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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)**

**ANNOUNCEMENT OF THE ANNUAL RESULTS  
FOR THE YEAR ENDED 31 MARCH 2022**

**ANNUAL 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 2022, together with the comparative figures for the year ended 31 March 2021 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 March 2022*

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Other income	4	<b>1,045</b>	1,863
Other gains and losses	4	<b>(1,067)</b>	(4,480)
Administrative and operating expenses		<b>(34,866)</b>	(35,339)
Finance costs		<b>(1,431)</b>	(1,273)
Impairment loss on other receivable		<b>(21,636)</b>	–
Reversal of impairment loss/(impairment loss) on mining assets	8	<b>125,148</b>	(626,129)
Share of results of associates		<b>(12)</b>	(12)
<b>Profit/(loss) before taxation</b>		<b>67,181</b>	(665,370)
Income tax expense	5	<b>–</b>	–
<b>Profit/(loss) for the year</b>	6	<b>67,181</b>	(665,370)
Other comprehensive income			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>64,655</b>	633,122
<b>Total comprehensive income/(expense) for the year</b>		<b>131,836</b>	(32,248)

\* For identification purpose only

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Profit/(loss) for the year attributable to:</b>			
– Owners of the Company		<b>45,147</b>	(526,232)
– Non-controlling interests		<b>22,034</b>	(139,138)
		<u><b>67,181</b></u>	<u>(665,370)</u>
<b>Total comprehensive income/(expense) attributable to:</b>			
– Owners of the Company		<b>96,009</b>	(28,092)
– Non-controlling interests		<b>35,827</b>	(4,156)
		<u><b>131,836</b></u>	<u>(32,248)</u>
<b>Earnings/(loss) per share</b>			
– Basic and diluted earnings/(loss) per share ( <i>HK cents</i> )	7	<u><b>0.25</b></u>	<u>(2.92)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>2,341</b>	2,526
Mining assets	8	<b>3,205,370</b>	3,022,642
Right-of-use assets		<b>1,457</b>	337
Interests in associates		<b>490</b>	502
Financial assets at fair value through profit or loss		<b>52,536</b>	54,969
Deposit for acquisition of an investment		–	60,000
Rental deposit		<b>425</b>	–
Pledged bank deposits		<b>764</b>	751
		<b>3,263,383</b>	3,141,727
<b>Current assets</b>			
Other receivables, prepayment and deposits		<b>14,171</b>	6,971
Bank balances and cash		<b>163,168</b>	163,140
		<b>177,339</b>	170,111
<b>Current liabilities</b>			
Lease liabilities		<b>1,189</b>	282
Other payables and accruals		<b>6,652</b>	10,319
		<b>7,841</b>	10,601
<b>Net current assets</b>		<b>169,498</b>	159,510
<b>Total assets less current liabilities</b>		<b>3,432,881</b>	3,301,237
<b>Non-current liabilities</b>			
Lease liabilities		<b>282</b>	–
Provision for rehabilitation costs		<b>11,554</b>	12,028
		<b>11,836</b>	12,028
<b>Net assets</b>		<b>3,421,045</b>	3,289,209

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Capital and reserves</b>			
Share capital	9	<b>181,515</b>	181,515
Reserves		<b>2,558,382</b>	2,462,373
		<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>		<b>2,739,897</b>	2,643,888
Non-controlling interests		<b>681,148</b>	645,321
		<hr/>	<hr/>
<b>Total equity</b>		<b>3,421,045</b>	3,289,209
		<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 1. GENERAL INFORMATION

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 Victoria Place, 5th Floor, 31 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 (“**US\$**”). For the convenience of the users of the consolidated financial statements, 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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

The Group had applied the following amendments to HKFRS issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) to the financial statements for the current accounted period:

Amendment to HKFRS 16	Covid-19-Related Rent Concession
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, Hong Kong Accounting Standard (“ <b>HKAS</b> ”) 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

The Group has not early applied any new and amendments to HKFRSs that is not yet effective for the current accounting period.

### 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 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.

#### Segment revenue 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 2022*

	<b>Gold exploration and development in South Africa <i>HK\$’000</i></b>	<b>Trading of minerals <i>HK\$’000</i></b>	<b>Total <i>HK\$’000</i></b>
<b>REVENUE</b>			
External sales	–	–	–
Segment profit	<b>102,864</b>	–	<b>102,864</b>
Unallocated other income			<b>1,020</b>
Unallocated corporate expenses			<b>(14,992)</b>
Finance costs – interest on lease liabilities			<b>(63)</b>
Impairment loss on other receivable			<b>(21,636)</b>
Share of results of associates			<b>(12)</b>
Profit before taxation			<b>67,181</b>

For the year ended 31 March 2021

	Gold exploration and development in South Africa <i>HK\$'000</i>	Trading of minerals <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>REVENUE</b>			
External sales	—	—	—
Segment loss	(649,570)	—	(649,570)
Unallocated other income			1,502
Unallocated corporate expenses			(17,250)
Finance costs – interest on lease liabilities			(40)
Share of results of associates			(12)
Loss before taxation			(665,370)

Segment profit/(loss) during the years ended 31 March 2022 and 31 March 2021 represents profit/(loss) from each segment without allocation of certain other income, central administrative expenses, interest on lease liabilities 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 2022

	Gold exploration and development in South Africa <i>HK\$'000</i>	Trading of minerals <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>ASSETS</b>			
Segment assets	3,265,434	—	3,265,434
Property, plant and equipment			561
Right-of-use assets			1,457
Interests in associates			490
Other receivables, prepayment and deposits			10,152
Bank balances and cash			162,628
Consolidated assets			3,440,722
<b>LIABILITIES</b>			
Segment liabilities	14,485	—	14,485
Other payables and accruals			3,721
Lease liabilities			1,471
Consolidated liabilities			19,677

At 31 March 2021

	Gold exploration and development in South Africa <i>HK\$'000</i>	Trading of minerals <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>ASSETS</b>			
Segment assets	3,087,915	–	3,087,915
Property, plant and equipment			798
Right-of-use assets			337
Interests in associates			502
Deposit for acquisition of an investment			60,000
Other receivables, prepayment and deposits			1,660
Bank balances and cash			160,626
			<hr/>
Consolidated assets			3,311,838
			<hr/> <hr/>
<b>LIABILITIES</b>			
Segment liabilities	17,006	–	17,006
Other payables and accruals			5,341
Lease liabilities			282
			<hr/>
Consolidated liabilities			22,629
			<hr/> <hr/>

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

- all assets are allocated to operating and reportable segments, other than certain property, plant and equipment, right-of-use assets, interests in associates, deposit for acquisition of an investment, rental deposits, certain other receivables, prepayment and deposits and certain bank balances and cash.
- all liabilities are allocated to operating and reportable segments other than certain other payables and accruals and lease liabilities.

#### 4. OTHER INCOME AND OTHER GAINS AND LOSSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Other income</b>		
Rental income	110	–
Interest income on bank deposits	730	1,839
Interest income on rental deposit	14	19
Others	191	5
	<u>1,045</u>	<u>1,863</u>
<b>Other gains and losses</b>		
Gain on disposal of property, plant and equipment	–	10
Foreign exchange gain, net	2,215	5,556
Fair value loss on financial assets at fair value through profit or loss	(3,282)	(10,046)
	<u>(1,067)</u>	<u>(4,480)</u>

#### 5. INCOME TAX EXPENSE

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

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

## 6. PROFIT/(LOSS) FOR THE YEAR

(Profit)/loss for the year has been arrived at after charging/(crediting):

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditor's remuneration		
– Auditor of the Company	1,000	2,948
– Other auditor	711	465
	<u>1,711</u>	<u>3,413</u>
Depreciation of property, plant and equipment	364	355
Depreciation of right-of-use assets	1,210	1,335
Change in provision for rehabilitation costs (included in administrative and operating expenses)	(1,711)	133
Impairment loss on other receivable	(21,636)	–
Staff costs (including directors' emoluments)		
– Salaries and other benefits	14,093	18,646
– Contributions to retirement benefits scheme	144	143
	<u>14,237</u>	<u>18,789</u>
Less: Amount capitalised in mining assets	(4,701)	(3,803)
	<u><u>9,536</u></u>	<u><u>14,986</u></u>

## 7. EARNINGS/(LOSS) PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Profit/(loss) attributable to owners of the Company</b>		
Profit/(loss) for the purposes of calculating basic and diluted earnings/(loss) per share:		
Profit/(loss) for the year attributable to owners of the Company	<u>45,147</u>	<u>(526,232)</u>
	2022 '000	2021 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings/(loss) per share	<u>18,035,062</u>	<u>18,035,062</u>

The weighted average number of ordinary shares for the purpose of calculating basis and diluted earnings/(loss) per share for the years ended 31 March 2022 and 31 March 2021 has been adjusted for the number of ordinary shares held by the Company during the reporting period.

For the year ended 31 March 2022, diluted earnings per share equals basic earnings per share as there was no dilutive potential share.

The calculation of diluted loss per share for the year ended 31 March 2021 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.

## 8. MINING ASSETS

	<i>HK\$'000</i>
<b>Mining assets</b>	
At 1 April 2020	3,015,780
Impairment loss	(626,129)
Additions	6,024
Change in provision for rehabilitation costs	(72)
Exchange realignment	<u>627,039</u>
At 31 March 2021	3,022,642
Reversal of impairment loss	125,148
Additions	7,793
Change in provision for rehabilitation costs	(318)
Exchange realignment	<u>50,105</u>
At 31 March 2022	<u><u>3,205,370</u></u>

The recoverable amounts of the Group's mining assets in South Africa as at 31 March 2022 have been arrived at on the basis of a valuation carried out by an independent qualified professional valuer. Based on the valuation performed, a reversal of impairment losses on the mining assets was recognised. The reversal was mainly resulted from the increase in gold price during the year, offset by the further delay of projects due to lasting of COVID-19 pandemic in South Africa as well as travel restrictions which delays the Group's mining plan in South Africa.

## 9. SHARE CAPITAL

	<b>Number of shares</b>	<b>Share capital <i>HK\$'000</i></b>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	<u>30,000,000,000</u>	<u>300,000</u>
Issue and fully paid:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	<u>18,151,471,981</u>	<u>181,515</u>

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **COVID-19**

During the year under review, the outbreak of COVID-19 pandemic and the emergence of new COVID-19 variants continued to impact on the global and local economy. A series of restrictive and control measures, including travel restrictions and quarantine measures, have been and continued to be implemented by government authorities of the countries, resulting in delays in the work schedule of mining projects and inevitably affect the Group's business operations.

Following to the stabilising prevention and control amid the COVID-19 and a number of COVID-19 vaccines now being successfully rolled out in many countries, the impact of the global outbreak of the COVID-19 has been recovering progressively. Meanwhile, the overall business environment amid the ongoing COVID-19 pandemic is still uncertain and remain challenging. The Group will continue to consistently and actively monitor and evaluate the development of COVID-19 and market conditions, take appropriate actions to alleviate the negative impact of the pandemic on the business operation and financial position of the Group.

### **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 financial year ended 31 March 2022, the Group recorded a basic profit attributable to owners of the Company of approximately HK\$45,147,000 or basic earnings of HK0.25 cents per share, compared with a basic loss attributable to owners of the Company for the year ended 31 March 2021 of approximately HK\$526,232,000 or basic loss of HK2.92 cents per share.

### **DIVIDEND**

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2022 (2021: Nil).

### **BUSINESS REVIEW**

For the year ended 31 March 2022, the Group had no turnover (2021: Nil). The Group recorded a net profit attributable to equity holders of approximately HK\$45,147,000 compared with a net loss attributable to equity holders of approximately HK\$526,232,000 for the previous financial year. The other comprehensive income of approximately HK\$64,655,000 (2021: HK\$633,122,000) mainly arose from the exchange difference on the translation of South African operations.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2022, the Group had no outstanding bank borrowings (2021: Nil) and no banking facilities (2021: Nil). The Group's gearing ratio as at 31 March 2022 was zero (2021: zero), calculated based on the Group's total zero borrowings (2021: zero) over the Group's total assets of approximately HK\$3,440,722,000 (2021: HK\$3,311,838,000).

As at 31 March 2022, the balance of cash and cash equivalents of the Group was approximately HK\$163,168,000 (2021: HK\$163,140,000) and was mainly denominated in HK\$, 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 to its business.

## FOREIGN EXCHANGE EXPOSURE

During the year ended 31 March 2022, the Group operated mainly in South Africa, and the majority of the Group's transactions and balances were denominated in HK\$, US\$, Renminbi 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.

## REVIEW OF BUSINESS OPERATIONS

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

- A multi-disciplinary workshop chaired by the Group's mining consultants to formulate proposals that could further enhance the Jeanette Project economics and optimize the Jeanette Project plan, including by reducing capital requirements, peak funding and the lead-time to production through the use of vertical access and possible synergies with neighbouring infrastructure. The external workshop was followed by a number of internal workshops, which further developed the range of options to achieve the above objectives;
- Advancing the Engineering, Procurement and Construction Contract (“**EPC Contract**”) with Metallurgical Corporation of China Ltd (“**MCC**”) for the Jeanette Project;
- Implementing activities under the Social & Labour Plan in the communities surrounding the Jeanette Project to alleviate poverty in the area;
- Consulting and engaging with local authorities, local communities and regulatory bodies on the content of the next five-year Social & Labour Plan for the Jeanette Project;
- Engaging with the regulatory authority to extend the date for commencement of construction of the Jeanette Project, due to delays caused by the COVID-19 pandemic lockdown;

- The sale of Holfontein Investments (Pty) Limited (“**HIL**”); and
- Identification of near-term gold producing assets for potential acquisition.

As at 31 March 2022, 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.

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 the Feasibility Study (“**FS**”) for the Jeanette Project, which was duly completed with an effective date of 23 July 2019.

The Company and MCCI agreed during the early stages of the FS that the Jeanette Project should be executed in a phased approach as follows:

#### ***Phase 1***

- Completing and commissioning the existing No. 1 Shaft and No. 2B shaft infrastructure and establishing a connection holing between the two shafts to access the northern portion of the orebody;
- Establishing ore reserve development in the northern portion of the orebody and building up the production profile to a rate of 30,833 tons milled per month at a head grade of 11.92g/t; and
- Establishing the surface infrastructure for a stand-alone mining and a modular processing operation at a rate of approximately 370,000 tons milled per annum.

#### ***Phase 2***

- Sinking and developing two new shafts to access the southern portion of the orebody;
- Establishing ore reserve development in the southern portion of the orebody and building up the production profile to a rate of 69,167 tons milled per month at a head grade of 11.06g/t; and
- Increasing the capacity of the processing plant and associated infrastructure to 830,000 tons per annum.

This phased approach has the following advantages over the approach followed initially in the pre-feasibility study (“PFS”):

- A significantly lower Initial Construction Capital Cost Estimate of US\$523.5 million (in 2019 terms) compared to US\$723.8 million (2017 terms) in the PFS, as a result of a more optimal use of the existing shaft infrastructure and the sinking of two new shafts being postponed to Phase 2; and
- A much shorter lead-time to first gold production of 3.6 years, as a result of being able to access the ore reserve much faster than anticipated in the PFS (4.5 years).

Given the above, the Company believes that the phased approach is a superior methodology, especially considering the prevailing global economic and financial market conditions.

The Company therefore reports the FS as representing the outcome of the work done in respect of Phase 1 of the Jeanette Project with a life of mine of 22 years. Accordingly, the Company will consider the timing of the feasibility work for Phase 2 of the Jeanette Project at a future date. Highlights from the results of Phase 1 of the Jeanette Project FS are as follows:

### *Jeanette Project FS Highlights – Phase 1*

Gold Recovered over Life of Project	2.89 Moz
Initial Construction Capital Cost Estimate (2019 terms)	US\$523.5 million
Total Capital Cost over Life of Project (2019 terms)	US\$646.6 million
Capital Efficiency	US\$4,017/oz
After-tax Net Present Value (“NPV”) at 5% Discount rate	US\$509.9 million
After-tax Internal Rate of Return (“IRR”)	14.1%
Life of Mine	22 years
Payback	8.7 years
Cash Operating Costs	US\$471/oz
Profit Margin	46.2%
All In Sustaining Costs (“AISC”)	US\$666/oz
All In Costs (“AIC”)	US\$694/oz

*Notes:*

1. Financials calculated using a gold price of \$1,290/oz and/or 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.

Expenditure on the Jeanette Project for the year ended 31 March 2022 was as follows:

	<i>ZAR million</i>
Consultants & service providers	1.69
Staffing	5.94
Overheads	1.59
	<hr/>
Total	9.22
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Using the FS as a baseline on 30 December 2019, the Company entered into the EPC Contract for the project execution and construction phase of the mine. The original EPC contract called for MCC to finalize the Basic Design for the Jeanette Project which will then lead to MCC submitting a Lump Sum Offer and the finalization of the contractual arrangements for the construction of the Jeanette mine. The Company and MCC commenced negotiations over the terms of the Basic Design agreement in 2020 and made considerable progress. However, ongoing travel restrictions have unfortunately meant that the parties still cannot meet to finalize the terms of the Basic Design agreement.

## **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.

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. Highlights from the results are as follows:

### ***Evander Project BFS Highlights***

Gold Recovered over Life of Project	4,113,000oz
Annual Gold Recovered at Full Production	309,000oz
Recovered Grade over Life of Project	6.51g/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 NPV at 5% Discount Rate	US\$724.8m
After-tax IRR	17.6%
Life of Mine	20 years
Payback	3.6 years
Cash Operating Costs	US\$486/oz
AISC	US\$583/oz
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 MCC, to investigate further capital cost and construction scheduling optimization. Accordingly, the BFS results include the results of this optimization.

Expenditure on the Evander Project for the year ended 31 March 2022 was as follows:

	<i>ZAR million</i>
Consultants & service providers	0.03
Staffing	3.06
Overheads	1.29
	<hr/>
Total	<u>4.38</u>

## **The Pakistan Project**

### ***Reko Garok Gold Minerals (Private) Limited (“The Pakistani Target Company”)***

On 28 December 2016, Bright Quality Management Limited as purchaser (the “**Purchaser**”), which is a wholly-owned subsidiary of the Company, the seller and the guarantor entered into the sale and purchase agreement (the “**Agreement**”), pursuant to which the Purchaser has conditionally agreed to purchase, and the seller has conditionally agreed to sell the entire issued share capital of the BVI Target Company, for the consideration of HK\$146,000,000 (the “**Proposed Acquisition**”). The guarantor has agreed to guarantee the seller’s obligations under the Agreement.

Upon completion of the Proposed Acquisition, the Company would 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 would 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 (the “**First Addendum**”) and 26 June 2020 (the “**Second Addendum**”) respectively to extend the long stop date. Details of the First Addendum and Second Addendum have been disclosed in the announcements dated 25 June 2019 and 26 June 2020 respectively.

On 25 June 2021, the Group 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 Proposed Acquisition (the “**Termination**”). Pursuant to the Termination Agreement, the Proposed Acquisition be terminated with effect from the date of the Termination Agreement, and the Group and the seller released each other from their respective obligations. Following the Termination, HK\$30,000,000 of the deposit has been refunded to the Group, while the seller and the guarantor undertook to refund the remaining HK\$30,000,000 of the deposit (the “**Remaining Deposit**”) on or before 31 December 2021. With regard to the negotiation amongst the purchaser, the seller and the guarantor after 31 December 2021, an agreement was reached and on 27 June 2022, the Purchaser entered into an addendum with the seller (the “**Addendum to Termination Agreement**”). Pursuant to the Addendum to the Termination Agreement, the purchaser, the seller and the guarantor agreed to extend the repayment date for the refund of the Remaining Deposit on or before 31 December 2022. Details about this Termination are set out in the Company’s announcements on 25 June 2021 and 27 June 2022 respectively.

### ***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 “**Joint Venture Agreement**”). The Company has prepared the Pre-Qualification Document (the “**PQD**”) in accordance with the public announcement made by the Department of Mines and Mineral 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 still yet to be announced as a result of delays in political and administration processes due to the Pakistan general election since 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 recovered the US\$15.4 million remaining deposit as per the Joint Venture Agreement on 27 February 2019.

In view of the lack of progress on the result of the PQD Submission as well as the impact of COVID-19, the Board is of the view that the Company should focus and concentrate its resources on the development of Jeanette Project and therefore the Group decided not to advance the development of the “Tanjeel H4 Deposit” in Pakistan.

## **FUTURE PLANS FOR THE JEANETTE PROJECT AND THE EVANDER PROJECT**

### **The Jeanette Project**

As mentioned earlier on 30 December 2019, TGFS, the holder of the Mining Right over the Jeanette Project, entered into the EPC Contract with MCC with an Accepted Contract Amount of US\$521,546,000. Pursuant to the EPC Contract; (i) TGFS has agreed to engage MCC and MCC has agreed to undertake the works of the Jeanette Project on the EPC basis for the initiation, execution and completion of the Works and the remedying of any defects therein; and (ii) the EPC Contract will be split into two contracts, one being between TGFS and MCC for the Engineering and Procurement portion, and the other being between TGFS and MCC’s South African branch for the Construction portion.

In order to progress with the engineering work for the Jeanette Project, the Company and MCC agreed to immediately commence the Basic Design for the Jeanette Project firstly through the conclusion of an agreement between the parties for the Basic Design. This entailed the entering into of a Supplementary Agreement to the EPC Contract and an addendum to the 2018 FS Service Contract, in order to facilitate the completion of the design work for long-lead items, the early works program and to determine the Lump Sum Offer. The addendum to the 2018 FS Service Contract has yet to be concluded due to the reasons detailed below. The final amount for the EPC Contract may differ from the Accepted Contract Amount of US\$521,546,000 as a result of any variations in scope that may arise during the Basic Design work. In addition, MCC will assist the Company to secure 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.

Nevertheless, given the continuous travel restrictions in both South Africa and the People’s Republic of China since the outbreak of COVID-19, the Company is still unable to commence the Basic Design without physical visiting MCC and the technical team of MCC visiting the Jeanette Project. The Company and MCC continues to communicate on the Basic Design and to monitor any changes to the travel restrictions which may allow the commencement of Basic Design. Hence, additional time is required for the Basic Design and to prepare for the finalization of the Lump Sum Offer, potential financing arrangements and the entering into of the Lump Sum Offer Supplementary Agreement which is expected to take place by December of 2022.

Upon finalization of the Lump Sum Offer, the EPC Contract will be subject to the approval of shareholders. Shareholders are referred to the announcements dated 20 May 2020, 30 April 2021 and 23 December 2021 respectively in this regard. The Company will keep shareholders informed of any material development in this regard in due course.

## **The Evander Project**

### ***Contract for the Construction of the Evander Project***

In 2019, the Company and MCCI decided to await the results of the Jeanette FS before committing further time and resources to the contract for the Evander Project. This decision was underpinned by early indications that the Jeanette Project, as a result of the phased approach adopted by the Company and MCCI, would require a lower amount of capital funding and a faster lead-time to first production. The capital cost and lead-time to first production are fundamental to how potential investors look at large-scale gold projects and have a significant bearing on their appetite to commit funding. Subsequently, the FS results of the Jeanette Project was released and the relevant announcement was published on 30 August 2019. Given the Jeanette Project's lower capital cost and shorter lead-time to production, the Company's efforts have therefore been focused on advancing the EPC Contract for the Jeanette Project.

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.

### ***The EIA/EMP Amendment Process***

The full Environmental Impact Assessment (“EIA”) for the Evander Project requires amendment to reflect the positive changes regarding tailings disposal and an application to the Department of Mineral Resources 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 Company already has an Environmental Authorisation for the dewatering and construction phase of the Evander Project. In addition, the Water Use Licence (“WUL”) for abstraction, transport and disposal of excess mine water during the dewatering and construction phase has also been issued.

The amendment of the EIA/Environmental Management Programme (“EMP”) and final WUL for the Evander Project relates to the production phase which will start approximately 6 years after commencement and, as such, is not on the critical path for project construction.

In light of the decision to stay further work on the Evander Project contract, a decision was taken earlier in 2019 to postpone the commencement of the environmental specialist studies. The studies will be initiated once the timing of the Evander Project construction phase has been finalised.

### **Disposal of HIL**

During the year under review, there is no material progress for TGS to dispose of its 100% interest in HIL, whose sole asset is a mining right for coal in terms of MPRDA.

A Sale of Shares and Claims Agreement (the “**Sale Agreement**”) with a potential buyer was terminated since the potential buyer was unable to provide adequate proof of funding. The Company has therefore appointed a broker to oversee the disposal of HIL and to canvas fresh potential buyers.

## **CORPORATE GOVERNANCE CODE**

The Group is committed to achieving high standards of corporate governance. Throughout the year ended 31 March 2022, the Company has complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) of the Stock Exchange, except for the following deviation:

- Under code provision A.2.7 (which has been renumbered as code provision C.2.7 since 1 January 2022) of the CG Code, the chairman should at least annually hold one meeting with the non-executive directors (including independent non-executive directors) without the executive directors present. The co-chairmen have delegated the secretary to the Board to gather any concerns and/or questions that the independent non-executive directors might have and to report to them so that the co-chairmen will arrange a meeting with them.

## **DIRECTORS’ 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 2022.

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 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, change of auditors, internal controls, risk management and financial reporting matters. The audit committee has also reviewed and discussed with the management and auditors about the consolidated financial statements of the Group for the year ended 31 March 2022.

## **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 2022. Each Committee has its defined scope of duties and written terms of reference.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S 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 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](http://www.hkexnews.hk) under "Latest Listed Company Information" and on the website of the Company at [www.taunggold.com](http://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 CROWE (HK) CPA LIMITED ("CROWE")**

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 2022 as set out in the preliminary announcement have been agreed by the Company's auditor, Crowe, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Crowe 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 HKICPA and consequently no assurance has been expressed by Crowe on the preliminary announcement.

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

Hong Kong, 28 June 2022

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