposits at the Central Ashanti Gold Project, and AngloGold-Ashanti's Ayankyerim and Nhyiaso deposits to the west of Obuasi, along the western flank of the Ashanti Belt. As opposed to the classical lode gold deposits of the Ashanti Gold Belt such as Prestea and Bibiani, which were discovered during the gold rush of the late 1800s, all of the aforementioned granitoid-hosted gold deposits were discovered during the past 20 years.

7.3 Alluvial Gold Deposits

The vast majority of historical gold production from Ghana prior to the 20th century came from a myriad of small streams and rivers draining areas with underlying oxide and primary deposits. In addition, several of the major rivers have been mined with dredges starting in the 1900s (Griffis et al., 2002).

The Asankragwa Gold Belt is characterized by widespread alluvial gold occurrences. Gold is concentrated into basal gravel layers in the alluvial system. Accelerated erosion and gravel deposition may have occurred in the Pleistocene Epoch at a time when uplift of an old peneplain surface, represented by the flat lateritic duricrust capping at the summit of the ridges, was followed by extensive erosion. The general appearance and shape of the gold grains are indicative of only modest signs of transport which suggests proximal primary sources.

8.0 Mineralisation

Mineralisation of potentially economic significance noted to date on the Abawso Property comprises mesothermal gold mineralisation and alluvial gold mineralisation.

Mesothermal gold has been widely reported in the Birimian and it is the same style that has been reported at the Abawso mine. Reasonably systematic work was carried out by Cluff Mining around the same time that they delineated the Mineral Resource for the establishment of the Ayanfuri mine.

The mineralised intercepts that were defined by JCI's program of RC drilling in the mid 90's are encouraging.

Exploration data the needs to be collated and integrated into a well-structured dataset so that interpretations can be made and exploration targets defined for future exploratory drilling. The style of mineralisation is very similar to that recorded at PerseusMining Limited's Edikan mine and the Adansi Gold's Nkran hill property (formerly Resolute Resources' Obotan Gold Mine).

Keikoro, in southern Mali, also lies within the Birimian has a favourable structural setting similar to established gold mines in the country. The NNW trending structures in Morila are similar to the structures observed at Keikoro.

9.0 Interpretation and Conclusions

The Kashmir and Abawso Properties are located in the Wasa Amenfi and the Wasa West Districts of the Western Region of Ghana. The Abawso Properties are along strike from Perseus Mining Limited's Edikan Gold operation (5.8Moz Mineral Resource) at Ayanfuri, 15km to the northeast. The Kashmir Property occurs in the Ofin River drainage – a systems with significant historical and contemporary alluvial workings.

The Asankragwa Belt is well known for its widespread alluvial gold occurrences within the Ofin, Oda and the Ankobra River flood plains and their associated tributaries.

The Kashmir Property is prospective for gold exploitation and contains very coarse and somewhat angular gold suggesting proximal source of bedrock mineralisation. Large, sub rounded quartz boulders in the gravels are further evidence that some of the quartz is from a proximal source.

The Abawso Property hosts hard rock gold mineralisation on the high ground as evidenced by the Abawso mine shaft but is also surrounded by an extensive volume of auriferous alluvial gravels.

SEMS is of the opinion that a substantial portion of the relatively flat ground south of the Ofin River, to the main Bogosu to Dunkwa road is underlain by auriferous gravels. The extent of artisanal mine workings along this stretch of ground attests to this assertion.

The Sokoulouni valley prospect within the Keikoro Property is interpreted as an ancient, auriferous alluvial channel with the potential for hosting a significant auriferous occurrence possibly derived from the ridges on either side of the valley.

At Keikoro, a trial mining operation, similar to the trial mining program at Kashmir in Ghana, could lead to informed decisions in terms of future exploration strategy both for the alluvial/colluvial material and the associated hard rock potential.

10. Recommendations

In the opinion of SEMS, the character of the Kashmir and Abawso Properties in Ghana and the Keikoro Property in southern Mali, in terms of their regional geological setting and metal prospectivity, are of sufficient merit to justify further exploration programs and limited trial mining operations.

The recommendations presented in this Report are intended to complement LionGold's small scale mining objective.

The Kashmir Property:

- ! At Kashmir, it is recommended that infill pitting on a 25m x 25m grid be undertaken during the current dry season to improve LionGold's evaluation of the thickness of auriferous gravel horizons and the distribution of gold grades.
- ! SEMS is of the opinion that the Kashmir mining operation could develop into a profitable gold project should it be closely supervised. It is recommended that agreements be negotiated with adjoining lease owners to expand the geographical extent of the trail mining operations and extend the life of the mine.
- ! It is recommended that, with the same small scale mining objective, LionGold inspect the area around Asamang, near the confluence of the Pra and the Ofin rivers, with view to expanding the mining operations at Kashmir.
- ! Strict supervision of mining activities should be maintained at each mine site.
- ! Achieved throughput of the trommel processing equipment at Kashmir is compared with the manufacturers' rating of the plant. This information will greatly assist decision making with regard to future plant expansions.

The Abawso Property:

- ! At the Abawso Property, it is recommended that all exploration data be collated and integrated. The resultant interpretations will generate exploration targets that will guide future drilling programs and exploration strategy.
- ! Data available from the 1930 underground development plan to 80 metres below the surface indicates gold mineralisation is open at depth. This data can be used to guide future drill planning below the current underground workings.
- ! The significant alluvial potential surrounding the Abawso shaft area requires further investigation. It is recommended that a pitting program be implemented to establish the thickness and extent of the auriferous gravel horizon. These gravels and the underlying saprolite clays, exposed in the base of the pits, should be sampled. This recommendation ensures that all the prospective alluvial ground surrounding Abawso is fully sampled in all future exploration programs.
- ! It is recommended that a program of bulk sampling of auriferous gravel horizons defined by the above mentioned pitting program be implemented to provide a more thorough assessment of alluvial gold potential within the Abawso Property.

The Keikoro Property:

- ! At Keikoro it is recommended that all exploration data be collated and integrated with the VTEM airborne survey data. The resultant interpretations will generate exploration targets that will guide future drilling programs and exploration strategy
- ! On the Keikoro concession it is recommended that the bulk sampling of auriferous material from the Sokoulouni prospect should continue. This is necessary to confirm the thickness of colluvial and alluvial gravel zones and better understand the distribution of gold within them.

Finally, SEMS is of the opinion that the present ground holdings: the Kashmir, Abawso and Keikoro Properties require continued geological evaluation before a final opinion concerning the commercial viability of small scale mining operations in these Properties can be determined.

11. References

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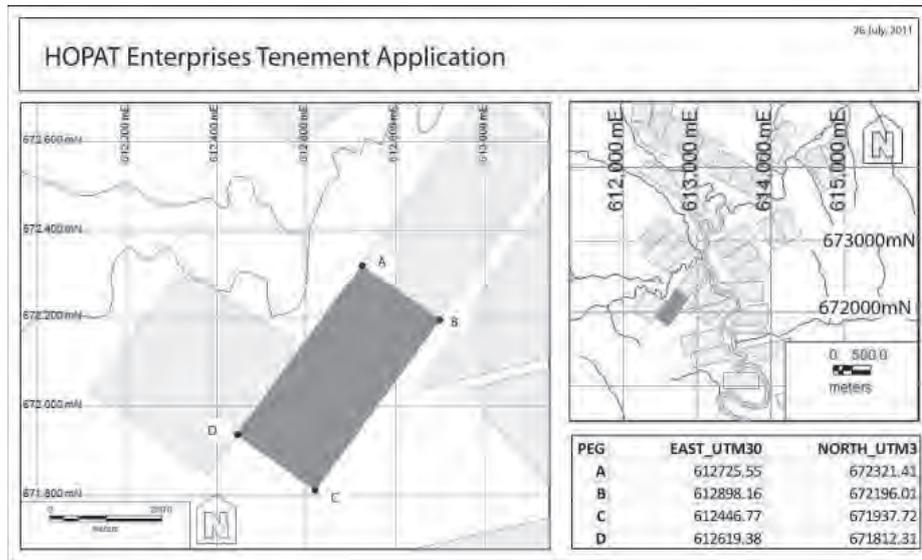
Oberthur et al 1998, Age constraints on gold mineralisation and Paleoproterozoic crystal evolution on the Ashanti Belt of Southern Ghana. Precambrian Research V.89 P.124-143

Richard Siddle et al. 2011 Comprehensive Status Report Keikoro Mali

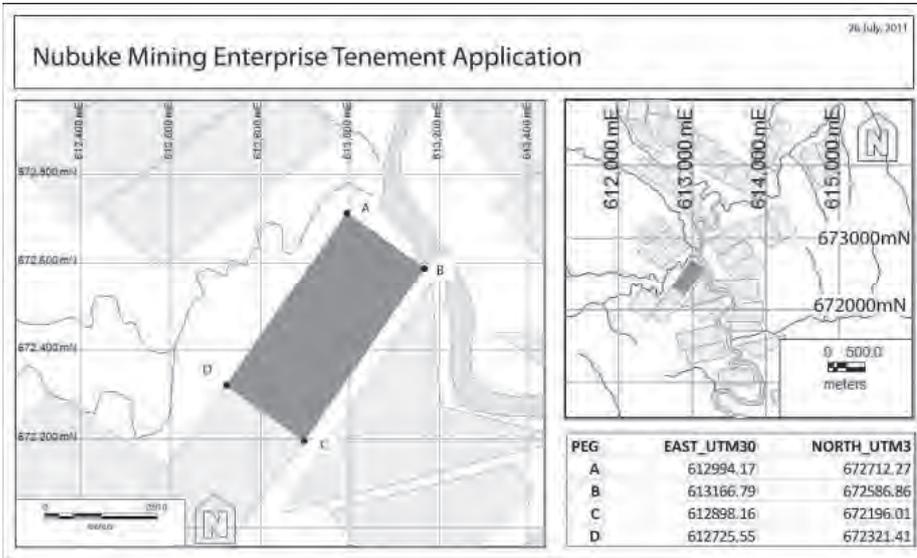
12. Appendix – Kashmir and Abawso Properties - tenement boundaries

Note: In the headings within the diagrams below a reference to “Tenement Application” or “Small Scale Concession Lease Application” is a reference to an application for a small scale mining licence.

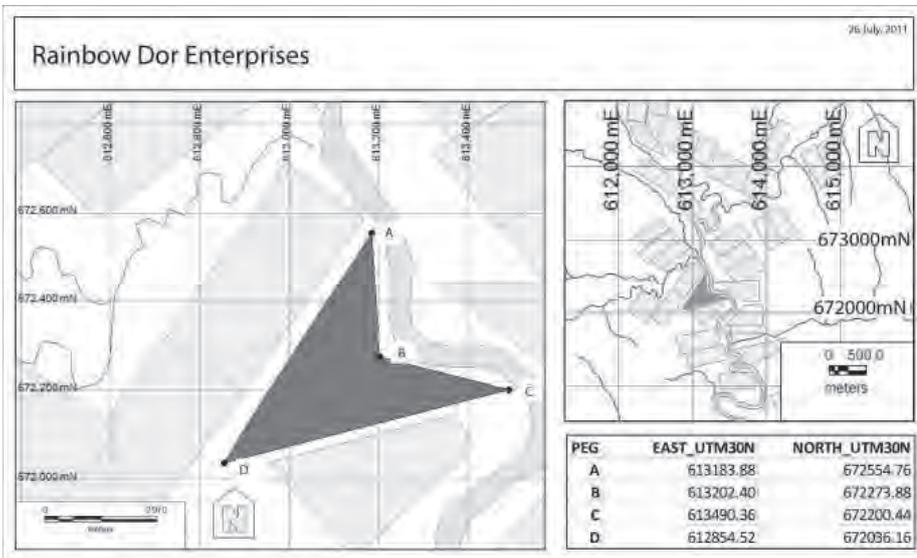
Kashmir Property



Note: HOPAT Mining Enterprise was granted its small scale mining licence on 10 May 2010 in respect of the same area covered by the tenement application.

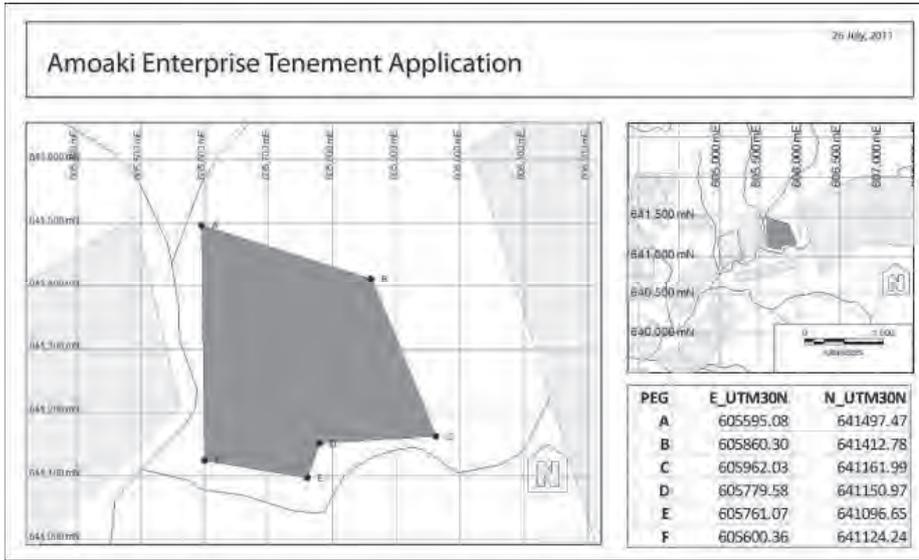


Nubuke Mining Enterprises application

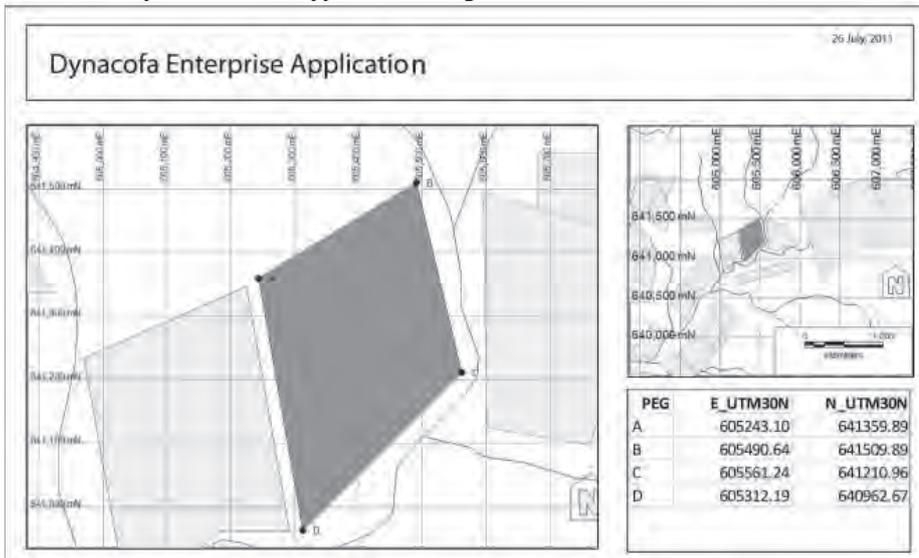


Rainbow Dor Enterprises application

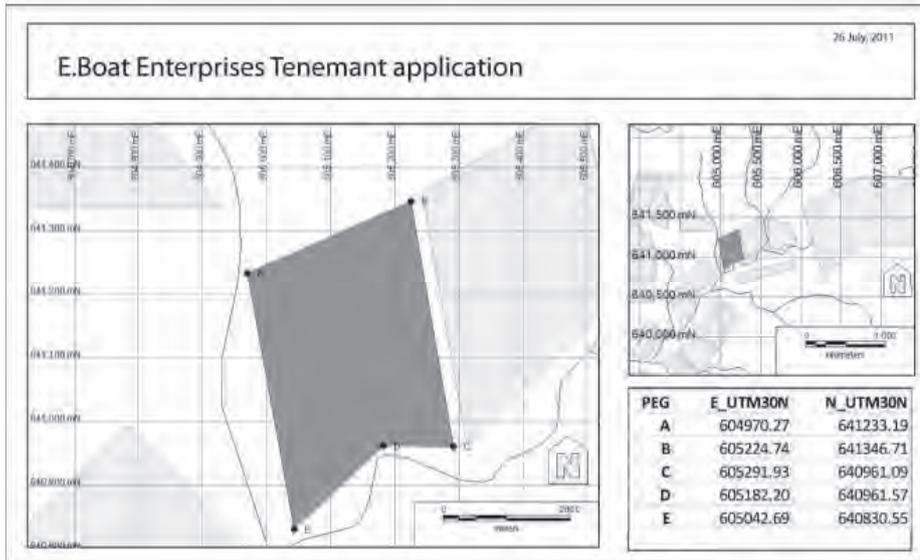
Taiwan sub area



Amoaki Enterprises – date of application 3 August 2011

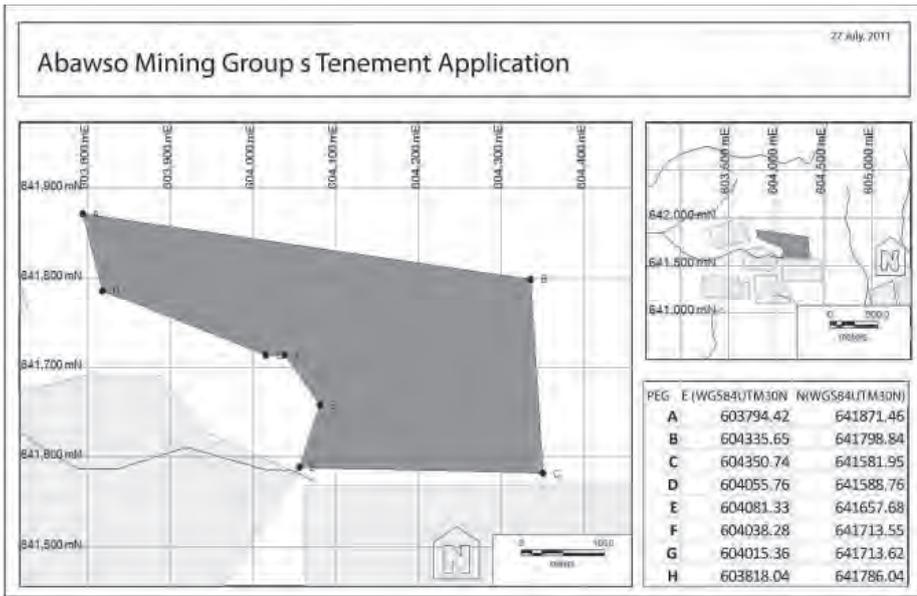


Dynacofa Enterprises – date of application 29th August 2011

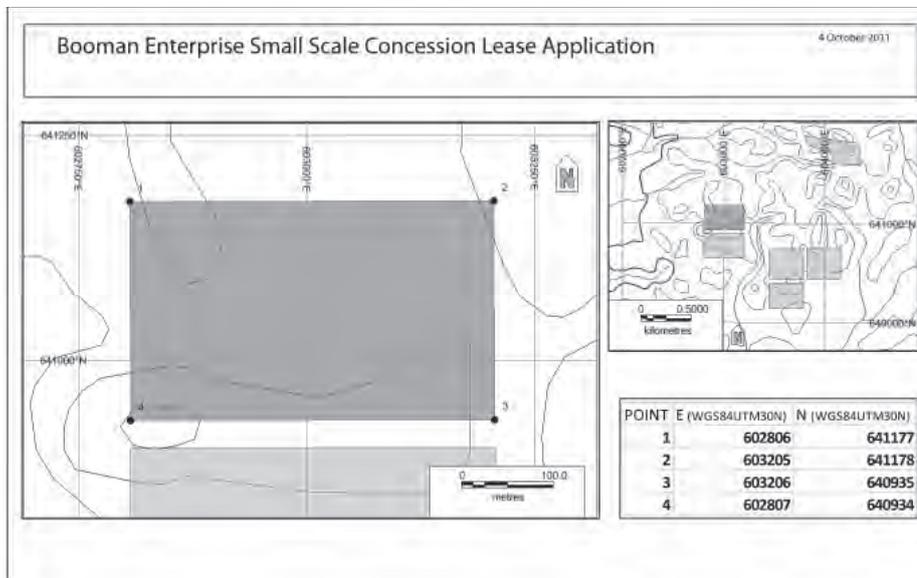


EBOAT Enterprises – date of application 29th August 2011

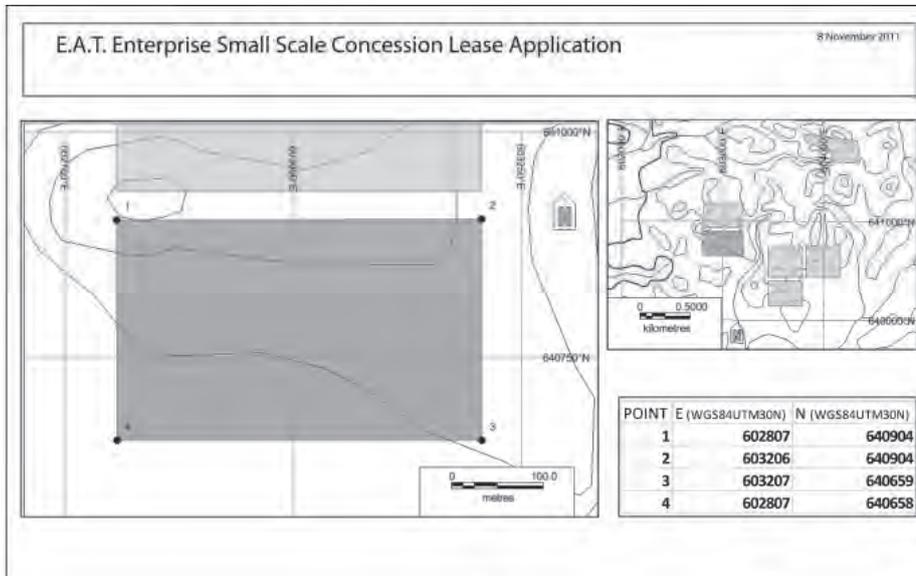
Abawso sub area



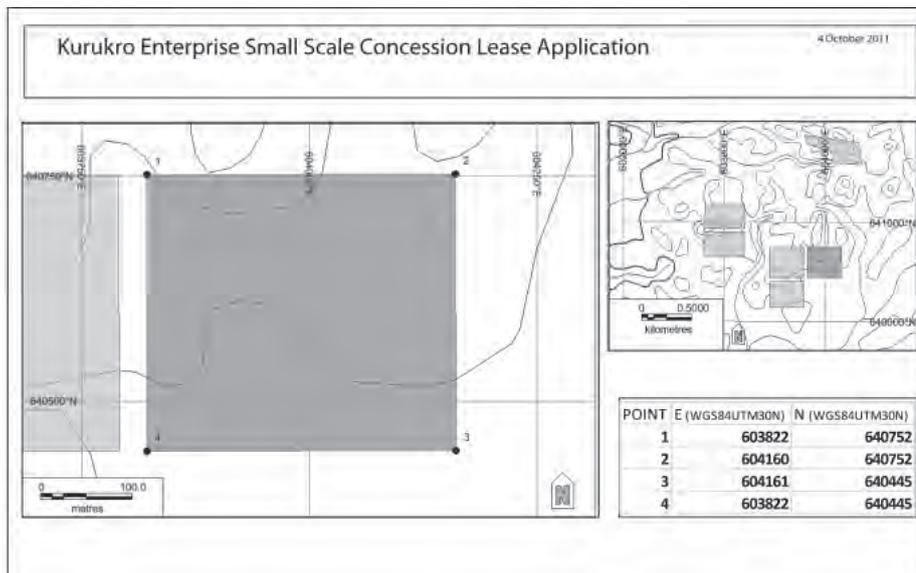
Abawso Mining Groups application



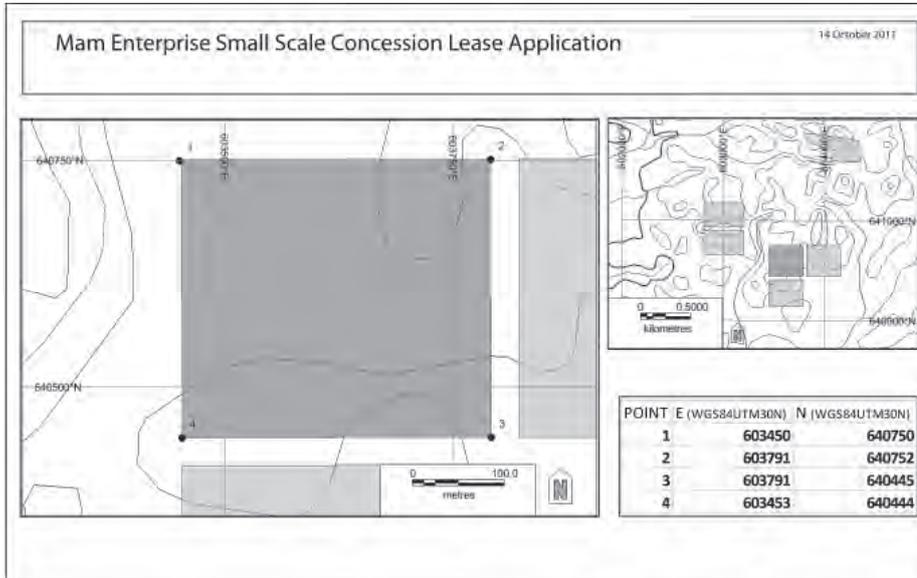
Booman Enterprises – date of application 14th October 2011



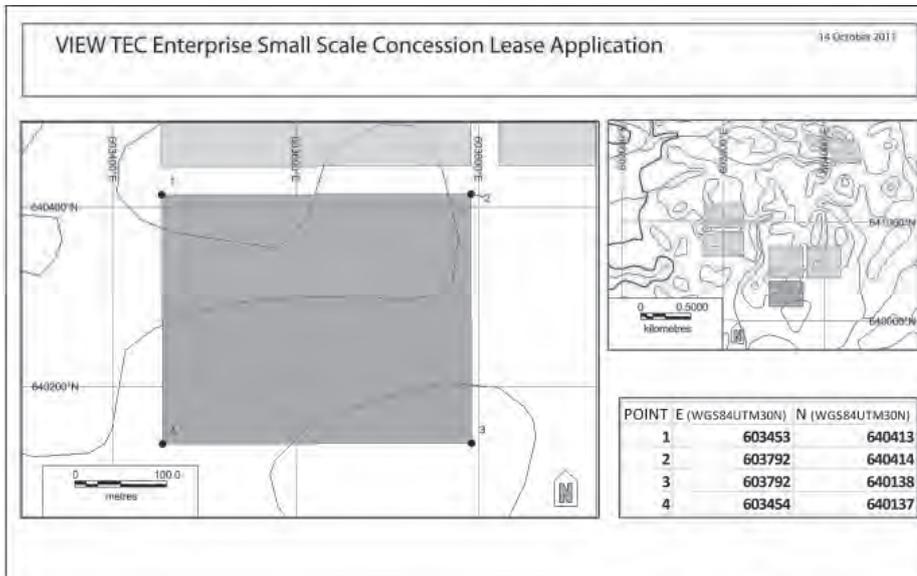
E.A.T. Enterprises – date of application 8th November 2011



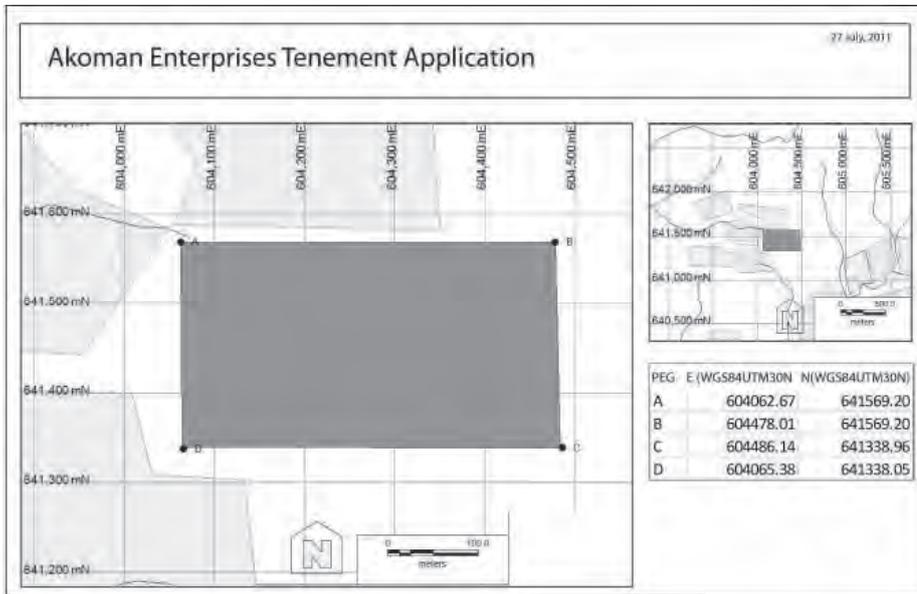
Kurukro Enterprises – date of application 14th October 2011



Mam Enterprises – date of application 14th October 2011



View Tec – Enterprises 14th October 2011



Akoman Enterprises – date of application 14th November 2011

Glossary

“Alluvial”	:	Used to describe deposits associated with flowing water.
“Arsenopyrite	:	An arsenic mineral Fe As S found in hydrothermal vein.
“Basin”	:	A depression of large size which may be of structural or erosional origin.
“Batholith”	:	A large intrusive mass of igneous rock eg. granite.
“Belt”	:	A zone or bound of a particular kind of rock strata exposed on the surface eg. in Ghana, the Winneba – Kibi Belt, The Ashanti Belt
“Birimian”	:	Precambrian (Proterozoic rock) assemblage, age 2.0Ga – 2.3G in the West Africa carton.
“Chloritic”	:	Adjective derived from chlorite which is a ferromagnesian silicate occurring as an alteration mineral in hydrothermal vein.
“Feldspathic”	:	Adjective from Feldspar, which is the most single group of rock-forming silicates minerals.
“Granitoid”	:	A term applied to the texture of holocrystallive igneous similar rocks.
“Gravel”	:	Small stones and pebbles or a mixture of sand and small stones; more specifically, fragments of rock worn by the action of air and water.
“Greenschist facies”	:	A low grade metamorphic event with the predominance of chlorite.
“Isoclinal folds”	:	A stratigraphic fold whose limbs have parallel dips. It may be an anticline or a syncline
“Island arc”	:	An arcuate chain of islands eg. Japan, Aleuntian Islands. They are associated with areas of strong seismic activity and earthquake.
“Metavolcanic”	:	Metamorphosed volcanic rocks.
“Orogeny”	:	A period of mountain building.
“Palaeomorphology”	:	Ancient land surfaces and forms.
“Pleistocene Epoch”	:	A period in geological time scale which falls in the window 65 million years to recent.
“Post –tectonic”	:	The period after a particular phenomenon related structural or orogenic concept.
“Proterozoic”	:	A period of the geological time scale which falls within the age range 2.0Ga to 2.3Ga.
“Pyrite”	:	An iron arsenic sulphide FeAS.
“Rhyodacite”	:	Extrusive equivalent of granodiorite.

“Syn”	:	Occurring at the same time as other major geological events.
“Tectonics”	:	The study of major structural features of the earth’s crust or the broad structure of the region.

LIST OF ABBREVIATED TERMS

“amsl”	above mean sea level
“Au”	gold
“Az”	azimuth
“BP”	before present
“cm”	centimetres
“cu”	cubic
“°”	degree
“DD”	diamond drilling
“DGPS”	differential global positioning system
“g” or “gm”	gram
“Ga”	billion of years ago
“GHS”	new Ghanacedis currency
“g/m ³ ”	grams per cubic metre
“GPS”	global positioning system
“g/t”	grams per tonne
“ha”	hectare
“kg”	kilogram
“km”	kilometre
“m”	metre
“m ³ ”	cubic metres
“Ma”	millions of years ago
“ml”	millilitre
“mm”	millimetre
“oz”	ounce
“ppb”	parts per billion
“ppm”	parts per million
“RC”	reverse circulation
“RQD”	rock quality designation
“sq”	square
“sq km”	square kilometres
“UTM”	Universal Transverse Mercator
“WGS 84”	World Geodetic Survey 1984
“yd ³ ”	cubic yards

ANNEXURE F

TENEMENTS REPORT - REINDORF CHAMBERS

11 June 2012

The Directors
LionGold Corporation Limited
38 Kallang Place
Singapore 339166

Dear Sirs,

LEGAL REPORT - KONONGO GOLD PROJECT, GHANA

This report has been prepared for inclusion in the Bidder's Statement for the proposed takeover by Liongold Corporation Limited ("**LionGold**") of Castlemaine Goldfields Limited (ABN 45 073 531 325).

A. Introduction

1. Contents of the report

The report is in two parts:

- (a) the first part sets out the various mineral rights, licences and permits comprising the Konongo Gold Project together with a brief summary of the governing legislation; and
- (b) the second part sets out the basic corporate information of the Ghanaian entities that hold interests in the Konongo Gold Project¹.

2. Description of the Konongo Gold Project

The Konongo Gold Project comprises the following mineral right and permits:

- (a) Mining Lease LVD/4888/10 between Owere Mines Limited ("**Owere**") and the Government of Ghana dated 25 June 2010 ("**Konongo Mining Lease**"); and
- (b) Mining permit issued to Owere dated 28 November 2011 ("**Konongo Mining Permit**");
- (c) Prospecting Permit No 02350/2012 dated 7 May 2012 ("**Konongo Prospecting Permit**");
- (d) Prospecting Permit No 02351/2012 dated 7 May 2012 ("**Kurofa Prospecting Licence**");
- (e) Environmental permit No EPA/EIA/330 ("**Environmental Permit**") (together the "**Permits**")

Details of the Konongo Mining Lease and Permits are included in Schedules [A] to [D] to this report.

3. Background and Scope

We have:

- (a) reviewed the legal status of the Konongo Mining Lease and the Permits comprising the Konongo Gold Project; and

¹ A more detailed corporate information on the private entities that hold interests in the Konongo Gold Project is contained in Schedule E

- (b) reviewed corporate documents to ascertain the corporate status of Owere, the holder of the mineral rights comprising the Konongo Gold Project.

The documents reviewed in the preparation of this report are listed in Schedule F to this report.

B Assumptions and Qualifications

1. Assumptions

In reviewing the documents listed in Schedule G, we have assumed that:

- (a) all copies made from original documents are true and complete copies of them (whether certified true copies or not) and that such original documents are authentic and complete;
- (b) all documents submitted to us as originals are authentic and complete;
- (c) all signatures appearing on documents submitted to us as originals or copies of originals are genuine;
- (d) each party had the requisite corporate power to enter into all contractual arrangements to which it is a party and to perform its obligations under them;
- (e) all contractual documents have been duly authorised, executed and delivered by the parties to them and constitute legally enforceable obligations of the parties to them under their applicable laws;
- (f) the parties to any contractual document to which Owere is a party, have not breached or threatened to breach any of the terms of such document; and
- (g) Owere, its advisors and officers have provided accurate and complete information and copy documents; and
- (h) that Owere and its officers have acted in good faith at all times in relation to the provision of information.

2. Qualifications

This report is made subject to the following qualifications:

- (a) we have not investigated and, except as expressly stated in this report, make no comment with regard to any warranties, facts, opinions or representations in the documents listed in Schedule G or to their accuracy or adequacy in any way;
- (b) we have not investigated and, except as expressly stated in this report, make no comment in relation to Owere in connection with accounting or financial matters, intellectual property and IT matters and company secretarial or administrative matters;
- (c) we have not visited any offices or business locations of Owere;
- (d) As at the date of this report the Companies Registry had not provided us with responses to our enquiries of it in relation to Owere; and
- (e) we have at all times during the course of our investigations relied on the materials and information provided by Owere and its advisors. We have not carried out searches of the relevant regulatory bodies in relation to Owere's activities.
- (f) Owere is required by its Environmental Permit to post a reclamation bond of US\$200,880 within three (3) months from the date of the permit. This period has passed; however Owere indicates that it is in the process of concluding the terms of a reclamation security agreement following which the bond may be posted.

C Opinion

Based on the review of the documents contained in Schedule G and subject to the assumptions and qualifications above, we confirm that:

1. Corporate Status
 - (a) Owere is a limited liability company duly and validly incorporated under the laws of Ghana, is validly existing thereunder and is duly authorised and licensed to carry on its business as presently conducted;
 - (b) Owere has the full and unrestricted corporate power and authority to carry on its business as presently conducted and to own, lease and operate its property and assets.
 - (c) The following are the registered holders of that percentage of the issued and outstanding ordinary shares of Owere:
 - (i) Signature Metals – 70%
 - (ii) Talos Ghana – 20%
 - (iii) The Government of Ghana – 10%
2. Mineral Rights
 - (a) The Konongo Mining Lease was validly issued and is registered in the name of Owere and constitutes good and valid title enforceable against third parties and is free of all encumbrances, charges and liens.
 - (b) Owere holds all licences, consents, permits or approvals necessary in order to carry out mining operations on the Property and to carry on its current operations, and Owere is not in violation, breach or default of such licences, consents, permits and approvals nor has it received any order or written notice of any actual or intended revocation or modification of such licences, consents, permits and approvals, and is up to date in respect of all filings and reports to maintain the Konongo Mining Lease. The details of the Permits as set out in this opinion are accurate and each Permit is in full force and effect and is enforceable in accordance with its terms.
 - (c) No person, other than Owere has any interest in the Konongo Mining Lease and no person, other than Owere, is entitled to carry on exploration, development, mining or extraction activities on the Konongo Mining Lease.
 - (d) The Konongo Mining Lease is in good standing and all fees payable by Owere upon the grant of the Konongo Mining Lease have been paid in full and there are no arrears in respect of royalties, charges, rents, stamp, registration or similar fees or other debts or sums due to the Government of Ghana or any national, provincial, municipal, or local regulatory agency or body (each, a "Governmental Entity") or to any landowner pursuant to any law, rule or regulation that adversely affects or could adversely affect the Konongo Mining Lease and the rights attaching thereto.
 - (e) Under current laws and regulations in Ghana, Owere will be able to fully explore and mine for (as the case may be) the minerals permitted by the Konongo Mining Lease free from any material restrictions or constraints.
 - (f) Owere has not received any notice of revocation, cancellation or suspension of the Konongo Mining Lease or any of the Permits or any indication that any such notice may be given.
 - (g) Owere also holds a prospecting permit in respect of the Kurofa Concession area which we understand from Owere covers an approximate area of 67 SQ KM. Owere's prospecting licence in respect of the Kurofa Concession expired on March 8, 2011.

D Governing Legislation

Below is a summary of the key mining laws and regulations in respect of mining in Ghana.

1. Key Laws and Regulations

The following are the main laws and regulations governing mining in Ghana:

- The Constitution of the Republic of Ghana, 1992;
- Minerals and Mining Act, 2006 (Act 703) as amended by the Minerals and Mining (Amendment) Act, 2010 (Act 794) (Act 703);
- Mining Regulations 1970, (LI 665);
- The Internal Revenue Act, 2000 (Act 592) as amended from time to time;
- The Minerals Commission Act, 1993 (Act 450);
- Concessions Ordinance, 1951 (CAP 136);
- The Environmental Protection Agency Act, 1994 (Act 490); and
- The Environmental Assessment Regulations, 1999 (L.I. 1652).

2. Ownership of Minerals

In Ghana, minerals are the property of the Republic of Ghana and vested in the President on behalf of the people of Ghana. Any transaction which involves the granting of rights for the exploitation of minerals requires Parliamentary ratification.

3. Mineral Rights

The following mineral right and permits are held by Owere:

The Konongo Mining Lease:

A mining lease entitles its holder to extract minerals and may be granted for a period not exceeding thirty years. The holder of a mining lease may at least three months before the expiration of the initial term of the mining lease or a shorter period that the Minister responsible for Mines (“**Minister**”) allows², apply to the Minister for an extension of the term of the lease for a further period of up to thirty years in respect of all or any number of contiguous blocks the subject of the lease and in respect of all or any of the minerals the subject of the lease.

Mining Permit:

The holder of a mining lease must obtain a mining permit before it carries out any mining operations within the area covered by the mining lease. The mining permit authorises the holder to carry on mining in the area of the mining lease for a specified period.

Prospecting Permit:

Owere holds two prospecting permits that authorises it to prospect in the Asante Akyem North District. These permits have similar conditions and limitations save that one is subject to the conditions and limitations contained in the Schedule to the Konongo prospecting licence (Prospecting Permit No. 02350/2012) while the other (Prospecting Permit No. 02351/2012) is subject to the conditions and limitations contained in the Schedule to the Kurofa prospecting licence.

The holder of a prospecting licence is required to obtain a prospecting permit before it carries out prospecting operations in the prospecting area. Though Owere has a prospecting permit in respect of the Kurofa Concession, a search report from the Commission dated 31 May 2012 indicates that the prospecting licence that was granted to Owere in respect of the Kurofa Concession on 9 March 2010 expired on 8 March 2011. By section 9 of Act 703, a mineral right is required to carry on prospecting operations in

² Note that Owere’s Mining Lease stipulates 6 months.

Ghana. Owere can therefore not prospect for minerals in the Kurofa Concession unless it renews or obtains another prospecting licence for the Kurofa Concession.

By section 36(1) of CAP 136, a holder of a valid mining licence may prospect for minerals without a prospecting licence on any concession area with respect to which the mining licence is in force. The prospecting permit prescribes the conditions and limitations of prospecting operation in the prospecting area.

4. Royalties and taxes

Royalties

A royalty in favour of the government is payable at a flat rate of 5% of the total revenue earned from minerals obtained by the holder.

Corporate Tax

Corporate tax is currently 25%. Capital expenditures may be written-off, up to 80% in the first year and 50% off the declining balance in subsequent years. On 1st February 2012, however, an Internal Revenue (Amendment) Act was passed by Parliament and this Act seeks, among other things, to set a corporate tax rate of 35% for companies engaged in mining. This Act also proposes a change to the calculation of capital allowances so that instead of a rate of 80% in the first year and 50% off the declining balance in subsequent years, the rate will be 20% across the board.

Furthermore, section 23 of Act 592 has been amended by the insertion of a new 1A which states that "A person engaged in mining operations shall not be allowed a deduction for expenses exclusively incurred in a mining area against revenue derived from another mining area belonging to that person or in which that person has an interest, in determining that person's chargeable income for a basis period".

Withholding Tax

Ghanaian residents must pay withholding tax of 8% on dividends and on interest paid to non-resident persons. No further Ghanaian tax is payable on dividends or interest so paid. The Konongo Mining Lease provides that Owere is not required to deduct or withhold taxes from dividends or interest if made from its external account authorised under the terms of the Minerals and Mining Act, 2006, Act 703. Owere is in the process of preparing an agreement with the Bank of Ghana to enable it to open such account.

Compensation for landowners and occupiers

The owner or lawful occupier of any land subject to a mineral right is entitled to and may claim from the holder of the mineral right compensation for the disturbance of their rights. The amount of compensation payable is to be determined by agreement between the parties but if the parties are unable to reach an agreement as to the amount of compensation, the matter shall be referred by either party to the Minister who, in consultation with the Government agency responsible for land valuation shall, determine the compensation payable by the holder of the mineral right.

5. Government participation rights

Special Share

The Minister may by notice in writing to a company holding a mining lease require the company to issue to the Republic a "special share". The special share is a separate class of shares which have the rights agreed between the Minister and the company. If no agreement is reached as to the rights of the shares, the special share is a preference share that carries no right to vote but the right to receive notice of and to attend and speak at a general meeting of the members of the company.

The holder of the special share may require the company to redeem the special share at any time for no consideration or for a consideration determined by the company and payable to the holder on behalf of the Republic.

Free carried interest

The Government is entitled to acquire a 10% percent free carried interest in the rights and obligations of mining operations. The free carried interest is separate from the right to a "special share" described above.

Stability Agreement

The Minister may enter into a stability agreement with the holder of a mining lease to ensure that the holder will not, for a period not exceeding fifteen years from the date of the agreement, be adversely affected by a change in laws or other action taken that have the effect of imposing obligations upon the holder or applicant of the mining lease, or be adversely affected by subsequent changes to the level of and payment of certain taxes, levies and duties and laws relating to exchange control, transfer of capital and dividend remittance. A stability agreement is subject to the ratification of Parliament.

We understand from Owere that it is in the process of discussing the terms of a stability agreement with the Government of Ghana.

Development Agreement

Subject to ratification by Parliament, on the advice of the Minerals Commission, the Minister may enter into a development agreement under a mining lease with a person where the proposed investment by the person will exceed US\$ five hundred million. A development agreement may address mineral rights or operations to be conducted under the mining lease, environmental issues and settlement of disputes and may provide for the stability terms allowable under a stability agreement.

6. Environmental Obligations

Mining and prospecting companies are required under Ghana's environmental laws to obtain an environmental permit before commencing mining operations. Owere was issued an environmental permit on 22 March 2011. A summary of the terms and requirements of the environmental permit are contained in Schedule D.

Mining companies are also to provide security for any "default on reclamation or rehabilitation of disturbed land". Such security must be provided by way of a reclamation bond in the form of a "performance bond, mining bond or rehabilitation bond or funds set aside in a reputable bank" following the conclusion of a reclamation security agreement based on an approved reclamation plan. Owere has entered into a reclamation security agreement with the Environmental Protection Agency ("EPA") dated 3 February 2012. Schedule D contains a summary of the terms of the reclamation security agreement.

7. Foreign Exchange issues

Where the holder of a mining lease earns foreign exchange it may be permitted to retain in external accounts a certain percentage of its foreign exchange earnings for the purchase of spare parts, debt service and dividend payments, remittances in respect of quotas for expatriate personnel; and transfer of capital in the event of a sale or liquidation of the mining operations.

Payments in foreign currency between non-resident and residents are permitted by the Foreign Exchange Act, 2006 (Act 723). Such payments are required to be made through a bank. Transfers of foreign exchange to or from Ghana are required to be made through persons licensed to operate money transfers or an authorised dealer.

8. Export, sale and disposal of minerals

The exportation, sale or disposal of minerals requires a licence from the Minister. The Minister may on the recommendation of the Commission prescribe terms and conditions for the licence. The licence is not transferable. We understand that Owere has a licence to sell and export gold but we have not been shown a copy of this licence.

However, a mining lease authorises the holder to take and remove from the land the specified minerals and to dispose of them in accordance with the holder's "approved marketing plan". Owere does not appear to have a marketing plan in place.

E. Owere Shareholding

In respect of the shareholding of Owere, it appears from the information provided that Owere was initially established with two shareholders – Alpina Group Limited ("Alpina") and Lexkudoz Limited. Thereafter Alpina transferred its shares to Signature Metals Limited ("Signature"). In relation to Lexkudoz, the indication is that it is no longer a shareholder and it appears that it transferred its shares to Talos Ghana; however, we have not been provided documentary evidence to this effect.

F. Summary of Material Agreements³

1. Konongo Agreement:

By an agreement dated 8 May 2009 ("Konongo Agreement"), Alpina granted an option to Signature to acquire its "70% undivided interest in the Konongo Lease [Konongo Mining Lease]". Pursuant to that agreement, Signature acquired all Alpina's rights and assumed all Alpina's obligations to Talos Ghana Limited under the Settlement Agreement and the Joint Venture Agreement as described below.

Pursuant to the Konongo Agreement upon the delineation of 1 million ounces of gold, Signature is required to either (i) allot to Alpina 50 million Signature Shares; or (ii) make payment of A\$1million to Alpina. Upon the production of 100,000 ounces of gold, Signature is required at the election of Alpina to either (i) pay Alpina A\$3,000,000 or allot to Alpina A\$3,000,000 worth of Signature Shares upon the terms of the Agreement.

2. The Joint Venture Agreement

By a Joint Venture Agreement between Talos and Alpina dated 16 April 2004, Talos then the beneficial owner of the Konongo Lease gave Alpina the option to acquire 70% interest in the Konongo Lease and the right to conduct all minerals exploration and development activities.

The parties agreed to incorporate Owere to own the Konongo Lease and the Konongo Lease was transferred to Owere.

A Net Smelter Royalty is required to be paid to Talos from the commencement of mining operations in respect of the Mining Lease. This royalty is expressed to be payable by either Owere or by Signature.

Signature has the exclusive option to purchase an additional 10% in the Konongo Lease through a further equity interest in Owere from Talos by making a payment of US\$ 5.00 for each measured ounce of the resource after the completion of a reliable feasibility study or within 6 months of the date of settlement. Alpina must provide Talos with a statement of reserves as stated in the feasibility study. Talos further grants Alpina the first right of refusal to acquire the remaining 10% interest in the Konongo Lease if Talos is desirous of selling that interest.

Signature is responsible for all future obligations, liabilities and costs in relation to the Konongo Lease including, without limitation, all obligations, liabilities and costs in relation to rehabilitation, clean up, waste disposal or remedial work of any kind.

³ Details of these agreements are contained in Schedule G

G Conclusion

1. The opinions above are given solely with respect to the laws of Ghana and no opinion is given with respect to the laws of any other jurisdiction. This report is governed by Ghanaian law.
2. This report relates exclusively to the transaction outlined above and is for the sole use and benefit of the persons to whom it is addressed. Neither this report nor any copy hereof, may be delivered to, or relied upon, by any other person or used in connection with any other transaction without our prior written consent.
3. This report is given as of the date hereof, limited to the matters stated herein, and no opinion or belief is implied or may be inferred beyond the matters expressly stated herein. The undersigned undertakes no obligation to update this report or any of the matters contained herein.

Yours sincerely,



PP Ekua Hayfron-Benjamin

Schedule A

Details of the Konongo Mining Lease

Type of Mineral Right
Mining Lease

Mining Lease Number
LVD/4888/10

Term
13 years from 25 June 2010

Expiry Date
24 June 2023

Extension of the Term of the Mining Lease

The term of the Konongo Mining Lease may be extended provided that Owere applies for an extension no less than six (6) months prior to the expiration of the term and is not in breach of any of its obligations. The terms and conditions of the extension are subject to agreement between the Government and Owere.

Rights granted

Exclusive rights to work, develop and produce gold for the term granted including the processing, storing and transportation of ore and materials together with incidental rights.

Commencement of commercial production

Commence commercial production of gold within two (2) years from the date of the Lease. Owere is therefore required to commence commercial production by 24 June 2012. We understand from Owere that operating profits were declared in April and May this year and on this basis, it believes commercial production of gold at the mine will commence by 24 June 2012.

Other provisions

Grant of mining rights to third parties in the Lease Area

The Government may grant rights to third parties to prospect for minerals other than those for which the Lease was granted. However, the Government may not do so until it has first offered these rights to Owere. If after accepting these rights, no satisfactory arrangement has been agreed between the Government and Owere, the Government may grant such rights to a third party. Any activity of such third party may not "unreasonably interfere with the rights" of Owere under the Lease.

Power of Government to exclude parts of the Lease Area

The Government is empowered to exclude parts of the Lease Area required for a stated public purpose subject, among other things, to the following:

- Government must give reasonable notice in writing to Owere that it proposes to exclude a particular area;
- Parts so excluded may not exceed 10% of the Lease Area in aggregate
- Owere shall not have prior to such exclusion notified the Government that such part is required for mining operations
- Active operations must not have commenced on such part proposed to be excluded
- The Government may not take for itself, or grant to third parties the right to mine gold and silver from the excluded parts

Employment and Training

- Preference to citizens of Ghana in employment for operations;
- Owere may employ such number of skilled non-Ghanaian personnel as it is permitted by the Government; and
- Owere required to train personnel to "ensure the advancement, development, improve skills and qualification of Ghanaian employees in all categories of employment."

Preference for Ghanaian Goods and Services

Owere is required to give preference to locally produced materials and products and local services if the same are comparable or better in price, quality and delivery dates than those from foreign sources.

Affiliated Company Transactions

Any services, including the purchase and acquisition of materials outside Ghana which is provided by an affiliated company shall be obtained at a fair and reasonable price. The Minister is entitled to request justification of costs and details of transactions with affiliated companies from Owere.

Records and Reports

Owere is required to maintain at its registered offices certain technical, production and financial records in relation to its mining operations. Owere is also required to make quarterly, half-yearly and yearly reports to the Inspectorate Division of the Minerals Commission, the Chief Executive of the Minerals Commission and the Director of the Geological Survey.

Corporate

Where the Company proposes to alter its Regulations, details of such proposal must be provided to the Minister for mines and Chief Executive of the Minerals Commission. Where the Company issues any fresh shares or borrows in excess of its stated capital, it is required to notify the Minister and the Chief Executive of the Minerals Commission not less than 21 days in advance. A lesser period may be agreed with the Minister.

Financial Obligations

- Rent: GHS 63.00 half yearly in advance before the 1st day of January and on or before the 1st day of July each year.
- Royalty: as prescribed by legislation each quarter to the Internal Revenue Authority.
- Any late payment attracts a penalty.

Taxation

The Company is not required to deduct or withhold taxes from the following payments if made from its external account: (a) interest or other costs or fees paid in respect of foreign currency borrowings for the project; and (ii) any dividends paid to its shareholders.

Surrender

The Company is permitted to surrender on not less than two months' notice in writing to the Minister, its rights in respect of not more than 20% of the Lease Area. Owere may surrender a larger part of the Lease Area by giving not less than 12 months notice to the Minister.

Termination

Owere may terminate the Lease by giving not less than 9 months' notice prior to termination on grounds that the "mine can no longer be economically worked".

The Government may terminate the Lease in any of the following circumstances: (i) Owere fails to make any of the payments provided for on the payment date; (ii) contravention or failure by Owere to comply with any of the other provisions of the Lease; (iii) insolvency or bankruptcy or entry into by Owere of any agreement or composition with its creditors or liquidation of Owere; (iv) Owere makes any false statement or makes such a statement recklessly without due regard as to whether it is true or false. The Government prior to terminating on any of these grounds is required to give Owere notice setting out the ground and allowing Owere 120 days to remedy. A longer period may be given.

Assignment of the Lease

Prior written consent of the Government is required to assign (whether in whole or in part) the Lease. Government may impose conditions. Owere after such assignment remains liable for obligations under the Lease unless assignee actually assumes liability.

Dispute Settlement

A dispute between the Government and Owere shall be settled in accordance with procedures available in Ghana for the settlement of such disputes. However, either party may elect for the dispute to be submitted for settlement by arbitration under the UNCITRAL Rules.

Schedule B

Details of the Konongo Mining Permit

Nature of licence	Mining permit No 0014606/2012 permitting the Company to carry on mining in the area of the Mining Lease.
Issuing Authority	Inspectorate Division of the Minerals Commission
Validity Period	28 November 2011- 31 December 2012
Transferability	Not transferable
Revocation/Suspension	The Licence is to continue in force unless revoked prior to the expiry date
Comments	This permit is not renewable. A fresh application must be made for each permit. We understand from the Inspectorate Division of the Minerals Commission that a new mining permit will be issued upon application by Owere once it has met all regulatory and licensing requirements imposed by the Minerals Commission and the Environmental Protection Agency.

Schedule C

Details of the Konongo Prospecting Permit

Nature of licence	Prospecting Permit No 02350/2012 permitting Owere to prospect in the Asante Akyem North District.
Issuing Authority	Inspectorate Division of the Minerals Commission
Validity Period	7 May 2012 – 31 December 2012
Transferability	Not transferable
Revocation/ Suspension	The Licence is to continue in force unless revoked prior to the expiry date
Comments	<ul style="list-style-type: none">- The permit does not allow Owere to prospect outside the Asante Akyem North District.- The endorsement on the permit may be cancelled by the District Co-ordinating Director and replaced with a new endorsement to enable Owere to prospect outside the Asante Akyem North District.- Prospecting for Columbite and all minerals containing Beryllium is prohibited.- The Permit is subject to the conditions and limitations contained in the Schedule to the Konongo Prospecting Licence- By section 38(1) of Act 703, prior to an application for the extension of the term of a Prospecting Licence, the holder of the licence must give up at least half of the number of blocks of the prospecting area provided at least one hundred and twenty-five blocks remain subject to the licence and the blocks for not more than three discrete areas each consist of a single block, or there are a number of blocks each having a side in common with at least one other block in that area.

Schedule D

Environmental Obligations

1. Details of Environmental Permit issued to Owere

Nature of licence	Environmental permit No EPA/EIA/330 permitting the Company to commence the Konongo Gold Mining and Processing Project
Issuing Authority	The Environmental Protection Agency
Validity Period	22 March 2011- 21 September 2012
Transferability	Not transferable
Revocation, Suspension and Renewal	Permit may be revoked, suspended or not renewed in the following circumstances: <ul style="list-style-type: none"> - Non-satisfactory compliance with conditions and provisions of the permit; - Continued mining operations pose a serious risk to the environment, public health and safety; - Mining operations and processing activities have deteriorated below environmentally acceptable standards and best practice.
Other material provisions	The following obligations must be performed by Owere. Owere: <ul style="list-style-type: none"> - must post a reclamation bond of US\$200,880 within three (3) months from the date of the permit; - must submit the following documentation in two years or as prescribed by the EPA: (i) Updated closure plan; (ii) Closure construction and designs; and - must comply with the following reporting requirements: <ul style="list-style-type: none"> (i) within 3 months of the commencement of operations: Management and Operational Manual, Emergency Preparedness Plan, Audit Report by a third party, Water balance report; (ii) Waste Management Report within 6 months of date of issue of permit; (iii) Environmental Management Plan 18 months after commencement of construction and or operation of the Project and thereafter every 3 years; (iv) Annual Environmental report 12 months after the commencement of construction or operations; (v) monthly environmental monitoring returns. - is required to comply with the provisions of the final Environmental Impact Statement published in October 2010.

2. Details of the Reclamation Security Agreement

Nature of Agreement	The Reclamation Security Agreement is between Owere and EPA. It is dated 3 February 2012. It sets out the terms upon which Owere is to provide security (defined in the agreement as a bank guarantee and cash deposit) for the performance of its obligations in relation to the reclamation of disturbed land arising out of its mining operations.
Conditions precedent to providing the initial Security	<ul style="list-style-type: none"> - Written approval by EPA of the reclamation plan and cost estimate dated 2010. - Execution, stamping and registration of the agreement.

to the Government	
Other material provisions	<p>The following obligations must be performed by Owere.</p> <ul style="list-style-type: none"> - Obtain the required bank guarantee(s) under the agreement from a Barclays Bank with a standard & poor credit rating of at least "AA" subject to the approval of the EPA within 60 days after the date the conditions precedent are satisfied or waived by Owere; - Submission of an annual environmental report which specifies the reclamation work done on a disturbed land as of the date of the report; - Provision of a cash deposit of US\$ 200,880.00 or such other amounts as agreed from time to time. The cash deposit must be paid into an interest bearing US dollar account in the joint names of Owere and the EPA on or before the execution of the agreement. We understand from Owere that it is in the process of opening this account. - The amount of security may be reduced depending on the stage of reclamation. - Owere is to be released from all environmental responsibilities and obligations in relation to the mining lease area upon the achievement of final completion in accordance with the agreement. The cash deposit must remain in place for three (3) years after final completion where there is no acid rock drainage occurrence. Where the latter is the case, Owere has to provide the necessary remedial measures. - Owere is to bear any costs in excess of the estimate stated in the reclamation plan for completing the reclamation of the disturbed land. <p>EPA may claim under the security where:</p> <ul style="list-style-type: none"> - Owere becomes insolvent or enters into any agreement or composition with its creditor or takes advantage of any law for the benefit of debtors or goes into liquidation (compulsory or voluntary) except for amalgamation or reconstruction; or - final completion of the whole of the disturbed land is not achieved by the latest projected date in the reclamation plan and Owere is not continuing in good faith towards achieving final completion, except where the failure either to achieve final completion by the latest projected date or to continue reclamation works is caused by delay, interruption, loss or damage occasioned by force majeure. - A claim by the EPA will not preclude Owere from continuing its operation at the mine nor entitle it to revoke the environmental permit or other permits issued to Owere by the EPA. <p>Parties are to make efforts at resolving disputes in relation to the agreement in the first instance by consulting and cooperating with each other in good faith for a period of 45 days failing which the matter may be referred to an "expert" (not arbitrator) independent third party who must be a partner in a firm of independent Ghana based environmental engineers. Where a party is not satisfied with the decision of an expert, a written complaint may be made to the Minister responsible for the Environment after the matter has been referred to an expert. The Minister shall upon thereupon constitute a panel to hear the matter and make a decision based on the advice of the panel which decision shall be final.</p>

Schedule E

Basic Corporate Information

1. Owere Mines Limited

Incorporation Status	<ul style="list-style-type: none"> - Date of incorporation: 15th April 2004 - Certified to commence business from 28 April 2004 - Company No.: CA-10, 944
Registered office	Konongo, Asante Akyim, Ashanti, P.O. Box 26, Konongo
Exceptional provisions in the Regulations	<ul style="list-style-type: none"> - The registration of any transfer of shares is in the absolute discretion of the Directors. - An ordinary resolution of the Company is required for the sale or disposal of the whole or substantially the whole of the undertaking of the company. - Apart from treasury shares, any new or unissued shares have to be offered on the same terms and conditions to all the existing shareholders or all the holders of the shares of the class or classes being issued in proportion as nearly as possible to their existing holdings before it is offered to others

2. Talos (Gh) Limited

Status of Incorporation	<ul style="list-style-type: none"> - Date of incorporation: 4th March 2004 - Certified to commence business from 4th March 2004 - Company No. CA-3,478
Registered office	H/No. D700/3 Tackie Ekome Street, Accra
Exceptional provisions in the Regulations	The directors may, in their absolute discretion and without assigning any reason decline to register any transfer of shares;

Schedule G

Material Contracts

1 – Joint Venture Agreement

Nature of agreement	<p>Joint Venture Agreement between Talos and Alpina, the original shareholders of Owere providing the terms on which they would enter into a joint venture in relation to a Mining Licence for an area in Konongo.</p> <p>This agreement created an option in favour of Alpina to acquire a 70% interest in the Mining Licence and a right to conduct mineral exploration and development activities in the Concession Area ("the Option"). The agreement provided for the transfer of the Mining Licence to Owere.</p>
Parties	<ul style="list-style-type: none"> - Talos - Alpina
Date executed/Entry into force	16 April 2004
Duration	None
Key Definitions	<p>"Confirmatory Notice" means notice to be given by Alpina of its intention to proceed with the Joint Venture.</p> <p>"Consideration Shares" is defined as ordinary shares of 1p each in the capital of African Gold PLC to be issued pursuant to clause 3 of the Agreement.</p> <p>"Development Expenditure" means all expenditure incurred in relation to the</p>

	<p>Mining Licence after the completion of a Feasibility Study and prior to the commencement of mining operations.</p> <p>“Expenditure” means all expenditure incurred on the Mining Lease and in maintaining the Mining Licence in good standing;</p> <p>“Option Period” means the period from and including the Execution Date (which is the Business Day on which the last of Talos or Alpina executes the document) to the close of business on that date 6 months from the Execution Date. This agreement is dated 16 April 2004, therefore the Option Period would have expired in October 2004.</p> <p>“Option Fee” means the sum paid by Alpina to Talos in consideration for the grant of the Option. This fee is payable in instalments as set out in clause 3 of the Agreement.</p> <p>“Mining Licence” means the Mining Licence issued by the Republic of Ghana with LVB No. 749/03, Land Registry No. 206/2003 and includes all mining title, rights renewals which may be granted in respect of the area covered by the original mining lease.</p> <p>“Settlement” means the settlement and completion of all payment terms in accordance with the Agreement.</p> <p>“Settlement Date” means 10 Business Days after the Effective Date</p>
Assignability	Neither party may assign its part nor all of its rights to a third party without the prior written consent of the other party except to its parent company, subsidiary or associated company.
Termination provisions	Alpina is permitted to withdraw from the Agreement prior to the payment of Stage II of the Option Fee if it is of the opinion, inter alia, that work in respect of the Mining Lease would be unprofitable.
Governing law	Ghanaian Law
Dispute Resolution	Courts of Ghana
Other material provisions	<p><i>Option</i></p> <p>In consideration of the Option Fee to be paid by Alpina, clause 3.1 states that Talos as beneficial owner of the Mining Lease gave Alpina the option to acquire 70% interest in the Mining Licence and the right to conduct all minerals exploration and development activities.</p> <p><i>Incorporation of Owere Mines Limited</i></p> <p>The parties agreed to incorporate a company named Owere Mines Limited which would own the Mining Lease. The initial shareholding in the company was structured such that Alpina owned 70%, Talos owned 20% and the Government of Ghana owned 10%. Pursuant to this agreement, Owere has all rights to work and undertake the obligations of the agreement and the right to search and explore, develop and mine minerals found in the tenement area. It was also given the right to process, refine, store and transport all minerals extracted and to perform all other necessary activities.</p> <p><i>Structure of Owere</i></p> <p>Board</p> <p>The first Board of Directors was to consist of five members, 3 from Alpina and 2 from Talos. However by virtue of a special resolution passed by the company on 12 January 2011 the maximum number of directors was increased to 9.</p> <p>Management</p> <p>Owere must retain at least 2 suitably qualified persons from Talos to occupy senior management roles in the company.</p> <p><i>Net Smelter Royalty</i></p> <p>Upon Alpina making a decision to proceed with “Mining Operations in</p>

accordance with the Feasibility Study", and Mining Operations commence, Owere or Alpina are required by clause 7.1 of the Agreement to pay Talos a 2.5% Net Smelter Royalty as long as mining operations continue. This amount shall be calculated on a calendar monthly basis and will be equal to Gross Revenue (as defined in the Agreement) minus Deductions (as defined in the Agreement) for the month. The Net Smelter Royalty is payable quarterly in arrears.

Exercise of Option

Clause 5.1 of the Agreement states Alpina will have earned 70% interest in the Mining Licence after the completion of Stages 1 and 2 of the Option as set out below.

Stage 1- payment of the sum of US\$2 million in cash less the advance of US\$ 150,000 on Due Diligence Date (90 day period between the date of signing of the Heads of terms until 25 April 2005), paid pursuant to the Heads of Agreement signed on 6 February 2004 plus the allotment of Consideration Shares of the value of approximately but not more than US\$ 667,000;

Stage 2- payment of the sum of US\$ 1 million plus the allotment of Consideration Shares of approximately and not more than US\$333,000 on or before the day falling 6 months after the Due Diligence Date.

Annexure C(3)The value of the Consideration Shares in the two stages shall be a sum equal to the average of the middle market quotation on the Alternative Investment Market of the London Stock Exchange of an ordinary Share of £0.01 in the capital of African Gold PLC on each of the 10 dealing days preceding the date of issue of such shares, converted into US Dollars at the spot rate for the purchase of US Dollars for Sterling quoted in London at 11am on the dealing day preceding the date of the issue of that shares."

Annexure C (4) – The Consideration Shares rank *pari passu* with all shares in African Gold Plc

Settlement

Pursuant to its obligations in clause 6.2 (a) and (b), Talos delivered to Alpina a duly executed Deed of Assignment dated 13 May 2004, assigning the Mining Lease to Owere. We have not seen a letter stating that ministerial consent to assign the Mining Licence was granted. However, this is not, in our view, an issue as a new Mining Lease has been granted to Owere.

Under clause 5.8 of the Agreement, Alpina was to arrange finance to clear all debts and liabilities incurred by Talos in relation to the Mining Licence up to and including 30 April 2004. Alpina was also to arrange sufficient finance to clear all Talos agreed liabilities such that on completion the Mining Lease would be free from all liabilities. Owere would thereafter be responsible for all future liabilities. Money advanced to Talos would be deductible for Stage 1 and if additional claims are made against Talos then the responsibility for the payment of those liabilities shall lie with Talos and not the company. *Security for obligations*

As security for Talos obligations under as stated in this clause, the share certificate in respect of the shares will remain with the Escrow Agent until the shares are sold to Alpina or Alpina does not exercise its right to purchase the shares.

Equity and Contributions to Expenditure

The equity interest in the Mining Licence from the Effective Date is Alpina 70%, Talos 20% and the Government of Ghana 10%. In the event that Alpina exercises the Exclusive Additional Option to Acquire more shares as detailed below, the equity interest will be Alpina 80%, Talos 10% and the Government of Ghana 10%.

Pursuant to clause 9.2, Talos is not obligated to contribute to Expenditure or Development Expenditure.

<p>Continuing rights/obligations of the Parties</p>	<p>Clause 3.2 states that Alpina has the right to conduct minerals exploration and development activities on the area covered by the Mining Licence.</p> <p>Talos in clause 3.5 of the Agreement appoints Alpina as its lawful attorney to pay all Outgoings and to file reports in relation to the Mining Lease as required by the Minerals and Mining Law, 1986 PNDCL 153. This act is now replaced by the Minerals and Mining Act, 2006, Act 703 Act, 2006, Act 703.</p> <p>The parties each agree to give each other receipts, copies of all notices, orders, requests or written communication received in relation to the Mining Licence.</p> <p>Pursuant to clause 3.8 of the Agreement, Alpina has the option to take any action it deems fit to protect its interest under the JV Agreement, including the sole exclusive right to conduct all future Exploration, Mining, Processing and production of ore and all associated activities. Talos undertakes not to do anything which would impair Alpina's position.</p> <p>Owere to retain at least 2 suitably qualified persons from Talos to fill senior management roles in the company.</p> <p><i>Exclusive Additional Option</i></p> <p>According to clause 8.1, Alpina has the exclusive option to purchase an additional 10% in the Mining Licence through its equity interest in Owere by making a payment of US\$ 5.00 for each measured ounce of the resource after the completion of a reliable feasibility study or within 6 months of the date of settlement. Alpina must provide Talos with a statement of reserves as stated in the feasibility study.</p> <p>Talos further grants Alpina the first right of refusal to acquire the remaining 10% interest in the Mining Licence, through its equity interest in Owere. Talos is required to give Alpina written notice of its intention to sell the shares. It must also give particulars of the transaction such as the proposed buyer, the consideration to be paid and the method of valuation. Upon receipt of this notice, Alpina has 90 Business Days within which to exercise the option to purchase the shares at the price stated. If it does so, the Talos will be obligated to sell to Alpina and Alpina purchase the shares within 10 Business Days. If Alpina does not exercise the option, the Talos may within a further 90 days sell the shares to the third party at the stated price.</p> <p>Alpina covenants to assume responsibility for all future obligations, liabilities and costs in relation to the Mining Licence including, without limitation, all obligations, liabilities and costs in relation to rehabilitation, clean up, waste disposal or remedial work of any kind.</p> <p><i>Net Smelter Royalty</i></p> <p>Upon commencement of mining operations, Owere or Alpina are required by clause 7.1 of the Agreement to pay Talos a 2.5% Net Smelter Royalty as long as mining operations continue. This amount shall be calculated on a calendar basis and will be equal to Gross Revenue minus Deductions for the month.</p> <p>Talos is not obligated to contribute to Expenditure or Development Expenditure.</p> <p>Owere to retain at least 2 suitably qualified persons from Talos to fill senior management roles in Owere.</p>
<p>Comments:</p>	<ul style="list-style-type: none"> - According to this agreement and the Deed of Assignment dated 13 May 2004, the Mining Licence dated 11 December 2002 was granted to Talos for a period of 8 years. Therefore it would have expired on 10 December 2010. The Mining Lease now held by Owere is dated 25 June 2010 with LVB No. 14888. - All rights and obligations assumed by Alpina passed to Signature Metals upon the acquisition of Alpina's shares in Owere. - Alpina/Signature has not exercised the right to acquire additional 10% of Talos interest in the Mining Lease; and

	We have not been provided with evidence that Alpina has delivered to Talos evidence of the release of performance bonds and other securities imposed on Talos for the performance of any obligations in connection with the Mining Lease. Alpina is also to provide Talos with evidence of assumption of all responsibilities in respect thereof
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2- Settlement Agreement dated 1st October 2007

Nature of agreement	Settlement Agreement in respect of a dispute which arose between the parties in relation the joint venture agreement in respect of the following: a) "The reissue of Talos Share Certificate in Mwana and the provision of a Stockbroker by Mwana to trade in and sell Talos shares ("The Consideration Shares") in Mwana. b) The payment of salaries and benefits of two Directors of Talos, namely Mr. Fredrick Okine and Mr. Eric Williams as directors and employees of Owere and c) The operation of the mine and the management of the Joint Venture Agreement." This dispute led to a court action in the Fast Track Division of the High Court, Accra entitled Suit No. AL 111/2006: Talos Ghana Limited, Eric Williams and Fredrick Okine vrs Alpina Group Limited, Mwana Africa PLC, Alpinore Ghana Limited and Gustav Wolff.
Parties	<ol style="list-style-type: none"> 1. Talos Ghana Limited 2. Alpina Group Limited 3. Owere Mines Limited 4. Alpinore Ghana Limited 5. Fredrick Okine 6. Eric Williams and 7. Mwana Africa PLC ("Mwana")
Date executed/Entry into force	1 st October 2007
Key Definitions	The term "Consideration Shares" is not defined. However, it seems to us that these refer to the Consideration Shares as defined in the Joint Venture Agreement between Talos and Alpina.
Governing law	None specified
Dispute Resolution	None specified
Material provisions	<p>The parties agreed that Talos Ghana would issue a formal letter to the Registrars of Mwana, to say that it had not received the Share Certificates in order to facilitate cancellation and reissue of the Share Certificates.</p> <p>Mwana under an obligation to regularise the reissue of "the Share Certificates for Talos' consideration shares".</p> <p>Talos and Mwana shall cooperate to obtain the services of a stockbroker to trade or sell Talos Shares. Mwana was to bear the cost of cancelling and reissuing a new Share Certificate.</p> <p>With respect to the salaries and benefits of Mr. Fredrick Okine and Mr. Eric Williams, the parties agreed that the two directors have been paid US\$ 50,000 each salary excluding taxes and benefits up to 24 April 2007 in full and final settlement of all claims in respect of salaries and benefits.</p> <p>The parties also agreed that Owere would pay Talos a consultancy fee of US\$ 9,000 a month (including taxes) which shall be subject to annual review by the Owere Board. The above mentioned Joint Venture Agreement between Talos and Alpina was to be amended to reflect these changes. We have not been shown a</p>

	<p>copy of the amended agreement.</p> <p>The parties also agreed that the Board of Directors of Owere would be reconstituted. It also agreed that decisions relating to the value of the project and whether or not it was profitable to continue with the project or sell it within a period of 6 months, beginning 1st June 2007.</p> <p>The parties further agreed that the terms of settlement would be entered as a consent judgement in respect of the above mentioned suit. Mwana was also to pay costs of US\$ 10,000 to the Plaintiff.</p>
Comments:	<p>We require evidence that the Consideration Shares in Mwana were cancelled and re issued to Talos;</p> <p>It is a term of the Settlement Agreement that Mwana would assist Talos to obtain a stockbroker to enable Talos to sell its shares. We require further details in relation to this.</p> <p>We require evidence that Owere has paid consultancy fees from 1st May 2007 of US\$ 9,000 to Talos.</p>

Schedule G

Documents reviewed

1. Mining Lease between Owere Mines Limited and the Government of Ghana dated 25 June 2010
2. Mining Permit issued to Owere Mines Limited dated 28th November 2011
3. Prospecting Permits issued to Owere Mines Limited dated 7 May 2012
4. Environmental Permit issued to Owere Mines Limited dated 22 March 2011
5. Reclamation Security Agreement between EPA and OML dated 3rd February 2012
6. Certificate of Incorporation of Owere Mines Limited dated 15th April 2004
7. Certificate to Commence Business of Owere Mines Limited dated 28th April 2004
8. Company Regulations of Owere Mines Limited dated 7th February 2011 and amended by a special written resolution dated 12th January 2011
9. Agreement (Konongo Agreement) dated 8 May 2009 between Alpina and Signature
10. Joint Venture Agreement between Talos and Alpina dated 16 April 2004
11. Settlement Agreement dated 1st October 2007 between Talos, Alpina, Owere, Alpinore Ghana Limited, Fredrick Okine, Eric Williams and Mwana.

ANNEXURE G

TENEMENTS REPORT — BENTSI/ENCHILL
LE TSA & ANKOMAN

04-Jun-2012

The Directors
LionGold Corporation Limited
38 Kallang Place
Singapore 339166

Dear Sirs,

REPORT ON GHANAIAN TENEMENTS

This report is prepared for inclusion in the Bidder's Statement for the proposed takeover by LionGold Corp Limited ("LionGold") of Castlemaine Goldfields Limited, a company incorporated and registered in Australia ((ABN 45 073 531 325).

BACKGROUND AND SCOPE

LionGold is a 41% shareholder of African Stellar West Africa ("ASWA") which owns 100% shares of African Stellar Ghana Limited ("ASGL"). On or about 31st March, 2011, ASGL entered into a binding Heads of Agreement ("HOA") with Modern Africa Mines and Minerals Limited ("MAMAML") a company incorporated in Ghana with the objective of forming a special purpose vehicle company - Baghana Limited ("Baghana") being a company incorporated in Ghana. Baghana was incorporated as a limited liability company under the Companies Act, 1963 (Act 179) on 20th July, 2011, and its Certificate to Commence Business was issued on 21st July, 2011.

Under the terms of the HOA, the parties agreed that Baghana will develop and mine small scale gold concessions by entering into "mining services agreements" with the holders of small scale mining licences. The HOA, in clause 6, states that it is binding on the parties and subject only to obtaining all legal, governmental and regulatory approval, permits and consents necessary for the investment. Under the terms of the HOA:

- a) The parties agreed to form a special purpose vehicle ("SPV") i.e. Baghana, whereby 50% of the shares will be held by ASGL and 50% by MAMAML. The SPV will be the operational entity and will house the fixed and moveable assets of the mining operations on its balance sheet.
- b) ASGL will provide technical, management, geological evaluation, mining, gold recovery and environmental services to MAMAML.

LEX MUNDI

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- c) ASGL will provide the requisite investment funding to take small-scale projects into full operational production.
- d) ASGL is to provide the initial capital investment to take mutually agreed small-scale projects into operation and production.
- e) MAMAML will give ASGL the right to provide the financing (if required) and the services on all projects and/or mining/mineral concessions (within a radius of 40km of the UTM coordinates listed in the attachments to the HOA.
- f) The mining operations will be managed by ASGL.
- g) MAMAML will, at the written instructions of the SPV, transfer ownership of any concessions financed by ASGL through the SPV to the SPV for \$1.00.

Each of Baghana and MAMAML has entered into various mining services agreements with the holders of small scale mining licences that Baghana will explore, develop and mine (the "Mining Services Agreements"). The Mining Services Agreements entered into by MAMAML will be transferred to Baghana under the terms of the HOA.

LionGold has instructed us to prepare this tenement report in respect of:

- a) one small scale mining licence ("HOPAT Licence") granted to HOPAT Mining Enterprise ("HOPAT") in which LionGold has an indirect interest through the mining services agreement entered into by Baghana, in which LionGold has an indirect interest of 50% shareholding through ASWA which owns 100% shareholding in ASGL which is a 50% shareholder of Baghana.
- b) nine (9) applications for small scale mining licences and three (3) applications for Environmental Protection Agency ("EPA") permits made by various entities with whom MAMAML or Baghana has entered into a Mining Services Agreement (the "Applications"). The details of the Applications are summarised in Schedule 1. Each of the Applications has been lodged with the Minerals Commission and the EPA. Upon your request, we filed searches at the Minerals Commission, as at May 23 we have not yet received the search results, we are therefore unable to state whether the applications have been approved ; and
- c) thirteen (13) Mining Services Agreements which have been entered into by MAMAML or Baghana and which are associated with the small scale mining licence granted to HOPAT and the tenements the subject of the Applications.

Documents Examined

For the purpose of this report we have examined copies of the documents listed in Schedule 1 (collectively the “Documents”).

ASSUMPTIONS

For the purposes of this report, we have assumed the following:

- a) The authenticity of all seals and genuineness and due authorisation of all signatures and of any duty stamp and marking on all Documents examined by us;
- b) The accuracy and correctness of the instructions which we have received with respect to all matters of fact;
- c) The completeness and the conformity to original instruments of all documents submitted to us and that any document submitted to us continues unamended and in full force and effect;
- d) All corporate records, and other documents inspected by us are genuine, complete, up to date and accurate and no relevant corporate records have been withheld from us, whether deliberately or inadvertently; and
- e) All facts stated in the Documents, or letters and upon which we have relied in issuing this report are and continue to be correct and no relevant matter was withheld from us, whether deliberately or inadvertently.

QUALIFICATIONS

This report is subject to the following qualifications:

- a) We express no opinion as to factual matters or as to any laws other than the laws of Ghana in force at the date of this opinion;
- b) We have relied on the written reports of searches of public records in respect of the companies at the Companies Registry and at the Minerals Commission; and
- c) We have relied on information obtained from ASGL, MAMAML and Baghana, and where an assumption is stated to be made in this opinion we have not made any independent investigation with respect to the matters the subject of such assumption.

OPINION

Based on our review of the Documents examined and subject to the assumptions and qualifications set out above, we confirm that:

- a) The details of each of the HOPAT Licence, the Applications and the Mining Services Agreements as set out in this opinion are accurate;
- b) Each of the Applications, the details of which are set out at Schedule 2, has been made to the Minerals Commission; and
- c) Each of the Mining Services Agreements is enforceable in accordance with its terms subject to it being duly stamped.

LEGISLATION GOVERNING MINING IN GHANA

The **Minerals and Mining Act, 2006 (Act 703)** (the “Mining Act”) is the legislation that governs the exploration, development, processing and utilisation of mineral resources in Ghana. The Mining Act specifies that the Minerals Commission, under the direction of the Minister of Mines (the “Minister”), is responsible for generally supervising the proper and effective implementation of the provisions of the Mining Act and the Regulations made under the Mining Act.

Types of Mineral Rights

The types of mineral rights that can be granted under the Mining Act include the following:

- d) a reconnaissance licence;
- e) a prospecting licence;
- f) a mining lease;
- g) a restricted reconnaissance licence;
- h) a restricted prospecting licence;
- i) a restricted mining lease; or
- j) a small scale mining licence.¹

Reconnaissance

The Minister may, on an application made by a qualified person and on the recommendation of the Minerals Commission, grant a reconnaissance licence in respect of all or a part of the area

¹ Minerals and Mining Act, 2006 (Act 703) s.111

applied for and in respect of all or any of the minerals specified in the application. A reconnaissance licence may be granted for an initial period of not more than twelve months. The area of land in respect of which a reconnaissance licence may be granted is a block² or any number not more than five thousand contiguous blocks, each having a side in common with at least one other block the subject of the application.³

Prospecting

The Minister may also, on an application duly made by a qualified person and on the recommendation of the Minerals Commission, grant a prospecting licence in respect of all or any of the minerals specified in the application. A prospecting licence may be granted for an initial period not exceeding three years. The area of land in respect of which a prospecting licence may be granted must be a block or a number not exceeding 750 contiguous blocks each having a side in common with at least one other block which is the subject of the application. The Minister may extend the term of the licence if a holder of a reconnaissance licence applies for a prospecting licence over all or part of the land and for a mineral the subject of the reconnaissance licence and the holder has materially complied with the obligations imposed by this Act with respect to the holding of the licence, and the activities to be conducted under the licence.⁴

Mining Lease

A holder of a reconnaissance licence or a prospecting licence may, prior to the expiration of the licence, apply for one or more mining leases in respect of all or any of the minerals the subject of the licence and in respect of all or any one or more of the blocks which constitutes the reconnaissance or prospecting area except that the blocks must form not more than three discrete areas.⁵ A mining lease may be granted for an initial term of thirty years or for a lesser period that may be agreed with the applicant.⁶ A holder of a mining lease may, at any time but not later than three months before the expiration of the initial term of the mining lease or a shorter period that the Minister allows, apply in a prescribed form to the Minister for an extension of the term of the lease for a further period of thirty years in respect of all or any number of contiguous blocks the subject of the lease and in respect of all or any of the minerals the subject of the lease.⁷

Small Scale Mining

No person is allowed to engage in or undertake a small scale mining operation for a mineral unless there is in existence in respect of the mining operation a licence granted by the Minister for Mines or by an officer authorised by the Minister.⁸

A licence for small scale mining operation cannot be granted to a person unless that person:

² "block" means 21 hectares
³ *Ibid.*, s.31
⁴ *Ibid.*, s.33
⁵ *Ibid.*, s.39
⁶ *Ibid.*, s.41(1)
⁷ *Ibid.*, s.44
⁸ *Ibid.*, s.82

- a) is a citizen of Ghana;
- b) has attained the age of eighteen years; and
- c) is registered by the office of the Minerals Commission in a designated area.⁹

A small scale mining licence granted to a person, a group of persons, a co-operative society or a company will be for a period not more than five years from the date of issue in the first instance and may be renewed on expiry for a further period that the Minister may determine.¹⁰

Qualification for Grant of Mineral Right

With exceptions provided in the Mining Act, a mineral right cannot be granted to a person unless the person is a body incorporated under the Companies Act, 1963 (Act 179), under the Incorporated Private Partnerships Act, 1962 (Act 152) or under any other enactment in force.¹¹

Application for Mineral Rights

An application for a mineral right must be submitted to the Minerals Commission in the prescribed form and must be accompanied with a statement providing:

- a) particulars of the financial and technical resources available to the applicant for the proposed mineral operations;
- b) an estimate of the amount of money proposed to be spent on the operations;
- c) particulars of the programme of proposed mineral operations; and
- d) particulars of the applicant's proposals with respect to the employment and training in the mining industry of Ghanaians.

Revocation of licence

The Minister may revoke a licence granted to a small scale miner, where:

- a) the Minister is satisfied that the licensee has contravened or failed to comply with a term or condition of the licence or a requirement applicable to the licensee;
- b) the licensee is convicted of any offence relating to the smuggling or illegal sale or dealing in minerals; or
- c) the Minister is satisfied that it is in the public interest to do so.

⁹ Ibid., s.83

¹⁰ Ibid.s.85

¹¹ Ibid.s.10

Environmental Laws and Regulations

The Environmental Protection Agency (the “Agency”) is the lead agency in environmental protection and administration. The Environmental Protection Agency Act, 1994 (Act 490) governs the activities of the Agency. The Agency has the responsibility to ensure compliance with the laid down environmental impact assessment procedures in the planning and execution of development projects, including compliance in respect of existing projects.

A mineral rights holder is thus required to submit, to the Agency, an Environmental Impact Assessment (“EIA”). If the EPA is satisfied with the EIA, it will issue an EPA Permit for the project. The Agency is the lead agency that implements the EIA and handles the review and evaluation of the environmental impact of development projects. The Agency is under an obligation to inform the organ or the department of government that has responsibility for the issue of a licence, permit, an approval or a consent in connection with a matter affecting the environment, that the organ or department shall not grant the licence, permit, approval or consent unless with the prior approval in writing of the Agency.¹²

Stamping

The Stamp Duty Act, 2005 (Act 689) (“Act 689”) mandates the payment of stamp duty on any instrument chargeable with a duty. The various Mining Services Agreements are ‘instruments’ as defined by the Act, namely, printed or written documents. Any chargeable instrument executed in Ghana or executed outside Ghana but related to property situated in Ghana must be stamped. Equally, any chargeable instrument related to any matter or thing done or to be done in Ghana is not admissible in evidence, nor is it available for any purpose unless it is stamped in accordance with the law. However, in accordance with section 12(2) of Act 689, an instrument chargeable may be stamped after payment of the unpaid duty in addition to a penalty of a value equivalent to two and a half penalty units. (A penalty unit is GHC12).

Lands Registry

The Lands Registry Act, 1962 (Act 122) (“Act 122”) requires the registration of any instrument affecting land situate in Ghana. Instruments affecting land within a declared registration district are registered under the Land Title Registration Act, 1986 (PNDC 152) while an instrument affecting Land that is not within a declared registration district is registered under Act 122. Any lease or concessions must be stamped and registered because an instrument affecting land does not have effect until it is registered.¹³ Before an instrument affecting land can be registered or entered into the land title register, the instrument or document containing particulars of title must be stamped.¹⁴ If the instrument is not stamped, it is not available for any purpose including registration.

¹² Environmental Protection Agency Act, 1994 (Act 490), S.12

¹³ Land Registry Act, 1962 (ACT 122), s.24

¹⁴ Land Title Registration Act, (PNDC 152)1986, s.95

Mining Services Agreements

Mining services agreements with small scale miners are not covered by the Minerals and Mining Act. In practice, however, and as a matter of prevailing contract law in Ghana, small scale licence holders commonly enter into mining services agreements that are fully recognised as binding contracts and will be available for any purpose or as evidence in court if they are stamped.

The thirteen (13) Mining Services Agreements entered into between MAMAML or Baghana and the small scale miners are on the same terms and these terms are not unusual for mining services agreements with small scale miners in Ghana.

We summarize the key terms of the Mining Services Agreements entered into between MAMAML or Baghana, as "Contractor", as applicable, and various small scale mining entities, as Licensee, below:

- I) **Purpose:** The purpose of the Mining Services Agreement is to provide skilled technical services and expertise relating to mining, to aid in the production of minerals.
- II) **Duration:** From commencement date until termination under section 9 of the Mining Service Agreement.
- III) **Termination (section 9):** The Mining Service Agreement shall remain in force and effect until the earlier of:
 - (a) such time as is required by the underlying licenses, permits, approvals, or extensions thereof, are terminated by the Government of Ghana; or
 - (b) in the Contractor's judgment there remain no economic grades of minerals to be mined;
 - (c) The Contractor may terminate the agreement after one month's notice in writing to the Licensee, if the licensee commits a breach of the mining service agreement or is unable to pay its debts and enters into voluntary liquidation.
- IV) **Terms of payment:** The Contractor shall charge a fee of 85% of the gross value of minerals mined, processed and paid by an authorized buying agent. The remaining 15% shall be paid to the Licensee. The 15% shall be paid by the Contractor within 15 days of receiving the payment from the authorized purchaser.

The fees will have to be charged after the payment of royalty to government. This is because the 5% royalty is on the total revenue earned from minerals obtained by the licence holder.

Additionally, the Contractor shall pay the Licensee a \$15,000 entry fee on or before the execution of the Mining Service Agreement.

Each of the Mining Services Agreements with View Tcc Enterprise, Mam Enterprise, Kuruko Enterprise, E.A.T Enterprise and Booman Enterprise have a slightly different term which is that the Contractor shall pay the Licensee \$15,000 entry fee of which \$3,000 shall be paid on or before the execution of the Mining Service Agreement \$3,000 after receiving EPA permit and the balance paid after the required license is received.

V) **Governing Law:** The laws of the Republic of Ghana.

Yours faithfully,


Benjamin Enchil, Letsa & Ankomah

SCHEDULE 1

DOCUMENTS REVIEWED

- Mining Service Agreement between E. BOAT ENTERPRISE and MAMAML dated 16th June 2011;
- Mining Service Agreement between IOPAT MINING ENTERPRISE and BAGHANA LTD/ KASHMIR (not dated);
- Mining Service Agreement between RAINBOW DOR MINING ENTERPRISE and BAGHANA LTD/ KASHMIR (not dated);
- Mining Service Agreement between ABAWSO MINING GROUPS and MAMAML dated 15th May 2011;
- Mining Service Agreement between DYNACOFA ENTERPRISE and MAMAML, dated 6th June 2011;
- Mining Service Agreement between NUBUKE MINING ENTERPRISE and MAMAML dated 20th June 2011;
- Mining Service Agreement between AMOAKI ENTERPRISE and MAMAML dated 16th June 2011;
- Mining Service Agreement between BOOMAN ENTERPRISE and BAGHANA LIMITED dated 4th November, 2011;
- Mining Service Agreement between KURUKRO ENTERPRISE and BAGHANA LIMITED dated 4th November, 2011;
- Mining Service Agreement between VIEW TEC ENTERPRISE and BAGHANA LIMITED dated 4th November, 2011;
- Mining Service Agreement between E.A.T ENTERPRISE and BAGHANA LIMITED dated 4th November, 2011;
- Mining Service Agreement between MAM ENTERPRISE and BAGHANA LIMITED dated 4th November, 2011;
- Mining Service Agreement between AKOMAN ENTERPRISE and BAGHANA LIMITED dated 4th November, 2011;
- Minerals Commission receipt No: 0036949 dated 3rd August, 2011 and application letter for small-scale mining licence for E. BOAT ENTERPRISE dated 29th August, 2011;

- Application letter for small-scale mining licence for DYNACOFA Enterprise dated 29th August, 2011;
- Minerals Commission receipt No: 0038298 dated 8th November, 2011 and application forms for small-scale mining licence for BOOMAN ENTERPRISE dated 14th October, 2011;
- Minerals Commission receipt No: 0038351 dated 8th November, 2011 and application forms for small-scale mining licence for VIEW TEC ENTERPRISE dated 14th October, 2011;
- Minerals Commission receipt No: 0038355 dated 8th November, 2011 and application forms for small-scale mining licence for MAM ENTERPRISE dated 14th October, 2011;
- Minerals Commission receipt No: 0038352 dated 8th November, 2011 and application forms for small-scale mining licence for E.A.T ENTERPRISE;
- Minerals Commission receipt No: 0038356 dated 8th November, 2011 and application forms for small-scale mining licence for AKOMAN ENTERPRISE dated 14th November, 2011;
- Minerals Commission receipt No: 036948 dated 3rd August, 2011 and Letter to Minerals Commission from AMOAKI ENTERPRISE indicating presentation of new coordinates dated 7th October, 2011; and
- Minerals Commission receipt No: 0038354 dated 8th November, 2011 and application forms for small-scale mining licence for KURUKO ENTERPRISE dated 14th October, 2011.
- SMMI 1 form No. 1005/11 for E.Boat Enterprise, submitted on 5th May, 2011
- SMMI 1 form No. 1004/11 for Amoaki Enterprise, submitted on 5th May, 2011
- SMMI 1 form No. 1002/11 for Dynacofa Enterprise, submitted on 5th May, 2011

SCHEDULE 2

TENEMENTS AND RELATED AGREEMENTS

TENEMENTS	REGISTERED TENEMENTS	DATE OF GRANT	TERM	EPA PERMIT NUMBER	RELATED MINING SERVICES AGREEMENTS	
SMALL SCALE MINING LICENCES GRANTED						
1	25 acres concession at Denkyira Abora registered as 4239597/HC 2611/10 at the deeds registry and stamped as LVD/6606/10	HOPAT Mining Enterprise	10 th May, 2010	5 year term 9 th May 2015	EPA/SMMI1 /722/10	Mining Services Agreement between HOPAT Mining Enterprise and Baghana/Kashmir dated on or about July, 2011 [
APPLICATIONS FOR SMALL SCALE MINING LICENCES SUBMITTED						
1	Nubuke Mining Enterprise's concession at Denkyira Abora	Nubuke Mining Enterprise	Not Applicable	Not Applicable	Not Applicable	Mining Services Agreement between Nubuke Mining Enterprise and MAMAML dated 20 th June, 2011
2	E. Boat Enterprise's concession at Wasa Akropong	E. Boat Enterprise	29 th August, 2011		SMMI form No. 1005/11 submitted on 5 th May, 2011	Mining Services Agreement between E. Boat Enterprise and MAMAML, dated 16 th June, 2011

3	Dynacofa Enterprise's concession at Wasa Akropong	Dynacofa Enterprise	29 th August, 2011	Not Applicable	SMMI 1 form No. 1002/11 submitted on 5 th May, 2011	Mining Services Agreement between Dynacofa Enterprise and MAMAML dated 6 th June, 2011
4	Amoaki Enterprise's concession at Wasa Akropong	Amoaki Enterprise	3 rd August, 2011	Not Applicable	SMMI 1 form No. 1004/11 submitted on 5 th May, 2011	Mining Services Agreement between Amoaki Enterprise and MAMAML dated 16 th June, 2011
5	Rainbow Dor Enterprise's concession at Dunkwa	Rainbow Dor Enterprise	Not Applicable	Not Applicable	Not Applicable	Mining Services Agreement between Rainbow Dor Enterprise and Baghana/Kashmir dated on or about July, 2011
6	Booman Enterprise's concession at Wasa Akropong	Booman Enterprise	14 th October, 2011	Not Applicable	Not Applicable	Mining Services Agreement between Booman Enterprise and Baghana dated 4 th November, 2011
7	Kurukro Enterprise's concession at Wasa Akropong	Kurukro Enterprise	14 th October, 2011	Not Applicable	Not Applicable	Mining Services Agreement between Kurukro Enterprise and Baghana dated 4 th November, 2011
8	View Tec Enterprise's concession at Wasa Akropong	View Tec Enterprise	14 th October, 2011	Not Applicable	Not Applicable	Mining Services Agreement between View Tec Enterprise and Baghana dated 4 th November, 2011
9	Mam Enterprise's concession at Wasa	Mam Enterprise	14 th October, 2011	Not Applicable	Not Applicable	Mining Services Agreement between Mam Enterprise and

	Akropong.					Baghana dated 4 th November, 2011
10	Akoman Enterprise's concession at Wasa Akropong	Akoman Enterprise	14 th November, 2011	Not Applicable	Not Applicable	Mining Services Agreement between Akoman Enterprise and Baghana dated 4 th November, 2011
11	E.A.T Enterprise's concession at Wasa Akropong	E.A.T Enterprise	8 th November, 2011	Not Applicable	Not Applicable	Mining Services Agreement between E.A.T Enterprise and Baghana dated 4 th November, 2011
12	Abawso Mining Groups concession at Wassa Amenfi	Abawso Mining Groups	Not Applicable	Not Applicable	Not Applicable	Mining Services Agreement between Abawso Mining Groups and MAMAML dated 15 th May 2011

SCHEDULE 3

SMALL SCALE MINING LICENCE GRANTED TO HOPAT MINING ENTERPRISE

- i. **The type and reference number of licence:** Small Scale Mining Licence registered as 4239597/HC261 I/10 at the deeds registry and stamped as LVD/6606/10.
- ii. **The date of grant:** 10th May, 2010.
- iii. **Registered licence holder:** HOPAT Mining Enterprise.
- iv. **Initial term:** Five years.
- v. **Ability to renew or extend the initial term of the licence:** The licence is renewable on agreed terms if the licensee applies to the Government in writing not less than three months before the expiration of the licence and if the licensee has not defaulted in the performance of any of its obligations under the licence.
- vi. **Minimum expenditure requirements:** A small scale mining licence has no minimum expenditure requirements.
- vii. **Work obligations:** There are no work obligation requirements for a small scale mining licence.
- viii. **Requirements to surrender part of the area during the course of the term:** There is no requirement for a small scale licence holder to surrender any part of the licenced area during the course of the term.
- ix. **Environmental obligations:** Environmental permit number EPA/SMM11/722/10 granted to HOPAT Mining Enterprise requires the permit holder to:
 - a) Fill pits dug within three months after completion of operation.
 - b) Conduct concurrent reclamation.
 - c) Re-vegetate the reclaimed land with indigenous and economic trees eg. Acacia, Cassia, Oil palm etc.
 - d) Provide detailed information with pictorial evidence on the reclaimed portion of disturbed areas of the concession before renewal of the permit.
 - e) Rehabilitate an abandoned site to a condition compatible with the pre-existing land use of the area within three months of abandonment and report to the Environmental Agency for verification.

-
- x. **Reporting requirements:** The licence is required to furnish the Minister of Lands and Natural Resources and the Head of the Inspectorate Division of the Minerals Commission, not later than the 15th day of every month, a report showing quantities of gold/diamonds won and sold in the preceding month. ✓



ANNEXURE H

TENEMENTS REPORT - JOHN W FFOOKS & Co

John W. Ffooks & Co
Legal Advisors – Investment and Strategy Consultants

To: The Directors
LionGold Corp Ltd
("LionGold")

8 June 2012

Dear Sirs

Report on Malian Tenements

This legal opinion (the "**Opinion**") is prepared for inclusion in the Bidder's Statement for the proposed takeover by LionGold of Castlemaine Goldfields Limited, a company incorporated and registered in Australia with registration number ABN 45 073 531 325 (the "**Transaction**").

The primary purpose of this Opinion is to address the legal status of certain gold and Group II mineral mining interests (as defined in Schedule 1) located in the Cercle de Bougouni region of the Republic of Mali (the "**Interests**") granted to or owned by EMAS Mali SA (the "**Company**"), a wholly owned subsidiary of Mornington Offshore Inc, a British Virgin Island-registered company whose registered office is Portcullis Chambers PO Box 3444, Road Town, Tortola, British Virgin Islands incorporated with company number 1013967 ("**Mornington**"), and the legal status of the Company.

Details of the Interests and the licence and concessions (the "**Licenses**") are set out in paragraph 2 and in Schedule 1 of this Opinion.

We have examined such documents as we have considered necessary for the purposes of giving this Opinion including executed copies (if applicable) of each of those documents listed in Schedule 2 to this Opinion (each a "**Relevant Document**" and together the "**Relevant Documents**").

In such examination, we have assumed:

- (a) the genuineness of all signatures and the authenticity of all documents submitted to us as originals;
- (b) the conformity to originals of all documents submitted to us as certified or reproduced copies (unless it is clear to us that such is manifestly not the case); and
- (c) that all parties to each of the Relevant Documents (other than the Company) have full power and authority to enter into, and have duly executed and delivered each of the Relevant Documents.

1. LAW RELEVANT TO THE INTERESTS

Mining law in the Republic of Mali is governed by the 1999 *Code Minier*, together with interpretative *Décrets* 99-25/PM-RM and 99-255/PM-RM of 15th September 1999 implementing *Ordonnances* 99-032/P-RM of 19th August 1999 and 013/P-RM of 10th February 2000 (collectively referred to as the "**Code**").

Under the Code, all mining permits (other than research permits) are granted by way of a *Convention d'Établissement* (Establishment Agreement), the contents of which will set out the

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rights and obligations of the State and the permit holder. The State is entitled to a 10-20% shareholding interest in any local mining company holding a Malian exploitation permits, the terms of which participation are set out in the Establishment Agreement.

There are five types of mining permit/authorisation in the Republic of Mali: exploration authorisation, prospection authorisation, research permit (or exploration permit), exploitation permit and small mining authorisation. No permit is valid without the signature of the Minister of Mines confirmed by an “*arrêté*” (ministerial order). The *Direction Nationale de la Géologie et des Mines* (the National Office of Geology and Mines referred to hereinafter as the “DNGM”) is responsible for the administration of authorisations and permits. The research permit and the exploitation permit are discussed below in more detail.

Research Permits

A research permit is issued by ministerial *arrêté* for a period of three (3) years and grants exclusivity to the holder for the substances stated on the permit. It is renewable twice for the same period but on each renewal, the holder must give up half the area held.

A research permit consists of a real property right (but not of itself a right over land). As such it is indivisible and chargeable. It is also assignable but this is subject to the prior authorisation of the Minister of Mines.

Holders of a research permit have an obligation to report regularly to the DNGM concerning their activity and results. Separate environmental reports must be filed during exploration and the DNGM will issue a “certificate of conformity” following the completion of exploratory works confirming that the ground concerned has been put back to its original state.

The holder of a research permit benefits from certain tax concessions, namely exemption from VAT and all direct and indirect taxes on profit. Employee taxes are not exempt, nor are regular registration taxes and charges.

A research permit is subject to a fee of CFA1,000/km² for the first validity period. This increases to CFA1,500/km² for the second period and CFA 2,000 per km² for the third (final) period.

Exploitation (Mining) Permits

An exploitation permit is issued by a *décret* from the Prime Minister of the Republic of Mali. It is granted following submission of evidence to the DNGM that the resource concerned is commercially exploitable. The application must be accompanied by a detailed environmental and social impact assessment. The Exploitation Permit is granted for thirty (30) years renewable in tranches of ten (10) years until the reserve is exhausted.

On the grant of the exploitation permit, the applicant must incorporate a Malian registered company in which the State is entitled to a 10% free carry. The State is entitled to an additional 10% on commercial terms. The State’s free carry interest entitles it to priority dividends on distributable profits and is free of any charges or encumbrances.

The holder of an exploitation permit has certain tax concessions, including a 3-year VAT holiday, exemption from ad-valorem tax and a five-year import duty holiday.

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Exploitation permits carry a renewal fee of CFA100,000 per year.

Exploration Authorisations

An exploration authorisation (“*autorisation d’exploration*”) is issued at the request of the prospector by the Director of DNGM subject to the payment of an application fee for a period of ninety (90) days and grants exclusivity to the holder of such authorisation basic exploration rights to conduct exploration activities in respect of the substances stated on the authorisation. It may be renewed once for the same period.

An exploration authorisation does not consist of a real property right. As such it is neither indivisible or chargeable, nor may it be assigned. Once an exploration authorisation has expired, holders have a 3 month pre-emptive right period to apply for their authorisation to be transformed to either a research permit or a prospection authorisation. They also have an obligation to report to the DNGM at the expiration of the authorisation on activities that have been carried out as well as the results of such activities.

The holder of an exploration authorization does not benefit from tax and/or custom concessions.

2. SUMMARIES OF THE LICENCES AND AUTHORISATIONS

- 2.1 Arrêté No. 10-2353 dated 29 July 2010 granting a research permit entitled “PR 10/419 PERMIS DE RECHERCHE DE DOUGOUFIN (CERCLE DE BOUGONI)” in favour of the Company in respect of the Dougoufin region of the Republic of Mali for an area of 174 km². The research permit is made in connection with the exploration of gold and other minerals classified as “Group II”. The research permit is valid for a period of 3 years from the date of signature and may be and may be renewed twice for the same period. The minimum amount of money that must be spent by the permit holder on research-related expenses (“*dépenses en travaux de recherche*”) is CFA 500,000: CFA 102,000 in year 1, CFA 164,000 in year 2, CFA 234,000 in year 3.
- 2.2 Arrêté No. 10-2354 dated 29 July 2010 granting a research permit entitled “PR 10/420 PERMIS DE RECHERCHE DE KOLASSOKORO (CERCLE DE BOUGONI)” in favour of the Company in respect of the Kolassokoro region of the Republic of Mali for an area of 250 km². The research permit is made in connection with the exploration of gold and other minerals classified as being within “Group II”. The research permit is valid for a period of 3 years from the date of signature and may be and may be renewed twice for the same period. The minimum amount of money that must be spent by the permit holder on research-related expenses (“*dépenses en travaux de recherche*”) is CFA 514,000: CFA 110,000 in year 1, CFA 170,000 in year 2, CFA 234,000 in year 3.

(together the “**Research Permits**”)

- 2.3 Authorisation no. 000554/DNGM dated 18 March 2011 granting an exploration authorisation in favour of the Company in respect of the Bougouni-Est, Cercle de Bougouni, Sikasso region of the Republic of Mali for an area of approximately 43 km². The authorisation is made in connection with the exploration of gold and other minerals classified as “Group II”. The exploration authorisation is valid for ninety (90) days from the date of issue and may be renewed once for the same period (the “**Bougouni-Est Authorisation**”).

John W. Ffooks & Co
Legal Advisors – Investment and Strategy Consultants

- 2.4 Authorisation no. 0002066/DNGM dated 25 August 2011 granting an exploration authorisation in favour of the Company in respect of the Bougouni-Est, Cercle de Bougouni, Sikasso region of the Republic of Mali for an area of approximately 43 km². The authorisation is made in connection with the exploration of gold and other minerals classified as “Group II”. The exploration authorisation is valid for ninety (90) days from the date of issue and may be not be renewed (the “**Renewed Bougouni-Est Authorisation**”).
- 2.5 Authorisation no. 000555/DNGM dated 18 March 2011 granting an exploration authorisation in favour of the Company in respect of the Sola, Cercle de Bougouni, Sikasso region of the Republic of Mali for an area of approximately 30 km². The authorisation is made in connection with the exploration of gold and other minerals classified as “Group II”. The exploration authorisation is valid for ninety (90) days from the date of issue and may be renewed once for the same period (the “**Sola Authorisation**”).
- 2.6 Authorisation no. 0002065/DNGM dated 25 August 2011 granting an exploration authorisation in favour of the Company in respect of the Sola, Cercle de Bougouni, Sikasso region of the Republic of Mali for an area of approximately 30 km². The authorisation is made in connection with the exploration of gold and other minerals classified as “Group II”. The exploration authorisation is valid for ninety (90) days from the date of issue and may be not be renewed (the “**Renewed Sola Authorisation**”).
- 2.7 Authorisation no. 000556/DNGM dated 18 March 2011 granting an exploration authorisation in favour of the Company in respect of the Bassa, Cercle de Bougouni, Sikasso region of the Republic of Mali for an area of approximately 126 km². The authorisation is made in connection with the exploration of gold and other minerals classified as “Group II”. The exploration authorisation is valid for ninety (90) days from the date of issue and may be renewed once for the same period (the “**Bassa Authorisation**”).
- 2.8 Authorisation no. 0002064/DNGM dated 25 August 2011 granting an exploration authorisation in favour of the Company in respect of the Bassa, Cercle de Bougouni, Sikasso region of the Republic of Mali for an area of approximately 126 km². The authorisation is made in connection with the exploration of gold and other minerals classified as “Group II”. The exploration authorisation is valid for ninety (90) days from the date of issue and may not be renewed (the “**Renewed Bassa Authorisation**”).
- (together the “**Renewed Authorisations**”).
- 2.9 Authorisation no. 0002231/DNGM dated 21 September 2011 granting an exploration authorisation in favour of EMAS Keikoro Sarl in respect of the zone of Kékoro, Rural commune of Domba, Cercle de Bougouni, Sikasso region of the Republic of Mali for an area of approximately 47 km². The authorisation is made in connection with the exploration of gold and other minerals classified as “Group II”. The exploration authorisation is valid for ninety (90) days from the date of issue and may be renewed once for the same period (the “**Keikoro Authorisation**”).

On 21 November 2011 the Company submitted an application to the DNGM to transform the Renewed Authorisations into research permits. Further to this application, confirmation from the DNGM is delivered to the applicant following receipt of a complete dossier. Then, an Establishment Agreement is normally signed between the applicant and the Malian Government.

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Finally, the research permits are issued within 30 days following signature of the Establishment Agreement. We understand that to date the Company has still not received any research permits.

Concerning the Keikoro Authorisation, an Establishment Agreement (the “**Keikoro Establishment Agreement**”) between the Malian Government and Emas Keikoro Sarl (“**Emas Keikoro**”) was signed on 9 January 2012.

On 9 January 2012, following issuance of our legal opinion dated 16 December 2011, Ismail Baba Cissé, the *gérant*/country company manager of Emas Keikoro (the “**Emas Keikoro Manager**”) provided us with an executed copy of this document. Since that date we have seen nothing to give rise to any belief that anything has changed with regard to the Keikoro Establishment Agreement since 9 February 2012 and the relevant mining permit has not yet been issued by the DNGM. We understand that as a result of non-issuance of this permit by the DNGM Emas Keikoro has not paid the relevant mining fees. Article 103 of the *Ordonnance* 99-032/P-RM of 19th August 1999 provides that the granting of a mining permit is subject to the payment of the relevant mining fee (“*taxe de deliverance de permis minier*”). The non – payment of such mining fees would not lead to de-registration of the permit in questions as it has yet to be issued. Instead, non-payment of mining fees would result in the non-issuance of the relevant permit.

3. **CAPACITY**

- 3.1 The Company has been duly incorporated and is validly existing under the laws of the Republic of Mali as a ‘*Société Anonyme*’ with an *administrateur general* (“**AG**”). The Company’s AG is Mr Ismail Baba Cisse.
- 3.2 The Company is 100% owned by Mornington, is a validly existing separate legal entity and holds a 80% interest in EMAS Keikoro Sarl (“**EMAS Keikoro**”). Sourakata Mining & Trading Company (“**SOMI**”) holds the remaining 20% interest in EMAS Keikoro.
- 3.3 The Company has the requisite power and authority and have been duly authorised to enter into, deliver and perform its obligations under each of the Relevant Documents to which it is a party and has the capacity to sue and be sued in its own names.
- 3.4 Each of the Relevant Documents to which the Company is a party constitutes or will, when executed and delivered, constitute, and any other document required to be executed by the Company pursuant to the provisions of any of the Relevant Documents will constitute, when executed and delivered, valid and binding obligations of the Company, enforceable in accordance with their respective terms.
- 3.5 The terms of the Transaction and the execution and delivery of, and the performance by the Company of its obligations under each of the Relevant Documents to which it is a party, and the consummation of the transactions or arrangements contemplated therein, do not and will not, and each such document does not and will not:
- (i) result in a breach of any provision of the articles of association and/or other constitutional documents of the Company; or

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- (ii) result in a breach of, or constitute a default under any agreement, instrument, authorisation or licence to which the Company is a party or by which Company or any of its properties or assets is bound or subject; or
 - (iii) result in a breach of any laws and any applicable regulations or orders made thereunder to which the Company is subject or by which any of its properties or assets is bound or of any judgment order or decree of any court having jurisdiction over it.
- 3.6 The Company is duly qualified to transact business in the Republic of Mali where such qualification is required.
- 3.7 The Company possesses such certificates, authorities, permissions, consents or permits issued by the appropriate national, provincial, municipal or local regulatory agencies or bodies necessary to conduct the business now operated it and the Company has not received any oral or written notice of proceedings relating to the revocation or modification of any such certificate, authority, permission, consent or permit.
- 3.8 We have been informed by the Company that the Company has not taken any action nor have any steps been taken nor any legal, legislative, or administrative proceedings been started or threatened:
- (i) to wind up, dissolve, eliminate or re-organise the Company;
 - (ii) to withdraw, revoke or cancel the Company's business licence; or
 - (iii) to appoint a receiver, administrative receiver, administrator trustee or similar officer of it or any of the Company's assets.
- 3.9 No provision of the Relevant Documents contravenes in any way the laws or applicable regulations of the Republic of Mali.
- 4. INTERESTS**
- 4.1 The Company has good and marketable title to and is the beneficial owner of and each has the legal right and authority to own, use, lease and operate the Interests, its assets and to conduct their existing business, trade and operations.
- 4.2 The Company is the current holder of the Licences listed in Schedule 1 to this Opinion which give rise to the Interests and grant the Company the right to conduct resource use operations with respect to land located in the located in the Cercle de Bougouni region of the Republic of Mali (the "**Projects**"). The Licences are evidence of the granting of resource use rights with respect to the Projects in accordance with the laws of the Republic of Mali. The Licences constitute legal, valid and binding obligations of the Company, enforceable in accordance with their terms.
- 4.3 Each ministerial order or "*arrêté*" states the following material terms:
- The holder of research permit no. 10/419 must spend a minimum amount of CFA 500,000 on research-related work ("*dépenses en travaux de recherche*") as follows: CFA 102,000 in year 1, CFA 164,000 in year 2, CFA 234,000 in year 3.

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- The holder of research permit no. 10/420 must spend a minimum amount of CFA 514,000 on research-related work (“*dépenses en travaux de recherche*”) as follows: CFA 110,000 in year 1, CFA 170,000 in year 2, CFA 234,000 in year 3.
 - The holder of a mining permit must submit to the DNGM:
 - in the second month following issuance of a permit, a provisional operations program and budget;
 - before 1 December of every year the operations program for the following year and related expenses
 - in the first 15 days of every quarter a quarterly statement summarising its activities relating to the previous quarter including: details of actual research work undertaken (including site coordinates), proposed work to be undertaken, a description of the work completed/to be undertaken, results of any site samples or data taken from the site, associated costs related to research work
 - in the first quarter of every year an annual report containing detailed information on activities undertaken and results obtained in connection with surveys and wells, geophysical, geological and geochemical site data and samples, and all logging.
 - Each report submitted to the DNGM by a permit holder must include all details of how and the manner in which such results were obtained as well as any further observations or comments following site visits.
 - Where the permit holder proposes to engage the services of a third party in connection with the research permit the DNGM must be notified beforehand.
- 4.4 There are no conditions or restrictions attached to the mining permit that may impact on the exploration, mining or transfer of such permit other than those set out in:
- the Code including environmental provisions; and
 - the payment of the permit fees which depends on the validity period of the mining permit.

5. MATERIAL LITIGATION

So far as we are aware, the Company has not been engaged in any legal or arbitration proceedings which may have, or have had during the 24 months preceding the date of this opinion, a significant effect on the Interests, nor are any such proceedings pending or threatened.

6. MATERIAL CONTRACTS

We have considered the material contracts forming part of the Relevant Documents and confirm that we are not aware of any other contracts material for disclosure.

7. OPINION

In issuing this Opinion:

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- We have carried out searches of the mining registry and the companies registry in Bamako, we have examined the corporate records of the relevant governmental authorisations or orders, the certificates of public officials or of representatives of the parties, and other documents stated under this Opinion, and our Opinion is qualified in that regard;
- where compliance with the DNGM or statutory requirements necessary to maintain the Licences in good standing is not disclosed on the face of the documents referred to above, unless the non-compliance has come to our attention as a result of our investigations, we express no opinion on that compliance or permit. We have made reasonable and diligent enquiries to ensure that matters that should have come to our attention have done so; and
- after due enquiry, we are not aware of any material adverse change has taken place since the execution of the documents listed in this opinion, which would affect, undermine or otherwise alter their validity.

Based on our review of the documents examined and subject to the statements set out herein and based on the information we have received from the Company, we confirm that at the date of this Opinion that:

- each of the research permits listed in Schedule 1 of this Opinion to our knowledge is correctly registered at the DNGM in the name of the Company, and that the Company is able to exploit it freely without reference to any other party subject to the terms of the Code;
- in accordance with the Code a request was submitted by the Company to the DNGM to transform the Renewed Authorisations into research permits.
- prior to the expiry of the Renewed Authorisations on 22 November 2011, and in accordance with the Code, the Company submitted a request dated 21 November 2011 to the DNGM to transform the Renewed Authorisations from into research permits. The Company is awaiting confirmation that this process has been completed and is therefore currently not in receipt of the new research permits (i.e. the former Renewed Authorisations). Please note that although the procedure for the transfer of an exploration authorisation into a research permit is an administrative formality at the DNGM.
- We have reviewed the Company's application for the transformation of the Bongouni-Est, Sola and Bassa Renewed Authorisations. However, to date we have neither received nor reviewed a copy of the *Projet de Convention d'Établissement* (draft Establishment Agreement) for any of these Renewed Authorisations. Please note that the application for a research permit should include this document.
- We are unaware if any Establishment Agreements have been entered into further to the Renewed Authorisations.
- We have been advised by counsel that Emas Keikoro has yet to pay the mining issuance fee in respect of the research permit provided by the Keikoro Establishment Agreement and that this fee remains outstanding.

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- We have also been advised by counsel that the Company has not paid the annual mining fees for 2011 and 2012 in respect of the Research Permits. This needs to be resolved as soon as practicable as the non-payment of any tax or fee in connection with a mining permit may lead to the revocation or cancellation of such permit.
- following entry into an addendum dated 18 March (the “**Addendum**”) to heads of agreement dated 11 March 2011 between the Company and African Resource and Investment SARL (the “**Heads**”), pursuant to which the Company and SOMI have agreed to exploit the Keikoro gold-panning corridor in the rural commune of Domba, Cercle de Bougouni, Sikasso region of the Republic of Mali. The Addendum supersedes the Heads in all respects;
- following the issue of arrêté interministeriel No. 2011-3762 dated 16 September 2011 all rights conferred on the rural commune of Domba, Cercle de Bougouni, Sikasso region of the Republic of Mali in connection with the gold-panning corridor of Keikoro for an area of approximately 47 km² are cancelled; and
- the Company and its representatives have all relevant powers to enter into all documentation in relation to the Transaction.

This Opinion is given solely for the benefit of the Company. It may not be relied upon by anyone else except with our prior written permission.

Yours faithfully,



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SCHEDULE 1

Research Permits

Permit Name	Permit No	Holder	Mineral	Type	Province	Area	Expiry
Dougoufin	10/419	Company	Gold and Group II minerals	Exploration	Cercle de Bougouni	174km ²	28.07.13
Kolassokoro	10/420	Company	Gold and Group II minerals	Exploration	Cercle de Bougouni	250km ²	28.07.13

Exploration Authorisations

Name of zone	Permit No	Holder	Mineral	Type	Province	Area	Expiry
Bougouni-Est	000554	Company	Gold and Group II minerals	Exploration	Cercle de Bougouni	c. 43km ²	15.06.11
Bougouni-Est	0002066	Company	Gold and Group II minerals	Exploration	Cercle de Bougouni	c. 43km ²	22.11.11
Sola	000555	Company	Gold and Group II minerals	Exploration	Cercle de Bougouni	c. 30km ²	15.06.11
Sola	0002065	Company	Gold	Exploration	Cercle de Bougouni	c. 30km ²	22.11.11

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			and Group II minerals				
Bassa	000556	Company	Gold and Group II minerals	Exploration	Cercle de Bougouni	c. 126km ²	15.06.11
Bassa	0002064	Company	Gold and Group II minerals	Exploration	Cercle de Bougouni	c. 126km ²	22.11.11
Keikoro	0002231	EMAS Keikoro Sarl	Gold and Group II minerals	Exploration	Cercle de Bougouni	c. 47km ²	21.12.2011

“Group II” minerals are defined in the Code as all other minerals not defined as “Group I” minerals.

“Group I” minerals include precious stones, fine stones and fossil fuels.

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SCHEDULE 2

Relevant Documents

- (i) Licences, concessions and material exploration acreage
- Authorisation no. 000554/DNGM dated 18 March 2011 granting an exploration authorisation in favour of the Company in respect of the Bougouni-Est, Cercle de Bougouni, Sikasso region of the Republic of Mali for an area of approximately 43 km²
 - Authorisation no. 000555/DNGM dated 18 March 2011 granting an exploration authorisation in favour of the Company in respect of the Sola, Cercle de Bougouni, Sikasso region of the Republic of Mali for an area of approximately 30 km²
 - Authorisation no. 000556/DNGM dated 18 March 2011 granting an exploration authorisation in favour of the Company in respect of the Bassa, Cercle de Bougouni, Sikasso region of the Republic of Mali for an area of approximately 126 km²
 - Authorisation no. 0002231/DNGM dated 21 September 2011 granting an exploration authorisation in favour of the Company in respect of the zone of Keikoro, Rural commune of Domba, Cercle de Bougouni, Sikasso region of the Republic of Mali for an area of approximately 47 km²
 - Authorisation no. 0002066/DNGM dated 25 August 2011 granting an exploration authorisation in favour of the Company in respect of the Bougouni-Est, Cercle de Bougouni, Sikasso region of the Republic of Mali for an area of approximately 43 km²
 - Authorisation no. 0002065/DNGM dated 25 August 2011 granting an exploration authorisation in favour of the Company in respect of the Sola, Cercle de Bougouni, Sikasso region of the Republic of Mali for an area of approximately 30 km²
 - Authorisation no. 0002064/DNGM dated 25 August 2011 granting an exploration authorisation in favour of the Company in respect of the Bassa, Cercle de Bougouni, Sikasso region of the Republic of Mali for an area of approximately 126 km²
- (ii) search results;
- Extract from the *Registre du Commerce et de Credit Mobilier de Bamako* (Register of Commerce and Real Estate in Bamako) for the Company dated 24 May 2012 confirming company incorporation]
 - Extract from the *Registre du Commerce et de Credit Mobilier de Bamako* (Register of Commerce and Real Estate in Bamako) for Emas Keikoro Sarl dated 24 May 2012 confirming company incorporation
 - Certificate of non lawsuit dated 24 May 2012 from the clerk of the Commercial Court of Bamako
- (iii) material contracts

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- Addendum dated 18 March to heads of agreement dated 11 March 2011 between the Company and African Resource and Investment SARL, pursuant to which the Company and SOMI have agreed to exploit the Keikoro gold-panning corridor in the rural commune of Domba, Cercle de Bougouni, Sikasso region of the Republic of Mali.
 - Heads of Agreement dated 11 March 2011 between the Company and African Resource and Investment Sarl in connection with the proposed establishment of a small scale gold mining and exploration joint venture
- (iv) other relevant documents
- *Transfert d'action* (share transfer form) in respect of M. Cisse's shareholding of 100 shares of CFA 10,000 each in the Company to Mornington Offshore Inc dated 18 December 2007
 - Share certificate confirming Mornington Offshore Inc holds 100 shares of CFA 100,000 (share numbers 1-100) in the Company
 - *Declaration de Modification* in respect of the Company dated 31 December 2007 confirming the sole shareholder of the Company as Mornington Offshore Inc and notarised by Maitre F Dicko-Zouboye
 - *Arrêté Interministeriel* No. 2011-3762 dated 16 September 2011 cancelling all rights conferred on the rural commune of Domba, Cercle de Bougouni, Sikasso region of the Republic of Mali in connection with the gold-panning corridor of Keikoro for an area of approximately 47 km²
 - *Certificat d'Immatriculation* (certificate of incorporation) for Emas Keikoro Sarl dated 9 April 2011 confirming date of incorporation as 7 April 2011
 - Letter from Maitre Benaba Sogoba dated 5 April 2011 confirming notarisation of *Status* (similar to articles of association and memorandum of incorporation) for Emas Keikoro Sarl
 - *Status* (similar to articles of association and memorandum of incorporation) for Emas Keikoro Sarl dated 18 March 2011
 - *Status* for the Company notarised by Maitre F Dicko-Zouboye dated 31 December 2007
 - *Carte d'identité fiscale* (fiscal/tax identity card) confirming fiscal number of the Company as 084116899C.
 - Application letter from M.Cisse to the DNGM on behalf of the Company dated 21 November 2011 requesting transformation of the Bougouni-Est Authorisation into a research permit
 - Application letter from M.Cisse to the DNGM on behalf of the Company dated 21 November 2011 requesting transformation of the Sola Authorisation into a research permit
 - Application letter from M.Cisse to the DNGM on behalf of the Company dated 21 November 2011 requesting transformation of the Bassa Authorisation into a research permit.

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ANNEXURE I

**COMPARISON OF RELEVANT COMPANIES
AND SECURITIES LAWS AND LISTING RULES**

COMPARISON OF RELEVANT COMPANIES AND SECURITIES LAWS AND LISTING RULES APPLYING TO LIONGOLD IN SINGAPORE AND BERMUDA

As LionGold is a company incorporated under the laws of Bermuda and whose shares are listed on the SGX, LionGold must comply with both Bermudan and Singaporean laws, as well as the listing rules of the Singapore Exchange.

Comparison table

The information below is only a summary of some of the companies and securities laws and listing rules that apply to LionGold in Singapore and Bermuda and which may be of interest to Castlemaine Shareholders in their consideration of the Offer. For comparison purposes only, a general outline of Australian laws and regulations (under the Corporations Act and ASX Listing Rules) is also set out in the 3rd column. Castlemaine Shareholders should note that this is set out for comparison purposes only and Australian laws and regulations will not apply to LionGold or to LionGold Shares that are issued as Offer Consideration.

The information below is general in nature and is not intended to be an authoritative or complete statement of the companies or securities laws or listing rules or other regulations that are or may be applicable to LionGold or to companies incorporated in Bermuda or whose shares are listed on the Singapore Exchange. The information below does not constitute legal advice and Castlemaine Shareholders should consider obtaining their own professional advice on these and other companies and securities laws and listing rules and other regulations that do or may apply to LionGold and how they do or may differ to Australian companies and securities laws, regulations and listing rules.

	Singapore	Bermuda (including LionGold's Bye-Laws)	Australian position
Takeovers	Under the Singapore Code on Take-overs and Mergers, mandatory offers must be made to all shareholders of a listed company when: (a) a person acquires more than 30% or more of the voting rights of a listed company; or (b) when a person, holds between 30% and 50% of the voting rights of a listed company, and that person acquires in any period of 6 months, additional shares carrying more than 1% of the voting rights.	Not applicable in the case of a takeover of LionGold.	Under Chapter 6 of the Corporations Act, a person must not acquire a Relevant Interest in voting shares of a public company of 20% or more, subject to a number of exemptions (including approval by shareholders and 3% creep every 6 months).
Compulsory Acquisition	Not applicable as the Bermuda Companies Act will apply.	Under the Bermuda Companies Act 1981, as amended (Bermuda Companies Act), a person (Offeror) may compulsorily acquire the shares of shareholders of a Bermuda company (Castlemaine) where, within 4 months of the date of making an offer (by a scheme or contract) by the Offeror to transfer shares in the Castlemaine to the Offeror, such scheme or contract has received the approval of the holders of 90% in value of the shares of the Castlemaine (Subject Shares), excluding from the calculation shares already held at the date of the offer by, or by a nominee for, the Offeror or its subsidiary. Upon these thresholds being met, the Offeror may, within two months, give notice to any dissenting shareholder that it desires to acquire its shares. It is open to a dissenting shareholder, within one month of the date the notice was given, to apply to the Supreme	Under Chapter 6A of the Corporations Act, a person who holds a Relevant Interest in 90% or more of a class of securities in a public company may be entitled to compulsorily acquire all of the remaining securities in that class and move to 100% ownership. There are different rules that apply to a compulsory acquisition which follows a takeover bid and a compulsory acquisition which follows a person acquiring a 90% interest in securities in a class by other means.

	<p>Court of Bermuda (Court) for relief from the proposal.</p> <p>In addition, under the Bermuda Companies Act, the holders of not less than 95% of the shares or class of shares of a Bermuda company may acquire the shares of the remaining minority shareholders, provided that the terms offered are the same for all of the holders of the shares whose acquisition is involved.</p> <p>Under this procedure, the majority shareholder needs only give notice to the remaining shareholders of its intention to acquire their shares. It must set out in the notice the terms upon which he intends to acquire their shares. When the notice is received, the acquiring shareholder is entitled and bound to acquire the outstanding shares on the terms set out in the notice unless one of the remaining shareholders, within one month of receiving such notice, applies to the Court for an appraisal. Within one month of the Court appraising the shares, the majority shareholder shall either acquire the shares at the price fixed by the Court or cancel the notice.</p>	
<p>Issue of new securities</p>	<p>Shareholder approval is required for any issues of new shares by listed entities unless shareholders have previously given a mandate by ordinary resolution at a general meeting. The mandate must limit the aggregate number of securities that may be issued and that limit must not be more than 50% of the total number of issued shares of the company of which the aggregate number of securities issued other than on a pro rata basis, must not be more than 20% of the total number of issued shares of the company. At the last annual general meeting of LionGold, the LionGold Board obtained a general mandate from shareholders to issue securities in LionGold in accordance with the limits set out above.</p>	<p>For so long as the shares of LionGold are listed on the SGX, the shares of LionGold can be freely issued subject to the provisions of LionGold's Bye-laws and the listing rules of the Singapore Exchange.</p> <p>Under ASX Listing Rule 7.1, an entity listed on the ASX cannot issue securities without shareholder approval unless the shares to be issued constitute less than 15% of the total issued share capital of the company. This 15% threshold is calculated by reference to shares on issue over a rolling 12 month period and including shares that have been issued without shareholder approval under an exemption in Listing Rule 7.2.</p>
<p>Disclosure requirements for issues of new securities</p>	<p>Entities proposing to issue new shares to new investors would need to provide them with disclosure documents, prospectus or advertisement containing information, opinions or recommendations from the board of an offeror or offeree company or its advisers which should meet the highest standards of care and accuracy. There are exemptions from these disclosure requirements which are similar to the Corporations Act and ASX Listing Rules requirements, including for:</p> <p>(a) a small personal offer where the total amount raised in a 12 month period does not exceed</p>	<p>As LionGold Shares are listed on the SGX (which is an appointed stock exchange for the purposes of the Bermuda Companies Act), LionGold does not need to comply with the requirements of the Bermuda Companies Act as to the detailed content of prospectus and disclosure requirements. However, any prospectus must be filed with the Registrar of Companies in Bermuda accompanied by a certificate by an attorney certifying that the prospectus has been lodged with the SGX.</p> <p>As noted in column 1, the disclosure requirements for issues of new securities by publicly listed entities in Australia is similar to that in Singapore. In particular, a public company cannot issue new securities without a disclosure document which complies with the requirements of Chapter 6D of the Corporations Act. However, there are a number of exemptions from these requirements under section 708, including:</p> <p>(a) small personal offers where the total amount raised does not exceed \$2 million in a 12 month period and from no more than 20 investors;</p>

	<p>(b) a private placement to no more than 50 persons within a 12 month period;</p> <p>(c) an underwriting agreement relating to securities;</p> <p>(d) an offer to institutional investors and specified persons, including sophisticated investors; and</p> <p>(e) offers by way of rights issues – in which case, an offer information statement is required.</p>	<p>(b) issues to “professional investors” (as defined in section 9 of the Corporations Act);</p> <p>(c) issues to sophisticated investors, being investors who have an income of more than \$250,000 per annum or assets in excess of \$2,500,000, in each case, as certified by an accountant;</p> <p>(d) offers to senior managers or associates of an entity; and</p> <p>(e) offers by way of rights issues by listed entities – subject to section 708AA of the Corporations Act (including that an entity has not been suspended from trading for 5 or more days over the preceding 12 months and the entity has complied with its financial reporting requirements)</p>	
<p>Related party transactions</p>	<p>In Singapore, the concept of related parties transactions is referred to as “interested person transaction”. In the case of any transaction with an interested party, a company must make an immediate announcement where the value of the transaction is equal to or more than 3% of the company’s consolidated net tangible assets. In addition, companies must obtain shareholder approval for any transaction with an interested party where the value of the transaction is equal to or more than 5% of the company’s consolidated latest net tangible assets (provided that no approval is required for any transaction below \$5100,000) The exceptions to these rules are as follows:</p> <p>(a) a payment of dividends, a subdivision of shares, an issue of securities by way of a bonus issue, a preferential offer, or an off-market acquisition of the issuer’s shares, made to all shareholders on a pro-rata basis, including the exercise of rights, options or company warrants granted under the preferential offer;</p> <p>(b) the grant of options, and the issue of securities pursuant to the exercise of options, under an employees’ share option scheme approved by the Singapore Exchange;</p> <p>(c) a transaction between an entity at risk and an investee company, where the interested person’s interest in the investee company, other than that held through the issuer, is less than 5%;</p> <p>(d) a transaction in marketable securities carried</p>	<p>No shareholder approval is required for related party transactions but the director interested in the transaction must not vote in respect of any contract, proposed contract or arrangement in which the director has a personal material interest, although the director may be counted in the quorum present at the meeting. In addition, subject to certain exemptions, the Bermuda Companies Act prohibits the making of loans by the Company to any of its directors or a director of its holding company without the consent of shareholders holding not less than 90% of the total voting rights of all shareholders having the right to vote at any meeting of the members of the company.</p>	<p>Under Chapter 2E of the Corporations Act and Chapter 10 of the Listing Rules, a public company cannot provide a financial benefit to a related party without shareholder approval, subject to certain exemptions, including arms length transactions. A related party includes:</p> <p>(a) an entity that controls the public company;</p> <p>(b) directors of the public company (or their spouses and relatives);</p> <p>(c) directors of an entity that controls the public company (or their spouses, parents and relatives);</p> <p>(d) an entity that has reasonable grounds to believe that it will be a related entity in the future; and</p> <p>(e) an entity which acts in concert with the public company on the understanding that the related party will receive a financial benefit if the public company gives the entity a financial benefit.</p> <p>In addition, under Chapter 10 of the ASX Listing Rules, a shareholder who holds 10% or more of the shares of a listed entity is considered a related party of the public company.</p> <p>On any shareholders’ resolution to approve the giving of a financial benefit under Chapter 2E of the Corporations Act (or Chapter 10 of the ASX Listing Rules), none of the related party or its associates is able to vote on the relevant resolution.</p> <p>Under section 671B of the Corporations Act, a substantial shareholder of a listed company must give the ASX information about its shareholding, including any movements of 1% or more in its shareholding. A substantial shareholder is defined as being a holder</p>

	<p>out in the open market where the counterparty's identity is unknown to the issuer at the time of the transaction; a transaction between an entity at risk and an interested person for the provision of goods or services if:</p> <p>(i) the goods or services are sold or rendered based on a fixed or graduated scale, which is publicly quoted; and</p> <p>(ii) the sale prices are applied consistently to all customers or class of customers. Such transactions include telecommunication and postal services, public utility services, and sale of fixed price goods at retail outlets;</p> <p>(f) the provision of financial assistance or services by a financial institution that is licensed or approved by the Monetary Authority of Singapore, on normal commercial terms and in the ordinary course of business;</p> <p>(g) the receipt of financial assistance or services from a financial institution that is licensed or approved by the Monetary Authority of Singapore, on normal commercial terms and in the ordinary course of business; and</p> <p>(h) director's fees and remuneration, and employment remuneration (excluding "golden parachute" payments).</p> <p>There are reporting requirements (similar to Australia) regarding the disclosure of shareholdings of directors in LionGold.</p>	<p>who holds a relevant interest in 5% or more of the securities of a listed entity.</p> <p>In addition, under Listing Rule 3.19 of the ASX Listing Rules, a listed entity must notify the ASX of any notifiable interests of directors, i.e. information about their shareholdings (including associates) in the listed entity. The listed entity must then provide this information to the ASX.</p> <p>There are also restrictions that apply to remuneration of directors of public companies (and listed entities) particularly any termination payments under section 200 of the Corporations Act and Chapter 10 of the Listing Rules.</p>
<p>Capital reductions</p>	<p>Not applicable as LionGold's Bye-laws and the Bermuda Companies Act will apply.</p>	<p>Under Chapter 2J .1 of the Corporations Act, a company can reduce its capital if the reduction:</p> <p>(a) is fair and reasonable to the company's shareholders as a whole;</p> <p>(b) does not materially prejudice creditors; and</p> <p>(c) is approved by shareholders.</p> <p>In addition, there are specific forms of capital reduction, share buy-backs and financial assistance that have specific rules and restrictions under the Corporations Act and Chapter 3 of the ASX Listing Rules.</p> <p>LionGold's Bye-laws require that shareholder approval must be obtained for capital reductions. There are certain requirements, including the requirement to publish a notice within the specified timeframe in an appointed newspaper in Bermuda stating the amount of the share capital as last determined by the company, the amount to which the share capital is to be reduced and the date on which the reduction is to have effect. In addition, the company must not reduce its share capital if on the date the reduction is to be effected there are reasonable grounds for believing that the company is, and after the reduction would be, unable to pay its liabilities as they become due.</p>

Appointment or removal of directors	<p>Subject to compliance with the Bye-Laws of LionGold, directors may be appointed and removed by ordinary resolution. LionGold's directors must retire at least once every 3 years but are eligible for re-election.</p>	<p>Directors may be appointed by ordinary resolution of the company provided that the director so appointed will only hold office until the next following annual general meeting of the company. No director will be required to vacate office or be ineligible for re-election or re-appointment as a director, and no person shall be ineligible for appointment as a director, by reason only of his having attained any particular age. The Board may appoint persons as directors to fill casual vacancies provided that the director so appointed will only hold office until the next following annual general meeting of the company.</p>	<p>Directors may be appointed to fill casual vacancies on the board by the directors of the company. However, the appointment of any director appointed by the board must be ratified by shareholders at the next annual general meeting of the company. In addition, most listed entities have provisions in their constitution requiring directors to retire at least every 3 years but are eligible for re-election.</p> <p>Directors of a public company may only be removed by ordinary resolution of the members – the board cannot remove directors. Any such resolution of the company is subject to requirements set out in the Corporations Act (including a 60 day notice period).</p>
Disclosure requirements that apply to mining companies	<p>Although there are rules under the SGX Listing Rules that prescribe specific disclosure requirements (in addition to continuous disclosure rules) pertaining to "Mineral, Oil and Gas Companies", these rules do not apply to companies listed on the Main Board of the SGX. Rather, these rules apply to companies listed on the secondary board of the SGX, known as "Catalist". LionGold is listed on the Main Board of SGX.</p> <p>Notwithstanding this, LionGold intends to make reasonable efforts to comply with the spirit of these disclosure requirements.</p> <p>The disclosure requirements are similar to the requirements that apply to mining companies under the ASX Listing Rules (as set out in Chapter 5 of the ASX Listing Rules – "Additional Reporting on mining and exploration activities") which apply to Castlemaine.</p>	<p>None.</p>	<p>Listed entities are subject to continuous disclosure requirements set out in section 674 of the Corporations Act and Listing Rule 3.1 of the Listing Rules.</p> <p>In addition, as noted in column 1, Australian listed entities that are "mining entities" (as defined in the Listing Rules) are subject to separate disclosure requirements under Chapter 5 of the Listing Rules, which apply to Castlemaine.</p>
Franking credits	<p>There is no franking credit system in Singapore in relation to any dividends that may be paid. In this regard, LionGold has indicated that it does not expect to pay any dividends in the next 12 months. In Singapore, any dividends are exempt from Singapore tax in the hands of shareholders of the company.</p>	<p>Not applicable.</p>	<p>This is a tax issue and Castlemaine Shareholders should obtain independent tax advice on the Australian position regarding franking credits</p>

Please return completed form to:
 Computershare Investor Services Pty Limited
 GPO Box 2115 Melbourne
 Victoria 3001 Australia
 Enquiries (within Australia) 1300 368 402
 (outside Australia) 61 3 9415 4061

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Use a **black pen**.
 Print in **CAPITAL** letters
 inside the grey areas.

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For your security keep your SRN/HIN confidential.

Acceptance Form - Issuer Sponsored Holding

This is a personalised form for the sole use of the holder and securityholding recorded below. It is an important document and requires your immediate attention. If you are in doubt about how to deal with it, please consult your financial or other professional adviser.

This form relates to an offer ("Offer") by LionGold Corp Ltd ("LionGold") to acquire all of your Shares ("CGT Shares") in Castlemaine Goldfields Limited ("CGT") ABN 45 073 531 325 pursuant to a Bidder's Statement dated 13 June 2012 and any replacement or supplements (the "Bidder's Statement").

Terms defined in the Bidder's Statement but not in this form have the same meaning as in the Bidder's Statement unless the context requires otherwise.

B Election

Please tick one of the boxes below. If you do not mark an election or your election is invalid or indistinct, you will be deemed to have elected Option 1, i.e. to have LionGold Shares issued in certificated form in your registered name on the CGT register.

Option 1 – Receive LionGold Shares in your CGT registered name in
Certificated form

OR

Option 2 – Share Sale Facility

If you wish to participate in the Share Sale Facility, please mark this box.

OR

Option 3 – LionGold Shares in a CDP account name

If you wish to receive your consideration of LionGold Shares in a CDP account, mark your election in this box. Note: Additional material will be required to complete this election (refer to section B in "How to complete this form" overleaf).

Please note that, if you are an Ineligible Foreign Holder, any election above will be invalid. Instead you will receive the net cash sale proceeds of LionGold Shares sold through a nominee which you would otherwise have received. Please refer to the Bidder's Statement.

Securityholder details

Subregister

Your holding in CTG

C To be completed by Securityholder

If you correctly complete, sign and return this form you will be deemed to have accepted the Offer in respect of all your CGT Shares.

By accepting the Offer, you are accepting for all the CGT Shares registered as held by you at the date your acceptance is processed (even if different to the number stated above). You cannot accept the Offer for only part of your holding of CGT Shares.

D Contact details

Please provide your contact details in case we need to speak to you about this form.

Name of contact person

Contact person's daytime telephone number

E Individual or Securityholder 1

Sole Director and Sole Company Secretary

Individual or Securityholder 2

Director

Individual or Securityholder 3

Director/Company Secretary

LionGold reserves the right to make amendments to this form as set out in the Offer Terms. Please refer to the lodgement instructions overleaf.

See back of form for completion guidelines



How to complete this form

A Registration Details

The CGT Shares are currently registered in the name(s) printed on this form. Your consideration will be issued in the name(s) which appear(s) on LionGold's copy of the CGT register.

If you have already sold all your CGT Shares shown overleaf, you need not take any further action.

B Election

In section B of this Form, you are entitled (unless you are an Ineligible Foreign Holder) to elect one of the following 3 options as to how you wish to receive LionGold Shares. If you do not make an election or your election is invalid or indistinct, you will be deemed to have elected Option 1, i.e. LionGold Shares will be issued in your CGT registered name and in certificated form.

LionGold Shares in your CGT registered name in certificated form

If you wish to receive Option 1, please mark this box.

Share Sale Facility

If you accept the Offer and elect to use the Share Sale Facility you will receive the cash sale proceeds of LionGold Shares sold through the Share Sale Facility which you would otherwise have received. If you want to take advantage of the Share Sale Facility and are eligible to do so, you must mark the relevant box on the front of this Acceptance Form. Please refer to the Bidder's Statement for more information.

LionGold Shares in a CDP account name

If you wish to receive LionGold Shares in a CDP account, please mark the box in Option 3 and complete section D and E. In addition, you will be required to provide further information and, for this purpose, you will be contacted by CIS providing you provide appropriate contact details in section D. Neither CIS or LionGold will be responsible if you elect this Option 3 but fail to provide CIS with the further requisite information. It will be your responsibility to ensure that you provide this further information. Please refer to the Bidder's Statement.

Ineligible Foreign Shareholder

If you accept the Offer and you are an Ineligible Foreign Shareholder for the purposes of the Bidder's Statement, you will not be entitled to receive LionGold Shares as consideration for your CGT Shares and any election you make in section B will be invalid. Instead you will receive the net cash sale proceeds of LionGold Shares sold through a nominee which you would otherwise have received. Please refer to the Bidder's Statement for more information.

C How to accept the Offer

As your CGT Shares are held in an Issuer Sponsored Holding, simply complete and return this form to the address below so that it is received by no later than 7.00pm (Sydney Time) on the closing date of the Offer Period.

If you sign and return this Acceptance Form, you warrant to LionGold (and authorise LionGold to warrant on your behalf) that you have full legal and beneficial ownership of the CGT Shares to which this Acceptance Form relates and that LionGold will acquire them free from all mortgages, charges, liens, encumbrances (whether legal or equitable), restrictions on transfer of any kind and free from any third party rights.

Neither LionGold or Computershare Investor Services Pty Limited ('CIS') will be responsible for any delays incurred by this process.

D Contact details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

E Signature(s)

You must sign the form as follows in the space provided:

- Joint holding: where the holding is in more than one name all of the securityholders must sign.
- Power of Attorney: to sign under Power of Attorney, you must attach a certified copy of the Power of Attorney to this form when you return it.
- Deceased Estate: all executors must sign and, a certified copy of Probate or Letters of Administration must accompany this form.
- Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Lodgement of Acceptance Form

This Acceptance Form must be received by CIS by no later than 7.00pm (Sydney Time) on the closing date of the Offer Period. You should allow sufficient time for this to occur. Return this Acceptance Form to:

Computershare Investor Services Pty Limited
GPO Box 2115
MELBOURNE VIC 3001

Neither CIS nor LionGold accepts any responsibility if you lodge the Acceptance Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by CIS, as registrar for LionGold for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by LionGold in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

If you have any enquiries concerning the Offer please contact the LionGold Offer Information Line on 1300 368 402 (for callers within Australia) or +61 3 9415 4061 (for callers outside Australia).

Please note this form may not be used to change your address.

Please return the completed form in the envelope provided or to the address opposite:

Computershare Investor Services Pty Limited
GPO Box 2115
Melbourne Victoria 3001
Australia

Please return completed form to:
 Computershare Investor Services Pty Limited
 GPO Box 2115 Melbourne
 Victoria 3001 Australia
 Enquiries (within Australia) 1300 368 402
 (outside Australia) 61 3 9415 4061

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Use a **black pen**.
 Print in **CAPITAL** letters
 inside the grey areas.

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For your security keep your SRN/HIN confidential.

Acceptance Form - CHES Holding

This is a personalised form for the sole use of the holder and securityholding recorded below. It is an important document and requires your immediate attention. If you are in doubt about how to deal with it, please consult your financial or other professional adviser.

This form relates to an offer ("Offer") by LionGold Corp Ltd ("LionGold") to acquire all of your Shares ("CGT Shares") in Castlemaine Goldfields Limited ("CGT") ABN 45 073 531 325 pursuant to a Bidder's Statement dated 13 June 2012 and any replacement or supplements (the "Bidder's Statement").

Terms defined in the Bidder's Statement but not in this form have the same meaning as in the Bidder's Statement unless the context requires otherwise.

B Election

Please tick one of the boxes below. If you do not mark an election or your election is invalid or indistinct, you will be deemed to have elected Option 1, i.e. to have LionGold Shares issued in certificated form in your registered name on the CGT register.

Option 1 – Receive LionGold Shares in your CGT registered name in Certificated form

OR

Option 2 – Share Sale Facility

If you wish to participate in the Share Sale Facility, please mark this box.

OR

Option 3 – LionGold Shares in a CDP account name

If you wish to receive your consideration of LionGold Shares in a CDP account, mark your election in this box. Note: Additional material will be required to complete this election (refer to section B in "How to complete this form" overleaf).

Please note that, if you are an Ineligible Foreign Holder, any election above will be invalid. Instead you will receive the net cash sale proceeds of LionGold Shares sold through a nominee which you would otherwise have received. Please refer to the Bidder's Statement.

C To be completed by Securityholder

You will be deemed to have accepted LionGold's Offer in respect of all your CGT Shares if you sign and return this form.

As you hold your CGT Shares in a CHES holding (see "subregister" above), to accept LionGold's Offer you can either:

- Instruct your Controlling Participant directly - normally your stockbroker

OR

- Authorise LionGold to contact your Controlling Participant on your behalf, which you can do by signing and returning this form. By signing and returning this form you will be deemed to have authorised LionGold to contact your Controlling Participant directly via the CHES system.

D Contact details

Please provide your contact details in case we need to speak to you about this form.

Name of contact person

Contact person's daytime telephone number

E Individual or Securityholder 1

Sole Director and Sole Company Secretary

Individual or Securityholder 2

Director

Individual or Securityholder 3

Director/Company Secretary

LionGold reserves the right to make amendments to this form as set out in the Offer Terms. Please refer to the lodgement instructions overleaf.

See back of form for completion guidelines



How to complete this form

A Registration Details

The CGT Shares are currently registered in the name(s) printed on this form. Your consideration will be issued in the name(s) which appear(s) on LionGold's copy of the CGT register.

If you have already sold all your CGT Shares shown overleaf, you need not take any further action.

B Election

In section B of this Form, you are entitled (unless you are an Ineligible Foreign Holder) to elect one of the following 3 options as to how you wish to receive LionGold Shares. If you do not make an election or your election is invalid or indistinct, you will be deemed to have elected Option 1, i.e. LionGold Shares will be issued in your CGT registered name and in certificated form.

LionGold Shares in your CGT registered name in certificated form
If you wish to receive Option 1, please mark this box.

Share Sale Facility

If you accept the Offer and elect to use the Share Sale Facility you will receive the cash sale proceeds of LionGold Shares sold through the Share Sale Facility which you would otherwise have received. If you want to take advantage of the Share Sale Facility and are eligible to do so, you must mark the relevant box on the front of this Acceptance Form. Please refer to the Bidder's Statement for more information.

LionGold Shares in a CDP account name

If you wish to receive LionGold Shares in a CDP account, please mark the box in Option 3 and complete section D and E. In addition, you will be required to provide further information and, for this purpose, you will be contacted by CIS providing you provide appropriate contact details in section D. Neither CIS or LionGold will be responsible if you elect this Option 3 but fail to provide CIS with the further requisite information. It will be your responsibility to ensure that you provide this further information. Please refer to the Bidder's Statement.

Ineligible Foreign Shareholder

If you accept the Offer and you are an Ineligible Foreign Shareholder for the purposes of the Bidder's Statement, you will not be entitled to receive LionGold Shares as consideration for your CGT Shares and any election you make in section B will be invalid. Instead you will receive the net cash sale proceeds of LionGold Shares sold through a nominee which you would otherwise have received. Please refer to the Bidder's Statement for more information.

C How to accept the Offer

As your CGT Shares are in a CHESS holding, you may **contact your Controlling Participant** directly (normally your stockbroker) with instructions to accept LionGold's Offer. If you do this, you will need to sign and return this Acceptance Form to your Controlling participant. If you want LionGold to contact your Controlling Participant on your behalf (via the CHESS system), sign and return this form by the second last day of the Offer Period to the address below in order to allow sufficient time for your instruction to be acted upon (which will authorise LionGold and CIS to instruct your Controlling Participant to initiate acceptance of LionGold's Offer on your behalf).

If you sign and return this Acceptance Form, you warrant to LionGold (and authorise LionGold to warrant on your behalf) that you have full legal and beneficial ownership of the CGT Shares to which this Acceptance Form relates and that LionGold will acquire them free from all mortgages, charges, liens, encumbrances (whether legal or equitable), restrictions on transfer of any kind and free from any third party rights.

Neither LionGold or Computershare Investor Services Pty Limited ('CIS') will be responsible for any delays incurred by this process.

You should allow sufficient time for your Controlling Participant or LionGold to initiate the acceptance of LionGold's Offer on your behalf.

D Contact details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

E Signature(s)

You must sign the form as follows in the space provided:

Joint holding:	where the holding is in more than one name all of the securityholders must sign.
Power of Attorney:	to sign under Power of Attorney, you must attach a certified copy of the Power of Attorney to this form when you return it.
Deceased Estate:	all executors must sign and, a certified copy of Probate or Letters of Administration must accompany this form.
Companies:	where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Lodgement of Acceptance Form

This Acceptance Form must be received by CIS by no later than 7.00pm (Sydney Time) on the second last day of the Offer Period, to allow your instructions to be acted upon. You should allow sufficient time for this to occur. Return this Acceptance Form to:

Computershare Investor Services Pty Limited
GPO Box 2115
MELBOURNE VIC 3001

Neither CIS nor LionGold accepts any responsibility if you lodge the Acceptance Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by CIS, as registrar for LionGold for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by LionGold in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

If you have any enquiries concerning the Offer please contact the LionGold Offer Information Line on 1300 368 402 (for callers within Australia) or +61 3 9415 4061 (for callers outside Australia).

Please note this form may not be used to change your address.

Please return the completed form in the envelope provided or to the address opposite:

Computershare Investor Services Pty Limited
GPO Box 2115
Melbourne Victoria 3001
Australia

