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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)

**TERMINATION OF DISCLOSEABLE TRANSACTION
IN RELATION TO THE PROPOSED ACQUISITION OF
AN INTEREST IN AN EXPLORATION LICENCE FOR
COPPER AND GOLD IN PAKISTAN**

This announcement is made by Taung Gold International Limited (the “**Company**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 28 December 2016, 25 June 2019 and 26 June 2020 (collectively the “**Announcements**”) in relation to the Proposed Acquisition. Unless the context requires otherwise, terms used herein shall have the same meanings as those defined in the Announcements.

BACKGROUND

On 28 December 2016, the Purchaser, which is a wholly-owned subsidiary of the Company, the Seller and the Guarantor entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Seller has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the BVI Target Company, for the consideration of HK\$146,000,000. The Guarantor has agreed to guarantee the Seller’s obligations under the Agreement.

Upon completion of the Proposed Acquisition, the Company will indirectly hold a 100% of the issued share capital of the BVI Target Company and indirectly 21% of the issued share capital of the Pakistani Target Company. As a result of the Proposed Acquisition, the BVI Target Company will become a wholly-owned subsidiary of the Company.

The Pakistani Target Company holds an exploration license for copper, gold and associated minerals in Balochistan, Pakistan.

The Purchaser and the Seller subsequently entered into an addendum on 25 June 2019 and 26 June 2020 (the “**Second Addendum**”) respectively to extend the Long Stop Date.

TERMINATION AGREEMENT

The Board announces that on 25 June 2021, the Purchaser decided not to proceed with the Proposed Acquisition and entered into a termination agreement (the “**Termination Agreement**”) with the Seller and the Guarantor to terminate the Agreement and the transactions contemplated thereunder (the “**Termination**”). Pursuant to the Termination Agreement, the Agreement be terminated with effect from the date of the Termination Agreement, and the Purchaser and the Seller shall release each other from their respective and obligations under the Agreement. Following the Termination, HK\$30,000,000 of the Deposit has been refunded to the Purchaser, while the Seller and the Guarantor undertook to refund the remaining HK\$30,000,000 of the Deposit on or before 31 December 2021.

REASONS FOR THE TERMINATION

Both the Seller and the Purchaser was eager to proceed with the Proposed Acquisition. However, due to the effect of COVID-19, there has been uncertainty on the timing of further works to be performed, including due diligence, detailed work plan, etc. before the actual production of the asset. On the other hand, the pandemic also creates uncertainty on the financing and construction plan of the Company’s core South African assets. In order to preserve the resources of the Company and avoid additional risks from the pandemic, the Board decided not to further extend the Long Stop Date of the Proposed Transaction.

As disclosed in the Announcements, if the conditions have not been satisfied or waived on or before 11:59 p.m. on the Long Stop Date or such other date as the Seller and the Purchaser may mutually agree, the Seller shall forthwith refund the Deposit to the Purchaser and the Agreement shall be deemed void and of no effect. In such event, subject to the refund of the Deposit by the Seller to the Purchaser or its nominee, neither party shall have any claim of any nature whatsoever against the other party under the Agreement (save in respect of any rights or liabilities that accrued prior to termination) and neither party shall be obliged to complete the sale and purchase of the Sale Shares.

In view of the facts that the conditions set out in the Agreement have not been satisfied on or before the Long Stop Date of 31 December 2020 set out in the Second Addendum, the Company has decided not to proceed with the Proposed Acquisition.

IMPACT OF THE TERMINATION

Except for the Deposit, the Board considers that the Termination shall not have any material adverse impact on the financial position and business operation of the Group. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in securities of the Company.

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

Hong Kong, 25 June 2021

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

* *For identification purpose only*