TAUNG GOLD INTERNATIONAL LIMITED
壇金礦業有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 621)

ANNOUNCEMENT OF THE UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

UNAUDITED ANNUAL RESULTS

For the reasons explained below under "Review of Unaudited Annual Results", the auditing process for the annual results of Taung Gold International Limited (the "**Company**") and its subsidiaries (the "**Group**") for the year ended 31 March 2020 has not been completed and the Company is unable to publish an annual results announcement that has been agreed with the Company's auditors by 29 June 2020 in accordance with Rule 13.49 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

In the meantime, the board of directors (the "**Board**") of the Company is pleased to announce the unaudited consolidated financial results of the Group for the year ended 31 March 2020, together with the comparative audited figures for the year ended 31 March 2019 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	**2020** ***HK$'000*** **(Unaudited)**	2019 *HK$'000* (Audited)
Other income	*4*	**2,080**	1,284
Other gains and losses	*4*	**(14,607)**	9,079
Administrative and operating expenses		**(33,691)**	(46,129)
Finance costs		**(1,433)**	(571)
Share of results of associates		**(112)**	(16)

* *For identification purpose only*

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – CONTINUED

For the year ended 31 March 2020

	Notes	2020 HK$'000 (Unaudited)	2019 HK$'000 (Audited)
Loss before taxation		**(47,763)**	(36,353)
Income tax expense	5	**–**	–
Loss for the year	6	**(47,763)**	(36,353)
Other comprehensive expense			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(771,082)**	(817,284)
Reclassification adjustment – transfer from foreign currency translation reserve to profit or loss upon disposal of subsidiaries		**–**	(18)
Other comprehensive expense for the year		**(771,082)**	(817,302)
Total comprehensive expense for the year		**(818,845)**	(853,655)
Loss for the year attributable to:			
– Owners of the Company		**(41,359)**	(33,871)
– Non-controlling interests		**(6,404)**	(2,482)
		(47,763)	(36,353)
Total comprehensive expense attributable to:			
– Owners of the Company		**(647,674)**	(676,212)
– Non-controlling interests		**(171,171)**	(177,443)
		(818,845)	(853,655)
Loss per share	7		
– Basic and diluted loss per share (HK cents)		**(0.23)**	(0.19)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	Note	2020 HK$'000 (Unaudited)	2019 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**2,557**	2,713
Mining assets	*8*	**3,015,780**	3,774,891
Right-of-use assets		**1,672**	–
Interests in associates		**514**	626
Loans to shareholders of a subsidiary		**–**	3,913
Financial assets at fair value through profit or loss		**54,667**	76,418
Deposits for acquisition of an investment		**60,000**	60,000
Rental deposit		**413**	–
Pledged bank deposits		**614**	2,057
		3,136,217	3,920,618
Current assets			
Other receivables, prepayment and deposits		**5,715**	7,505
Bank balances and cash		**199,594**	239,062
		205,309	246,567
Current liabilities			
Lease liabilities		**1,332**	–
Other payables and accruals		**9,688**	10,300
		11,020	10,300
Net current assets		**194,289**	236,267
Total assets less current liabilities		**3,330,506**	4,156,885

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – CONTINUED

At 31 March 2020

	Note	**2020**	2019
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
Non-current liabilities			
Lease liabilities		**282**	–
Provision for rehabilitation costs		**8,767**	12,474
		9,049	12,474
		3,321,457	4,144,411
Capital and reserves			
Share capital	*9*	**181,515**	181,515
Reserves		**2,490,465**	3,141,368
Equity attributable to owners of the Company		**2,671,980**	3,322,883
Non-controlling interests		**649,477**	821,528
Total equity		**3,321,457**	4,144,411

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2020

1. GENERAL

The Company is incorporated in Bermuda as an exempted company and registered with limited liability under the Companies Act 1981 of Bermuda (as amended). The shares of the Company are listed on the Stock Exchange. The addresses of the registered office and principal place of business in Hong Kong of the Company are Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM12, Bermuda and Unit 1901, 19/F, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong, respectively.

The Company acts as an investment holding company. The principal activities of its subsidiaries are investment holding, trading of minerals and exploration, development and mining of gold and associated minerals.

The functional currency of the Company is United States dollars ("**USD**"). For the convenience of the users of the unaudited consolidated financial results of the Group, they are presented in Hong Kong dollars ("**HK$**") as the shares of the Company are listed on the Stock Exchange.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and Amendments to HKFRSs and an interpretation that are mandatorily effective for the current year

The Group has applied the following new HKFRS and an interpretation as well as amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)–Int 23	Uncertainty over Income Tax Treatment
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new HKFRS and an interpretation as well as amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in the unaudited consolidated financial results.

HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 "Leases" ("**HKAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)–Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the practical expedient about electing not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts.

As the outstanding operating leases of the Group as at 31 March 2019 were all with lease term ending within 12 months from 1 April 2019, the application of HKFRS 16 had no impact to the Group's existing lease at the date of initial application.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[1]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[5]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

New and amendments to HKFRSs in issue but not yet effective – continued

[1] Effective for annual periods beginning on or after 1 January 2021.
[2] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
[3] Effective for annual periods beginning on or after a date to be determined.
[4] Effective for annual periods beginning on or after 1 January 2020.
[5] Effective for annual periods beginning on or after 1 June 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the "Amendments to References to the Conceptual Framework in HKFRS Standards", will be effective for annual periods beginning on or after 1 January 2020.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial results in the foreseeable future.

Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;

- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and

- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial results.

New and amendments to HKFRSs in issue but not yet effective – continued

Conceptual Framework for Financial Reporting 2018 (the "**New Framework**") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for the Group's annual period beginning on 1 April 2020. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("**CODM**"), 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 the Republic of South Africa ("**South Africa**"); and

(b) trading of minerals.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment.

For the year ended 31 March 2020

	Gold exploration and development in South Africa *HK$'000*	**Trading of minerals** *HK$'000*	**Total** *HK$'000*
REVENUE			
External sales	**–**	**–**	**–**
Segment loss	**(29,901)**	**–**	**(29,901)**
Unallocated other income			**1,154**
Unallocated corporate expenses			**(18,836)**
Finance cost – interest on lease liabilities			**(68)**
Share of results of associates			**(112)**
Loss before taxation			**(47,763)**

Segment revenue and results – continued

For the year ended 31 March 2019

	Gold exploration and development in South Africa *HK$'000*	Trading of minerals *HK$'000*	Total *HK$'000*
REVENUE			
External sales	–	–	–
Segment loss	(12,856)	–	(12,856)
Unallocated other income			40
Unallocated corporate expenses			(23,521)
Share of results of associates			(16)
Loss before taxation			(36,353)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment loss during the years ended 31 March 2020 and 31 March 2019 represents loss from each segment without allocation of certain other income, central administration and operating expenses, interest on lease liabilities and share of results of associates. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

At 31 March 2020

	Gold exploration and development in South Africa *HK$'000*	Trading of minerals *HK$'000*	Total *HK$'000*
ASSETS			
Segment assets	**3,077,589**	**–**	**3,077,589**
Property, plant and equipment			**1,117**
Right-of-use assets			**1,672**
Interests in associates			**514**
Deposits for acquisition of investments			**60,000**
Rental deposit			**413**
Other receivables, prepayment and deposits			**1,162**
Bank balances and cash			**199,059**
Consolidated assets			**3,341,526**
LIABILITIES			
Segment liabilities	**13,284**	**–**	**13,284**
Other payables and accruals			**5,171**
Lease liabilities			**1,614**
Consolidated liabilities			**20,069**

Segment assets and liabilities – continued

At 31 March 2019

	Gold exploration and development in South Africa *HK$'000*	Trading of minerals *HK$'000*	Total *HK$'000*
ASSETS			
Segment assets	3,866,919	–	3,866,919
Property, plant and equipment			889
Interests in associates			626
Deposits for acquisition of investments			60,000
Other receivables, prepayment and deposits			1,006
Bank balances and cash			237,745
Consolidated assets			4,167,185
LIABILITIES			
Segment liabilities	17,269	–	17,269
Other payables and accruals			5,505
Consolidated liabilities			22,774

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating and reportable segments, other than certain property, plant and equipment, right-of-use assets, interests in associates, rental deposit, deposit for acquisition of an investment, certain other receivables, prepayment and deposits, and certain bank balances and cash.

- all liabilities are allocated to operating and reportable segments other than certain other payables and accruals and lease liabilities.

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Other income		
Interest income on bank deposits	**1,772**	1,148
Interest income on rental deposit	**13**	–
Others	**295**	136
	2,080	1,284

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Other gains and losses		
Gain on disposal of property, plant and equipment	**68**	–
Foreign exchange (loss) gain, net	**(7,867)**	743
Reversal of impairment loss on loans to various shareholders of Taung Gold (Pty) Limited	**972**	–
Fair value (loss) gain on financial assets at fair value through profit or loss	**(7,681)**	6,765
Others *(note)*	**(99)**	1,571
	(14,607)	9,079

Note: Amount for the year ended 31 March 2019 represented gain on disposal of subsidiaries in Indonesia during the year.

5. INCOME TAX EXPENSE

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Company considered the amounts involved upon implementation of the two-tiered profits tax rates regime were insignificant to the unaudited consolidated financial results. Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits for both years. No provision for Hong Kong Profits Tax was made in the unaudited consolidated financial results as the subsidiaries incorporated in Hong Kong had no assessable profits for both years.

Under South African tax law, the corporate tax rate is 28% for both years on taxable profits of South African subsidiaries. No provision for taxation was made as the subsidiaries in South Africa had no assessable profits for both years.

6. LOSS FOR THE YEAR

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**3,451**	3,489
Depreciation of property, plant and equipment	**649**	558
Depreciation of right-of-use assets	**998**	–
Minimum operating lease payments in respect of rented premises	**–**	2,038
Revaluation of provision of rehabilitation costs (included in operating expenses)	**(2,245)**	–
Staff costs (including directors' emoluments)		
– Salaries and other benefits	**17,674**	20,334
– Contributions to retirement benefits schemes	**145**	161
	17,819	20,495
Less: Amount capitalised in mining assets	**(4,596)**	(6,084)
	13,223	14,411

7. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Loss		
Loss for the purposes of calculating basic and diluted loss per share		
Loss for the year attributable to owners of the Company	**(41,359)**	(33,871)

	2020	2019
	'000	*'000*
	(Unaudited)	(Audited)
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	**18,035,293**	18,151,472

The weighted average number of ordinary shares for the purpose of calculating basis and diluted loss per share for the year ended 31 March 2020 has been adjusted for the acquisition of the Company's ordinary shares during the year.

The calculation of diluted loss per share for both years did not assume the exercise of the Company's outstanding share options as assuming exercise of these share options would result in a decrease in loss per share.

8. MINING ASSETS

	HK$'000
Mining assets	
At 1 April 2018	4,571,246
Additions	8,723
Exchange realignment	(805,078)
At 31 March 2019	3,774,891
Additions	7,658
Change in provision for rehabilitation costs	(564)
Exchange realignment	(766,205)
At 31 March 2020	3,015,780

9. SHARE CAPITAL

	Number of shares	**Share capital**
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2018, 31 March 2019 and 31 March 2020	30,000,000,000	300,000
Issue and fully paid:		
At 1 April 2018, 31 March 2019 and 31 March 2020	18,151,471,981	181,515

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

MANAGEMENT DISCUSSION AND ANALYSIS

COVID-19

The COVID-19 pandemic became a matter of global concern during the last three months of the period under review. The respective authorities in the Hong Kong SAR and South Africa took steps to prevent the spread of COVID-19 and the Company also implemented actions as follows:

Hong Kong SAR – On 23 January 2020, COVID-19 was first confirmed to have spread to Hong Kong. Subsequently, the Hong Kong government declared the viral outbreak as an "emergency" – the highest warning tier. To curb the spread of COVID-19, the government imposed border restrictions, quarantine and isolation procedures, suspended schools and implemented social distancing rules as part of its policy of containment without resorting to the lockdown of the city. Only sports and leisure venues were closed and restaurants were required to limit the numbers of customers. The Company's Hong Kong office remained open and its daily operations were not affected by the COVID-19 outbreak. Precautionary measures such as compulsory body temperature measurement and hygiene measures including the provision of surgical masks and hand sanitizer have been implemented to protect staff from the risk of infection.

South Africa – The first case of COVID-19 in South Africa was confirmed on 5 March 2020 and on 23 March 2020, President Ramaphosa announced a nationwide lockdown commencing at midnight on 26 March 2020. This lockdown resulted in the closure of all businesses other than those deemed to be essential services in terms of amended regulations promulgated under the Disaster Management Act 57 of 2002. Accordingly, the South African Office was closed on 26 March 2020 and work from home principles were adopted to ensure that progress with the Company's activities was not unduly affected. Subsequently, the government has adopted a risk managed approach with 5 levels being applied to the nationwide lockdown, with Level 5 having the most stringent lockdown conditions and Level 1 having the least stringent. The country transitioned from Level 5 to Level 4 lockdown conditions on 1 May 2020 with a further transition to Level 3 being implemented on 1 June 2020. Under the amended regulations, the Company's South African office was also permitted to reopen under level 3, subject to the adherence to requirements stipulated in the applicable emergency regulations, specifically the carrying out of a risk assessment and the implementation of monitoring and hygiene procedures to minimize the risk of infection occurring in the working place. Having implemented appropriate ongoing monitoring and procedures the South African Office was reopened on 8 June 2020.

The Company continues to monitor developments in respect of COVID-19 and its potential impact on the business. As of the date of this announcement there have not been any cases of employees having been infected with the virus.

UNAUDITED RESULTS

The Group is principally engaged in investment holding, trading of minerals and exploration, development and mining of gold and associated minerals in the South Africa.

During the financial year ended 31 March 2020, the Group recorded a basic loss attributable to owners of the Company of approximately HK$41,359,000 (unaudited) or basic loss of HK0.23 cents (unaudited) per share, compared with a basic loss attributable to owners of the Company for the year ended 31 March 2019 of approximately HK$33,871,000 (audited) or basic loss of HK0.19 cents (audited) per share.

DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2020 (2019: Nil).

BUSINESS REVIEW

For the year ended 31 March 2020, the Group had no turnover (unaudited) (2019: Nil (audited)). The Group recorded a net loss attributable to equity holders of approximately HK$41,359,000 (unaudited) compared with a net loss attributable to equity holders of approximately HK$33,871,000 (audited) for the previous financial year. The other comprehensive expense of approximately HK$771,082,000 (unaudited) (2019 expense: HK$817,302,000 (audited)) mainly arose from the exchange difference on the translation of South African operations.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2020, the Group had no (unaudited) outstanding bank borrowings (2019: Nil (audited)) and no (unaudited) banking facilities (2019: Nil (audited)). The Group's gearing ratio as at 31 March 2020 was zero (unaudited) (2019: zero (audited)), calculated based on the Group's total zero (unaudited) borrowings (2019: zero (audited)) over the Group's total assets of approximately HK$3,341,526,000 (unaudited) (2019: HK$4,167,185,000 (audited)).

As at 31 March 2020, the balance of cash and cash equivalents of the Group was approximately HK$199,594,000 (unaudited) (2019: HK$239,062,000 (audited)) and was mainly denominated in Hong Kong Dollars, United States Dollars and South African Rand ("**ZAR**"). 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 to its business.

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 March 2020, the Group operated mainly in South Africa, and the majority of the Group's transactions and balances were denominated in Hong Kong Dollars, United States Dollars, Renminbi and ZAR. However, as the directors consider that the present currency risk is not significant, the Group does not have a policy of hedging foreign currency.

Nevertheless, the Company's management monitors foreign exchange exposure and will consider hedging foreign currency exposure should this be deemed prudent.

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 the following:

- Finalizing the Feasibility Study ("**FS**") for the Jeanette Project and activities associated with the Social & Labour Plan in the communities surrounding the Jeanette Project;
- Advancing the Engineering, Procurement and Construction Contract ("**EPC Contract**") with Metallurgical Corporation of China Ltd ("**MCC**") for the Jeanette Project;
- Advancing the commercial arrangements for the Design & Build Contract and financing for the Evander Project;
- The sale of Holfontein Investments (Pty) Limited ("**HIL**");
- Corporate activity with respect to the Pakistan Project; and
- Identification of near-term gold producing assets for potential acquisition.

As at 31 March 2020, the Company had not conducted any mining or production activities.

The Jeanette Project

The Jeanette Project is located in the northern region of the Free State goldfield close to the towns of Allanridge and Nyakallong, within the southwest limb of the Witwatersrand Basin in the Free State Province of South Africa. Taung Gold Free State (Pty) Limited ("**TGFS**"), a wholly-owned subsidiary of Taung Gold (Pty) Limited ("**TGL**"), is the registered holder of the Mining Right over the Jeanette Project. The Mining Right No. 33/2017 for the Jeanette Project was registered in the name of TGFS on 6 December 2017.

On 28 April 2018, the Company entered into a Service Contract with MCCI International Incorporation Limited ("**MCCI**"), a subsidiary of MCC, whereby the Company appointed MCCI to carry out the FS for the Jeanette Project. The FS was duly completed with and effective date of 23 July 2019.

The Company and MCCI agreed during the early stages of the FS that the Jeanette Project should be executed in a phased approach as follows:

Phase 1

a. Completing and commissioning the existing No.1 Shaft and No.2B shaft infrastructure and establishing a holing between the two shafts to access the northern portion of the orebody;

b. Establishing ore reserve development in the northern portion of the orebody and building up the production profile to a rate of 30,833 tons milled per month at a head grade of 11.92g/t; and

c. Establishing the surface infrastructure for a stand-alone mining and a modular processing operation at a rate of approximately 370,000 tons milled per annum.

Phase 2

a. Sinking and developing two new shafts to access the southern portion of the orebody;

b. Establishing ore reserve development in the southern portion of the orebody and building up the production profile to a rate of 69,167 tons milled per month at a head grade of 11.06/t; and

c. Increasing the capacity of the processing plant and associated infrastructure to 830,000 tons per annum.

This phased approach has the following advantages over the approach followed initially in the pre-feasibility study ("**PFS**"):

- A significantly lower Initial Construction Capital Cost Estimate of US$523.5m compared to US$723.8m (2017 terms) in the PFS, as a result of a more optimal use of the existing shaft infrastructure and the sinking of two new shafts being postponed to Phase 2; and

- A much shorter lead-time to first gold production of 3.6 years, as a result of being able to access the ore reserve much faster than anticipated in the PFS (4.5 years).

Given the above, the Company believes that the phased approach is a superior methodology, especially considering the prevailing global economic and financial market conditions.

The Company therefore reports the FS as representing the outcome of the work done in respect of Phase 1 of the Jeanette Project with a life of mine of 22 years. Accordingly, the Company will consider the timing of the feasibility work for Phase 2 of the Jeanette Project at a future date. Highlights from the results of Phase 1 of the Jeanette Project FS are as follows:

Jeanette Project FS Highlights – Phase 1

Gold Recovered over Life of Project	2.89Moz
Initial Construction Capital Cost Estimate	US$523.5m
Total Capital Cost over Life of Project	US$646.6m
Capital Efficiency	US$4,017/oz
After-tax Net Present Value ("**NPV**") at 5% Discount rate	US$509.9m
After-Tax Internal Rate of Return ("**IRR**")	14.1%
Life of Mine	22 Years
Payback	8.7 years
Cash Operating Costs	US$471/oz
Profit Margin	46.2%
All In Sustaining Costs ("**AISC**")	US$666/oz
All In Costs ("**AIC**")	US$694/oz

Notes:

1. Financials calculated using a gold price of $1,290/oz and/or an exchange rate of US$1.00 = ZAR14.00.

2. Capital Efficiency is calculated as Total Capital Cost divided by average annual gold production over the production life of mine.

3. Payback calculated from date of first production.

Jeanette Project Summary

The Jeanette Project is located near the town of Welkom, a major gold producing area, 270km south-west of Johannesburg, in the Free State Province of South Africa. The Jeanette Project was acquired from ARMGold/Harmony Freegold Joint Venture Company (Pty) Limited, in December 2009. The Mining Right over the project area was registered in the name of TGFS in the Mineral and Petroleum Titles Registration Office on 6 December 2017. The Jeanette Project is located in an established gold producing region in close proximity to road, power and water & sanitation infrastructure and, which is well served with other necessary services. The Jeanette Project is comprised of the following:

- Existing vertical shaft infrastructure that will be rehabilitated and extended to access the Mineral Resource and Reserve;

- Construction of a new metallurgical processing plant that will treat all underground ore and produce gold doré bars for refining into 99.99% purity bullion at the Rand Refinery Limited; and

- Establishment and construction of the associated infrastructure required to support operations and enable disposal of waste materials in accordance with internationally accepted standards.

Expenditure on the Jeanette Project for the year ended 31 March 2020 was as follows:

	ZAR million
Consultants & service providers	2.83
Staffing	4.82
Overheads	1.85
Total	9.50

The Evander Project

The Evander Project is located in the Evander Goldfield on the northeastern limb of the Witwatersrand Basin and is close to the town of Secunda in the Mpumalanga Province of South Africa. Taung Gold Secunda (Pty) Limited ("**TGS**"), a wholly-owned subsidiary of TGL, is the registered holder of the mining right in terms of the Mineral and Petroleum Resources Development Act ("**MPRDA**") of the Evander Project. The Mining Right No. 107/2010 was registered in the name of TGS in November 2013 and permits the mining of gold and associated minerals in the Six Shaft and Twistdraai area.

The Evander Feasibility Study

The FS for the project targeted a Measured and Indicated Resource of 19.85 million tons of Kimberley Reef at an average gold grade of 8.47 g/t (measured over a mining width of 112 cm), containing 5.41 million ounces of gold. On 16 May 2016, the Company declared a maiden Mineral Reserve (Probable Reserve) from the Evander Project's Kimberley Reef horizon of 4.29 million ounces of gold, from 19.64 million tons of ore at an average head grade of 6.80 g/t. On 12 September 2016, the Company announced the Bankable Feasibility Study ("**BFS**") for the Evander Project. Highlights from the results are as follows:

Evander Project FS Highlights

Gold Recovered over Life of project	4,113,000oz
Annual Gold Recovered at Full Production	309,000oz
Recovered Grade over Life of Project	6.51 g/t
Initial Construction Capital Cost Estimate	US$579.3m
Total Capital Cost over Life of Project	US$714.7m
Capital Efficiency	US$2,696/oz
After-tax NPV at 5% Discount Rate	US$724.8m
After-tax IRR	17.6%
Life of Mine	20 years
Payback	3.6 years
Cash Operating Costs	US$486/oz
AISC	US$583/oz
AIC	US$724/oz

Notes:

1. Financials calculated using a gold price of $1,290/oz and an exchange rate of US$1.00 = ZAR14.00.

2. Capital Efficiency is calculated as total capital cost divided by average annual gold production over the production life of mine.

3. Payback calculated from date of first production.

4. US$/oz cost definitions as per World Gold Council Guidance Note on AISC and AIC costs – 27 June 2013.

Turnberry Projects (Pty) Limited ("**Turnberry**"), an independent South African based consultancy, was the lead independent consultant for the BFS, which has an effective date of 29 February 2016. All estimates in this announcement have been extracted from the BFS report dated 29 February 2016. The engineering, design, scheduling and original capital and operating cost estimating work for the Evander Project was carried out in South Africa by various independent professional consultants under the leadership of Turnberry. As a part of its review process, the Company engaged China ENFI Engineering Corporation Limited, a subsidiary of MCC, to investigate further capital cost and construction scheduling optimization. Accordingly, the BFS results include the results of this optimization.

Evander Project Summary

The Evander Project is located close to the town of Secunda, 120km south-east of Johannesburg, in the Mpumalanga Province of South Africa. The Evander Project was acquired from Evander Gold Mining Company Limited ("**EGM**"), then a subsidiary of Harmony Gold Mining Company Limited, in September 2010. The Mining Right over the project area was registered in the name of TGS in the Mineral and Petroleum Titles Registration Office in November 2013. The Evander Project is located in an established gold and coal mining region in close proximity to road, power and water & sanitation infrastructure and, which is well served with other necessary services.

The Evander Project is comprised of the following:

- Existing vertical shaft infrastructure that will be rehabilitated and extended to access the substantial high grade Mineral Resource and Reserve;

- Construction of a metallurgical processing plant that will treat all underground ore and produce gold doré bars for refining into 99.99% purity bullion at the Rand Refinery Limited;

- Establishment and construction of the associated infrastructure required to support operations and enable disposal of waste materials in accordance with internationally accepted standards;

- At full production, the Evander Project is estimated to produce an average of 309,000 ounces per annum at a recovered grade of 6.75 g/t with cash costs of US$486/oz; and

- In its year of peak production, the Evander Project is estimated to produce approximately 338,000 ounces of gold at a recovered grade of 7.41 g/t with cash costs of US$402/oz.

The Evander project will involve the following activities to develop and bring the underground mine into production:

- Re-establishment of the existing surface area and provision of required infrastructure and services including electrical power, water and water disposal;

- Dewatering and re-commissioning of the existing main shaft and re-commissioning of the ventilation shaft;

- Deepening of the existing main and ventilation shafts to their final depths; and

- Development of the Kimberley Reef and the generation of ore reserves.

On 17 June 2015, TGS entered into a Water Disposal Agreement with EGM relating to the disposal of excess mine water into EGM's Leeuwpan evaporation facility. This Water Disposal Agreement eliminates the need for a more capital intensive and higher operating cost water disposal solution.

As previously reported, on 30 November 2017, TGS entered into an agreement with Evander Gold Mines (Pty) Limited ("**EGM**") through which TGS will be able to deposit tailings from the Evander Project onto EGM's new Elikhulu Tailings Storage Facility ("**TSF**") which is a new facility for EGM's tailings retreatment project. TGS paid a deposit of ZAR10 million to EGM and will pay further considerations as follows:

- ZAR40 million upon the later of the coming into effect of the Design and Build agreement or the securing of completion financing for the Evander Project; and

- ZAR60 million upon completion of cold commissioning of the processing plant and tailings pipelines.

The agreement with EGM provides TGS with an improved solution to tailings disposal for the following reasons:

- TGS will not build a TSF and will therefore no longer be required to submit the application for the construction of a TSF. EGM's TSF is already approved. This significantly simplifies the amendment of the Environmental Impact Assessment ("**EIA**") for the Mining Right;

- The pipeline servitudes for the agreement with EGM will run along the same route as those for the Water Disposal Agreement with EGM and the environmental permitting to include the TSF pipeline will therefore be much simpler; and

- The agreement with EGM brings economies of scale to TGS's tailings disposal since EGM's TSF is much larger and therefore has lower capital and operating unit costs. The resultant capital cost for TGS reduces from ZAR210 million to ZAR125 million (including the cost of the tailings pipelines), a saving of ZAR85 million and the operating cost will reduce from approximately ZAR3.48/t to ZAR1.91/t of tailings placed.

The entering into of the agreement with EGM for tailings disposal also meant that TGS is able to dispose of its interest in HIL and a sale process was initiated during the period under review to dispose of HIL, whose sole asset is the Mining Right for coal. It is expected that the sale process will conclude during 2020.

The full EIA for the project is being amended to reflect the positive changes regarding tailings disposal and an application to the Department of Mineral Resources ("**DMR**") will lead to subsequent amendment of the Mining Works Program and Environmental Authorization that form part of the Evander Project Mining Right held by TGS.

Expenditure on the Evander Project for the year ended 31 March 2020 was as follows:

	ZAR million
Consultants & service providers	Nil
Staffing	3.87
Business development	Nil
Overheads	1.28
Total	5.15

The Pakistan Project

Reko Garok Gold Minerals (Private) Limited ***("The Pakistani Target Company")***

As disclosed in the previous announcement on 28 December 2016, the Pakistani Target Company was the legal holder of the EL127 Exploration License and has lodged an application for the conversion of the EL127 Exploration License into Mining Lease. The EL127 Exploration License will continue be effective until such time as the Mining Lease been issued.

According to a letter issued to the Pakistani Target Company by the Department of Mines and Minerals, Government of Balochistan on 16 February 2018, the Mining Lease was granted subject to the mineral agreement with the Government of Balochistan (the "**Agreement**") and the No Objection Certificate issued by the Environmental Protection Agency of the Government of Balochistan (the "**NOC**"). The Pakistani Target Company has lodged the execution of the Agreement of the NOC accordingly. On 6 April 2018 and 19 May 2018, both the Agreement and the NOC have been executed and obtained and hence, the Mining Lease is valid and legally held by the Pakistani Target Company and thus EL127 will convert to ML127 as per the Mining Lease.

The granting of the Mining Lease is first mover process in tapping into one of the largest hosts of world-class copper-gold porphyry mineralization.

On 25 June 2019, an addendum was executed to extend the long stop date of the proposed acquisition of the Pakistani Target Company to 31 December 2019 (the "**First Addendum**"). However, the uncertain political environment has adversely affected the due diligence process, completion could therefore not take place on or before the long stop date of 31 December 2019 as set out in the First Addendum. Subsequently, the impact of COVID-19 has also affected the progress and on 26 June 2020, a second addendum (the "**Second Addendum**") was executed to further extend the long stop date to 31 December 2020. The Company continues to hold the view that the potential of the proposed acquisition and the future opportunities that may accrue to the Company in the Chagai area of Pakistan warrant the Company's continued involvement in the transaction. Details of the First Addendum and Second Addendum have been disclosed in the announcements dated 25 June 2019 and 26 June 2020 respectively.

Recently, the Company is also in the process of engaging local professional teams to evaluate the latest development of the Pakistani Target Company and the Board will continue to monitor the development of the Pakistani Target Company and the ML127.

The JV with FWO

Taung Gold International Limited, a non-wholly owned subsidiary of the Company incorporated in the British Virgin Islands entered into Joint Venture (the "**JV**") with Frontier Works Organization ("**FWO**") for the "Tanjeel H4 Deposit" on 9 June 2017. The Company has prepared the Pre-Qualification Document (the "**PQD**") in accordance with the public announcement made by the Mines and Mineral Department of the Government of Balochistan regarding the invitation for Expressions of Interest for the "Tanjeel H4 Deposit" (the "**PQD Submission**"). The result of the PQD Submission is still yet to be announced as a result of delays in political and administration processes since the Pakistan general election in 2018. Hence, in view of the lack of clarity regarding the outcome of the PQD Submission, the Company has re-negotiated the JV with FWO and has recovered the USD15.4 million remaining deposit as per the Joint Venture Agreement on 27th February 2019 (the "**Joint Venture Agreement**"). Since the result of the PQD Submission has not been announced and there was a complete change of leadership in FWO, the progress for revision of the Joint Venture Agreement has not progressed. The Company will maintain contact with FWO in advancing the revision of the Joint Venture Agreement and the Board will continue to monitor the result of the PQD Submission in respect of the development of the "Tanjeel H4 Deposit".

FUTURE PLANS FOR THE JEANETTE PROJECT AND THE EVANDER PROJECT

The Jeanette Project

As stated in the announcement dated 30 August 2019, it is intended that MCC would participate in the development of the Jeanette Project on an Engineering, Procurement and Construction ("**EPC**") basis and would also assist the Company with securing debt financing and equity investment.

On 30 December 2019, TGFS, the holder of the Mining Right over the Jeanette Project, entered into a EPC Contract with MCC with an Accepted Contract Amount of US$521,546,000. Pursuant to the EPC Contract; (i) TGFS has agreed to engage MCC and MCC has agreed to undertake the works of the Jeanette Project on a EPC basis for the initiation, execution and completion of the Works and the remedying of any defects therein; and (ii) the EPC Contract will be split into two contracts, one being between TGFS and MCC for the Engineering and Procurement portion, and the other being between TGFS and MCC's South African branch for the Construction portion.

In order to progress with the engineering work for the Jeanette Project, the Company and MCC have agreed to immediately commence with Basic Design for the Jeanette Project, in the form of a Supplementary Agreement dated 20 May 2020 to the 2018 FS Service Contract, in order to facilitate the completion of the design work for long-lead items, the early works program and to determine the Lump Sum Offer. The final amount for the EPC Contract may differ from the Accepted Contract Amount of US$521,546,000 as a result of any variations in scope that may arise during the Basic Design work. In addition, MCC will assist the Company to secure equity and debt financing for the EPC Contract for the Project at the TGFS level from independent third parties, including but not limited to, strategic investors in the mining sector and Chinese banks. The Company will keep shareholders informed of any material development in this regard in due course.

Upon finalization of the Lump Sum Offer, the EPC Contract will be subject to the approval of shareholders. Shareholders are referred to the announcement of 20 May 2020 in this regard.

The Evander Project

Contract for the Construction of the Evander Project

As disclosed in 2019 Annual Report, the Company and MCCI decided to await the results of the Jeanette feasibility study before committing further time and resources to the contract for the Evander Project. This decision was underpinned by early indications that the Jeanette Project, as a result of the phased approach adopted by the Company and MCCI, would require a lower amount of capital funding and a faster lead-time to first production. The capital cost and lead-time to first production are fundamental to how potential investors look at large-scale gold projects and have a significant bearing on their appetite to commit funding. During the year under review, the feasibility study results of the Jeanette Project was released and the relevant announcement was published on 30 August 2019. Given the Jeanette Project's lower capital cost and shorter lead-time to production, the Company's efforts have therefore been focused on advancing the EPC Contract for the Jeanette Project.

The work that remains outstanding on the Evander Project contract is as follows:

(a) Agree and execute the binding term sheet;

(b) Commence discussions with potential equity and debt financiers;

(c) Undertake and finalise the tender process for the shaft-sinking portion of the Evander Project;

(d) Complete drafting of the contract and execute with MCCI;

(e) Finalisation of funding (equity and debt) package;

(f) Award of shaft-sinking contract and other work packages; and

(g) Early works and mobilisation.

The estimated time frame for the remaining work for the Evander contract will be 12-18 months from the date of a decision to continue. The Company will keep shareholders informed of any material development in this regard in due course.

The EIA/EMP Amendment Process

The full Environmental Impact Assessment ("**EIA**") for the Evander project requires amendment to reflect the positive changes regarding tailings disposal and an application to the DMR will lead to subsequent amendment of the Mining Works Program and Environmental Authorization that form part of the Evander Project Mining Right held by TGS.

The Company already has an Environmental Authorisation for the dewatering and construction phase of the Evander Project. In addition, the Water Use Licence ("**WUL**") for abstraction, transport and disposal of excess mine water during the dewatering and construction phase has also been issued.

The amendment of the EIA/Environmental Management Programme ("**EMP**") and final WUL for the Evander Project relates to the production phase which will start approximately 6 years after commencement and, as such, is not on the critical path for project construction.

In light of the decision to stay further work on the Evander Project contract, a decision was taken earlier in 2019 to postpone the commencement of the environmental specialist studies. The studies will be initiated once the timing of the Evander Project construction phase has been finalised.

Disposal of HIL

At the completion of the year ended 31 March 2020, the sale process for TGS to dispose of its 100% interest in HIL, whose sole asset is the Mining Right for coal in terms of MPRDA, was still in progress.

As disclosed in the Company's 2020 Interim Report, the Company is in the final stage of negotiations with a potential buyer and a draft Sale of Shares and Claims Agreement has been exchanged and the principal terms and conditions therein have been agreed. The potential buyer has faced certain challenges with respect to the finalization of contracts relating to the export logistics and the purchase by offshore end-users of the coal to be produced by HIL.

CORPORATE GOVERNANCE CODE

The Group is committed to achieving high standards of corporate governance. Throughout the year ended 31 March 2020, the Company has complied with all Code Provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules of the Stock Exchange, except for the following deviation:

– Under code provision A.1.1 of the CG Code, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. Due to other business engagement of directors, the first quarter Board meeting was not held in September 2019 and therefore only three board meetings were held during the year. Yet, it was ensured that the Board was kept informed of the latest Company's operation and business situation through various electronic means of communication during the reporting year.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. The Company has made specific enquiries of all Directors and all the Directors confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 March 2020.

The Company has also established written guidelines 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 possess inside information of the Company.

No incident of non-compliance of the Written Guidelines by the relevant employees was noted by the Company.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based on the guidelines recommended by the HKICPA and the CG Code of the Listing Rules. The audit committee comprises three independent non-executive Directors. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group, and to review the Company's annual and interim reports.

OTHER BOARD COMMITTEES

Besides the Audit Committee, the Board has also established Remuneration Committee, Nomination Committee and Technical, Safety & Environment Committee as at 31 March 2020. Each Committee has its defined scope of duties and written terms of reference.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This announcement is available for viewing on the website of the Stock Exchange at www.hkexnews.hk under "Latest Listed Company Information" and on the website of the Company at www.taunggold.com under "Investors & media". The annual report of the Company containing all the information required by the Listing Rules will be published on the relevant websites in due course.

REVIEW OF UNAUDITED ANNUAL RESULTS

The audit committee of the Company was established with written terms of reference based on terms no less exacting than the required standard in the CG Code as set out in Appendix 14 to the Listing Rules. As at the date of this announcement, the audit committee comprises three members, namely Mr. Chong Man Hung Jeffrey (chairman), Mr. Li Kam Chung and Mr. Tsui Pang, who are independent non-executive Directors.

Due to the impact of the COVID-19 coronavirus outbreak in Hong Kong, South Africa and also the legal opinion of the Pakistan project has not yet been obtained and which delayed the availability of certain information, the auditor of the Company (the "**Auditor**"), Messrs. Deloitte Touche Tohmatsu, has not fully completed the auditing process for the annual results of the Group for the year ended 31 March 2020. In order to keep the shareholders of the Company (the "**Shareholders**") and potential investors informed of the business operation and financial position of the Group, after discussion with the Auditor, the Board decided to publish the unaudited annual results announcement of the Company for the year ended 31 March 2020 together with the audited comparative figures for the corresponding period in 2019 on the planned date of announcement. Further announcement(s) relating to the audited results of the Group will be issued when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The unaudited annual results contained herein have been reviewed by the audit committee.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited results for the year ended 31 March 2020 as agreed by the Auditor and the material differences (if any) as compared with the unaudited annual results contained herein, and (ii) the proposed convention date, book closure period and record date of the annual general meeting. In addition, the Company will issue further announcement(s) as and when necessary if there is other material development in the completion of the auditing process. The Company expects the auditing process to be completed on or before 15 July 2020. The 2020 annual report will be published on the websites of the Stock Exchange and the Company and also be dispatched to the shareholders of the Company in due course.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the Auditor. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 29 June 2020

As at the date of this announcement, the Executive Directors of the Company 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 of the Company are Mr. Chong Man Hung Jeffrey, Mr. Li Kam Chung and Mr. Tsui Pang.