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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)

RELINQUISHMENT OF MINING LICENCES

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

Reference is made to the announcements of the Company dated 6 July 2015, 25 August 2015, 3 January 2017 and 28 June 2017 (the “**Announcements**”) in relation to the acquisition of gold mines in Indonesia. Capitalised terms used herein and not defined shall have the same meaning as defined in the Announcements.

The board of directors (the “**Board**”) of the Company hereby announces that on 6 June 2018, the Company has received cancellation letters in respect of the cancellation of the Minex Licences from the Governor of North Sulawesi, Indonesia.

BACKGROUND

The Company obtained three mining licenses held in the name of PT BTPR, PT KEP and PT BBP for mining in the Indonesia (collectively the “**Minex Licences**”) following completion of the acquisitions of the companies holding the Minex Licences (the “**Acquisitions**”) in Indonesia on 25 August 2015 and 3 January 2017, respectively. The Minex Licences have become assets of the Group.

* *For identification purpose only*

RELINQUISHMENT OF THE MINEX LICENCES

The Company's strategy is to acquire and develop world-class mines. In addition to the Company's two South African projects and, as stated in the Company's announcements of 28 December 2016 and 12 June 2017, the Company has committed to develop potential mining projects in Pakistan. The Company believes the strategy in Pakistan will provide the Group with an entry point into the world-class copper and gold mineral resources present in the Chagai area of Balochistan Province. The Chagai region is recognised as being the host of large copper-gold porphyry and the Company is therefore interested in securing interests in the area.

The exploration and development of assets in South Africa and Pakistan will require continuous and substantial financial commitment from the Group in order to advance them into production and a cash generating position. In order to ensure that financial resources are optimally deployed on projects that better serve the Group's interests the Company has decided to suspend the operation in Indonesia.

As disclosed in the Company's interim report for the six months ended 30 September 2017, following the Board's decision to downsize its Indonesia mining operations, the licence in the name of PTB TPR was relinquished and a termination letter to this effect was issued by the Governor of Sulawesi Utara on 2 October 2017. Further, on 6 June 2018, the Company was informed that two termination letters in respect of the cancellation of the licences held in the name of PT BBP and PT KEP issued by the Governor of Sulawesi Utara were received. Following the two letters, all the Company's mining licenses in Indonesia have been cancelled and subsequently, the Company's cost of acquisition of the Minex Project of approximately US\$28 million, together with other irrecoverable amounts, if any, will be written-off in the consolidated financial statements of the Company for the year ended 31 March 2018.

In the meantime, as disclosed in the announcement of the Company dated 9 June 2017, the Company has decided to participate in the Tanjeel project (“**Tanjeel**”) in Pakistan through the execution of the joint venture agreement with the Joint Venture Partner to bid for the mining licence for Tanjeel. The Company provided a bank guarantee to the Joint Venture Partner on 9 June 2017 and as at 30 September 2017 the bank balances and cash and pledged bank deposits of the Company were HK\$47.5 million. The current cash balance is sufficient for the Company to operate on an on-going basis but the Board considered that the continuous commitment of funds to the Minex Licences would have hindered the development of the other assets of the Company and jeopardised the strategy. Therefore the management considers that the discontinuation of the Minex Licences was a preferable and reasonable approach to maintain sufficient cash levels for the ongoing business of the Company.

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

Hong Kong, 19 June 2018

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, Mr. Neil Andrew Herrick, Ms. Cheung Pak Sum, and Mr. Phen Chun Shing Vincent. The Independent Non-executive Directors are Mr. Chong Man Hung Jeffrey, Mr. Li Kam Chung and Mr. Tsui Pang.