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

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

ANNUAL REPORT 2018

* For identification purpose only

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li Hok Yin *(Co-chairman)*
Mr. Christiaan Rudolph de Wet de Bruin *(Co-chairman)*
Mr. Neil Andrew Herrick *(Chief Executive Officer)*
Ms. Cheung Pak Sum
Mr. Igor Levental
(resigned on 1 September 2017)
Mr. Phen Chun Shing Vincent

Independent Non-Executive Directors

Mr. Chong Man Hung Jeffrey
(appointed on 31 October 2017)
Mr. Chui Man Lung, Everett
(resigned on 31 October 2017)
Mr. Li Kam Chung
Mr. Tsui Pang

COMPANY SECRETARY

Ms. Wong Pui Yee

AUTHORISED REPRESENTATIVES

Mr. Li Hok Yin
Ms. Cheung Pak Sum

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.

AUDITORS

Deloitte Touche Tohmatsu

LEGAL ADVISERS ON HONG KONG LAW

TC & Co., Solicitors

LEGAL ADVISERS ON BERMUDA LAW

Appleby

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11, Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 1901, 19/F, Nina Tower
8 Yeung Uk Road, Tsuen Wan
New Territories, Hong Kong

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton, HM12, Bermuda

COMPANY WEBSITE

www.taunggold.com

CHAIRMAN'S STATEMENT

Dear Shareholders and Employees,

On behalf of the Board of Directors, we are pleased to present the annual report of Taung Gold International Limited (the "Company" or "Taung Gold") and its subsidiaries (collectively the "Group") for the year ended 31 March 2018 (the "Year").

We would like to express our gratitude to our fellow directors, management and employees for their commitment and dedication to the Company.

During the year under review the registration of the Mining Right for the Jeanette Project into the name of Taung Gold Secunda (Pty) Limited was completed and this has subsequently led to the initiation of the next stage of feasibility work for the project. This next stage should be completed by December 2018, with the announcement of the results thereof during early 2019. The Company now has a Mining Right registered at each of its South African projects and attention is now focused on completing the commercial negotiations for a Design & Build contract and financing for the Evander Project and, on the completion of the feasibility work for the Jeanette Project.

We hold the view that the global gold mining industry is entering a period of transformation fundamentally driven by record levels of production and a three-decade long lack of discovery of large gold deposits, which will impact negatively on production levels moving forward.

Accordingly, we believe that as our two large projects enter construction and ultimately production, each one will be very well positioned to benefit from this expected transformation.

GOLD

There is compelling evidence indicating a transformation of the gold mining industry that will most likely manifest in a reduction in supply from mines. This bodes well for the Company's assets and should also impact positively on the gold price. The following facts illustrate this belief:

- Global gold production hit an all-time record in 2016 at just over 3,200 tons[1], its seventh consecutive all-time high and almost double the level of the late 1980's;

- The amount of gold ever mined has doubled since the mid-1970's and is now approximately 190,000 tons[1];

- As of the end of 2016, estimated in-situ mineral reserves of gold were just over 55,000 tons and even including a generous average metallurgical recovery factor of 90%, this would provide for less than 15 years of new gold supply at current production rates[1];

- Over 50% of current gold production is sourced from mines that produce more than 250koz of gold per annum[1];

- Despite significantly increased global spend on gold exploration, the rate at which the metal is being discovered has been in decline for the last three decades and there has also been a corresponding and profound lack of discovery of "world-class" deposits, i.e. those larger than 5 million ounces capable of producing over 250koz of gold per annum[1];

- The few large deposits that have been discovered in the last couple of decades are in increasingly remote locations and face significant infrastructural and environmental challenges;

- The percentage of gold sourced from underground mines has been in decline since the early 1970's as South African production declined and as technological and engineering advances enabled larger and more efficient mining and processing equipment resulting in very large tonnage, low grade surface mines. During this time the average grade of processed ore has fallen from over 10g/t to below 1.5g/t[1];

- The trend over the past few decades towards open-pit mining must reverse as existing open-pit operations transition to underground mining in order to access their deeper reserves and, as the depth of discovery of any new deposits continues to increase.

The Company's South African assets are therefore quite unique in global terms in that they are high grade and host mineral resources of much more than 5 million ounces of gold. In addition, they are located in very well-established gold producing regions in the world-renowned Witwatersrand Basin, each enjoying close proximity to the required infrastructure and services and the benefit of SAMREC compliant Mineral Resources and Reserves. Furthermore, as a result of the extensive design, engineering and economic feasibility work done in the past few years it is anticipated that the projects will each deliver production profiles in excess of 300koz per annum with All-In Sustaining Costs below US$600 per ounce of gold, in the lowest quartile of the industry cost curve.

EVANDER PROJECT

Having a registered Mining Right for the Evander Project and also having completed the Bankable Feasibility Study in the previous reporting period, the Company is now engaged in discussions with MCC International Incorporation Ltd. ("MCCI") in respect of a commercial arrangement for a Design & Build Contract for the construction of the Project. The discussions are focused on the finalization of a contract value and will result in a binding term sheet which will then inform discussions with financial institutions in respect of financing for the project. The amendment of the Mining Works Program and the Environmental Management Plan is ongoing and will reflect the changes associated with tailings deposition as detailed in the Management Discussion and Analysis.

The project is an attractive proposition in a gold industry in which quality development projects are increasingly rare.

1. *Information source: World Gold Council – Gold 2048, The next 30 years for gold.*

CHAIRMAN'S STATEMENT

JEANETTE PROJECT

On 6 December 2017, the registration of the Mining Right for the Jeanette Project in the name of Taung Gold Secunda (Pty) Limited, a wholly owned subsidiary of Taung Gold (Pty) Limited, was completed. This paved the way for the commencement of the Bankable Feasibility Study for the Project and shortly after the end of the Year, the Company entered into a Service Contract with MCCI for the completion of the feasibility study. It is expected that the study will be completed by the end of 2018 and that the results will be announced shortly thereafter.

ECONOMIC ENVIRONMENT AND OUTLOOK

Sustained slow growth and market uncertainty continue to dominate the narrative of the prevailing economic environment. Geopolitical tensions, unpopular migration flows and climate change, amongst others, contribute to this ongoing environment that will likely persist for some time to come.

In South Africa, President Ramaphosa has prepared an economic policy platform called the "New Deal" for South Africa. Amongst other objectives, it is designed to support business and consumer confidence and its priorities include increased policy certainty, job creation and boosting growth and investment.

We therefore believe that the economic environment will remain supportive of a strong gold price and, that the transformation of global gold mine production together with the anticipated improvements in the South African business scene, will enhance the value proposition of the Company's assets.

On behalf of the Board

Li Hok Yin	**Christiaan Rudolph de Wet de Bruin**
Co-chairman	*Co-chairman*

Hong Kong, 28 June 2018

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group is principally engaged in investment holding, trading of mineral and exploration, development and mining of gold and associated minerals in Republic of South Africa ("South Africa") and Republic of Indonesia ("Indonesia").

During the financial year 2017/2018, the Group recorded a loss attributable to owners of the Company of approximately HK$389,047,000 or loss of HK$2.14 cents per share basic, compared with a profit attributable to owners of the Company for the year 2016/2017 of approximately HK$128,217,000 or earnings of HK$0.82 cents per share basic.

DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2018 (2017: Nil).

BUSINESS REVIEW

For the year ended 31 March 2018, the Group had no turnover (2017: Nil). The Group recorded a net loss attributable to equity holders of approximately HK$389,047,000 compared with a net profit attributable to equity holders of approximately HK$128,217,000 for the last financial year. The other comprehensive income of approximately HK$79,914,000 (2017 income: HK$75,231,000) mainly arose from the exchange difference on the translation of South African operations.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2018, the Group had no outstanding bank borrowings (2017: Nil) and no banking facilities (2017: Nil). The Group's gearing ratio as at 31 March 2018 was zero (2017: zero), calculated based on the Group's total zero borrowings (2017: zero) over the Group's total assets of approximately HK$5,056,714,000 (2017: HK$5,386,307,000).

As at 31 March 2018, the balance of cash and cash equivalents of the Group was approximately HK$162,906,000 (2017: HK$383,894,000) and were mainly denominated in Hong Kong Dollars and South African Rand. 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 2018, the Group operated mainly in the PRC and the Republic of South Africa, and the majority of the Group's transactions and balances were denominated in Hong Kong Dollars, Renminbi, United States Dollars and South African Rand. However, as the directors consider that the 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 significant foreign currency exposure should this be deemed prudent.

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:

- Securing the Mining Right for the Jeanette Project, including activities associated with the Social & Labour Plan ("SLP") in the communities surrounding the project;

- Advancing the commercial arrangements for the Design & Build Contract and financing for the Evander Project; and

- Corporate activity with respect to the Pakistan Projects.

As at 31 March 2018 the Company had not conducted any mining or production activities.

The Evander Project

The Evander Project comprises the Six Shaft area and the Twistdraai area on the northeastern limb of the Witwatersrand Basin, Mpumalanga Province, South Africa. Evander Gold Mines Limited ("EGM") held the Mining Right No. 107/2010. The Mining Right No. 107/2010 was registered in the name of Taung Gold Secunda (Pty) Limited ("TGS") in December 2013 and permits the mining of gold and associated minerals in the Six Shaft and Twistdraai area.

Table 1 below shows the mineral reserve as determined pursuant to the completion of the bankable feasibility study for the Evander Project.

Table 1: Probable Reserves for the Evander No. 6 Shaft Project

MINERAL RESERVE CLASSIFICATION	Tonnes (Mt)	Head Grade (g/t)	Gold Content (Moz)
Probable Reserves	19.64	6.80	4.29

Notes:

1. A Probable Mineral Reserve is the economically mineable material derived from a Measured or Indicated Mineral Resource or both. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-Feasibility Study for a project and Life of Mine Plan for an operation must have been completed, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors). Such modifying factors must be disclosed.

2. The information in this report that relates to the Probable Mineral Reserve for the Evander Project is based on information compiled by Mr. Timothy Vyvyan Spindler, who is an Associate Principal Mining Engineer with Turnberry an independent mining and metallurgical consultancy engaged by Taung Gold (Proprietary) Limited. Mr. Spindler is a Fellow in good standing of the Southern African Institute of Mining and Metallurgy and is registered as a Professional Engineer with the Engineering Council of South Africa. Mr. Spindler holds a B.Sc. Degree in Mining from the University of the Witwatersrand (1977) and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities that he has undertaken to qualify as a Competent Person as defined in the 2007 Edition of the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves. Mr. Spindler has consented to the inclusion in this report of the matters based on information provided by him, in the form and context in which they appear.

Mineral Reserves were calculated using a commodity price of ZAR455,736 per kilogram of gold (i.e. US$1,350.00/oz at US$1.00 = ZAR10.00), substantially below the price of ZAR580,638 per kilogram of gold used in the BFS (US$1,290.00/oz at US$1.00 = ZAR14.00). The commodity price of ZAR455,736 per kilogram of gold was determined according to industry norms at the time that the design and scheduling of the underground development and stoping commenced.

Tables 2 and 3 below show the mining modifying factors applied in the conversion of Measured and Indicated Mineral Resources into Probable Mineral Reserves and Table 4 shows the summary of the computation of the Probable Mineral Reserve for the Evander No. 6 Shaft Project.

Table 2: Modifying Factors for the Evander Project for steep dipping areas on the Kimberley Reef horizon (Turnberry, 2014).

MODIFYING FACTORS	VALUE
Hangingwall and Footwall overbreak	10cm
Minimum stoping width	110cm
Unknown major geological losses	15%
Unknown minor geological losses	8%
Mining losses	2%
Stope dilution	4%
Mine Call Factor	92%

Table 3: Modifying Factors for the Evander Project for flat dipping areas on the Kimberley Reef horizon (Turnberry, 2014).

MODIFYING FACTORS	VALUE
HW and FW overbreak	10cm
Minimum stoping width	110cm
Unknown major geological losses	15%
In-stope dilution/loss due to minor structures	8%
Mining losses	2%
Stope dilution	8%
Mine Call Factor	88%

Table 4: Mineral Resource to Reserve Calculation for the Evander Project (Turnberry, 2014)

PARAMETER	Tonnes (Mt)	Mining Grade (g/t)	Gold (t)	Gold (Moz)
Total Measured and Indicated Resource	19.85	8.47	168.27	5.41
Resource outside design area	-1.24	2.57	3.20	-0.10
Mining losses	-0.35	8.86	-3.06	-0.10
Dilution (Minor Structures)	–	–	-13.48	-0.43
Stope dilution	1.14	–	–	–
Diluted Mineable Resource	19.64	7.56	148.54	4.78
Mine Call Factor (90%)	–	–	-15.01	-0.48
Probable Reserves	19.64	6.80	133.54	4.29

Table 5 below shows the mineral resource estimate of the Six Shaft area using a 500cmg/t cut-off grade as at 5 February 2016.

Table 5: Mineral Resource estimate of No. 6 Shaft area as at 5 February (ExplorMine)

MINERAL RESOURCE CATEGORY	Mining Tonnes (Mt)	Mining Width (cm)	Mining Grade (g/t)	Mining Grade (cmg/t)	Channel Width (cm)	Channel Grade (g/t)	Gold (t)	Gold (Moz)
Six Shaft Area Mineral Resources at a 500cmg/t Cut-off Grade								
Measured	0.11	119	10.18	1,211	82	14.80	1.09	0.04
Indicated	18.84	112	8.63	969	76	12.73	162.64	5.23
Inferred	6.86	112	7.42	835	74	11.36	50.96	1.64
Total Measured and Indicated	18.94	112	8.65	971	76	12.75	163.73	5.26
TOTAL MINERAL RESOURCES *(Note)**	25.81	112	8.33	934	75	12.39	214.69	6.90

* *100% attributable ounces*

Calculations may not be precise due to rounding to the appropriate figure. Mineral Resources are inclusive of Mineral Reserves.

Table 6 below shows the mineral resource estimate of the Twistdraai area using a 500cmg/t cut-off grade as at 5 February 2016.

Table 6: Mineral Resource estimate of Twistdraai area as at 5 February 2016 (ExplorMine)

MINERAL RESOURCE CATEGORY	Mining Tonnes (Mt)	Mining Width (cm)	Mining Grade (g/t)	Mining Grade (cmg/t)	Channel Width (cm)	Channel Grade (g/t)	Gold (t)	Gold (Moz)
Twistdraai Area Mineral Resources at a 500cmg/t Cut-off Grade								
Measured	–	–	–	–	–	–	–	–
Indicated	0.91	109	4.99	508	36	14.07	4.54	0.15
Inferred	2.65	109	6.35	696	39	17.63	16.82	0.54
Total Measured and Indicated	0.91	109	4.66	508	36	14.07	4.54	0.15
TOTAL MINERAL RESOURCES *(Note)**	3.65	109	5.95	648	39	16.78	21.36	0.69

* *100% attributable ounces*

Calculations may not be precise due to rounding to the appropriate figure.

Table 7 below shows the mineral resource estimate of the total Evander Project (comprising the Six Shaft and Twistdraai areas using a 500cmg/t cut-off grade as at 5 February 2016.

Table 7: Evander Project Mineral Resource estimate as at 5 February 2016 (ExplorMine)

MINERAL RESOURCE CATEGORY	Mining Tonnes (Mt)	Mining Width (cm)	Mining Grade (g/t)	Mining Grade (cmg/t)	Channel Width (cm)	Channel Grade (g/t)	Gold (t)	Gold (Moz)
Total Project Mineral Resources at a 500cmg/t Cut-off Grade								
Measured	0.11	119	10.18	1,211	82	14.80	1.09	0.04
Indicated	19.75	112	8.47	948	74	12.76	167.18	5.37
Inferred	9.51	111	7.12	796	64	12.43	67.77	2.18
Total Measured and Indicated	19.85	112	8.47	949	74	12.78	168.27	5.41
TOTAL MINERAL RESOURCES *(Note)**	29.37	112	8.05	900	71	12.68	236.04	7.59

* *Calculations may not be precise due to rounding to the appropriate figure. Mineral Resources are inclusive of Mineral Reserves.*

Note: The information in this report that relates to the Mineral Resource for the Evander Project is based on information compiled by Mr. Garth Mitchell, who is a full time employee of ExplorMine Consultants, an independent mineral resources consultancy engaged by Taung Gold (Proprietary) Limited. Mr. Mitchell is a Member of the South African Council of Natural Scientific Professions ("SACNASP"), the Southern African Institute of Mining and Metallurgy ("SAIMM") and the Geological Society of South Africa ("GSSA"). Mr. Mitchell has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities that he has undertaken to qualify as a Competent Person as defined in the 2007 Edition of the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves. Mr. Mitchell has consented to the inclusion in this report of the matters based on information provided by him, in the form and context in which they appear.

The Evander Bankable Feasibility Study

The BFS for the project targeted a Measured and Indicated Resource of 19.85 million tons of Kimberley Reef at an average gold grade of 8.47g/t (measured over a mining width of 112cm), containing 5.41 million ounces of gold. 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 6.80 g/t. On 12 September 2016, the Company announced the BFS for the Evander Project and highlights from the results are as follow:

Evander Project BFS Highlights

Annual Gold Recovered at Full Production	309,000 oz
Gold Recovered over Life of Project	4,113,000 oz
Recovered Grade over Life of Project	6.51 g/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 Net Present Value ("NPV") at 5% Discount Rate	US$724.8m
After-tax Internal Rate of Return ("IRR")	17.6%
Life of Mine	20 years
Payback	3.6 years
Cash Operating Costs	US$486/oz
All in Sustaining Costs ("AISC")	US$583/oz
All in Costs ("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 result 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 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 Metallurgical Corporation of China Limited ("MCC"), to investigate further capital cost and construction scheduling optimization. Accordingly, the BFS results include the results of this optimization.

Evander Project Summary

The Evander Project is located close to the town of Secunda, 120km south-east of Johannesburg, in the Mpumalanga Province of South Africa. The Project was acquired from Evander Gold Mining Company Limited ("EGM"), then a subsidiary of Harmony Gold Mining Company Limited, in September 2010. The Mining Right over the project area was registered in the name of TGS in the Mineral and Petroleum Titles Registration Office in November 2013. The Project is located in an established gold and coal mining region in close proximity to road, power and water & sanitation infrastructure and, which is well served with other necessary services.

The Project is comprised of the following:

- Existing vertical shaft infrastructure that will be rehabilitated and extended to access the substantial high grade Mineral Resource and Reserve;

- Construction of a metallurgical processing plant that will treat all underground ore and produce gold doré bars for refining into 99.99% purity bullion at the Rand Refinery Limited;

- Establishment and construction of the associated infrastructure required to support operations and enable disposal of waste materials in accordance with internationally accepted standards;

- At full production, the Project is estimated to produce an average of 309,000 ounces per annum at a recovered grade of 6.75 g/t with Cash Costs of US$486/oz; and

- In its year of peak production, the Project is estimated to produce approximately 338,000 ounces of gold at a recovered grade of 7.41 g/t with cash costs of US$402/oz.

The project will involve the following activities to develop and bring the underground mine into production:

- Re-establishment of the existing surface area and provision of required infrastructure and services including electrical power, water and water disposal;

- Dewatering and re-commissioning of the existing main shaft and re-commissioning of the ventilation shaft;

- Deepening of the existing main and ventilation shafts to their final depths; and

- Development of the Kimberley Reef and the generation of ore reserves.

On 17 June 2015, TGS entered into a Water Disposal Agreement with EGM relating to the disposal of excess mine water into EGM's Leeuwpan evaporation facility. This Water Disposal Agreement eliminates the need for a more capital intensive and higher operating cost water disposal solution.

During the period under review, TGS commenced investigations into an alternative Tailings Storage Facility ("TSF") because of changes in the human settlement patterns in close proximity to TGS's planned TSF and, the resultant socio-economic and environmental impact thereon. On 30 November 2017, TGS entered into an agreement with Evander Gold Mines (Pty) Limited ("EGM") through which TGS will be able to deposit tailings from its Evander Project onto EGM's new Elikhulu TSF which is a new facility for EGM's tailings retreatment project. TGS paid a deposit of ZAR10.0m to EGM and will pay further considerations as follows:

- ZAR40m upon the later of the coming into effect of the Design and Build agreement and the securing of completion financing for the Evander Project; and

- ZAR60m upon completion of cold commissioning of the processing plant and tailings pipelines.

The agreement with EGM provides TGS with an improved solution to tailings disposal for the following reasons:

- TGS will not need to build a TSF and will therefore no longer be required to submit the application for the construction of a TSF. EGM's TSF is already approved. This significantly simplifies the amendment of the Environmental Impact Assessment ("EIA") and environmental authorization for the Mining Right;

- The pipeline servitudes for the agreement with EGM will run along the same route as those for the Water Disposal Agreement with EGM and the environmental permitting to include the TSF pipeline will therefore be much simpler; and

- The agreement with EGM brings economies of scale to TGS's tailings disposal since EGM's TSF is much larger and therefore has lower capital and operating unit costs. The resultant capital cost for TGS reduces from ZAR210m to ZAR125m (including the cost of the tailings pipelines), a saving of ZAR85m, and the operating cost will reduce from approximately ZAR3.48/t to ZAR1.91/t of tailings placed.

TGS had entered into Option Agreements with the holders of surface and mineral rights whereby TGS secured the right to acquire such surface and mineral rights for the purpose of establishing a TSF site. On 31 March 2017, TGS exercised the option to acquire 100% of the shares in Holfontein Investments (Pty) Limited ("HIL"), the holder of the Mining Right for coal in the area of TGS's proposed TSF site and the completion of the transfer of the shares in HIL to TGS took place on 20 June 2017. On 5 June 2017, TGS also exercised its option to acquire the respective surface rights for the proposed TSF area from Orambamba 48 (Pty) Limited. However, as a result of the changes in the human settlement patterns which are in close proximity to the proposed TSF site and within the surface right area, TGS has terminated the agreement to acquire the surface rights. The bank guarantee of ZAR19.6m provided by TGS to the vendor of the surface rights has also been recovered.

The entering into of the agreement with EGM for tailings disposal also means that TGS is able to dispose of its interest in HIL and a process has been initiated to sell the company, whose sole asset is the Mining Right for coal. It is expected that the sale of the asset will take 6-9 months to conclude.

The full EIA for the project is being amended to reflect the positive changes regarding tailings disposal and an application to the Department of Mineral Resources ("DMR") 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.

Expenditure on the Evander Project for the year ended 31 March 2018 was as follows:

	ZAR million
Consultants & Service providers	4.63
Staffing	7.47
Business Development	10.00
Overheads	1.81
Total	23.91

The Jeanette Project

A total maiden Probable Reserve of 7.12 million ounces of gold on the Basal Reef horizon for the Jeanette Project was announced on 23 May 2016 as shown in Table 8 below.

Table 8: Jeanette Project Mineral Reserve estimate as at October 2014.

MINERAL RESERVE CLASSIFICATION	Tonnes (Mt)	Head Grade (g/t)	Gold Content (Moz)
Probable Reserves	19.21	11.52	7.12

Notes: A Probable Mineral Reserve is the economically mineable material derived from a Measured or Indicated Mineral Resource or both. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-Feasibility Study for a project and Life of Mine Plan for an operation must have been completed, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors). Such modifying factors must be disclosed.

The information in this report that relates to the Probable Mineral Reserve for the Evander Project is based on information compiled by Mr. Daniel van Heerden, who is a Director and Chief Mining Engineer of Minxcon Projects (Pty) Limited, an independent mining and metallurgical consultancy engaged by Taung Gold (Proprietary) Limited. Mr. van Heerden is a Fellow in good standing of the Southern African Institute of Mining and Metallurgy and is registered as a Professional Engineer with the Engineering Council of South Africa. Mr. van Heerden holds a B.Eng. Degree in Mining from the University of Pretoria (1985) and an M.Com. in Business Administration from the Rand Afrikaans University (1993). Mr. van Heerden has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities that he has undertaken to qualify as a Competent Person as defined in the 2007 Edition of the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves. Mr. van Heerden has consented to the inclusion in this report of the matters based on information provided by him, in the form and context in which they appear.

Mineral Reserves were calculated using a commodity price of ZAR455,736 per kilogram of gold (i.e. US$1350/oz at US$1 = ZAR 10), substantially below the price of ZAR580,638 per kilogram of gold used to calculate the latest cut-off grade (US$1,290/oz at US$1 = ZAR14). The commodity price of ZAR455,736 per kilogram of gold was determined according to industry norms at the time that the design and scheduling of the underground development and stoping commenced.

Tables 9 below shows the mining modifying factors applied in the conversion of Measured and Indicated Mineral Resources into Probable Mineral Reserves and Table 10 shows the summary of the computation of the Probable Mineral Reserve for the Jeanette Project.

Table 9: Modifying Factors for the Jeanette Project on the Basal Reef horizon (Minxcon, 2014).

MODIFYING FACTORS	VALUE
Selective Mining @ 400cmg/t cut-off	-16.6%
Stope Panel Footwall Over Break	15cm
Stope Gully Over Break	4cm
Minor fault Dilution	3.6%
Reef to Waste losses	3.7%
Waste to Reef Dilution	0.6%
Mine Call Factor	92%

Table 10: Mineral Resource to Reserve Calculation for the Jeanette Project (Minxcon, 2014)

MODIFYING FACTORS	Tonnes (Mt)	Channel grade (g/t)	Gold (t)	Gold (Moz)	Channel Width (cm)
Total Indicated Resource @ 300cmg/t cut-off	10.99	27.27	309.96	9.64	31
Selective Mining @ 400cmg/t cut-off					
Indicated	12.13	23.82	288.87	9.29	34
Panel Footwall Over Break	**45.2%**		**0.0%**		**15**
Indicated	17.58	16.43	288.87	9.29	49
Gully Over Break	**9.1%**		**0.0%**		**4**
Indicated	19.19	15.05	288.87	9.29	54
Minor Fault Dilution	**3.6%**		**-13.5%**		**4**
Indicated	19.83	12.59	249.77	8.03	58
Reef to Shale losses	**-3.7%**		**-3.7%**		**-2**
Indicated	19.11	12.59	240.55	7.73	56
Shale to Reef Dilution incurred	**0.6%**		**0.0%**		**0**
Indicated	19.21	12.52	240.55	7.73	56
Mine Call Factor	**0.0%**		**92.0%**		**0**
Probable Mineral Reserves	**19.21**	**11.52**	**221.30**	**7.12**	**56**

Calculations may not be precise due to rounding to the appropriate significant figure.

Table 11 below shows the mineral resource estimate for the Jeanette Project using a 341cmg/t cut-off grade for the Basal Reef and 374cmg/t cut-off grade for the A-Reef as at 29 February 2016.

Table 11: Jeanette Project Mineral Resource estimate as at 29 February 2016 for Basal Reef and the A-Reef

MINERAL RESOURCE CATEGORY	In-situ Tonnes (Mt)	Grade above cut-off (cmg/t)	Channel Width Channel Grade (cm)	Channel Grade (g/t)	Gold (t)	Gold (MOz)
Total Project Mineral Resources at a 341cmg/t Cut-off Grade for Basal Reef and 374cmg/t for the A Reef						
Indicated (Black Chert Facies)	13.10	852	38	22.41	293.60	9.44
Inferred (Black Chert Facies)	0.84	670	38	17.63	14.81	0.48
Inferred (Overlap Facies)	2.49	506	63	8.03	19.99	0.64
Inferred (A-Reef)	30.08	585	114	4.86	146.17	4.70
Total Indicated	13.10	852	38	22.41	293.60	9.44
Total Inferred	33.41	553	108	5.42	180.97	5.81
TOTAL MINERAL RESOURCES *(Note)**	46.51	896	92	10.20	474.57	15.26

* *Calculations may not be precise due to rounding to the appropriate figure. Mineral Resources are inclusive of Mineral Reserves.*

Note: The information in this report that relates to the Mineral Resource for the Jeanette Project is based on information compiled by Mr. David Young, who is a full time employee of The Mineral Corporation, an independent mineral resources consultancy engaged by Taung Gold (Proprietary) Limited. Mr. Young is a Member of the Southern African Institute of Mining and Metallurgy, a Fellow of the Geological Society of South Africa and, a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Young has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities that he has undertaken to qualify as a Competent Person as defined in the 2007 Edition of the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves. Mr. Young has consented to the inclusion in this report of matters based on information provided by him, in the form and context in which they appear.

The Jeanette Project is located close to the town of Allanridge within the southwest margin of the Witwatersrand Basin, northeast of Welkom, in the Free State Province of South Africa. Taung Gold Free State (Pty) Limited ("TGFS"), a wholly-owned subsidiary of Taung Gold(Pty) Limited is the holder of the Mining Right over the Jeanette Project.

During 2014, TGFS submitted a Section 102 application to consolidate various prospecting rights into a single prospecting right using the Jeanette Prospecting Right as the basis for such consolidation. As the holder of the Prospecting Rights that make up the Jeanette Project, TGFS had an exclusive right to apply for the Mining Right over the Jeanette project area. On 19 June 2015 TGFS applied for a mining right over the consolidated area. As part of the application for a Mining Right, a Mining Work Program ("MWP"), Social and Labour Plan ("SLP")and an EIA together with an Environmental Management Program ("EMP") were submitted for approval. The EA for the Jeanette Project was approved on 20 December 2016 and the Ministerial consent for the Mining Right was granted on 25 June 2017. The Mining Right for the Jeanette Project was registered in the name of TGFS on 6 December 2017.

Subsequent to the end of the period under review, on 28 April 2018, the Company entered into a Service Contract with MCCI to carry out a Feasibility Study for the Jeanette Project. The study will be carried out in accordance with the "Principles for the Formulation of feasibility Report for Projects in the Non-ferrous Metals Industry (October 2001) and the specific conditions for the Jeanette Project. The specific conditions include, amongst others, the mandatory standards and specifications as required under prevailing South African legislation and accepted industry practice. It is reasonably expected that the study will be completed by December 2018 and that the results thereof will be announced during early 2019.

The application for an Integrated Water Use License ("WUL") for the Jeanette Project will only be submitted on completion of the Feasibility Study for the Project.

Jeanette Project Description

The PFS for the Jeanette Project targeted a Measured and Indicated Resource of 13.1 million tons of Basal Reef at an average gold grade of 22.41 g/t (measure over a reef channel width of 38cm), containing 9.4 million ounces of gold. On 23 May 2016, the Company declared a maiden Mineral Reserve (Probable Reserve) at its Jeanette Project of 7.12 million ounces of gold, from 19.21 million tons of ore at an average head grade of 11.52 g/t. The modifying factors used to determine the Probable Reserve were based on mining methods that have been designed to eliminate the technical risks associated with the Khaki Shale proximally above the Basal Reef and which have been designed and reviewed by independent industry experts to a PFS level. The drilling and three-dimensional seismic reflection survey work carried out during 2011 and 2012 resulted in a revised geological model for the Basal Reef and, in particular, revealed that the target area is shallower dipping and therefore amenable to mechanized mining methods. The application of mechanized mining methods in the mine design and scheduling has therefore resulted in significant reductions in the various dilution factors, when compared to traditional non-mechanized mining methods and, this is reflected in the Probable Reserve grade. These mining methods will be subject to additional and more detailed design at the BFS level of project study.

MANAGEMENT DISCUSSION AND ANALYSIS

On 9 March 2017, the Company announced an update on positive PFS results for the Jeanette Project and the highlights from these results are as follow:

Jeanette Project PFS Highlights

Gold Recovered over Life of Project	7.243Moz
Initial Construction Capital Cost Estimate	US$759.0m
Peak Funding	US$723.8m
Total Capital Cost over Life of Project	US$1,090.4m
Capital Efficiency	US$3,312/oz
After-tax NPV at 5% Discount rate	US$1,550.5m
After-Tax IRR	20.3%
Life of Mine	24 years
Payback	6.9 years
Cash Operating Costs	US$343/oz
Profit Margin	57.97%
All in Sustaining Costs	US$392/oz
All in Costs	US$542/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.

Minxcon Projects (Proprietary) Limited ("Minxcon"), an independent South African-based consultancy, was the lead independent consultant for the PFS. All estimates in this announcement have been extracted from the PFS Report which has an effective date of 29 February 2016. The engineering, design, scheduling and capital and operating cost estimating work for the Project was carried out in South Africa by various independent professional consultants under the leadership of Minxcon. TGL has also completed an internal review of the Project.

Jeanette Project Summary

The Jeanette Project is located close to the town of Welkom, 270km south-west of Johannesburg, in the Free State Province of South Africa. The Project was acquired from ARMGold/Harmony Freegold Joint Venture Company (Pty) Limited, in December 2009. The Prospecting Right over the project area was registered in the name of TGFS in the Mineral and Petroleum Titles Registration Office in November 2013. The Project is located in an established gold producing region in close proximity to road, power and water & sanitation infrastructure and, which is well served with other necessary services. The Project is comprised of the following:

- Existing vertical shaft infrastructure that will be rehabilitated and extended to access the Mineral Resource and Reserve;

- Construction of a metallurgical processing plant that will treat all underground ore and produce gold doré bars for refining into 99.99% purity bullion at the Rand Refinery Limited;

- Establishment and construction of the associated infrastructure required to support operations and enable disposal of waste materials in accordance with internationally accepted standards; and

- At full production, the Project is estimated to produce an average of 418,000 ounces per annum at a recovered grade of 11.24 g/t with cash costs of US$325/oz.

In its year of peak production, the Project is estimated to produce approximately 448,000 ounces of gold at a recovered grade of 11.07 g/t with cash costs of US$343/oz.

Studies on the nature of the Basal Reef and the proximity of the overlying Khaki Shale show that a relatively high level of mechanized mining can be implemented; the level of mechanization being determined by the Basal Reef and Khaki Shale characteristics in different areas of the resource. Detailed studies have been conducted as a part of the PFS to properly assess geotechnical and other mining related aspects of such mechanization and the study will propose various extraction options, from which the most suitable approach will be selected to proceed to BFS level. The mechanization approach opens up the opportunity to mine the Basal Reef with significantly less waste dilution than would typically be associated with conventional mining methods and this has a significant positive impact in terms of increased head grade, reduced ore handling and hoisting requirements and, lower metallurgical processing costs.

Expenditure on the Jeanette Project for the year ended 31 March 2018 was as follows:

	ZAR million
Consultants & Service Providers	2.14
Staffing	2.45
Overheads	0.93
Total	5.52

Summary of the Company's Measured and Indicated Mineral Resources

Table 12 below shows the summary of the Company's Measured and Indicated Mineral Resources at its Evander and Jeanette Projects.

Table 12: Measured and Indicated Mineral Resources for Evander Project and Jeanette Project

MINERAL RESOURCE CATEGORY	Tonnes (Mt)	Grade (g/t)	Gold (t)	Gold (Moz)
EVANDER	Mining *(Mt)*	Mining *(g/t)*		
Measured	0.11	10.81	1.09	0.04
Indicated	19.75	8.47	167.18	5.37
Total Measured & Indicated	19.85	8.47	168.27	5.41
JEANETTE	In-situ *(Mt)*	In-situ *(g/t)*		
Indicated	13.10	22.41	293.60	9.44
Total Evander & Jeanette	32.95	–	461.87	14.85

Minex and the Indonesian Assets (the "Minex Project")

As disclosed in the Company's interim report for the six months ended 30 September 2017, following the Board's decision to downsize its Indonesia mining operations, the licence in the name of PTB TPR was relinquished and a termination letter to this effect was issued by the Governor of Sulawesi Utara on 2 October 2017. Further, on 6 June 2018, as disclosed in an announcement on 19 June 2018, the Company was informed that two termination letters in respect of the cancellation of the licences held in the name of PT BBP and PT KEP issued by the Governor of Sulawesi Utara were received. Following the two letters, all the Company's mining licenses in Indonesia have been cancelled and subsequently, the carrying value of the Minex Project as at 31 March 2018 of approximately HK$215,881,000 is written-off in the consolidated financial statements of the Company for the year ended 31 March 2018.

FUTURE PLANS

The Evander Project

As previously reported, the Company entered into a framework agreement with MCC International Incorporation Limited ("MCCI"), a subsidiary of MCC, on 23 October 2014 with the objective of entering into an engineering, procurement and construction contract for the Project.

In 2016, the Company announced the results of the BFS for the Evander Project and thereafter discussions with MCCI turned to contractual arrangements for the construction phase. The Company and MCCI agreed that the contractual arrangements for the construction phase would be based on one of the standard forms of contract as published by the International Federation of Consulting Engineers ("FIDIC"). It was subsequently agreed that the form of contract would be primarily based on the FIDIC Yellow Book and the parties then agreed to develop the necessary Employer Requirements Document which details the Scope of Work, Work Breakdown Structure and the various Work Packages. Importantly, this document also details the roles and responsibilities of each of the Employer (the Company) and the Contractor(MCCI) and forms the basis for the contractual arrangements. The Company and MCCI are now discussing the commercial arrangements for the contract and it is anticipated that these discussions will reach a conclusion in the next few months. Upon finalization of a commercial offer from MCCI, a binding terms sheet will be executed and discussions will commence with respect to the equity and debt financing for the Evander Project.

The full EIA for the project is being amended to reflect the positive changes regarding tailings disposal and an application to the Department of Mineral Resources ("DMR") 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 application for the Integrated Water Use License ("IWUL") will be submitted to also reflect the changes with respect to the tailings disposal strategy.

An EIA for the dewatering phase of the project has been approved and an application for a WUL for the dewatering phase of the project was submitted to the relevant authority on 19 September 2016 and approval was received on 11 October 2017.

The Jeanette Project

The Mining Right for the Jeanette Project was registered in the name of TGFS on 6 December 2017.

Subsequent to the end of the period under review, on 28 April 2018, the Company entered into a Service Contract with MCCI to carry out a Feasibility Study for the Jeanette Project. The study will be carried out in accordance with the "Principles for the Formulation of feasibility Report for Projects in the Non-ferrous Metals Industry" (October 2001) and the specific conditions for the Jeanette Project. The specific conditions include, amongst others, the mandatory standards and specifications as required under prevailing South African legislation and accepted industry practice. It is reasonably expected that the study will be completed by December 2018 and that the results thereof will be announced during early 2019. Thereafter, it is intended that the Company and MCCI will negotiate with potential equity investors and Chinese banks to arrange equity and debt financing for the project.

An application for a water use license ("WUL") for the Jeanette Project will only be prepared for submission upon completion of the BFS.

The Company is considering the way forward with regards to the construction phase of the Evander Project and continues to review its financial position given the uncertainty and volatility in global financial markets. However, gold continues to present safe haven characteristics and the prevailing global economic and socio-political circumstances appear to bode well for continued longer term improvement in the price of gold.

DELAYS IN THE COMMENCEMENT OF COMMERCIAL PRODUCTION FOR THE EVANDER AND JEANETTE PROJECTS

The following disclosure is provided for information purposes.

As disclosed through the 2011 Circular, various previous Announcements and Annual Reports, the delay in commencement of commercial production for the Evander Project and the Jeanette Project was primarily due to the following:

a) The Occurrence of the Incident and volatility in gold price

From 8 June 2012 to 29 April 2014, the Company's shares were suspended from trading as a result of the Incident as initially announced by the Company on 13 June 2012. During the abovementioned period, the Company had been unable to pursue its strategy of advancing the Evander and Jeanette Projects into construction as a result of the Company and its subsidiary, Taung Gold (Pty) Limited ("TGL"), being primarily focused on resolving the Incident and the fulfilment of the conditions for the resumption of trading in the Company's shares. It is also important to note that the gold price appreciated significantly during the period of the Incident, peaking at around US$1,900 per oz and remaining at over US$1,600 for most of the period, but then declining thereafter, resulting in negative sentiment towards new gold projects. Consequently, global markets have been quite volatile and uncertain in the ensuing period. These conditions further restricted the Company's ability to progress its respective development plans for its two projects and caused the Company to review its financial position and to amend its original plans.

Further, regarding the impact of the Incident on the Evander Project, as disclosed in the 2011 Circular, TGL was entitled to continue work on the Evander Project during the transition from the Earn-in Agreement to the completion of the Sale Agreement. Such work did continue on the bankable feasibility study ("BFS") for the project but was hindered by the fact that the strategy to engage with Chinese consultants could not be progressed during the period of the Incident. This strategy was to finalise the engineering design, capital costing and mine scheduling for the project in South Africa and to then engage with a selected Chinese consultancy/contractor to review the capital costing and scheduling with a view to realising significant savings through procurement of capital items from China. Shortly after the resolution of the Incident, discussions were initiated with MCC International Incorporation Limited ("MCCI"), a wholly owned subsidiary of Metallurgical Corporation of China Limited, to cooperate on an exclusive basis with the intention of entering into an Engineering, Procurement and Construction Contract ("EPC Contract") for the development and construction of the Evander Project. On 28 October 2014, the Company announced that it had entered into a Framework Agreement with MCCI (the "Framework Agreement"). On 12 September 2016, the Company announced the results of the BFS for the Evander Project and thereafter discussions with MCCI turned to contractual arrangements for the construction phase. During 2016, the Company and MCCI completed the Employer Requirements Document for the Evander Project based on the International Federation of Consulting Engineers ("FIDIC") Yellow Book approach and a draft binding term sheet for the Project was also finalized. Discussions with MCCI are now focused on the commercial terms for a Design & Build Contract for the project and it is expected that a final price will be incorporated into a binding term sheet in the next few months.

b) Delay in cession of mineral rights for the Evander and Jeanette Projects (the "Projects")

The securing of the necessary funding for the Projects depends upon, among many other things, the cession of the mineral rights from the previous holders for the Projects because investors will not ordinarily commit to funding without the security of tenure over the mineral rights having been established. The processes to cede the mineral rights from the previous holders were unprecedented under the Mineral and Petroleum Resources Development Act ("MPRDA") in South Africa and took significantly longer than anticipated as a result of unforeseeable administrative complexities.

Regarding the Evander Project, the Ministerial Consent required to cede the Mining Right ("MR") over the Evander Project to Taung Gold Secunda (Pty) Limited ("TGS"), a wholly owned subsidiary of TGL, was granted on 6 June 2012 as disclosed on 28 June 2013 and the MR was finally registered in the name of TGS on 20 November 2013 as disclosed on 31 December 2013.

Regarding the Jeanette Project, in 2009, Taung Gold Free State (Pty) Limited ("TGFS"), a wholly owned subsidiary of TGL, entered into a Sale and Purchase Agreement to acquire a Prospecting Right ("PR") over the Jeanette Project. The Ministerial Consent required under the MPRDA to cede the PR to TGFS was granted on 29 September 2010. Registration by the Minister of the PR in the name of TGFS only took place on 1 November 2013 as disclosed on 31 December 2013. Only then could TGFS, as the holder of the PR, submit an application to consolidate its other contiguous PR's with the Jeanette PR, and this application was submitted on 10 February 2014. In the meantime, TGFS had sufficiently progressed the pre-feasibility study ("PFS") for the Jeanette Project to a point where it was able to submit an application to convert the consolidated PR (that had been applied for but not yet granted) into an MR. This MR application was submitted on 19 June 2015. The Ministerial Consent for the MR was granted on 25 June 2017 and the MR was finally registered in the name of TGFS on 6 December 2017. During the period the Company had progressed the PFS, having done further exploration work and significant engineering design, costing and scheduling work and, in the 2017 Announcement, the Company announced the positive PFS for the Jeanette Project. On 28 April 2018, the Company entered into a Service Contract with MCCI to conduct the next level of feasibility work for the Jeanette Project.

Evander Project:

The project capital cost was as follows (per the BFS as disclosed in the 2016 Announcement):

Initial Capital Cost (to first production)	US$579.3m
Total Capital Cost	US$714.7m

It is expected that commercial terms and a price for the construction of the project will be finalized in the next few months. In terms of the Framework Agreement, MCCI agreed to work with the Company in respect of securing debt funding for a large portion of the project cost from major Chinese banks. Preliminary discussions have been held with some Chinese banks and the execution of the binding term sheet between TGS and MCCI is the next critical path event, the achievement of which will open the door to further, more detailed financing discussions. Although the timing of this process has not yet been accurately determined in conjunction with all relevant parties, management anticipates that the debt portion of the project financing may be finalized during early 2019. Thereafter, and subject to full project financing being secured, including raising of the remaining equity portion, and to a Design & Build Contract with MCCI being executed, mobilization for construction will commence. The project will take just over 6 years to construct, after which production will commence.

Jeanette Project:

The project capital costs were as follows (per the PFS as disclosed in the 2017 Announcement):

Initial Capital Cost (to first production)	US$759.0m
Total Capital Cost	US$1090.4m

On 28th April 2018, the Company entered into a Service Contract with MCCI through which MCCI will conduct the feasibility study for the Jeanette Project in accordance with the "Principles for the Formulation of Feasibility Study Reports for Projects in the Non-ferrous Metals Industry". It is expected, subject to metallurgical testwork timelines, that the study will completed by the end of 2018.

MCCI intends, subject to positive BFS results, to participate in the development of the Jeanette Project and to assist the Company to negotiate with potential equity investors and also with suitable banks for both equity and debt financing.

The construction period, as anticipated in the PFS but subject to the study outcome, is 6 years, after which production will commence. It is expected that the construction period for the project will be further optimized during the BFS process and the capital cost of the project will be determined upon completion of the BFS.

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the operations of gold mines in the Republic of South Africa ("South Africa") and Republic of Indonesia ("Indonesia").

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 March 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 55.

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2018.

FIVE YEARS SUMMARY

A summary of the Group's results for each of the five years ended 31 March 2018 and the Group's assets and liabilities as at 31 March 2014, 2015, 2016, 2017 and 2018 is set out on page 142 of this annual report.

CAPITAL STRUCTURE

There was no material change in the capital structure of the Company during the year.

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 year.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 11 to the consolidated financial statements.

SHARE CAPITAL, UNLISTED WARRANTS AND SHARE OPTIONS

Details of the Company's share capital, unlisted warrants and share options are set out in notes 25 and 27 to the consolidated financial statements respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RESERVES

Details of movements in the reserves of the Group during the year are set out from page 57 to page 58 in the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2018, the Company had no reserves available for cash distribution and/or distribution in specie to shareholders of Company. In accordance with the Companies Act 1981 of Bermuda (as amended), the contributed surplus may only be distributed in certain circumstances which the Company is presently unable to meet. In addition, the Company's share premium account with a balance of approximately HK$5,307,443,000 as at 31 March 2018 may be distributed in the form of fully paid bonus shares.

EMPLOYEES

As at 31 March 2018, the Group employed approximately 50 staffs in both Hong Kong and South Africa. The Group remunerates its employees based on their performance, working experience and the prevailing market conditions. Employee benefits include mandatory provident fund (pension) and share options scheme, etc.

DIRECTORS

The directors of the Company during the year were:

Executive Directors:

Mr. Li Hok Yin
Mr. Christiaan Rudolph de wet de Bruin
Mr. Neil Andrew Herrick
Ms. Cheung Pak Sum
Mr. Igor Levental (resigned on 1 September 2017)
Mr. Phen Chun Shing Vincent

Independent Non-Executive Directors:

Mr. Chui Man Lung, Everett (resigned on 31 October 2017)
Mr. Chong Man Hung Jeffrey (appointed on 31 October 2017)
Mr. Li Kam Chung
Mr. Tsui Pang

CHANGE OF DIRECTORS

1 September 2017, Mr. Igor Levental resigned as an Executive Director of the Company with immediate effect. On 31 October 2017, Mr. Chui Man Lung, Everett resigned as an Independent Non-Executive Director ("INED") of the Company. Meanwhile, Mr. Chong Man Lung Jeffrey was appointed as the Company's INED with effect from 31 October 2017.

In accordance with the Bye-law 98 of the Company's Bye-laws, three Directors of the Company shall retire from office, and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

REPORT OF THE DIRECTORS

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Li Hok Yin, aged 41, is the Co-chairman and an Executive Director of the Company. He was previously the Investment Manager of Cheever Capital Management (Asia) Ltd. from September 2007 to December 2009. He was the Territory Manager of Ecolab Ltd, a company listed on the New York Stock Exchange, from March 2004 to July 2007. He holds a Bachelor of Engineering degree from The Chinese University of Hong Kong. Mr. Li was appointed as an Executive Director of the Company on 8 January 2010.

Mr. Christiaan Rudolph de Wet de Bruin, aged 65, is the Co-chairman and an Executive Director of the Company. Mr. de Bruin is also a director of Taung Gold (Proprietary) Limited ("TGL"), a non wholly-owned subsidiary of the Company as well as of Taung Gold Exploration (Pty) Limited, Taung Gold Exploration (West) (Pty) Ltd, Taung Gold (Free State) (Pty) Ltd, Taung Gold (North West) (Pty) Ltd, Taung Gold (Secunda) (Pty) Ltd, Sephaku Gold Exploration (Pty) Ltd, and Ulinet (Pty) Ltd, all of which are wholly owned subsidiaries of TGL. He is also a co-founder of TGL, Platmin Ltd and Sephaku Holdings Ltd. Mr. de Bruin received a Bachelor of Commerce degree (Cum Laude) from the University of the Free State in 1975 and a Bachelor of Law degree (Cum Laude) from the Rand Afrikaans University in 1977 and practised as an advocate at the Pretoria Bar from 1979 to 1989, specialising in commercial law and mineral law. Mr. de Bruin left the Bar in 1989 and focused on finding, acquiring and developing mineral exploration and mining projects in various African countries. He was involved in aspects of law relating to minerals, companies, stock exchange and international finance. He also acted as a consultant to a number of South African companies, becoming involved in their management, including the management of their systems, human resources, customers and financing activities. Between 1999 and 2005, Mr. de Bruin was a co-founder member of the Platmin Group of companies, which developed the Pilanesberg Platinum Mine. His role was to engineer the acquisition of mineral projects including supervising the execution of over 300 mineral rights agreements and the conversion of the Platmin Group's old order rights into new order rights and the acquisition of new mining rights. Mr. de Bruin was also involved with the applications for new mining rights and the management of the operational aspects, including logistics, human resources and administration during his time with the Platmin Group. He was a non-executive director of Gentor Resources Inc., a company involved with copper exploration activities in the Sultanate of Oman and Turkey, and listed on the Toronto Venture Exchange (TSX-V). Mr. de Bruin was also a non-executive director of Sephaku Holdings Limited, a company listed on the Johannesburg Stock Exchange. The Sephaku group's portfolio currently comprises valuable holdings in a range of operating assets which provide raw materials, supplies and/or services in the cement and limestone exploration sector. Mr. de Bruin was appointed as Co-chairman and Executive Director of the Company on 26 April 2013.

Ms. Cheung Pak Sum, aged 42, was appointed as an Executive Director of the Company on 20 April 2010. She is the Head of Human Resources and Administration of the Company. She is well experienced in the areas of Human Resources and Administration. She was the senior administration officer of Pineview Industries Limited, a company listed on The Stock Exchange of Hong Kong Limited, from May 2006 to May 2008.

Mr. Phen Chun Shing Vincent, aged 42, was an executive director of China Merchants Capital Management (International) Limited from 2012 to 2015, which is engaged in private equity investment and credit financing. Mr. Phen has over 15 years of experience in direct investment and corporate banking. He was a non executive director of Comtec Solar Systems Group Limited (a company listed on The Stock Exchange, Stock code: 712) from 2010 to 2012. Mr. Phen was a past Director of CMS Capital (HK) Co., Ltd., formerly known as CMTF Asset Management Limited, and has served in such position until 2012. He worked in CLSA Capital Partners from 2007 to 2009. Prior to that, Mr. Phen worked in international corporate banking division of various financial institutions for approximately 7 years. Mr. Phen holds a bachelor degree in business administration and marketing from the University of North Texas. Mr. Phen was appointed as a Non-executive Director of the Company on 27 July 2015 and re-designed to Executive Director of the Company with effect from 11 May 2017.

Independent Non-Executive Directors

Mr. Chong Man Hung Jeffrey, aged 40, is an Independent Non-Executive Director of the Company, is currently a chief financial officer and company secretary of China Partytime Culture Holdings Limited (stock code: 1532). Mr. Chong holds a Bachelor degree of Business Administration in Accounting from the Hong Kong University of Science and Technology in November 2000 and has been a member of the Hong Kong Institute of Certified Public Accountants since January 2005. Mr. Chong has over16 years of experience in audit and finance. Prior to joining our Group, Mr. Chong worked as an intermediate at Sonia Yau & Co. from June 2000 to February 2002. He worked at KLL Associates CPA Limited from March 2002 to August 2005 and his last position was an audit senior I. He worked as a senior associate 3 (audit) at BDO McCABE LO LIMITED from August 2005 to January 2006. Mr. Chong worked at Deloitte Touche Tohmatsu from January2006 to December 2009 and his last position was a manager. He worked at SHINEWING(HK) CPA Limited from December 2009 to October 2014 and his last position was a senior audit manager. He worked as the group analytics officer at Promise Network Printing Limited, a subsidiary of eprint Group Limited (stock code: 1884) from October 2014 to March 2015.

Mr. Li Kam Chung, aged 66, is an Independent Non-Executive Director of the Company. Mr. Li has over 10 years experience in trading businesses between Mainland China and Hong Kong. Mr. Li was appointed as independent non-executive director of Taung Gold Limited, a non wholly-owned subsidiary of the Company in the Republic's of South Africa, on 26 April 2013. Mr. Li was appointed as independent non-executive director of Zhido International (Holdings) Limited (a company listed on The Stock Exchange of Hong Kong Limited, Stock Code: 1220) since 2012. Mr. Li was the chairman of Joint Village Office For Villages In Shuen Wan Tai Po N.T. and a member of Tai Po District Council Environment, Housing and Works Committee. Mr. Li was appointed as an Independent Non- Executive Director of the Company on 1 April 2009.

Mr. Tsui Pang, aged 35, is currently a general manager of Chang Yang (Hubei) Mining Limited, which is engaged in exploration and the mining of barium sulphate at barite ores in Yichang City, Hubei Province in China. Before joining the Company, Mr. Tsui worked in Yuet Sing Group from 2004 to 2011 in different positions to participate in mine planning and feasibility study of mines in Enshi City, Hubei Province in China. Mr. Tsui holds a bachelor degree in Arts & Design in Education from the Hong Kong Polytechnic University.

Chief Executive Officer

Mr. Neil Andrew Herrick, aged 54, is the Chief Executive Officer and Executive Director of the Company. He is also a director and the Chief Executive Officer of TGL as well as director of Taung Gold Secunda (Pty) Ltd (previously Pluriclox (Pty) Ltd), which is a wholly-owned subsidiary of TGL. Mr. Herrick was an Executive Director of the Company from 2013 to 2015 and currently is an alternate director of Mr. Christiaan Rudolph de Wet de Bruin, the Co-Chairman and Executive Director of the Company. He has over 20 years of experience in the gold mining industry, having joined the Gold Division of Anglo American in 1988 and became a section manager at Anglogold Limited from 1994 to 1997 with responsibility for an underground section of a mine and a shaft system. He became production manager at Anglogold Limited from 1997 to 1999 and was responsible for an entire shaft complex. From 1999 to 2002 he was the general manager of the North West Operations of Durban Roodepoort Deep Limited. In 2002, he joined Gold Fields Limited as senior manager and was responsible for the completion of two pre-feasibility studies for the exploitation of below infrastructure resources at Kloof mine and later as Senior Manager in charge of Kloof mine's underground operations. From 2006 to 2007, he was a mine manager at Anglo Platinum Limited, after which he joined Norilsk Nickel Africa (Pty) Limited as a mining executive. He is registered as a professional engineer with the Engineering Council of South Africa, and is a past president and council member of the Association of Mine Managers of South Africa. He is a former Chairman of the Mines Professional Associations Committee of Management. He graduated from the University of Newcastle upon Tyne in 1987 with a Bachelor of Engineering degree (Honours) in Mining Engineering. He was appointed as the Chief Executive Officer of the Company on 26 April 2013, and has been the chief executive officer of TGL since July 2010.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN SHARE CAPITAL

At as 31 March 2018, the interests and short positions of the directors in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to (the Model Code for Securities Transactions by Directors of Listed Issues,) were as follows:

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

Name of Directors	Number of Ordinary Shares		Number of underlying shares held under share options	Total	Percentage of the issued share capital of the Company
	Personal interests	Corporate interests			
Christiaan Rudolph de Wet de Bruin *(Note)*	364,650,717	–	19,215,637	383,866,354	2.11%
Cheung Pak Sum	–	–	19,215,637	19,215,637	0.11%
Neil Andrew Herrick *(Note)*	36,683,815	–	19,215,637	55,899,452	0.31%
Li Hok Yin	17,380,622	–	19,215,637	36,596,259	0.21%
Li Kam Chung	–	–	19,215,637	19,215,637	0.11%

Save as disclosed herein, neither the directors nor any of their associates had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 March 2018 as defined in Section 352 of the SFO.

Note: Respective New TG Optionholder Agreement and New SA Put Option Agreements were entered into between the Company, TGL and Mr. Christiaan Rudolph de Wet de Bruin, Mr. Neil Andrew Herrick and Mr. Igor Levental regarding grant of New TG Optioholder Put Options and New SA Put Options on 5 September 2014. The grant of the above put options was approved by the Company's shareholders at the special general meeting dated 21 November 2014. Please refer to circular of the Company dated 4 November 2014 for information. The New TG Optionholder Agreements and New SA Put Option Agreements were expired on 7 September 2016.

SHARE OPTION

The Company

Pursuant to the share option scheme (the "Share Option Scheme") adopted by the Company's shareholders with effect from 4 January 2010 and in compliance with Chapter 17 of the Listing Rules, the maximum number of Shares which may be issued upon exercise of all share options (the "Share Options") granted or to be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the total number of issued Shares as at 4 January 2010, i.e. in aggregate, must not exceed 161,924,000 Shares. The 10% limit has not been previously refreshed since 4 January 2010.

At the Company's general meeting on 21 November 2014, the mandate limit of the Share Option Scheme was refreshed by ordinary resolutions of the Company's shareholders. The Company may grant further Share Options carrying rights to subscribe for up to a total of 1,217,991,569 Shares under the Share Option Scheme (representing 10% of the issued share capital of the Company on 21 November 2014).

Details of the Share Options granted under the Share Option Scheme (excluding the share options granted under share options scheme of Taung Gold Limited) as at 31 March 2018 are as follows:

	Number of Share Options						
	As at 1 April 2017	Granted	Lapsed	As at 31 March 2048	Grant date	Vesting period	Validity period
Li Hok Yin	–	19,215,637	–	19,215,637			
Christiaan Rudolph de Wet de Bruin	–	19,215,637	–	19,215,637			
Cheung Pak Sum	–	19,215,637	–	19,215,637			
Igor Levental (resigned on 1 September 2017)	–	19,215,637	19,215,637	–			
Chui Man Lung, Everett (resigned on 31 October 2017)	–	19,215,637	19,215,637	–			
Li Kam Chung	–	19,215,637	–	19,215,637	16 July 2015	15 July 2016	16 July 2016 to 15 July 2020
Neil Andrew Herrick	–	19,215,637	–	19,215,637			
Consultant	–	44,252,463	–	44,252,463			
Continuous contract employee	–	74,753,570	–	74,753,570			
Total	–	253,515,492	38,431,274	215,084,218			

As at 31 March 2018, there were Share Options relating to 215,084,218 Shares granted by the Company representing 1.18% of the issued Shares as at the date of this Report pursuant to the Share Option Scheme which were valid and outstanding.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 31 March 2018, 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:

(1) Long positions in ordinary shares and underlying shares of the Company

Name of shareholders	Number of ordinary shares held	Underlying shares of equity derivatives	Total interest	Percentage of issued ordinary shares as at the date of this report
Electrum Strategic Exploration Limited *(Note 1)*	2,001,362,075	–	2,001,362,075	11.03%
Mandra Materials Limited *(Note 2)*	1,835,354,722	–	1,835,354,722	10.11%
Mandra Esop Limited *(Note 2)*	28,218,369	–	28,218,369	0.16%
Woo Foong Hong Limited *(Note 2)*	426,530,727	–	426,530,727	2.35%
Gold Commercial Services Limited *(Note 3)*	1,301,713,219	–	1,301,713,219	7.17%

Notes:

(1) The entire share capital of Electrum Strategic Exploration Limited is wholly-owned by GRAT Holdings LLC. Hence, GRAT Holdings LLC is deemed to be interested in the Shares held by Electrum Strategic Exploration Limited for the purpose of SFO.

(2) 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.

(3) On 8 September 2011, the Company issued 1,130,141,116 shares of the Company to GoldCom for the purpose of acquiring 21,174,316 shares of TGL from South African resident shareholders of TGL. On 21 November 2014, the Shareholders passed a special resolution to grant each of the TG Optionholders the right to sell a maximum number of 23,645,210 TG Shares to the Company or GoldCom for a maximum of 1,262,020,649 New Put Option Consideration Share (Please refer to the Company's circular dated 2 November 2014). The abovementioned rights were expired on 7 September 2016.

(2) Short positions in shares and underlying shares

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 31 March 2018, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests in share capital" 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.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

ANNUAL CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmation from each of the independent non-executive directors as regards their independence to the Company and considers that each of the independent non-executive directors is independent to the Company.

INDEPENDENT AUDITORS

The financial statements have been audited by Messrs. Deloitte Touche Tohmatsu ("Deloitte") who retire and, being eligible, offer themselves for re-appointment.

A resolution for the re-appointment of Deloitte as independent auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Li Hok Yin
Co-chairman

Christiaan Rudolph de Wet de Bruin
Co-chairman

Hong Kong, 28 June 2018

CORPORATE GOVERNANCE REPORT

The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

CORPORATE GOVERNANCE PRACTICES

The Board considers that good corporate governance of the Company can protect and safeguard the interests of the shareholders and to enhance the performance of the Company. The Board is committed to maintaining and ensuring high standards of corporate governance. Throughout the year ended 31 March 2018, the Company has applied the principles and complied with all Code Provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

CHAIRMAN AND CHIEF EXECUTIVE

Code Provision A.2.1 requires the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. The Company has appointed Mr. Li Hok Yin and Mr. Christiaan Rudolph de Wet de Bruin as Co-chairmen of the Company and Mr. Neil Andrew Herrick as Chief Executive Officer of the Company.

The Co-Chairmen of the Company, namely Mr. Li Hok Yin and Mr. Christiaan Rudolph de Wet de Bruin are responsible for exercising control over the quality, quantity and timeliness of the flow of information between the management of the Company and the Board that would allow them to effectively discharge their responsibilities. The Co-Chairmen ensure that the entire Board members are properly briefed on issues at the Board meetings and receive adequate and reliable information on a timely basis. The Board considers that the Co-Chairmen are capable to guide discussions and brief the Board in a timely manner on pertinent issues with balance of power and authority delegated to the Board and senior management.

Mr. Neil Andrew Herrick, the Chief Executive Officer of the Company, is responsible for overseeing strategic planning and leadership of the Company. He is also responsible for the strategic development and maintaining the Company's relationship with outside companies of the Company as well as coordinating the Company's business and to market and locate potential business opportunities and execute the policy of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Code Provision A.4.1 requires non-executive directors should be appointed for a specific term and subject to re-election. The independent non-executive Directors of the Company are not appointed for specific terms but are subject to retirement by rotation in accordance with the Bye-laws of the Company.

Throughout the year ended 31 March 2018, the Company complied with rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors, at least one Independent Non-executive Director with appropriate professional qualifications, or accounting or related financial management expertise, and a sufficient number of Independent Non-executive Directors representing at least one-third of the board, respectively.

BOARD OF DIRECTORS

The Board assumes overall responsibilities for leadership and control of the Company and is collectively responsible for promoting the success of the Company and its business by directing and supervising the Company's affairs. The Board focuses on overall corporate strategies and policies with attention particularly paid to the financial performance of the Company, including approval of major acquisition and disposal; annual and interim results; approval of major capital transaction such as change of share capital; repurchase of share and issue of new securities; recommendation on change of directors, chief executives and company secretary of the Company; establishment or amendment of board committees and their respective terms of reference; monitor and review of the internal control policy of the Company; adoption and review of the corporate governance policy and the relevant report to be disclosed annually; and all other significant operation and financial matters.

The Board has also formulated the following terms of reference on duties of corporate governance to be performed by the Board:

i. To develop and review the Company's policies on corporate governance and make recommendations to the Board;

ii. To review and monitor the training and continuous professional development of the Directors and senior management of the Company;

iii. To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

iv. To develop, review and monitor the code of conduct and compliance manual of the Company (if any) applicable to employees and the Directors; and

v. To review the Company's compliance with the code and disclosure in the Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

Composition of the Board

The Board currently comprises eight members as follows:

Executive Directors:

Mr. Li Hok Yin *(Co-chairman)*
Mr. Christiaan Rudolph de Wet de Bruin *(Co-chairman)*
Mr. Neil Andrew Herrick *(Chief Executive Officer)*
Ms. Cheung Pak Sum
Mr. Igor Levental (resigned on 1 September 2017)
Mr. Phen Chin Shing Vincent

Independent Non-Executive Directors:

Mr. Chui Man Lung, Everett (resigned on 31 October 2017)
Mr. Li Kam Chung
Mr. Chong Man Hung Jeffrey (appointed on 31 October 2017)
Mr. Tsui Pang

The biographical information of the Directors and their relationship among the members of the Board, if any, are provided in the "Biographical Details of Directors and Senior Management" section of this annual report.

The principal focus of the Board is on the overall strategic development of the Company. The Board also monitors the financial performance and the internal controls of the Company's business operations.

With a wide range of expertise and a balance of skills, the Independent Non-executive Directors bring independent judgment on issues of strategic direction, development, performance and risk management through their contribution at board meetings and committee work.

The Independent Non-executive Directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each Independent Non-executive Director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules. The Company has received from each Independent Non-executive Director an annual confirmation regarding his independence, and the Board considered their independence to the Company. The Independent Non-executive Directors are explicitly identified in all corporate communications of the Company.

Saved as disclosed above, throughout the year ended 31 March 2018, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Board held 7 meetings during the financial year ended 31 March 2018. Details of attendance of individual director at board meetings are set out as below:

Name of Directors	Number of meetings held during his/her tenure	Number of meetings attended
Executive Directors		
Mr. Li Hok Yin	7	5
Mr. Christiaan Rudolph de Wet de Bruin	7	7
Mr. Neil Andrew Herrick	7	7
Ms. Cheung Pak Sum	7	7
Mr. Igor Levental (resigned on 1 September 2017)	3	3
Mr. Phen Chun Shing Vincent	7	7
Independent Non-executive Directors		
Mr. Chui Man Lung, Everett (resigned on 31 October 2017)	4	4
Mr. Li Kam Chung	7	7
Mr. Chong Man Hung Jeffrey (resigned on 31 October 2017)	3	3
Mr. Tsui Pang	7	7

The Board and the management

There is a clear division of the responsibilities of the Board and the management. The Board delegated its responsibilities to directors and senior management to deal with day-to-day operations and review those arrangements on a periodic basis. Management has to report back to the Board and obtain prior approval before making decisions for key matters or entering into any commitments on behalf of the Company. The Board has a balance of skill and experience appropriate for the requirements of the business of the Company.

The Board regularly meets in person to discuss and formulate overall strategic direction and objectives and also approve annual and interim results as well as other significant matters of the Company. Execution of daily operational matters is delegated to management.

The Company Secretary assists the Chairman in preparing notice and agenda for the meetings, and ensures that the Company complied with the corporate governance practices and other compliance matters. At least 14 days notice of all regular board meetings were given to all directors, who were all given an opportunity to include matters in the agenda for discussion.

All directors have access to the Company Secretary who is responsible for the Company's compliance with the continuing obligations of the Listing Rules, Code on Takeover and Mergers and Share Repurchases, Companies Ordinance, Securities and Futures Ordinance and other applicable laws, rules and regulations etc.

Minutes of the board/committee meetings are recorded in significant detail for any decision and recommendation made during the meetings. Draft and final versions of minutes are circulated to directors or committee members within a reasonable time after the meetings are held and taken as the true records of the proceedings of such meetings. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any director. All directors are entitled to have access to board papers and related materials unless there are legal or regulatory restrictions on disclosure due to regulatory requirements.

If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by way of a board/committee meeting and the interested shareholder or director shall not vote nor shall he/she be counted in the quorum present at the relevant meeting. Non-executive Director and Independent Non-executive Director who, and whose associates, have no material interest in the transaction, should be present at such a board meeting.

DIRECTOR INSURANCE POLICY

The Company has arranged for appropriate liability insurance with effect from 1 April 2018 to indemnify the directors for their liabilities arising out of corporate management activities.

BOARD COMMITTEES

To maximise the effectiveness and efficiency of the Board, the Company has established audit committee, nomination committee, remuneration committee and technical, safety and environment committee with specific written terms of reference respectively to assist in the execution of their duties. The terms of reference of each of the committees can be inspected and assessed on the Company's website at www.taunggold.com under "About Us" in the section of "Corporate Governance".

The terms of reference of audit committee, nomination committee and remuneration committee will be updated by publishing on the Company's website and the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) if there is any amendment on the terms of reference from time to time.

AUDIT COMMITTEE

The Company has established an Audit Committee ("AC") with specific terms of reference explaining its role and authorities delegated by the Board. As at the date of this report, the AC currently consists of three Independent Non-executive Directors, Mr. Chong Man Hung Jeffrey, Mr. Li Kam Chung and Mr. Tsui Pang, who together have sufficient accounting and financial management expertise and business experience to discharge their duties and none of them is a former partner of the external auditors of the Company. Mr. Chong Man Hung Jeffrey is the Chairman of the AC.

The AC's principal duties include reviewing the Group's financial controls, internal control and risk management systems, reviewing and monitoring integrity of financial statements and reviewing annual and interim financial statements and reports before submission to the Board and considering and recommending the appointment, reappointment and removal of external auditors of the Company.

The AC meets with the external auditors and the management of the Group to ensure that the audit findings are addressed properly. The AC is authorized to take independent professional advice at Company's expense, if necessary.

The AC meets regularly to review the financial results and other information to shareholders, the system of internal control and risk management. The AC also provides an important link between the Board and the Company's auditors in matters within the scope of its terms of reference and keeps under review the independence of auditors.

During the year, the AC has reviewed the annual results of the Company for the year ended 31 March 2018 and was content that the accounting policies of the Group are in accordance with the generally accepted accounting practices in Hong Kong.

During the financial year ended 31 March 2018, 4 AC meetings were held and the individual attendance of each member is set out below:

Name of Audit Committee members	Number of meetings held during his/her tenure	Number of meetings attended
Mr. Chui Man Lung, Everett (resigned on 31 October 2017)	4	3
Mr. Li Kam Chung	4	4
Mr. Chong Man Hung Jeffrey (appointed on 31 October 2017)	1	1
Mr. Tsui Pang	3	3

NOMINATION COMMITTEE

The Company has established a Nomination Committee ("NC") with specific terms of reference, which deal clearly with its authorities and duties. As at the date of this report, the majority of NC members are Independent Non-executive Directors, which consists of Mr. Chong Man Hung Jeffrey, Mr. Li Kam Chung and Tsui Pang. Mr. Li Kam Chung is the Chairman of the NC.

The NC is responsible for the appointment of its own members, identifying appropriate candidate and recommending qualified candidate to the Board for consideration. The Board will review profiles of the candidates recommended by the NC and make appointment if appropriate. Candidates are appointed to the Board on the basis of their integrity, independent mindedness, experience, skill and the ability to commit time and effort to carry out his duties and responsibilities effectively.

The NC also assesses the independence of Independent Non-executive Directors and making recommendations to the Board on such appointments or re-election. All directors are also subject to re-election by shareholders at the annual general meeting pursuant to the Bye-laws of the Company. In accordance with the Company's Articles of Association, one-third of the directors who have been longest in office since their last election or re-election are subject to retirement by rotation. All retiring directors are eligible for re-election.

In order to recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance, to achieve a sustainable and balanced development and to see increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development, the Board Diversity Policy had been passed at by the NC and adopted by the Company.

During the financial year ended 31 March 2018, 1 NC meeting was held and the individual attendance of each member is set out below:

Name of Nomination Committee members	Number of meetings held during his/her tenure	Number of meeting attended
Mr. Chong Man Hung Jeffrey (appointed on 31 October 2017)	1	1
Mr. Li Kam Chung	1	1
Mr. Tsui Pang	1	1

Board diversity Policy

The Board adopted the "Board Diversity Policy" by setting out the approach to diversity on the Board. It is believed that a truly diverse board will include and make good use of differences in the skills, regional and industrial experience, background, race, gender and other qualities of members of the board. These differences will be taken into account in determining the optimum composition of the Board. The NC is responsible for setting measurable objectives for implementing diversity on the Board and recommends them to the Board for adoption. The "Board Diversity Policy" shall be reviewed by the NC, as appropriate, to ensure its effectiveness.

Remuneration Committee

The Company has established a Remuneration Committee ("RC") with specific terms of reference which deal clearly with its authorities and duties. As at the date of this report, the majority of RC members are Independent Non-executive Directors which consists of Mr. Li Kam Chung, Mr. Chong Man Hung Jeffrey and Mr. Tsui Pang; and Mr. Li Hok Yin who is Executive Director of the Company. Mr. Li Kam Chung is the Chairman of the RC.

The RC adopted the model to make recommendations to the board on the remuneration packages of individual executive directors and senior management so that they are responsible for advising the Board on the Company's overall policy and structure for the remuneration of directors and senior management, the remuneration packages of all directors and senior management, review and advise the Board of their performance-based remuneration, review and advising the Board of the compensation to directors and senior management in connection with any loss or termination of their office or appointment. The RC also ensures that no director or any of his associates is involved in deciding his own remuneration.

In recommendation of the emolument payable to directors to the Board, the RC takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment and market conditions.

Individual attendance of each member of the RC Committee is set out below:

Name of Remuneration Committee members	Number of meetings held during his/her tenure	Number of meeting attended
Mr. Li Kam Chung	1	1
Mr. Chui Man Lung, Everett (resigned on 31 October 2017)	0	0
Mr. Li Hok Yin	1	1
Mr. Chong Man Hung Jeffrey (appointed on 31 October 2017)	1	1
Mr. Tsui Pang	1	1

The RC is also authorized to investigate any matter within its terms of reference and seek any information it requires from any employee and obtain outside legal or other independent professional advice at the cost of the Company if necessary.

1 RC meeting has been held during the financial year ended 31 March 2018 to review the remuneration packages of directors and senior management as the Board considered that the existing remuneration packages to each director and senior management are reasonable and appropriate with reference to the financial performance of the Company, employment and market conditions as a whole.

ACCOUNTABILITY AND AUDIT

The directors are responsible for the preparation of financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the financial statements for the year ended 31 March 2018, the directors have selected suitable accounting policies and applied them consistently, adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, made adjustments and estimates that are prudent and reasonable, and have prepared the financial statements on the going concern basis. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

INTERNAL CONTROLS & RISK MANAGEMENT

In order to comply with the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules, the Board has overall responsibility for the internal control system of the Company and for reviewing its effectiveness.

The Board is committed to review the adequacy and effectiveness of the Group's risk management and internal control system annually so as to protect and safeguard the interest of shareholders and assets of the Company. During the year, the Board has retained Crowe Horwath (HK) Corporate Consultancy Limited, an independent outsourced internal auditor, with an aim to set up and maintain an effective internal audit function to facilitate the Board in assessing its risk management and internal control systems. The controls are to manage rather than eliminate the risk of failure to achieve business objectives, and provide reasonable assurance (but not absolute guarantee) against material misstatements or losses that assets are adequately safeguard, operational controls are in place, business risks are suitably protected and proper accounting records are maintained.

The Group has established an internal audit charter, conducted an annual risk assessment and devised a continuous three-year audit plan under a risk-based approach. An annual review was performed according to the audit plan with a view to assisting the Board and the Audit Committee to evaluate the effectiveness of the Group's risk management and internal control mechanism. The review also covered the compliance of code provisions as set out in the Appendix 14 to the Hong Kong Listing Rules, material controls, including financial, operational and compliance controls at entity and operational levels.

The Company has also established a policy ("Policy on Securities Transactions") on handling and dissemination of inside information that set out the procedures in handling inside information in an accurate and secure manner and to avoid possible mishandling of inside information within the Group.

The Board has reviewed the effectiveness of the risk management and internal control system of the Group annually, including financial, operational and compliance controls. Based on the monitoring of the Group on an ongoing basis, the results of the risk assessments and the outcome of the annual audit review, the Board and the Audit Committee are of the opinion that the Group has maintain adequate and effective risk management and internal control system to protect and safeguard the interest of shareholders and assets of the Company during the year ended 31 March 2018.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by the Directors. 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 during the year ended 31 March 2018.

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 be in possession of unpublished inside information of the Company.

No incident of non-compliance of the Written Guidelines by the relevant employees was noted by the Company.

DIRECTORS' TRAINING

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Each of the newly appointed Directors receives comprehensive and formal induction training on or before his appointment, so as to ensure that he/she has an appropriate understanding of the Company's business and the director's duties and responsibilities. In order to allow the Directors to understand the up-to- date development of regulatory and compliance issues, they are also provided with market news and regulatory updates. A summary of training received by the Directors during the relevant period according to the records provided by the Directors is as follows:

Name of Director	Training on corporate governance regulatory development during the relevant period
Executive Directors	
Mr. Li Hok Yin	3
Mr. Christiaan Rudolph de Wet de Bruin	3
Mr. Neil Andrew Herrick	3
Ms. Cheung Pak Sum	3
Mr. Igor Levental (resigned on 1 September 2017)	0
Mr. Phen Chun Shing Vincent	3
Independent Non-executive Directors	
Mr. Chui Man Lung, Everett (resigned on 31 October 2017)	0
Mr. Li Kam Chung	3
Mr. Chong Man Hung Jeffrey (appointed on 31 October 2017)	3
Mr. Tsui Pang	3

CORPORATE GOVERNANCE REPORT

SERVICE CONTRACTS OF DIRECTORS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one month without payment of compensation, other than statutory compensation.

AUDITOR'S REMUNERATION

The financial statements of the Company for the year have been audited by Deloitte Touche Tohmatsu ("Deloitte"). During the year, remuneration of approximately HK$2,900,000 was charged by Deloitte for provision of audit services. No non-audit service fees were incurred for tax related services or other review services for the year ended 31 March 2018.

COMPANY SECRETARY

Ms. Wong Pui Yee has been appointed as the Company Secretary with effect from 1 October 2015. She is responsible to the Board for ensuring proper Board procedures and discharging the Board's obligations pursuant to the Listing Rules and other applicable laws and regulations. The company secretary has provided this training records to the Company of no less than 15 hours of relevant professional training during the year.

COMMUNICATION WITH SHAREHOLDERS

The Company aims to provide its shareholders with high standards of disclosure and financial transparency through the publication of annual and interim reports, press announcements and circulars made through Stock Exchange's websites. The Company has announced its annual results and interim results in a timely manner during the year under review. Separate resolutions are proposed at the general meetings on each substantially separate issue, including the election of individual directors. In addition, procedures for demanding a poll are included in the circular to shareholders as required under the Listing Rules.

The Board also maintains an on-going dialogue with shareholders and use general meeting to communicate with shareholders. The Company encourages all shareholders to attend general meeting which provides a useful forum for shareholders to exchange views with the Board. The Chairman of the Board and members of relevant committees and senior management of the Company are also available to answer the shareholders' questions.

The Company also encourages the shareholders to participating in the decision making process of the Company by the following means under different circumstances:

Shareholders' enquiries

Shareholders should put their enquiries regarding their shareholdings to the Company's Hong Kong Branch Registrar via hotline 2980 1333 or email to info@hk.tricorglobal.com.

Shareholders may request for the Company's publicly available information and/or forward their correspondences to the Company at the principal place of business of the Company or email their enquiries to the Company to contact@taunggold.com.hk.

All the enquiries will be directed to and reviewed by the Company Secretary of the Company. The Company Secretary should summarize the enquiries and submit a copy of the summary to the Board in the next board meeting. Records of all the communications with the shareholders should be maintained by the Company Secretary.

Procedures to put forward proposals in general meeting

Any number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the general meeting to which the requisition relates or not less than 100 shareholders holding shares of the Company, are entitled in writing to require a move in the general meeting.

Written requisition attention to the Company Secretary shall be signed and deposited in accordance with the Bermuda Companies Act 1981 (as amended) to put forward proposals in general meeting.

Procedures to convene special general meeting ("SGM")

Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the voting right at the general meeting are entitled to require to hold SGM by written requisition, duly signed by all the concerned shareholders, deposited to the company secretary of the Company at the principal place of business of the Company.

Written requisition attention to the Company Secretary shall be signed and deposited in accordance with the Company's Bye-laws and the Bermuda Companies Act 1981 (as amended), require the Company's Directors to convene a SGM for the transaction of business specified in the written requisition.

Deloitte. 德勤

TO THE MEMBERS OF TAUNG GOLD INTERNATIONAL LIMITED

(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Taung Gold International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 55 to 141, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of exploration assets	
We identified the impairment assessment of exploration assets in South Africa as a key audit matter due to the significance of this balance to the consolidated statement of financial position and significant judgment and estimation uncertainty associated with determining their recoverable amounts. For the annual impairment testing of the Group's exploration assets in South Africa, the recoverable amount of the relevant cash-generating unit ("CGU") in which the exploration assets are included was determined based on the higher of fair value less costs of disposal and value in use which is estimated using the discounted cash flow method taking into account a suitable discount rate. The recoverable amounts of the Group's exploration assets in South Africa as at 31 March 2018 have been arrived at on the basis of a valuation carried out by an independent qualified professional valuer not connected to the Group (the "Valuer"). The valuation is dependent on certain significant inputs that involve judgment and estimation made by the management of the Group together with the Valuer, including, among other factors, expected future inflation rate, future gold price, exchange rate of United States Dollars ("USD") against South Africa Rand ("ZAR") and discount rate. As at 31 March 2018, the Group has exploration assets in South Africa of HK$4,571,246,000. There was no impairment or reversal of impairment loss on these exploration assets for the year. Further details of the impairment assessment on the Group's exploration assets in South Africa are set out in note 12 to the consolidated financial statements.	Our procedures in relation to the impairment assessment of exploration assets included: • obtaining an understanding of the management's basis and assessment in relation to impairment of exploration assets; • involving our internal valuation expert to evaluate the appropriateness of the valuation methodology and model used by the Valuer to determine the recoverable amount of the CGU; • evaluating the reasonableness of key assumptions (including the expected future inflation rate, future gold price, exchange rate of USD against ZAR and the discount rate) used in the valuation model by assessing the publicly available information, historical performance and expected future performance of the CGU; • checking the input data to supporting documents; and • evaluating the sensitivity analysis in respect of key assumptions, including discount rates adopted.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Tsang Yiu Chung.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	NOTES	2018 HK$'000	2017 HK$'000 (Re-presented)
Continuing operations			
Other income	6	**25,403**	48,135
Other gains and losses	6	**(171,545)**	(196,233)
Fair value change on gross obligation under put options	23(a)	**–**	(25,934)
Administrative and operating expenses		**(45,365)**	(47,309)
Reversal of impairment loss on exploration assets	12	**–**	400,457
Finance costs – unwinding of discounting effect of provision for rehabilitation costs	24	**(6,093)**	–
Share of results of associates	13	**(1,362)**	(8)
(Loss) profit before taxation		**(198,962)**	179,108
Income tax expense	8	**–**	–
(Loss) profit for the year from continuing operations	9	**(198,962)**	179,108
Discontinued operation			
Loss for the year from discontinued operation	5A	**(215,881)**	(1,212)
(Loss) profit for the year		**(414,843)**	177,896
Other comprehensive income			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operation		**79,914**	75,231
Total comprehensive (expense) income for the year		**(334,929)**	253,127
(Loss) profit for the year attributable to owners of the Company:			
– from continuing operations		**(173,168)**	129,369
– from discontinued operation		**(215,879)**	(1,152)
		(389,047)	128,217
(Loss) profit for the year attributable to non-controlling interests:			
– from continuing operations		**(25,794)**	49,739
– from discontinued operation		**(2)**	(60)
		(25,796)	49,679
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(325,973)**	182,234
Non-controlling interests		**(8,956)**	70,893
		(334,929)	253,127
(Loss) earnings per share	10		
From continuing and discontinued operations			
– Basic and diluted (loss) earnings per share (HK cents)		**(2.14)**	0.82
From continuing operations			
– Basic and diluted (loss) earnings per share (HK cents)		**(0.95)**	0.83

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2018

	NOTES	**2018 HK$'000**	2017 HK$'000 (Re-presented)
Non-current assets			
Property, plant and equipment	*11*	**3,588**	3,545
Exploration assets	*12*	**4,571,246**	4,523,585
Prepayment for acquisition of exploration assets	*17*	**–**	154,029
Interests in associates	*13*	**648**	2,010
Available-for-sale investment	*19*	**–**	49,336
Loans to shareholders of a subsidiary	*14*	**121,539**	193,967
Deposits for rehabilitation	*15*	**–**	674
Deposits for acquisition of investments	*16*	**60,000**	60,000
Pledged bank deposits	*20*	**3,334**	2,413
		4,760,355	4,989,559
Current assets			
Other receivables, prepayment and deposits	*18*	**13,218**	12,854
Restricted bank deposits	*20*	**120,235**	–
Bank balances and cash	*21*	**162,906**	383,894
		296,359	396,748
Current liabilities			
Other payables and accruals	*22*	**12,778**	23,658
Net current assets		**283,581**	373,090
Total assets less current liabilities		**5,043,936**	5,362,649
Non-current liability			
Provision for rehabilitation costs	*24*	**15,483**	–
		5,028,453	5,362,649
Capital and reserves			
Share capital	*25*	**181,515**	181,515
Reserves		**3,840,471**	4,166,444
Equity attributable to owners of the Company		**4,021,986**	4,347,959
Non-controlling interests	*37*	**1,006,467**	1,014,690
Total equity		**5,028,453**	5,362,649

The consolidated financial statements on pages 55 to 141 were approved and authorised for issue by the board of directors on 28 June 2018 and are signed on its behalf by:

Li Hok Yin
DIRECTOR

Cheung Pak Sum
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 *(Note (a))*	Other reserve HK$'000 *(Note (c))*	Contributed surplus HK$'000 *(Note (b))*	Foreign currency translation reserve HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2016	147,912	5,044,106	(829)	(316,023)	147,828	(420,369)	11,975	(958,241)	3,656,359	1,018,679	4,675,038
Profit for the year	–	–	–	–	–	–	–	128,217	128,217	49,679	177,896
Exchange differences arising on translation of foreign operation	–	–	–	–	–	54,017	–	–	54,017	21,214	75,231
Total comprehensive income for the year	–	–	–	–	–	54,017	–	128,217	182,234	70,893	253,127
Issue of new shares under placement *(note 25)*	29,749	232,936	–	–	–	–	–	–	262,685	–	262,685
Transaction costs attributable to issue of new shares *(note 25)*	–	(3,961)	–	–	–	–	–	–	(3,961)	–	(3,961)
Issue of new shares for potential acquisition in a subsidiary *(note 17)*	3,019	28,018	–	–	–	–	–	–	31,037	–	31,037
Recognition of equity-settled share-based payments	–	–	–	–	–	–	5,551	–	5,551	–	5,551
Forfeiture of share options	–	–	–	–	–	–	(872)	872	–	–	–
Effect of execution of put options by option holders of a subsidiary	835	6,344	–	–	–	–	–	–	7,179	–	7,179
Effect of exercise of put options for the potential additional acquisition of a subsidiary	–	–	–	239,661	–	–	–	(34,402)	205,259	(93,149)	112,110
Change in shareholding of a subsidiary without losing control *(note 34)*	–	–	–	1,616	–	–	–	–	1,616	18,267	19,883
At 31 March 2017	181,515	5,307,443	(829)	(74,746)	147,828	(366,352)	16,654	(863,554)	4,347,959	1,014,690	5,362,649
Loss for the year	–	–	–	–	–	–	–	(389,047)	(389,047)	(25,796)	(414,843)
Exchange differences arising on translation of foreign operation	–	–	–	–	–	63,074	–	–	63,074	16,840	79,914
Total comprehensive income (expense) for the year	–	–	–	–	–	63,074	–	(389,047)	(325,973)	(8,956)	(334,929)
Forfeiture of share options	–	–	–	–	–	–	(2,615)	2,615	–	–	–
Non-controlling interest arising from acquisition of subsidiaries *(note 26)*	–	–	–	–	–	–	–	–	–	733	733
At 31 March 2018	181,515	5,307,443	(829)	(74,746)	147,828	(303,278)	14,039	(1,249,986)	4,021,986	1,006,467	5,028,453

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

Notes:

(a) Capital reserve included the difference of HK$800,000 between the nominal value of the share capital of the Company issued on acquisition of assets through acquisition of subsidiaries and the fair value of the consideration shares issued. Pursuant to a sale and purchase agreement dated 20 June 2008 and a supplemental agreement dated 31 July 2008, the Company issued 10,000,000 consideration shares of HK$1 each to the vendor as part of the purchase consideration for the acquisition of 70% equity interests in Union Sense Development Limited. The acquisition was completed on 1 December 2008. The fair value of the 10,000,000 consideration shares issued was HK$9,200,000 which was determined by reference to the published share price at the date of exchange.

(b) Contributed surplus represented amounts of HK$51,562,000 and HK$96,266,000 arising from (i) the difference between the nominal value of the aggregate share capital of the subsidiaries acquired pursuant to the group reorganisation completed on 2 October 1995 over the nominal value of the share capital of the Company issued in exchange thereof; and (ii) the capital reorganisation during the year ended 31 March 2010 (the "Capital Reorganisation") respectively. Pursuant to the Capital Reorganisation, (i) the issued share capital of the Company was reduced by cancelling the paid-up capital to the extent of HK$0.90 on each issued share such that the par value of each issued share was reduced from HK$1.00 to HK$0.10, thereby giving rise to a credit of HK$104,094,000 (the "Capital Reduction"); (ii) the share subdivision involved the sub-division of each authorised but unissued share into ten new shares ("Share Subdivision"); and (iii) upon the Capital Reduction and the Share Subdivision becoming effective, the entire amount standing to the credit of the share premium account of the Company was reduced to nil (the "Share Premium Reduction"). The total credit amount arising from both the Capital Reduction and the Share Premium Reduction was transferred to the contributed surplus account of the Company which would be utilised in accordance with the bye-laws of the Company and all applicable laws including, without limitation, to set-off against the accumulated losses of the Company. The special resolution in relation to the Capital Reorganisation was duly passed by the shareholders at the special general meeting held on 12 November 2009 and became effective on the same date.

(c) Other reserve mainly represented the difference between the fair values of consideration given by the Group in exchange for certain share of net assets of Taung Gold (Pty) Limited ("TGL"), a partially owned subsidiary of the Group, held by the non-controlling shareholders in previous years.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	NOTES	2018 HK$'000	2017 HK$'000 (Re-presented)
OPERATING ACTIVITIES			
(Loss) profit before taxation			
– continuing operations		**(198,962)**	179,108
– discontinued operation		**(215,881)**	(1,212)
Adjustments for:			
Interest income		**(24,819)**	(48,092)
Finance costs		**6,093**	–
Fair value change on gross obligation under put options		**–**	25,934
Share of results of associates		**1,362**	8
Reversal of impairment loss on exploration assets	*12*	**–**	(400,457)
Depreciation of property, plant and equipment		**656**	801
Recognition of share-based payments		**–**	5,551
Impairment losses on loans to shareholders of a subsidiary		**123,984**	156,181
Impairment loss on available-for-sale investment		**50,017**	–
Loss on relinquishment of mining licenses		**215,832**	–
Adjustment to carrying amount of the loan to a shareholder of a subsidiary		**–**	7,856
Loss (gain) on disposal of property, plant and equipment		**176**	(92)
(Reversal of) impairment loss on amount due from an associate		**(1,538)**	32,289
Operating cash flows before movements in working capital		**(43,080)**	(42,125)
Decrease in other receivables and deposits		**3,948**	4,953
(Decrease) increase in other payables and accruals		**(9,564)**	13,337
Cash used in operations		**(48,696)**	(23,835)
Taxation paid		**–**	–
NET CASH USED IN OPERATING ACTIVITIES		**(48,696)**	(23,835)
INVESTING ACTIVITIES			
Interest received		**2,185**	6,167
Purchase of property, plant and equipment		**(757)**	(493)
Proceeds from disposal of property, plant and equipment		**170**	105
Exploration costs incurred	*12*	**(18,255)**	(44,868)
Refund of deposit for rehabilitation		**702**	74
Deposits paid for acquisition of investments		**–**	(60,000)
Refund of deposits for acquisition of subsidiaries		**–**	30,000
Net payment for acquisition of subsidiaries	*26*	**(31,224)**	–
Placement of pledged bank deposits		**(522)**	–
Placement of restricted bank deposits		**(120,235)**	–
Repayment from an associate		**1,538**	–
NET CASH USED IN INVESTING ACTIVITIES		**(166,398)**	(69,015)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	2018 HK$'000	2017 HK$'000
FINANCING ACTIVITIES		
Proceeds from placement of new shares	–	262,685
Transaction costs attributable to issue of new shares	–	(3,961)
NET CASH FROM FINANCING ACTIVITIES	–	258,724
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(215,094)**	165,874
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(5,894)**	7,757
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**383,894**	210,263
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by		
Bank balances and cash	**162,906**	383,894

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. GENERAL

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 Canon's Court, 22 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 set out in note 35. The Company and its subsidiaries are collectively referred to as the Group.

The functional currency of the Company is United States dollars ("USD"). For the convenience of the consolidated financial statements users, 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 NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and revised HKFRSs and interpretations issued but not yet effective

The Group has not early applied the following new and revised HKFRSs and interpretations that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2021

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are described as follows:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income ("FVTOCI"). All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held-for-trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 "Financial Instruments: Recognition and Measurement". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the directors of the Company anticipate the following potential impact on initial application of HKFRS 9:

Classification and measurement:

- Debt instruments classified as loans and receivables carried at amortised cost using effective interest method less any identified impairment losses as disclosed in note 18: these are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of HKFRS 9;

- Debt instruments classified as loans and receivables carried at amortised cost using effective interest method less any identified impairment losses as disclosed in note 14: these may not be held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding nor selling financial assets. Accordingly, these financial assets may be measured at fair value upon the application of HKFRS 9. The directors of the Company are still assessing the business model that these debt instruments are held within;

- Equity security classified as available-for-sale investment carried at cost less impairment as disclosed in note 19: this security qualified for designation as measured at FVTOCI under HKFRS 9 and, however, the Group plans not to elect the option for designating these securities to be measured at FVTOCI and will measure these securities at fair value with subsequent fair value gains or losses to be recognised in profit or loss. Upon initial application of HKFRS 9, any differences between cost less impairment and fair value would be adjusted to accumulated losses as at 1 April 2018; and

- Except for financial assets that are subject to expected credit losses, all other financial assets and financial liabilities will continue to be measured on the same measurement basis as are currently measured under HKAS 39.

Impairment:

In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group as at 1 April 2018 would be increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on other receivables. Such further impairment recognised under expected credit loss model would increase the opening accumulated losses at 1 April 2018.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2018, the Group has non-cancellable operating lease commitments as lessee of approximately HK$3,419,000 as disclosed in note 32. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 16 Leases *(Continued)*

In addition, the Group currently considers refundable rental deposits paid of approximately HK$426,000 as rights under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

Except as described above, the directors of the Company anticipate that the application of the other new and revised HKFRSs and interpretations will have no material impact on the consolidated financial statements of the Group in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interest. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation is initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate equals or exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates *(Continued)*

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Exploration assets

Exploration expenditures are recognised at cost on initial recognition. Subsequent to initial recognition, exploration expenditures are stated at cost less identified impairment loss.

Exploration assets include the cost of exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. Exploration assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration asset may exceed its recoverable amount. An impairment loss is recognised in profit or loss.

When the technical feasibility and commercial viability of extracting natural resources become demonstrable, previously recognised exploration and evaluation assets are reclassified as either mining rights or mining structures based on nature of assets acquired. These assets are assessed for impairment before reclassification.

Impairment of exploration assets

The carrying amount of the exploration assets is reviewed annually. When one of the following events or changes in circumstances, which is not exhaustive, indicate that the carrying amount may not be recoverable has occurred, impairment test is performed in accordance with HKAS 36 "Impairment of Assets".

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future.

- substantive expenditure on further exploration for and evaluation of natural resources in the specific area is neither budgeted nor planned.

- exploration for and evaluation of natural resources in the specific area have not led to the discovery of commercially viable quantities of natural resources and the Group has decided to discontinue such activities in the specific area.

- sufficient data (such as gold prices) exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of exploration assets *(Continued)*

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount. Where an impairment loss subsequently reverses, the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefit from the leased assets are consumed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations as well as the Company's assets and liabilities are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") and other defined contribution retirement benefit plans are recognised as expenses when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from '(loss) profit before taxation' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss.

Impairment of tangible assets other than exploration assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets other than exploration assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of tangible assets other than exploration assets *(Continued)*

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or as cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Provision for rehabilitation costs

Provision for rehabilitation is recognised when the Group has present obligation (legal or constructive) as a result of exploration, development and production activities undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the obligation. The estimated future obligations include the costs of removing facilities, abandoning sites and restoring the affected areas.

Provision for rehabilitation cost is the best estimate of the present value of the expenditure required to settle the restoration obligation at the end of the reporting period, based on current legal and other requirements and technology. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the provision at the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provision for rehabilitation costs *(Continued)*

The initial estimate of the rehabilitation provision relating to exploration, development and production facilities is capitalised into the cost of the related asset and depreciated on the same basis as the related asset.

Changes in the estimation of the rehabilitation provision that result from changes in the estimated timing or amount of cash flows, including the effects of revisions to estimated lives of operation or a change in the discount rate, are added to, or deducted from, the cost of the related asset in the period it occurred.

If a decrease in liability exceeds the carrying amount of the asset, the excess is recognised immediately in profit or loss. Unwinding of the effect of discounting on the provision is recognised as finance cost.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognise on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments, of which interest income is included in other income.

Available-for-sale financial assets

Equity and debt securities held by the Group that are classified as available-for-sale financial assets are measured at fair value at the end of each reporting period, except for unquoted equity investments whose fair value cannot be reliably measured.

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Dividends on available-for-sale equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other receivables and deposits, loans to shareholders of a subsidiary, pledged bank deposits, restricted bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or those designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities at FVTPL (Continued)

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest paid on financial liabilities.

Financial liabilities at amortised cost

Financial liabilities including other payables and accruals are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition *(Continued)*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Equity-settled share-based payment transactions *(Continued)*

Share options granted to employees *(Continued)*

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

Share options granted to consultants

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make various estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on historical experience, expectations of future and other information that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Impairment loss recognised in respect of exploration assets

Exploration assets are assessed for impairment annually. Determining whether exploration assets are impaired requires an estimation of the value in use of the cash-generating units to which these assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating units ("CGU") and a suitable discount rate in order to calculate the present value. Assumptions adopted in the estimation of future cash flows by the management of the Group are based on estimation, among others, on the total proved and probable reserves of the gold mines, future gold price, expected future inflation rate, exchange rate, production and sales volume per annum and operating and capital costs. Where the actual future cash flows are less than expected, a material impairment loss may arise. The recoverable amounts of the Group's exploration assets in South Africa have been arrived at on the basis of valuation carried out by an independent qualified professional valuer not connected to the Group.

As at 31 March 2018, the carrying amount of the Group's exploration assets was HK$4,571,246,000 which represented entirely the exploration assets in South Africa. As at 31 March 2017, the carrying amount of the Group's exploration assets was HK$4,523,585,000, of which an amount of HK$4,494,090,000 related to exploration assets in South Africa. Details of the calculation for recoverable amount of exploration assets are disclosed in note 12. In the opinion of the directors of the Company, there was no impairment loss for the exploration assets in South Africa.

Impairment loss on loans to shareholders of a subsidiary

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows not only from the repayment of loans from shareholders of a subsidiary, but also taking into account the proceeds from realisation of the collaterals charged by the shareholders of a subsidiary when default on repayment. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise. During the year ended 31 March 2018, an impairment loss on the loans to shareholders of a subsidiary of approximately HK$123,984,000 (2017: HK$156,181,000) was recognised to the profit or loss and included in "other gains and losses" line item in the consolidated statement of profit or loss and other comprehensive income. As at 31 March 2018, the carrying amount of loans to shareholders of a subsidiary was approximately HK$121,539,000 (2017: HK$193,967,000). Details of the loans to shareholders of a subsidiary are set out in note 14.

5. 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 South Africa;

(b) gold exploration and development in Indonesia; and

(c) trading of minerals.

As the gold exploration and development operation in Indonesia was discontinued upon the Group's relinquishment of the mining licenses in Indonesia in the current year, the segment information reported below does not include financial information in respect of the discontinued operation, which are disclosed in more detail in note 5A. Accordingly, the comparatives of segment information was re-presented.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

5. SEGMENT INFORMATION *(Continued)*

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 2018

Continuing operations

	Gold exploration and development in South Africa HK$'000	Trading of minerals HK$'000	Total HK$'000
REVENUE			
External sales	–	–	–
Segment loss	**(120,419)**	–	**(120,419)**
Unallocated other income			**6**
Unallocated corporate expenses			**(28,708)**
Impairment loss on available-for-sale investment			**(50,017)**
Reversal of impairment loss on amount due from an associate			**1,538**
Share of results of associates			**(1,362)**
Loss before taxation			**(198,962)**

5. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the year ended 31 March 2017 (Re-presented)

Continuing operations

	Gold exploration and development in South Africa HK$'000	Trading of minerals HK$'000	Total HK$'000
REVENUE			
External sales	–	–	–
Segment profit	265,332	–	265,332
Unallocated other income			1,583
Unallocated corporate expenses			(29,576)
Impairment loss on amount due from an associate			(32,289)
Fair value change on gross obligation under put options			(25,934)
Share of results of associates			(8)
Profit before taxation			179,108

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment (loss) profit during the years ended 31 March 2018 and 31 March 2017 represents (loss) profit from each segment without allocation of certain other income, central administration and operating expenses, impairment loss on available-for-sale investment, reversal of/impairment loss on amount due from an associate, fair value change on gross obligation under put options and share of results of associates. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

At 31 March 2018

	Gold exploration and development in South Africa HK$'000	Trading of minerals HK$'000	Total HK$'000
ASSETS			
Segment assets	4,719,436	–	4,719,436
Property, plant and equipment			1,357
Interests in associates			648
Deposits for acquisition of investments			60,000
Other receivables, prepayment and deposits			1,349
Restricted bank deposits			120,235
Bank balances and cash			150,847
Assets relating to continuing operations			5,053,872
Assets relating to discontinued operation			2,842
Consolidated assets			5,056,714
LIABILITIES			
Segment liabilities	22,454	–	22,454
Other payables and accruals			5,508
Liabilities relating to continuing operations			27,962
Liabilities relating to discontinued operation			299
Consolidated liabilities			28,261

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

At 31 March 2017 (Re-presented)

	Gold exploration and development in South Africa HK$'000	Trading of minerals HK$'000	Total HK$'000
ASSETS			
Segment assets	4,753,650	111	4,753,761
Property, plant and equipment			1,426
Interests in associates			2,010
Deposits for acquisition of investments			60,000
Other receivables, prepayment and deposits			392
Available-for-sale investment			49,336
Bank balances and cash			335,856
Assets relating to continuing operations			5,202,781
Assets relating to discontinued operation			183,526
Consolidated assets			5,386,307
LIABILITIES			
Segment liabilities	18,290	–	18,290
Other payables and accruals			5,062
Liabilities relating to continuing operations			23,352
Liabilities relating to discontinued operation			306
Consolidated liabilities			23,658

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

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, available-for-sale investment, interests in associates, deposits for acquisition of investments, certain other receivables, prepayment and deposits, assets relating to discontinued operation, restricted bank deposits and certain bank balances and cash.

- all liabilities are allocated to operating and reportable segments other than liabilities relating to discontinued operation and certain other payables and accruals.

Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

Continuing operations

For the year ended 31 March 2018

	Gold exploration and development in South Africa HK$'000	Trading of minerals HK$'000	Unallocated HK$'000	Total HK$'000
Additions to property, plant and equipment	14	–	743	757
Additions to exploration assets	28,231	–	–	28,231
Depreciation of property, plant and equipment	95	–	561	656
Loss on disposal of property, plant and equipment	176	–	–	176
Impairment loss on loans to shareholders of a subsidiary	123,984	–	–	123,984
Impairment loss on available-for-sale investment	–	–	50,017	50,017
Reversal of impairment loss on amount due from an associate	–	–	(1,538)	(1,538)
Imputed interest income on loans to shareholders of a subsidiary	(22,634)	–	–	(22,634)
Interest income on bank deposits	(2,179)	–	(6)	(2,185)

5. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

Continuing operations (Continued)

For the year ended 31 March 2017 (Re-presented)

	Gold exploration and development in South Africa HK$'000	Trading of minerals HK$'000	Unallocated HK$'000	Total HK$'000
Additions to property, plant and equipment	1,170	–	368	1,538
Additions to exploration assets	44,868	–	–	44,868
Depreciation of property, plant and equipment	226	–	575	801
Gain on disposal of property, plant and equipment	(92)	–	–	(92)
Adjustment to carrying amount of the loan to shareholder of a subsidiary	7,856	–	–	7,856
Impairment loss on loan to a shareholder of a subsidiary	156,181	–	–	156,181
Impairment loss on amount due from an associate	–	–	32,289	32,289
Reversal of impairment loss on exploration assets	(400,457)	–	–	(400,457)
Interest income on loan to a shareholder of a subsidiary	(39,138)	–	–	(39,138)
Imputed interest income on loan to a shareholder of a subsidiary	(1,249)	–	–	(1,249)
Interest income on bank deposits	(6,167)	–	–	(6,167)

5. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's operations are located in South Africa, Indonesia and Hong Kong.

Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Non-current assets	
	31 March 2018 HK$'000	31 March 2017 HK$'000
Hong Kong (country of domicile)	**62,005**	63,435
South Africa	**4,573,477**	4,496,210
Indonesia	**–**	183,524
	4,635,482	4,743,169

Note: Non-current assets excluded loans to shareholders of a subsidiary and pledged bank deposits (2017: excluded deposits for rehabilitation, available-for-sale investment, loans to shareholders of a subsidiary and pledged bank deposits).

5A. DISCONTINUED OPERATION

During the year ended 31 March 2018, the Group committed to develop potential mining projects in Pakistan as the Group believes the strategy in Pakistan will provide it with an entry point into the world-class copper and gold mineral resources present in the Chagai area of Balochistan Province, which is recognised as being the host of large copper-gold porphyry. The exploration and development of assets in South Africa and Pakistan will require continuous and substantial financial commitment from the Group in order to advance them into production and a cash generating position. In order to ensure that financial resources are optimally deployed on projects that better serve the Group's interests, the Group has decided to suspend the operation in Indonesia. The Group relinquished the mining licenses held for the mining project in Indonesia. On 2 October 2017, the Group received a letter from Governor of Sulawesi Utara of Indonesia regarding the termination of the mining license held by PTBTPR (as defined in note 17). On 6 June 2018, the Group received letters which dated on 15 March 2018 from Governor of Sulawesi Utara of Indonesia regarding the termination of the mining licenses held by PTBBP and PTKEP (both defined in note 17). As a result, the Group has no longer involved in the gold exploration and development in Indonesia and the CODM of the Group has no longer assessed the performance of this segment for the purpose of its resource allocation.

5A. DISCONTINUED OPERATION *(Continued)*

The loss from the discontinued operation for the current and prior year is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been re-presented to re-classify performance of the gold exploration and development in Indonesia as a discontinued operation.

	2018	2017
	HK$'000	HK$'000
Loss from the gold exploration and development in Indonesia	**(215,881)**	(1,212)
Loss for the year from discontinued operation	**(215,881)**	(1,212)

The results of the gold exploration and development in Indonesia for the current and prior year are as follows:

	2018	2017
	HK$'000	HK$'000
Other loss – loss on relinquishment of mining licenses	**(215,832)**	–
Administrative and operating expenses	**(49)**	(1,212)
Loss for the year from discontinued operation	**(215,881)**	(1,212)
Loss for the year attributable to:		
Owner of the Company	**(215,879)**	(1,152)
Non-controlling interest	**(2)**	(60)
	(215,881)	(1,212)

In the opinion of the directors of the Company, the impact of cash flows of the discontinued operation to the Group was immaterial. Therefore, no cashflows information of the discontinued operation is presented.

6. OTHER INCOME AND OTHER GAINS AND LOSSES

	2018 HK$'000	2017 HK$'000
Other income		
Interest income on loan to a shareholder of a subsidiary	–	39,138
Interest income on amount due from an associate	–	1,538
Interest income on bank deposits	2,185	6,167
Imputed interest income on loans to shareholders of a subsidiary	22,634	1,249
Others	584	43
	25,403	48,135

	2018 HK$'000	2017 HK$'000
Other gains and losses		
(Loss) gain on disposal of property, plant and equipment	(176)	92
Foreign exchange gain, net	1,132	–
Adjustment to carrying amount of loan to a shareholder of a subsidiary	–	(7,856)
Impairment loss on available-for-sale investment	(50,017)	–
Impairment loss on loans to shareholders of a subsidiary	(123,984)	(156,181)
Impairment loss on amount due from an associate	–	(32,289)
Reversal of impairment loss on amount due from an associate	1,538	–
Others	(38)	1
	(171,545)	(196,233)

7. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors' and chief executive's emoluments

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	2018					2017				
	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Equity-settled share-based payments HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Equity-settled share-based payments HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Executive directors										
Mr. Li Hok Yin	–	595	–	18	613	–	595	436	18	1,049
Mr. Christiaan Rudolph de Wet de Bruin	–	2,032	–	–	2,032	–	1,770	436	–	2,206
Mr. Neil Andrew Herrick *(Note 1)*	–	2,255	–	–	2,255	–	2,004	436	–	2,440
Ms. Cheung Pak Sum	–	602	–	18	620	–	602	436	18	1,056
Mr. Phen Chun Shing Vincent *(Note 2)*	–	697	–	17	714	–	–	–	–	–
Mr. Igor Levental *(Note 4)*	125	–	–	–	125	250	–	436	–	686
Non-executive director										
Mr. Phen Chun Shing Vincent *(Note 2)*	27	–	–	–	27	250	–	–	–	250
Independent non-executive directors										
Mr. Li Kam Chung	250	–	–	–	250	250	–	436	–	686
Mr. Chui Man Lung, Everett *(Note 5)*	271	–	–	–	271	250	–	436	–	686
Mr. Walter Thomas Segsworth *(Note 3)*	–	–	–	–	–	77	–	–	–	77
Mr. Tsui Pang	250	–	–	–	250	173	–	–	–	173
Mr. Chong Man Hung, Jeffrey *(Note 6)*	104	–	–	–	104	–	–	–	–	–
Total	1,027	6,181	–	53	7,261	1,250	4,971	3,052	36	9,309

Notes:

1. Mr. Neil Andrew Herrick is also the chief executive officer of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

2. Mr. Phen Chun Shing Vincent was redesignated as an executive director of the Company on 11 May 2017.

3. Mr. Walter Thomas Segsworth resigned as an independent non-executive director of the Company on 21 July 2016. The share options granted to him were forfeited on 21 August 2016.

4. Mr. Igor Levental resigned as an executive director of the Company on 1 September 2017. The share options granted to him were forfeited on 1 October 2017.

5. Mr. Chui Man Lung, Everett resigned as an independent non-executive director of the Company on 31 October 2017. The share options granted to him were forfeited on 30 November 2017.

6. Mr. Chong Man Hung, Jeffrey was appointed as an independent non-executive director of the Company on 31 October 2017.

7. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

Directors' and chief executive's emoluments *(Continued)*

Certain directors of the Company were granted share options on 16 July 2015 under the share option scheme of the Company in respect of their services rendered to the Group and such share options were fully vested during the year ended 31 March 2018. Details of the share option scheme are set out in note 27. The amount of benefits in relation to share options was determined by the estimated fair value of the share options at the date of grant (i.e. 16 July 2015) using the binomial option pricing model.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive director and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Employees' emoluments

The five highest paid employees of the Group during the year included two (2017: two) directors, details of whose remuneration are set out in the disclosures above. Details of the remuneration for the year of the remaining three (2017: three) highest paid employees who are neither a director nor chief executive officer of the Company are as follows:

	2018 **HK$'000**	2017 HK$'000
Salaries and allowances	**4,789**	4,120
Equity-settled share-based payments	**–**	347
	4,789	4,467

The number of highest paid employee who are not the directors of the Company whose emolument fell within the following bands is as follow:

	2018 **Number of employees**	2017 Number of employees
HK$1,000,001 to HK$1,500,000	**1**	2
HK$1,500,001 to HK$2,000,000	**2**	1
	3	3

7. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

Employees' emoluments *(Continued)*

The highest paid employees as set out above was granted share options on 16 July 2015 under the share option scheme of the Company in respect of their services rendered to the Group and such share options were fully vested during the year ended 31 March 2018. The amount of the benefits in relation to share options was determined by the estimated fair value of the share options at the date of grant (i.e. 16 July 2015) using the binomial option pricing model.

During both years, no emoluments were paid by the Group to the directors, the chief executive officer of the Company or the five individuals with the highest emoluments in the Group as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director or the chief executive officer of the Company waived or agreed to waive any remuneration during both years.

8. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the subsidiaries incorporated in Hong Kong have no assessable profits for both years.

Under South African tax law, the corporate tax rate is 28% for both years on taxable profits of South African subsidiaries. No provision for taxation has been made as the subsidiaries in South Africa have no assessable profits for both years.

The taxation for the year can be reconciled to the (loss) profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018 **HK$'000**	2017 HK$'000 (Re-presented)
(Loss) profit before taxation from continuing operations	**(198,962)**	179,108
Tax at South African profits tax rate of 28%	**(55,709)**	50,150
Tax effect of expenses not deductible for tax purpose	**39,193**	56,638
Tax effect of income not taxable for tax purpose	**(6,957)**	(124,187)
Tax effect of tax losses not recognised	**14,216**	7,425
Tax effect of share of results of associates	**225**	2
Effect of difference tax rates of subsidiaries operating in other jurisdictions	**9,032**	9,972
Income tax expense for the year	**–**	–

8. INCOME TAX EXPENSE *(Continued)*

At the end of the reporting period, the Group had estimated unused tax losses of HK$266,365,000 (2017: HK$215,594,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. All tax losses as at 31 March 2018 may be carried forward indefinitely.

9. (LOSS) PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2018 HK$'000	2017 HK$'000
(Loss) profit for the year from continuing operations has been arrived at after charging (crediting):		
Auditor's remuneration	3,557	3,245
Depreciation of property, plant and equipment	656	801
Minimum operating lease payments in respect of rented premises	2,244	1,888
Staff costs (including directors' emoluments as disclosed in note 7)		
– Salaries and other benefits	34,183	29,521
– Equity-settled share-based payments	–	5,058
– Contributions to retirement benefits scheme	163	149
	34,346	34,728
Less: Amount capitalised in exploration assets	(7,237)	(6,681)
	27,109	28,047

10. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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

	2018 HK$'000	2017 HK$'000
(Loss) profit		
(Loss) profit for the purposes of calculating basic and diluted earnings per share		
(Loss) profit for the year attributable to owners of the Company	**(389,047)**	128,217

From continuing operations

The calculation of the basic and diluted (loss) earnings per share from continuing operations attributable to owners of the Company is based on the follow data:

	2018 HK$'000	2017 HK$'000
(Loss) profit is calculated as follows:		
(Loss) profit for the year attributable to the owners of the Company	**(389,047)**	128,217
Add: Loss for the year from discontinued operation	**215,879**	1,152
(Loss) profit for the purpose of calculating basic and diluted (loss) earnings per share from continuing operations	**(173,168)**	129,369

The denominators used are the same as those detailed below for calculating the basic and diluted (loss) earnings per share.

10. (LOSS) EARNINGS PER SHARE *(Continued)*

From discontinued operation

Basic and diluted loss per share from discontinued operation is HK1.19 cents (2017: HK0.007 cents) per share, is based on the loss for the year from discontinued operation of approximately HK$215,879,000 (2017: HK$1,152,000) and the denominators detailed below for calculating basic and diluted (loss) earnings per share from continuing operations.

	2018	2017
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted (loss) earnings per share	**18,151,472**	15,583,851

The computation of diluted earnings per share for prior year did not account for the impact of adjustment in relation to put options granted by the Company on the profit or loss and the effect of put options on the weighted average number of ordinary shares as they would result in increase in earnings per share.

The computation of diluted earnings per share for prior year did not assume the exercise of the Company's outstanding share options because the exercise price of those share options was higher than the average market price for the Company's shares for prior year.

The computation of diluted loss per share for current year does not assume the exercise of the Company's share options since their assumed exercise would result in a decrease in loss per share.

11. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 April 2016	714	4,465	3,022	8,201
Additions	1,045	143	350	1,538
Disposals	–	(1)	(110)	(111)
Exchange realignment	129	270	47	446
At 31 March 2017	1,888	4,877	3,309	10,074
Additions	–	41	716	757
Disposals	–	(95)	(672)	(767)
Exchange realignment	272	1,084	294	1,650
At 31 March 2018	2,160	5,907	3,647	11,714
DEPRECIATION				
At 1 April 2016	–	4,158	1,381	5,539
Provided for the year	–	228	573	801
Eliminated on disposals	–	–	(98)	(98)
Exchange realignment	–	241	46	287
At 31 March 2017	–	4,627	1,902	6,529
Provided for the year	–	103	553	656
Eliminated on disposals	–	–	(421)	(421)
Exchange realignment	–	1,068	294	1,362
At 31 March 2018	–	5,798	2,328	8,126
CARRYING VALUES				
At 31 March 2018	2,160	109	1,319	3,588
At 31 March 2017	1,888	250	1,407	3,545

11. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment are depreciated using the straight-line basis at the following rates per annum:

Plant and machinery	10% – 16.7%
Furniture and equipment	16.7% – 33%
Motor vehicles	20%

12. EXPLORATION ASSETS

	HK$'000
Exploration assets	
At 1 April 2016	4,039,548
Additions	44,868
Reversal of impairment loss recognised in the profit or loss	400,457
Exchange realignment	38,712
At 31 March 2017	4,523,585
Additions	28,231
Acquisition of subsidiaries *(note 26)*	183,058
Loss on relinquishment of mining licenses	(215,832)
Exchange realignment	52,204
At 31 March 2018	4,571,246

As at 31 March 2018, the carrying amount of the Group's exploration assets was approximately HK$4,571,246,000 which represented entirely the exploration assets in South Africa. As at 31 March 2017, the carrying amount of the Group's exploration assets was approximately HK$4,523,585,000, of which an amount of approximately HK$29,495,000 is relating to exploration assets in Indonesia.

Exploration assets in South Africa

The exploration assets principally represented the mining rights for the gold mining projects in South Africa, namely the Evander Project and the Jeanette Project. The mining right for Evander Project is valid for 26 years commencing from 18 July 2012 until 28 April 2038, and the mining right for Jeanette Project is valid for 30 years commencing from 7 June 2017 until 6 June 2047. In previous years, the Group completed the bankable feasibility study and pre-feasibility study for the Evander Project and Jeanette project respectively and the details are set out in the Company's announcement dated 12 September 2016 and 9 March 2017 respectively.

12. EXPLORATION ASSETS *(Continued)*

Exploration assets in South Africa *(Continued)*

In the preparation of the consolidated financial statements for the years ended 31 March 2018 and 31 March 2017, the directors of the Company have assessed the recoverable amount of the exploration assets relating to the Jeanette Project and the Evander Project as at 31 March 2018 and 31 March 2017 based on estimations of its value in use. The management of the Group applied discounted cashflow approach to assess the recoverable amount of the CGU to which the exploration assets relating to the Jeanette Project and the Evander Project are allocated. The discounted cashflow approach is based on an effective discount rate of 14.69% (2017: 15.44%) and cash flow projection prepared from financial forecasts covering a mine life period until the mine resources run out based on probable reserves.

During the year ended 31 March 2018, no revenue (2017: nil) was generated from the exploration assets and expenses relating to the exploration assets in gold exploration and development operation in South Africa were approximately HK$17,121,000 (2017: HK$9,107,000).

Jeanette Project

The amount of reserve used in the projection is 20.09 mt (2017: 20.09 mt) and it is assumed the mineral reserve is mined over 24 (2017: 24) years at a rate of up to 0.84 mt (2017: 0.84 mt) per annum. The discount rate was estimated using the capital asset pricing model with the risk free rate at 8.9% (2017: 9.7%), the market risk premium at 4.27% (2017: 3.52%), beta at 0.81 (2017: 0.78). Other key assumptions for the fair value calculation related to the estimation of cash inflows/outflows which include total operating costs of USD343 (2017: USD343) per ounce, capital expenditure of South African Rand ("ZAR"), 25,084,701,000 (2017: ZAR25,511,109,000), expected future inflation rates affecting operating and capital costs of 5.5% (2017: 5.5%) per annum, USD/ZAR exchange rate of 11.84 (2017: 13.41), gold prices of USD1,345 (2017: USD1,273) per ounce and production rate of 11.47g (2017: 11.47g) per ton.

In the opinion of the directors of the Company, there was no impairment loss for the exploration assets in relation to Jeanette Project for the year ended 31 March 2018. Based on value in use estimation as at 31 March 2017, the recoverable amount of the CGU to which the exploration assets relating to the Jeanette Project were allocated exceeded its carrying amount due to increase in future gold price based on the management's expectation of price in the global gold markets. Accordingly, a reversal of impairment loss of approximately HK$400,457,000 relating to Jeanette Project was recognised in the profit or loss during the year ended 31 March 2017.

12. EXPLORATION ASSETS *(Continued)*

Exploration assets in South Africa *(Continued)*

Evander Project

The amount of reserve used in the projection is 19.64 mt (2017: 19.64 mt) and it is assumed the mineral reserve is mined over 20 (2017: 20) years at a rate of up to 0.98 mt (2017:0.98 mt) per annum. The discount rate was estimated using the capital asset pricing model with the risk free rate at 8.9% (2017: 9.7%), the market risk premium at 4.27% (2017: 3.52%), beta at 0.81 (2017: 0.78). Other key assumptions for the fair value calculation related to the estimation of cash inflows/outflows which include total operating costs of USD486 (2017: USD486) per ounce, capital expenditure of ZAR9,858,595,000 (2017: ZAR11,841,773,000), which is mainly denominated in USD, expected future inflation rates affecting operating and capital costs of 5.5% (2017: 5.5%) per annum, USD/ZAR exchange rate of 11.84 (2017: 13.41), gold prices of USD1,345 (2017: USD1,273) per ounce and production rate of 6.8g (2017: 6.8g) per ton.

In the opinion of the directors of the Company, there was no impairment loss for the exploration assets in relation to Evander Project for the years ended 31 March 2018 and 31 March 2017.

Exploration assets in Indonesia

Minex Project

During the year ended 31 March 2016, the Group acquired a subsidiary in Indonesia, which held a mining business licence for gold mining project in Indonesia, namely, the Minex Project (as defined in note 17). The mining business licence had been valid for six years since the issue date and was expired in January 2016. Despite the Group held a renewed mining business licence granted by local government, namely the Regent of Bolaang Mongondow Timur, issued in December 2014 for a period of 20 years until 2034, such renewed mining business licence was not issued by authorised government agency in Indonesia pursuant to the Regional Government Law. On 28 April 2017, the Group obtained the approval letter of the work plan and cost budget in year 2017 from Ministry of Energy and Mineral Resources of the Republic of Indonesia in respect of the Minex Project.

As at 31 March 2017, the directors of the Company, after considering the valuation in respect of the mine carried out by an independent qualified professional valuer and the progress for the renewal of the mining business licence, were of the opinion that there was no impairment loss for the mining business licence of the Minex Project.

12. EXPLORATION ASSETS *(Continued)*

Exploration assets in Indonesia *(Continued)*

Minex Project *(Continued)*

As disclosed in note 5A, the Group received letters from Governor of Sulawesi Utara of Indonesia regarding the termination of the mining licenses held by its subsidiaries for the Minex Project. As a result, the Group impaired the entire exploration assets in Indonesia and recognised an aggregated loss on relinquishment of mining licenses of approximately HK$215,832,000 to the profit or loss during the year ended 31 March 2018.

13. INTERESTS IN ASSOCIATES

	2018 **HK$'000**	2017 HK$'000
Cost of investments in associates – unlisted	**27,905**	27,905
Share of post-acquisition loss and other comprehensive expense	**(27,257)**	(25,895)
	648	2,010

Amount due from an associate

The Group advanced an amount of approximately HK$29,287,000 to Goldster Global Limited ("Goldster") in previous year with a maturity date on 31 March 2020. The interest payment should be made annually on 31 March of each year until the maturity date. The amount due from Goldster is unsecured and carries a fixed interest rate of 5% per annum. If Goldster fails to repay the amount on the maturity date, the fixed interest rate will be raised to 10% per annum until full repayment. During the year ended 31 March 2017, interest income amounting to approximately HK$1,538,000 was recognised in the profit or loss. As at 31 March 2017, the directors of the Company re-assessed the recoverability of the amount due from Goldster of approximately HK$32,289,000 after Goldster default on repayment of accrued interest of approximately HK$3,002,000 when it was due. Given Goldster did not respond to the demand letter sent by the Company for the outstanding interest receivable of approximately HK$1,464,000 brought forward from year ended 31 March 2016 and the default on second installation of interest income of approximately HK$1,538,000, the directors of the Company considered the entire amount due from Goldster as at 31 March 2017 could not be recovered. Accordingly, an impairment loss of approximately HK$32,289,000 on the amount due from an associate was recognised to the profit or loss during the year ended 31 March 2017. During the year ended 31 March 2018, the Group received the settlement of second installation of interest income of approximately HK$1,538,000 and, thus, a reversal of impairment loss on an amount due from an associate was recognised to the profit or loss during the year ended 31 March 2018.

13. INTERESTS IN ASSOCIATES *(Continued)*

Interests in associates

As at 31 March 2018 and 31 March 2017, the Group had interests in the following associates:

Name of entity	Form of entity	Country/ place of incorporation	Country/ place of operation	Class of shares held	Proportion of nominal value of registered capital held by the Group		Proportion of voting power held		Principal activities
					2018	2017	**2018**	2017	
Goldster	Incorporated	British Virgin Islands ("BVI")	Hong Kong	Ordinary	**45%**	45%	**45%**	45%	Investment holding
Oneshine Investments Limited	Incorporated	BVI	Hong Kong	Ordinary	**44%**	44%	**44%**	44%	Investment holding

All of the associates are accounted for using the equity method in these consolidated financial statements.

14. LOANS TO SHAREHOLDERS OF A SUBSIDIARY

	2018 HK$'000	2017 HK$'000
Sephaku Gold Holdings (Proprietary) Limited ("SepGold")	**95,231**	159,943
Other various shareholders of TGL	**6,869**	19,255
Taung Gold EPP RF (Proprietary) Limited ("TG EPP")	**19,439**	14,769
	121,539	193,967

SepGold is a historically disadvantaged South African company in terms of broad-based black economic empowerment ("BEE") requirements in South Africa. Sepgold is a Qualified BEE Company in South Africa. The loan to SepGold is secured by the pledge of 39,402,071 shares of TGL, representing 15.39% (2017: 15.39%) of the issued share capital of TGL. 50% of any dividend declared by TGL in any financial year due to SepGold shall be applied towards the repayment of the loan. The loan carried interest at the prime rate quoted by ABSA Bank Limited in South Africa plus 4% per annum. The principal amount of the loan to SepGold was ZAR433,066,688 and an amount of ZAR17,425,499 was repaid in previous years. The loan to SepGold has no fixed repayment term.

14. LOANS TO SHAREHOLDERS OF A SUBSIDIARY *(Continued)*

During the year ended 31 March 2017, interest income amounting to approximately HK$39,138,000 was recognised to the profit or loss. In March 2017, the Group and SepGold started negotiation on the loan repayment schedule and arrangement including (i) waiver of the interest accrued on the loan, (ii) deletion in its entirety of a clause in the loan agreement which the Group and SepGold entered into on 22 July 2011 (the "Vendor Financing Agreement") about payment of any interest in relation to the loan and (iii) extension of the repayment date of the loan to 31 December 2020. As at 31 March 2017, the directors of the Company re-assessed the recoverability of interest receivable of approximately ZAR143,169,000 (equivalent to approximately HK$82,866,000) and the principal amount of the loan of approximately ZAR415,641,000 (equivalent to HK$240,426,000) and revised their estimates on the expected timing of loan repayment.

As a result, an impairment of approximately HK$156,181,000 which reduced the carrying amount of the principal of the loan as well as its interest receivable to reflect the revised estimated cash flows at effective interest rate of 11.5% per annum was recognised to the profit or loss during the year ended 31 March 2017.

On 24 April 2017, the Group and SepGold entered into a supplemental agreement to the Vendor Financing Agreement (the "Supplemental Agreement") in relation to the matters mentioned above. Details about the Supplemental Agreement were set out in the Company's announcement dated 24 April 2017.

During the year ended 31 March 2018, imputed interest income of approximately HK$21,044,000 was recognised to the profit or loss and resulted in carrying amount of the loan of approximately HK$204,034,000.

In March 2018, the Group and SepGold entered into negotiations on the SepGold loan repayment schedule in particular related to extending of the loan repayment date to 31 December 2027 following due consideration of the appropriate timing and amount of dividends expected from TGL after the planned commencement of its Evander and Jeanette Projects. As at 31 March 2018, the directors of the Company re-assessed further the recoverability of carrying amount of the loan of approximately HK$204,034,000 based on revised estimates on the expected timing of loan repayment. As a result, an impairment of approximately HK$108,803,000 which reduced the carrying amount of the loan as at 31 March 2018 to reflect the revised estimated cash flows at effective interest rate of 11.5% per annum was recognised to the profit or loss during the year ended 31 March 2018.

On 4 May 2018, shortly after the end of the reporting period, the Group and SepGold entered into a second supplemental agreement to the Vendor Financing Agreement (the "Second Supplemental Agreement") confirming the matter mentioned above. Details about the Second Supplemental Agreement entered into between the Group and SepGold were set out in the Company's announcement dated 4 May 2018. The Supplemental Agreement and the Second Supplemental Agreement were approved by the shareholders of the Company in the special general meeting on 27 June 2018.

14. LOANS TO SHAREHOLDERS OF A SUBSIDIARY *(Continued)*

In the opinion of the directors of the Company, the carrying amount of the loan to SepGold is considered to be recoverable by taking into account the estimated future cash flows from the repayment by SepGold as well as the proceeds from realisation of the collaterals charged by SepGold upon default on repayment.

Aggregated loans to various other shareholders of TGL, amounting to HK$6,869,000 (2017: HK$19,255,000), are interest-free and repayable on demand. As at 31 March 2017, the loans were secured by the pledge of certain shares of the Company, representing 0.7% of its issued share capital. During the year ended 31 March 2018, the Group served demand notice to these shareholders of TGL in relation to the repayment of the loans of approximately HK$22,156,000. However, the Group did not receive any payment prior to the settlement date of 15 December 2017. Therefore, the Group perfected the pledge of shares of the Company and wrote down the unsettled balance of the loans to the market value of their collateral as at 31 March 2018 together with the consideration of subsequent receipt of HK$1,964,000 from these shareholders. Accordingly, an impairment loss in respect of this loan of approximately HK$15,181,000 was recognised to the profit or loss during the year ended 31 March 2018.

On 22 April 2016, the Group and TG EPP, which is the Qualified Black Economic Empowerment ("Qualified BEE") Company, entered into a loan agreement. Pursuant to the loan agreement, the Group made an interest-free loan of approximately ZAR36,926,000 (equivalent to approximately HK$21,376,000) with a maturity date on 31 December 2021 to TG EPP for the purpose of enabling TG EPP to acquire a particular percentage of TGL's issued share capital when the shareholding owned by the Qualified BEE Company in TGL dropped below 26%. The difference between the principal amount of the loan to TG EPP of approximately HK$21,376,000 and the present value of the loan as at the date of payment of approximately HK$13,520,000, which was determined based on the maturity date on 31 December 2021 and the effective interest rate of 11.5% per annum, amounting to approximately HK$7,856,000, was recognised to the profit or loss for the year ended 31 March 2017 as adjustment to the carrying amount of the loan. During the year ended 31 March 2018, imputed interest income of approximately HK$1,590,000 (2017: HK$1,249,000) was recognised to the profit or loss. Details of the acquisition of shareholding in TGL by TG EPP are set out in note 34. The loan is secured by the pledge of 5,058,327 shares in TGL, representing 2% of the issued share capital of TGL.

As at 31 March 2018 and 31 March 2017, the fair value of the pledged shares was higher than the carrying amounts of the loans.

14. LOANS TO SHAREHOLDERS OF A SUBSIDIARY *(Continued)*

Certain of these various other shareholders of TGL are also directors of TGL or a company in which a director of TGL has a beneficial interest. Loans to directors of TGL disclosed pursuant to section 383 of the Hong Kong Companies Ordinance are as follows:

Name	**Balance at 31 March 2018 HK$'000**	Balance at 1 April 2017 HK$'000	Maximum amount outstanding during the year HK$'000
Mr. C.R. de Wet de Bruin	–	2,568	2,568
African Precious Minerals Limited	**1,311**	4,102	4,102
Mr. L. Mohuba	–	75	75
Ms. S.H. Rosser	–	494	494

Mr. C.R. de Wet de Bruin, Mr. L. Mohuba and Ms. S.H. Rosser are directors of TGL. Mr. C.R. de Wet de Bruin has a beneficial interest in African Precious Minerals Limited.

15. DEPOSITS FOR REHABILITATION

Pursuant to section 41 of the Minerals and Petroleum Development Act of South Africa, an applicant for a prospecting right, mining right or mining permit must make the prescribed financial provision for the rehabilitation or management of negative environmental impacts. As at 31 March 2017, the Group had deposits of approximately ZAR1,164,000 (equivalent to approximately HK$674,000) to the Department of Mineral Resources of South Africa in respect of certain of its exploration projects. During the year ended 31 March 2018, the Group received refund of the deposit. In addition, as at 31 March 2018, the Group had provided total financial guarantees of ZAR30,576,000 (equivalent to approximately HK$20,247,000) (2017: ZAR19,768,000 (equivalent to approximately HK$11,442,000)) to the Department of Mineral Resources of South Africa.

16. DEPOSITS FOR ACQUISITION OF INVESTMENTS

Acquisition of Sunlit Global Holdings Limited ("Sunlit Global")

On 28 December 2016, the Group entered into a sale and purchase agreement with an individual third party. Pursuant to the agreement, the Group conditionally agreed to acquire the entire issued equity interest in Sunlit Global at a total cash consideration of HK$146,000,000. During the year ended 31 March 2017, the Group paid a deposit of HK$60,000,000.

Sunlit Global is a private limited Company incorporated in BVI and it holds 20% equity interest in another company which holds 70% equity interest in a Pakistan company. This Pakistan company holds an exploration licence for copper, gold and associated minerals mines in Pakistan. As at 31 March 2018, the acquisition of Sunlit Global was not completed as the due diligence on Sunlit Global and its subsidiaries and other conditions precedent were not completed.

17. PREPAYMENT FOR ACQUISITION OF EXPLORATION ASSETS

On 6 July 2015, the Group entered into a sale and purchase agreement with two independent third parties, companies incorporated in BVI (the "Sellers"), pursuant to which the Group agreed to acquire 100% equity interest in Minex Resources Pte. Limited ("Minex") for a total consideration of USD28,000,000 (equivalent to approximately HK$217,000,000), of which an amount of USD3,395,000 (equivalent to approximately HK$26,312,000) is in relation to the acquisition of Minex and the remaining amount of USD24,605,000 (equivalent to approximately HK$190,688,000) is in relation to the acquisition of PT Rihendy Tri Jaya ("PTRTJ") (collectively the acquisitions referred to as "Minex Project"). The management of the Group based on valuation reports prepared by an independent valuer to allocate the consideration for acquisition of Minex and PTRTJ. The principal activity of Minex is investment holding. The principal assets of Minex and its non-wholly owned subsidiary, PT Bolmong Timur Primanusa Resources ("PTBTPR"), is a gold concession that includes the Garini deposit under Mining Business License Operation Production in North Sulawesi, Indonesia. PTRTJ holds a concession located near the concession held by PTBTPR that together contain several deposits with potential to host an economic gold resource. The acquisition of Minex and PTBTPR was completed on 24 August 2015 and accounted for as acquisition of assets.

According to the sale and purchase agreement, USD12,000,000 of the total consideration would be settled by cash, USD4,000,000 of the total consideration would be settled by cash or consideration shares, USD12,000,000 of the total consideration would be settled by consideration shares.

The value of all payments in consideration shares shall be calculated based on the volume weighted average price of shares purchases as quoted on the Stock Exchange for the ten trading days (excluding special transactions such as block trades) prior to the date on which a payment of consideration shares is required and posted on the relevant bloomberg page reference and converted to USD at the prevailing conversion rate but in any event shall be limited to a maximum of 748,340,374 consideration shares.

17. PREPAYMENT FOR ACQUISITION OF EXPLORATION ASSETS *(Continued)*

As set out in the announcement issued by the Company on 6 July 2015, a conditional share purchase agreement ("CSPA") was entered into between Minex, as a subsidiary of the Group, and two Indonesian citizens on 1 July 2015 for the purchase of a 75% equity interest in PTRTJ by Minex. The CSPA is conditional upon (1) completion of metallurgical testing, which is the test work conducted by an independent laboratory engaged by the Company to determine the optimal method of processing and treating ore to produce an economically viable and saleable good bearing concentrate and (2) the conversion of PTRTJ into a Penanaman Modal Asing – Foreign Investment Company and the subsequent transfer 75% of the shares in PTRTJ to Minex (collectively known as "PTRTJ PMA Conversion"). Pursuant to the sale and purchase agreement, upon completion of conditions (1) and (2) USD8,000,000 of the total consideration should be settled in consideration shares with USD4,000,000 for each of the condition.

On 3 January 2017, the Company and the Sellers entered into a supplemental agreement to the sale and purchase agreement and pursuant to which certain terms in the sale and purchase agreement were amended. The Sellers have made arrangements for Minex: (1) to acquire 75% of the issued share capital of PT Bulamou Boltium Primas ("PTBBP") on the same terms as the Company would have acquired PTRTJ under the sale and purchase agreement because PTBBP successfully tendered a new mining business licence covering the same area as the original licence held by PTRTJ after the one held by PTRTJ expired in early year 2017; and (2) to acquire 75% of the issued share capital of PT Kotabunan Emas Prima ("PTKEP") which successfully tendered for the mining business licence adjacent to the areas covered by the mining business licence held by PTBBP. The original consideration of USD4,000,000 for settlement in consideration shares upon completion of condition (2) mentioned above as set out in the sale and purchase agreement was revised as consideration for settlement in cash and as consideration for acquiring PTBBP and PTKEP. The amount will be paid upon completion on the acquisition of PTBBP and PTKEP.

During the year ended 31 March 2017, the condition (1) was completed and 301,918,288 consideration shares at market price of HK$0.1028 per share representing USD4,000,000 (equivalent to approximately HK$31,037,000) was issued.

As at 31 March 2017, cash consideration of USD12,605,000 (equivalent to approximately HK$97,804,000) and consideration shares of USD7,250,000 (equivalent to approximately HK$56,225,000) had been paid and issued respectively in relation to the acquisition of PTBBP and PTKED and approximately HK$154,029,000 was recognised as the prepayment for acquisition of exploration assets. On 27 April 2017, the condition (2) has been completed.

On 28 June 2017, the remaining consideration of USD4,000,000 (equivalent to approximately HK$31,224,000) was settled in cash and the acquisition of PTBBP and PTKEP was completed accordingly.

18. OTHER RECEIVABLES, PREPAYMENT AND DEPOSITS

	2018	2017
	HK$'000	HK$'000
Rental and other deposits	**3,010**	4,348
Value added tax ("VAT") recoverable	**4,209**	2,483
Other receivables and prepayment	**5,999**	6,023
	13,218	12,854

19. AVAILABLE-FOR-SALE INVESTMENT

Available-for-sale investment comprises:

	2018	2017
	HK$'000	HK$'000
Unlisted equity securities	**–**	49,336

The above unlisted equity securities represent the 15% equity interest in 貴州文真鋁業有限公司 ("Wen Zhen Lv Ye"). As at 31 March 2017, it was measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates was so significant that the directors of the Company were of the opinion that its fair value could not be measured reliably. During the year ended 31 March 2018, Wen Zhen Lv Ye had become insolvent due to a downturn in its business and then it ceased operations. After an arbitration process initiated by a local government department with the creditors, Wen Zhen Lv Ye and its creditors agreed to carry out restructuring of Wen Zhen Lv Ye and attempt to secure new investors. Due to the insolvent financial position of Wen Zhen Lv Ye and the uncertainty of Wen Zhen Lv Ye in generating profitable income stream in the future that provides reasonable return to the Group, the directors of the Company determined to recognise a full provision of an impairment loss of approximately HK$50,017,000 on its investment.

20. RESTRICTED AND PLEDGED BANK DEPOSITS

Restricted bank deposits

On 9 June 2017, the Group entered into a joint venture agreement (the "Joint Venture Agreement") with Frontier Works Organisation (the "Joint Venture Partner"), which is a company incorporated in Pakistan and principally engaged in construction in Pakistan, to establish a joint venture company in preparation for the bidding of a copper mining project in Pakistan. Pursuant to this joint venture arrangement, bank guarantees of an aggregate amount of up to USD50 million shall be provided in favour of the Joint Venture Partner as guarantee for the performance of the obligations of the Group under the Joint Venture Agreement. Accordingly, the Group procured National Bank of Pakistan, Hong Kong Branch (the "Bank"), to provide bank guarantee of an amount of up to USD15,384,000 (equivalent to approximately HK$120,235,000) in favour of the Joint Venture Partner on 9 June 2017 by entering into the guarantee agreement with the Bank. Pursuant to the guarantee agreement, the Group shall provide same amount of security deposit of USD15,384,000 (equivalent to approximately HK$120,235,000) to secure the provision of the bank guarantee provided by the Bank.

The restricted bank deposits carry variable interest rate of 0.1% per annum.

Pledged bank deposits

As at 31 March 2018, the pledged bank deposits of ZAR5,035,000 (equivalent to approximately HK$3,334,000) (2017: ZAR4,170,000 (equivalent to approximately HK$2,413,000)) are mainly for financial guarantees provided to the Department of Mineral Resources in South Africa (see note 15). The pledged bank deposits carry variable interest rates of 6.25% (2017: ranging from 4.5% to 5.0%) per annum.

21. BANK BALANCES AND CASH

Bank balances comprise bank deposits held by the Group with an original maturity of three months or less. The bank balances carry effective interest rates ranging from 0.1% to 7.65% (2017: 0.1% to 7.0%) per annum.

The Group's bank balances that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	2018 **HK$'000**	2017 HK$'000
RMB	**779**	706
HK$	**7,481**	335,188
	8,260	335,894

As at 31 March 2018, bank balances and cash of approximately HK$779,000 (2017: HK$706,000) were denominated in RMB which is not freely convertible into other currencies.

22. OTHER PAYABLES AND ACCRUALS

	2018 HK$'000	2017 HK$'000
VAT payables	**3,318**	683
Other payables	**1,376**	15,730
Other accruals	**8,084**	7,245
	12,778	23,658

23. GROSS OBLIGATION UNDER PUT OPTIONS, DERIVATIVE FINANCIAL INSTRUMENTS – PUT OPTIONS AND CALL OPTIONS

(a) Gross obligation under put options

TGL had a share option scheme for its management and staff. The outstanding vested share options granted by TGL were not replaced and were still in existence at the time when the Group acquired TGL on 8 September 2011 ("TGL Share Options").

The Group granted put options to acquire TGL's shares from the South African Shareholders and the holders of TGL Share Options. Details of the put options granted by the Company are set out in note 23(b).

Upon the issuance of the put options, the Group had a commitment to settle the contractual obligation by cash proceeds from sales (at the times of exercise of the put options) of a maximum of 2,392,161,765 of the shares of the Company. The gross obligation under these put options was designated as FVTPL at initial recognition and stated at fair value.

As disclosed in note 23(b), put options granted by the Company to South African Shareholders and holders of TGL Share Options ("TG Optionholders") on 8 September 2011 were lapsed on 5 September 2014 and fair value of gross obligation under put options of approximately HK$483,585,000 was derecognised. At the same date, put options were granted by the Company to South African Shareholders and TG Optionholders, fair values of gross obligation under put options of HK$540,628,000 was recognised. The fair values of the gross obligation under put options at the date of lapse and date of grant were made reference to the quoted market price of the Company of HK$0.226 per share available on the Stock Exchange.

23. GROSS OBLIGATION UNDER PUT OPTIONS, DERIVATIVE FINANCIAL INSTRUMENTS – PUT OPTIONS AND CALL OPTIONS *(Continued)*

(a) Gross obligation under put options *(Continued)*

During the year ended 31 March 2017, the 20,299,911 put options granted by the Company to South African Shareholders on 5 September 2014 were exercised and fair value of gross obligation under put options of approximately HK$112,110,000 was derecognised. Furthermore, the remaining 1,563,772 put options granted by the Company to TG Optionholders on 5 September 2014 were executed and settled by issue of 83,463,524 shares of the Company and fair value of gross obligation under put options of approximately HK$7,179,000 was derecognised.

As at 31 March 2017, all the remaining put options granted by the Company to South African Shareholders were exercised and no related put options were outstanding. During the year ended 31 March 2017, net decrease in fair value of the gross obligation under put options of approximately HK$25,934,000 was recognised in the profit or loss.

(b) Derivative financial instruments – put options

Put options for the acquisition of additional interest in TGL

(i) Put option agreements between the Company, Gold Commercial Services Limited ("Goldcom") and South African Shareholders

The South African Shareholders had 21,174,316 shares of TGL on 8 September 2011. To facilitate the South African Shareholders selling their shares in TGL to the Company, the Company granted put options to the South African Shareholders. The consideration payable by each South African Shareholder for the grant of the put option is ZAR1. Due to foreign exchange control restrictions in South Africa, the South African Shareholders are restricted from on-selling, transferring or dealing in the shares of the Company. Accordingly, Goldcom was introduced to facilitate the arrangements under the put option agreements between the Company and the South African Shareholders.

23. GROSS OBLIGATION UNDER PUT OPTIONS, DERIVATIVE FINANCIAL INSTRUMENTS – PUT OPTIONS AND CALL OPTIONS *(Continued)*

(b) Derivative financial instruments – put options *(Continued)*

Put options for the acquisition of additional interest in TGL *(Continued)*

(i) Put option agreements between the Company, Goldcom and South African Shareholders (Continued)

To facilitate the payment of the put option exercise price upon the exercise of the put options granted by the Company, on 8 September 2011, Goldcom subscribed for 1,130,141,116 of the Company's shares in consideration for the issuance of the loan note with nil interest. The shares were kept by an escrow agent appointed jointly by Goldcom, the Company and the South African Shareholders. The loan note was unsecured. The Company would not demand repayment of any amount outstanding under the loan note prior to the sales on the Stock Exchange of the shares of the Company and the receipt by Goldcom of an amount equivalent to the cash proceeds from the sales of the shares of the Company upon exercise of put options granted by the Company by the South African Shareholders. In substance, Goldcom was acting in the role of an agent and the arrangement of loan note and the share subscription was only to facilitate the issuance of the shares of the Company prior to the exercise of put options granted by the Company. Accordingly, the shares of the Company issued for the loan note were accounted for as if they are treasury shares. The closing market price of the share of the Company on 8 September 2011 was HK$0.46. The share capital and share premium relating to these shares issued to Goldcom for the exchange of a loan note amounting to HK$519,865,000 was recognised as other reserve in equity in the consolidated statement of changes in equity.

Pursuant to the put option agreements dated 8 September 2011, the South African Shareholders might sell their TGL shares to the Company through Goldcom who would sell on-market a number of the shares of the Company representing the number of shares of TGL being sold by the South African Shareholders multiplied by the share exchange ratio of about 53.37 shares of the Company for every 1 TGL share. Goldcom would deliver the cash proceeds from such on-market sale to the South African Shareholders and would transfer the shares of TGL to the Company. The principal amount outstanding under the loan note would be reduced by the market value of the corresponding number of the shares of the Company upon the transfer of shares of TGL to the Company. Such right to sell shares of TGL to the Company through Goldcom might be exercised by the South African Shareholders at any time within three years from 8 September 2011.

23. GROSS OBLIGATION UNDER PUT OPTIONS, DERIVATIVE FINANCIAL INSTRUMENTS – PUT OPTIONS AND CALL OPTIONS *(Continued)*

(b) Derivative financial instruments – put options *(Continued)*

Put options for the acquisition of additional interest in TGL *(Continued)*

(i) Put option agreements between the Company, Goldcom and South African Shareholders (Continued)

The put options granted by the Company might not be transferred by the South African Shareholders without the prior written consent of the other parties to the put option agreements. In addition, if any South African Shareholder wishes to sell all or part of the shares of TGL held by him to a third party during the term of the put option agreements, he shall first be required to offer such shares of TGL to the Company through Goldcom. If any South African Shareholder has not exercised his put options granted by the Company in full within three years from 8 September 2011, Goldcom shall sell through the Stock Exchange the remaining shares of the Company it then holds and the cash proceeds from such sales shall be paid to the Company in repayment of the loan note. The risk of any reduction in value of the shares of the Company was borne by the Company. The put options agreement was expired on 7 September 2014.

On 5 September 2014, the Company, Goldcom and TGL entered into the new put option agreements (the "New Put Option Agreements") with each of the South African Shareholders and pursuant to the New Put Option Agreements, the Company granted the South African Shareholders the right to sell their shares in TGL to the Company through Goldcom who would sell on-market a number of the shares of the Company representing the number of shares of TGL being sold by the South African shareholders multiplied by the share exchange ratio of about 53.37 shares of the Company for every 1 TGL share. Goldcom would deliver the cash proceeds from such on-market sale to the South African Shareholders and would transfer the shares of TGL to the Company. The principal amount outstanding under the loan note would be reduced by the market value of the corresponding number of the shares of the Company upon the transfer of shares of TGL to the Company. Such right to sell shares of TGL to the Company through Goldcom might be exercised by the South African Shareholders at any time before 7 September 2016.

23. GROSS OBLIGATION UNDER PUT OPTIONS, DERIVATIVE FINANCIAL INSTRUMENTS – PUT OPTIONS AND CALL OPTIONS *(Continued)*

(b) Derivative financial instruments – put options *(Continued)*

Put options for the acquisition of additional interest in TGL *(Continued)*

(i) Put option agreements between the Company, Goldcom and South African Shareholders (Continued)

The put options granted by the Company might not be transferred by the South African Shareholders without the prior written consent of the other parties to the New Put Option Agreements. In addition, if any South African Shareholder wishes to sell all or part of the shares of TGL held by him to a third party during the term of the New Put Option Agreements, he shall first be required to offer such shares of TGL to the Company through Goldcom. If any South African Shareholder has not exercised his put options in full before 7 September 2016, Goldcom shall sell through the Stock Exchange the remaining shares of the Company it then holds and the cash proceeds from such sales shall be paid to the Company in repayment of the loan note. The risk of any reduction in value of the shares of the Company was borne by the Company.

During the year ended 31 March 2017, 20,299,911 of the put options granted by the Company were exercised by the South African Shareholders. According to the share exchange ratio of about 53.37 shares of the Company for every 1 TGL share, the principal amount under the loan note was reduced by approximately HK$498,397,000, based on the market value of 1,083,471,318 shares of the Company at market price of HK$0.46 per share at the issue date and derecognised in other reserve.

(ii) Put options granted by the Company to the TG Optionholders

Pursuant to the put option agreements dated 8 September 2011 entered into between the TG Optionholders, Goldcom, TGL and the Company, the Company and Goldcom granted to the TG Optionholders the right to sell a maximum number of 18,916,168 TGL shares to the Company or to the Company through Goldcom for a maximum of 1,009,616,519 new shares of the Company upon their exercise of the share options granted by TGL (i.e. TGL Share Options). The put options granted by the Company might be exercised by the TG Optionholders at any time within three years from 8 September 2011.

23. GROSS OBLIGATION UNDER PUT OPTIONS, DERIVATIVE FINANCIAL INSTRUMENTS – PUT OPTIONS AND CALL OPTIONS *(Continued)*

(b) Derivative financial instruments – put options *(Continued)*

Put options for the acquisition of additional interest in TGL *(Continued)*

(ii) Put options granted by the Company to the TG Optionholders (Continued)

When the TG Optionholders were South African Shareholders, they might sell their TGL shares obtained from exercise of the TGL Share Options to the Company through Goldcom who would sell on-market a number of the shares of the Company representing the number of shares of TGL being sold by the South African Shareholders multiplied by the share exchange ratio of about 53.37 shares of the Company for every 1 TGL Share. Goldcom would deliver the cash proceeds from such on-market sale to the South African Shareholders and would transfer the shares of TGL to the Company. When the TG Optionholders were not residents of South Africa, they might sell their TGL shares obtaining from exercise of the TGL Share Options to the Company and the Company would issue a corresponding number of the shares of the Company to the TG Optionholders using an exchange ratio of about 53.37 shares of the Company for every 1 TGL share.

The put options granted by the Company might not be transferred by the TG Optionholders without the prior written consent of the other parties to the put option agreements. In addition, if any TG Optionholder wishes to sell all or part of the TGL shares obtaining from exercise of the TGL Share Options to a third party during the term of the put option agreements, he shall first be required to offer such TGL shares to the Company.

The consideration payable by each of the TG Optionholders for the grant of the put option was ZAR1.

The put options agreement was expired on 7 September 2014.

On 5 September 2014, the Company, Goldcom and TGL entered into the new optionholder agreements (the "New Optionholder Agreements") with each of the TG Optionholders and pursuant to the New Optionholder Agreements, the Company granted the TG Optionholders the right to sell a maximum number of 23,645,210 TGL shares to the Company or to the Company through Goldcom for a maximum of 1,262,020,649 new shares of the Company upon their exercise of the TGL Share Options. The put options granted by the Company might be exercised by the TG Optionholders at any time before 7 September 2016.

23. GROSS OBLIGATION UNDER PUT OPTIONS, DERIVATIVE FINANCIAL INSTRUMENTS – PUT OPTIONS AND CALL OPTIONS *(Continued)*

(b) Derivative financial instruments – put options *(Continued)*

Put options for the acquisition of additional interest in TGL *(Continued)*

(ii) Put options granted by the Company to the TG Optionholders (Continued)

When the TG Optionholders are South African Shareholders, they might sell their shares in TGL obtained from exercise of the TGL Share Options to the Company through Goldcom who would sell on-market a number of the shares of the Company representing the number of shares of TGL being sold by the South African Shareholders multiplied by the share exchange ratio of about 53.37 shares of the Company for every 1 TGL share. Goldcom would deliver the cash proceeds from such on-market sale to the South African Shareholders and would transfer the shares of TGL to the Company. When the TGL Optionholders were not residents of South Africa, they might sell their shares of TGL obtaining from exercise of the TGL Share Options to the Company and the Company would issue a corresponding number of the shares of the Company to the TG Optionholders using an exchange ratio of about 53.37 shares of the Company for every 1 TGL share.

The put options granted by the Company may not be transferred by the TG Optionholders without the prior written consent of the other parties to the New Optionholder Agreements. In addition, if any TG Optionholder wishes to sell all or part of the TGL shares obtaining from exercise of the TGL Share Options to a third party during the term of the New Optionholder Agreements, he shall first be required to offer such shares of TGL to the Company.

The consideration payable by each of the TG Optionholders for the grant of the put option was ZAR1.

During the year ended 31 March 2017, remaining 1,563,772 of put options were executed to exchange for the shares of the Company according to the share exchange ratio of about 53.37 shares of the Company for every 1 TGL share, 83,463,524 ordinary shares of the Company of HK$0.01 each were issued at respective market prices of the share of the Company at the issue dates.

23. GROSS OBLIGATION UNDER PUT OPTIONS, DERIVATIVE FINANCIAL INSTRUMENTS – PUT OPTIONS AND CALL OPTIONS *(Continued)*

(b) Derivative financial instruments – put options *(Continued)*

Put options for the acquisition of additional interest in TGL *(Continued)*

(ii) Put options granted by the Company to the TG Optionholders (Continued)

The put options granted by the Company are classified as derivative financial instruments and stated at fair value.

During the year ended 31 March 2017, all the outstanding put options granted by the Company to South African Shareholders were exercised.

The movements of gross obligation under put options for the year ended 31 March 2017 are set out below:

	Gross obligation under put options HK$'000
At 1 April 2016	93,355
Exercise and execution of put options granted by the Company during the year	(119,289)
Loss arising on changes in fair value	25,934
At 31 March 2017	–

(c) Derivative financial instruments – call options

Call options for the acquisition of additional interest in TGL

(i) Call options granted by the South African Shareholders to the Company

Pursuant to the New Put Option Agreements dated 5 September 2014, the Company might acquire the shares of TGL from the South African Shareholders through Goldcom in respect of the shares of the Company representing the number of shares of TGL being sold by the South African Shareholders multiplied by the share exchange ratio of about 53.37 shares of the Company for every 1 TGL share. Goldcom would deliver the cash proceeds from such on-market sale to the South African Shareholders and would transfer the shares of TGL to the Company. The principal amount outstanding under the loan note would be reduced by the market value of the corresponding number of the shares of the Company upon the transfer of shares of TGL to the Company. Such right to acquire shares of TGL from the South African Shareholders through Goldcom might be exercised by the Company at any time before 7 September 2016.

23. GROSS OBLIGATION UNDER PUT OPTIONS, DERIVATIVE FINANCIAL INSTRUMENTS – PUT OPTIONS AND CALL OPTIONS *(Continued)*

(c) Derivative financial instruments – call options *(Continued)*

Call options for the acquisition of additional interest in TGL *(Continued)*

(i) Call options granted by the South African Shareholders to the Company (Continued)

The call options might not be transferred by the Company without the prior written consent of the other parties to the New Put Option Agreements. In addition, the call options shall automatically terminate when the Company acquires 80% or more of the shares of TGL from the South African Shareholders.

The exercise of the call options shall be conditional upon (a) a change of control of the Company has occurred and duly completed in accordance with the terms and conditions thereunder and has been announced on the Stock Exchange; (b) where applicable, the exercise of the call options having been approved by the independent shareholders as required by and in accordance with the requirements under the Listing Rules; and (c) the offer price of the Company's share shall not less than HK$0.20 per share.

The consideration payable by the Company to the South African Shareholders for the grant of the call option was HK$1.

During the year ended 31 March 2017, 20,299,911 of put options granted by the Company to South African Shareholders on 5 September 2014 were exercised. Following the exercise of the put options, 20,299,911 of the call options granted by South African Shareholders to the Company were lapsed.

(ii) Call options granted by the TG Optionholders to the Company

Pursuant to the New Optionholder Agreements dated 5 September 2014, each of the TG Optionholders had granted the Company the right to acquire a maximum number of 23,645,210 shares of TGL from TG Optionholders through Goldcom for a maximum of 1,262,020,649 new shares of the Company upon their exercise of TGL Share Options. The call options might be exercised by the Company at any time before 7 September 2016.

23. GROSS OBLIGATION UNDER PUT OPTIONS, DERIVATIVE FINANCIAL INSTRUMENTS – PUT OPTIONS AND CALL OPTIONS *(Continued)*

(c) Derivative financial instruments – call options *(Continued)*

Call options for the acquisition of additional interest in TGL *(Continued)*

(ii) Call options granted by the TG Optionholders to the Company (Continued)

When the TG Optionholders are South African Shareholders, the Company might acquire the shares of TGL from the South African Shareholders through Goldcom who would sell on-market a number of the shares of the Company representing the number of shares of TGL being sold by the South African Shareholders multiplied by the share exchange ratio of about 53.37 shares of the Company for every 1 TGL share. Goldcom would deliver the cash proceeds from such on-market sale to the South African Shareholders and would transfer the shares of TGL to the Company. When the TG Optionholders are not residents of South Africa, the Company might acquire the shares of TGL obtaining from exercise of the call options granted by TGL to the Company and the Company would issue a corresponding number of the shares of the Company to the TG Optionholders using an exchange ratio of about 53.37 shares of the Company for every 1 TGL share.

The call options might not be transferred by the Company without the prior written consent of the other parties to the New Optionholder Agreements. In addition, the call options shall automatically terminate when the Company acquires 80% or more of the shares of TGL from TG Optionholders.

The exercise of the call options shall be conditional upon (a) a change of control of the Company has occurred and duly completed in accordance with the terms and conditions thereunder and has been announced on the Stock Exchange; (b) where applicable, the exercise of the call options having been approved by the independent shareholders as required by and in accordance with the requirements under the Listing Rules; and (c) the offer price of the Company's share shall not less than HK$0.20 per share.

The consideration payable by the Company to the TG Optionholders for the grant of the call option was HK$1.

24. PROVISION FOR REHABILITATION COSTS

	HK$'000
At 1 April 2017	–
Provision for the year	9,976
Unwinding of discounting effects for the year	6,093
Exchange realignment	(586)
At 31 March 2018	15,483

The provision for mine rehabilitation includes the anticipated costs of future rehabilitation, restoration and dismantling of mining areas from which natural resources have been extracted. These provisions include future cost estimates associated with plant closures, waste site closures, monitoring, demolition, decontamination, water purification, and permanent storage of historical residues. The discount rate using in determining this provision is 10.56% per annum.

25. SHARE CAPITAL

	Number of shares	**Share capital** HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2016, 31 March 2017 and 31 March 2018	30,000,000,000	300,000
Issue and fully paid:		
At 1 April 2016	14,791,170,169	147,912
Issue of new shares under placement *(Note (a))*	2,974,920,000	29,749
Issue of new shares for potential acquisition on a subsidiary *(Note (b))*	301,918,288	3,019
Execute of put options by TG Optionholders *(Note (c))*	83,463,524	835
At 31 March 2017 and 31 March 2018	18,151,471,981	181,515

Notes:

(a) During the year ended 31 March 2017, 2,974,920,000 ordinary shares of HK$0.01 each were issued at HK$0.0883 per share through placement to various placees, who and whose ultimate beneficial owners were independent and not connected with the Group, with gross proceeds of approximately HK$262,685,000 and transaction costs of approximately HK$3,961,000 were recognised in equity.

(b) As consideration for the prepayment for acquisition of exploration assets, the Company issued 301,918,288 ordinary shares to Sellers during the year ended 31 March 2017. Details of the acquisition are set out in note 17.

(c) During the year ended 31 March 2017, 1,563,772 put options granted by the Company were executed by TG Optionholders upon exercise of put options to exchange for 83,463,524 ordinary shares of the Company. Details of exercise of put options granted by the Company are set out in note 23(b).

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

26. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

As disclosed in note 17, the Group completed the remaining conditions on acquisitions of PTBBP and PTKEP under the Minex Project during the year ended 31 March 2018. PTBBP and PTKEP are inactive companies and they hold concessions located near the concession held by PTBTPR that together contain several deposits with potential to host an economic gold resource. These companies had not commenced any mining activities during the year. Therefore, the acquisitions of PTBBP and PTKEP were accounted for as acquisition of assets and the acquisitions were completed on 28 June 2017.

	HK$'000
Consideration transferred:	
Cash paid	31,224
Prepayment for acquisition of exploration assets	154,029
Total consideration	185,253
Asset acquired at the date of acquisition is as follows:	
Other receivable	2,928
Adjustment to carrying amount of exploration assets:	
Consideration transferred	185,253
Plus: non-controlling interests (25% in PTBBP and PTKEP) *(note)*	733
Less: Net asset acquired	(2,928)
	183,058
Net cash outflow arising in the acquisition:	
Cash consideration paid	31,224

Note: The non-controlling interests are measured at their proportionate share of net assets acquired of PTBBP and PTKEP.

27. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

Share option scheme of the Company

An ordinary resolution was duly passed by the shareholders of the Company at the special general meeting held on 4 January 2010 to adopt a share option scheme ("Share Option Scheme"). The purpose of the Share Option Scheme is to provide the Company with a flexible and effective means of incentivising, rewarding, remunerating, compensating and/or providing benefits to participants in recognition of their contribution to the Group. Eligible participants of the Share Option Scheme include any person who is an employee of the Group, and any entity (including associated company) in which the Company, any of its holding companies or any of their respective subsidiaries holds any equity interest ("Eligible Entity") or is a director (including executive and non-executive directors) of an Eligible Entity or any adviser, consultant, agent, contractor, customer and supplier of any member of the Group or any Eligible Entity whom the board of directors in its sole discretion considers eligible for the Share Option Scheme on the basis of his or her contribution to the Group. The Share Option Scheme became effective on 4 January 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and all outstanding options granted and yet to be exercised under any other share option schemes of the Company shall not exceed 30% of the total number of shares in issue from time to time.

The total number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any options to be granted under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue on 4 January 2010. Share options which lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit. The Company may seek approval of the shareholders in a general meeting for refreshing the 10% limit under the Share Option Scheme, save that the total number of shares which may be issued upon exercise of all share options granted under the Share Option Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of shares in issue as at the date of approval of the limit as refreshed. Share options previously granted under the Share Option Scheme and any other share option schemes of the Company (including share options outstanding, cancelled, lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the limit as refreshed. The total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

27. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share option scheme of the Company *(Continued)*

Each grant of share options to a director, chief executive or substantial shareholder of the Company, or to any of their associates, under the Share Option Scheme must be subject to approval by independent non-executive directors to whom share options have not been granted. In addition, any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or any of their associates, which would result in the shares issued and to be issued upon exercise of all share options already granted and to be granted under the Share Option Scheme (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant in aggregate over 0.1% of the shares in issue and with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK$5 million, must be approved by the shareholders in a general meeting.

The offer of a grant of share options shall be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercisable period of the share options granted is determined by the directors, save that such period shall not be more than 10 years from the date of the offer of the share options, subject to the provisions for early termination set out in the Share Option Scheme. There is no minimum period for which an option must be held before the exercise of the subscription right attaching thereto, except as otherwise imposed by the board of directors.

The exercise price of the share options is determined by the directors, but shall not be less than the highest of (i) the closing price of the Company's shares as quoted on the daily quotation sheets of the Stock Exchange on the date of the offer of the share options; (ii) the average closing price of the Company's shares as quoted on the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

On 16 July 2015, a total of 272,731,129 share options were granted to directors, employees and an independent consultant under the Share Option Scheme entitling the holders thereof to subscribe for shares of the Company at an exercise price of HK$0.149. The share options will be vested on 15 July 2016 and are exercisable during the period from 16 July 2016 to 15 July 2020.

27. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share option scheme of the Company *(Continued)*

Details and movements of options are as follows:

Date of grant	Exercisable period	Exercise price
16 July 2015	16 July 2016 – 15 July 2020	HK$0.149

Grantees	Outstanding at 1 April 2016	Forfeited during the year	Outstanding at 1 April 2017	Forfeited during the year	Outstanding at 31 March 2018
Directors	153,725,096	(19,215,637)	134,509,459	(38,431,274)	96,078,185
Employees	74,753,570	–	74,753,570	–	74,753,570
Consultant	44,252,463	–	44,252,463	–	44,252,463
	272,731,129	(19,215,637)	253,515,492	(38,431,274)	215,084,218
Number of options exercisable at the reporting date	–		253,515,492		215,084,218
Weighted average exercise price	HK$0.149	HK$0.149	HK$0.149	HK$0.149	HK$0.149

The options of 228,478,666 were granted to directors and employees of the Group on 16 July 2015 for the provision of services to the Group. The options were vested on 15 July 2016.

The options of 44,252,463 were granted to a consultant of the Group on 16 July 2015 for the provision of consultancy services to the Group. The options were vested on 15 July 2016. These share options were granted by the Company without entering into formal service agreements with a consultant. In the opinion of the directors of the Company, these share options were granted to the consultants for rendering consultancy services in respect of identification of potential investment opportunities and lining-up business connections for the Group. The Group granted share options to it for recognising its efforts. Since its services were such unique that the fair value could not be reliably measured, the services received were measured by reference to the fair value of share option granted.

During the year ended 31 March 2018, two directors (2017: one director) of the Company resigned and the share options granted to these directors were forfeited accordingly.

The estimated fair values of the share options and each share option at the date of grant were approximately HK$17,962,000 and HK$0.066 respectively. During the year ended 31 March 2017, the share options granted by the Company were fully vested and the Group recognised the equity-settled share-based payments expense of approximately HK$5,551,000 in profit and loss and the same amount was credited to share option reserve.

28. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued capital disclosed in note 25 and reserves disclosed in the consolidated statement of changes in equity. Management of the Group reviews the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through new share issues as well as the raising of new debts.

29. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2018 **HK$'000**	2017 HK$'000
Financial assets		
Available-for-sale investment	–	49,336
Loans and receivables (including cash and cash equivalents)	**413,992**	586,635
Financial liabilities		
Amortised cost	**9,460**	22,975

Financial risk management objective and policies

The Group's major financial instruments include loans to shareholders of a subsidiary, other receivables and deposits, pledged bank deposits, restricted bank deposits, bank balances and cash and other payables and accruals (2017: available-for-sale investment, loans to shareholders of a subsidiary, other receivables and deposits, pledged bank deposits, bank balances and cash and other payables and accruals). Details of these financial instruments are disclosed in respective notes. The risk associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

29. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objective and policies *(Continued)*

Market risk

Currency risk

Certain subsidiaries of the Company have bank balances and cash, other receivables and deposits and other payables and accruals denominated in foreign currencies, other than the functional currency of respective group companies which expose the subsidiaries to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period:

	Assets		Liabilities	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
Renminbi ("RMB")	**779**	706	**–**	–
HK$	**7,932**	334,888	**5,350**	4,888

Sensitivity analysis

The currency risk mainly arises from the exchange rate of USD against HK$ and RMB.

The directors of the Company consider the Group's exposure in USD relative to HK$ is insignificant since HK$ is pegged to USD. Accordingly, no sensitivity analysis is presented for USD against HK$. The following table details the Group's sensitivity to a 5% (2017: 5%) increase and decrease in the functional currency of each group entity against RMB and all other variables were held constant, translating to the presentation currency, HK$, at the closing rate at the end of the reporting period. 5% (2017: 5%) is the sensitivity rate used by management of the Group in the assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items which are denominated in RMB of respective group entities and adjusts their translation at the end of the reporting period for a 5% (2017: 5%) change in exchange rate of RMB. A positive number below indicates a decrease in post-tax loss (2017: an increase in post-tax profit) for the year where RMB strengthen 5% (2017: 5%) against the functional currency of each group entities. For a 5% (2017: 5%) weakening of RMB against the relevant functional currency there would be an equal and opposite impact on the result.

29. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objective and policies *(Continued)*

Market risk *(Continued)*

Currency risk (Continued)

Decrease in post-tax loss (2017: increase in post-tax profit) for the year

	2018 **HK$'000**	2017 HK$'000
USD against RMB impact	**28**	25

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits, restricted bank deposits and bank balances (2017: variable-rate pledged bank deposits and bank balances). The Group is exposed to fair value interest rate risk in relation to loans to shareholders of a subsidiary which are interest-free.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate pledged bank deposits, restricted bank deposits and bank balances (2017: variable-rate pledged bank deposits and bank balances), the analysis is prepared assuming the pledged bank deposits, restricted bank deposits and bank balances (2017: pledged bank deposits and bank balances) at the end of the reporting period was outstanding for the whole year. A 50 basis points increase or decrease is used for variable-rate pledged bank deposits, restricted bank deposits and bank balances (2017: variable-rate pledged bank deposits and bank balances) which represents the management's assessment of the reasonably possible change in interest rates.

For the variable-rate pledged bank deposits, restricted bank deposits and bank balances (2017: variable-rate pledged bank deposits and bank balances), if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax loss (2017: post-tax profit) for the year would decrease/increase (2017: increase/decrease) by approximately HK$557,000 (2017: HK$173,000).

Credit risk

As at 31 March 2018, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 39.

The Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

29. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objective and policies *(Continued)*

Credit risk *(Continued)*

Bank balances are placed in various authorised financial institutions and the directors of the Company consider the credit risk of such authorised financial institutions to be low.

The Group has a concentration of credit risk on loans to shareholders of a subsidiary. In order to minimise the credit risk, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, management of the Group reviews the recoverable amounts of these debts at the end of the reporting period to ensure that adequate impairment losses are recognised for irrecoverable amounts. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

In addition, the repayment of the loans to a shareholder of TGL (i.e. SepGold) is expected to be settled by dividends to be declared by TGL in future, when the TGL commences the mining operations and has surplus cash for distribution. As set out in note 14, 50% of any dividend declared by TGL in any financial year due to SepGold shall be applied towards the repayment of the loan. As long as there is no change of the Group's mining plan in South Africa, the management of the Group considers the credit risk is minimal.

The policy of allowances for doubtful debts of the Group is based on the evaluation and estimation of collectability of the outstanding debts. Specific allowance is only made for receivables that are unlikely to be collected and is recognised on the difference between the discounted estimated future cash flows and the carrying value.

Management of the Group closely monitors the subsequent settlements of the counterparties. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

29. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objective and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity table

The following table details the Group's expected maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Repayable on demand or within 3 months HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 March 2018				
Non-derivative financial liabilities				
Other payables and accruals	**N/A**	**9,460**	**9,460**	**9,460**
Financial guarantees	**N/A**	**20,247**	**20,247**	**–**
		29,707	**29,707**	**9,460**

	Weighted average effective interest rate %	Repayable on demand or within 3 months HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 March 2017				
Non-derivative financial liabilities				
Other payables and accruals	N/A	22,975	22,975	22,975
Financial guarantees	N/A	11,442	11,442	–
		34,417	34,417	22,975

The amounts included above for financial guarantees are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

29. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objective and policies *(Continued)*

Fair value measurement

The directors of the Company estimate the fair values of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

30. RETIREMENT BENEFIT SCHEMES

The Group operates a MPF Scheme under rules and regulations of Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage, which is 5%, of the employees' salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The Group's contribution to the MPF Scheme in respect of the employee's relevant income is subject to a cap to monthly relevant income of HK$30,000 since 1 June 2014, which contribution is matched by employees. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as at 31 March 2018 and 31 March 2017.

During the year ended 31 March 2018, the total costs charged to the profit or loss in relation to the Group's total contributions to the retirement benefit scheme are approximately HK$163,000 (2017: HK$149,000).

31. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

The remuneration for key management personnel of the Group, including the amounts paid to directors of the Company as disclosed in note 7, during the year was as follows:

	2018 HK$'000	2017 HK$'000
Short-term benefits	**11,997**	10,340
Contributions to retirement benefits scheme	**53**	36
Equity-settled share-based payment expenses	**–**	3,399
	12,050	13,775

(b) Balances with related parties

Details of the balances with related parties as at 31 March 2018 and 31 March 2017 are set out in note 14.

32. OPERATING LEASES

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 HK$'000	2017 HK$'000
Within one year	2,183	1,648
In the second to fifth year inclusive	1,236	84
	3,419	1,732

Operating lease payments represent rentals payable by the Group for office premises. Leases are negotiated and rentals are fixed for a lease term of one to two years.

33. CAPITAL COMMITMENTS

	2018 HK$'000	2017 HK$'000
Capital expenditure in respect of the gold projects contracted for but not provided in the consolidated financial statements:		
– Property, plant and equipment and exploration assets	1,568	1,413

34. CHANGE IN SHAREHOLDING OF A SUBSIDIARY WITHOUT LOSING CONTROL

For year ended 31 March 2017

During the year ended 31 March 2017, the shareholding beneficially owned by the Qualified BEE Companies in TGL dropped below 26% which is not comply with the South African broad-based socio-economic empowerment charter for the mining industry adopted pursuant to the provisions of Section 100(2) of the South African Mineral and Petroleum Resources Development Act 28 of 2002. In order to comply with this legal requirement for the operation in South African, TGL issued 5,058,327 shares with consideration of approximately ZAR36,926,000 (equivalent to approximately HK$19,883,000) to TG EPP, which is a Qualified BEE Company. The difference between the consideration of approximately HK$19,883,000 received from the issue of TGL's shares and the increase in the non-controlling interests, being the proportionate share of carrying amount of net assets of TGL, amounting to HK$18,267,000 had been credited to other reserve.

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries as at 31 March 2018 and 2017 are as follows:

Name of subsidiary	Country/place of incorporation	Country/place of operation	Issued share capital/paid up capital/registered capital	Equity interest attributable to the Group as at 31 March				Principal activities
				Directly		Indirectly		
				2018	2017	2018	2017	
Wing Hing International (Holdings) Limited	Republic of Seychelles	Hong Kong	Ordinary USD1	100%	100%	–	–	Investment holding
Lee Hing Mining Industry Limited	Hong Kong	Hong Kong	Ordinary HK$100	–	–	100%	100%	Sale of minerals
TGL	South Africa	South Africa	Ordinary ZAR58,040,000	65.6%	65.6%	12.98%	12.98%	Exploration, development and mining of gold and associated minerals
Taung Gold Exploration (West) (Pty) Limited*	South Africa	South Africa	Ordinary ZAR7,875	–	–	78.58%	78.58%	Exploration, development and mining of gold and associated minerals
Taung Gold Exploration Limited*	South Africa	South Africa	Ordinary ZAR7,875	–	–	78.58%	78.58%	Exploration, development and mining of gold and associated minerals
Taung Gold (North West) (Pty) Limited*	South Africa	South Africa	Ordinary ZAR100	–	–	78.58%	78.58%	Exploration, development and mining of gold and associated minerals
Taung Gold (Free State) (Pty) Limited*	South Africa	South Africa	Ordinary ZAR100	–	–	78.58%	78.58%	Exploration, development and mining of gold and associated minerals
Ulinet (Pty) Limited*	South Africa	South Africa	Ordinary ZAR100	–	–	78.58%	78.58%	Exploration, development and mining of gold and associated minerals
Minex	Singapore	Hong Kong	Ordinary USD2,400,100	100%	100%	–	–	Investment holding
PTBTPR	Indonesia	Indonesia	Ordinary Indonesian Rupiah ("IDR") 2,500,000,000	–	–	95%	95%	Exploration, development and mining of gold and associated minerals
PTBBP**	Indonesia	Indonesia	Ordinary IDR2,500,000,000	–	–	75%	–	Exploration, development and mining of gold and associated minerals
PTKEP**	Indonesia	Indonesia	Ordinary IDR2,500,000,000	–	–	75%	–	Exploration, development and mining of gold and associated minerals

* These companies are wholly-owned subsidiaries of TGL

** These companies were acquired during the year ended 31 March 2018.

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Hong Kong. The principal activities of these subsidiaries are either investment holding or inactive.

None of the subsidiaries had issued any debt securities at the end of the year or at any time during the year.

36. DETAILS OF A NON-WHOLLY OWNED SUBSIDIARY THAT HAS MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of a non-wholly owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss) profit allocated to non-controlling interests		Accumulated non-controlling interests	
		31 March 2018	31 March 2017	**31 March 2018 HK$'000**	31 March 2017 HK$'000	**31 March 2018 HK$'000**	31 March 2017 HK$'000
TGL	South Africa	**21.42%**	21.42%	**(25,794)**	49,739	**1,004,498**	1,013,435

Summarised financial information in respect of TGL and its subsidiaries is set out below on a consolidated basis. The summarised financial information below represents amounts before intragroup eliminations.

	2018 HK$'000	2017 HK$'000
Current assets	**21,443**	56,283
Non-current assets	**4,698,350**	4,693,263
Current liabilities	**(14,777)**	(18,290)
Non-current liabilities	**(15,483)**	–
Equity attributable to owners of the Company	**3,685,035**	3,717,821
Non-controlling interests	**1,004,498**	1,013,435

36. DETAILS OF A NON-WHOLLY OWNED SUBSIDIARY THAT HAS MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

	Year ended 31 March 2018 HK$'000	Year ended 31 March 2017 HK$'000
Income	**25,396**	445,759
Expenses	**(145,816)**	(205,878)
(Loss) profit for the year	**(120,420)**	239,881
(Loss) profit attributable to owners of the Company	**(94,626)**	190,142
(Loss) profit attributable to non-controlling interests	**(25,794)**	49,739
(Loss) profit for the year	**(120,420)**	239,881
Other comprehensive income attributable to owners of the Company	**65,286**	55,588
Other comprehensive income attributable to non-controlling interests	**17,796**	21,212
Other comprehensive income for the year	**83,082**	76,800
Total comprehensive (loss) income attributable to owners of the Company	**(29,340)**	245,730
Total comprehensive (loss) income attributable to non-controlling interests	**(7,998)**	70,951
Total comprehensive (loss) income for the year	**(37,338)**	316,681
Net cash inflow from operating activities	**6,085**	5,018
Net cash outflow from investing activities	**(14,046)**	(37,508)
Net cash outflow	**(7,961)**	(32,490)

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2018 HK$'000	2017 HK$'000
Non-current assets		
Investments in subsidiaries	**3,419,481**	3,433,200
Prepayment for acquisition of exploration assets	**–**	154,029
Amounts due from subsidiaries	**250,392**	62,200
	3,669,873	3,649,429
Current assets		
Amounts due from subsidiaries	**116,447**	91,984
Other receivables	**253**	43
Bank balances and cash	**7,128**	304,848
	123,828	396,875
Current liabilities		
Other payables and accruals	**5,348**	4,881
Net current assets	**118,480**	391,994
Net assets	**3,788,353**	4,041,423
Capital and reserves		
Share capital	**181,515**	181,515
Reserves	**3,606,838**	3,859,908
Total	**3,788,353**	4,041,423

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Movement in the Company's reserves

	Share premium HK$'000	Capital reserve HK$'000	Other reserve HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2016	5,044,106	(800)	(498,397)	147,828	11,975	(1,029,227)	3,675,485
Loss and total comprehensive expense for the year	–	–	–	–	–	(196,575)	(196,575)
Issue of new shares under placement	232,936	–	–	–	–	–	232,936
Transaction costs attributable to issue of new shares	(3,961)	–	–	–	–	–	(3,961)
Recognition of equity-settled share-based payments	–	–	–	–	5,551	–	5,551
Forfeiture of share options	–	–	–	–	(872)	872	–
Issue of new shares for potential acquisition in a subsidiary	28,018	–	–	–	–	–	28,018
Effect of exercise of put options by option holders of a subsidiary	6,344	–	–	–	–	–	6,344
Effect of exercise of put option for potential additional acquisition in a subsidiary	–	–	498,397	–	–	(386,287)	112,110
At 31 March 2017	5,307,443	(800)	–	147,828	16,654	(1,611,217)	3,859,908
Loss and total comprehensive expense for the year	–	–	–	–	–	(253,070)	(253,070)
Forfeiture of share options	–	–	–	–	(2,615)	2,615	–
At 31 March 2018	5,307,443	(800)	–	147,828	14,039	(1,861,672)	3,606,838

38. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during 2018, nor has any dividend been proposed since the end of the reporting period (2017: nil).

39. CONTINGENT LIABILITIES

As disclosed in note 15, as at 31 March 2018, the Group had provided total financial guarantees of ZAR30,576,000 (equivalent to approximately HK$20,247,000) (2017: ZAR19,768,000 (equivalent to approximately HK$11,442,000)) to the Department of Mineral Resources of South Africa. In determining whether financial liabilities should be recognised in respect of the Group's financial guaranteed contracts, the directors of the Company exercise judgment in evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation. In the opinion of the directors of the Company, the possibility of default by this party is remote given its financial background. Accordingly, no provision has been made in the consolidated financial statements for these guarantees.

40. EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed in elsewhere of the consolidated financial statements, the Group has following event after the end of the reporting period:

On 4 May 2018, the Group and SepGold entered into the Second Supplemental Agreement. Pursuant to the Second Supplemental Agreement, the repayment date of the loan will be further extended to 31 December 2027. Details are set out in the Company's announcement dated 4 May 2018. The Supplemental Agreement and the Second Supplemental Agreement have been approved by shareholders of the Company in the special general meeting held on 27 June 2018.

FINANCIAL SUMMARY

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out below:

RESULTS

	Year ended 31 March				
	2014 HK$'000	2015 HK$'000	2016 HK$'000	2017 HK$'000	**2018** **HK$'000**
Revenue	4,156	–	–	–	**–**
	4,156	–	–	–	**–**
(Loss) profit attributable to					
Owners of the Company	(726,863)	(110,730)	382,210	128,217	**(389,047)**
Non-controlling interests	(296,716)	(89,849)	123,417	49,679	**(25,796)**
	(1,023,579)	(200,579)	505,627	177,896	**(414,843)**

ASSETS AND LIABILITIES

	As at 31 March				
	2014 HK$'000	2015 HK$'000	2016 HK$'000	2017 HK$'000	**2018** **HK$'000**
Total assets	4,561,119	4,311,724	4,778,006	5,386,307	**5,056,714**
Total liabilities	295,407	376,524	102,968	23,658	**28,261**
Total equity	4,265,712	3,935,200	4,675,038	5,362,649	**5,028,453**