

TAUNG GOLD | TAUNG GOLD INTERNATIONAL LIMITED
壇金礦業有限公司*

(Incorporated in Bermuda with limited liability)
Stock Code: 621

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* For identification purpose only



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Cheung Pak Sum (*Chairman*)

Mr. Phen Chun Shing Vincent

Independent Non-Executive Directors

Mr. Li Kam Chung

Mr. Chong Man Hung Jeffrey

Mr. Tsui Pang

AUDIT COMMITTEE

Mr. Chong Man Hung Jeffrey (*Chairman*)

Mr. Li Kam Chung

Mr. Tsui Pang

REMUNERATION COMMITTEE

Mr. Li Kam Chung (*Chairman*)

Mr. Chong Man Hung Jeffrey

Mr. Tsui Pang

NOMINATION COMMITTEE

Mr. Chong Man Hung Jeffrey (*Chairman*)

Mr. Li Kam Chung

Mr. Tsui Pang

TECHNICAL, SAFETY AND ENVIRONMENT COMMITTEE

Mr. Li Kam Chung (*Chairman*)

COMPANY SECRETARY

Mr. Tung Yee Shing

AUTHORISED REPRESENTATIVES

Mr. Tung Yee Shing

Ms. Cheung Pak Sum

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Bank of Communications Co., Ltd.

AUDITORS

Baker Tilly Hong Kong Limited

Certified Public Accountants

LEGAL ADVISERS ON HONG KONG LAW

TC & Co., Solicitors

LEGAL ADVISERS ON BERMUDA LAW

Appleby

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited

4th Floor North, Cedar House

41 Cedar Avenue

Hamilton HM12, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1901, 19/F, Nina Tower

8 Yeung Uk Road, Tsuen Wan

New Territories, Hong Kong

REGISTERED OFFICE

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM12, Bermuda

COMPANY WEBSITE

www.taunggold.com

The board of directors (the “Board”) of Taung Gold International Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, referred to as the “Group”) for the six months ended 30 September 2023 together with the comparative figures for the corresponding period in 2022 as follows:

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

For the six months ended 30 September 2023

		Six months ended	
		30 September	
	Notes	2023	2022
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Other income	3	1,593	800
Other gains and losses, net	4	(301)	(339)
Administrative and operating expenses		(11,153)	(8,365)
Finance costs		(29)	(26)
Share of results of associates		(14)	(12)
Loss before taxation		(9,904)	(7,942)
Income tax expense	5	–	–
Loss for the period	6	(9,904)	(7,942)
Other comprehensive expense for the period: <i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(171,847)	(614,757)
Total comprehensive expense for the period		(181,751)	(622,699)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 September 2023

		Six months ended	
		30 September	
		2023	2022
	Note	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
<hr/>			
Loss for the period attributable to:			
Owners of the Company		(8,876)	(4,379)
Non-controlling interests		(1,028)	(3,563)
		(9,904)	(7,942)
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Total comprehensive expense attributable to:			
Owners of the Company		(142,714)	(490,659)
Non-controlling interests		(39,037)	(132,040)
		(181,751)	(622,699)
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Loss per share			
Basic (HK cents)	8	(0.05)	(0.02)
Diluted (HK cents)		(0.05)	(0.02)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Non-current assets		
Property, plant and equipment	1,806	1,789
Mining assets	2,486,073	2,652,928
Right-of-use assets	2,377	291
Interests in associates	1,254	1,269
Financial assets at fair value through profit or loss	25,006	26,727
Pledged bank deposits	594	635
	2,517,110	2,683,639
Current assets		
Other receivables, prepayment and deposits	5,044	5,344
Bank balances and cash	121,385	136,708
	126,429	142,052
Current liabilities		
Lease liabilities	1,388	282
Other payables and accruals	6,297	8,043
	7,685	8,325
Net current assets	118,744	133,727
Total assets less current liabilities	2,635,854	2,817,366

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 September 2023

	Note	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Non-current liabilities			
Lease liabilities		1,086	–
Provision for rehabilitation costs		12,299	13,146
		13,385	13,146
Net assets			
		2,622,469	2,804,220
Capital and reserves			
Share capital	9	181,515	181,515
Reserves		1,924,291	2,067,005
Equity attributable to owners of the			
Company		2,105,806	2,248,520
Non-controlling interests		516,663	555,700
Total equity			
		2,622,469	2,804,220

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Other reserves HK\$'000	Contributed surplus HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2023 (audited)	181,515	5,307,443	(829)	(74,746)	147,828	(1,448,324)	(1,864,367)	2,248,520	555,700	2,804,220
Loss for the period	-	-	-	-	-	-	(8,876)	(8,876)	(1,028)	(9,904)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(133,838)	-	(133,838)	(38,009)	(171,847)
Total comprehensive expense for the period	-	-	-	-	-	(133,838)	(8,876)	(142,714)	(39,037)	(181,751)
At 30 September 2023 (unaudited)	181,515	5,307,443	(829)	(74,746)	147,828	(1,582,162)	(1,873,243)	2,105,806	516,663	2,622,469

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Other reserves HK\$'000	Contributed surplus HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2022 (audited)	181,515	5,307,443	(829)	(74,746)	147,828	(1,002,932)	(1,818,382)	2,739,897	681,148	3,421,045
Loss for the period	-	-	-	-	-	-	(4,379)	(4,379)	(3,563)	(7,942)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(486,280)	-	(486,280)	(128,477)	(614,757)
Total comprehensive expense for the period	-	-	-	-	-	(486,280)	(4,379)	(490,659)	(132,040)	(622,699)
At 30 September 2022 (unaudited)	181,515	5,307,443	(829)	(74,746)	147,828	(1,489,212)	(1,822,761)	2,249,238	549,108	2,798,346



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Six months ended 30 September 2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Net cash used in operating activities	(11,302)	(18,134)
Net cash used in investing activities	(2,870)	(3,103)
Net cash generated from/(used in) financing activities	2,163	(558)
Net decrease in cash and cash equivalents	(12,009)	(21,795)
Cash and cash equivalents at beginning of the period	136,708	163,168
Effect of foreign exchange rate changes	(3,314)	8,930
Cash and cash equivalents at end of the period, represented by bank balances and cash	121,385	150,303



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements has been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosures requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The accounting policies and methods of computation used in the preparation of unaudited condensed consolidated financial statements for six months ended 30 September 2023 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2023.

The Group had applied the following new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except as described below, the application of the new and 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.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2023

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

(Continued)

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2023

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

(Continued)

New and amendments to HKFRSs in issue but not yet effective

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures	Amendments to the Classification and Measurement of Financial Instruments ³
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

⁵ Effective for annual periods beginning on or after a date to be determined.

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



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2023

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

(Continued)

New and amendments to HKFRSs in issue but not yet effective *(Continued)*

Amendments to HKFRS 9 Financial instruments and HKFRS 7 Financial instruments: disclosures “Amendments to the classification and measurement of financial instruments”

The amendments include requirements on:

- classification of financial assets with environmental, social or governance (ESG) targets and similar features;
- settlement of financial liabilities through electronic payment systems; and
- disclosures regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent feature.

The directors of the Company will assess the impact on the application of the amendments. Based on preliminary review of the Group’s financial instruments, the application of the amendments is not expected to have impact on the financial position or performance of the Group but may affect the disclosures in the consolidated financial statements.

HKFRS 18 Presentation and disclosure in financial statements

HKFRS 18 will replace HKAS 1 and aims to improve the transparency and comparability of information about an entity’s financial performance. The main changes comprise a more structured income statement, an enhanced disclosure requirements on management-defined performance measures (“MPMs”) and enhanced requirements on aggregation and disaggregation of information.

The directors of the Company will assess the impact on the application of HKFRS 18. For the moment, it is not practicable to provide a reasonable estimate of the effect of HKFRS 18 on the presentation of the Group’s performance in the consolidated statement of profit or loss and other comprehensive income until the Group performs a detailed review.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2023

2. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, 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.

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

For the six months ended 30 September 2023

	Gold exploration and development in South Africa HK\$'000 (unaudited)	Trading of minerals HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
REVENUE			
External sales	-	-	-
RESULTS			
Segment loss	(4,802)	-	(4,802)
Unallocated other income			982
Unallocated corporate expenses			(6,041)
Finance costs – interest on lease liabilities			(29)
Share of result of associates			(14)
Loss before taxation			(9,904)



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2023

2. SEGMENT INFORMATION *(Continued)*

For the six months ended 30 September 2022

	Gold exploration and development in South Africa HK\$'000 (unaudited)	Trading of minerals HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
REVENUE			
External sales	–	–	–
RESULTS			
Segment loss	(3,436)	–	(3,436)
Unallocated other income			360
Unallocated corporate expenses			(4,828)
Finance costs – Interest on lease liabilities			(26)
Share of result of associates			(12)
Loss before taxation			(7,942)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2023

3. OTHER INCOME

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Rental income	76	154
Interest income on rental deposit	7	7
Interest income on bank deposits	1,337	622
Others	173	17
	1,593	800

4. OTHER GAINS AND LOSSES, NET

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Gain on disposal fixed assets	173	–
Foreign exchange loss, net	(474)	(339)
	(301)	(339)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

5. INCOME TAX EXPENSE

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

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

6. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	116	179
Depreciation of right-of-use assets	631	583
Staff costs (including directors' emoluments)		
Salaries and other benefits (Note)	5,652	5,965
Contributions to retirement benefits scheme	77	76
Less: Amounts capitalised in mining assets	(1,886)	(2,164)
	3,843	3,877

Note: During the period ended 30 September 2022, the Group received Covid-19 related government grants HK\$216,000 which has been offset against staff costs. No such grant was received during the period ended 30 September 2023.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2023

7. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company for the six months ended 30 September 2023 together with the comparative figures for 2022 are as follows:

	Six months ended 30 September 2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Loss attributable to owners of the Company for the purposes of calculating basic and diluted loss per share	(8,876)	(4,379)

	Six months ended 30 September 2023 '000	2022 '000
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	18,035,062	18,035,062

The weighted average number of ordinary shares for the purpose of calculating basis and diluted loss per share for the periods ended 30 September 2023 and 2022 has been adjusted for the number of ordinary shares held by the Company during the reporting period.

For the periods ended 30 September 2023 and 2022, diluted loss per share equals basic loss per share as there were no outstanding potential ordinary shares.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 September 2023

9. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 March 2023 and 30 September 2023	30,000,000,000	300,000
Issue and fully paid:		
At 31 March 2023 (audited)	18,151,471,981	181,515
At 30 September 2023 (unaudited)	18,151,471,981	181,515

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



MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group is principally engaged in investment holding, trading of minerals and exploration, development and mining of gold and associated minerals in South Africa.

During the period ended 30 September 2023, the Group recorded a basic loss attributable to owners of the Company of approximately HK\$8,876,000 or basic loss of HK0.05 cents per share, compared with a basic loss attributable to owners of the Company for the period ended 30 September 2022 of approximately HK\$4,379,000 or basic loss of HK0.02 cents per share.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2023, the Group had no outstanding bank borrowings (31 March 2023: Nil) and no banking facilities (31 March 2023: Nil).

The Group's gearing ratio as at 30 September 2023 was zero (31 March 2023: zero), calculated based on the Group's total zero borrowings (31 March 2023: zero) over the Group's total assets of approximately HK\$2,643,539,000 (31 March 2023: HK\$2,825,691,000).

As at 30 September 2023, the balance of cash and cash equivalents of the Group was approximately HK\$121,385,000 (31 March 2023: HK\$136,708,000) and was mainly denominated in Hong Kong Dollars ("HK\$"), United States Dollars ("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 in its business.

FOREIGN EXCHANGE EXPOSURE

During the period ended 30 September 2023, the Group operated mainly in South Africa, and the majority of the Group's transaction and balances were denominated in HK\$, US\$ 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.



MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

REVIEW OF BUSINESS OPERATIONS

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

- 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 second Social & Labour Plan for the Jeanette Project in the communities surrounding the Jeanette Project to alleviate poverty in the area;
- Engaging with the regulatory authority to extend the date for commencement of construction of the Jeanette Project; and
- Identification of near-term gold producing assets for potential acquisition.

As at 30 September 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 Taung Gold (Pty) Limited ("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. During the period under review, ZAR9.82 million was spent on the Jeanette Project.

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 a Feasibility Study ("FS") for the Jeanette Project. The FS was duly completed with an effective date of 23 July 2019.



MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

REVIEW OF BUSINESS OPERATIONS *(Continued)*

The Jeanette Project *(Continued)*

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).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

REVIEW OF BUSINESS OPERATIONS *(Continued)*

The Jeanette Project *(Continued)*

Subsequently in October 2023, the Company engaged Minxcon (Pty) Ltd (“Minxcon”), one of the most reputable mining service provider in South Africa, to update the mining approach and plan, and the cost data for the Jeanette Project. Highlights of the updated data are as follows:

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.

Expenditure on the Jeanette Project for the period ended 30 September 2023 was as follows:

	ZAR million
Consultants & service providers	2.50
Staffing	6.75
Overheads	0.57
Total	9.82

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 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. During the period under review, ZAR4.22 million was spent on the Evander Project.

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 for the Evander Project.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

REVIEW OF BUSINESS OPERATIONS *(Continued)*

The Evander Project *(Continued)*

Subsequently in October 2023, the Company engaged Minxcon to update the cost data for the Evander Project. Highlights of the updated data are as follows:

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.

Expenditure on the Evander Project for the period ended 30 September 2023 was as follows:

	ZAR million
Consultants & service providers	1.40
Staffing	2.70
Overheads	0.12
Total	4.22

FUTURE PLANS FOR THE JEANETTE PROJECT AND THE EVANDER PROJECT

The Jeanette Project

The Group entered into the EPC contract with MCC on 30 December 2019 for the project execution and construction phase of the Jeanette Project. 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 undertook to provide the necessary resources to make mine development possible. Aspects covered by the EPC contract included works relating to final engineering design, procurement, manufacturing and construction of the mine and infrastructure.

In addition, MCC undertook to assist the Company in securing 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.



MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

FUTURE PLANS FOR THE JEANETTE PROJECT AND THE EVANDER PROJECT

(Continued)

The Jeanette Project *(Continued)*

Following the full easing of PRC travel restrictions in light of the COVID-19 pandemic, the Company's management has immediately discussed the arrangement on potential fund raising, resumption of the Basic Design of the EPC contract with MCC, and also resumed in-person visits to MCC in April 2023 and the project site in South Africa in September 2023.

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 were released. Given 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.

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 and Energy in South Africa 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.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

FUTURE PLANS FOR THE JEANETTE PROJECT AND THE EVANDER PROJECT

(Continued)

Latest discussions with MCC

As at the date of this report, the Group had had further discussions with MCC in relation to the development and financing arrangements of the Jeanette Project and the Evander Project. According to the latest discussion, MCC will refine the mining plan and financing arrangements for the Jeanette Project and the Evander Project based on the 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:

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

As additional time is required for the Basic Design and finalization of the lump sum contract amount, the lump sum offer supplementary agreement (supplementing the EPC Contract with the finalised engineering design method, lump sum contract amount, etc.) is expected to be entered into by December of 2024. Upon finalization of the lump sum contract amount, the lump sum offer supplementary agreement, 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, 22 December 2022 and 29 December 2023 respectively in this regard. The Company will keep shareholders informed of any material development in this regard in due course.

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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

EMPLOYEE AND REMUNERATION POLICY

As at 30 September 2023, the total number of employees, excluding workers under exclusive sub-contracting arrangement, of the Group was 24 (31 March 2023: approximately 24). The Group's remuneration policy is primarily based on their performance, working experience and the prevailing market conditions. Employee benefits include mandatory provident fund (pension) and share option scheme, etc.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 4 January 2010 (the "2010 Share Option Scheme") and its mandate limit was refreshed on 21 November 2014. The 2010 Share Option Scheme had been expired on 3 January 2020.

A resolution was passed at a special general meeting of the Company held on 28 August 2020 to approve and adopt the new share option scheme (the "2020 Share Option Scheme"). The maximum number of shares which may be issued under the 2020 Share Option Scheme is 1,815,147,198 shares (representing 10% of the issued share capital of the Company on 28 August 2020). The principal terms of the 2020 Share Option Scheme were summarized and set out in the 2023 annual report of the Company. No share options has been granted or exercised under 2020 Share Option Scheme as at 30 September 2023.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 September 2023, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), were as follows:

Long positions in shares and underlying shares of the Company

Name of Director	Number of Shares			Percentage of the issued share capital of the Company
	Personal interests	Corporate interests	Total interests	
Christiaan Rudolph de Wet de Bruin (resigned on 14 June 2023)	244,650,717	–	244,650,717	1.30%

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES (Continued)

Save as disclosed above, as at 30 September 2023, so far as is known to the directors and chief executives of the Company, no other person had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register as required to be kept by the Company under Section 352 of the SFO or as otherwise pursuant to the Model Code, notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 September 2023, the following shareholders had, or were deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

(a) Long positions in shares and underlying shares of the Company

Name of shareholders	Number of shares held	Underlying shares of equity derivatives	Total interests	Percentage of issued shares as at 30 September 2023
Goldborn Holdings Limited	2,001,362,075	–	2,001,362,075	11.03%
Mandra Materials Limited (Note)	777,434,722	–	777,434,722	4.28%
Mandra Esop Limited (Note)	16,238,369	–	16,238,369	0.09%
Woo Foong Hong Limited (Note)	276,530,727	–	276,530,727	1.52%

Note: Mandra Materials Limited, Mandra Esop Limited and Woo Foong Hong Limited are 50% owned by Mr. Zhang Songyi. Hence, Mr. Zhang Songyi is deemed to be interested in the shares held by Mandra Materials Limited, Mandra Esop Limited and Woo Foong Hong Limited for the purpose of SFO.



MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES *(Continued)*

(b) Short positions in shares and underlying shares of the Company

There were no short positions in the shares and underlying shares of the Company and its associated corporations, which were recorded in the register as required to be kept under Section 336 of Part XV of the SFO.

Save as disclosed herein, as at 30 September 2023, no person, other than the directors and chief executives of the Company, whose interests are set out in the section "Directors' and Chief Executives' interests in securities" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE CODE

In the opinion of the directors, the Company had complied with the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 (which has been renumbered to Appendix C1 with effect from 31 December 2023) to the Listing Rules during the six months ended 30 September 2023.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 (which has been renumbered to Appendix C3 with effect from 31 December 2023) of the Listing Rules as its own code of conduct regarding directors' securities transactions. The Company has made specific enquiries of all the directors and all the directors confirmed that they have complied with the required standards set out in the Model Code for the six months ended 30 September 2023.

The Company has also established written guidelines on 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 incidents of non-compliance of the Written Guidelines by the relevant employees were noted by the Company.



MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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, internal controls, risk management and financial reporting matters. The audit committee has also reviewed and discussed with the management of the Company the unaudited consolidated financial statements for the six months ended 30 September 2023.

PURCHASE, SALE OR REDEMPTION OF 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 reporting period.

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

Hong Kong, 20 September 2024