TAUNG GOLD

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 621)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

RESULTS

The board of directors (the "**Board**") of Taung Gold International Limited (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2017 together with the comparative figures for the year ended 31 March 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
Other income	*4*	**48,135**	40,153
Other gains and losses	*4*	**(196,233)**	–
Fair value change on gross obligation under put options		**(25,934)**	129,336
Administrative and operating expenses		**(48,521)**	(47,126)
Reversal of impairment loss on exploration assets	*8*	**400,457**	399,760
Share of results of associates		**(8)**	(16,496)
Profit before taxation		**177,896**	505,627
Income tax expense	*5*	**–**	–
Profit for the year	*6*	**177,896**	505,627

* *For identification purpose only*

	Note	2017 HK$'000	2016 HK$'000
Other comprehensive income (expense)			
Item that may be subsequently reclassified to profit or loss:			
Exchange difference on translation of foreign operations		**75,231**	(150,418)
Total comprehensive income for the year		**253,127**	355,209
Profit for the year attributable to:			
Owners of the Company		**128,217**	382,210
Non-controlling interests		**49,679**	123,417
		177,896	505,627
Total comprehensive income attributable to:			
Owners of the Company		**182,234**	275,668
Non-controlling interests		**70,893**	79,541
		253,127	355,209
Earnings per share	*7*		
Basic (HK cents)		**0.82**	2.98
Diluted (HK cents)		**0.82**	1.77

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	Notes	**2017** ***HK$'000***	2016 *HK$'000*
Non-current assets			
Property, plant and equipment		**3,545**	2,662
Exploration assets	*8*	**4,523,585**	4,039,548
Prepayment for acquisition of exploration assets		**154,029**	122,992
Interests in associates		**2,010**	2,018
Amount due from an associate		**–**	30,751
Available-for-sale investment		**49,336**	49,717
Loans to shareholders of a subsidiary		**193,967**	270,891
Deposits for rehabilitation		**674**	675
Deposits for acquisition of investments		**60,000**	–
Pledged bank deposits		**2,413**	2,064
		4,989,559	4,521,318
Current assets			
Other receivables, prepayment and deposits		**12,854**	16,425
Deposits for acquisition of investments		**–**	30,000
Bank balances and cash		**383,894**	210,263
		396,748	256,688
Current liabilities			
Other payables and accruals		**23,658**	9,613
Derivative financial instruments – put options		**–**	–
Gross obligation under put options		**–**	93,355
		23,658	102,968
Net current assets		**373,090**	153,720
Total assets less current liabilities		**5,362,649**	4,675,038
Capital and reserves			
Share capital	*9*	**181,515**	147,912
Reserves		**4,700,170**	3,783,437
Equity attributable to owners of the Company		**4,881,685**	3,931,349
Non-controlling interests		**480,964**	743,689
Total equity		**5,362,649**	4,675,038

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

1. GENERAL

Taung Gold International Limited (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 Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and Unit 1901, 19/F, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong respectively.

The Company acts as an investment holding company. The principal activities of its subsidiaries are investment holding, trading of 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 the shares of the Company are listed on the Stock Exchange.

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

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to 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 2012 – 2014 cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants

Except for the "Amendments to HKAS 1" which caused certain notes to the consolidated financial statements were reordered, the application of the amendments to 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.

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers and related Amendments[2]
HKFRS 16	Leases[3]
HK(IFRIC)-Int 22	Foreign currency transactions and advance consideration[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014-2016 cycle[5]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKAS 7	Disclosure initiative[1]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[1]
Amendments to HKAS 40	Transfers of investment property[2]

1 Effective for annual periods beginning on or after 1 January 2017.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after 1 January 2019.
4 Effective for annual periods beginning on or after a date to be determined.
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

Based on the Group's financial instruments and risk management policies as at 31 March 2017, for entities with available-for-sale investments and financial assets at amortised cost, the directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as fair value through other comprehensive income (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost. However, it is not practicable to provide a reasonable estimate of the effect until the directors of the Company complete a detailed review.

As at 31 March 2017, the Group has non-cancellable operating lease commitments. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

The directors of the Company anticipate that the application of the amendments to HKAS 7 will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

Except for the above, the directors of the Company anticipate that the application of the other new and amendments to HKFRSs will have no material impact on the consolidated financial statements.

3. SEGMENT INFORMATION

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

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

(a) gold exploration and development in South Africa;

(b) gold exploration and development in Indonesia; and

(c) 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 2017

	Gold exploration and development in South Africa	Gold exploration and development in Indonesia	Trading of minerals	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE				
External sales	–	–	–	–
Segment profit (loss)	265,332	(1,212)	–	264,120
Unallocated other income				1,583
Unallocated corporate expenses				(29,576)
Impairment on amount due from an associate				(32,289)
Fair value change on gross obligation under put options				(25,934)
Share of results of associates				(8)
Profit before taxation				177,896

For the year ended 31 March 2016

	Gold exploration and development in South Africa *HK$'000*	Gold exploration and development in Indonesia *HK$'000*	Trading of minerals *HK$'000*	Total *HK$'000*
REVENUE				
External sales	–	–	–	–
Segment profit (loss)	424,863	(669)	–	424,194
Unallocated other income				1,464
Unallocated corporate expenses				(32,871)
Fair value change on gross obligation under put options				129,336
Share of results of associates				(16,496)
Profit before taxation				505,627

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment profit (loss) during the years ended 31 March 2017 and 31 March 2016 represents profit (loss) from each segment without allocation of certain other income, central administration and operating expenses, impairment loss on amount due from an associate, fair value change on gross obligation under put options and share of results of associates. This is the measure reported to the CODM 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 2017

	Gold exploration and development in South Africa	**Gold exploration and development in Indonesia**	**Trading of minerals**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Assets				
Segment assets	**4,753,650**	**183,526**	**111**	**4,937,287**
Property, plant and equipment				**1,426**
Interests in associates				**2,010**
Deposits for acquisition of investments				**60,000**
Other receivables, prepayment and deposits				**392**
Available-for-sale investment				**49,336**
Bank balances and cash				**335,856**
Consolidated assets				**5,386,307**
Liabilities				
Segment liabilities	18,290	306	–	**18,596**
Other payables and accruals				**5,062**
Consolidated liabilities				**23,658**

At 31 March 2016

	Gold exploration and development in South Africa *HK$'000*	Gold exploration and development in Indonesia *HK$'000*	Trading of minerals *HK$'000*	Total *HK$'000*
Assets				
Segment assets	4,372,725	152,668	112	4,525,505
Property, plant and equipment				1,633
Interests in associates				2,018
Deposits for acquisition of investments				30,000
Other receivables, prepayment and deposits				718
Available-for-sale investment				49,717
Amount due from an associate				30,751
Bank balances and cash				137,664
Consolidated assets				4,778,006
Liabilities				
Segment liabilities	3,967	118	–	4,085
Other payables and accruals				5,528
Derivative financial instruments – put options				–
Gross obligation under put options				93,355
Consolidated liabilities				102,968

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, available-for-sale investment, interests in associates, deposits for acquisition of investments, certain other receivables, prepayment and deposits, 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.

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	2017	2016
	HK$'000	*HK$'000*
Other income		
Interest income on loan to a shareholder of a subsidiary	**39,138**	33,244
Interest income on amount due from an associate	**1,538**	1,464
Interest income on bank deposits	**6,167**	5,194
Imputed interest income on loan to a shareholder of a subsidiary	**1,249**	–
Others	**43**	251
	48,135	40,153

	2017	2016
	HK$'000	*HK$'000*
Other gains and losses		
Gain on disposal of property, plant and equipment	**92**	–
Adjustment to carrying amount of loan to a shareholder of a subsidiary	**(7,856)**	–
Impairment loss on loan to a shareholder of a subsidiary	**(156,181)**	–
Impairment loss on amount due from an associate	**(32,289)**	–
Others	**1**	–
	(196,233)	–

5. 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.

Under Indonesia tax law, the corporate tax rate is 25% for the current year on taxable profits of Indonesian subsidiary. No provision for taxation has been made as the subsidiary in Indonesia has no assessable profit for the both years.

6. PROFIT FOR THE YEAR

	2017	2016
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**3,245**	2,851
Depreciation of property, plant and equipment	**801**	850
Minimum operating lease payments in respect of rented premises	**1,888**	1,855
Staff costs (including directors' emoluments)		
– Salaries and other benefits	**29,521**	26,875
– Equity-settled share-based payment	**5,058**	10,116
– Contributions to retirement benefits schemes	**149**	140
	34,728	37,131
Less: Amount capitalised in exploration assets	**(6,681)**	(6,017)
	28,047	31,114

7. EARNINGS PER SHARE

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

	2017	2016
	HK$'000	*HK$'000*
Profit		
Profit for the purpose of calculating basic earnings per share	**128,217**	382,210
Effect of dilutive potential ordinary shares:		
– Adjustment in relation to share options issued by a subsidiary of the Company and put options granted by the Company	**–**	(127,165)
Profit for the purposes of calculating diluted earnings per share	**128,217**	255,045

	2017	2016
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	**15,583,851**	12,832,439
Effect of dilutive potential ordinary shares:		
– Put options for share option holders of a subsidiary of the Company	**–**	465,431
– Put options for the potential additional acquisition in a subsidiary	**–**	1,118,674
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	**15,583,851**	14,416,544

The computation of diluted earnings per share for current year did not account for the impact of adjustment in relation to put options granted by the Company on the profit or loss and the effect of put options on the weighted average number of ordinary shares as they would result in increase in earnings per share.

The computation of diluted earnings per share for both years did not assume the exercise of the Company's outstanding share options because the exercise price of those share options was higher than the average market price for the Company's shares for both years.

8. EXPLORATION ASSETS

	HK$'000
At 1 April 2015	3,664,236
Acquisition of subsidiaries	28,286
Additions	18,463
Reversal of impairment loss recognised in the profit or loss	399,760
Exchange realignment	(71,197)
At 31 March 2016	4,039,548
Additions	44,868
Reversal of impairment loss recognised in the profit or loss	400,457
Exchange realignment	38,712
At 31 March 2017	4,523,585

9. SHARE CAPITAL

	Number of shares	**Share capital** *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2015, 31 March 2016 and 31 March 2017	30,000,000,000	300,000
Issue and fully paid:		
At 1 April 2015	12,442,915,688	124,429
Issue of new shares under placement	1,424,640,000	14,247
Issue of new shares for potential acquisition on a subsidiary	231,080,513	2,311
Execute of put options by share option holders of a subsidiary	692,533,968	6,925
At 31 March 2016	14,791,170,169	147,912
Issue of new shares under placement	2,974,920,000	29,749
Issue of new shares for potential acquisition on a subsidiary	301,918,288	3,019
Execute of put options by share option holders of a subsidiary	83,463,524	835
At 31 March 2017	18,151,471,981	181,515

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group is principally engaged in investment holding, trading of minerals and exploration, development and mining of gold and associated minerals in Republic of South Africa ("**South Africa**") and Republic of Indonesia ("**Indonesia**").

During the financial year 2016/2017, the Group recorded a profit attributable to owners of the Company of approximately HK$128,217,000 or earnings of HK$0.82 cents per share basic, compared with a profit attributable to owners of the Company for the year 2015/2016 of approximately HK$382,210,000 or earnings of HK$2.98 cents per share basic.

DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2017 (2016: Nil).

BUSINESS REVIEW

For the year ended 31 March 2017, the Group had no turnover (2016: Nil). The Group recorded a net profit attributable to equity holders of approximately HK$128,217,000 compared with a net profit attributable to equity holders of approximately HK$382,210,000 for the last financial year. The other comprehensive income of approximately HK$75,231,000 (2016 expense: HK$150,418,000) mainly arose from the exchange difference on the translation of South African operations.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2017, the Group had no outstanding bank borrowings (2016: Nil) and no banking facilities (2016: Nil). The Group's gearing ratio as at 31 March 2017 was zero (2016: zero), calculated based on the Group's total zero borrowings (2016: zero) over the Group's total assets of approximately HK$5,386,307,000 (2016: HK$4,778,006,000).

As at 31 March 2017, the balance of cash and cash equivalents of the Group was approximately HK$383,894,000 (2016: HK$210,263,000) 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 to its business.

FINANCING

On 21 November 2016, the Company announced that an aggregate of 2,974,920,000 Shares of HK$0.01 each in the capital of the Company were placed to not fewer than six placees, at the placing price of HK$0.0883 per placing share, upon completion of the placing agreement dated 9 November 2016 entered into between the Company and Pinestone Securities Limited as the placing agent. The net proceeds from the aforesaid placing amounted to approximately HK$258.77 million which were used for (i) approximately HK$200 million for future potential acquisitions, targeting overseas gold and mineral mining asset(s), which is in preliminary negotiation stage; and (ii) approximately HK$58.77 million for the general working capital of the Group to meet any future business development requirements and obligations.

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 March 2017, the Group operated mainly in the South Africa and Indonesia, and the majority of the Group's transactions and balances were denominated in Hong Kong Dollars, United States Dollars, Renminbi and South African Rand. However, as the directors consider that the currency risk is not significant, the Group does not have a policy of hedging foreign currency.

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

REVIEW OF BUSINESS OPERATIONS

During the period under review the Group did not carry out any field exploration activities and its attention was focused on advancing and completing the study work for the Evander and Jeanette projects. The Company published the bankable feasibility study ("**BFS**") for the Evander Project on 12 September 2016 and the pre-feasibility study ("**PFS**") for the Jeanette Project on 9 March 2017. The metallurgical testwork for the Minex Project was completed and the results of the Metallurgical Testing were announced by the Company on 19 December 2016. As at 31 March 2017 the Company had not conducted any mining or production activities.

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. Evander Gold Mines Limited ("**EGM**") held the Mining Right No. 107/2010. The Mining Right No. 107/2010 was registered in the name of Taung Gold Secunda (Pty) Limited ("**TGS**") in December 2013 and permits the mining of gold and associated minerals in the Six Shaft and Twistdraai area.

The Evander Bankable Feasibility Study

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

Evander Project BFS Highlights

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

Notes:

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

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

3. Payback calculated from date of first production.

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

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

As previously reported, the Company entered into a framework agreement with MCC International Incorporation Ltd. ("**MCCI**"), a subsidiary of MCC, on 23 October 2014 with the objective of entering into an engineering, procurement and construction contract for the Project. The Company continues to engage with MCCI with the intention of entering into contractual arrangements to commence and complete of the construction phase of the project.

Evander Project Summary

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

The Project is comprised of the following:

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

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

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

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

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

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

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

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

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

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

A full Environmental Impact Assessment for the project is underway 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 secured the right to acquire such surface and mineral rights for the purpose of establishing a TSF site. On 31 March 2017 TGS exercised the option to acquire 100% of the shares in Holfontein Investments (Pty) Limited, the holder of the Mining Right for coal in the area of the proposed TSF site and the completion of the necessary transfers will complete before the end of July 2017. On 5 June 2017, TGS also exercised its option to acquire the respective surface rights from Orambamba 48 (Pty) Limited and the process to transfer such surface rights is underway and is expected to complete by the end of March 2018.

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

During the period under review, the situation regarding electrical power in South Africa improved significantly as a result of increased generating capacity coupled with the downturn in demand as result of depressed commodity prices, particularly in the steel and ferro-chrome sectors. The situation will improve further as Eskom (the State-owned power generation and distribution utility) commissions further generating units at its new Medupi and Kusile coal fired power stations and at its Ingula pump-storage facility. Accordingly, Eskom has already completed the installation of overhead lines for a supply of 2MVA of power to the Evander Project site and the connection of the site office to such supply has been completed. Discussions are also underway with Eskom for the supply of 20MVA of electrical power required for the project construction period and a definitive timeline for the work required is being drafted. The turnaround in the electrical power situation bodes well for the Evander Project as it will eliminate the need for costly self-generated power using diesel and heavy fuel oil mobile generators.

Expenditure on the Evander Project for the year ended 31 March 2017 was as follows:

	ZAR million
Consultants & Service providers	4.23
Staffing	8.94
Business Development	0.63
Overheads	3.58
Total	17.38

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.

Prospecting rights for the Jeanette Project

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. TGFS, a wholly owned subsidiary of TGL, is now the registered holder of the Prospecting Right. Apart from the Prospecting Right, TGL has consolidated its mineral rights holdings in and around its Jeanette Project area, including the farms Buitendachshoop 122, Weltevreden 59, Portion RE and LeClusa 70 from Free State Development and Investment Corporation Limited. 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 basis for such consolidation. As the holder of the various Prospecting Rights that make up the Jeanette Project, TGFS had an exclusive right to apply for the Mining Right over the Jeanette project area. On 19 June 2015 TGFS applied for a mining right over the consolidated area. The application was formally accepted by the Department of Mineral Resources ("**DMR**"). As part of the application for a Mining Right, a Mining Work Program ("**MWP**"), Social and Labour Plan ("**SLP**") and an Environmental Impact Assessment together with an Environmental Management Program ("**EMP**") were submitted for approval. The Environmental Authorisation for the Jeanette Project was approved on 20 December 2016 and it is expected that the Ministerial consent for the grant of the Mining Right will take place during 2017. An application for an Integrated Water Use License ("**WUL**") will only be submitted on completion of the Bankable Feasibility Study for the Project.

Jeanette Project Description

The PFS for the Jeanette Project targeted a Measured and Indicated Resource of 13.1 million tons of Basal Reef at an average gold grade of 22.41 g/t (measure over a reef channel width of 38cm), containing 9.4 million ounces of gold. On 23 May 2016, the Company declared a maiden Mineral Reserve (Probable Reserve) at its Jeanette Project of 7.12 million ounces of gold, from 19.21 million tons of ore at an average head grade of 11.52 g/t. The modifying factors used to determine the Probable Reserve were based on mining methods that have been designed to eliminate the technical risks associated with the Khaki Shale proximally above the Basal Reef and which have been designed and reviewed by independent industry experts to a PFS level. The drilling and three-dimensional seismic reflection survey work carried out during 2011 and 2012 resulted in a revised geological model for the Basal Reef and, in particular, revealed that the target area is shallower dipping and therefore amenable to mechanized mining methods. The application of mechanized mining methods in the mine design and scheduling has therefore resulted in significant reductions in the various dilution factors, when compared to traditional non-mechanized mining methods and, this is reflected in the Probable Reserve grade. These mining methods will be subject to additional and more detailed design at the BFS level of project study.

The granting of the Mining Right for the Jeanette Project will precede a decision to commence the BFS for the project.

On 9 March 2017, the Company announced an update on positive PFS results for the Jeanette Project and the highlights from these results are as follow:

Jeanette Project PFS Highlights

Gold Recovered over Life of Project	7.243Moz
Initial Construction Capital Cost Estimate	US$759.0m
Peak Funding	US$723.8m
Total Capital Cost over Life of Project	US$1,090.4m
Capital Efficiency	US$3,312/oz
After-tax NPV at 5% Discount rate	US$1,550.5m
After-Tax IRR	20.3%
Life of Mine	24 years
Payback	6.9 years
Cash Operating Costs	US$343/oz
Profit Margin	57.97%
All in Sustaining Costs	US$392/oz
All in Costs	US$542/oz

Notes:

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

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

3. Payback calculated from date of first production.

Minxcon Projects (Proprietary) Limited ("**Minxcon**"), an independent South African-based consultancy, was the lead independent consultant for the PFS. All estimates in this announcement have been extracted from the PFS Report which has an effective date of 29 February 2016. The engineering, design, scheduling and capital and operating cost estimating work for the Project was carried out in South Africa by various independent professional consultants under the leadership of Minxcon. TGL has also completed an internal review of the Project.

Jeanette Project Summary

The Jeanette Project is located close to the town of Welkom, 270km south-west of Johannesburg, in the Free State Province of South Africa. The Project was acquired from ARMGold/Harmony Freegold Joint Venture Company (Pty) Limited, in December 2009. The Prospecting Right over the project area was registered in the name of TGFS in the Mineral and Petroleum Titles Registration Office in November 2013. The Project is located in an established gold producing region in close proximity to road, power and water & sanitation infrastructure and, which is well served with other necessary services. The Project is comprised of the following:

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

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

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

- At full production, the Project is estimated to produce an average of 418,000 ounces per annum at a recovered grade of 11.24 g/t with cash costs of US$325/oz.

In its year of peak production, the Project is estimated to produce approximately 448,000 ounces of gold at a recovered grade of 11.07 g/t with cash costs of US$343/oz.

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 PFS 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 BFS 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 year ended 31 March 2017 was as follows:

	ZAR million
Consultants & Service Providers	4.77
Staffing	3.21
Overheads	1.02
Total	9.00

Minex and the Indonesian Assets (the "Minex Project")

Minex Resources Pte. Ltd. ("**Minex**") became a wholly-owned subsidiary of the Company on 24 August 2015 upon fulfillment of the conditions precedent for completion in the acquisition agreement dated 6 July 2015 (the "**Acquisition Agreement**"). Upon completion of the Acquisition Agreement, PT Bolmong Timur Primanusa Resources ("**PTBTPR**") became a non-wholly owned subsidiary of the Company. Minex holds a 95% interest in PTBTPR. In addition, Minex held a conditional share purchase agreement ("**CSPA**") for purchase of 75% of the issued and outstanding share capital in PT Rihendy Tri Jaya ("**PTRTJ**").

The collection of samples for metallurgical testing (the "**Metallurgical Testing**") from the Garini deposit held by PTBTPR was undertaken in September 2015 and then delivered to PT. SGS Indonesia Assay Laboratories in Jakarta ("**SGS Indonesia**") for initial assay work. The prepared samples were then sent to SGS South Africa (Pty) Limited ("**SGS South Africa**"), in Johannesburg, for further testing under the supervision of the Company's management and independent metallurgical consultant. The results of the Metallurgical Testing were published on 19 December 2016. The completion of preliminary diagnostic leach testwork and subsequent acid leach testwork demonstrated that recoveries of approximately 90% were achievable and SGS South Africa were tasked to complete a further metallurgical evaluation and to develop a basic flow sheet for a suitable metallurgical process. The results of this work are expected during July 2017.

On 3 January 2017, Minex and the Sellers entered into a supplemental agreement to Acquisition Agreement ("**Supplemental Agreement**"), to amend the arrangements made in the Acquisition Agreement. The license held by PTRTJ has expired in early 2017, a formal tender process was conducted by the relevant government authority to award a new mining license covering the same area as the original license held by PT RTJ (the "**New Mining License**"). The New Mining License was successfully tendered for by PT Bulawan Boltim Primas ("**PTBBP**"). The Sellers have since made arrangements for Minex to acquire 75% of the issued share capital of PTBBP on the same terms as it would have acquired PTRTJ under the Acquisition Agreement. A formal tender process was also conducted by the same authority for an area known locally as Kutai, in between those held by PTBTPR and PTBBP and PT Kotabunan Emas Prima ("**PTKEP**") successfully tendered for this area. The Sellers have also made arrangements for Minex to acquire 75% of the issued share capital of PTKEP. PTBTPR and PTBBP are the holders of concessions that contain several deposits with significant potential to hold gold mineralization. The completion of the Supplemental Agreement was effective on 28 June 2017.

FUTURE PLANS FOR THE EVANDER PROJECT, THE JEANETTE PROJECT AND THE MINEX PROJECT

The Evander Project

As of the date of this announcement the external review of the Evander Project BFS is nearing completion and the results of the BFS will be announced in due course. The external review is being conducted by China ENFI Engineering Limited. On 28 October 2014, the Company announced that it had entered into a Framework Agreement with MCCI pursuant to which the parties agreed to cooperate on an exclusive basis for a period of 12 months with the objective of entering into an Engineering, Procurement and Construction ("**EPC**") contract for the development of the Evander Project. Although the exclusivity has expired, the Company and MCCI continue in discussions towards the same objective.

During the period under review the Company completed an Employer Requirements Document for the Evander Project based on the International Federation of Consulting Engineers ("**FIDIC**") Yellow Book approach and discussions with MCCI are now focused on the commercial terms for a Design & Build Contract for the project.

The application under Section 102 of the Mineral and Petroleum Resources Development Act ("**MPRDA**") to amend the Mining Right was delayed as a result of additional environmental investigations and is now anticipated to be submitted by the end of September 2017 and, after discussions with the DMR, will be accompanied by the EIA, SLP and MWP. Accordingly, a separate application for the Integrated Water Use License ("**IWUL**") is also expected to be submitted by the end of September 2017.

An EIA for the dewatering phase of the project has been approved and an application for a WUL for the dewatering phase of the project was submitted to the relevant authority on 19 September 2016 and approval is expected before the end of September 2017.

The Jeanette Project

The internal review of the Jeanette Project PFS was completed during the period under review and the results of the PFS were announced on 9 March 2017. The Company is progressing its Mining Right application with the relevant regulatory authorities and has made significant progress towards securing the required Ministerial consent and other approvals. The Company reasonably expects this process to conclude during 2017. Upon conclusion of the granting of the Mining Right, the Company will consider commencing a BFS for the Project. Further announcements in this regard will be made in due course.

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

- An Environmental Authorization ("**EA**") Scoping Report was submitted to the DMR and accepted on 8 September 2015. The final EA was submitted to the DMR on 7 June 2016 and the EA was approved on 20 December 2016.

- The SLP consultation process was completed and the SLP document was submitted to the DMR and implementation commenced during June 2016.

- The MWP was submitted to the DMR in June 2016 is anticipated to be approved with the Mining Right in due course.

An application for a water use license ("**WUL**") for the Jeanette Project will only be prepared for submission upon completion of the BFS.

The Minex Project

The completion of the basic flow sheet for the metallurgical process at PT BTPR will inform the feasibility for economic extraction of gold from the Garini deposit and it is anticipated that feasibility work will be completed by the end of 2017.

The Company is considering the way forward with regards to the construction phase of the Evander Project and continues to review its financial position given the uncertainty and volatility in global financial markets. However, gold continues to present safe haven characteristics and the prevailing global economic and socio-political circumstances appear to bode well for continued longer term improvement in the price of gold.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving high standards of corporate governance. Throughout the year ended 31 March 2017, the Company has applied the principles and complied with all Code Provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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 2017.

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 2017.

OTHER BOARD COMMITTEES

Besides the Audit Committee, the Board has also established Remuneration Committee, Nomination Committee and Technical, Safety & Environment Committee as at 31 March 2017. 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 & media". The annual report of the Company containing all the information required by the Listing Rules will be published on the relevant websites in due course.

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 2017 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 2017

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