



4 September 2012


The Manager  
Company Announcement Office  
ASX Limited  
Level 4, Bridge Street  
Sydney NSW 2000

**RE: LIONGOLD CORP. LTD ANNOUNCEMENT**


Please be advised that the attached announcement was made by LionGold Corp Ltd.

Yours faithfully,

Adrian Di Carlo  
Company Secretary

 Print this page

Miscellaneous	
* Asterisks denote mandatory information	
Name of Announcer *	LIONGOLD CORP LTD
Company Registration No.	35500
Announcement submitted on behalf of	LIONGOLD CORP LTD
Announcement is submitted with respect to *	LIONGOLD CORP LTD
Announcement is submitted by *	Tan Sri Dato Nik Ibrahim Kamil
Designation *	Executive Chairman
Date & Time of Broadcast	03-Sep-2012 19:23:56
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>> Announcement Details	
The details of the announcement start here ...	
Announcement Title *	1. SUCCESSFUL ACQUISITION OF CASTLEMAINE GOLDFIELDS; 2. MANAGEMENT STRUCTURE; 3. APPOINTMENT OF GROUP CHIEF OPERATING OFFICER; 4. RESIGNATION OF GROUP CHIEF OPERATING OFFICER; 5. TERMINATION OF AGREEMENTS WITH STELLAR SERVICES LIMITED; 6. UPDATE ON GOLD BUSINESS
Description	Please refer to the attachment.
Attachments	 Announcement_SSL_3September2012.pdf Total size = 233K (2048K size limit recommended)

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LIONGOLD CORP LTD

COMPANY ANNOUNCEMENT

1. SUCCESSFUL ACQUISITION OF CASTLEMAINE GOLDFIELDS
  2. MANAGEMENT STRUCTURE
  3. APPOINTMENT OF GROUP CHIEF OPERATING OFFICER
  4. RESIGNATION OF GROUP CHIEF OPERATING OFFICER
  5. TERMINATION OF AGREEMENTS WITH STELLAR SERVICES LIMITED
  6. UPDATE ON GOLD BUSINESS
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LionGold Corp Ltd ("LGC" or the "Company") wishes to announce:

1. the successful acquisition of over 97% of the issued and paid-up share capital of Castlemaine Goldfields, a gold explorer and producer with significant assets in Victoria, Australia;
2. changes to the Group management structure
3. the appointment of Matthew Damian Gill as the Group Chief Operating Officer;
4. the resignation of Errol John Smart as the Group Chief Operating Officer;
5. the termination of the agreement dated 25 November 2011 ("SSL Agreement") with Stellar Services Limited ("SSL"); and
6. an update on the Group's gold mining business.

1. **The off market all scrip takeover offer for Castlemaine Goldfields ("CGT")**

The Company wishes to announce that as at the close of the Proposed Takeover on 31 August 2012, the Company has received valid acceptances in respect of 264,894,581 CGT Shares, which together with the Company's own interests of 33,913,000 CGT Shares, constitute approximately 97.69% of the issued and paid-up share capital of CGT, subject to final audit by CGT's Share Registrar in Australia.

The Company now proposes to commence with the compulsory acquisition of the remaining shares it does not hold.

The Company is very pleased with the overwhelming take-up of the offer by Castlemaine shareholders and looks forward to adding significant shareholder value as the Company implements its aggressive growth strategy into the international gold mining business.

2. **Changes to Group Management Structure**

Following the successful takeover of Castlemaine Goldfields, and with that the addition of a highly experienced management team, the Board is reviewing its Group Management Structure. The Board is of the view that the Group, now enlarged through the acquisitions of Signature ("SBL"), CGT and Brimstone Resources Limited ("BMT"), is now in a better position to source or have available, expertise within the Group rather than depend on external consultants as before.

The Board has taken cognizance of the proposed changes (insofar as they are applicable to the Company) set out in Consultation Paper relating to the Proposed Introduction of Mainboard

Listing Rules for Mineral, Oil and Gas Companies by the SGX-ST on 20 June 2012. In particular (but without limiting the generality thereof), the Board intends to:

1. appoint one (or more) independent director(s) with appropriate industry experience and expertise in the gold mining industry; and
2. proposing a change its auditors to that of an auditing firm, which has an international name and reputation with relevant industry experience.

The Board is currently evaluating certain persons who possess appropriate industry experience and expertise in the gold mining industry. The Board expects to be able to finalise its decision on the new appointment(s) shortly and will announce it on the SGXNET in due course.

In addition, the Audit Committee of the Company has begun sourcing for an auditing firm, which has an international name and reputation with relevant industry experience as auditors of the Company (and the Group). The Company will announce the proposed change of auditors, which is subject to approval in general meeting in due course followed by a Circular to be dispatched to shareholders.

Besides the foregoing, the Board is also considering establishing a Technical Committee. The proposed Technical Committee would comprise industry experts that are not part of the Board or management, who would provide advice and guidance on the technical aspects of the Company gold mining operations in different jurisdictions. The proposed Technical Committee would also provide advice and guidance on future potential acquisitions (of gold mining assets) that the Company may consider. The Company will, subject to the proposed Technical Committee being formed, announce the terms of reference and members of the Technical Committee in due course.

The Board has taken the initial Group Management structural change by appointing Matthew Damian Gill as the Group Chief Operating Officer and accepting the resignation of Errol John Smart, the previous Group Chief Operating Officer.

### **3. Appointment of Matthew Damian Gill as Group Chief Operating Officer**

The Company is very pleased to announce the appointment of Matthew Damian Gill as its Group Chief Operating Officer with effect from 1 September 2012. The template announcement in accordance with Rule 704(7) will be separately made.

Matthew is an experienced mining engineer with over 30 years' experience in the mining industry. He has a strong technical and operational background, having worked as an underground miner, mine planning engineer, supervisor, general manager and managing director, in Australia, PNG and India covering tin, copper, mineral sands, gold, nickel and iron ore. He holds three First Class Metalliferous Mine Managers Certificates of Competency, and has been instrumental in the successful construction, development and commissioning of three gold mines (Porgera, Beaconsfield and Ballarat). He is a three-time winner of the Australian Mine Manager of the Year award (2004, 2005 and 2006), and received the AusIMM leadership Award in 2008.

Matthew graduated with an honours degree in Engineering (Mining) from the University of Melbourne and has a Masters in Engineering Science from James Cook University. His professional memberships include Member of the Australasian Institute of Mining and Metallurgy and Graduate of the Australian Institute of Company Directors. He is currently the

Deputy Chairman of the Minerals Council of Australia – Victorian Division and was a past president of the Tasmanian Minerals Council.

#### **4. Resignation of Errol John Smart as Group Chief Operating Officer**

The Company wishes to announce the resignation of Errol John Smart as its Group Chief Operating Officer with effect from 31 August 2012. The template announcement in accordance with Rule 704(7) will be separately made.

The Company would like to express its gratitude to Errol for serving as its Group Chief Operating Officer since 6 March 2012 and wishes him every success in his future and other endeavours.

#### **5. Termination of the Stellar Services Limited ("SSL") Agreement with the Company**

The Company refers to its Circular dated 14 February 2012 in which the Company stated that it entered into the SSL Agreement whereby SSL was to provide technical support, including geological services, to the Company. The specific services to be provided comprised management and strategic advisory services for the Company's gold mining operations globally for a period of six months and continue thereafter until terminated by either party with one (1) month's written notice.

On 20 August 2012, the Company received written notice (dated 17 August 2012) from SSL that it would like to terminate the SSL Agreement with effect from 31 August 2012. Notwithstanding that less than a month's notice was given for the termination, the Company has accepted SSL's decision to terminate the SSL Agreement with effect from 31 August 2012.

SSL cited, in their notice to the Company, the following reasons for the termination:

1. SSL wishing to re-focus and pursue its own business interests that allows it to diversify its earnings base; and
2. SSL has completed the strategy of assisting the Company seek acquisitions that brought with them strong management teams. This refers to the off-market takeover bid for Castlemaine Goldfields Limited ("CGT") (announced on 31 August) where the Company secured acceptances aggregating approximately 97.68% of the issued and paid-up share capital of CGT.

Related to the termination of the SSL Agreement is the termination of a Management Consulting, Strategic Advisory and Accounting Services Agreement ("**SBL Agreement**") dated on or about 10 October 2011 that SSL entered into with Signature Metals Limited ("**SBL**"), a subsidiary of the Company. The SBL Agreement was entered into before the Company made the off-market takeover bid for all the shares of SBL, which closed on 27 March 2012 and which resulted in the Company acquiring approximately 76.22% of the issued and paid-up share capital of SBL. The SBL Agreement is similar to the SSL Agreement in that SSL agreed to provide technical support, including geological services, to SBL's 70% subsidiary, Owere Mines Limited ("**OML**") that owns and is operating the Konongo Gold Project in Ghana. There are two (2) Addendums to the SBL Agreement that were also entered into, which relates to the specific provision of a Project Manager and specialist geological management services to OML. The two (2) Addendums are also to be terminated. The SBL Agreement is terminable by either party giving not less than one (1) month's written notice to the other. SSL has given SBL notice on 20 August 2012 that it would like to terminate the SBL Agreement and the two (2) Addendums with effect from 30 September 2012. The same reasons cited by SSL for terminating the SSL

Agreement were given for the termination of the SBL Agreement. The Company has been informed by SBL that SBL has accepted the notice of termination by SSL.

The effect of the terminations of the SSL Agreement and the SBL Agreement (together with the two (2) Addendums to the SBL Agreement) means the withdrawal of services by SSL to the Company and OML. Related thereto are the resignations of:

in the case of the Company:

1. Errol John Smart as the Group Chief Operating Officer of the Company (see above); and
2. Mark Gillie as the Director of African Operations of the Company.

in the case of SBL and OML:

1. Errol John Smart as a Director of OML;
2. Mark Gillie as a Director of SBL and as a Director of OML;
3. Theo Christodoulou as an alternate Director (alternate to Mark Gillie) of SBL;
4. Mark Carl George Meyer as a Director of OML and as the Project Manager of OML; and
4. Bill Reid as Chief Geologist of OML.

The Company has been informed by SBL that it is in the course of engaging replacements for the positions vacated by Errol John Smart, Mark Gillie, Theo Christodoulou, Mark Carl George Meyer and Bill Reid for both SBL and OML, and will be announcing new appointments in due course.

The Company and SBL have in the meantime, assembled a team to oversee the takeover of operations at OML. The team ("**Takeover Team**") members comprise Matthew Damian Gill – the Company's new Group Chief Operating Officer, Dr Denis Edmund Clarke and Peter Chen. Dr Clarke is currently the Non-Executive Chairman of Hill End Gold Limited, a company whose shares are listed and quoted for trading on the ASX. Dr Clarke has a Ph.D. (Geology) from Stanford University and has over 40 years' experience in senior technical, financial and corporate positions in the mining and exploration industry in Australia and overseas. He played a significant role in the growth of Plutonic Resources Limited, which developed into one of Australia's largest gold producers with up to seven operating mines and a market capitalisation of over A\$1 billion before being absorbed by Homestake Mining Company. At Plutonic, Dr Clarke successively managed the Exploration Division, the Finance and Administration Division and the Corporate Division. Prior to joining Plutonic, he spent 10 years in exploration with the Rio Tinto subsidiary, Rio Algom Limited, mostly in Canada. Peter Chen is part of the Company's corporate development team and is a nominee of the Company and SBL to the Board of OML. Besides arranging for the takeover of operations at OML, the Takeover Team has the immediate task of stabilizing operations and redefining the objectives and plans for OML going forward. The Company will separately announce on SGXNET the new management team for OML and the objectives and plans for OML in due course.

The Company wishes to acknowledge the efforts of SSL (and its members) in assisting the Company in its formative period in the area of gold mining and wishes SSL (and its members) every success in its future and other endeavours.

Resignation of Mark Gillie as LionGold's Director of African Operations

The Company wishes to announce the resignation of Mark Gillie as its Director of African Operations with effect from 31 August 2012. The Company would like to express its gratitude to

Mark Gillie for serving as its Director of African Operations since November 2011 and wishes him every success in his future and other endeavours.

The Company would also like to express its gratitude to Theo Christodoulou, Mark Meyer and Bill Reid for serving in their respective positions at SBL and OML and wishes each of them every success in his future and other endeavours.

## **6. Update of Group's Gold Mining Business**

The Company refers to its announcements of financial results on 30 May 2012 and 14 August 2012, in particular, paragraph 9 of the announcement of financial results on 14 August 2012 and paragraph 10 of the announcement of financial results on 30 May 2012. The Company wishes to provide the following updates in relation thereto.

International analysts remain almost unanimously positive on the short to medium outlook for gold as it remains a store of wealth and a hedge against the prevailing global economic uncertainties. The price of gold will continue to fluctuate due to speculative trading, the relative US Dollar exchange rate and perceptions of geopolitical and financial risks. However, the Company expects prices to remain supported within the current trading range over the next two years given the underlying supply and demand dynamics for the metal.

The Company intends to continue with its strategy to "Acquire, Optimise and Grow" but with a period of consolidation in the near term. Having already acquired SML and with the impending acquisitions of CGT and BMT, an overall operational review is required so as to improve efficiency and raise productivity. The appointment of Matthew Gill will assist in facilitating this effort over the coming months. Already, CGT has significantly increased gold production from 2,023 ounces in the December 2011 quarter to 9,336 ounces in the June 2012 quarter. Gold output should continue to increase with the implementation of a Gold Recovery Improvement Project and with on-going exploration activities. For BMT, plans are being assessed to establish open pit mining at its Western Australian tenements. Operations at SBL have already been progressed from the processing of tailings to open pit production of surface oxides, and steps to further raise in recovery rates are underway.

The Company also intends to continue with its fund raising exercises to fund its growth strategy and for the operational requirements.

The Company will provide further updates by way of announcements on SGXNET.

### **By Order of the Board**

Tan Sri Dato Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil  
Chairman  
LionGold Corp Ltd  
3 September 2012