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 2021

ANNUAL 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 2021, together with the comparative figures for the year ended 31 March 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	**2021** ***HK$'000***	2020 *HK$'000*
Other income	4	**1,863**	2,080
Other gains and losses	4	**(4,480)**	(14,607)
Administrative and operating expenses		**(35,339)**	(33,691)
Finance costs		**(1,273)**	(1,433)
Impairment loss on mining assets	8	**(626,129)**	–
Share of results of associates		**(12)**	(112)
Loss before taxation		**(665,370)**	(47,763)
Income tax expense	5	**–**	–
Loss for the year	6	**(665,370)**	(47,763)
Other comprehensive income/(expense)			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**633,122**	(771,082)
Total comprehensive expense for the year		**(32,248)**	(818,845)

* *For identification purpose only*

	Note	2021 HK$'000	2020 HK$'000
Loss for the year attributable to:			
– Owners of the Company		**(526,232)**	(41,359)
– Non-controlling interests		**(139,138)**	(6,404)
		(665,370)	(47,763)
Total comprehensive expense attributable to:			
– Owners of the Company		**(28,092)**	(647,674)
– Non-controlling interests		**(4,156)**	(171,171)
		(32,248)	(818,845)
Loss per share	7		
– Basic and diluted loss per share *(HK cents)*		**(2.92)**	(0.23)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2021

	Note	**2021** *HK$'000*	2020 *HK$'000*
Non-current assets			
Property, plant and equipment		**2,526**	2,557
Mining assets	8	**3,022,642**	3,015,780
Right-of-use assets		**337**	1,672
Interests in associates		**502**	514
Financial assets at fair value through profit or loss		**54,969**	54,667
Deposit for acquisition of an investment		**60,000**	60,000
Rental deposit		**–**	413
Pledged bank deposits		**751**	614
		3,141,727	3,136,217
Current assets			
Other receivables, prepayment and deposits		**6,971**	5,715
Bank balances and cash		**163,140**	199,594
		170,111	205,309
Current liabilities			
Lease liabilities		**282**	1,332
Other payables and accruals		**10,319**	9,688
		10,601	11,020
Net current assets		**159,510**	194,289
Total assets less current liabilities		**3,301,237**	3,330,506
Non-current liabilities			
Lease liabilities		**–**	282
Provision for rehabilitation costs		**12,028**	8,767
		12,028	9,049
		3,289,209	3,321,457

	Note	2021 HK$'000	2020 HK$'000
Capital and reserves			
Share capital	9	**181,515**	181,515
Reserves		**2,462,373**	2,490,465
Equity attributable to owners of the Company		**2,643,888**	2,671,980
Non-controlling interests		**645,321**	649,477
Total equity		**3,289,209**	3,321,457

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. GENERAL INFORMATION

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 Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM12, Bermuda and Unit 1901, 19/F, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong, respectively.

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

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the consolidated financial statements.

Impacts on application of Amendments to HKFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The amendments had no impact on the consolidated financial statements but may impact future periods should the Group make any acquisition.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[5]
Amendments to HKFRS 3	Reference to the Conceptual Framework[4]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[1]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[5]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[5]
Amendments to HKAS 8	Definition of Accounting Estimates[5]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[5]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[4]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[4]

[1] Effective for annual periods beginning on or after 1 June 2020
[2] Effective for annual periods beginning on or after 1 January 2021
[3] Effective for annual periods beginning on or after 1 April 2021
[4] Effective for annual periods beginning on or after 1 January 2022
[5] Effective for annual periods beginning on or after 1 January 2023
[6] Effective for annual periods beginning on or after a date to be determined

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

Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021

The amendment is effective for annual reporting periods beginning on or after 1 April 2020.

The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and

- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 “Leases” if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs. The Group has not received any Covid-19-related rent concessions since 1 June 2020 and up to the date of these consolidated statements are authorised for issue. In the opinion of the directors of the Company, the impact about application of this amendment to the Group cannot be estimated.

Amendments to HKFRS 3 Reference to the Conceptual Framework

The amendments:

- update a reference in HKFRS 3 “Business Combinations” so that it refers to the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the “**Conceptual Framework**”) instead of Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting 2010 issued in October 2010);

- add a requirement that, for transactions and other events within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets or HK(IFRIC) – Int 21 “Levies”, an acquirer applies HKAS 37 or HK(IFRIC) – Int 21 instead of the “Conceptual Framework” to identify the liabilities it has assumed in a business combination; and

- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Group will apply the amendments prospectively to business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 April 2022.

3. SEGMENT INFORMATION

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

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

(a) gold exploration and development in the Republic of South Africa ("**South Africa**"); and

(b) trading of minerals.

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

Segment revenue and results

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

For the year ended 31 March 2021

	Gold exploration and development in South Africa *HK$'000*	**Trading of minerals** *HK$'000*	**Total** *HK$'000*
REVENUE			
External sales	–	–	–
Segment loss	**(649,570)**	–	**(649,570)**
Unallocated other income			**1,502**
Unallocated corporate expenses			**(17,250)**
Finance costs – interest on lease liabilities			**(40)**
Share of results of associates			**(12)**
Loss before taxation			**(665,370)**

For the year ended 31 March 2020

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

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment loss during the years ended 31 March 2021 and 31 March 2020 represents loss from each segment without allocation of certain other income, central administrative expenses, interest on lease liabilities and share of results of associates. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Segment assets and liabilities

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

At 31 March 2021

	Gold exploration and development in South Africa ***HK$'000***	**Trading of minerals** ***HK$'000***	**Total** ***HK$'000***
ASSETS			
Segment assets	**3,087,915**	**–**	**3,087,915**
Property, plant and equipment			**798**
Right-of-use assets			**337**
Interests in associates			**502**
Deposit for acquisition of an investment			**60,000**
Other receivables, prepayment and deposits			**1,660**
Bank balances and cash			**160,626**
Consolidated assets			**3,311,838**
LIABILITIES			
Segment liabilities	**17,006**	**–**	**17,006**
Other payables and accruals			**5,341**
Lease liabilities			**282**
Consolidated liabilities			**22,629**

At 31 March 2020

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

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

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

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

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	2021 ***HK$'000***	2020 *HK$'000*
Other income		
Interest income on bank deposits	**1,839**	1,772
Interest income on rental deposit	**19**	13
Others	**5**	295
	1,863	2,080

	2021	2020
	HK$'000	*HK$'000*
Other gains and losses		
Gain on disposal of property, plant and equipment	**10**	68
Foreign exchange gain (loss), net	**5,556**	(7,867)
Reversal of impairment loss on loans to various shareholders of Taung Gold (Pty) Limited ("**TGL**")	**–**	972
Fair value loss on financial assets at fair value through profit or loss	**(10,046)**	(7,681)
Others	**–**	(99)
	(4,480)	(14,607)

5. INCOME TAX EXPENSE

Hong Kong Profits Tax for both years was calculated at 16.5% on the estimated assessable profits of the subsidiaries incorporated and operating in Hong Kong for the year. No provision for Hong Kong Profits Tax was made as these subsidiaries had no assessable profits for both years.

Under South African tax law, the corporate tax for both years was calculated at 28% on the estimated assessable profits of the subsidiaries incorporated and operating in South Africa for the year. No provision for South African profits tax was made as these subsidiaries had no assessable profits for both years.

6. LOSS FOR THE YEAR

	2021	2020
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration		
– Auditor of the Company	**2,948**	2,946
– Other auditor	**465**	505
	3,413	3,451
Depreciation of property, plant and equipment	**355**	649
Depreciation of right-of-use assets	**1,335**	998
Change in provision for rehabilitation costs (included in administrative and operating expenses)	**133**	(2,245)
Staff costs (including directors' emoluments)		
– Salaries and other benefits	**18,646**	17,674
– Contributions to retirement benefits scheme	**143**	145
	18,789	17,819
Less: Amount capitalised in mining assets	**(3,803)**	(4,596)
	14,986	13,223

7. LOSS PER SHARE

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

	2021	2020
	HK$'000	*HK$'000*
Loss		
Loss for the purposes of calculating basic and diluted loss per share:		
Loss for the year attributable to owners of the Company	**(526,232)**	(41,359)

	2021	2020
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	**18,035,062**	18,035,293

The weighted average number of ordinary shares for the purpose of calculating basis and diluted loss per share for the years ended 31 March 2021 and 31 March 2020 has been adjusted for the number of ordinary shares held by the Company during the reporting period.

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

8. MINING ASSETS

	HK$'000
Mining assets	
At 1 April 2019	3,774,891
Additions	7,658
Change in provision for rehabilitation costs	(564)
Exchange realignment	(766,205)
At 31 March 2020	3,015,780
Impairment loss	(626,129)
Additions	6,024
Change in provision for rehabilitation costs	(72)
Exchange realignment	627,039
At 31 March 2021	3,022,642

The impairment of the mining assets of the Group was mainly a result of increase in country risk of South Africa, where the mining assets are located. There was a downgrade of South Africa's credit rating by international credit rating agencies primarily due to its socio-economic or political instability, structural constraints, weak pace of economic reforms and adverse impact from COVID-19 pandemic during the reporting period. In South Africa, the lasting of COVID-19, low vaccination rates and mutation of coronavirus further delays the Group's mining plan.

9. SHARE CAPITAL

	Number of shares	Share capital *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	30,000,000,000	300,000
Issue and fully paid:		
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	18,151,471,981	181,515

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

MANAGEMENT DISCUSSION AND ANALYSIS

COVID-19

During the year under review, the outbreak of COVID-19 pandemic became a matter of global concern and has led to challenges and changes in the global economic environment. A series of precautionary and control measures have been and continued to be implemented across Hong Kong and South Africa.

To curb the spread of COVID-19, the Group implemented precautionary measures for offices in Hong Kong and South Africa to protect staff from the risk of infection and also maintain operation of the Group. They include:

– social distancing;

– compulsory body temperature measurement;

– provision of hand sanitizer and hygiene supplies;

– regular cleaning and sanitation in office;

– reduction of non-essential travel;

– reducing the number of physical meetings to an absolute minimum;

– the closure of the South African office in Johannesburg in September 2021 and the establishment of a smaller satellite office in Pretoria, solely for physical meetings;

– arrangements for staff to work from home;

– utilization of electronic communication and transaction systems; and

– preparation of working plan in accordance with various levels of activation.

Since the scale and duration of possible future government measures and vaccine rollout remains uncertain around the world, the Group will continue to pay close attention to the development of COVID-19 and continue to evaluate its impact on the operation and financial position of the Group.

RESULTS

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

During the financial year ended 31 March 2021, the Group recorded a basic loss attributable to owners of the Company of approximately HK$526,232,000 or basic loss of HK2.92 cents per share, compared with a basic loss attributable to owners of the Company for the year ended 31 March 2020 of approximately HK$41,359,000 or basic loss of HK0.23 cents per share.

DIVIDEND

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2021 (2020: Nil).

BUSINESS REVIEW

For the year ended 31 March 2021, the Group had no turnover (2020: Nil). The Group recorded a net loss attributable to equity holders of approximately HK$526,232,000 compared with a net loss attributable to equity holders of approximately HK$41,359,000 for the previous financial year. The other comprehensive income of approximately HK$633,122,000 (2020 expense: HK$771,082,000) mainly arose from the exchange difference on the translation of South African operations.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2021, the Group had no outstanding bank borrowings (2020: Nil) and no banking facilities (2020: Nil). The Group's gearing ratio as at 31 March 2021 was zero (2020: zero), calculated based on the Group's total zero borrowings (2020: zero) over the Group's total assets of approximately HK$3,311,838,000 (2020: HK$3,341,526,000).

As at 31 March 2021, the balance of cash and cash equivalents of the Group was approximately HK$163,140,000 (2020: HK$199,594,000) and was mainly denominated in HK$, US$ and South African Rand ("**ZAR**"). The Group continues to adopt a policy of dealing principally with clients with whom the Group has enjoyed a long working relationship so as to minimize risks to its business.

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 March 2021, the Group operated mainly in South Africa, and the majority of the Group's transactions and balances were denominated in HK$, US$, Renminbi and ZAR. However, as the directors consider that the present currency risk is not significant, the Group does not have a policy of hedging foreign currency.

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

REVIEW OF BUSINESS OPERATIONS

During the year under review, the Group did not carry out any field exploration activities and its attention was focused on the following:

- Advancing the Engineering, Procurement and Construction Contract ("**EPC Contract**") with Metallurgical Corporation of China Ltd ("**MCC**") for the Jeanette Project;

- Implementing activities under the Social & Labour Plan in the communities surrounding the Jeanette Project to alleviate poverty in the area;

- Advancing the commercial arrangements for the Design & Build Contract and financing for the Evander Project;

- The sale of Holfontein Investments (Pty) Limited ("**HIL**");

- Corporate activity with respect to the Pakistan Project; and

- Identification of near-term gold producing assets for potential acquisition.

As at 31 March 2021, the Company had not conducted any mining or production activities.

The Jeanette Project

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

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

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

Phase 1

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

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

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

Phase 2

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

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

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

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

- A significantly lower Initial Construction Capital Cost Estimate of US$523.5 million (in 2019 terms) compared to US$723.8 million (2017 terms) in the PFS, as a result of a more optimal use of the existing shaft infrastructure and the sinking of two new shafts being postponed to Phase 2; and

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

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

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

Jeanette Project FS Highlights – Phase 1

Gold Recovered over Life of Project	2.89Moz
Initial Construction Capital Cost Estimate (2019 terms)	US$523.5m
Total Capital Cost over Life of Project (2019 terms)	US$646.6m
Capital Efficiency	US$4,017/oz
After-tax Net Present Value (“**NPV**”) at 5% Discount rate	US$509.9m
After-tax Internal Rate of Return (“**IRR**”)	14.1%
Life of Mine	22 years
Payback	8.7 years
Cash Operating Costs	US$471/oz
Profit Margin	46.2%
All In Sustaining Costs (“**AISC**”)	US$666/oz
All In Costs (“**AIC**”)	US$694/oz

Notes:

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

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

3. Payback calculated from date of first production.

Expenditure on the Jeanette Project for the year ended 31 March 2021 was as follows:

	ZAR million
Consultants & service providers	1.53
Staffing	4.04
Overheads	1.10
Total	6.67

The Evander Project

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

On 16 May 2016, the Company declared a maiden Mineral Reserve (Probable Reserve) from the Evander Project's Kimberley Reef horizon of 4.29 million ounces of gold, from 19.64 million tons of ore at an average head grade of 6.80 g/t.

On 12 September 2016, the Company announced the Bankable Feasibility Study ("**BFS**") for the Evander Project. Highlights from the results are as follows:

Evander Project BFS Highlights

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

Notes:

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

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

3. Payback calculated from date of first production.

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

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

Expenditure on the Evander Project for the year ended 31 March 2021 was as follows:

	ZAR million
Consultants & service providers	–
Staffing	3.95
Overheads	1.05
Total	5.00

The Pakistan Project

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

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

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

On 25 June 2019, an addendum was executed to extend the long stop date of the proposed acquisition of the Pakistani Target Company ("**Proposed Acquisition**") to 31 December 2019 (the "**First Addendum**"). However, the uncertain political environment has adversely affected the due diligence process, completion could therefore not take place on or before the long stop date of 31 December 2019 as set out in the First Addendum. Subsequently, the impact of COVID-19 has also affected the progress and on 26 June 2020, a second addendum (the "**Second Addendum**") was executed to further extend the long stop date to 31 December 2020. Details of the First Addendum and Second Addendum have been disclosed in the announcements dated 25 June 2019 and 26 June 2020 respectively.

On 25 June 2021, the Group decided not to proceed with the Proposed Acquisition and entered into a termination agreement (the "**Termination Agreement**") with the seller and the guarantor to terminate the Proposed Acquisition (the "**Termination**"). Pursuant to the Termination Agreement, the Proposed Acquisition be terminated with effect from the date of the Termination Agreement, and the Group and the seller should release each other from their respective and obligations. Following the Termination, HK$30,000,000 of the deposit has been refunded to the Group, while the seller and the guarantor undertook to refund the remaining HK$30,000,000 of the deposit on or before 31 December 2021. Details about this Termination are set out in the Company's announcement on 25 June 2021.

The JV with FWO

Taung Gold International Limited, a non-wholly owned subsidiary of the Company incorporated in the British Virgin Islands entered into Joint Venture (the "**JV**") with Frontier Works Organization ("**FWO**") for the "Tanjeel H4 Deposit" on 9 June 2017. The Company has prepared the Pre-Qualification Document (the "**PQD**") in accordance with the public announcement made by the Mines and Mineral Department of the Government of Balochistan regarding the invitation for Expressions of Interest for the "Tanjeel H4 Deposit" (the "**PQD Submission**"). The result of the PQD Submission is still yet to be announced as a result of delays in political and administration processes due to the Pakistan general election since 2018. Hence, in view of the lack of clarity regarding the outcome of the PQD Submission, the Company has re-negotiated the JV with FWO and has recovered the US$15.4 million remaining deposit as per the Joint Venture Agreement on 27th February 2019 (the "**Joint Venture Agreement**"). Since the result of the PQD Submission has not been announced and there was a complete change of leadership in FWO as well as the impact of COVID-19, there is no further update on the progress for revision of the Joint Venture Agreement as at the date of this announcement. The Board will continue to maintain contact with FWO in advancing the revision of the Joint Venture Agreement and also monitor the result of the PQD Submission in respect of the development of the "Tanjeel H4 Deposit".

FUTURE PLANS FOR THE JEANETTE PROJECT AND THE EVANDER PROJECT

The Jeanette Project

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

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

In order to progress with the engineering work for the Jeanette Project, the Company and MCC agreed to prioritise the Basic Design for the Jeanette Project firstly through the conclusion of any agreement between the parties for the Basic Design. This entailed the entering into of a Supplementary Agreement to the EPC Contract and an addendum to the 2018 FS Service Contract, in order to facilitate the completion of the design work for long-lead items, the early works program and to determine the Lump Sum Offer. The addendum to the 2018 FS Service Contract has yet to be concluded due to the reasons detailed below. The final amount for the EPC Contract may differ from the Accepted Contract Amount of US$521,546,000 as a result of any variations in scope that may arise during the Basic Design work. In addition, MCC will assist the Company to secure equity and debt financing for the EPC Contract for the Jeanette Project at the TGFS level from independent third parties, including but not limited to, strategic investors in the mining sector and Chinese banks.

Meanwhile, given the travel restrictions in both South Africa and the People's Republic of China since the outbreak of COVID-19, the Company has been unable to commence the Basic Design without physical visiting MCC and the technical team of MCC visiting the Jeanette Project. The Company and MCC continues to communicate on the Basic Design and to monitor any changes to the travel restrictions which may allow the commencement of Basic Design. Hence, additional time is required for the Basic Design and to prepare for the finalization of the Lump Sum Offer, potential financing arrangements and the entering into of the Lump Sum Offer Supplementary Agreement which is expected to take place by December of 2021.

Upon finalization of the Lump Sum Offer, the EPC Contract will be subject to the approval of shareholders. Shareholders are referred to the announcements dated 20 May 2020 and 30 April 2021 respectively in this regard. The Company will keep shareholders informed of any material development in this regard in due course.

The Evander Project

Contract for the Construction of the Evander Project

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

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

(a) Agree and execute the binding term sheet;

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

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

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

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

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

(g) Early works and mobilisation.

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

The EIA/EMP Amendment Process

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

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

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

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

Disposal of HIL

During the year under review, the sale process for TGS to dispose of its 100% interest in HIL, whose sole asset is a mining right for coal in terms of MPRDA, was still in progress.

The Company entered into a Sale of Shares and Claims Agreement (the "**Sale Agreement**") with a potential buyer. The potential buyer has faced certain financing challenges and the Sale Agreement has subsequently been renegotiated a number of times and therefore, was unable to finalize the Sale Agreement. The Company has appointed a broker to oversee the disposal of HIL and to canvas fresh potential buyers. The original potential buyer has been advised that the Sale Agreement will only be considered once adequate proof of funding is provided.

CORPORATE GOVERNANCE CODE

The Group is committed to achieving high standards of corporate governance. Throughout the year ended 31 March 2021, the Company has complied with the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") of the Stock Exchange, except for the following deviation:

– Under code provision A.4.1 of the CG Code, 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.

– Under code provision A.2.7 of the CG Code, the chairman should at least annually hold one meeting with the non-executive directors (including independent non-executive directors) without the executive directors present. The co-chairmen have delegated the secretary to the Board to gather any concerns and/or questions that the independent non-executive directors might have and to report to them so that the co-chairmen will arrange a meeting with them.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. The Company has made specific enquiries of all directors and all the directors confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 March 2021.

The Company has also established written guidelines no less exacting terms than the Model Code (the "**Written Guidelines**") for securities transactions by the relevant employees, including the directors, who are likely to possess inside information of the Company.

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

AUDIT COMMITTEE

The audit committee, which comprises three independent non-executive directors of the Company, has discussed with the management of the Company on the accounting principles and practices adopted by the Group, internal controls, risk management and financial reporting matters. The audit committee has also reviewed and discussed with the management and auditors about the consolidated financial statements of the Group for the year ended 31 March 2021.

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 2021. Each Committee has its defined scope of duties and written terms of reference.

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

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 2021 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 HKICPA 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
Co-chairman

Hong Kong, 30 June 2021

As at the date of this announcement, the Executive Directors of the Company are Mr. Christiaan Rudolph de Wet de Bruin (Co-chairman), Ms. Cheung Pak Sum (Co-chairman) and Mr. Phen Chun Shing, Vincent; and the Independent Non-executive Directors of the Company are Mr. Chong Man Hung, Jeffrey, Mr. Li Kam Chung and Mr. Tsui Pang.