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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 2019

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 2019 together with the comparative figures for the year ended 31 March 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Other income	*5*	**1,284**	25,403
Other gains and losses	*5*	**9,079**	(171,545)
Administrative and operating expenses		**(46,129)**	(45,365)
Finance costs – unwinding of discounting effect of provision for rehabilitation costs		**(571)**	(6,093)
Share of results of associates		**(16)**	(1,362)
Loss before taxation		**(36,353)**	(198,962)
Income tax expense	*6*	**–**	–
Loss for the year from continuing operations		**(36,353)**	(198,962)

* *For identification purpose only*

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Discontinued operation			
Loss for the year from discontinued operation	*4*	**–**	(215,881)
Loss for the year	*7*	**(36,353)**	(414,843)
Other comprehensive (expense) income			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(817,284)**	79,914
Reclassification adjustment – transfer from foreign currency translation reserve to profit or loss upon disposal of subsidiaries		**(18)**	–
Total comprehensive expense for the year		**(853,655)**	(334,929)
Loss for the year attributable to owners of the Company:			
– from continuing operations		**(33,871)**	(173,168)
– from discontinued operation		**–**	(215,879)
		(33,871)	(389,047)
Loss for the year attributable to non-controlling interests:			
– from continuing operations		**(2,482)**	(25,794)
– from discontinued operation		**–**	(2)
		(2,482)	(25,796)
Total comprehensive expense attributable to:			
– owners of the Company		**(676,212)**	(325,973)
– non-controlling interests		**(177,443)**	(8,956)
		(853,655)	(334,929)
Loss per share			
From continuing and discontinued operations	*8*		
– Basic and diluted loss per share (HK cents)		**(0.19)**	(2.14)
From continuing operations			
– Basic and diluted loss per share (HK cents)		**(0.19)**	(0.95)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**2,713**	3,588
Exploration assets	*9*	**3,774,891**	4,571,246
Interests in associates		**626**	648
Loans to shareholders of a subsidiary		**3,913**	121,539
Financial assets at fair value through profit or loss		**76,418**	–
Deposits for acquisition of investments		**60,000**	60,000
Pledged bank deposits		**2,057**	3,334
		3,920,618	4,760,355
Current assets			
Other receivables, prepayment and deposits		**7,505**	13,218
Restricted bank deposits		**–**	120,235
Bank balances and cash		**239,062**	162,906
		246,567	296,359
Current liabilities			
Other payables and accruals		**10,300**	12,778
Net current assets		**236,267**	283,581
Total assets less current liabilities		**4,156,885**	5,043,936
Non-current liability			
Provision for rehabilitation costs		**12,474**	15,483
		4,144,411	5,028,453
Capital and reserves			
Share capital	*10*	**181,515**	181,515
Reserves		**3,141,368**	3,840,471
Equity attributable to owners of the Company		**3,322,883**	4,021,986
Non-controlling interests		**821,528**	1,006,467
Total equity		**4,144,411**	5,028,453

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. GENERAL

Taung Gold International Limited (the "**Company**") is incorporated in Bermuda as an exempted company and registered with limited liability under the Companies Act 1981 of Bermuda (as amended). The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of the registered office and principal place of business of the Company are Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and Unit 1901, 19/F, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong respectively.

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

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

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

New and revised HKFRSs that are mandatorily effective for the current year

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

HKFRS 9 "Financial Instruments"

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("**ECL**") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018, if any, are recognised in the opening accumulated losses and other components of equity without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets under HKFRS 9 and HKAS 39 at the date of initial application of HKFRS 9, 1 April 2018.

	Note	Loans to shareholders of a subsidiary	Financial assets at fair value through profit or loss ("FVTPL")	Accumulated losses	Non-controlling interests
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Balance as at 31 March 2018					
– HKAS 39		121,539	–	(1,249,986)	1,006,467
Effect arising from initial application of HKFRS 9:					
Reclassification					
From loans to shareholders of a subsidiary	*(i)*	(114,670)	114,670	–	–
Remeasurement					
From amortised cost to fair value	*(i)*	–	(29,130)	(22,891)	(6,239)
Balance as at 1 April 2018					
– HKFRS 9		6,869	85,540	(1,272,877)	1,000,228

(i) Loans to shareholders of a subsidiary

Included in loans to shareholders of a subsidiary as at 1 April 2018, an amount of HK$114,670,000 representing loans to Sephaku Gold Holdings (Proprietary) Limited ("**SepGold**") and Taung Gold EPP RF (Proprietary) Limited ("**TG EPP**") previously classified as loans and receivables under HKAS 39 was reclassified to financial assets at FVTPL upon the application of HKFRS 9 because the loans are regarded as financing provided to SepGold and TG EPP, which are qualified broad-based socio-economic empowerment companies in South Africa, to subscribe for shares in Taung Gold (Proprietary) Limited ("**TGL**"), a subsidiary of the Group, in order to meet the domestic requirements in South Africa. The future cash flows of the loans depend primarily on the cash flows to be generated from the mining projects, namely Jeanette Project and Evander Project, held by TGL which may be realised by way of distributing dividends to SepGold and TG EPP. In addition, these loans are interest-free. Therefore, these loans are not held within a business model whose objective is to collect contractual cash flows that are solely payments of principal and interests on the principal amount outstanding nor selling them. Accordingly, these loans are measured at FVTPL.

The related fair value loss of HK$29,130,000 was adjusted to financial assets at FVTPL as at 1 April 2018 with corresponding increase of accumulated losses by HK$22,891,000 and decrease of non-controlling interests by HK$6,239,000.

Impairment under ECL model

ECL for financial assets at amortised cost, including other receivables, pledged bank deposits, restricted bank deposits, bank balances and loans to shareholders of a subsidiary (other than those reclassified to financial assets at FVTPL) as at 1 April 2018, are assessed on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition. In the opinion of the directors of the Company, the estimated allowance under the ECL model for financial assets at amortised cost as at 1 April 2018 was not significant. Thus, no credit loss allowance was recognised in the opening accumulated losses.

New and revised HKFRSs in issue but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2019.

[2] Effective for annual periods beginning on or after 1 January 2021.

[3] Effective for annual periods beginning on or after a date to be determined.

[4] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

[5] Effective for annual periods beginning on or after 1 January 2020.

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

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively by the Group, while upfront prepaid lease payments will continue to be presented as investing or operating cash flows in accordance with the nature as appropriate.

Furthermore, extensive disclosures are required by HKFRS 16.

3. SEGMENT INFORMATION

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

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

(a) gold exploration and development in South Africa; and

(b) trading of minerals.

The Group also engaged in gold exploration and development operation in Indonesia but it was discontinued upon the Group's relinquishment of the mining licenses there in the prior year, the segment information of prior year reported below did not include financial information in respect of the discontinued operation, which was disclosed in more detail in note 4.

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

Segment revenues and results

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

For the year ended 31 March 2019

Continuing operations

	Gold exploration and development in South Africa *HK$'000*	**Trading of minerals** *HK$'000*	**Total** *HK$'000*
REVENUE			
External sales	–	–	–
Segment loss	**(12,856)**	–	**(12,856)**
Unallocated other income			**40**
Unallocated corporate expenses			**(23,521)**
Share of results of associates			**(16)**
Loss before taxation			**(36,353)**

Segment revenues and results

For the year ended 31 March 2018

Continuing operations

	Gold exploration and development in South Africa *HK$'000*	Trading of minerals *HK$'000*	Total *HK$'000*
REVENUE			
External sales	–	–	–
Segment loss	(120,419)	–	(120,419)
Unallocated other income			6
Unallocated corporate expenses			(28,708)
Impairment loss on available-for-sale investment			(50,017)
Reversal of impairment loss on amount due from an associate			1,538
Share of results of associates			(1,362)
Loss before taxation			(198,962)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment loss during the year ended 31 March 2019 represents loss from each segment without allocation of certain other income, central administration and operating expenses and share of results of associates (2018: certain other income, central administration and operating expenses, impairment loss on available-for-sale investment, reversal of impairment loss on amount due from an associate 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 2019

	Gold exploration and development in South Africa *HK$'000*	**Trading of minerals** *HK$'000*	**Total** *HK$'000*
Assets			
Segment assets	**3,866,919**	**–**	**3,866,919**
Property, plant and equipment			**889**
Interests in associates			**626**
Deposits for acquisition of investments			**60,000**
Other receivables, prepayment and deposits			**1,006**
Bank balances and cash			**237,745**
Consolidated assets			**4,167,185**
Liabilities			
Segment liabilities	**17,269**	**–**	**17,269**
Other payables and accruals			**5,505**
Consolidated liabilities			**22,774**

Segment assets and liabilities – continued

At 31 March 2018

	Gold exploration and development in South Africa *HK$'000*	Trading of minerals *HK$'000*	Total *HK$'000*
Assets			
Segment assets	4,719,436	–	4,719,436
Property, plant and equipment			1,357
Interests in associates			648
Deposits for acquisition of investments			60,000
Other receivables, prepayment and deposits			1,349
Restricted bank deposits			120,235
Bank balances and cash			150,847
Assets relating to continuing operations			5,053,872
Assets relating to discontinued operation			2,842
Consolidated assets			5,056,714
Liabilities			
Segment liabilities	22,454	–	22,454
Other payables and accruals			5,508
Liabilities relating to continuing operations			27,962
Liabilities relating to discontinued operation			299
Consolidated liabilities			28,261

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

- all assets are allocated to operating and reportable segments, other than certain property, plant and equipment, interests in associates, deposits for acquisition of investments, certain other receivables, prepayment and deposits, assets relating to discontinued operation, restricted bank deposits and certain bank balances and cash.

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

4. DISCONTINUED OPERATION

During the year ended 31 March 2018, the Group had committed to develop potential mining projects in Pakistan as the Group considered the strategy in Pakistan would provide it with an entry point into the world-class copper and gold mineral resources present in the Chagai deposits area of Balochistan Province, which is recognised as being the host of large copper-gold porphyry deposits. The exploration and development of assets in South Africa and Pakistan would require continuous and substantial financial commitment from the Group in order to advance them into production and a cash generating position. In order to ensure that financial resources could be optimally deployed on projects that better serve the Group's interests, the Group decided to suspend its operation in Indonesia and relinquished the mining licenses held. On 2 October 2017, the Group received a letter from The Governor of Sulawesi Utara of Indonesia regarding the termination of the mining license held by PT Bolmong Timur Primanusa Resources. On 6 June 2018, the Group received letters dated 15 March 2018 from The Governor of Sulawesi Utara of Indonesia regarding the termination of the mining licenses held by PT Bulamou Boltium Primas and PT Kotabunan Emas Prima. As a result, the Group is no longer involved in the gold exploration and development in Indonesia and the CODM of the Group has no longer assessed the performance of this segment for the purpose of its resource allocation.

The loss from the discontinued operation for the prior year is set out below:

	2018 *HK$'000*
Loss from the gold exploration and development in Indonesia	(215,881)
Loss for the year from discontinued operation	(215,881)

The results of the gold exploration and development in Indonesia for the prior year are as follows:

	2018 *HK$'000*
Other loss – loss on relinquishment of mining licenses	(215,832)
Administrative and operating expenses	(49)
Loss for the year from discontinued operation	(215,881)
Loss for the year attributable to:	
– owner of the Company	(215,879)
– non-controlling interest	(2)
	(215,881)

In the opinion of the directors of the Company, the impact of cash flows of the discontinued operation to the Group was not significant. Therefore, no cash flows information of the discontinued operation is presented.

5. OTHER INCOME AND OTHER GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
Other income		
Interest income on bank deposits	**1,148**	2,185
Imputed interest income on loans to shareholders of a subsidiary	**–**	22,634
Others	**136**	584
	1,284	25,403

	2019	2018
	HK$'000	*HK$'000*
Other gains and losses		
Loss on disposal of property, plant and equipment	**–**	(176)
Foreign exchange gain, net	**743**	1,132
Fair value gain on financial assets at FVTPL	**6,765**	–
Impairment loss on available-for-sale investment	**–**	(50,017)
Impairment loss on loans to shareholders of a subsidiary	**–**	(123,984)
Reversal of impairment loss on amount due from an associate	**–**	1,538
Others	**1,571**	(38)
	9,079	(171,545)

6. INCOME TAX EXPENSE

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Company consider the amounts involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the subsidiaries incorporated in Hong Kong have no assessable profits for both years.

Under South African tax law, the corporate tax rate is 28% for both years on taxable profits of South African subsidiaries. No provision for taxation has been made as the subsidiaries in South Africa have no assessable profits for both years.

7. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

	2019	2018
	HK$'000	*HK$'000*
Loss for the year from continuing operations has been arrived at after charging (crediting):		
Auditor's remuneration	**3,489**	3,557
Depreciation of property, plant and equipment	**558**	656
Minimum operating lease payments in respect of rented premises	**2,038**	2,244
Staff costs (including directors' emoluments)		
– Salaries and other benefits	**20,334**	34,183
– Contributions to retirement benefits schemes	**161**	163
	20,495	34,346
Less: Amount capitalised in exploration assets	**(6,084)**	(7,237)
	14,411	27,109

8. LOSS PER SHARE

From continuing and discontinued operations

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

	2019	2018
	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	**(33,871)**	(389,047)

From continuing operations

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

	2019	2018
	HK$'000	*HK$'000*
Loss is calculated as follows:		
Loss for the year attributable to the owners of the Company	**(33,871)**	(389,047)
Add: Loss for the year from discontinued operation	**–**	215,879
Loss for the purpose of calculating basic and diluted loss per share from continuing operations	**(33,871)**	(173,168)

The denominators used are the same as those detailed below for calculating the basic and diluted loss per share.

From discontinued operation

Basic and diluted loss per share from discontinued operation for the year ended 31 March 2018 was HK1.19 cents per share, which was based on the loss for the year from discontinued operation of HK$215,879,000 and the denominators detailed below for calculating basic and diluted loss per share from continuing operations.

	2019	2018
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	**18,151,472**	18,151,472

The computation 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.

9. EXPLORATION ASSETS

	HK$'000
At 1 April 2017	4,523,585
Additions	28,231
Acquisition of assets through acquisition of subsidiaries	183,058
Loss on relinquishment of mining licenses	(215,832)
Exchange realignment	52,204
At 31 March 2018	4,571,246
Additions	8,723
Exchange realignment	(805,078)
At 31 March 2019	3,774,891

10. SHARE CAPITAL

	Number of shares	**Share capital** *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2017, 31 March 2018 and 31 March 2019	30,000,000,000	300,000
Issue and fully paid:		
At 1 April 2017, 31 March 2018 and 31 March 2019	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 the Republic of South Africa ("**South Africa**").

During the financial year 2018/2019, the Group recorded a basic loss attributable to owners of the Company of approximately HK$33,871,000 or basic loss of HK0.19 cents per share, compared with a basic loss attributable to owners of the Company for the year 2017/2018 of approximately HK$389,047,000 or basic loss of HK2.14 cents per share.

DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2019 (2018: Nil).

BUSINESS REVIEW

For the year ended 31 March 2019, the Group had no turnover (2018: Nil). The Group recorded a net loss attributable to equity holders of approximately HK$33,871,000 compared with a net loss attributable to equity holders of approximately HK$389,047,000 for the last financial year. The other comprehensive expense of approximately HK$817,302,000 (2018 income: HK$79,914,000) mainly arose from the exchange difference on the translation of South African operations.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2019, the Group had no outstanding bank borrowings (2018: Nil) and no banking facilities (2018: Nil). The Group's gearing ratio as at 31 March 2019 was zero (2018: zero), calculated based on the Group's total zero borrowings (2018: zero) over the Group's total assets of approximately HK$4,167,185,000 (2018: HK$5,056,714,000).

As at 31 March 2019, the balance of cash and cash equivalents of the Group was approximately HK$239,062,000 (2018: HK$162,906,000) and was mainly denominated in Hong Kong Dollars 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 2019, the Group operated mainly in South Africa, and the majority of the Group's transactions and balances were denominated in Hong Kong Dollars, United States Dollars, Renminbi and South African Rand. However, as the directors consider that the currency risk is not significant, the Group does not have a policy of hedging foreign currency.

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

REVIEW OF BUSINESS OPERATIONS

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

- Advancing the Feasibility Study for the Jeanette Project and activities associated with the Social & Labour Plan ("**SLP**") in the communities surrounding the project;

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

- Corporate activity with respect to the Pakistan Project.

As at 31 March 2019, the Company had not conducted any mining or production activities.

The Evander Project

The Evander Project comprises the Six Shaft area and the Twistdraai area on the northeastern limb of the Witwatersrand Basin, Mpumalanga Province, South Africa. Evander Gold Mines Limited ("**EGM**") held the Mining Right No. 107/2010. The Mining Right No. 107/2010 was registered in the name of Taung Gold Secunda (Pty) Limited ("**TGS**") in November 2013 and permits the mining of gold and associated minerals in the Six Shaft and Twistdraai area.

*The Evander Bankable Feasibility Study ("**BFS**")*

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

Evander Project BFS Highlights

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

Notes:

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

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

3. Payback calculated from date of first production.

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

Turnberry Projects (Pty) Limited ("**Turnberry**"), an independent South African based consultancy, was the lead independent consultant for the BFS, which has an effective date of 29 February 2016. All estimates in this 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 Metallurgical Corporation of China Limited ("**MCC**"), to investigate further capital cost and construction scheduling optimization. Accordingly, the BFS results include the results of this optimization.

Evander Project Summary

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

The Evander Project is comprised of the following:

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

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

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

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

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

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

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

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

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

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

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

As previously reported, on 30 November 2017, TGS entered into an agreement with Evander Gold Mines (Pty) Limited ("**EGM**") through which TGS will be able to deposit tailings from the Evander Project onto EGM's new Elikhulu Tailings Storage Facility ("**TSF**") which is a new facility for EGM's tailings retreatment project. TGS paid a deposit of ZAR10 million to EGM and will pay further considerations as follows:

- ZAR40 million upon the later of the coming into effect of the Design and Build agreement or the securing of completion financing for the Evander Project; and

- ZAR60 million upon completion of cold commissioning of the processing plant and tailings pipelines.

The agreement with EGM provides TGS with an improved solution to tailings disposal for the following reasons:

- TGS will not build a TSF and will therefore no longer be required to submit the application for the construction of a TSF. EGM's TSF is already approved. This significantly simplifies the amendment of the Environmental Impact Assessment ("**EIA**") for the Mining Right;

- The pipeline servitudes for the agreement with EGM will run along the same route as those for the Water Disposal Agreement with EGM and the environmental permitting to include the TSF pipeline will therefore be much simpler; and

- The agreement with EGM brings economies of scale to TGS's tailings disposal since EGM's TSF is much larger and therefore has lower capital and operating unit costs. The resultant capital cost for TGS reduces from ZAR210 million to ZAR125 million (including the cost of the tailings pipelines), a saving of ZAR85 million and the operating cost will reduce from approximately ZAR3.48/t to ZAR1.91/t of tailings placed.

The entering into of the agreement with EGM for tailings disposal also meant that TGS is able to dispose of its interest in Holfontein Investments (Pty) Limited ("**HIL**") and a sale process was initiated during the period under review to dispose of HIL, whose sole asset is the Mining Right for coal. It is expected that the sale process will conclude during 2019.

The full EIA for the project is being amended to reflect the positive changes regarding tailings disposal and an application to the Department of Mineral Resources ("**DMR**") 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.

Expenditure on the Evander Project for the year ended 31 March 2019 was as follows:

	ZAR million
Consultants & Service providers	0.63
Staffing	5.30
Business Development	Nil
Overheads	1.62
Total	7.55

The Jeanette Project

The Jeanette Project is located close to the town of Allanridge within the southwest margin of the Witwatersrand Basin, northeast of Welkom, in the Free State Province of South Africa. Taung Gold Free State (Pty) Limited ("**TGFS**"), a wholly-owned subsidiary of Taung Gold (Pty) Limited and is the holder of the Mining Right over the Jeanette Project.

During 2014, TGFS submitted a Section 102 application to consolidate various prospecting rights into a single prospecting right using the Jeanette Prospecting Right as the basis for such consolidation. As the holder of the Prospecting Rights that make up the Jeanette Project, TGFS had an exclusive right to apply for the Mining Right over the Jeanette project area. On 19 June 2015, TGFS applied for a mining right over the consolidated area. As part of the application for a Mining Right, a Mining Work Program, SLP and an EIA together with an Environmental Management Program were submitted for approval. The EIA for the Jeanette Project was approved on 20 December 2016 and the Ministerial consent for the Mining Right was granted on 25 June 2017. 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, to carry out the Feasibility Study for the Jeanette Project. The study will be carried out in accordance with the "Principles for the Formulation of Feasibility Report for Projects in the Non-ferrous Metals Industry (October 2001) and the specific conditions for the Jeanette Project. The specific conditions include, amongst others, the mandatory standards and specifications as required under prevailing South African legislation and accepted industry practice. The Company and MCCI reviewed the approach that had been followed in the Pre-Feasibility Study ("**PFS**") with a view to reducing the initial capital cost estimate and decided to split the mineral resource into two distinct phases. The Feasibility Study has focused on the first of these two phases and makes optimal use of the existing shaft infrastructure whilst postponing the need for new shaft systems until the second phase. The technical work for the Feasibility Study has already been completed. The Company and MCCI are now finalizing the economic assessment and the Feasibility Study Report and an announcement in this regard will be made during July 2019.

The application for an Integrated Water Use License ("**WUL**") for the Jeanette Project will only be submitted on completion of the Feasibility Study for the Jeanette Project.

Jeanette Project Description

The Feasibility Study for the Jeanette Project will therefore present a lower initial capital cost profile and a faster lead-time to first production, through the optimal utilization of the existing shaft infrastructure. Gold will be produced using the same mining and mineral processing methodologies as in the PFS, albeit at a lower rate.

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

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

Jeanette Project PFS Highlights

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

Notes:

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

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

3. Payback calculated from date of first production.

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

Jeanette Project Summary

The Jeanette Project is located close to the town of Welkom, 270km south-west of Johannesburg, in the Free State Province of South Africa. The Jeanette Project was acquired from ARMGold/Harmony Freegold Joint Venture Company (Pty) Limited, in December 2009. The Mining Right over the project area was registered in the name of TGFS in the Mineral and Petroleum Titles Registration Office on 6 December 2017. The Jeanette Project is located in an established gold producing region in close proximity to road, power and water & sanitation infrastructure and, which is well served with other necessary services. The Jeanette Project is comprised of the following:

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

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

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

Expenditure on the Jeanette Project for the year ended 31 March 2019 was as follows:

	ZAR million
Consultants & Service Providers	9.96
Staffing	4.04
Overheads	1.50
Total	15.50

The Pakistan Project

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

As disclosed in the previous 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. The Board will continue to monitor the development of the Pakistani Target Company and the ML127.

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 yet to be announced as a result of delays in political and administration processes due to the Pakistan general election in 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 the USD15.4 million remaining deposit as per the Joint Venture Agreement on 27th February 2019. The Board will continue to monitor the result of the PQD Submission and the development of the "Tanjeel H4 Deposit".

FUTURE PLANS FOR THE EVANDER PROJECT AND THE JEANETTE PROJECT

The Company is mindful of the uncertainty that continues to prevail in global markets, particularly with respect to the raising of funds for large mining projects. Accordingly, the pending finalization of the Feasibility Study for the Jeanette Project will herald a decision regarding which of the Company's two South African projects will commence first. The Company will make the necessary announcements in due course.

The Evander Project

As previously reported, the Company entered into a framework agreement with MCCI, on 23 October 2014 with the objective of entering into an engineering, procurement and construction contract for the Evander Project.

In 2016, the Company announced the results of the BFS for the Evander Project and thereafter discussions with MCCI turned to contractual arrangements for the construction phase. The Company and MCCI agreed that the contractual arrangements for the construction phase would be based on one of the standard forms of contract as published by the International Federation of Consulting Engineers ("**FIDIC**"). It was subsequently agreed that the form of contract would be primarily based on the FIDIC Yellow Book and the parties then agreed to develop the necessary Employer Requirements Document which details the Scope of Work, Work Breakdown Structure and the various Work Packages. Importantly, this document also details the roles and responsibilities of each of the Employer (the Company) and the Contractor (MCCI) and forms the basis for the contractual arrangements. The Company and MCCI have been discussing the commercial arrangements for the contract but these discussions have not yet been finalised, pending the completion of the Jeanette Feasibility Study.

The full EIA for the project is still being amended to reflect the positive changes regarding tailings disposal and an application to the DMR 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 application for the WUL will be submitted to also reflect the changes with respect to the tailings disposal strategy.

An EIA for the dewatering phase of the project has been approved and an application for a WUL for the dewatering phase of the project was submitted to the relevant authority on 19 September 2016 and approval was received on 11 October 2017.

The Jeanette Project

The Mining Right 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 to carry out a Feasibility Study for the Jeanette Project. The study has been carried out in accordance with the "Principles for the Formulation of Feasibility Report for Projects in the Non-ferrous Metals Industry (October 2001) and the specific conditions for the Jeanette Project. The specific conditions include, amongst others, the mandatory standards and specifications as required under prevailing South African legislation and accepted industry practice. The results thereof will be announced during July 2019. Thereafter, it is intended that the Company and MCCI will prepare draft commercial terms for the Jeanette Project and then engage with potential equity investors and Chinese banks to arrange equity and debt financing for the Jeanette Project.

An application for WUL for the Jeanette Project will only be prepared for submission after the completion of the Feasibility Study.

CORPORATE GOVERNANCE CODE

The Group is committed to achieving high standards of corporate governance. Throughout the year ended 31 March 2019, the Company has complied with all Code Provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), except for the following deviation:

– Under code provision A.1.1 of the CG Code, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. Due to the change of co-chairman of the Board of the Company in September 2018 and various other business engagement of directors, the first quarter Board meeting was not held in September 2018 and therefore only three board meetings were held during the year. The Board will ensure at least four board meetings to be held in the coming reporting year accordingly.

MODEL CODE FOR 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 2019.

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 was noted by the Company.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants and the CG Code of the Listing Rules. The audit committee comprises three independent non-executive Directors. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group, and to review the Company's annual and interim reports.

The audit committee has reviewed the annual results of the Group for the year ended 31 March 2019.

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 2019. Each Committee has its defined scope of duties and written terms of reference.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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 2019 as set out in the preliminary announcement have been agreed by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

Hong Kong, 28 June 2019

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), Mr. Neil Andrew Herrick (Chief Executive Officer) 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.