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**TAUNG GOLD** | **TAUNG GOLD INTERNATIONAL LIMITED**  
**壇金礦業有限公司\***  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 621)**

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO  
THE ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021**

This announcement is made by Taung Gold International Limited (the “**Company**” which together with its subsidiaries the “**Group**”) in order to supplement the annual results announcement (the “**Annual Results Announcement**”) and the annual report for the year ended 31 March 2021 (the “**2021 Annual Report**”), which was published by the Company on 30 June 2021 and 27 July 2021 respectively (the “**2021 Annual Results**”). Capitalized terms used herein shall have the same meanings as those defined in the Annual Results Announcement unless otherwise mentioned herein.

The Company would like to provide the following supplementary information and explanation in relation to the 2021 Annual Results:

**PROVISION FOR IMPAIRMENT LOSS ON MINING ASSETS**

Save as disclosed in note 13 to the 2021 Annual Report, the Group has the following supplementary information and explanation in relation to the provision for impairment loss on mining assets:

Factors affecting the valuation of the Company’s mining assets as at 31 March 2021 were mainly the expected delay in production due to COVID-19, the increase of discount rate, the gold price and the ZAR/US\$ exchange rate.

While adoption of base gold price of US\$1,724 (2020: US\$1,660) had a positive impact to the valuation of the Company's mining assets. The delay of progress in South Africa due to the pandemic by 24 months for the Jeanette Project and 12 months of the Evander Project, together with the increase of discount rate of Jeanette Project and Evander Project to 18.51% (2020: 17.69%) and 18.51% (2020: 18.11%), respectively, negatively affected the discounted value of cashflow of both projects. The South Africa equity risk premium, which was a component of the discount rate, increased to 2.8% (2020: 1.93%) as a result of a downgrading of ratings of South Africa by certain credit agencies. The downgrade was mainly driven by the further expected weakening in South Africa's fiscal strength over the medium term because of the pandemic.

In addition, the recent increase in expected inflation rate of the US\$ of 2.3% to 2.5% (2020: 0.8% to 2.4%) formed a basis of a stronger ZAR, which increased the costs of the mining projects. However, the effect on the exchange rate also had a positive impact to the carrying value of the mining assets as they were both ZAR denominated.

The value of the mining assets on the Company's consolidated statement of financial position was approximately HK\$3,023 million as at 31 March 2021, or 0.2% higher than the value of the mining assets of approximately HK\$3,016 million as at 31 March 2020. The effect of this insignificant change in value was decomposed into two lines in the Company's consolidated statement of profit or loss and other comprehensive income, namely impairment loss on mining assets of approximately HK\$626 million and exchange differences arising on translation of foreign operations of approximately HK\$633 million.

The management of the Company took the view that there has been no material asset specific event affecting the mining assets and the overall value of the mining assets was not significantly changed. Therefore, no disclosure was made on the potential impairment loss of the assets.

There was no material change in the projected cash flow apart from adjustment of exchange rate. The key parameters of both mining projects in South Africa affecting the valuation are as follows:

As at 31 March	Jeanette Project		Evander Project	
	2021	2020	2021	2020
Production commencement	<b>2027</b>	2025	<b>2033</b>	2032
Discount rate	<b>18.51%</b>	17.69%	<b>18.51%</b>	18.11%
US\$ inflation rate range	<b>2.3% to 2.5%</b>	0.8% to 2.4%	<b>2.3% to 2.5%</b>	0.8% to 2.4%
Gold price	<b>US\$1,724</b>	US\$1,660	<b>US\$1,724</b>	US\$1,660
US\$/ZAR exchange rate	<b>14.78</b>	17.84	<b>14.78</b>	17.84

The Company has been closely monitoring the factors affecting the valuation of the mining assets above. However, there has been no project specific events affecting the mining assets apart from the Company's discussion with MCCI regarding the EPC Contract, of which the Company made an announcement on 30 April 2021. The management will provide further updates should there be any material change to the underlying factors affecting the valuation and future operations of the mining assets.

By Order of the Board  
**Taung Gold International Limited**  
**Cheung Pak Sum**  
*Co-chairman*

Hong Kong, 5 August 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 are Mr. Chong Man Hung Jeffrey, Mr. Li Kam Chung and Mr. Tsui Pang.*

\* *For identification purpose only*