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

(Incorporated in Bermuda with limited liability)

(Stock Code: 621)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

RESULT

The Board of Directors of Taung Gold International Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2014 together with the comparative figures for the year ended 31 March 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	NOTES	**2014** *HK$'000*	2013 *HK$'000*
Revenue	*4*	**4,156**	4,592
Cost of sales		**(4,114)**	(4,564)
Gross profit		**42**	28
Other income	*6*	**53,123**	64,144
Other gains and losses	*7*	**(28)**	1,870
Fair value change on put options		**17,345**	7,307
Fair value change on gross obligation under put options		**106,988**	21,397
Administrative and operating expenses		**(39,046)**	(39,342)
Impairment loss recognised in respect of exploration assets		**(1,117,388)**	–
Loss on acquisition of a subsidiary		**–**	(95,025)
Loss on acquisition of an associate		**–**	(90,228)
Impairment on loans to shareholders of a subsidiary		**(46,195)**	–
Share of profit of associates		**1,581**	2,586
Finance costs	*8*	**(1)**	(1)
Loss before taxation		**(1,023,579)**	(127,264)
Income tax expense	*9*	**–**	–

* *For identification purposes only*

	NOTES	2014 HK$'000	2013 HK$'000
Loss for the year	10	**(1,023,579)**	(127,264)
Other comprehensive expense			
Item that may be subsequently reclassified to profit or loss:			
Exchange difference on translation of foreign operations		**(130,903)**	(187,892)
Total comprehensive expense for the year, net of income tax		**(1,154,482)**	(315,156)
(Loss) profit for the year attributable to:			
Owners of the Company		**(726,863)**	(150,196)
Non-controlling interests		**(296,716)**	22,932
		(1,023,579)	(127,264)
Total comprehensive expense attributable to:			
Owners of the Company		**(817,081)**	(279,691)
Non-controlling interests		**(337,401)**	(35,465)
		(1,154,482)	(315,156)
Loss per share			
Basic (HK cents)	11	**(6.58)**	(1.36)
Diluted (HK cents)	11	**N/A**	(1.36)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	NOTES	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**2,878**	4,609
Exploration assets	*12*	**3,925,156**	5,070,000
Interests in associates	*13*	**34,053**	32,472
Amount due from an associate		**29,287**	29,287
Loans to shareholders of a subsidiary		**252,984**	297,408
Deposits for rehabilitation		**1,000**	1,153
Deposits for acquisition of investment	*14*	**153,000**	–
Pledged bank deposits		**2,841**	3,093
Other deposits		**371**	–
		4,401,570	5,438,022
Current assets			
Inventories		**8,470**	8,470
Other receivables		**20,793**	24,541
Promissory notes		**–**	127,500
Bank balances and cash		**129,863**	236,970
		159,126	397,481
Assets classified as held for sale		**423**	450
		159,549	397,931
Current liabilities			
Other payables and accruals		**14,996**	11,015
Derivative financial instruments — put options		**23,640**	40,985
Gross obligation under put options		**256,771**	363,759
		295,407	415,759
Net current liabilities		**(135,858)**	(17,828)
Total assets less current liabilities		**4,265,712**	5,420,194
Capital and reserves			
Share capital		**121,799**	121,799
Reserves		**2,830,407**	3,550,354
Equity attributable to owners of the Company		**2,952,206**	3,672,153
Non-controlling interests		**1,313,506**	1,748,041
Total equity		**4,265,712**	5,420,194

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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 of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company acts as an investment holding company. The principal activities of its subsidiaries are investment holding, trading of mineral 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 consolidated financial statements users, the consolidated financial statements are presented in Hong Kong dollars ("HK$") as shares of the Company are listed on the Stock Exchange.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2014 and 2013, the Group is in net current liabilities position. The main components of current liabilities are gross obligation under put options of HK$256,771,000 (2013: HK$363,759,000) and derivative financial instruments — put options of HK$23,640,000 (2013: HK$40,985,000).

The directors are of the opinion that the Group has sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for the foreseeable future, taking into consideration that no cash settlement was required for the gross obligation under put options as well as the derivative financial instruments — put options. Upon the issuance of the put options, the Group has a commitment to settle the contractual obligation by issuing of a maximum of 2,139,757,635 of the Company's shares. Other than that, there were no other financial obligations.

Also, the directors of the Company have given careful consideration to the future liquidity of the Group. In view of that, the directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due for foreseeable future and continue in operational existence. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009–2011 cycle
Amendments to HKFRS 7	Disclosures — offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKAS 1	Presentation of items of other comprehensive income
HK(IFRIC)-INT 20	Stripping costs in the production phase of a surface mine

Except as described below, the application of these new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 10 "Consolidated financial statements"

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC) INT-12 "Consolidation — Special Purpose Entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company have made an assessment as at the date of initial application of HKFRS 10 as to whether or not the Group has control over the investees in accordance with the new definition of control and the related guidance set out in HKFRS 10, and concluded that the application of HKFRS 10 does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 April 2012.

HKFRS 12 "Disclosure of interests in other entities"

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries and associates. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 "Fair value measurement"

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 "Presentation of items of other comprehensive income"

The Group has applied the amendments to HKAS 1 "Presentation of items of other comprehensive income". Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[6]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[6]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle[2]
HKFRS 9	Financial instruments[3]
HKFRS 14	Regulations deferred accounts[5]
HK(IFRIC)-INT 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.
2 Effective for annual periods beginning on or after 1 July 2014.
3 Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
5 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.
6 Effective for annual periods beginning on or after 1 January 2016.

HKFRS 9 "Financial instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets.

HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The directors anticipate that the application of HKFRS 9, would have no material impact on the Group's financial assets and financial liabilities (based on an analysis of the Group's financial instruments as at 31 March 2014).

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

4. REVENUE

Revenue represents the net amounts received or receivable from sale of minerals in the normal course of business, net of discounts and sales related taxes.

5. 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.

Segment revenues 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 2014

	Gold exploration and development in South Africa *HK$'000*	**Trading of minerals** *HK$'000*	**Total** *HK$'000*
REVENUE			
External sales	**–**	**4,156**	**4,156**
Segment (loss) profit	**(1,136,495)**	**24**	**(1,136,471)**
Other income			**1,661**
Other gains and losses			**(21)**
Unallocated corporate expenses			**(14,662)**
Fair value change on put options			**17,345**
Fair value change on gross obligation under put options			**106,988**
Share of profit of associates			**1,581**
Loss before taxation			**(1,023,579)**

For the year ended 31 March 2013

	Gold exploration and development in South Africa *HK$'000*	Trading of minerals *HK$'000*	Total *HK$'000*
Revenue			
External sales	–	4,592	4,592
Segment profit (loss)	37,421	(18)	37,403
Other income			3,759
Unallocated corporate expenses			(14,463)
Fair value change on put options			7,307
Fair value change on gross obligation under put options			21,397
Loss on acquisition of a subsidiary			(95,025)
Loss on acquisition of an associate			(90,228)
Share of profit of associates			2,586
Loss before taxation			(127,264)

Segment profit (loss) during the years ended 31 March 2014 and 31 March 2013 represents profit (loss) from each segment without allocation of certain other income, other gains and losses, administration and operating expenses, losses on acquisitions of a subsidiary and an associate, fair value change on gross obligation under put options, fair value change on put options and share of profit of associates. This is the measure reported to the executive directors for the purposes of resource 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 2014

	Gold exploration and development in South Africa *HK$'000*	**Trading of minerals** *HK$'000*	**Total** *HK$'000*
Assets			
Segment assets	**4,330,073**	**8,582**	**4,338,655**
Property, plant and equipment			**730**
Interests in associates			**34,053**
Deposits for acquisition of investment			**153,000**
Other receivables			**1,409**
Other deposits			**371**
Amount due from an associate			**29,287**
Bank balances and cash			**3,614**
Consolidated assets			**4,561,119**
Liabilities			
Segment liabilities	**8,028**	**–**	**8,028**
Other payables and accruals			**6,968**
Derivative financial instruments — put options			**23,640**
Gross obligation under put options			**256,771**
Consolidated liabilities			**295,407**

At 31 March 2013

	Gold exploration and development in South Africa *HK$'000*	Trading of minerals *HK$'000*	Total *HK$'000*
Assets			
Segment assets	5,595,392	13,117	5,608,509
Property, plant and equipment			1,318
Interests in associates			32,472
Promissory notes			127,500
Other receivables			3,083
Amount due from an associate			29,287
Bank balances and cash			33,784
Consolidated assets			5,835,953
Liabilities			
Segment liabilities	5,949	–	5,949
Other payables and accruals			5,066
Derivative financial instruments — put options			40,985
Gross obligation under put options			363,759
Consolidated liabilities			415,759

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

- all assets are allocated to operating and reportable segments, other than certain property, plant and equipment, interests in associates, deposits paid for acquisition of investment, promissory notes, other deposits, certain other receivables, amount due from an associate and certain bank balances and cash.
- all liabilities are allocated to operating and reportable segments other than certain other payables and accruals, derivative financial instruments — put options and gross obligation under put options.

Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

For the year ended 31 March 2014

	Gold exploration and development in South Africa *HK$'000*	**Trading of minerals** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Addition to property, plant and equipment	**110**	**–**	**4**	**114**
Addition in exploration assets	**34,476**	**–**	**–**	**34,476**
Depreciation of property, plant and equipment	**843**	**–**	**571**	**1,414**
Impairment loss recognised in respect of exploration assets	**1,117,388**	**–**	**–**	**1,117,388**
Loss on disposal of property, plant and equipment	**7**	**–**	**21**	**28**
Impairment loss on loans to shareholders of a subsidiary	**46,195**	**–**	**–**	**46,195**
Other interest expense	**1**	**–**	**–**	**1**
Imputed interest income on loan to a shareholder of a subsidiary	**(42,537)**	**–**	**–**	**(42,537)**
Interest income on promissory notes	**–**	**–**	**(1,661)**	**(1,661)**
Interest income on bank deposits	**(8,906)**	**–**	**–**	**(8,906)**

For the year ended 31 March 2013

	Gold exploration and development in South Africa *HK$'000*	Trading of minerals *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Addition to property, plant and equipment	223	–	664	887
Addition in exploration assets	60,605	–	–	60,605
Addition in deposits for rehabilitation	11	–	–	11
Depreciation of property, plant and equipment	926	–	710	1,636
Other interest expense	1	–	–	1
Gain on disposal of property, plant and equipment	(113)	–	–	(113)
Gain on disposal of assets classified as held for sale	(1,757)	–	–	(1,757)
Imputed interest income on loan to a shareholder of a subsidiary	(42,963)	–	–	(42,963)
Interest income on promissory notes	–	–	(3,759)	(3,759)
Interest income on bank deposits	(17,422)	–	–	(17,422)

Revenue from major products and services

The Group's revenue are all from trading of minerals.

Geographical information

The Group's trading of minerals operation is located in Hong Kong, while its gold exploration and development operations are in South Africa.

Based on the shipping or delivery documents of each sales transactions, the Group's revenue by location of its external customers for both years are in the People's Republic of China (the "PRC").

As at 31 March 2014, non-current assets of the Group (excluding interests in associates, deposits for rehabilitation, deposits for acquisition of investment, amount due from an associate, loans to shareholders of a subsidiary, other deposits, and pledged bank deposits) amounting to HK$3,927,304,000 (2013: HK$5,073,291,000) and HK$730,000 (2013: HK$1,318,000) were located in South Africa and Hong Kong respectively.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2014	2013
	HK$'000	*HK$'000*
Customer A	**4,156**	–
Customer B	**–**	4,592

All revenue is from trading of minerals.

6. OTHER INCOME

	2014	2013
	HK$'000	*HK$'00*
Imputed interest income on loan to a shareholder of a subsidiary	**42,537**	42,963
Interest income on promissory notes	**1,661**	3,759
Interest income on bank deposits	**8,906**	17,422
Others	**19**	–
	53,123	64,144

7. OTHER GAINS AND LOSSES

	2014	2013
	HK$'000	*HK$'000*
Gain on disposal of assets classified as held for sale	**–**	1,757
(Loss) gain on disposal of property, plant and equipment	**(28)**	113
	(28)	1,870

8. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Other interest expense	**1**	1

9. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the subsidiaries incorporated in Hong Kong have 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 has been made as the subsidiaries in South Africa have no assessable profits for both years.

10. LOSS FOR THE YEAR

	2014	2013
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Auditor's remuneration	**3,257**	2,865
Cost of inventories recognised as an expense	**4,114**	4,564
Depreciation of property, plant and equipment	**1,414**	1,636
Operating lease rentals in respect of rented premises	**2,375**	2,568
Net exchange loss	**138**	212
Staff costs		
— Salaries and other benefits	**34,710**	33,374
— Contributions to retirement benefits schemes	**131**	112
	34,841	33,486
Less: Amount capitalised in exploration assets	**(8,038)**	(14,389)
	26,803	19,097

11. LOSS PER SHARE

The calculation of the basic (2013: basic and diluted) loss per share is based on the consolidated loss of HK$726,863,000 (2013: HK$150,196,000) attributable to the owners of the Company for the years ended 31 March 2014 and 2013 and on the number of shares as follows:

	2014	2013
	'000	*'000*
Number of ordinary shares for the purposes of calculating basic (2013: basic and diluted) loss per share	**11,049,775**	11,049,775

No diluted loss per share for the year ended 31 March 2014 is presented as the Company's shares were suspended for trading throughout the year.

The incremental shares from assumed exercise of share options, warrants, put options and share options and warrants issued by a subsidiary are excluded in calculating the diluted loss per share for the year ended 31 March 2013 because they are antidilutive in calculating the diluted loss per share.

12. EXPLORATION ASSETS

	HK$'000
At 1 April 2012	5,094,795
Addition	60,605
Exchange adjustment	(85,400)
At 31 March 2013	5,070,000
Addition	34,476
Impairment loss recognised in profit or loss	(1,117,388)
Exchange adjustment	(61,932)
At 31 March 2014	3,925,156

The exploration assets principally represented the mining right and prospecting right for the gold mining projects in South Africa, namely, the Evander Project and the Jeanette Project. A mining right for Evander Project is valid for 26 years commencing from 18 July 2012 until 28 April 2038, while prospecting right for Jeanette Project is valid for 5 years commencing from 29 June 2010. In the opinion of the directors, the renewal of licences and application for mining licences are without difficulties so long as the applicant complies with the requirements as set out in the Mineral and Petroleum Resources Development Act of South Africa.

In the preparation of the consolidated financial statements for the year ended 31 March 2014, the directors of the Company have assessed the recoverable amount of the exploration assets relating to the Evander Project and the Jeanette Project as at 31 March 2014 based on estimations of their fair values. Based on fair value less cost of disposal estimation, the carrying amount of the exploration asset relating to the Jeanette Project exceeds its recoverable amount. An impairment loss of HK$1,111,439,000 was recognised in profit or loss during the year ended 31 March 2014 accordingly.

As at 31 March 2013, the directors of the Company were of the opinion that there was no indication for impairment of the exploration assets.

Other than the Evander Project and the Jeanette Project, TGL and its subsidiaries also have several mining rights with smaller scales. The management carried out assessments regularly on the profitability for these small scale projects. As the Group increasingly focused on the Evander Project and the Jeanette Project in South Africa, the directors determined not to pursue certain exploration projects in South Africa after reviewing the latest available information of these projects and accordingly, recognised in profit or loss a full impairment loss on these projects of HK$5,949,000 (2013: nil) during the year.

13. INTERESTS IN ASSOCIATES

	2014	2013
	HK$'000	*HK$'000*
Cost of investments in associates — unlisted	**118,133**	118,133
Share of post-acquisition profits and other comprehensive income	**6,148**	4,567
Less: Impairment loss recognised in profit or loss	**(90,228)**	(90,228)
	34,053	32,472

On 25 May 2012, the Group entered into a sale and purchase agreement with a 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. The principal asset of H & M 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 may carry out the Nickel mining activities 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 accordingly, based on the legal advice of Indonesian legal counsel the Group sought, H & M could not carry out the Nickel mining activities without breaching local laws and regulations. As a result, an impairment loss of HK$90,228,000 was recognised in profit or loss during the year ended 31 March 2013.

Subsequently on 17 March 2014, the Group entered into another sale and purchase agreement with Vendor A who agreed to re-acquire all the 49% equity interest in H & M from the Group at the original consideration of HK$90,228,000 of which HK$15,228,000 is to be settled by cash and HK$75,000,000 will be settled by promissory notes to be issued by Vendor A. In May 2014, a cash deposit of HK$15,228,000 and two promissory notes amounting to HK$75,000,000 were received.

The disposal has not been completed up to the date of this announcement.

14. DEPOSITS FOR ACQUISITION OF INVESTMENT

The amount represents deposits paid for acquisition of Jun Mao and Wealthy Peace. Details are set out as below.

Acquisition of Jun Mao Enterprises Limited ("Jun Mao")

On 22 April 2013 and 24 April 2013, the Group entered into a sale and purchase agreement and a supplementary agreement, respectively, with a third party pursuant to which the Group conditionally agreed to acquire 100% equity interest in Jun Mao at a total consideration of HK$93,000,000 of which HK$8,000,000 was settled by cash and HK$85,000,000 was settled by two promissory notes issued by Hua Xiong Development Limited ("Hua Xiong") to the Group. Full consideration was paid by the Group at the end of the reporting period.

Jun Mao is in the process of acquiring 10% equity interest in 貴州文真鋁業有限公司("文真鋁業"), a company established in the PRC, which has a mining right to conduct bauxite mining activities in the designated mining area in Guizhou, the PRC. The acquisition of Jun Mao is conditional upon the acquisition of 文真鋁業. The acquisition of Jun Mao has not yet been completed up to the date of this announcement as the acquisition of 文真鋁業 by Jun Mao is still in progress.

Acquisition of Wealthy Peace Holdings Limited ("Wealthy Peace")

On 23 April 2013 and 25 April 2013, the Group entered into a sale and purchase agreement and a supplementary agreement, respectively, with a third party pursuant to which the Group conditionally agreed to acquire 35% equity interest in Wealthy Peace at a total consideration of HK$60,000,000 of which HK$17,500,000 was settled by cash and HK$42,500,000 was settled by a promissory note issued by Hua Xiong to the Group. Full consideration was paid by the Group at the end of the reporting period.

Wealthy Peace is in the process of acquiring the 100% equity interest in 貴州天啟源燃氣投資有限公司("天啟源燃氣"), a company established in the PRC, which has 97% equity interest in the operations of liquefied natural gas storage and filling stations projects in Guizhou, the PRC. The acquisition of Wealthy Peace is conditional upon Wealthy Peace completing the acquisition of 天啟源燃氣. The acquisition of Wealthy Peace has not yet been completed up to the date of this announcement as the acquisition of 天啟源燃氣 by Wealthy Peace is still in progress.

15. ACQUISITION OF A SUBSIDIARY

Acquisition of assets through purchase of a subsidiary, Saint Ford Group Limited ("Saint Ford")

For the year ended 31 March 2013

On 7 January 2013, the Group entered into a sale and purchase agreement with a third party ("Vendor B") pursuant to which the Group acquired 75% equity interest in Saint Ford for a total consideration of HK$95,025,000. The principal asset of Saint Ford is the gold mining right assignment agreement ("Gold Assignment Agreement") entered into between Saint Ford and a gold mine owner. Pursuant to the Gold Assignment Agreement, Saint Ford may carry out the gold mining activities in Kotamobagu, Indonesia. However, it was subsequently found 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 accordingly, based on the legal advice of Indonesian legal counsel the Group sought, Saint Ford could not carry out the gold mining activities without breaching local laws and regulations. As a result, an impairment loss of HK$95,025,000 was recognised in profit or loss for the year ended 31 March 2013.

Subsequently on 17 March 2014, the Group entered into a sale and purchase agreement with Vendor B who agreed to re-acquire all the 75% equity interest in Saint Ford from the Group at an original consideration of HK$95,025,000 of which HK$15,025,000 is to be settled by cash and HK$80,000,000 is to be settled by promissory notes. In May 2014, a cash deposit of HK$15,025,000 and two promissory notes amounting to HK$80,000,000 issued by Vendor B were received.

The disposal of Saint Ford has not been completed up to the date of this announcement.

Saint Ford did not generate any revenue and incur any expense for both years.

16. 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:

	2014	2013
	HK$'000	*HK$'000*
Within one year	**2,623**	1,763
In the second to fifth year inclusive	**329**	–
	2,952	1,763

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.

17. CAPITAL COMMITMENTS

	2014	2013
	HK$'000	*HK$'000*
Capital expenditure in respect of the gold projects contracted for but not provided in the consolidated financial statements:		
— Pre-feasibility study consulting contracts	**–**	375
— Other contracts	**9,799**	12,580
	9,799	12,955

MANAGEMENT DISCUSSION AND ANALYSIS

Results

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

During the financial year 2013/2014, the Group recorded a loss attributable to owners of the Company of approximately HK$726,863,000 or loss of HK6.58 cents per share basic, compared with a loss attributable to owners of the Company for the year 2012/2013 of approximately HK$150,196,000 or loss of HK1.36 cents per share basic.

Dividend

The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2014 (2013: Nil).

Business Review

For the year ended 31 March 2014, the Group has recorded a turnover of approximately HK$4,156,000 (2013: HK$4,592,000) which represents a decrease of 9.49% compared with the turnover recorded in the last financial year. The Group recorded a net loss attributable to equity holders of approximately HK$726,863,000 compared with a net loss attributable to equity holders of approximately HK$150,196,000 for the last financial year during which an impairment on the Group's Jeanette Project of approximately HK$1,111,439,000 was recognized. The other comprehensive expense of approximately HK$130,903,000 mainly arises from the exchange difference on the translation of South African operations.

Mineral Trading Operations

The Group's trading of minerals business contributed to the Group's majority of revenue during the year ended 31 March 2014. However, the Board considered that increased more effort and resources on its gold mining operations could bring a more long term revenue and profit stream for the Group.

Liquidity And Financial Resources

As at 31 March 2014, the Group had no outstanding bank borrowings (31 March 2013: Nil) and no banking facilities (31 March 2013: Nil).

The Group's gearing ratio as at 31 March 2014 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$4,561,000,000 (31 March 2013: HK$5,836,000,000).

As at 31 March 2014, the balances of cash and cash equivalents of the Group were approximately HK$130,000,000 (31 March 2013: HK$237,000,000) and were mainly denominated in Hong Kong 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 year ended 31 March 2014, 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. However, the directors consider that the currency risk is not significant and the Group currently does not have a foreign currency hedging policy.

Nevertheless, 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 Results Condition was then fulfilled through the publication of all outstanding results announcements containing all of the outstanding financial results on 29 April 2014. On 2 May 2014, the shares of the Company resumed to be traded on the Stock Exchange of Hong Kong Limited.

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 progressing the bankable feasibility study for the Evander Project and the pre-feasibility study for the Jeanette Project. This work will culminate in the finalization and publication of these studies in the coming months. The Company has not conducted any mining or production activities during the reporting period.

The Evander Project

The Evander Project comprises the Six Shaft area and the Twistdraai area on the northeastern limb of the Witwatersrand Basin, Mpumalanga Province, South Africa. As disclosed in the 2011 Circular, Evander Gold Mines Limited ("EGM") held the Mining Right No. 107/2010, of which mining right the Evander Project formed part. The Mining Right No. 107/2010 permitted the mining of gold and associated minerals in the Six Shaft and Twistdraai area.

The Sale Agreement

Subsequent to the signing of the earlier Earn-in Agreement with EGM and Harmony Gold Mining Company Limited, negotiations were initiated with EGM Limited resulting in the signing of a sale agreement in September 2010 between EGM Limited and Taung Gold Secunda (Proprietary) Limited ("TGS"), a wholly owned subsidiary of Taung Gold Limited ("TGL") 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.

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, expiring on 28 April 2038. It is renewable for a further period of 30 years.

The Sale Agreement became unconditional on 30 May 2012 when the balance of the consideration was settled 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 into the name of EGM took place on 1 November 2013 and the Deed of Cession 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.

Project Description

The bankable feasibility study ("BFS") for the project is targeting a Measured and Indicated Resource of 19.9 million tons of Kimberley Reef at an average gold grade of 8.47g/t (measured over a mining width of 112cm), containing 5.4 million ounces of gold. The pending completion of the study will herald a maiden Probable Reserve declaration for the project.

The project will involve the following activities to develop and bring the operation 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 ventilation shaft;
- Deepening of the existing main and ventilation shafts to their final depths;
- Development of the Kimberley Reef and the generation of ore reserves; and
- Construction of a metallurgical processing plant, smelter and tailings storage facility ("TSF").

A full Environmental Impact Assessment for the project will commence shortly and, together with the BFS, will lead to subsequent amendment of the Mining Works Program and Environmental Authorization that form part of the Mining Right.

TGS has entered into Option Agreements with the holders of surface and mineral rights whereby TGS now has the right to acquire such rights for the purpose of establishing a TSF site.

TGS has also entered into a Heads of Agreement with EGM relating to the disposal of excess mine water into EGM's Leeuwpan evaporation facility and a full definitive agreement in this regard will be executed in the second quarter of the new financial year.

Eskom, the state owned electricity generation and distribution utility, has already completed a Budget Quotation for the initial supply of 20MVA of electrical power required for the first three years of project construction. The issuance by ESKOM of this 20MVA Budget Quotation indicates that the project is a part of its formal planning and scheduling process. The relevant agreements with ESKOM will be finalized in due course. The Budget Quotation for the final power supply of approximately 70MVA will be completed in the next two years.

A process of internal and external reviews of the BFS is being undertaken and will precede the publication of the study report.

Expenditure on the Evander Project for the period under review was as follows:

Consultants & Service providers (BFS)	ZAR14.0m
Staffing	ZAR 5.7m
Overheads	ZAR 5.3m
Total	ZAR25.0m

The Jeanette Project

The Jeanette Project is located close to the town of 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 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. Taung Gold Free State (Pty) Limited ("TGFS"), a wholly owned subsidiary of TGL, is now the registered holder of the prospecting right. 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 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.

TGFS 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 apply for a mining right over the consolidated area and it is expected that this application will be submitted late in 2014 or early in 2015. TGFS as the holder of the to be consolidated prospecting rights has the exclusive right to apply for a mining right.

Project Description

The pre-feasibility study ("PFS") for the project is targeting a Measured and Indicated Resource of 11.5 million tons of Basal Reef at an average gold grade of 26.83g/t (measure over a reef channel width of 31cm), containing 9.9 million ounces of gold. The pending completion of the study will herald a maiden Probable Reserve declaration for the project.

The project will involve the following activities to develop and bring the operation into production;

- Establishment of surface facilities and provision of the required services;
- Dewatering and re-commissioning of the existing shafts;
- Sinking of a new shaft system for men, material and rock hoisting;
- Development of the Basal Reef and the generation of ore reserves; and
- Construction of a metallurgical processing plant, smelter and TSF.

Studies on the nature of the Basal Reef and the proximity of the overlying Khaki Shale show that a relatively high level of mechanized mining can be implemented; the level of mechanization being determined by the Basal Reef and Khaki Shale characteristics in different areas of the resource. Detailed studies have been conducted as a part of the pre-feasibility study to properly assess geotechnical and other mining related aspects of such mechanization and the study will propose various extraction options, from which the most suitable approach will be selected to proceed to bankable feasibility study level. The mechanization approach opens up the opportunity to mine the Basal Reef with significantly less waste dilution than would typically be associated with conventional mining methods and this has a significant positive impact in terms of increased head grade, reduced ore handling and hoisting requirements and, lower metallurgical processing costs.

Expenditure on the Jeanette Project for the period under review was as follows:

Consultants & Service providers (PFS)	ZAR 11.4m
Staffing	ZAR 3.2m
Overheads	ZAR 1.1m
Total	ZAR 15.7m

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 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. A decision regarding the commencement of the Jeanette bankable feasibility study will be made upon conclusion of the pre-feasibility study. 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 reduce costs and ensure continued focus on the flagship projects at Evander and Jeanette.

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 2014 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.

Control Areas	Material findings and deficiencies found in the Internal Control Review	Status of remediation adopted by the Group
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. 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.

Control Areas	Material findings and deficiencies found in the Internal Control Review	Status of remediation adopted by the Group
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.
	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.

Control Areas	Material findings and deficiencies found in the Internal Control Review	Status of remediation adopted by the Group
	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. 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.

Control Areas	Material findings and deficiencies found in the Internal Control Review	Status of remediation adopted by the Group
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. 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.

Control Areas	Material findings and deficiencies found in the Internal Control Review	Status of remediation adopted by the Group
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.

Control Areas	Material findings and deficiencies found in the Internal Control Review	Status of remediation adopted by the Group
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. 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. 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 Code was subsequently complied 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 year ended 31 March 2014.

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 annual results of the Group for the year ended 31 March 2014.

OTHER BOARD COMMITTEES

Besides the Audit Committee, the Board has also established Remuneration Committee and Nomination Committee as at 31 March 2014. Each Committee has its defined scope of duties and written terms of reference.

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 year.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

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

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2014 as set out in the preliminary announcement have been agreed by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

Hong Kong, 30 June 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.