

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

(Incorporated in Bermuda with limited liability)
Stock Code: 621



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INTERIM REPORT

* For identification purpose only

CORPORATE INFORMATION



BOARD OF DIRECTORS

Executive Directors

Ms. Cheung Pak Sum (*Chairman*)
Mr. Phen Chun Shing Vincent

Independent Non-Executive Directors

Mr. Li Kam Chung
Mr. Chong Man Hung Jeffrey
Mr. Tsui Pang

AUDIT COMMITTEE

Mr. Chong Man Hung Jeffrey (*Chairman*)
Mr. Li Kam Chung
Mr. Tsui Pang

REMUNERATION COMMITTEE

Mr. Li Kam Chung (*Chairman*)
Mr. Chong Man Hung Jeffrey
Mr. Tsui Pang

NOMINATION COMMITTEE

Mr. Chong Man Hung Jeffrey (*Chairman*)
Mr. Li Kam Chung
Mr. Tsui Pang

TECHNICAL, SAFETY AND ENVIRONMENT COMMITTEE

Mr. Li Kam Chung (*Chairman*)

COMPANY SECRETARY

Mr. Tung Yee Shing

AUTHORISED REPRESENTATIVES

Mr. Tung Yee Shing
Ms. Cheung Pak Sum

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.

AUDITORS

Baker Tilly Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISERS ON HONG KONG LAW

TC & Co., Solicitors

LEGAL ADVISERS ON BERMUDA LAW

Appleby

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor North, Cedar House
41 Cedar Avenue
Hamilton HM12, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1901, 19/F, Nina Tower
8 Yeung Uk Road, Tsuen Wan
New Territories, Hong Kong

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM12, Bermuda

COMPANY WEBSITE

www.taunggold.com

The board of directors (the “Board”) of Taung Gold International Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, referred to as the “Group”) for the six months ended 30 September 2024 together with the comparative figures for the corresponding period in 2023 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

| | | Six months ended | |
|--|-------|-------------------------|-------------|
| | | 30 September | |
| | Notes | 2024 | 2023 |
| | | HK\$'000 | HK\$'000 |
| | | (unaudited) | (unaudited) |
| Other income | 4 | 1,157 | 1,593 |
| Other gains and losses, net | 5 | 354 | (301) |
| Administrative and operating expenses | | (10,012) | (11,153) |
| Finance costs | | (30) | (29) |
| Share of results of associates | | (8) | (14) |
| Loss before taxation | | (8,539) | (9,904) |
| Income tax expense | 6 | – | – |
| Loss for the period | 7 | (8,539) | (9,904) |
| Other comprehensive income/(expense) for the period: | | | |
| <i>Item that may be subsequently reclassified to profit or loss:</i> | | | |
| Exchange differences arising on translation of foreign operations | | 176,953 | (171,847) |
| Total comprehensive income/(expense) for the period | | 168,414 | (181,751) |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 September 2024



| | Note | Six months ended 30 September 2024 HK\$'000 (unaudited) | 2023 HK\$'000 (unaudited) |
|--|------|---|---------------------------------|
| Loss for the period attributable to: | | | |
| Owners of the Company | | (7,400) | (8,876) |
| Non-controlling interests | | (1,139) | (1,028) |
| | | (8,539) | (9,904) |
| Total comprehensive income/(expense) attributable to: | | | |
| Owners of the Company | | 133,173 | (142,714) |
| Non-controlling interests | | 35,241 | (39,037) |
| | | 168,414 | (181,751) |
| Loss per share | | | |
| Basic (HK cents) | 9 | (0.04) | (0.05) |
| Diluted (HK cents) | | (0.04) | (0.05) |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

| | 30 September 2024 HK\$'000 (unaudited) | 31 March 2024 HK\$'000 (audited) |
|--|---|---|
| Non-current assets | | |
| Property, plant and equipment | 1,870 | 1,765 |
| Mining assets | 2,707,338 | 2,528,771 |
| Right-of-use assets | 1,019 | 1,698 |
| Interests in associates | 1,254 | 1,262 |
| Financial assets at fair value through profit or loss | 31,933 | 29,853 |
| Rental deposit | – | 470 |
| Pledged bank deposits | 675 | 629 |
| | 2,744,089 | 2,564,448 |
| Current assets | | |
| Other receivables, prepayment and deposits | 11,523 | 4,972 |
| Bank balances and cash | 84,179 | 108,868 |
| | 95,702 | 113,840 |
| Current liabilities | | |
| Lease liabilities | 1,086 | 1,419 |
| Other payables and accruals | 6,373 | 13,423 |
| | 7,459 | 14,842 |
| Net current assets | 88,243 | 98,998 |
| Total assets less current liabilities | 2,832,332 | 2,663,446 |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 September 2024



| | Note | 30 September 2024 HK\$'000 (unaudited) | 31 March 2024 HK\$'000 (audited) |
|--|------|---|---|
| Non-current liabilities | | | |
| Lease liabilities | | – | 369 |
| Provision for rehabilitation costs | | 12,914 | 12,073 |
| | | 12,914 | 12,442 |
| Net assets | | | |
| | | 2,819,418 | 2,651,004 |
| Capital and reserves | | | |
| Share capital | 10 | 181,515 | 181,515 |
| Reserves | | 2,079,370 | 1,946,197 |
| Equity attributable to owners of the Company | | | |
| | | 2,260,885 | 2,127,712 |
| Non-controlling interests | | 558,533 | 523,292 |
| Total equity | | | |
| | | 2,819,418 | 2,651,004 |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

| | Attributable to owners of the Company | | | | | | | | | |
|---|---------------------------------------|---------------------------|-----------------------------|----------------------------|---------------------------------|--|--------------------------------|-------------------|---------------------------------------|--------------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Capital reserve HK\$'000 | Other reserves HK\$'000 | Contributed surplus HK\$'000 | Foreign currency translation reserve HK\$'000 | Accumulated losses HK\$'000 | Total HK\$'000 | Non-controlling interests HK\$'000 | Total equity HK\$'000 |
| At 1 April 2024 (audited) | 181,515 | 5,307,443 | (829) | (74,746) | 147,828 | (1,549,958) | (1,883,541) | 2,127,712 | 523,292 | 2,651,004 |
| Loss for the period | - | - | - | - | - | - | (7,400) | (7,400) | (1,139) | (8,539) |
| Exchange differences arising on translation of foreign operations | - | - | - | - | - | 140,573 | - | 140,573 | 36,380 | 176,953 |
| Total comprehensive income for the period | - | - | - | - | - | 140,573 | (7,400) | 133,173 | 35,241 | 168,414 |
| At 30 September 2024 (unaudited) | 181,515 | 5,307,443 | (829) | (74,746) | 147,828 | (1,409,385) | (1,890,941) | 2,260,885 | 558,533 | 2,819,418 |

| | Attributable to owners of the Company | | | | | | | | | |
|---|---------------------------------------|---------------------------|-----------------------------|----------------------------|---------------------------------|--|--------------------------------|-------------------|---------------------------------------|--------------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Capital reserve HK\$'000 | Other reserves HK\$'000 | Contributed surplus HK\$'000 | Foreign currency translation reserve HK\$'000 | Accumulated losses HK\$'000 | Total HK\$'000 | Non-controlling interests HK\$'000 | Total equity HK\$'000 |
| At 1 April 2023 (audited) | 181,515 | 5,307,443 | (829) | (74,746) | 147,828 | (1,448,324) | (1,864,367) | 2,248,520 | 555,700 | 2,804,220 |
| Loss for the period | - | - | - | - | - | - | (8,876) | (8,876) | (1,028) | (9,904) |
| Exchange differences arising on translation of foreign operations | - | - | - | - | - | (133,838) | - | (133,838) | (38,009) | (171,847) |
| Total comprehensive expense for the period | - | - | - | - | - | (133,838) | (8,876) | (142,714) | (39,037) | (181,751) |
| At 30 September 2023 (unaudited) | 181,515 | 5,307,443 | (829) | (74,746) | 147,828 | (1,582,162) | (1,873,243) | 2,105,806 | 516,663 | 2,622,469 |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2024



| | Six months ended | |
|--|-------------------------|-------------|
| | 30 September | |
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Net cash used in operating activities | (21,485) | (11,302) |
| Net cash used in investing activities | (2,528) | (2,870) |
| Net cash (used in)/generated from financing activities | (732) | 2,163 |
| Net decrease in cash and cash equivalents | (24,745) | (12,009) |
| Cash and cash equivalents at beginning of the period | 108,868 | 136,708 |
| Effect of foreign exchange rate changes | 56 | (3,314) |
| Cash and cash equivalents at end of the period, represented by bank balances and cash | 84,179 | 121,385 |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements has been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosures requirements of Appendix D2 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The accounting policies and methods of computation used in the preparation of unaudited condensed consolidated financial statements for six months ended 30 September 2024 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2024.

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

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2024 for the preparation of the Group’s condensed consolidated financial statements:

| | |
|----------------------------------|---|
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements |

The application of the amendments to HKFRSs in the current interim 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 these condensed consolidated financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2024



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

New and amendments to HKFRSs in issue but not yet effective

| | |
|---|---|
| Amendments to HKAS 21 | Lack of Exchangeability ¹ |
| Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures | Amendments to the Classification and Measurement of Financial Instruments ² |
| HKFRS 18 | Presentation and Disclosure in Financial Statements ³ |
| HKFRS 19 | Subsidiaries without Public Accountability: Disclosures ³ |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴ |

¹ Effective for annual periods beginning on or after 1 January 2025.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

⁴ Effective for annual periods beginning on or after a date to be determined.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) *(Continued)*

New and amendments to HKFRSs in issue but not yet effective *(Continued)*

Amendments to HKFRS 9 Financial instruments and HKFRS 7 Financial instruments: disclosures “Amendments to the classification and measurement of financial instruments”

The amendments include requirements on:

- classification of financial assets with environmental, social or governance (ESG) targets and similar features;
- settlement of financial liabilities through electronic payment systems; and
- disclosures regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent feature.

The directors of the Company will assess the impact on the application of the amendments. Based on preliminary review of the Group’s financial instruments, the application of the amendments is not expected to have impact on the financial position or performance of the Group but may affect the disclosures in the consolidated financial statements.

HKFRS 18 Presentation and disclosure in financial statements

HKFRS 18 will replace HKAS 1 and aims to improve the transparency and comparability of information about an entity’s financial performance. The main changes comprise a more structured income statement, an enhanced disclosure requirements on management-defined performance measures (“MPMs”) and enhanced requirements on aggregation and disaggregation of information.

The directors of the Company will assess the impact on the application of HKFRS 18. For the moment, it is not practicable to provide a reasonable estimate of the effect of HKFRS 18 on the presentation of the Group’s performance in the consolidated statement of profit or loss and other comprehensive income until the Group performs a detailed review.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2024



3. SEGMENT INFORMATION

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

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

- (a) gold exploration and development in 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.

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

For the six months ended 30 September 2024

| | Gold exploration and development in South Africa HK\$'000 (unaudited) | Trading of minerals HK\$'000 (unaudited) | Total HK\$'000 (unaudited) |
|---|---|---|----------------------------------|
| REVENUE | | | |
| External sales | – | – | – |
| RESULTS | | | |
| Segment loss | (4,068) | – | (4,068) |
| Unallocated other income | | | 1,008 |
| Unallocated corporate expenses | | | (5,441) |
| Finance costs – interest on lease liabilities | | | (30) |
| Share of result of associates | | | (8) |
| Loss before taxation | | | (8,539) |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2024

3. SEGMENT INFORMATION *(Continued)*

For the six months ended 30 September 2023

| | Gold exploration and development in South Africa HK\$'000 (unaudited) | Trading of minerals HK\$'000 (unaudited) | Total HK\$'000 (unaudited) |
|---|---|---|----------------------------------|
| REVENUE | | | |
| External sales | – | – | – |
| RESULTS | | | |
| Segment loss | (4,802) | – | (4,802) |
| Unallocated other income | | | 982 |
| Unallocated corporate expenses | | | (6,041) |
| Finance costs – interest on lease liabilities | | | (29) |
| Share of result of associates | | | (14) |
| Loss before taxation | | | (9,904) |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2024



4. OTHER INCOME

| | Six months ended | |
|-----------------------------------|-------------------------|--------------------|
| | 30 September | |
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Rental income | 136 | 76 |
| Interest income on rental deposit | 8 | 7 |
| Interest income on bank deposits | 1,013 | 1,337 |
| Others | – | 173 |
| | 1,157 | 1,593 |

5. OTHER GAINS AND LOSSES, NET

| | Six months ended | |
|-----------------------------------|-------------------------|--------------------|
| | 30 September | |
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Gain on disposal fixed assets | – | 173 |
| Foreign exchange gain/(loss), net | 354 | (474) |
| | 354 | (301) |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2024

6. INCOME TAX EXPENSE

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

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

7. LOSS FOR THE PERIOD

| | Six months ended 30 September 2024 | 2023 |
|---|---|-------------|
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Loss for the period has been arrived at after charging/(crediting): | | |
| Depreciation of property, plant and equipment | 62 | 116 |
| Depreciation of right-of-use assets | 679 | 631 |
| Staff costs (including directors' emoluments) | | |
| Salaries and other benefits | 5,474 | 5,652 |
| Contributions to retirement benefits scheme | 79 | 77 |
| Less: Amounts capitalised in mining assets | (1,813) | (1,886) |
| | 3,740 | 3,843 |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2024



8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: Nil).

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company for the six months ended 30 September 2024 together with the comparative figures for 2023 are as follows:

| | Six months ended 30 September 2024 | 2023 |
|---|---|-------------|
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Loss attributable to owners of the Company for the purposes of calculating basic and diluted loss per share | (7,400) | (8,876) |

| | Six months ended 30 September 2024 | 2023 |
|---|---|------------|
| | '000 | '000 |
| Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share | 18,035,062 | 18,035,062 |

In the previous years, Taung Gold (Pty) Limited ("TGL") granted loans to certain of its non-controlling shareholders which were secured by the pledge of 116,410,427 shares of the Company. The Group took possession of the pledged shares when there was no settlement on the due date after serving the demand notice. The foreclosed shares are included as equity and treated as the Company's treasury shares.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2024

9. LOSS PER SHARE *(Continued)*

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share for the periods ended 30 September 2024 and 2023 has been adjusted for the number of ordinary shares held by the Company during the reporting period.

For the periods ended 30 September 2024 and 2023, diluted loss per share equals basic loss per share as there were no outstanding potential ordinary shares.

10. SHARE CAPITAL

| | Number of shares | Share capital HK\$'000 |
|--|---------------------|------------------------------|
| Ordinary shares of HK\$0.01 each | | |
| Authorised: | | |
| At 31 March 2024 and 30 September 2024 | 30,000,000,000 | 300,000 |
| Issue and fully paid: | | |
| At 31 March 2024 (audited) | 18,151,471,981 | 181,515 |
| At 30 September 2024 (unaudited) | 18,151,471,981 | 181,515 |

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

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 South Africa.

During the period ended 30 September 2024, the Group recorded a basic loss attributable to owners of the Company of approximately HK\$7,400,000 or basic loss of HK0.04 cents per share, compared with a basic loss attributable to owners of the Company for the period ended 30 September 2023 of approximately HK\$8,876,000 or basic loss of HK0.05 cents per share.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2024, the Group had no outstanding bank borrowings (31 March 2024: Nil) and no banking facilities (31 March 2024: Nil).

The Group's gearing ratio as at 30 September 2024 was zero (31 March 2024: zero), calculated based on the Group's total zero borrowings (31 March 2024: zero) over the Group's total assets of approximately HK\$2,839,791,000 (31 March 2024: HK\$2,678,288,000).

As at 30 September 2024, the balance of cash and cash equivalents of the Group was approximately HK\$84,179,000 (31 March 2024: HK\$108,868,000) and was mainly denominated in Hong Kong Dollars ("HK\$"), United States Dollars ("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 in its business.

FOREIGN EXCHANGE EXPOSURE

During the period ended 30 September 2024, the Group operated mainly in South Africa, and the majority of the Group's transaction and balances were denominated in HK\$, US\$ 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.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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 the following:

- Updating the mining approach, mining plan and the cost data for the Jeanette Project through Minxcon (Pty) Ltd (“Minxcon”), one of the most reputable mining service providers in South Africa;
- Updating the capital costs and the bills of quantities for the Evander Project. The report was also completed by Minxcon;
- Advancing the Engineering, Procurement and Construction Contract (“EPC Contract”) with Metallurgical Corporation of China Ltd (“MCC”) for the Jeanette Project;
- Obtaining approval for the Company’s second five-year Social and Labour Plan for the Jeanette Project as part of its mining right’s commitments;
- Implementing activities under the Company’s Social & Labour Plan for the Jeanette Project in the communities surrounding the Jeanette Project to alleviate poverty in the area;
- Engaging with the regulatory authority to extend the date for commencement of construction of the Jeanette Project; and
- Identification of near-term gold producing assets for potential acquisition.

As at 30 September 2024, 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. During the period under review, ZAR5.22 million was spent on the Jeanette Project.

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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*



REVIEW OF BUSINESS OPERATIONS *(Continued)*

The Jeanette Project *(Continued)*

The FS concluded that the Jeanette Project should be executed in a phased approach.

Subsequently in October 2023, the Company engaged Minxcon to update the mining approach and plan, and the cost data for the Jeanette Project. Highlights of the updated data are as follows:

| | |
|--|-------------------|
| Gold Recovered over Life of Project | 6.4 Moz |
| Initial Construction Capital Cost Estimate | US\$771 million |
| Total Capital Cost over Life of Project | US\$1,252 million |
| Life of Mine | 22 years |
| Cash Operating Costs | US\$521/oz |
| All in Sustaining Costs ("AISC") | US\$568/oz |
| All in Costs ("AIC") | US\$714/oz |

Note: Financial calculation using long-term gold price of US\$1,900/oz and/or an exchange rate of US\$1.00 = ZAR18.80.

The Minxcon study also indicated that the two phase approach proposed by MCCI would not enable the project to enter into economic production. The optimization study carried out by Minxcon indicated phase one would produce marginal returns and the project would not be able to fund phase 2. The Minxcon study revealed that the most profitable approach would be to commission both shafts at the project as soon as possible by developing two raise bore holes, one at each shaft to cater for ventilation. The shafts would then be brought into production separately and joined underground further into the project schedule.

The above would generate the required tons in a relatively short time to reduce the payback period and generate very attractive profit margins once steady state production has been achieved. No changes to the underground mine design were deemed necessary.

Expenditure on the Jeanette Project for the period ended 30 September 2024 was as follows:

| | ZAR million |
|---------------------------------|-------------|
| Consultants & service providers | 1.75 |
| Staffing | 2.90 |
| Overheads | 0.57 |
| Total | 5.22 |

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

REVIEW OF BUSINESS OPERATIONS *(Continued)*

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. During the period under review, ZAR2.91 million was spent on the Evander Project.

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 6.80g/t.

On 12 September 2016, the Company announced the Bankable Feasibility Study ("BFS") for the Evander Project.

Subsequently in October 2023, the Company engaged Minxcon to update the cost data for the Evander Project. The update covered capital costs and the Bill of Quantities (BoQ). No changes to the vertical access nor to the mine design were proposed by Minxcon. Highlights of the updated data are as follows:

| | |
|--|-------------------|
| Gold Recovered over Life of Project | 4.1 Moz |
| Initial Construction Capital Cost Estimate | US\$875 million |
| Total Capital Cost over Life of Project | US\$1,126 million |
| Life of Mine | 20 years |
| Cash Operating Costs | US\$704/oz |
| AISC | US\$754/oz |
| AIC | US\$991/oz |

Note: Financial calculation using long-term gold price of US\$1,900/oz and/or an exchange rate of US\$1.00 = ZAR18.80.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*



REVIEW OF BUSINESS OPERATIONS *(Continued)*

The Evander Project *(Continued)*

Expenditure on the Evander Project for the period ended 30 September 2024 was as follows:

| | ZAR million |
|---------------------------------|-------------|
| Consultants & service providers | 1.45 |
| Staffing | 1.34 |
| Overheads | 0.12 |
| Total | 2.91 |

FUTURE PLANS FOR THE JEANETTE PROJECT AND THE EVANDER PROJECT

The Jeanette Project

The Group entered into the EPC contract with MCC on 30 December 2019 for the project execution and construction phase of the Jeanette Project. The purpose of the EPC contract is to facilitate the commencement of the development of the Jeanette mine. EPC contracts are project finance documents that establish a contractual framework between owner and contractor in terms of which design and construction risk is transferred to the contractor. It therefore regulates the basis on which MCC undertook to provide the necessary resources to make mine development possible. Aspects covered by the EPC contract included works relating to final engineering design, procurement, manufacturing and construction of the mine and infrastructure.

In addition, MCC undertook to assist the Company in securing 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.

Following the full easing of PRC travel restrictions in light of the COVID-19 pandemic, the Company's management has immediately discussed the arrangement on potential fund raising, resumption of the Basic Design of the EPC contract with MCC, and also resumed in-person visits to MCC in April 2023 and the project site in South Africa in September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

FUTURE PLANS FOR THE JEANETTE PROJECT AND THE EVANDER PROJECT

(Continued)

The Evander Project

Contract for the Construction of the Evander Project

In 2019, the Company and MCCI decided to await the FS results of the Jeanette Project before committing further time and resources to the contract for the Evander Project. On 30 August 2019, the FS results of the Jeanette Project were released. Given the Jeanette Project requires lower capital cost and shorter lead-time to production, the Company decided to focus on advancing the EPC Contract for the Jeanette Project first.

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.

Latest discussions with MCC

The Group had had further discussions with MCC in relation to the development and financing arrangements of the Jeanette Project and the Evander Project. According to the latest discussion, MCC will refine the mining plan and financing arrangements for the Jeanette Project and the Evander Project based on the updated cost data prepared by Minxcon. In this regard, the Group and MCC will target to progress the mining projects following the estimated timetable below:

Jeanette Project

| Stage | Description | Target timetable |
|--------------------|---|--|
| Financing stage | Identifying, negotiating, and finalising financing arrangements with financiers | 3rd quarter 2024 – 2nd quarter 2025 |
| Construction stage | Construction of the mine and associated infrastructure | 3rd quarter 2025 – by the end of 2027 |
| Production stage | Mining operation, extraction, and processing of gold ore | 2028–2049 |

As additional time is required for the Basic Design and finalization of the lump sum contract amount, the lump sum offer supplementary agreement (supplementing the EPC Contract with the finalised engineering design method, lump sum contract amount, etc.) is expected to be entered into by December of 2024. Upon finalization of the lump sum contract amount, the lump sum offer supplementary agreement, the EPC Contract will be subject to the approval of shareholders. Shareholders are referred to the announcements dated 20 May 2020, 30 April 2021, 23 December 2021, 22 December 2022 and 29 December 2023 respectively in this regard. The Company will keep shareholders informed of any material development in this regard in due course.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*



FUTURE PLANS FOR THE JEANETTE PROJECT AND THE EVANDER PROJECT

(Continued)

Latest discussions with MCC *(Continued)*

Evander Project

| Stage | Description | Target timetable |
|--------------------|---|---------------------------------------|
| Research stage | Research on mining plans including dewatering operation | 3rd quarter 2025– 4th quarter 2025 |
| Financing stage | Identifying, negotiating, and finalising financing arrangements with financiers | 2026 |
| Construction stage | Construction of the mine and associated infrastructure and dewatering operation | 2027–2032 |
| Production stage | Mining operation, extraction, and processing of gold ore | 2032–2049 |

The management of the Company have focused on liaison with potential investors for the Company's mining projects. During late September 2024, the management had meetings with a number of potential investors, which also possess mine development capabilities, including certain PRC state-owned enterprises, to explore and discuss the investment in the mining assets of the Group. The Company had signed non-disclosure agreements with several of these potential investors in preparation for review of project information by the investors.

As mentioned in the 2024 Annual Report, a recent 2024 study concluded that it takes an average of approximately sixteen years for a mine to go from discovery to startup with the average mine lead time continuing to trend upwards. Taking into account the progress made and plans in respect of the Jeanette Project and the Evander Project, the Company considers that the development timeline of its mining projects is generally in line with the industry norm.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

EMPLOYEE AND REMUNERATION POLICY

As at 30 September 2024, the total number of employees, excluding workers under exclusive sub-contracting arrangement, of the Group was 24 (31 March 2024: approximately 24). The Group's remuneration policy is primarily based on their performance, working experience and the prevailing market conditions. Employee benefits include mandatory provident fund (pension) and share option scheme, etc.

SHARE OPTION SCHEME

A resolution was passed at a special general meeting of the Company held on 28 August 2020 to approve and adopt a share option scheme (the "2020 Share Option Scheme"). The maximum number of shares which may be issued under the 2020 Share Option Scheme is 1,815,147,198 shares (representing 10% of the issued share capital of the Company on 28 August 2020). The principal terms of the 2020 Share Option Scheme were summarized and set out in the 2024 annual report of the Company. No share options has been granted or exercised under 2020 Share Option Scheme as at 30 September 2024.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 September 2024, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code").



SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 September 2024, the following shareholders had, or were deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

(a) Long positions in shares and underlying shares of the Company

| Name of shareholders | Number of shares held | Underlying shares of equity derivatives | Total interests | Percentage of issued shares as at 30 September 2024 |
|------------------------------------|-----------------------|---|-----------------|---|
| Goldborn Holdings Limited | 2,001,362,075 | – | 2,001,362,075 | 11.03% |
| Mandra Materials Limited (Note) | 777,434,722 | – | 777,434,722 | 4.28% |
| Mandra Esop Limited (Note) | 16,238,369 | – | 16,238,369 | 0.09% |
| Woo Foong Hong Limited (Note) | 276,530,727 | – | 276,530,727 | 1.52% |

Note: Mandra Materials Limited, Mandra Esop Limited and Woo Foong Hong Limited are 50% owned by Mr. Zhang Songyi. Hence, Mr. Zhang Songyi is deemed to be interested in the shares held by Mandra Materials Limited, Mandra Esop Limited and Woo Foong Hong Limited for the purpose of SFO.

(b) Short positions in shares and underlying shares of the Company

There were no short positions in the shares and underlying shares of the Company and its associated corporations, which were recorded in the register as required to be kept under Section 336 of Part XV of the SFO.

Save as disclosed herein, as at 30 September 2024, no person, other than the directors and chief executives of the Company, whose interests are set out in the section "Directors' and Chief Executives' interests in securities" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

CORPORATE GOVERNANCE CODE

In the opinion of the directors, the Company had complied with the code provisions of the Corporate Governance Code (“CG Code”) as set out in Appendix C1 to the Listing Rules during the six months ended 30 September 2024.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding directors’ securities transactions. 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 for the six months ended 30 September 2024.

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 possess inside information of the Company.

No incidents 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 of the Company the unaudited consolidated financial statements for the six months ended 30 September 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of shares or other listed securities of the Company or by any of its subsidiaries during the reporting period.

By Order of the Board
Taung Gold International Limited
Cheung Pak Sum
Chairman and Executive Director

Hong Kong, 28 November 2024