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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 UNAUDITED ANNUAL RESULTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**UNAUDITED ANNUAL RESULTS**

Reference is made to the announcement (the “**Announcement**”) of the Company dated 29 June 2023 in relation to, among other things, delay in the publication of Annual Results. Unless defined otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

For the reasons explained below under “Review of Unaudited Annual Results”, the auditing process for the annual results of Taung Gold International Limited (the “**Company**”) and its subsidiaries (the “**Group**”) for the year ended 31 March 2023 has not been completed and the Company is unable to publish an annual results announcement that has been agreed with the Company’s auditor by 30 June 2023 in accordance with Rule 13.49 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

\* For identification purpose only

The board of directors (the “**Board**”) of the Company announces the unaudited consolidated annual results of the Company and the Group for the year ended 31 March 2023, together with the comparative figures for the year ended 31 March 2022 as follows:

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

*For the year ended 31 March 2023*

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2022 <i>HK\$'000</i> <b>(Audited)</b>
Other income	4	<b>2,086</b>	1,045
Other gains and losses	4	<b>(502)</b>	(1,067)
Administrative and operating expenses		<b>(24,122)</b>	(34,866)
Finance costs		<b>(1,317)</b>	(1,431)
Impairment loss on other receivable		<b>(8,364)</b>	(21,636)
Reversal of impairment loss on mining assets	8	–	125,148
Share of results of associates		<b>(12)</b>	(12)
<b>(Loss)/profit before taxation</b>		<b>(32,231)</b>	67,181
Income tax expense	5	–	–
<b>(Loss)/profit for the year</b>	6	<b>(32,231)</b>	67,181
Other comprehensive income			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>(564,790)</b>	64,655
<b>Total comprehensive (expense)/income for the year</b>		<b>(597,021)</b>	131,836
<b>(Loss)/profit for the year attributable to:</b>			
– Owners of the Company		<b>(27,111)</b>	45,147
– Non-controlling interests		<b>(5,120)</b>	22,034
		<b>(32,231)</b>	67,181
<b>Total comprehensive (expense)/income attributable to:</b>			
– Owners of the Company		<b>(474,108)</b>	96,009
– Non-controlling interests		<b>(122,913)</b>	35,827
		<b>(597,021)</b>	131,836
<b>(Loss)/earnings per share</b>	7		
– Basic and diluted (loss)/earnings per share <i>(HK cents)</i>		<b>(0.15)</b>	0.25

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2023*

	<i>Note</i>	<b>2023</b> <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		1,789	2,341
Mining assets	8	2,655,385	3,205,370
Right-of-use assets		291	1,457
Interests in associates		478	490
Financial assets at fair value through profit or loss		43,406	52,536
Rental deposit		–	425
Pledged bank deposits		635	764
		<b>2,701,984</b>	3,263,383
<b>Current assets</b>			
Other receivables, prepayment and deposits		5,280	14,171
Bank balances and cash		136,708	163,168
		<b>141,988</b>	177,339
<b>Current liabilities</b>			
Lease liabilities		282	1,189
Other payables and accruals		6,520	6,652
		<b>6,802</b>	7,841
<b>Net current assets</b>		<b>135,186</b>	169,498
<b>Total assets less current liabilities</b>		<b>2,837,170</b>	3,432,881
<b>Non-current liabilities</b>			
Lease liabilities		–	282
Provision for rehabilitation costs		13,146	11,554
		<b>13,146</b>	11,836
<b>Net assets</b>		<b>2,824,024</b>	3,421,045

	<i>Note</i>	<b>2023</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2022 <b>HK\$'000</b> <b>(Audited)</b>
<b>Capital and reserves</b>			
Share capital	9	<b>181,515</b>	181,515
Reserves		<b>2,084,274</b>	2,558,382
		<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>		<b>2,265,789</b>	2,739,897
Non-controlling interests		<b>558,235</b>	681,148
		<hr/>	<hr/>
<b>Total equity</b>		<b>2,824,024</b>	3,421,045
		<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 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. 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 unaudited consolidated financial statements, the unaudited 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:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKFRS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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 unaudited 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 2023*

	<b>Gold exploration and development in South Africa HK\$’000 (Unaudited)</b>	<b>Trading of minerals HK\$’000 (Unaudited)</b>	<b>Total HK\$’000 (Unaudited)</b>
<b>REVENUE</b>			
External sales	–	–	–
Segment loss	(11,930)	–	(11,930)
Unallocated other income			1,376
Unallocated corporate expenses			(13,263)
Finance costs – interest on lease liabilities			(38)
Impairment loss on other receivable			(8,364)
Share of results of associates			(12)
Loss before taxation			(32,231)

For the year ended 31 March 2022

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

Segment (loss)/profit during the years ended 31 March 2023 and 31 March 2022 represents (loss)/profit 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 2023

	Gold exploration and development in South Africa <i>HK\$'000</i> (Unaudited)	Trading of minerals <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
<b>ASSETS</b>			
Segment assets	2,705,747	–	2,705,747
Property, plant and equipment			308
Right-of-use assets			291
Interests in associates			478
Other receivables, prepayment and deposits			1,370
Bank balances and cash			135,778
Consolidated assets			2,843,972
<b>LIABILITIES</b>			
Segment liabilities	15,712	–	15,712
Other payables and accruals			3,954
Lease liabilities			282
Consolidated liabilities			19,948

At 31 March 2022

	Gold exploration and development in South Africa <i>HK\$'000</i> (Audited)	Trading of minerals <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
<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
			<hr/>
Consolidated assets			3,440,722
			<hr/> <hr/>
<b>LIABILITIES</b>			
Segment liabilities	14,485	–	14,485
Other payables and accruals			3,721
Lease liabilities			1,471
			<hr/>
Consolidated liabilities			19,677
			<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, 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

	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Audited)
<b>Other income</b>		
Rental income	167	110
Interest income on bank deposits	1,807	730
Interest income on rental deposit	14	14
Others	98	191
	<u>2,086</u>	<u>1,045</u>
<b>Other gains and losses</b>		
Foreign exchange gain, net	(502)	2,215
Fair value loss on financial assets at fair value through profit or loss	–	(3,282)
	<u>(502)</u>	<u>(1,067)</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. LOSS/(PROFIT) FOR THE YEAR

Loss/(profit) for the year has been arrived at after charging/(crediting):

	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Audited)
Auditor's remuneration		
– Auditor of the Company	1,200	1,000
– Other auditor	627	711
	<u>1,827</u>	<u>1,711</u>
Depreciation of property, plant and equipment	294	364
Depreciation of right-of-use assets	1,166	1,210
Change in provision for rehabilitation costs (included in administrative and operating expenses)	2,101	(1,711)
Impairment loss on other receivable	8,364	21,636
Staff costs (including directors' emoluments)		
– Salaries and other benefits	13,281	14,093
– Contributions to retirement benefits scheme	156	144
	<u>13,437</u>	<u>14,237</u>
Less: Amount capitalised in mining assets	(4,374)	(4,701)
	<u><u>9,063</u></u>	<u><u>9,536</u></u>

## 7. (LOSS)/EARNINGS PER SHARE

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

	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Audited)
<b>(Loss)/profit attributable to owners of the Company</b>		
(Loss)/profit for the purposes of calculating basic and diluted (loss)/earnings per share:		
(Loss)/profit for the year attributable to owners of the Company	<u><u>(27,111)</u></u>	<u><u>45,147</u></u>
	2023 '000 (Unaudited)	2022 '000 (Audited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted (loss)/earnings per share	<u><u>18,035,062</u></u>	<u><u>18,035,062</u></u>

The weighted average number of ordinary shares for the purpose of calculating basis and diluted (loss)/earnings per share for the years ended 31 March 2023 and 31 March 2022 has been adjusted for the number of ordinary shares held by the Company during the reporting period.

For the years ended 31 March 2023 and 31 March 2022, diluted loss per share equals basic loss per share as there was no dilutive potential share.

## 8. MINING ASSETS

HK\$'000

### Mining assets

At 1 April 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 (Audited)	3,205,370
Impairment loss	–
Additions	7,303
Change in provision for rehabilitation costs	385
Exchange realignment	<u>(557,673)</u>
At 31 March 2023 (Unaudited)	<u><u>2,655,385</u></u>

## 9. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	<u>30,000,000,000</u>	<u>300,000</u>
Issue and fully paid:		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	<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**

### **UNAUDITED 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 2023, the Group recorded a basic loss attributable to owners of the Company of approximately HK\$27,111,000 (unaudited) or basic loss of HK0.15 cents (unaudited) per share, compared with a basic profit attributable to owners of the Company for the year ended 31 March 2022 of approximately HK\$45,147,000 (audited) or basic earnings of HK0.25 cents (audited) per share.

### **DIVIDEND**

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2023 (2022: Nil).

### **BUSINESS REVIEW**

For the year ended 31 March 2023, the Group had no turnover (unaudited) (2022: Nil (audited)). The Group recorded a net loss attributable to equity holders of approximately HK\$27,111,000 (unaudited) compared with a net profit attributable to equity holders of approximately HK\$45,147,000 (audited) for the previous financial year. The other comprehensive expense of approximately HK\$564,790,000 (unaudited) (2022 income: HK\$64,655,000 (audited)) mainly arose from the exchange difference on the translation of South African operations.

### **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 March 2023, the Group had no (unaudited) outstanding bank borrowings (2022: Nil (audited)) and no (unaudited) banking facilities (2022: Nil (audited)). The Group's gearing ratio as at 31 March 2023 was zero (unaudited) (2022: zero (audited)), calculated based on the Group's total zero (unaudited) borrowings (2022: zero (audited)) over the Group's total assets of approximately HK\$2,843,972,000 (unaudited) (2022: HK\$3,440,722,000 (audited)).

As at 31 March 2023, the balance of cash and cash equivalents of the Group was approximately HK\$136,708,000 (unaudited) (2022: HK\$163,168,000 (audited)) 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 2023, 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:

- 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, to March 2024; and
- Identification of near-term gold producing assets for potential acquisition.

As at 31 March 2023, 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***

- a. 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;
- b. 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
- c. 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***

- a. Sinking and developing two new shafts to access the southern portion of the orebody;
- b. 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
- c. 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 2023 was as follows:

	<i>ZAR million</i>
Consultants and service providers	2.12
Staffing	6.75
Overheads	0.95
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Total	9.82
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## 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	4,113,000 oz
Annual Gold Recovered at Full Production	309,000 oz
Recovered Grade over Life of Project	6.51 g/t
Initial Construction Capital Cost Estimate	US\$579.3 million
Total Capital Cost over Life of Project	US\$714.7 million
Capital Efficiency	US\$2,696/oz
After-tax NPV at 5% Discount Rate	US\$724.8 million
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 US\$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 2023 was as follows:

	<i>ZAR million</i>
Consultants and service providers	0.05
Staffing	2.71
Overheads	1.46
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Total	4.22
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## **The Pakistan Project**

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

On 25 June 2021, Bright Quality Management Limited as purchaser (the “**Purchaser**”, a wholly-owned subsidiary of the Company) decided not to proceed with the sale and purchase agreement dated 28 December 2016 in relation to the proposed acquisition of the entire issued share capital of the BVI Target Company which holds indirectly 21% of the issued share capital of the Pakistani Target Company owning an exploration license for copper, gold and associated minerals in Balochistan, Pakistan (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.

Following the negotiation amongst the Purchaser, the seller and the guarantor, 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 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 the Termination are set out in the Company’s announcements on 25 June 2021 and 27 June 2022 respectively.

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

The Company's South African assets are unique in global terms. They are high grade and host substantial resources of gold. Located in the very well-established gold producing goldfields means that the capital cost of re-establishing the necessary services and utilities is relatively low, when compared to projects in more remote areas elsewhere in the world. The high-grade nature of the Company's gold assets also means that the all-in sustaining costs for the two mines are very competitive, falling in the lowest quartile of the industry cost curve. The Company's strategy remains to advance its projects into construction and ultimately into production and, in doing so, transition from being a gold project developer into a gold producer.

### **The Jeanette Project**

Following the publication of a positive Feasibility Study for the Jeanette Project by MCCI, the Company entered into the EPC contract with MCC on 30 December 2019 for the project execution and construction phase of the Jeanette Project with an Accepted Contract Amount of US\$521,546,000. 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.

The Company has been continuously liaising with MCC regarding the commencement of the Basic Design. 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 original EPC contract called for MCC to finalize the Basic Design for the Jeanette Project. Negotiations over the terms of the Basic Design agreement in 2020 made some progress. However, ongoing travel restrictions to the People's Republic of China (the "PRC") caused by the COVID-19 pandemic unfortunately meant that the parties could not meet to finalize the terms of the Basic Design agreement. Travel restrictions to PRC were only lifted in January 2023.

The purpose of the EPC contract is to facilitate the commencement of the development of the Jeanette mine. EPC contracts are project finance documents that establish a contractual framework between owner and contractor in terms of which design and construction risk is transferred to the contractor. It therefore regulates the basis on which MCC will be required to provide the necessary resources to make mine development possible. In addition to the technical and human resources aspects, the Company and MCC will work together to source financing for the construction and commissioning of the Jeanette Project. Upon full easing of PRC travel restrictions, the Company's management has immediately discussed the arrangement on resumption of Basic Design of the EPC Contract with MCC and the Company and MCC will begin with the Basic Design, which is expected to take 9 to 12 months. The negotiations with potential financiers will also be re-commenced with a view to securing financing and finalizing funding plans upon, or as close as possible after, completion of the Basic Design. The entire process of Basic Design and the arrangement of financing should reasonably be completed within approximately 12 to 18 months.

According to the current EPC contract, the construction and development of Phase 1 of the Jeanette mine should last approximately four years.

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 2023. 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, 23 December 2021 and 22 December 2022 respectively in this regard. The Company will keep shareholders informed of any material development in this regard in due course.

The lockdown implemented in March 2020 in South Africa was finally lifted in April 2022, a month into the period under review. The severe economic impact of the pandemic and the lockdown on communities around the Jeanette Project continued to be felt with high levels of unemployment and food insecurity being evident. Although the Company's first five-year Social and Labour Plan has come to an end, the Company has continued to assist the communities in growing their food, raising poultry and cattle, agro-processing, starting small businesses, and selling produce at market days organized by the Company. A new five-year Social and Labour Plan was submitted to the regulatory authorities in June 2022 and all indications are that it will be accepted. The response from the local community, municipality, and government to these initiatives remains positive. The Company continues to engage extensively with local government and with the regulatory authorities to update them on the challenges faced by the Company.

## **The Evander Project**

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

In 2019, the Company and MCCI decided to await the FS results of the Jeanette Project before committing further time and resources to the contract for the Evander Project. On 30 August 2019, the FS results of the Jeanette Project was released subsequently. Given the Jeanette Project requires lower capital cost and shorter lead-time to production, the Company decided not to commit further time and resources on the Evander Project and focus 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.

The commencement of the environmental specialist studies will be postponed in light of the decision to put off further work on the Evander Project. The studies will be initiated once the Board confirms the timetable of the Evander Project.

### **Disposal of Holfontein Investments (Pty) Limited (“**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 broker appointed to oversee the disposal of HIL and to canvas fresh potential buyers has had no success in finding a buyer for the asset.

## **CORPORATE GOVERNANCE CODE**

The Group is committed to achieving high standards of corporate governance. Throughout the year ended 31 March 2023, the Company has complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules of the Stock Exchange, except for the following deviation:

- Under code provision C.2.7 of the CG Code, the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. The then 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 then co-chairmen will arrange a meeting with them if necessary.
- Under code provision F.2.2 of the CG Code, the chairman of the board should attend the annual general meeting. One of the then co-chairmen of the Board, Mr. Christiaan Rudolph de Wet de Bruin, was unable to attend the annual general meeting of the Company held on 26 August 2022 (the “**AGM**”) due to other business engagement. Ms. Cheung Pak Sum, another the then co-chairman of the Board and respective chairmen of the audit, remuneration and nomination committees of the Company were present and were available to answer questions at the AGM.

## **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 2023.

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 Company has established an audit committee with written terms of reference based on the guidelines recommended by the HKICPA 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 monitor the financial reporting process and internal control procedures of the Group, and to review the Company’s annual and interim reports.

## **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 2023. 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.

## **REVIEW OF UNAUDITED ANNUAL RESULTS**

As at the date of this announcement, for the reasons detailed in the Announcement, the auditing process for the annual results for the year ended 31 March 2023 (the “**Annual Results**”) has not been completed. Rule 13.49(3) of the Listing Rules provides that where an issuer is unable to issue its preliminary results, it must announce its results based on the financial results which have yet to be agreed with the auditor (so far as the information is available). In order to keep the shareholders of the Company and potential investors informed of the Group's business operation and financial position, the Board has decided to publish the unaudited annual results of the Group for the year ended 31 March 2023.

The Board wishes to provide the Shareholders with further information in respect of the major reasons and circumstances leading to the Company's delay in publishing the Annual Results, the expected timetable for publication of the same, and the unaudited consolidated financial information of the Group.

In 2016 and 2019 respectively, the Company arranged for feasibility studies (the “**Feasibility Studies**”) to be conducted on its two mining assets (the “**Mining Assets**”), namely Evander and Jeanette. For the purposes of audit of the Annual Results, the Company is required to conduct an update to the Feasibility Studies and, in particular, to the financial projections of the Mining Assets for impairment assessment. As at the date of this announcement, the Company has appointed technical expert teams (the “**Expert Teams**”) to, among others, assess the Mining Assets' valuation and perform an update to its financial projections and the Feasibility Studies, and the relevant works are underway.

Subject to the progress of the Expert Teams and review by the auditors of the Company (the “**Auditors**”), the Company preliminarily expects that advanced findings of the Expert Teams in respect of the valuation and impairment assessment of the Mining Assets will be ready in or about early August 2023, and subsequently the Annual Results can be published by the end of August 2023 and the annual report for the year ended 31 March 2023 can be despatched by about 15 September 2023.

In the meantime, having further considered the potential implications of a prolonged delay in publication of the Annual Results, the Company has prepared the unaudited consolidated financial information of the Group for the year ended 31 March 2023 (for reference purpose only), which has been reviewed by the audit committee of the Company.

The Board wishes to emphasise that the above unaudited consolidated financial information of the Group is extracted directly from the latest unaudited management accounts of the Group for the year ended 31 March 2023. The unaudited consolidated financial information has not been reviewed or audited by the Auditors, and is therefore subject to potential adjustments and finalisation. In particular, the carrying values of the Mining Assets have yet to be agreed upon with the Auditors and are subject to change potentially to a material extent. The Board cannot guarantee that the unaudited consolidated financial information truly reflects the financial performance and position of the Group and such information might be misleading if any potential adjustments have not been taken into account. Shareholders and potential investors of the Company should note that the actual Annual Results may be significantly different from the disclosure in this announcement.

#### **EVENT AFTER THE REPORTING PERIOD**

As at the date of this announcement, the Group has no material subsequent events after 31 March 2023 which have occurred.

#### **PUBLICATION OF UNAUDITED ANNUAL RESULTS**

This unaudited annual results 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 Company will make further announcement(s) on the publication of the annual report as and when appropriate.

#### **FURTHER ANNOUNCEMENT(S)**

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited annual results for the year ended 31 March 2023 as agreed by the Company’s auditor and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process.

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in all securities of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 3 July 2023, and will remain suspended until further notice.

**Shareholders and potential investors of the Company are reminded not to rely on the unaudited consolidated financial information of the Group set out above and should exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 21 July 2023

*As at the date of this announcement, the Executive Directors of the Company are Ms. Cheung Pak Sum (Chairman) and Mr. Phен 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.*