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

INSIDE INFORMATION
(1) FULFILMENT OF RESUMPTION GUIDANCE; AND
(2) RESUMPTION OF TRADING

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Taung Gold International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09 and 13.49(3) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

References are made to the Company’s:

- (i) announcement dated 29 June 2023 in relation to, among other things, delay in publication of the 2023 Annual Results (the “**First Delay Announcement**”);
- (ii) announcement dated 3 July 2023 in relation to suspension of trading;
- (iii) announcement dated 21 July 2023 in relation to the unaudited consolidated annual results of the Company and the Group for the year ended 31 March 2023;
- (iv) announcement dated 31 August 2023 in relation to, among other things, further delay in publication of the 2023 Annual Results;
- (v) announcement dated 22 September 2023 in relation to the resumption guidance (the “**Resumption Guidance Announcement**”);
- (vi) announcement dated 28 September 2023 in relation to the quarterly update on suspension of trading;
- (vii) announcement dated 17 November 2023 in relation to, among other things, further delay in publication of the 2023 Annual Results;

* For identification purpose only

- (viii) announcement dated 30 November 2023 in relation to, among other things, delay in publication of the 2023 Interim Results;
- (ix) announcement dated 29 December 2023 in relation to, among other things, further delay in publication of the 2023 Annual and Interim Results;
- (x) announcement dated 29 December 2023 in relation to the quarterly update on suspension of trading;
- (xi) announcement dated 28 March 2024 in relation to the quarterly update on suspension of trading;
- (xii) announcement dated 5 June 2024 in relation to, among other things, the further delay in publication of 2023 Annual and Interim Results and despatch of 2023 Annual and Interim Reports;
- (xiii) announcement dated 28 June 2024 in relation to, among other things, the delay in publication of 2023 Annual and Interim Results and 2024 Annual Results and despatch of 2023 Annual and Interim Reports and 2024 Annual Report;
- (xiv) announcement dated 28 June 2024 in relation to the quarterly update on suspension of trading;
- (xv) announcement dated 22 July 2024 in relation to, among other things, the further delay in publication of 2023 Annual and Interim Results and 2024 Annual Results and despatch of 2023 Annual and Interim Reports and 2024 Annual Report; and
- (xvi) announcement dated 27 September 2024 in relation to the quarterly update on suspension of trading (collectively, the “**Announcements**”).

Unless otherwise defined, terms used in this announcement shall have the same meaning as those defined in the Announcements.

BACKGROUND

As disclosed in the First Delay Announcement, at the material time, the Company was in the process of ascertaining the carrying values of its mining assets in South Africa and appointed the Expert Teams to conduct an update to the mining assets. Accordingly, additional time was required for the Company to obtain further supporting documents and reports to substantiate the assumptions of the financial projection including the project timeline, increase in capital and operating expenditure, and update the information and valuation of the mining assets so as to provide with the then auditors of the Company, Crowe (HK) CPA Limited (“**Crowe**”) to carry out their work, and publication of the 2023 Annual Results was delayed. At the request of the Company, trading in the shares of the Company on the Stock Exchange had been suspended with effect from 3 July 2023.

Since then, the Company had been using its best endeavours to assist the relevant professional parties in completing the audit process. Nevertheless, due to a series of events as disclosed in the Announcements (such as delay in delivery of the Findings and Assessment Results by the Expert Teams, additional time required for the review of the draft Findings and Assessment Results by Crowe), publication of the 2023 Annual Results, and likewise publication or despatch of the 2023 Interim Results, the 2024 Annual Results, and the 2023 Annual and Interim Reports, had to be delayed for several times. Trading in the shares of the Company on the Stock Exchange continued to be suspended during such time.

THE RESUMPTION GUIDANCE

As disclosed in the Resumption Guidance Announcement, on 19 September 2023, the Company received a letter from the Stock Exchange setting out the following Resumption Guidance for the resumption of trading in the shares of the Company:

- (1) publish all outstanding financial results required under the Listing Rules and address any audit modifications (if any);
- (2) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; and
- (3) inform the market of all material information for the Company's shareholders and other investors to appraise the Company's position.

FULFILMENT OF THE RESUMPTION GUIDANCE

The Board is pleased to inform the shareholders of the Company and investors that as at the date of this announcement, the Company has fulfilled all conditions set out in the Resumption Guidance, details of which are set out below:

(A) Resumption Guidance (1) – publish all outstanding financial results required under the Listing Rules and address any audit modifications (if any)

On 20 September 2024, the Company published the 2023 Annual Results, the 2023 Interim Results and the 2024 Annual Results. On 14 October 2024, the Company despatched to its shareholders the 2023 Annual Report, the 2023 Interim Report and the 2024 Annual Report. No audit qualification was made by Baker Tilly, the existing auditor of the Company, on the Company's consolidated financial statements for the years and period to which these results and reports relate.

Events leading to the delays

As disclosed in the First Delay Announcement, the delay resulted from the additional time taken to ascertain the carrying values of the mining assets of the Company in South Africa by engaging the Expert Teams to conduct an update to the mining assets during the audit process. At the material time, given that there was no significant change in the conditions of the key assets of the Group, which are the two mining assets in South Africa, the Company adopted the usual approach of updating the financial projection of its mining assets with relevant industry indices (such as consumer price index in updating the operating costs and producer price index in updating the capital expenditure in South Africa) for the purpose of impairment assessment of the Group's mining assets for the year ended 31 March 2023.

Crowe then requested the management to update the financial projection of the mining assets with industry data instead of inflation rates in or about early May 2023. Such request had not been raised by Crowe during the early discussion between the Company and Crowe in or about March 2023 in relation to the audit plan of the Company's financial statements for the year ended 31 March 2023.

The management and the audit committee of the Company agreed that the Company should try to satisfy Crowe's requests in view of completing the audit for the year ended 31 March 2023.

The above work and development of the audit matters spanned over a year and a summary of salient events that took place during this period are as follows:

- (i) *May to August 2023:* It was agreed that an update on the financial forecasts by a competent person would satisfy Crowe's request. In this connection, an expert team (the "**First Expert Team**") (members of which included a competent person to perform independent technical review of the mining assets) was appointed to assess the financial projection of the mining assets with respect to industry data, which would become input to the valuer's valuation works. The First Expert Team performed valuation of the mining assets and was of the opinion that the cost inflation information was realistic and acceptable. Crowe was however not satisfied with such work and requested for updated source information and supporting documents of the feasibility studies for the year ended 31 March 2023. This had led to the delay in publication of the 2023 Annual Results. With a view to completing the audit progress, after discussion with Crowe, the Company started to look for industry expert candidates to provide a limited scope update of the cost data of the feasibility studies which were conducted in 2016 and 2019. During the period from late June to August 2023, another industry expert (the "**Second Expert Team**") was then appointed to conduct a limited scope update on the feasibility studies on mining projects. Nevertheless, the Second Expert Team suggested alternative ways to escalate the capital expenditure and operational expenditure, which were similar to what the Company conducted previously and were insufficient to satisfy Crowe's requests.

- (ii) *September 2023 to January 2024:* To satisfy Crowe’s requests in view of completing the audit for the year ended 31 March 2023, the Company started to look for another industry expert candidate to replace the Second Expert Team and appointed Minxcon (Pty) Ltd (“**Minxcon**”) in its place. The Company liaised with and coordinated different parties to facilitate the works conducted by Minxcon and the update to the feasibility studies was in progress. Subsequently, Minxcon was further engaged to perform an optimisation of the mining plan of the Jeanette Project so as to align the mining plan with the financial model in previous years.
- (iii) *January to July 2024:* The Company continued to follow up with Crowe for discussion of the audit matters but there had not been any significant progress. In May 2024, Crowe started to raise technical issues on the accounting policies and their implication to the Company’s financial statements. In July 2024, Crowe resigned as auditor of the Company as Crowe was not able to reasonably estimate the time required to finalise the audit of the Company’s consolidated financial statements for the year ended 31 March 2023 and to reach any consensus regarding the timetable determined by the Board, along with the level of additional fee, given the ongoing update and delay in the delivery of the Findings and Assessment Results by the Company. For details about Crowe’s resignation, please refer to the announcement of the Company dated 16 July 2024. The Company subsequently appointed Baker Tilly as the new auditor of the Company.
- (iv) *July to October 2024:* Baker Tilly took up the audit works on the Company’s financial statements from Crowe. As confirmed by Baker Tilly, in respect of the valuation of the mining assets of the Company, the procedures performed by Baker Tilly during its audit included, among other things:
- (a) obtaining an understanding of the management’s process in relation to impairment assessment of mining assets;
 - (b) conducting interviews with the Company’s independent mining and valuation experts (the “**Valuers**”) to understand their work;
 - (c) engaging an independent valuation expert to evaluate the appropriateness of the valuation model used by the Valuers;
 - (d) conducting interviews with MCCI (as defined below) in relation to the financing plan for the Company’s two mining projects; and
 - (e) comparing the input data used in the valuation model to the technical reports prepared by Minxcon.

On 20 September 2024, the Company published the 2023 Annual Results, the 2023 Interim Results and the 2024 Annual Results; and on 14 October 2024, the Company published the 2023 Annual Report, the 2023 Interim Report and the 2024 Annual Report.

Furthermore, the Company expects that the unaudited consolidated interim results of the Group for the six months ended 30 September 2024 will be published on or about 28 November 2024.

Internal control

During the year ended 31 March 2024, the Board had appointed an independent consulting firm to assist in identifying and assessing the risks of the Group, and independently perform internal control review and assess effectiveness of the Group's risk management and internal control systems and no significant areas of concern were identified by the said independent consulting firm.

Notwithstanding the above, as there was a delay in the publication of the financial results of the Group, which resulted in a trading suspension in the Company's shares, the Company has implemented the following additional measures to further enhance its internal control to avoid the re-occurrence of such an incident:

- (i) to maintain more effective communication between the Company's auditor and the personnel responsible for the Company's financial reporting functions to ensure any information required by its auditor is prepared and furnished sufficiently ahead of the relevant deadline;
- (ii) to determine the validity in time of the work that was done to update the parameters of the financial models, and consult the Company's auditor in this regard;
- (iii) to discuss with the Company's auditor any new requirements or audit approach at least three months before the period end date; and
- (iv) to amend the financial reporting and disclosure policies of the Company in relation to updating the financial projection of the mining assets by qualified professionals.

(B) Resumption Guidance (2) – demonstrate the Company's compliance with Rule 13.24 of the Listing Rules

Sufficient level of operations and assets of sufficient value

- (i) The Group is principally engaged in development of gold mining projects. The primary assets of the Company, being the mining assets of the Jeanette Project and the Evander Project, are clearly of sufficient value, with an audited total carrying value of approximately HK\$2.5 billion as at 31 March 2024.
- (ii) As at 31 March 2024, the bank balances and cash of the Group amounted to approximately HK\$108.9 million.

(iii) *Information of the mining assets of the Company*

The primary assets of the Company consist of the mining assets of the Jeanette Project and the Evander Project.

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. The Mining Right No. 33/2017 for the Jeanette Project was registered in the name of Taung Gold Free State (Pty) Limited on 6 December 2017. According to the updated mining approach and plan, and the cost data of the Jeanette Project:

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 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. The Mining Right No. 107/2010 was registered in the name of Taung Gold Secunda (Pty) Limited in November 2013 and permits the mining of gold and associated minerals in the Six Shaft and Twistdraai area. According to the updated cost data of the Evander Project:

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.

Mining rights

The mining right for the Evander Project is valid for 26 years commencing from 18 July 2012 until 28 April 2038, and the mining right for the Jeanette Project is valid for 30 years commencing from 7 June 2017 until 6 June 2047. Having considered the requirements as set out in the Mineral and Petroleum Resources Development Act of South Africa, the Company does not foresee any material difficulty in renewing the mining rights of the Evander Project and the Jeanette Project.

- (iv) Notwithstanding that no substantial mining and production has commenced for the Jeanette Project and the Evander Project yet, the Company has been engaging in a wide range of preparatory and ancillary operations, details of which are set out in the management discussion and analysis section of the 2024 Annual Report.
- (v) The Board is of the view that the Group has a viable and sustainable business prospect, having considered, among others: (a) the upward trend in gold price with a spot price of US\$2,700 as quoted by the London Bullion Market Association as at 31 October 2024; (b) the profitable gold-mining market in South Africa as evidenced by the positive financial performance of certain local market player with a business focus similar to that of the Group; and (c) the nature of the Company's mining assets which are high-grade and host substantial resources of gold.

Management expertise

The Group's mining business is led and overseen by its experienced management team. The executive Directors, namely Ms. Cheung Pak Sum and Mr. Phen Chun Shing Vincent, are seasoned corporate managers and experts in their fields, i.e. human resources and administration, and direct investment and corporate banking, respectively. Together they oversee the day-to-day operations of the Group. Led by the executive Directors, the senior management team of the Group assists in the practical operations of the Group and its mining business. The senior management team includes members with more than 20 years' experience in the mining industry and with different expertise and experience in, for instance, mining project management, mineral resource management, accounting, and corporate and mining laws.

Status of and plans for the Jeanette Project and the Evander Project

In addition to the above, the Company has substantive progress and development plans for its mining assets, as summarised below:

- (i) In relation to the Jeanette Project, after the publication of a positive feasibility study by MCCI International Incorporation Limited (“MCCI”), the Group entered into the Engineering, Procurement and Construction (“EPC”) Contract with Metallurgical Corporation of China Ltd (“MCC”) on 30 December 2019 for the project execution and construction phase of the Jeanette Project. However, negotiations over the basic engineering design had made limited progress during the COVID-19 pandemic. Following the easing of PRC travel restrictions after the COVID-19 pandemic, the Company’s management in Hong Kong has immediately discussed the arrangements of the EPC Contract on potential fundraising, resumption of basic engineering design with MCC. Negotiations with potential financiers have also been re-commenced.
- (ii) In relation to the Evander Project, in 2019, the Company and MCCI decided to await the feasibility study results of the Jeanette Project before committing further time and resources to the contract for the Evander Project. On 30 August 2019, the feasibility study results of the Jeanette Project were released. Given that 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.
- (iii) The EPC Contract is still valid as at the date of this announcement and the Company is in the continuous process of discussing with MCC on the basis of continuing the workflow of the EPC contract with a potential change of scope. This involves an agreed budget based on the latest studies conducted by Minxcon and the potential financing structure. According to the latest discussion, MCC will refine the mining plan and financing arrangements for the Jeanette Project and the Evander Project based on their 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:

The 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

The 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 Company will continue to pursue further discussion with MCC in this regard.

- (iv) Furthermore, after issuance of the outstanding audited financial statements and annual and interim reports, 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.
- (v) 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.

As at the date of this announcement, the operation of the Group remains normal in all material respects. Please refer to the 2024 Annual Report for the Group's financial position and financial performance.

Based on the above, the Board is of the view that the Group has complied with Rule 13.24 of the Listing Rules.

(C) Resumption Guidance (3) – inform the market of all material information for the Company’s shareholders and other investors to appraise the Company’s position

Since its trading suspension on 3 July 2023, the Company has continued to disclose all material information relating to, among other things, the reasons for and updates on its trading suspension through the issuance of the Announcements and this announcement.

Accordingly, the Company has announced all material information it considers necessary and appropriate for the Company’s shareholders and other investors to appraise the Company’s position.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange had been suspended with effect from 3 July 2023. As all conditions set out in the Resumption Guidance have been fulfilled, an application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 7 November 2024.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 6 November 2024

As at the date of this announcement, the executive Directors are Ms. Cheung Pak Sum (Chairman) and Mr. Phén Chun Shing Vincent; and the independent non-executive Directors are Mr. Chong Man Hung Jeffrey, Mr. Li Kam Chung and Mr. Tsui Pang.