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TAUNG GOLD | TAUNG GOLD INTERNATIONAL LIMITED
壇金礦業有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 621)

**PROGRESS UPDATE AND ADDENDUM
IN RELATION TO THE DISCLOSEABLE TRANSACTION**

This announcement is made by Taung Gold International Limited (the “**Company**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 28 December 2016 (the “**Announcement**”) in relation to the potential acquisition of an interest in an exploration license for copper and gold in Pakistan (the “**Acquisition**”). Unless the context requires otherwise, terms used herein shall have the same meanings as those defined in the Announcement.

BACKGROUND

On 28 December 2016, the Purchaser, which is a wholly-owned subsidiary of the Company, the Seller and the Guarantor entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Seller has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the BVI Target Company, for the consideration of HK\$146,000,000. The Guarantor has agreed to guarantee the Seller’s obligations under the Agreement.

Upon completion of the Acquisition, the Company will indirectly hold a 100% of the issued share capital of the BVI Target Company and indirectly 21% of the issued share capital of the Pakistani Target Company. As a result of the Proposed Acquisition, the BVI Target Company will become a wholly-owned subsidiary of the Company.

The Pakistani Target Company holds an exploration license for copper, gold and associated minerals in Balochistan, Pakistan.

DEVELOPMENT AFTER THE AGREEMENT DATE

After the execution of the Agreement, the Seller has continuously working on matters relating to the conversion of the exploration license into a mining license. On 6 February 2018, a letter was issued by the Director General of Mines and Minerals Balochistan to the Pakistani Target Company regarding the grant of a Mining Lease for Gold, Copper, Lead, Zinc, Silver, Platinum-Group Metals, Molybdenum & Associated Metallic Minerals in District Chagai Balochistan. On 6 April 2018, a further letter was issued by the Director General EPA, Balochistan, to the Pakistani Target Company regarding the grant of “Initial Environmental Examination (IEE) and No Objection Certificate (NOC) for Mining Activities in District Chagai, Balochistan”.

As a result, the Pakistani Target Company currently holds a mining license for mining activities in the designated area.

However, due to the uncertain political environment in Pakistan in the last two years, the Company was unable to conduct due diligence on the Acquisition and therefore, could not reach completion on or before the agreed Long Stop Date. In view of the potential of the Acquisition and the future opportunities that may accrue to the Company in the Chagai area of Pakistan, the Company is still eager to continue with the Acquisition. Thus, on 25 June 2019, the Purchaser and the Seller agreed to enter into an addendum (the “**Addendum**”) to extend the Long Stop Date.

THE ADDENDUM

Date: 25 June 2019 (before trading hours)

Parties: (1) Bright Quality Management Limited as the Purchaser;
(2) Mr. Ma Chi Kwan as the Seller; and
(3) New Promise International Limited as the Guarantor

As at the date of this announcement, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Seller and his ultimate beneficial owners are third parties independent of the Group and are not connected persons of the Group, under the definitions of the Listing Rules.

The amendments to the Agreement as set out in the Addendum are summarized as follows:

- (1) The Long Stop Date: 31 December 2019 or such other date as may be mutually agreed by the Seller and the Purchaser in writing;
- (2) In the event that either (a) the Resource Report or (b) the Revised Valuation Report or (c) both such reports are not completed and delivered to the Seller and Purchaser on or before 30 June 2020, this Agreement, save for the surviving clauses, shall automatically terminate and shall cease to be of any force or effect and the Seller shall refund the Total Consideration to the Purchaser in cash into a bank account to be nominated by the Purchaser and the Purchaser shall transfer the Sale Shares back to the Seller (with any associated share transfer costs to be borne by the Seller), in each case no later than 31 July 2020; and
- (3) Completion, evidenced by the relevant “Conditions Precedent Completion Notice” signed by the Shareholders, is conditional on satisfaction or written waiver by the Shareholders on or before 30 June 2020.

Other than the above, there are no other amendments to the Agreement.

By order of the Board
Taung Gold International Limited
Cheung Pak Sum
Co-chairman & Executive Director

Hong Kong, 25 June 2019

As at the date of this announcement, the executive directors are Mr. Christiaan Rudolph de Wet de Bruin (Co-chairman), Ms. Cheung Pak Sum (Co-chairman), Mr. Neil Andrew Herrick (Chief Executive Officer) and Mr. Phen Chun Shing Vincent; and the independent non-executive directors are Mr. Chong Man Hung Jeffrey, Mr. Li Kam Chung and Mr. Tsui Pang.

* *For identification purpose only*