Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 621)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

RESULT

The Board of Directors 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 2013 together with the comparative figures as follows:

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 September 2013

		Six months ended 30 September	
	Notes	**2013**	2012
		HK$'000	*HK$'000*
Revenue	*2*	**4,156**	4,592
Cost of sales		**(4,114)**	(4,564)
Gross profit		**42**	28
Other income	*4*	**27,416**	33,801
Other (losses) gains	*5*	**(21)**	25
Fair value change on gross obligation under put options	*22(a)*	**–**	42,795
Administrative and operating expenses		**(18,328)**	(18,645)
Loss on acquisition of an associate	*24(a)*	**–**	(90,228)
Share of profit of associates		**1,438**	2,385
Finance costs	*6*	**(1)**	(1)
(Loss) profit before taxation		**10,546**	**(29,840)**
Income tax expense	*7*	**–**	–
(Loss) profit for the year	*8*	**10,546**	(29,840)

* *For identification purposes only*

	Notes	Six months ended 30 September **2013** *HK$'000*	2012 *HK$'000*
Other comprehensive expense for the period			
Exchange difference on translation of foreign operations		**(79,359)**	(89,927)
Total comprehensive expense for the period		**(68,813)**	(119,767)
(Loss) profit for the year attributable to:			
– owners of the Company		**(9,837)**	(35,976)
– non-controlling interests		**20,383**	6,136
		(10,546)	(29,840)
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(69,109)**	(97,954)
Non-controlling interests		**296**	(21,813)
		(68,813)	(119,767)
Loss per share			
Basic (HK cents)	*10*	**(0.08)**	(0.30)

Consolidated Statement of Financial Position
As at 30 September 2013

	Notes	30 September 2013 HK$'000	31 March 2013 HK$'000
Non-current assets			
Property, plant and equipment	11	**3,592**	4,609
Exploration assets	12	**5,051,762**	5,070,000
Interests in associates		**33,910**	32,472
Loans to shareholders of a subsidiary	13	**288,574**	297,408
Deposits for rehabilitation	14	**1,060**	1,153
Amounts due from associates		**29,287**	29,287
Other assets		**375**	–
Pledged bank deposits	17	**2,873**	3,093
		5,411,433	5,438,022
Current assets			
Inventories		**8,470**	8,470
Other receivables	16	**172,506**	24,541
Promissory notes	15	**–**	127,500
Bank balances and cash		**171,383**	236,970
		352,359	397,481
Assets classified as held for sale	18	**430**	450
		352,789	397,931
Current liability			
Other payables and accruals	19	**8,097**	11,015
Derivative financial instruments – put option	22(b)	**40,985**	40,985
Gross obligation under put option	22(a)	**363,759**	363,759
		412,841	415,759
Net current liabilities		**(60,052)**	(17,828)
Total assets less current liabilities		**5,351,381**	**5,420,194**
Capital and reserves			
Share capital		**121,799**	121,799
Reserves		**3,481,245**	3,550,354
Equity attributable to owners of the Company		**3,603,044**	3,672,153
Non-controlling interests		**1,748,337**	1,748,041
Total equity		**5,351,381**	5,420,194

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements ("interim financial statements") for the six months ended 30 September 2013 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 2013, 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 2013.

The Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

Amendments to HKFRS 7	Financial instruments: Disclosures – Transfers of financial assets
Amendments to HKAS 12	Deferred tax: Recovery of underlying assets

The application of these new and revised HKFRSs in the 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.

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

HKAS 1 (Amendments)	Presentation of items of other comprehensive income[1]
HKAS 19 (as revised in 2011)	Employee benefits[2]
HKAS 19 (Amendments)	Defined benefit plans: Employee contributions[5]
HKAS 27 (as revised in 2011)	Separate financial statements[2]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[2]
HKAS 32 (Amendments)	Offsetting financial assets and financial liabilities[3]
HKAS 36 (Amendments)	Recoverable amount disclosures for non-financial assets[3]
HKAS 39 (Amendments)	Novation of derivatives and continuation of hedge accounting[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2009–2011 cycle[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle[6]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle[5]
HKFRS 1 (Amendments)	Government loans[2]
HKFRS 7(Amendments)	Disclosures – Offsetting financial assets and financial liabilities[2]

HKFRS 9	Financial instruments[4]
HKFRS 9 & HKFRS 7 (Amendments)	Mandatory effective date of HKFRS 9 and transition disclosures[4]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance[2]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment entities[3]
HKFRS 10	Consolidated financial statements[2]
HKFRS 11	Joint arrangements[2]
HKFRS 12	Disclosure of interests in other entities[2]
HKFRS 13	Fair value measurement[2]
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine[2]
HK(IFRIC) – Int 21	Levies[3]

1 Effective for annual periods beginning on or after 1 July 2012.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2014.
4 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
5 Effective for annual periods beginning on or after 1 July 2014.
6 Effective for annual periods beginning on or after 1 July 2014 with limited exceptions.

The Directors anticipate that the adoption of these new standard, amendments and interpretation to standards will not result in a significant impact on the results and financial position of the Group.

2. REVENUE

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

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
Revenue from sale of minerals	**4,156**	4,592

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 in the PRC.

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 2013 is as follows:

For the six months ended 30 September 2013

	Gold mining operations *HK$'000*	**Sales of minerals** *HK$'000*	**Total** *HK$'000*
REVENUE			
External sales	**–**	**4,156**	**4,156**
Inter-segment sales	**–**	**–**	**–**
Total	**–**	**4,156**	**4,156**
RESULTS			
Segment results	**(13,011)**	**42**	**(12,969)**
Other income			**27,416**
Other gains and losses			**(21)**
Unallocated corporate expenses			**(5,317)**
Share of loss of associates			**1,438**
Finance costs			**(1)**
Loss before taxation			**10,546**
Income tax expense			**–**
Loss for the period			**10,546**

For the six months ended 30 September 2012

	Gold mining operations *HK$'000*	Sales of minerals *HK$'000*	Total *HK$'000*
REVENUE			
External sales	–	4,592	4,592
Inter-segment sales	–	–	–
Total	–	4,592	4,592
RESULTS			
Segment results	28,895	(18)	28,877
Other income			33,801
Other gains and losses			25
Unallocated corporate expenses			(94,927)
Share of loss of associates			2,385
Finance costs			(1)
Loss before taxation			(29,840)
Income tax expense			–
Loss for the period			(29,840)

4. OTHER INCOME

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
Interest income on loan to a shareholder of a subsidiary	**21,165**	21,425
Interest income on promissory notes	**1,278**	184
Interest on bank deposits	**4,973**	12,192
	27,416	33,801

5. OTHER (LOSSES) GAINS

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment	**(21)**	25

6. FINANCE COSTS

	Six months ended 30 September 2013 HK$'000	2012 HK$'000
Other interest expenses	**1**	1

7. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the period. The PRC subsidiaries are subject to the PRC enterprise income tax at 25% (2012: 25%). The South African subsidiaries are subject to the corporate tax at 28% (2012: 28%).

No taxation has been provided as the Group has not assessable profit for the six months ended 30 September 2013 and 2012.

8. PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS

	Six months ended 30 September 2013 HK$'000	2012 HK$'000
Profit (loss) for the period has been arrived at after charging:		
Cost of services and inventories recognised as an expense	**4,114**	4,564
Depreciation for property, plant and equipment	**758**	808
Minimum lease payments paid under operating leases during the period:		
– Premises	**1,290**	1,334
Impairment for investment cost in an associate	**–**	90,228
Employee benefits expense:		
Wages and salaries	**13,304**	19,017
Contributions to retirement benefits scheme	**39**	50
Less: Amounts capitalised in projects	**(6,498)**	(7,876)
	6,845	11,191

9. DIVIDEND

The Board of Directors has resolved not to recommend the payment of an interim dividend for the six months ended 30 September 2013 (2012: Nil).

10. LOSS PER SHARE

The calculations of basic and diluted loss per share for the six months ended 30 September 2013 together with the comparative figures for 2011 are as follows:

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	**(9,837)**	(35,976)

	Six months ended 30 September	
	2013	2012
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**12,179,916**	12,179,916

The denominators used are the same as those detailed above for both basic and diluted loss per share.

The computation of diluted loss per share did not assume the exercise of the Company's outstanding warrants, options and put options, and share options and warrants issued by a subsidiary as their exercise would reduce the loss per share for the periods ended 30 September 2012 and 2013.

11. CAPITAL EXPENDITURE

	Property, plant and equipment
	HK$'000
Net book value as at 1 April 2013	4,609
Additions	25
Disposals	(88)
Depreciation	(767)
Written back on disposal	67
Foreign currency exchange differences	(254)
Net book value as at 30 September 2013	3,592
Net book value as at 1 April 2012	6,280
Additions	159
Disposals	(44)
Depreciation	(867)
Written back on disposal	32
Foreign currency exchange differences	(373)
Net book value as at 30 September 2012	5,187

12. EXPLORATION ASSETS

	HK$'000
Net book value as at 1 April 2013	5,070,000
Additions	18,657
Impairment loss	(92)
Foreign currency exchange differences	(36,803)
Net book value as at 30 September 2013	5,051,762
Net book value as at 1 April 2012	5,094,795
Additions	22,024
Impairment loss	(246)
Foreign currency exchange differences	(23,234)
Net book value as at 30 September 2012	5,093,339

13. LOANS TO SHAREHOLDERS OF A SUBSIDIARY

SepGold is a historically disadvantaged South African company in terms of the broad-based black economic empowerment regime in South Africa. The loan to SepGold is interest free and is repayable on or before 31 December 2014. The loan is secured by the pledge of shares of TGL. 50% of any dividend declared by TGL in any financial year entitled by SepGold shall be applied towards the repayment of the loan. The loan will carry interest at the prime rate quoted by ABSA Bank Limited plus 4% per annum after 31 December 2014.

14. DEPOSITS FOR REHABILITATION

Pursuant to section 41 of the Minerals and Petroleum Development Act of South Africa, an applicant for a prospecting right, mining right or mining permit must make the prescribed financial provision for the rehabilitation or management of negative environmental impacts.

15. PROMISSORY NOTES

Pursuant to the sale and purchase agreement entered into between the Company and Hua Xiong Development Limited ("Hua Xiong"), an independent third party, dated 7 October 2011, the Group agreed to dispose of the entire issued share capital of Bless Luck International Limited ("Bless Luck"), a then wholly owned subsidiary of the Company, and sale loan of approximately HK$191,000,000 at an aggregate consideration of HK$195,000,000, of which HK$170,000,000 was satisfied by four promissory notes with principal amounts of HK$42,500,000 each with maturity dates on 13 September 2012, 13 March 2013, 13 September 2013 and 13 March 2014 respectively issued by Hua Xiong and the remaining HK$25,000,000 was satisfied by cash. The promissory notes are transferrable, are secured by charge on all shares of Bless Luck and carry interest at a rate of 2% per annum.

	30 September 2013 *HK$'000*	31 March 2013 *HK$'000*
Analysed as		
Current	**–**	127,500
Fixed-rate loan receivables within one year	**–**	127,500

16. OTHER RECEIVABLES

	30 September 2013 *HK$'000*	31 March 2013 *HK$'000*
Deposits paid for acquisition of a subsidiary	**93,641**	–
Deposits paid for acquisition of an associate	**60,320**	–
Rental and other deposits	**35**	3,801
VAT recoverables	**1,118**	11,047
Other receivables	**17,392**	9,693
	172,506	24,541

17. PLEDGED BANK DEPOSITS

As at 30 September 2013, a subsidiary of the Company in South Africa had pledged bank deposits of approximately South African Rand ("ZAR") 3,701,000 (equivalent to approximately HK$2,873,000) (31 March 2013: ZAR3,661,000 (equivalent to approximately HK$3,093,000)) in relation to the provision of guarantee to a contractor, the Department of Mineral Resources, a lessor and a bank for credit card services.

18. ASSETS CLASSIFIED AS HELD FOR SALE

As at 31 March 2012, the Group decided to focus on the core assets in South Africa. Accordingly, certain early stage exploration projects of the Group in South Africa were put up for sale. Prior to 31 March 2012, the Group entered into purchase and sales agreements with independent parties to dispose of certain exploration assets with carrying amount, as at 30 September 2013, of approximately HK$430,000 (31 March 2013: HK$450,000).

19. OTHER PAYABLES AND ACCRUALS

	30 September 2013 HK$'000	31 March 2013 HK$'000
VAT payables	**625**	1,940
Other payables and accruals	**7,472**	9,075
	8,097	11,015

20. ACQUISITION OF SUBSIDIARIES

Acquisition of assets through purchase of a subsidiary

Pursuant to the sales and purchase agreement dated 22 April 2013, the Group agreed to acquire 100% equity interests in Jun Mao Enterprise Limited ("Jun Mao") from an independent third party, Mr. Xiong Jiwei, at a consideration of HK$93,000,000. According to the sales and purchase agreement, Jun Mao will be structured to hold 10% interest of a bauxite mine in the PRC before the date of completion. The acquisition is still in progress as at the reporting date.

The Group entered into a sales and purchase agreement on 23 April 2013 and the Group agreed to acquire 35% equity interests in Wealthy Peace Holdings Limited ("Wealthy Peace") from an independent third party, China Harmony Investment Fund Limited, at a consideration of HK$60,000,000. In accordance to the sales and purchase agreement, Wealthy Peace will be structured to hold 97% interest of two gas pipeline operations in the PRC before the date of completion. The acquisition is still in progress as at the reporting date.

21. OPERATING LEASES

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 September 2013 HK$'000	31 March 2013 HK$'000
Within one year	**1,892**	1,885
In the second to fifth year inclusive	**888**	–
	2,780	1,885

Operating lease payments represent rentals payable by the Group for office premises. Leases are negotiated and rentals are fixed for a lease term of two to three years.

22. GROSS OBLIGATION UNDER PUT OPTIONS AND DERIVATIVE FINANCIAL INSTRUMENTS – PUT OPTIONS

(a) Gross liabilities on put options

In addition to the acquisition of the controlling shares of TGL during the year ended 31 March 2012, the Group has granted put options to acquire TGL's shares from the South African Shareholders and the TGL option holders. Details of put options are set out in note 22(b).

Upon the issuance of the put options, the Group has a commitment to settle the potential contractual obligation by cash proceeds from sales (at the time of exercise of options) of a maximum of 2,139,757,635 of the Company's shares. The gross obligation under these put options are designated as FVTPL at initial recognition and stated at fair value. At the date of acquisition, the fair value of the gross obligation under put options with reference to the market price of the Company's share was HK$984,289,000. As at 31 March 2013, the fair value of the gross obligation under put options with reference to the market price of the Company's shares was HK$641,927,000 and as at 31 March 2012, the fair value of gross obligation under put options with reference to the market price of the Company's shares was HK$385,156,000. During the year ended 31 March 2013, change in fair value of HK$256,771,000 (2012: HK$599,133,000) was recognised in profit or loss. The fair value of the gross obligation under put options as at 30 September 2013 is assumed to be unchanged and no change in fair value was recognised in profit or loss during the six months ended 30 September 2013.

(b) Derivative financial instruments – put options

Put options for the acquisition of additional interest in TGL

(i) Put option agreements between the Company, Gold Commercial Services Limited ("Goldcom") and South African Shareholders

The South African Shareholders had 21,174,316 shares of TGL on Completion Date. To facilitate the South African Shareholders to sell their shares in TGL to the Company, the Company granted put options to these 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 the Completion Date, Goldcom subscribed for 1,130,141,116 shares of the Company in consideration for the issuance of the loan note with nil interest. The shares are kept by an escrow agent appointed 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 Shareholder. In substance, Goldcom is acting in the role of an agent and the arrangement of loan note and the share subscription only to facilitate the issuance of shares prior to the exercise of put options. Accordingly, the 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 the Completion Date 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.

During the period ended 30 September 2013, no put option 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 2011entered into between the TG Optionholders, Goldcom, TGL and the Company, the Company and Goldcom will grant 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 the Completion Date.

During the six months ended 30 September 2013, no put options were exercised by the TG Optionholders.

As at 31 March 2013, the fair value of the put options granted by the Company to South African Shareholders and TG Optionholders was HK$62,254,000. The fair value of the put options as at 30 September 2013 is assumed to be unchanged and no change in fair value was recognised in profit or loss during the six months ended 30 September 2013.

23. COMMITMENTS

	30 September 2013	31 March 2013
	HK$'000	*HK$'000*
Capital commitment to gold projects:		
– Other service contracts	**482**	–
– Pre-feasibility study consulting contracts	**9,546**	375
– Bankable feasibility study consulting contracts	**869**	12,580
	10,897	12,955

24. EVENTS AFTER THE REPORTING PERIOD

(a) On 25 May 2012, the Group entered into a sale and purchase agreement with an independent third party ("Vendor A") pursuant to which the Group acquired 49% equity interest in H & M Natural Resources Limited ("H &M") at a total consideration of HK$90,228,000 of which HK$47,500,000 was settled by cash and HK$42,500,000 was settled by transfer of a promissory note held by the Group which was issued by Hua Xiong Development Limited ("Hua Xiong") together with the interest receivable of HK$228,000. H & M is a company incorporated in BVI, whose principal asset is the mine operating cooperation agreement ("Nickel Co-op Agreement") assigned to H & M by Vendor A. Pursuant to the Nickel Co-op Agreement, H & M can carry out the Nickel mining activities in the designated mining area in Kolaka, Indonesia. However, it was subsequently found that the contractual arrangements provided under the Nickel Co-op Agreement are not in line with the requirements and restrictions under the Law of the Republic of Indonesia No. 4 of 2009 concerning Mineral and Coal Mining ("Mining Law") and Government Regulation No. 23 of 2010 concerning Implementation of Mineral and Coal Mining Business Activities as amended by the Government Regulation No. 24 of 2012 ("Government Regulation 23") and therefore H & M is unable to carry out the Nickel mining activities. Accordingly, a loss on acquisition of an associate amounting to HK$90,228,000 was recognised in profit or loss during the six months ended 30 September 2012.

On 17 March 2014, the Group entered into a sale and purchase agreement with Vendor A who agreed to re-acquire the 49% equity interest in H & M from the Group at the original total consideration of HK$90.228 million. The consideration is to be settled by cash of HK$15,228,000 and two promissory notes with principal amount of HK$37,500,000 each. Both promissory notes are interest bearing at 1% per annum and will mature on 31 July 2014 and 30 November 2014.

(b) On 7 January 2013, the Group entered into a sale and purchase agreement with an independent third party ("Vendor B") pursuant to which the Group acquired 75% equity interest in Saint Ford Group Limited ("Saint Ford") at a total consideration of HK$95,025,000 of which HK$8,000,000 was settled by cash and HK$86,000,000 was settled by transfer of 2 promissory notes held by the Group which was issued by Sharp Volition together with the interest receivable of HK$1,025,000. The principal asset of Saint Ford is the gold mining right assignment agreement ("Gold Assignment Agreement") entered into between Saint Ford and a third party gold mine owner. Pursuant to the Gold Assignment Agreement, Saint Ford can carry out the gold mining activities in the designated mining area in Kotamobagu, Indonesia. However, it was subsequently found out that the contractual arrangements provided under the Gold Assignment Agreement are not in line with the requirements and restrictions under the Mining Law and the Government Regulation 23 and therefore Saint Ford is unable to carry out the gold mining activities. Accordingly, a loss on acquisition of a subsidiary amounting to HK$95,025,000 was recognised in profit or loss during the year ended 31 March 2013.

On 17 March 2014, the Group entered into a sale and purchase agreement with Vendor B who agreed to re-acquire the 75% equity interest in Saint Ford from the Group at the original total consideration of HK$95,025,000. The consideration is to be settled by cash of HK$15,025,000 and two promissory notes with principal amount of HK$40,000,000 each. Both promissory notes are interest bearing at 1% per annum and matured on 31 July 2014 and 30 November 2014 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in (i) the operations of gold mines in the Republic of South Africa ("South Africa") and (ii) sale of minerals.

During the period under review, the Group has recorded a turnover of approximately HK$4,156,000 which represents a decrease of 9.49% compared with the turnover of HK$4,592,000 recorded in the corresponding period of last year. The Group recorded a net profit from ordinary activities attributable to owners of approximately HK$10,546,000 compared with a net loss from ordinary activities attributable to owners of approximately HK$29,840,000 for the corresponding period of last year.

The other comprehensive expense of approximately HK$79,359,000 (30 Sep 2012: HK$89,927,000) mainly arose from the exchange difference on the translation of South African operations.

Liquidity and Financial Resources

As at 30 September 2013, the Group's had no outstanding bank borrowings (31 March 2013: Nil) and no banking facilities (31 March 2013: Nil).

The Group's gearing ratio as at 30 September 2013 was zero (31 March 2013: Zero), calculated based on the Group's total zero borrowings (31 March 2013: Zero) over the Group's total assets of approximately HK$5,764,222,000 (31 March 2013: HK$5,835,953,000).

As at 30 September 2013, the balances of cash and cash equivalents of the Group were approximately HK$171,381,000 (31 March 2013: HK$236,970,000) 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 2013, the Group operated mainly in the PRC and the Republic of South Africa, and the majority of the Group's transactions 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 arise.

Occurrence of important events affecting the Group

Trading in the shares of the Company was suspended at the request of the Company on 8 June 2012. Shareholders are referred to the subsequent announcements made by the Company regarding the Incident and, in particular, to the announcement of 29 April 2013 dealing with 1) the Settlement Agreement in relation to the Incident and 2) Change of Directors. Further announcements were made on 31 May 2013, 28 June 2013 and 29 July 2013 and on 6 August 2013 an announcement was made regarding the entering into of the Shareholders Agreement by a group of Shareholders, that effectively brought an acceptable conclusion to the Incident.

With the benefit of hindsight the board of the Company and the board of Taung Gold Limited consider that the Incident arose as a result of miscommunication and misunderstanding between the management of the Company and Taung Gold Limited. This unfortunate situation was resolved during discussions leading up to the Settlement Agreement that was executed on 26 April 2013.

On 3 September 2013 the Company received a letter from the Stock Exchange of Hong Kong in which the Stock Exchange stated the following resumption conditions:

1. publish all outstanding financial results and report, and address any concerns raised by the Company's auditors through qualifications in their audit report (the "Outstanding Results Condition"); and

2. demonstrate that the Company has put in place adequate financial reporting procedures and internal control systems to meet obligations under the Listing Rules (the "Internal Control Condition").

An announcement was made on 30 January 2014 detailing the results of the Internal Control Review that fulfilled the Internal Control Condition. The Outstanding Results Condition will be fulfilled through the publication of this announcement containing all of the outstanding financial results. As clarified with the Stock Exchange, the publication of the outstanding financial reports may take place after the resumption of trading of the Company's shares on the Stock Exchange and accordingly, this would not affect the fulfillment of the Results Condition.

Review of Business Operations

Evander Project

The Evander Project comprises the Six Shaft area and the Twistdraai area on the north-eastern limb of the Witwatersrand Basin, Mpumalanga Province, South Africa. As disclosed in the Circular, Evander Gold Mines Limited ("EGM") held the Mining Right No 107/2010 at the relevant time, which is the mining right that covers the Evander Project. The Mining Right No 107/2010 permitted the mining of gold and associated minerals in the Six Shaft and Twistdraai area.

The Earn-in Agreement and the Sale Agreement

Taung Gold Limited ("TGL"), one of the subsidiaries of the Company, entered into a series of nine agreements with EGM Limited on 29 February 2008 (being the Earn-in Agreement). Through the Earn-in Agreement TGL would have sufficient influence in decisions over the exploration of gold resources in the Evander Project whereby TGL contributed the financial resources and the technical expertise to actively explore the Evander Project and EGM Limited contributed the Mining Right No 107/2010.

Under the Earn-in Agreement, in order for TGL to "earn-in" an interest in the Evander Project, TGL was obliged to complete a Scoping Study, a Pre-Feasibility Study and a Bankable Feasibility Study. TGL had already completed the Scoping Study for the Evander Project in April 2010.

Subsequent to the signing of the Earn-in Agreement, negotiations were initiated with EGM Limited resulting in the signing of a sale agreement between EGM Limited and Taung Gold Secunda (Proprietary) Limited ("TGS") a wholly owned subsidiary of TGL) in September 2010 to acquire the entire interest in the Evander Project (the "Sale Agreement"). Completion of the Sale Agreement was conditional on the approval by the Minister of Mineral Resources ("MMR") for the transfer of a subdivided portion of EGM Limited's new order mining right (the "Mining Right") to a wholly-owned subsidiary of TGL (the "Approval"). This subdivided portion covers the entire Evander Project.

On 6 June 2012, Mining Right No 116/2013 over the Evander Project was granted to EGM Limited and the Approval was obtained on the same date and the Sale Agreement became unconditional.

On 18 July 2012 the Mining Right was executed in the name of EGM Limited by the MMR. The Mining Right commenced on 18 July 2012 and will continue in force for 25 years and 9 months and will expire on 28 April 2038. It is renewable for a further period of 30 years. The balance of the consideration of ZAR105 million (or approximately HK$80.6 million) was settled by TGL on 30 May 2012. As a result, the Sale Agreement became unconditional and completion of the Sale Agreement took place on that date. Pursuant to the terms of the Sale Agreement, the Earn-in Agreement was then terminated and TGL had a 100% interest in the Evander Project.

The registration of the Mining Right under 116/2013 into the name of EGM took place on 1 November 2013 and the Deed of Cession No 70/2013 effectively transferring the Mining Right into the name of TGS was registered at the Mineral and Petroleum Titles Registration Office ("MPTRO") on 20 November 2013.

Consideration under the Sale Agreement

The consideration under the Sale Agreement was ZAR225 million (or approximately HK$172.8 million). An aggregate of ZAR120 million (or approximately HK$92.2 million) was paid by TGL before 29 April 2011 as deposit or prepayment under the Sale Agreement.

The Jeanette Project

The Jeanette Project is located close to the town Allanridge within the southwest margin of the Witwatersrand Basin, northeast of Welkom, in the Free State Province of South Africa.

Update on prospecting rights and approvals for the Jeanette Project

TGL entered into an agreement to acquire the single prospecting right (the "Prospecting Right") for the Jeanette area in 2008. A Scoping study was completed over the Jeanette Project in June 2010. Consent to the transfer of the Prospecting Right was given by the MMR on 29 September 2010 and the prospecting right is valid for five years commencing 29 June 2010. The Prospecting Right permits the exploration of gold ore, silver ore and uranium ore in the Jeanette area. The registration of Taung Gold Free State (Pty) Limited ("TGFS"), a wholly owned subsidiary of TGL. The registration of Prospecting Right No. 144/2013 took place on 30 October 2013 and the Deed of Cession was registered at the MPTRO on 1 November 2013.

Apart from the Prospecting Right, TGL has continued to consolidate its mineral rights holdings in and around its Jeanette Project area. On 28 June 2010, TGL entered into an agreement to acquire the prospecting rights over the farms Buitendachshoop 122, Weltevreden 59, Portion RE and LeClusa 70 from Free State Development and Investment Corporation Limited. These permits are contiguous to the Prospecting Right. The MMR has granted the relevant consent for the transfer of the prospecting rights over the Buitendachshoop and Weltevreden areas to TGL and the transfers are currently pending for registration in TGFS's name with the Mineral and Petroleum Titles Registration Office. The prospecting rights over the LeClusa licence area were registered in TGFS's name with the MPTRO on 18 April 2011. In addition, TGFS has been granted additional prospecting rights over the Bandon 345, Damplaats 361, Katbosch 358, Leeuwbosch 285 farms and also a portion of Weltevreden 59 farm, all being contiguous to the Jeanette Project.

The following table shows the present status of the prospecting rights of the greater Jeanette Project:

Prospecting Right	**MPTRO/PR No**	**Status**
Jeanette	144/2013	Deed of Cession No.64/2013 registered to TGFS on 1 November 2013
Buitendachshoop/ Weltevreden	(709PR)	Section 11 consent granted 13 June 2011. Execution and registration of the Deed of Cession is still to be completed
LeClusa	138/2011	Deed of cession No.03/2013 registered to TGFS on 18 January 2013
Damplaats/Katbosch	278/2010	Registered to TGFS on 19 October 2010
Bandon/Weltevreden/ Leeuwbosch	22/2011	Registered to TGFS on 18 October 2011

TGFS has submitted a Section 102 application on 4 March 2014 to consolidate the above permits into a single prospecting right using the Jeanette prospecting right (MPTRO 144/2013) as the base for such consolidation. On completion of the consolidation and the Pre-Feasibility Study currently underway, TGFS will then apply for a mining right over the consolidated area and it is expected that this application will be submitted early in 2015. TGFS as the holder of the to be consolidated prospecting rights has the exclusive right to apply for a mining right.

Future Plans for the Evander Project and the Jeanette Project

As at the date of this announcement, both the Evander Project and the Jeanette Project are at the exploration stage, which involves the completion of Bankable Feasibility Studies ("BFS") and Pre-Feasibility Studies ("PFS") for the projects, respectively.

The Evander Project

TGL is in the process of completing a Bankable Feasibility Study for the Six Shaft area. The technical, engineering and financial work in relation to the BFS is complete and the pending execution of option agreements relating to the securing of surface rights for a tailings storage facility for the project will enable the publication of the BFS Report by the second quarter of the new financial year. The publication of the BFS will also herald the declaration of the maiden Mineral Reserve for the Evander Project.

The Jeanette Project

TGL is presently conducting a PFS over the project area using the enlarged resource and new structural plan and it is expected to be completed during the second quarter of the new financial reporting period.

The Company is considering different plans to commence with the subsequent construction phase of the Evander Six Shaft Project and continues to review its financial position given recent and prevailing uncertainty and volatility in global markets. The Directors have approached this period of uncertainty by reviewing capital expenditure to advance the two flagship projects and work at the remaining exploration projects. The Board made the decision to complete the BFS for the Evander Six Shaft area but will only decide on a further drilling program in the Twistdraai area at a later date. Consequently, further PFS/BFS work for the Twistdraai area will also be commissioned at a later date. It was also decided to delay the commissioning of various studies on the Jeanette Project such that the completion of the PFS will be finalized at the end of the first quarter of the new financial year. A decision regarding the timing of commencement of the BFS for the Jeanette Project will be taken after the completion of the PFS. TGL has also reviewed its remaining exploration projects in South Africa and will continue to dispose of those projects that do not meet its expectations, in order to ensure continued focus on the flagship projects at Evander and Jeanette.

OTHER INFORMATION

Change of Directors

Mr. Li Hok Yin resigned from the positions of chairman of the Board and Chief Executive Officer of the Company and was subsequently appointed as one of two co-chairmen of the Board on 26 April 2013.

Mr. Christiaan Rudolph de Wet de Bruin has been appointed as executive director of the Company and one of two co-chairmen of the Board on 26 April 2013.

Mr. Neil Andrew Herrick has been appointed as executive director and the Chief Executive Officer of the Company on 26 April 2013.

Mr. Igor Levental has been appointed as executive director of the Company on 19 August 2013.

Dr. David Twist and Mr. Stefanus David Steyn had been appointed as executive director of the Company on 26 April 2013 and they resigned on 19 August 2013.

Mr. Walter Thomas Segsworth has been appointed as independent non-executive director and member of audit committee of the Company on 19 August 2013.

Mr. Hui Wah Tat, Anthony resigned as an independent non-executive director, chairman of nomination committee and member of audit committee of the Company with effect on 26 April 2013. On 26 April 2013, Mr. Chui Man Lung, Everett replaced Mr. Hui as chairman of nomination committee and Mr. Li Hok Yin was appointed as a member of nomination committee.

For details, please refer to the Company's announcements dated 29 April 2013 and 19 August 2013.

Change in Information of Directors

Mr. Chui Man Lung, Everett was appointed as an independent non-executive director of Sinocom Software Group Limited, a company listed on the Main Board of the Stock Exchange with effect on 10 September 2013. In addition, Mr. Li Kam Chung was appointed as an Independent non-executive director of Taung Gold (Pty) Limited, a non wholly-owned subsidiary of the Company in the Republic of South Africa with effect on 26 April 2013. He is entitled to receive additional Rand100,000 per annum. Save as disclosed above, there is no other change in information of the directors of the Company to be disclosed pursuant to Rule 13.51(B) of the Listing Rules.

Change of Auditor

Messrs. HLB Hodgson Impey Cheng ("HLB"), the auditors of the Company for the year ended 31 March 2011, resigned on 13 April 2012. Messrs. Deloitte Touche Tohmatsu was appointed as auditors of the Company with effect from 13 April 2012 to fill the casual vacancy following the resignation of HLB and to hold office until the conclusion of the next annual general meeting of the Company.

HUMAN RESOURCES

As at 30 September 2013, the total number of employees, excluding workers under exclusive sub-contracting arrangement, of the Group was approximately 60 (30 Sep 2012: 60). 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 Board is committed to maintaining and ensuring high standards of corporate governance. With the assistance from the Consultant, internal control deficiencies and deviation from the Code were identified, which existed for the year ended 31 March 2013 due to inadvertent oversight. The table below summarized the key deficiencies and remediation implemented by the Group:

Control Areas	**Material findings and deficiencies found in the Internal Control Review**	**Status of remediation adopted by the Group**
1. Internal communications	Inadequate communication between the Company and the South African operation.	a. Relevant internal communication policy has been established and approved by the Board.
		b. Internal communication of the Group has been enhanced by holding quarterly meeting and irregular meetings between the Hong Kong and South African based Executive Directors and senior management for discussion and reporting and circulating all internal correspondences and documentations to all Executive Directors of the Company.
2. Compliance with Listing Rules	Incomprehensive policies and procedures governing the reporting of notifiable transactions and connected transactions of directors and senior executives.	a. The Company's guideline on connected transactions and notifiable transactions has been enhanced and approved by the Board.
		b. Trainings in relation to the reporting of notifiable transactions and connected transactions were carried out for Executive Directors and senior management of the Company.
		c. Assistant company secretary of the Company has been assigned to perform the regular review and update of the connected parties list since 30 September 2013.

Control Areas	Material findings and deficiencies found in the Internal Control Review	Status of remediation adopted by the Group
		d. Directors have provided and will be required to provide annual written declarations regarding their respective connected parties and connected transactions since 30 September 2013.
	Incomprehensive corporate governance policies and procedures in relation to Appendix 14 of the Listing Rules.	The Company's terms of reference of corporate governance function have been enhanced and approved by the Board.
	No formal policy to monitor the compliance with requirements set out in Chapter 18 of the Listing Rules for mineral companies.	The Company's guideline for Chapter 18 has been established and approved by the Board.
3. Internal guidelines and policies	Incomprehensive code of conduct covering the handling of confidential and proprietary information and ethical or conflict of interests issues.	a. Code of Conduct including a comprehensive set of ethical guideline has been revised and approved by the Board.
		b. All Directors and senior management of the Company have signed confirmation of undertaking of the Code of Conduct and have consented to comply with their provisions.
4. Internal control regarding significant transactions/ acquisitions	No formal mechanism to monitor and manage the process during the post – acquisition integration following any acquisition done by the Group.	a. The Company's "Post – acquisition Guideline" has been established and approved by the Board.
		b. No sample for the post – acquisition integration plan is available as no acquisition has been carried out by the Group during the Internal Control Review.

Control Areas	Material findings and deficiencies found in the Internal Control Review	Status of remediation adopted by the Group
	The Company does not have formal procedures on requirement to obtain approvals from the Board for significant business transactions.	a. Policies and procedures on a list of matters that require prior approval from the Board and the internal communication within the Group has been established and approved by the Board. b. Certain Executive Directors of the Company have been appointed as the Executive Directors of the South African subsidiary and vice versa. c. Quarterly meeting and irregular meetings are required to be held between the representatives of the Company's subsidiaries and the Company for discussion and reporting since 26 July 2013.
	Incomprehensive policies and procedures for authorization on key business decisions.	a. The Company's "Role and Responsibilities of Directors & Authorization Policy" has been enhanced and approved by the Board. b. The Board's authority is allowed to be delegated only to personnel authorised by the Board at the relevant meeting of the Board of Directors. c. The authority and scope of power of the South African subsidiaries of the Group has been established and approved by its board.
5. Risk management	Incomprehensive policies and procedures on risk assessments within the Group.	a. Policies and procedures on risk assessment and reporting of the Group have been enhanced and approved by the Board.

Control Areas	Material findings and deficiencies found in the Internal Control Review	Status of remediation adopted by the Group
		b. Risk assessment was carried out and a risk control register which documented the risks identified by the Company and the corresponding action plans was established and approved by the Board on17 January 2014.
	Incomprehensive whistle blowing policy.	a. The Group's "Whistle Blowing Policy" has been enhanced and approved by the Board.
		b. The Group's staff have signed confirmations of undertaking of the Whistle Blowing Policy.
		c. No sample of investigation report is available as there were no reported cases during the Internal Control Review.
6. Internal audit	Incomprehensive financial reporting and disclosure policies and procedures.	The Group's "Financial Reporting and Disclosure Policies and Procedures" have been enhanced and approved by the Board.
	Lack of independence on the mechanism for monitoring systems of internal controls and no formal policy/guidelines to monitor the review of internal control system.	a. The Group's Internal Audit Policies including internal audit charter have been established and approved by the Board.
		b. The Board has assigned staff who are independent from operations and management control to carry out the internal audit function. The staff was under the supervision of a qualified and competent personnel and directly report to the Audit Committee of the Company.

Control Areas	Material findings and deficiencies found in the Internal Control Review	Status of remediation adopted by the Group
		c. Internal audit plan was established and approved by the Audit Committee and the Board on 8 January 2014 and 17 January 2014, respectively. The internal audit work will be carried out according to the approved internal audit plan and a internal audit report will be prepared which will be reviewed and approved by the Audit Committee and the Board.
7. Intangible asset management	Incomprehensive intangible assets (Mining Rights) policies and procedures governing the acquisitions and dispositions of intangible assets and their management (such as policies relating to the capitalisation, amortisation, periodic valuation and assessment of impairment of the intangible assets, registration and renewal of mining right and prospecting right).	The Group's "Intangible Assets Management Policies and Procedures" has been enhanced and approved by the Board.
8. Project management	Incomprehensive project management policies and procedures relating to areas such as risk assessment, project monitoring, valuation, capitalisation of project expenditures and periodic performance review for mining projects and the review and approval procedures regarding the closure, abandonment and change of projects.	The Group's Project Management Policy has been enhanced and approved by the Board.
9. Document management	Incomprehensive policies and control procedures in respect of execution of significant contracts and document management.	a. The Company's Contract Management Policy has been enhanced and approved by the Board.

Control Areas	Material findings and deficiencies found in the Internal Control Review	Status of remediation adopted by the Group
		b. The Company has maintained a register for all significant agreements entered into by the Company, which has to be reviewed by the Company's assistant company secretary and approved by the Company's Executive Directors based in Hong Kong. Since 4 October 2013, all records of review of significant agreements of the Company or advice given by legal professionals are required to be properly documented.
		c. A "Contract Tracking List" with pre-assigned sequential contract index has been established is required to be periodically reviewed by the Executive Legal of the South African subsidiaries.
10. External communication mechanism	Incomprehensive external communication policies and procedures.	The Group's Continuous Disclosure Policy has been established and approved by the Board.
11. Investment evaluation mechanism	Incomprehensive investment management policies and procedures.	The Group's Investment Policy has been enhanced and approved by the Board.

Code Provision A.2.1 requires the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. As at 31 March 2013, the Company considered that vesting the roles of the chairman and the chief executive officer in the same individual, Mr. Li Ho Yin would facilitate the Group business strategies and maximize operation effectiveness. The Company has subsequently reviewed the structure and complied with the Code provision A.2.1 in April 2013 following appointment of Mr. Li Hok Yin and Mr. Christiaan Rudolph de Wet de Bruin as Co chairmen of the Company and Mr. Neil Andrew Herrick as Chief Executive Officer of the Company on 26 April 2013.

Code Provision A.4.1 requires non-executive directors should be appointed for a specific term and subject to re-election. The 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.

Both the Internal Control Consultant and the Directors are also of the view that the Group has established adequate internal control policies and procedures in all material respects, and the Group currently maintains an adequate and effective internal control system to meet its obligations under the Listing Rules. Since then, 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").

MODEL CODE FOR SECURITIES TRANSACTIONS

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 2013.

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.

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 Hong Kong Institute of Certified Public Accountants and the mandatory provisions as set out in the 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.

The audit committee has reviewed the unaudited interim results of the Group for the six months ended 30 September 2013.

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.

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.whih.com.hk under "Investors' Relationship". The interim report of the Company containing all the information required by the Listing Rules will be published on the websites in due course.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares was suspended from 9:00 a.m. on 8 June 2012 and will remain suspended until further notice.

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

Hong Kong, 29 April 2014

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. Igor Levental. The Independent Non-executive Directors are Mr. Chui Man Lung, Everett, Mr. Li Kam Chung and Mr. Walter Thomas Segsworth.