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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)**

**ANNOUNCEMENT OF THE INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

**RESULTS**

The board of directors (the “**Board**”) of Taung Gold International Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2015 together with the comparative figures as follows:

**Unaudited Condensed Consolidated Statement of Comprehensive Income**  
*For the six months ended 30 September 2015*

		<b>Six months ended</b>	
		<b>30 September</b>	
	<i>Notes</i>	<b>2015</b>	2014
		<b>HK\$'000</b>	HK\$'000
		<b>(unaudited)</b>	(unaudited)
Revenue	2	–	–
Cost of sales		–	–
Gross profit		–	–
Other income	4	<b>20,081</b>	26,327
Other gains and losses	5	<b>(147)</b>	310,646
Administrative and operating expenses		<b>(31,137)</b>	(20,109)
Fair value change on gross obligation under put options		<b>121,780</b>	–
Share of results of associates		–	362
Profit before taxation		<b>110,577</b>	317,226
Income tax expense	6	–	–
Profit for the period		<b>110,577</b>	317,226

\* For identification purpose only

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(unaudited)</b>	(unaudited)
Other comprehensive expense for the period:		
Exchange difference on translation of foreign operations	<u>(102,028)</u>	<u>(34,404)</u>
Total comprehensive income for the period	<u><b>8,549</b></u>	<u>282,822</u>
Profit for the year attributable to:		
– owners of the Company	<u>106,720</u>	<u>313,086</u>
– non-controlling interests	<u>3,857</u>	<u>4,140</u>
	<u><b>110,577</b></u>	<u>317,226</u>
Total comprehensive (expense) income attributable to:		
Owners of the Company	<u>34,445</u>	288,297
Non-controlling interests	<u>(25,896)</u>	<u>(5,475)</u>
	<u><b>8,549</b></u>	<u>282,822</u>
<b>Earnings per share</b>	<b>9</b>	
Basic (HK cents)	<u><b>0.86</b></u>	<u>2.57</u>
Diluted (HK cents)	<u><b>0.86</b></u>	<u>2.55</u>

## Unaudited Condensed Consolidated Statement of Financial Position

As at 30 September 2015

	<i>Notes</i>	<b>30 September 2015 HK\$'000 (unaudited)</b>	31 March 2015 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment		3,078	3,583
Exploration assets		3,806,822	3,664,236
Interests in associates		18,533	18,514
Amount due from an associate		29,287	29,287
Available-for-sale investment		49,860	50,007
Loans to shareholders of a subsidiary		258,362	296,549
Deposits for rehabilitation		720	830
Deposits for acquisition of investment		–	30,000
Pledged bank deposits		2,132	2,401
		<u>4,168,794</u>	<u>4,095,407</u>
<b>Current assets</b>			
Other receivables and other deposits		30,213	17,706
Deposits for acquisition of investments		30,000	103,000
Bank balances and cash		234,929	95,611
		<u>295,142</u>	<u>216,317</u>
<b>Current liabilities</b>			
Other payables and accruals		34,581	5,739
Derivative financial instruments			
– put options	<i>11(b)</i>	–	–
Gross obligation under put options	<i>11(a)</i>	152,967	370,785
		<u>187,548</u>	<u>376,524</u>
<b>Net current assets (liabilities)</b>		<u>107,594</u>	<u>(160,207)</u>
<b>Total assets less current liabilities</b>		<u>4,276,388</u>	<u>3,935,200</u>
<b>Capital and reserves</b>			
Share capital	<i>12</i>	147,912	124,429
Reserves		3,037,737	2,621,775
Equity attributable to owners of the Company		<u>3,185,649</u>	<u>2,746,204</u>
Non-controlling interests		1,090,739	1,188,996
<b>Total equity</b>		<u>4,276,388</u>	<u>3,935,200</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements (“**interim financial statements**”) for the six months ended 30 September 2015 has been prepared in accordance with the Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting”. This condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2015, which was prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

The interim financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods. The accounting policies adopted in the preparation of interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2015.

In the current interim period, the Group has applied, for the first time, certain amendments to HKFRSs that are mandatorily effective for the current interim period.

The application of the new amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these interim financial statements.

## 2. REVENUE

An analysis of the Group’s revenue for the period is as follows:

	Six months ended	
	30 September	
	2015	2014
	HK\$’000	HK\$’000
	(unaudited)	(unaudited)
Revenue from sale of minerals	—	—

### 3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided.

The Group's operating and reportable segments under HKFRS 8 are as follows:

- (a) gold exploration and development in South Africa; and
- (b) trading of minerals.

An analysis of the Group's revenue and results by principal activities, in respect of the Group's operations for the six months ended 30 September 2015 is as follows:

#### For the six months ended 30 September 2015

	<b>Gold mining operations HK\$'000 (unaudited)</b>	<b>Sales of minerals HK\$'000 (unaudited)</b>	<b>Total HK\$'000 (unaudited)</b>
<b>REVENUE</b>			
External sales	-	-	-
Inter-segment sales	-	-	-
	<hr/>	<hr/>	<hr/>
Total	-	-	-
	<hr/>	<hr/>	<hr/>
<b>RESULTS</b>			
Segment results	<b>(6,857)</b>	<b>(2)</b>	<b>(6,859)</b>
	<hr/>	<hr/>	
Other income			<b>20,081</b>
Other gains and losses			<b>(147)</b>
Unallocated corporate expenses			<b>(24,278)</b>
Fair value change of gross obligation under put options			<b>121,780</b>
Finance costs			-
			<hr/>
Profit before taxation			<b>110,577</b>
Income tax expense			-
			<hr/>
Profit for the period			<b>110,577</b>
			<hr/>

**For the six months ended 30 September 2014**

	Gold mining operations <i>HK\$'000</i> (unaudited)	Sales of minerals <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
<b>REVENUE</b>			
External sales	–	–	–
Inter-segment sales	–	–	–
	<hr/>	<hr/>	<hr/>
Total	–	–	–
	<hr/>	<hr/>	<hr/>
<b>RESULTS</b>			
Segment results	(13,047)	(1)	(13,048)
	<hr/>	<hr/>	
Other income			26,327
Other gains and losses			310,646
Unallocated corporate expenses			(7,061)
Share of results of associates			362
			<hr/>
Profit before taxation			317,226
Income tax expense			–
			<hr/>
Profit for the period			317,226
			<hr/>

**4. OTHER INCOME**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	<b>2014</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Interest income on loan to a shareholder of a subsidiary	<b>17,487</b>	22,690
Interest on bank deposits	<b>2,594</b>	3,637
	<hr/>	<hr/>
	<b>20,081</b>	26,327
	<hr/>	<hr/>

## 5. OTHER GAINS AND LOSSES

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Gain on de-recognition of put options and gross obligation under put options	–	280,411
Reversal of impairment loss on acquisition	–	30,253
Losses on disposal of property, plant and equipment	<u>(147)</u>	<u>(18)</u>
	<b><u>(147)</u></b>	<b><u>310,646</u></b>

## 6. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the period. The PRC associates are subject to the PRC enterprise income tax at 25% (2014: 25%). The South African subsidiaries are subject to the corporate tax at 28% (2014: 28%).

No taxation has been provided as the Group has not assessable profit for the six months ended 30 September 2015.

## 7. PROFIT FOR THE PERIOD

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Depreciation for property, plant and equipment	471	529
Minimum lease payments paid under operating leases during the period:		
– Premises	949	1,325
Employee benefits expense:		
Share-based payments	17,962	–
Wages and salaries	7,783	10,855
Contributions to retirement benefits scheme	134	49
Less: Amounts capitalised in projects	<u>(3,412)</u>	<u>(3,976)</u>
	<b><u>22,467</u></b>	<b><u>6,928</u></b>

## 8. DIVIDEND

The Board of Directors has resolved not to recommend the payment of an interim dividend for the six months ended 30 September 2015 (2014: Nil).

## 9. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share for the six months ended 30 September 2015 together with the comparative figures for 2014 are as follows:

	<b>Six months ended 30 September</b>	
	<b>2015</b>	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Profit attributable to owners of the Company for the purpose of basic and diluted earnings per share	<b>106,720</b>	313,086
	<b>12,431,575</b>	12,179,916
	–	88,848
Weighted average number of ordinary shares for the purpose of basic earnings per share		
Adjustment for unlisted warrants		
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<b>12,431,574</b>	12,268,764

The computation of diluted earnings per share for the six months ended 30 September 2015 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares.



## 10. ACQUISITION OF SUBSIDIARIES

On 6 July 2015 the Company entered into an acquisition agreement (the “**Acquisition Agreement**”) with Cambright Investment Limited and PacBridge Partners I Investments Co. Ltd. (the “**Sellers**”) pursuant to which the Company conditionally agreed to acquire and the Sellers conditionally agreed to sell 100% equity interest in Minex Resources Pte. Ltd. (“**Minex**”) for a total consideration of US\$28,000,000 (equivalent to approximately HK\$217,000,000), of which the Sellers are entitled for US\$24,000,000 in relation to the acquisition of Minex and the Metallurgical Testing as defined in the announcement issued by the Company on 6 July 2015 (the “**Announcement**”) and the Sellers are entitled for the remaining US\$4,000,000 for the completion of PTRTJ PMA as defined in the Announcement. Minex is a private, Singapore incorporated company with interests in two gold concessions in North Sulawesi, Indonesia.

The acquisition was completed on 24 August 2015. Upon completion of the acquisition, the Company directly holds a 100% equity interest in Minex and indirectly holds a 95% equity interest in Indonesian company PT Bolmong Timur Primanusa Resources (“**PTBTPR**”). Minex and PTBTPR have respectively become a wholly-owned subsidiary and an indirectly non-wholly owned subsidiary of the Company. The Company also holds a CSPA (as defined in the Announcement) to acquire 75% issued share capital of PT Rihendy Tri Jaya (“**PTRTJ**”).

The consideration of US\$24,000,000 (equivalent to approximately HK\$155,117,000) is settled by cash of US\$20,000,000 and 231,080,513 shares of the Company with fair value of HK\$25,188,000 based on the market price at the date of completion. As at 30 September 2015, the Group has settled US\$20,000,000 (equivalent to approximately HK\$124,117,000) and issued the relevant shares of the Company while the unsettled balance was recognized as the consideration payable of US\$4,000,000 (equivalent to approximately HK\$31,000,000). Accordingly, the exploration assets are recorded at HK\$149,305,000 with reference to the fair value of the consideration transferred.

## 11. GROSS OBLIGATION UNDER PUT OPTIONS, DERIVATIVE FINANCIAL INSTRUMENTS – PUT OPTIONS AND CALL OPTIONS

### (a) Gross obligation under put options

The Group granted put options to acquire TGL’s shares from the South African Shareholders and the TGL option holders. Details of the put options are set out in note 11(b).

Upon the issuance of the put options, the Group has a commitment to settle the contractual obligation by cash proceeds from sales (at the times of exercise of the options) of a maximum of 2,392,161,765 of the Company’s shares. The gross obligation under these put options are designated as FVTPL at initial recognition and stated at fair value. As at 30 September 2015, the fair value of the gross obligation under put options with reference to the Company’s share price of HK\$0.09 (31 March 2015: HK\$0.155) per share was HK\$152,967,000 (2014: HK\$370,785,000). During the six months ended 30 September 2015, net decrease in fair value of HK\$121,780,000 was recognised in profit or loss. The Company’s share price as at 31 March 2015 and 30 September 2015 was with reference to quoted market price available on the Stock Exchange.

As disclosed in note 11(b), 6,227,312 and 6,748,000 put options granted to TGL optionholders on 5 September 2014 were exercised on 10 June 2015 and 21 August 2015, fair value of gross obligation under put options of HK\$53,180,000 and HK\$42,858,000 respectively was derecognised. The fair value of the gross obligation under put options at the date of exercise were with reference to the quoted market price of the Company of HK\$0.160 and HK\$0.119 per share available on the Stock Exchange.

**(b) Derivative financial instruments – put options**

*Put options for the acquisition of additional interest in TGL*

(i) Put option agreements between the Company, GoldCom and South African Shareholders

The South African Shareholders had 21,174,316 shares of TGL on 8 September 2011. To facilitate the South African Shareholders selling their shares in TGL to the Company, the Company granted put options to the South African Shareholders. The consideration payable by each South African Shareholder for the grant of the put option is ZAR1. Due to foreign exchange control restrictions in South Africa, the South African Shareholders are restricted from on-selling, transferring or dealing in the Company's shares. Accordingly, GoldCom was introduced to facilitate the arrangements under the put option agreements between the Company and the South African Shareholders.

To facilitate the payment of the put option exercise price upon the exercise of the put options, on 8 September 2011, GoldCom subscribed for 1,130,141,116 of the Company's shares in consideration for the issuance of the loan note with nil interest. The shares are kept by an escrow agent appointed jointly by GoldCom, the Company and the South African Shareholders. The loan note is unsecured. The Company will not demand repayment of any amount outstanding under the loan note prior to the sales on the Stock Exchange of the Company's shares and the receipt by GoldCom of an amount equivalent to the cash proceeds from the sales of the Company's shares upon exercise of put options by the South African Shareholders. In substance, GoldCom is acting in the role of an agent and the arrangement of loan note and the share subscription is only to facilitate the issuance of the Company's shares prior to the exercise of put options. Accordingly, the Company's shares issued for the loan note are accounted for as if they are treasury shares. The closing market price of the Company's share on 8 September 2011 was HK\$0.46. The share capital and share premium relating to these shares issued to GoldCom for the exchange of a loan note amounting to HK\$519,865,000 is recognised as other reserve in equity in the consolidated statement of changes in equity.

Pursuant to the put option agreements dated 8 September 2011, the South African Shareholders may sell their TGL shares to the Company through GoldCom who will sell on-market a number of the Company's shares representing the number of TGL shares being sold by the South African Shareholders multiplied by the share exchange ratio of about 53 Company's shares for every 1 TGL share. GoldCom will deliver the cash proceeds from such on-market sale to the South African Shareholders and will transfer the TGL shares to the Company. The principal amount outstanding under the loan note will be reduced by the market value of the corresponding number of the Company's shares upon the transfer of TGL shares to the Company. Such right to sell TGL shares to the Company through GoldCom may be exercised by the South African Shareholders at any time within three years from 8 September 2011.

The put options may not be transferred by the South African Shareholders without the prior written consent of the other parties to the put option agreements. In addition, if any South African Shareholder wishes to sell all or part of the TGL shares held by him to a third party during the term of the put option agreements, he shall first be required to offer such TGL shares to the Company through GoldCom. If any South African Shareholder has not exercised his put options in full within three years from 8 September 2011, GoldCom shall sell through the Stock Exchange the remaining Company's shares it then holds and the cash proceeds from such sales shall be paid to the Company in repayment of the loan note. The risk of any reduction in value of the Company's shares is borne by the Company.

The put options agreement expired on 7 September 2014.

On 5 September 2014, the Company, GoldCom and TGL entered into the new put option agreements ("**New put option agreements**") with each of the South African Shareholders and pursuant to the New put option agreements, the Company granted the South African Shareholders the right to sell their TGL shares to the Company through GoldCom who will sell on-market a number of the Company's shares representing the number of TGL shares being sold by the South African shareholders multiplied by the share exchange ratio of about 53 Company's shares for every 1 TGL share. GoldCom will deliver the cash proceeds from such on-market sale to the South African Shareholders and will transfer the TGL shares to the Company. The principal amount outstanding under the loan note will be reduced by the market value of the corresponding number of the Company's shares upon the transfer of TGL shares to the Company. Such right to sell TGL shares to the Company through GoldCom may be exercised by the South African Shareholders at any time before 7 September 2016.

The put options may not be transferred by the South African Shareholders without the prior written consent of the other parties to the New put option agreements. In addition, if any South African Shareholder wishes to sell all or part of the TGL shares held by him to a third party during the term of the New put option agreements, he shall first be required to offer such TGL shares to the Company through GoldCom. If any South African Shareholder has not exercised his put options in full before 7 September 2016, GoldCom shall sell through the Stock Exchange the remaining Company's shares it then holds and the cash proceeds from such sales shall be paid to the Company in repayment of the loan note. The risk of any reduction in value of the Company's shares is borne by the Company.

During the period ended 30 September 2015, no put options were exercised by the South African Shareholders.

(ii) Put options granted by the Company to the holders of options of TGL ("**TG Optionholders**")

Pursuant to the put option agreements dated 8 September 2011 entered into between the TG Optionholders, GoldCom, TGL and the Company, the Company and GoldCom granted to the TG Optionholders the right to sell a maximum number of 18,916,168 TGL shares to the Company or to the Company through GoldCom for a maximum of 1,009,616,519 new shares of the Company upon their exercise of the options granted by TGL. The put options may be exercised by the TG Optionholders at any time within three years from 8 September 2011.

When the TG Optionholders are South African Shareholders, they may sell their TGL shares obtained from exercise of the options granted by TGL to the Company through GoldCom who will sell on-market a number of the Company's shares representing the number of TGL shares being sold by the South African Shareholders multiplied by the share exchange ratio of about 53 Company's shares for every 1 TGL share. GoldCom will deliver the cash proceeds from such on-market sale to the South African Shareholders and will transfer the TGL shares to the Company. When the TG Optionholders are not residents of South Africa, they may sell their TGL shares obtaining from exercise of the options granted by TGL to the Company and the Company will issue a corresponding number of the Company's shares to the TG Optionholders using an exchange ratio of about 53 Company's shares for every 1 TGL share.

The put options may not be transferred by the TG Optionholders without the prior written consent of the other parties to the put option agreements. In addition, if any TG Optionholder wishes to sell all or part of the TGL shares obtaining from exercise of the options granted by TGL to a third party during the term of the put option agreements, he shall first be required to offer such TGL shares to the Company.

The consideration payable by each of the TG Optionholders for the grant of the put option is ZAR1.

The put option agreements expired on 7 September 2014.

On 5 September 2014, the Company, GoldCom and TGL entered into the new optionholder agreements ("**New optionholder agreements**") with each of the TG Optionholders and pursuant to the New optionholder agreements, the Company granted the TG Optionholders the right to sell a maximum number of 23,645,210 TGL shares to the Company or to the Company through GoldCom for a maximum of 1,262,020,649 new shares of the Company upon their exercise of the options granted by TGL. The put options may be exercised by the TG Optionholders at any time before 7 September 2016.

When the TG Optionholders are South African Shareholders, they may sell their TGL shares obtained from exercise of the options granted by TGL to the Company through GoldCom who will sell on-market a number of the Company's shares representing the number of TGL shares being sold by the South African Shareholders multiplied by the share exchange ratio of about 53 Company's shares for every 1 TGL share. GoldCom will deliver the cash proceeds from such on-market sale to the South African Shareholders and will transfer the TGL shares to the Company. When the TG Optionholders are not residents of South Africa, they may sell their TGL shares obtaining from exercise of the options granted by TGL to the Company and the Company will issue a corresponding number of the Company's shares to the TG Optionholders using an exchange ratio of about 53 Company's shares for every 1 TGL share.

The put options may not be transferred by the TG Optionholders without the prior written consent of the other parties to the New optionholder agreements. In addition, if any TG Optionholder wishes to sell all or part of the TGL shares obtaining from exercise of the options granted by TGL to a third party during the term of the New optionholder agreements, he shall first be required to offer such TGL shares to the Company.

The consideration payable by each of the TG Optionholders for the grant of the put option is ZAR1.

During the period ended 30 September 2015, 12,975,312 put options were exercised by the TG Optionholders.

**(c) Derivative financial instruments – call options**

*Call options for the acquisition of additional interest in TGL*

(i) Call options granted by the South African Shareholders to the Company

Pursuant to the New put option agreements dated 5 September 2014, the Company may acquire the TGL shares from the South African Shareholders through GoldCom in respect of the Company's shares representing the number of TGL shares being sold by the South African Shareholders multiplied by the share exchange ratio of about 53 Company's shares for every 1 TGL share. GoldCom will deliver the cash proceeds from such on-market sale to the South African Shareholders and will transfer the TGL shares to the Company. The principal amount outstanding under the loan note will be reduced by the market value of the corresponding number of the Company's shares upon the transfer of TGL shares to the Company. The principal amount outstanding under the loan note will be reduced by the market value of the corresponding number of the Company's shares upon the transfer of TGL shares to the Company. Such right to acquire TGL shares from the South African Shareholders through GoldCom may be exercised by the Company at any time before 7 September 2016.

The call options may not be transferred by the Company without the prior written consent of the other parties to the New put option agreements. In addition, the call options shall automatically terminate when the Company acquires 80% or more of the TGL shares from the South African Shareholders.

The exercise of the call options shall be conditional upon (a) a change of control of the Company has occurred and duly completed in accordance with the terms and conditions thereunder and has been announced on the Stock Exchange; (b) where applicable, the exercise of the call options having been approved by the independent shareholders as required by and in accordance with the requirements under the Listing Rules; and (c) the offer price of the Company's share shall not less than HK\$0.20 per share.

The consideration payable by the Company to the South African Shareholders for the grant of the call option is HK\$1.

As at 31 March 2015, the directors of the Company considered that the possibility of exercisability of the call options is low as the likelihood of change of control of the Company is outside the control of the Company and not foreseeable, thus the fair value of the call options is considered as minimal. During the period ended 30 September 2015, no call options were exercised by the Company.

(ii) Call options granted by the TG Optionholders to the Company

Pursuant to the New optionholder agreements dated 5 September 2014, each of the TG Optionholders has granted the Company the right to acquire a maximum number of 23,645,210 TGL shares from TG Optionholders through GoldCom for a maximum of 1,262,020,649 new shares of the Company upon their exercise of the options granted by TGL. The call options may be exercised by the Company at any time before 7 September 2016.

When the TG Optionholders are South African Shareholders, the Company may acquire the TGL shares from the South African Shareholders through GoldCom who will sell on-market a number of the Company's shares representing the number of TGL shares being sold by the South African Shareholders multiplied by the share exchange ratio of about 53 Company's shares for every 1 TGL share. GoldCom will deliver the cash proceeds from such on-market sale to the South African Shareholders and will transfer the TGL shares to the Company. When the TG Optionholders are not residents of South Africa, the Company may acquire the TGL shares obtaining from exercise of the options granted by TGL to the Company and the Company will issue a corresponding number of the Company's shares to the TG Optionholders using an exchange ratio of about 53 Company's shares for every 1 TGL share.

The call options may not be transferred by the Company without the prior written consent of the other parties to the New optionholder agreements. In addition, if any put options may not be transferred by the TG Optionholders without the prior written consent of the other parties to the New optionholder agreements. In addition, the call options shall automatically terminate when the Company acquires 80% or more of the TGL shares from TG Optionholders.

The exercise of the call options shall be conditional upon (a) a change of control of the Company has occurred and duly completed in accordance with the terms and conditions thereunder and has been announced on the Stock Exchange; (b) where applicable, the exercise of the call options having been approved by the independent shareholders as required by and in accordance with the requirements under the Listing Rules; and (c) the offer price of the Company's share shall not less than HK\$0.20 per share.

The consideration payable by the Company to the TG Optionholders for the grant of the call option is HK\$1.

As at 30 September 2015, the directors of the Company considered that the possibility of exercisability of the call options is low as the likelihood of change of control of the Company is outside the control of the Company and not foreseeable, thus the fair value of the call options is considered as minimal. During the period ended 30 September 2015, no call options were exercised by the Company.

The call options granted by South African Shareholders and TG Optionholders to the Company are classified as derivative financial instruments and stated at fair value.

## 12. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 30 September 2015	<u>30,000,000,000</u>	<u>300,000</u>
Issue and fully paid:		
At 1 April 2015	12,442,915,688	124,429
Issue of shares under New TG Optionholder Put Option Agreement ( <i>Note a</i> )	692,533,968	6,925
Issue of shares under placement ( <i>Note b</i> )	1,424,640,000	14,247
Issue of shares under Acquisition Agreement ( <i>Note c</i> )	<u>231,080,513</u>	<u>2,311</u>
At 30 September 2015	<u>14,791,170,169</u>	<u>147,912</u>

*Note a:* Pursuant to the New TG Optionholder Agreement dated 7 September 2014, the TG Optionholders were granted rights to sell their TG Shares to the Company at the Share Exchange Ratio. As at 30 September 2015, 692,533,968 Shares were issued upon exercise of 12,975,312 TG Optionholder put options. Details of New TG Optionholder Agreement are set out in note 11.

*Note b:* As disclosed in the announcements of the Company dated 24 July 2015, 1,424,640,000 ordinary shares of HK\$0.01 each were issued at HK\$0.107 per share through placement to various placees, who and whose ultimate beneficial owners are independent and not connected with the Group, with gross proceeds of HK\$152,437,000. These placing shares were issued under the general mandate granted to the directors by the Company's shareholders at the Company's annual general meeting held on 4 September 2014.

*Note c:* Pursuant to the Acquisition Agreement dated 6 July 2015, the Company issued 231,080,513 new shares to the Sellers as partial consideration for acquisition of two gold concessions held by Minex. Details of the Acquisition Agreement are set out in note 10.

All shares ranked pari passu in all respects with other shares in issue.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

The Group is principally engaged in (i) the exploration and development of goldmines in the Republic of South Africa (“**South Africa**”) and the Republic of Indonesia (“**Indonesia**”).

During the period under review, The Group recorded a net profit attributable to owners of approximately HK\$106,720,000 or a earning of HK\$0.86 cents per share (basic), compared with a net profit attributable to owners of the Company for the period ending 30 September 2014 of approximately HK\$313,086,000 or earning of HK\$2.57 cents per share (basic).

### **Interim Dividend**

The Board of Directors has resolved not to recommend the payment of an interim dividend for the six months ended 30 September 2015 (2014: Nil).

### **Liquidity and Financial Resources**

As at 30 September 2015, the Group’s had no outstanding bank borrowings (30 September 2014: Nil) and no banking facilities (31 March 2015: Nil). The Group’s gearing ratio as at 30 September 2015 was zero (31 March 2015: zero), calculated based on the Group’s total zero borrowings (31 March 2015: zero) over the Group’s total assets of approximately HK\$4,463,936,000 (31 March 2015: HK\$4,311,724,000).

As at 30 September 2015, the balances of cash and cash equivalents of the Group were approximately HK\$234,929,000 (31 March 2015: HK\$95,611,000) and were mainly denominated in Hong Kong Dollars, Renminbi, United States Dollars and South African Rand.

The Group continues to adopt a policy of dealing principally with clients with whom the Group has enjoyed a long working relationship so as to minimize risks in its business.

### **Foreign Exchange Exposure**

During the period ended 30 September 2015, the Group operated mainly in the PRC and the Republic of South Africa, and the majority of the Group’s transaction and balances were denominated in Hong Kong Dollars, Renminbi, United States Dollars and South African Rand. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need rise.



## Fund Raising Activity

A placing of Shares of approximately 1,424,640,000 Shares (the “**Placing**”) was completed on 24 July 2015. The cash position of the Group has been strengthened by approximately HK\$152 million. Details of the Placing are set out in note 12 to this announcement.

## Review of Business Operations

During the period under review the Group did not carry out any field exploration activities and its attention was focused on advancing and completing the study work for the Evander and Jeanette projects and field work for metallurgical testing of samples from Garini, one of the Minex assets. The Company has not conducted any mining or production activities during the period under review.

### *The Evander Project*

The Evander Project comprises the adjacent Six Shaft and Twistdraai areas in the Evander Goldfield on the northeastern limb of the Witwatersrand Basin, Mpumalanga, Province, South Africa. Taung Gold Secunda (Pty) Limited (“**TGS**”), a wholly owned subsidiary of Taung Gold (Pty) Limited (“**TGL**”), is the registered holder of mining right (the “**Mining Right**”), in terms of the Minerals and Petroleum Resources Development Act (“**MPRDA**”), for the Evander Project. During the period under review ZAR17.63m was spent on the Evander Project.

During the period no change in the Total Mineral Resource was made. The following table shows the Total Mineral Resources for the Evander Project (comprising both the Six Shaft and Twistdraai areas) stated at 7.67 million ounces gold at a mining grade 8.22g/t using a 500cmg/t cut-off grade as at resource declaration on 27 May 2013. The Measured and Indicated Resource makes up 72% of the Total Mineral Resource for the project.

Expenditure on the Evander Project for the period ended 30 September 2015:

Consultants & Service providers	R 4.78m
Staffing	R 2.82m
Overheads	R 10.03m
Total	<u>R 17.63m</u>

## *The Jeanette Project*

The Jeanette Project is located close to the town of Allanridge within the southwest margin of the Witwatersand Basin, north east of Wellcom, in the Free State Province of South Africa.

On 19 June 2015, Taung Gold Free State Proprietary Limited (“**TGFS**”) submitted an application for a mining right (the “**Jeanette Mining Right**”) over the area, which it had previously applied to consolidate into a single prospecting right (the “**Prospecting Right**”).

The application for the Jeanette Mining Right has been accepted by the Free State Office of the Department of Mineral Resources (“**DMR**”) and is now being evaluated and processed. The next step in the procedure will be the ministerial granting in terms of Section 22 of the MPRDA for the issuance of the Jeanette Mining Right and it is expected that this will be finalized during 2016. Thereafter, the execution and registration of the Jeanette Mining Right in the name of TGFS will take place. As the holder of the various Prospecting Rights that make up the Jeanette Project, TGFS enjoyed an exclusive right to apply for the Jeanette Mining Right over the project area. During the period under review ZAR4.96m was spent on the Jeanette Project.

During the period the Total Mineral Resource was unchanged at 57.33 million tonnes and 18.24 million ounces gold at a mean grade of 5.57g/t for both Basal Reef and A-Reef. The cut-off grade for Basal Reef and A-Reef was used at 300cmg/t and 339cmg/t respectively as at 24 January 2013. The Indicated Resource on the Basal Reef makes up 85% of the Total Mineral Resource on the Basal Reef and 54% of the Total Mineral Resource.

Expenditure on the Jeanette Project for the period ended 30 September 2015:

Consultants & Service providers	R 2.96m
Staffing	R 1.52m
Overheads	<u>R 0.48m</u>
Total	<u>R 4.96m</u>

### *Minex and the Indonesian Assets (the “Minex Project”)*

Minex Resources Pte Limited (“**Minex**”) became a wholly-owned subsidiary of the Company on 24 August 2015 upon fulfillment of the conditions precedent for completion in the Acquisition Agreement. At the same time, PT Bolmong Timur Primanusa Resources (“**PTBTPR**”) became a non-wholly owned subsidiary of the Company. Minex holds a 95% interest in PTBTPR. In addition, Minex will hold a 75% interest in PT Rihendy Tri Jaya (“**PTRTJ**”) upon conversion of PTRTJ into a Penanaman Modal Asing-Foreign Investment (“**PMA**”) Company. Shareholders are referred to the announcements made by the Company on 6 and 24 July 2015. PTBTPR is the holder of a concession that includes the Garini deposit under Mining Business License Operation Production. PTRTJ is the holder of a concession that contains several deposits with significant potential to hold gold mineralisation. The collection of samples for metallurgical testing (the “**Metallurgical Testing**”) was undertaken in late September 2015 and these samples have been delivered to PT. SGS Indonesia Assay Laboratories in Jakarta, where assay work will be completed to determine gold grades and prepare samples for the Metallurgical Testing. The prepared samples will then be transported to SGS South Africa (Pty) Limited, in Johannesburg, where the Metallurgical Testing will be carried out under the supervision of the Company’s management and independent metallurgical consultant. It is expected that the results of the Metallurgical Testing will be available before the end of the next reporting period.

### **Future Plans for the Evander Project, Jeanette Project and Minex Project**

#### *The Evander Project*

As of the date of this report the external review of the Evander Project Bankable Feasibility Study (“**BFS**”) is nearing completion and the results of the BFS will be announced in due course. The external review is being conducted by China ENFI Engineering Limited.

On 28 October 2014, the Company announced that it had entered into a Framework Agreement with MCC International Incorporation Ltd (“**MCCI**”), a wholly owned subsidiary of Metallurgical Corporation of China, pursuant to which the parties agreed to cooperate on an exclusive basis for a period of 12 months with the objective of entering into an Engineering, Procurement and Construction (“**EPC**”) contract for the development of the Evander Project. During the period under review the Company completed the compilation the Employer Requirements Document for the Evander Project based on the International Federation of Consulting Engineers (“**FIDIC**”) Yellow Book Contract and discussions with MCCI are continuing towards achieving the objective.

The Environmental Impact Assessment (“EIA”) for the Evander Project is ongoing and is expected to be completed by the end of April 2016. Completion of the EIA will also result in the submission of an application for a Water Use Licence (“WUL”) for the project. Together with the EIA, an amended Social and Labour Plan (“SLP”) and Mining Works Program (“MWP”) will also form the basis of an application under Section 102 of the MPRDA to amend the Mining Right accordingly. An EIA for the dewatering phase of the project has been approved and an application for a WUL for the dewatering phase of the project is being prepared and will be submitted to the relevant authorities by April 2016.

#### *The Jeanette Project*

The internal review of the Jeanette Project Pre-Feasibility Study (“PFS”) is almost complete and the results of the PFS will be announced in due course. The commencement date for the BFS for the project will be determined early in 2016.

The following activities required in terms of the Mining Right application are in progress:

- An EIA Scoping Report was submitted to the DMR and accepted on 8 September 2015 and the EIA will be completed early in January 2016.
- The SLP consultation process has been completed and the SLP document will be submitted to the DMR in the next few weeks.
- The MWP has been submitted to the DMR and feedback is awaited.

#### *The Minex Assets*

A plan for the development of the Minex Assets will be compiled upon the completion of the Metallurgical Testing.

### **HUMAN RESOURCES**

As at 30 September 2015, the total number of employees, excluding workers under exclusive sub-contracting arrangement, of the Group was 45 (2014: 50). The Group’s remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned.

## **CORPORATE GOVERNANCE**

The Board considers that good corporate governance of the Company can protect and safeguard the interests of the shareholders and to enhance the performance of the Company. The Group currently maintains an adequate and effective internal control system to meet its obligations under the Listing Rules. Saved as disclosed below, the Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the “**Code**”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”).

Code Provision A.4.1 requires non-executive directors should be appointed for a specific term and subject to re-election. The non-executive director and independent non-executive Directors of the Company are not appointed for specific terms but are subject to retirement by rotation in accordance with the bye-laws of the Company.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 September 2015. No incidents of non-compliance of the Written Guidelines by Directors and relevant employees were noted. The Company has also established written guidelines on no less exacting terms than the Model Code (the “**Written Guidelines**”) for securities transactions by the relevant employees, including the Directors, who are likely to be in possession of unpublished price-sensitive information of the Company.

The Company continues to comply with the Written Guidelines in compliance with our obligations under the Securities and Futures Ordinance and Listing Rules.

## **AUDIT COMMITTEE**

The primary duties of the Company’s audit committee include review of the effectiveness of the Group’s financial reporting process, internal control and risk management systems, overseeing the audit process and performing other duties as may be assigned by the Board from time to time. The Group’s condensed consolidated financial statements for the six months ended 30 September 2015 have been reviewed by the audit committee.

## **PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES**

There was no purchase, sale or redemption of shares or other listed securities of the Company or by any of its subsidiaries during the reporting period.

## **CHANGE OF DIRECTORS AND COMPANY SECRETARY**

On 27 July 2015, Mr. Neil Andrew Herrick (“**Mr. Herrick**”) has resigned as Executive Director of the Company with immediate effect. Meanwhile, Mr. Herrick remains as Chief Executive Officer and a member of the Technical, Safety and Environment Committee of the Company and also as the chief executive officer and executive director of Taung Gold Proprietary Limited. He has been also appointed as an alternate director to Mr. Christiaan Rudolph de Wet de Bruin, an Executive Director of the Company with effect from 27 July 2015. On the same date, Mr. Phen Chun Shing Vincent has been appointed as a Non-executive Director of the Company with immediate effect.

On 30 September 2015, the Company announced that Mr. Tung Yee Shing has tendered his resignation from the office of company secretary of the Company (“**Company Secretary**”) with effect from 30 September 2015, but remains as the Chief Financial Officer of the Company due to internal job reallocation. Ms. Wong Pui Yee has been appointed as the Company Secretary with effect from 1 October 2015.

## **PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT**

This interim results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited website at *www.hkexnews.hk* under “Latest Listed Companies Information” and on the website of the Company at *www.taunggold.com* under “Investors & media”. The interim report of the Company containing all the information required by the Listing Rules will be published on the websites in due course.

By order of the Board  
**Taung Gold International Limited**  
**Cheung Pak Sum**  
*Executive Director*

Hong Kong, 27 November 2015

*As at the date of this announcement, the Board comprises eight Directors. The Executive Directors are Mr. Li Hok Yin, Mr. Christiaan Rudolph de Wet de Bruin, Ms. Cheung Pak Sum and Mr. Igor Levental. The Non-executive Director is Mr. Phen Chun Shing, Vincent. The Independent Non-executive Directors are Mr. Chui Man Lung, Everett, Mr. Li Kam Chung and Mr. Walter Thomas Segsworth.*