

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

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

Interim Report  
2020



\* For identification purpose only

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Christiaan Rudolph de Wet de Bruin  
(Co-chairman)

Ms. Cheung Pak Sum (Co-chairman)

Mr. Phen Chun Shing Vincent

### Independent Non-Executive Directors

Mr. Li Kam Chung

Mr. Chong Man Hung Jeffrey

Mr. Tsui Pang

## AUDIT COMMITTEE

Mr. Chong Man Hung Jeffrey (Chairman)

Mr. Li Kam Chung

Mr. Tsui Pang

## REMUNERATION COMMITTEE

Mr. Li Kam Chung (Chairman)

Mr. Chong Man Hung Jeffrey

Mr. Tsui Pang

## NOMINATION COMMITTEE

Mr. Chong Man Hung Jeffrey (Chairman)

Mr. Li Kam Chung

Mr. Tsui Pang

## TECHNICAL, SAFETY AND ENVIRONMENT COMMITTEE

Mr. Li Kam Chung (Chairman)

## COMPANY SECRETARY

Mr. Tung Yee Shing

## AUTHORISED REPRESENTATIVES

Mr. Tung Yee Shing

Ms. Cheung Pak Sum

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Bank of Communications Co., Ltd.

## AUDITORS

Deloitte Touche Tohmatsu

Registered Public Interest Entity Auditors

## LEGAL ADVISERS ON HONG KONG LAW

TC & Co., Solicitors

## LEGAL ADVISERS ON BERMUDA LAW

Appleby

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited

4th Floor North, Cedar House

41 Cedar Avenue

Hamilton HM12, Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

Level 54

Hopewell Centre

183 Queen's Road East

Hong Kong

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1901, 19/F, Nina Tower

8 Yeung Uk Road, Tsuen Wan

New Territories, Hong Kong

## REGISTERED OFFICE

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM12, Bermuda

## COMPANY WEBSITE

[www.taunggold.com](http://www.taunggold.com)

The board of directors (the “Board”) of Taung Gold International Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2020 together with the comparative figures for the corresponding period in 2019 as follows:

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

For the six months ended 30 September 2020

		<b>Six months ended 30 September 2020</b>	2019
	Notes	<b>HK\$'000 (unaudited)</b>	HK\$'000 (unaudited)
Other income	3	<b>1,249</b>	966
Other gains and losses	4	<b>1,213</b>	(1,255)
Administrative and operating expenses		<b>(14,690)</b>	(14,820)
Finance costs		<b>(27)</b>	–
Share of results of associates		<b>(12)</b>	–
Loss before taxation		<b>(12,267)</b>	(15,109)
Income tax expense	5	<b>–</b>	–
Loss for the period	6	<b>(12,267)</b>	(15,109)
Other comprehensive income/(expense) for the period:			
Item that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translation of foreign operations		<b>197,134</b>	(25,655)
Total comprehensive income/(expense) for the period		<b>184,867</b>	(40,764)

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

For the six months ended 30 September 2020

	Note	Six months ended 30 September 2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Loss for the period attributable to:			
Owners of the Company		<b>(10,913)</b>	(13,410)
Non-controlling interests		<b>(1,354)</b>	(1,699)
		<b>(12,267)</b>	(15,109)
Total comprehensive income/(expense) attributable to:			
Owners of the Company		<b>143,136</b>	(32,362)
Non-controlling interests		<b>41,731</b>	(8,402)
		<b>184,867</b>	(40,764)
<b>Loss per share</b>	8		
Basic (HK cents)		<b>(0.06)</b>	(0.07)
Diluted (HK cents)		<b>(0.06)</b>	(0.07)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
<b>Non-current assets</b>		
Property, plant and equipment	2,509	2,557
Mining assets	3,212,236	3,015,780
Right-of-use assets	1,002	1,672
Interests in associates	502	514
Financial assets at fair value through profit or loss	58,435	54,667
Deposit for acquisition of an investment	60,000	60,000
Rental deposit	–	413
Pledged bank deposits	654	614
	<b>3,335,338</b>	3,136,217
<b>Current assets</b>		
Other receivables, prepayment and deposits	6,873	5,715
Bank balances and cash	183,180	199,594
	<b>190,053</b>	205,309
<b>Current liabilities</b>		
Lease liabilities	956	1,332
Other payables and accruals	9,008	9,688
	<b>9,964</b>	11,020
<b>Net current assets</b>	<b>180,089</b>	194,289
<b>Total assets less current liabilities</b>	<b>3,515,427</b>	3,330,506

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

As at 30 September 2020

	Note	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
<b>Non-current liabilities</b>			
Lease liabilities		–	282
Provision of rehabilitation costs		9,334	8,767
		<b>9,334</b>	9,049
<b>Net assets</b>			
		<b>3,506,093</b>	3,321,457
<b>Capital and reserves</b>			
Share capital	9	181,515	181,515
Reserves		2,633,605	2,490,465
Equity attributable to owners of the Company		<b>2,815,120</b>	2,671,980
Non-controlling interests		<b>690,973</b>	649,477
<b>Total equity</b>		<b>3,506,093</b>	3,321,457

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Other reserves HK\$'000	Contributed surplus HK\$'000	Foreign currency translation reserve HK\$'000	Share-based payment reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2020 (audited)	181,515	5,307,443	(829)	(74,746)	147,828	(1,551,934)	11,412	(1,348,705)	2,671,984	649,477	3,321,461
Loss for the period	-	-	-	-	-	-	-	(10,913)	(10,913)	(1,354)	(12,267)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	154,049	-	-	154,049	43,085	197,134
Total comprehensive expense for the period	-	-	-	-	-	154,049	-	(10,913)	143,136	41,731	184,867
Forfeiture of share options	-	-	-	-	-	-	(11,412)	11,412	-	-	-
Acquisition of ordinary shares	-	-	-	-	-	-	-	-	-	(235)	(235)
At 30 September 2020 (unaudited)	181,515	5,307,443	(829)	(74,746)	147,828	(1,397,885)	-	(1,348,206)	2,815,120	690,973	3,506,093

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Other reserves HK\$'000	Contributed surplus HK\$'000	Foreign currency translation reserve HK\$'000	Share-based payment reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2019 (audited)	181,515	5,307,443	(829)	(74,746)	147,828	(945,619)	11,618	(1,304,327)	3,322,883	821,528	4,144,411
Loss for the period	-	-	-	-	-	-	-	(13,410)	(13,410)	(1,699)	(15,109)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(18,952)	-	-	(18,952)	(6,703)	(25,655)
Total comprehensive expense for the period	-	-	-	-	-	(18,952)	-	(13,410)	(32,362)	(8,402)	(40,764)
At 30 September 2019 (unaudited)	181,515	5,307,443	(829)	(74,746)	147,828	(964,571)	11,618	(1,317,737)	3,290,521	813,126	4,103,647

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	Six months ended 30 September 2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Net cash used in operating activities	<b>(13,931)</b>	(28,483)
Net cash used in investing activities	<b>(1,336)</b>	(4,400)
Net cash used in financing activities	<b>(685)</b>	–
Net decrease in cash and cash equivalents	<b>(15,952)</b>	(32,883)
Effect of foreign exchange rate changes	<b>(462)</b>	(76)
Cash and cash equivalents at beginning of the period	<b>199,594</b>	239,062
Cash and cash equivalents at end of the period, represented by bank balances and cash	<b>183,180</b>	206,103



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The accounting policies and methods of computation used in the preparation of unaudited condensed consolidated financial statements for six months ended 30 September 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2020.

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in Hong Kong Financial Reporting Standards (“HKFRSs”) and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

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

For the six months ended 30 September 2020

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

*(Continued)*

### 1.1 Impacts of application on Amendments to HKAS 1 and HKAS 8 “Definition of Material”

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”. The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 March 2021.

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

For the six months ended 30 September 2020

## 2. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided.

The Group's operating and reportable segments under HKFRS 8 are as follows:

- (a) gold exploration and development in the Republic of South Africa ("South Africa"); and
- (b) trading of minerals.

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

### For the six months ended 30 September 2020

	Gold exploration and development in South Africa HK\$'000 (unaudited)	Trading of minerals HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
<b>REVENUE</b>			
External sales	-	-	-
<b>RESULTS</b>			
Segment loss	(5,654)	-	(5,654)
Unallocated other income			1,073
Unallocated corporate expenses			(7,647)
Finance costs – Interest on lease liabilities			(27)
Share of result of associates			(12)
Loss before taxation			(12,267)

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

For the six months ended 30 September 2020

## 2. SEGMENT INFORMATION *(Continued)*

For the six months ended 30 September 2019

	Gold exploration and development in South Africa HK\$'000 (unaudited)	Trading of minerals HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
<b>REVENUE</b>			
External sales	–	–	–
<b>RESULTS</b>			
Segment loss	(7,931)	–	(7,931)
Unallocated other income			452
Unallocated other gains and losses			(406)
Unallocated corporate expenses			(7,224)
Share of result of associates			–
Loss before taxation			(15,109)

## 3. OTHER INCOME

	Six months ended 30 September	
	2020	2019
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Interest income on rental deposit	9	–
Interest income on bank deposits	1,237	907
Others	3	59
	1,249	966

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

For the six months ended 30 September 2020

## 4. OTHER GAINS AND LOSSES

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Foreign exchange gain/(loss), net	<b>1,213</b>	(1,177)
Gain on disposal of property, plant and equipment	–	68
Others	–	(146)
	<b>1,213</b>	(1,255)

## 5. INCOME TAX EXPENSE

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Company consider the amounts involved upon implementation of the two-tiered profits tax rates regime as insignificant to the unaudited condensed consolidated financial statements.

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits. No provision for Hong Kong profits tax was made as the subsidiaries incorporated in Hong Kong have no assessable profits for both periods.

Under South African tax law, the corporate tax rate is 28% on taxable profits of South African subsidiaries. The income tax expenses of the Group represented the corporate tax arising from the South African subsidiaries. No provision for taxation was made as the subsidiaries in South Africa have no assessable profits for both periods.

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

For the six months ended 30 September 2020

## 6. LOSS FOR THE PERIOD

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Loss for the period has been arrived at after charging/(crediting):		
Depreciation for property, plant and equipment	<b>289</b>	374
Depreciation of right-of-use assets	<b>669</b>	–
Minimum operating lease payments in respect of rented premises	–	1,021
Staff costs (including directors' emoluments)		
Salaries and other benefits (note)	<b>6,960</b>	8,005
Contributions to retirement benefits schemes	<b>137</b>	138
Less: Amounts capitalised in mining assets	<b>(1,559)</b>	(2,348)
	<b>5,538</b>	5,795

Note: For the six months ended 30 September 2020, COVID-19 related government grants amounted to HK\$258,000 have been offset against staff salaries and other benefits expense.

## 7. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

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

For the six months ended 30 September 2020

## 8. LOSS PER SHARE

The calculations of basic and diluted loss per share for the six months ended 30 September 2020 together with the comparative figures for 2019 are as follows:

	<b>Six months ended</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Loss attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	<b>(10,913)</b>	(13,410)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<b>18,035,062</b>	18,151,472

The calculation of diluted loss per share for prior period did not assume the exercise of the Company's outstanding share options as assuming exercise of these share options would result in a decrease in loss per share.

## 9. SHARE CAPITAL

	<b>Number of shares</b>	<b>Share capital</b>
		HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 March 2020 and 30 September 2020	30,000,000,000	300,000
Issue and fully paid:		
At 31 March 2020 (audited)	18,151,471,981	181,515
At 30 September 2020 (unaudited)	18,151,471,981	181,515

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

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

During the period under review, the Group recorded a basic loss attributable to owners of the Company of approximately HK\$10,913,000 or basic loss of HK0.06 cents per share, compared with a basic loss attributable to owners of the Company for the period ended 30 September 2019 of approximately HK\$13,410,000 or basic loss of HK0.07 cents per share.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2020, the Group had no outstanding bank borrowings (31 March 2020: Nil) and no banking facilities (31 March 2020: Nil).

The Group's gearing ratio as at 30 September 2020 was zero (31 March 2020: zero), calculated based on the Group's total zero borrowings (31 March 2020: zero) over the Group's total assets of approximately HK\$3,525,391,000 (31 March 2020: HK\$3,341,526,000).

As at 30 September 2020, the balance of cash and cash equivalents of the Group was approximately HK\$183,180,000 (31 March 2020: HK\$199,594,000) and were mainly denominated in Hong Kong Dollars, Renminbi, United States Dollars ("USD") and South African Rand ("ZAR").

The Group continues to adopt a policy of dealing principally with clients with whom the Group has enjoyed a long working relationship so as to minimize risks in its business.

## FOREIGN EXCHANGE EXPOSURE

During the period ended 30 September 2020, the Group operated mainly in South Africa, and the majority of the Group's transaction and balances were denominated in Hong Kong Dollars, Renminbi, USD and ZAR. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.



# MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

## REVIEW OF BUSINESS OPERATIONS

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

- Advancing the Engineering, Procurement and Construction Contract (“EPC Contract”) with Metallurgical Corporation of China Ltd (“MCC”) for the Jeanette Project;
- Implementing activities under the companies Social & Labour Plan in the communities surrounding the Jeanette Project to alleviate poverty in the area;
- Advancing the commercial arrangements for the Design & Build Contract and financing for the Evander Project;
- The sale of Holfontein Investments (Pty) Limited (“HIL”);
- Corporate activity with respect to the Pakistan Project; and
- Identification of near-term gold producing assets for potential acquisition.

As at 30 September 2020, the Company had not conducted any mining or production activities during the period under review.

### The Evander Project

The Evander Project is located in the Evander Goldfield on the northeastern limb of the Witwatersrand Basin and is close to the town of Secunda in the Mpumalanga Province of South Africa. Taung Gold Secunda (Pty) Limited (“TGS”), a wholly-owned subsidiary of Taung Gold (Pty) Limited (“TGL”), is the registered holder of the mining right in terms of the Mineral and Petroleum Resources Development Act (“MPRDA”), of the Evander Project. The Mining Right No. 107/2010 was registered in the name of TGS in November 2013 and permits the mining of gold and associated minerals in the Six Shaft and Twistdraai area. During the period under review, ZAR4.6 million was spent on the Evander Project.

On 16 May 2016, the Company declared a maiden Mineral Reserve (Probable Reserve) from the Evander Project’s Kimberley Reef horizon of 4.29 million ounces of gold, from 19.64 million tonnes of ore at an average head grade of 6.80g/t.

# MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

## REVIEW OF BUSINESS OPERATIONS *(Continued)*

### The Evander Project *(Continued)*

On 12 September 2016, the Company announced the Bankable Feasibility Study (“BFS”) for the Evander Project. Highlights from the results are as follows:

#### Evander Project BFS Highlights

Gold Recovered over Life of Project	4,113,000 oz
Annual Gold Recovered at Full Production	309,000 oz
Recovered Grade over Life of Project	6.51 g/t
Initial Construction Capital Cost Estimate	US\$579.3 m
Total Capital Cost over Life of Project	US\$714.7 m
Capital Efficiency	US\$2,696/oz
After-tax Net Present Value (“NPV”) at 5% Discount Rate	US\$724.8 m
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 US\$1,290/oz and an exchange rate of US\$1.00 = ZAR14.00.
2. Capital Efficiency is calculated as total capital cost divided by average annual gold production over the production life of mine.
3. Payback calculated from date of first production.
4. US\$/oz cost definitions as per World Gold Council Guidance Note on AISC and AIC costs – 27 June 2013.

Turnberry Projects (Pty) Limited (“Turnberry”), an independent South African based consultancy, was the lead independent consultant for the BFS, which has an effective date of 29 February 2016. All estimates in this report have been extracted from the BFS report dated 29 February 2016. The engineering, design, scheduling and original capital and operating cost estimating work for the Evander Project was carried out in South Africa by various independent professional consultants under the leadership of Turnberry. As a part of its review process, the Company engaged China ENFI Engineering Corporation Limited, a subsidiary of MCC, to investigate further capital cost and construction scheduling optimization. Accordingly, the BFS results include the results of this optimization.

# MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

## REVIEW OF BUSINESS OPERATIONS *(Continued)*

### The Evander Project *(Continued)*

Expenditure on the Evander Project for the period ended 30 September 2020 was as follows:

	ZAR million
Consultants & Service providers	–
Staffing	3.55
Overheads	1.05
<b>Total</b>	<b>4.60</b>

### The Jeanette Project

The Jeanette Project is located in the northern region of the Free State goldfield close to the towns of Allanridge, Kutlwanong and Nyakallong, within the southwest limb of the Witwatersand Basin in Free State Province of South Africa. Taung Gold Free State (Pty) Limited (“TGFS”), a wholly-owned subsidiary of TGL, is the registered holder of the mining right over the Jeanette Project. The Mining Right No. 33/2017 for the Jeanette Project was registered in the name of TGFS on 6 December 2017. During the period under review, ZAR8.08 million was spent on the Jeanette Project.

On 28 April 2018, the Company entered into a Service Contract with MCCI International Incorporation Limited (“MCCI”), a subsidiary of MCC, whereby the Company appointed MCCI to carry out the Feasibility Study (“FS”) for the Jeanette Project. The FS was duly completed with an effective date of 23 July 2019.

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

#### Phase 1

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

# MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

## REVIEW OF BUSINESS OPERATIONS *(Continued)*

### The Jeanette Project *(Continued)*

#### Phase 2

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

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

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

## REVIEW OF BUSINESS OPERATIONS *(Continued)*

### The Jeanette Project *(Continued)*

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

#### Jeanette Project FS Highlights – Phase 1

Gold Recovered over Life of Project	2.89 Moz
Initial Construction Capital Cost Estimate	US\$523.5 m
Total Capital Cost over Life of Project	US\$646.6 m
Capital Efficiency	US\$4,017/oz
After-tax NPV at 5% Discount rate	US\$509.9 m
After-tax IRR	14.1%
Life of Mine	22 years
Payback	8.7 years
Cash Operating Costs	US\$471/oz
Profit Margin	46.2%
AISC	US\$666/oz
AIC	US\$694/oz

Notes:

1. Financials calculated using a gold price of US\$1,290/oz and/or an exchange rate of US\$1.00 = ZAR14.00.
2. Capital Efficiency is calculated as Total Capital Cost divided by average annual gold production over the production life of mine.
3. Payback calculated from date of first production.

Expenditure on the Jeanette Project for the period ended 30 September 2020 was as follows:

	ZAR million
Consultants & Service providers	1.82
Staffing	4.28
Overheads	1.98
<b>Total</b>	<b>8.08</b>

# MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

## REVIEW OF BUSINESS OPERATIONS *(Continued)*

### The Pakistan Project

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

As disclosed in the announcement on 28 December 2016, the Pakistani Target Company was the legal holder of the EL127 Exploration License and has lodged an application for the conversion of the EL127 Exploration License into Mining Lease. The EL127 Exploration License will continue be effective until such time as the Mining Lease been issued.

According to a letter issued to the Pakistani Target Company by the Department of Mines and Minerals, Government of Balochistan on 16 February 2018, the Mining Lease was granted subject to the mineral agreement with the Government of Balochistan (the “Agreement”) and the No Objection Certificate issued by the Environmental Protection Agency of the Government of Balochistan (the “NOC”). The Pakistani Target Company has lodged the execution of the Agreement and the NOC accordingly. On 6 April 2018 and 19 May 2018, both the Agreement and the NOC have been executed and obtained and hence, the Mining Lease is valid and legally held by the Pakistani Target Company and thus EL127 will convert to ML127 as per the Mining Lease.

The granting of the Mining Lease is a first mover process in tapping into one of the largest hosts of world-class copper-gold porphyry mineralization.

On 25 June 2019, an addendum was executed to extend the long stop date of the proposed acquisition of the Pakistani Target Company to 31 December 2019 (the “First Addendum”). However, the uncertain political environment has adversely affected the due diligence process, completion could therefore not take place on or before the long stop date of 31 December 2019 as set out in the First Addendum. Subsequently, the impact of COVID-19 has also affected the progress and on 26 June 2020, a second addendum (the “Second Addendum”) was executed to further extend the long stop date to 31 December 2020. The Company continues to hold the view that the potential of the proposed acquisition and the future opportunities that may accrue to the Company in the Chagai area of Pakistan warrant the Company’s continued involvement in the transaction. Details of the First Addendum and Second Addendum have been disclosed in the announcements dated 25 June 2019 and 26 June 2020 respectively.

The Company is also in the process of engaging local professional teams to evaluate the latest development of the Pakistani Target Company and the Board will continue to monitor the development of the Pakistani Target Company and the ML127.

# MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

## REVIEW OF BUSINESS OPERATIONS *(Continued)*

### The Pakistan Project *(Continued)*

#### The JV with FWO

Taung Gold International Limited, a non-wholly owned subsidiary of the Company incorporated in the British Virgin Islands entered into Joint Venture (the "JV") with Frontier Works Organization ("FWO") for the "Tanjeel H4 Deposit" on 9 June 2017. The Company has prepared the Pre-Qualification Document (the "PQD") in accordance with the public announcement made by the Mines and Mineral Department of the Government of Balochistan regarding the invitation for Expressions of Interest for the "Tanjeel H4 Deposit" (the "PQD Submission"). The result of the PQD Submission is yet to be announced as a result of delays in political and administration processes due to the Pakistan general election since 2018. Hence, in view of the lack of clarity regarding the outcome of the PQD Submission, the Company has re-negotiated the JV with FWO and has recovered the USD15.4 million remaining deposit as per the Joint Venture Agreement on 27 February 2019 (the "Joint Venture Agreement"). Since the result of the PQD Submission has not been announced and there was a complete change of leadership in FWO as well as the impact of COVID-19, there is no further update on the progress for revision of the Joint Venture Agreement as at the date of this report and the Board will continue to monitor the result of the PQD Submission and the development of the "Tanjeel H4 Deposit".

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

### The Evander Project

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

## FUTURE PLANS FOR THE EVANDER PROJECT AND THE JEANETTE PROJECT *(Continued)*

### **The Evander Project** *(Continued)*

#### **Contract for the Construction of the Evander Project** *(Continued)*

The work that remains outstanding on the Evander Project contract is as follows:

- (a) Agree and execute the binding term sheet;
- (b) Commence discussions with potential equity and debt financiers;
- (c) Undertake and finalise the tender process for the shaft-sinking portion of the Evander Project;
- (d) Complete drafting of the contract and execute with MCCI;
- (e) Finalisation of funding (equity and debt) package;
- (f) Award of shaft-sinking contract and other work packages; and
- (g) Early works and mobilisation.

The estimated time frame for the remaining work for the Evander contract will be 12–18 months from the date of a decision to continue. The Company will keep its shareholders informed of any material development in this regard in due course.

#### **Disposal of HIL**

During the period under review, the sale process for TGS to dispose of its 100% interest in HIL, whose sole asset is a mining right for coal in terms of MPRDA, was in process.

As disclosed in the Company's 2020 Annual Report, the Company was in the final stage of negotiations with a potential buyer and a draft Sale of Shares and Claims Agreement has been exchanged and the principal terms and conditions therein had been agreed. However, the potential buyer has faced certain financing challenges and therefore is unable to finalize the contract. The Company will seek for new buyer for the sale of HIL accordingly and is in the process of appointing a broker to oversee the sale.



# MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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

*(Continued)*

### **The Evander Project** *(Continued)*

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

The full Environmental Impact Assessment (“EIA”) for the Evander Project requires amendment to reflect the positive changes regarding tailings disposal and an application to the Department of Mineral Resources will lead to subsequent amendment of the Mining Works Program and Environmental Authorization that form part of the Evander Project Mining Right held by TGS.

The Company already has an Environmental Authorisation for the dewatering and construction phase of the Evander Project. In addition, the Water Use Licence (“WUL”) for abstraction, transport and disposal of excess mine water during the dewatering and construction phase has also been issued.

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

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

### **The Jeanette Project**

As stated in the announcement dated 30 August 2019, it was intended that MCCI would participate in the development of the Jeanette Project on an Engineering, Procurement and Construction (“EPC”) basis and would also assist the Company with securing debt financing and equity investment.

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

# MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

## FUTURE PLANS FOR THE EVANDER PROJECT AND THE JEANETTE PROJECT *(Continued)*

### **The Jeanette Project** *(Continued)*

In order to progress with the engineering work for the Jeanette Project, the Company and MCC have agreed to immediately commence with Basic Design for the Jeanette Project, in the form of a Supplementary Agreement dated 20 May 2020 to the 2018 FS Service Contract, in order to facilitate the completion of the design work for long-lead items, the early works program and to determine the Lump Sum Offer. The final amount for the EPC Contract may differ from the Accepted Contract Amount of US\$521,546,000 as a result of any variations in scope that may arise during the Basic Design work. In addition, MCC will assist the Company to secure equity and debt financing for the EPC Contract for the Jeanette Project at the TGFS level from independent third parties, including but not limited to, strategic investors in the mining sector and Chinese banks. During the period under review, the Company remained in close communication with MCC on financing of Jeanette Project but due to travel restrictions have not been able to meet with MCC or potential funders. As at the date of this report, there is no significant progress and the Company will keep shareholders informed of any material development in this regard in due course.

Upon finalization of the Lump Sum Offer, the EPC Contract will be subject to the approval of shareholders. Shareholders are referred to the announcement of 20 May 2020 in this regard.

At an operational level the Company focused on poverty alleviation under its Social and Labour Plan in communities around the Jeanette Project. South Africa was subject to a hard lockdown in response to the COVID-19 pandemic. This lockdown resulted in extensive job losses coupled to increased levels of hunger and poverty. By maintaining its programmes during this difficult time the Company was able to assist the communities to grow their own food and start small businesses.

## EMPLOYEE AND REMUNERATION POLICY

As at 30 September 2020, the total number of employees, excluding workers under exclusive sub-contracting arrangement, of the Group was 29 (31 March 2020: approximately 29). The Group's remuneration policy is primarily based on their performance, working experience and the prevailing market conditions. Employee benefits include mandatory provident fund (pension), participation in a share option scheme, death and disability cover etc.

# MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

## SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the Company's shareholders with effect from 4 January 2010 (the "2010 Share Option Scheme") and in compliance with Chapter 17 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), 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 2010 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.

At the Company's general meeting on 21 November 2014, mandate limit of the 2010 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 2010 Share Option Scheme (representing 10% of the issued share capital of the Company on 21 November 2014).

The 2010 Share Option Scheme had been expired on 3 January 2020. A resolution was passed on 28 August 2020 to approve and adopt the new share option scheme (the "New Share Option Scheme"). The maximum number of shares which may be issued under the New Share Option Scheme is 1,815,147,198 shares (representing 10% of the issued share capital of the Company on 28 August 2020). No share options has been granted under New Share Option Scheme as at 30 September 2020.

# MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

## SHARE OPTION SCHEME *(Continued)*

Details of the Share Options granted under the 2010 Share Option Scheme (excluding the share options granted under share options scheme of Taung Gold Limited) as at 30 September 2020 are as follows:

	Balance as at 1 April 2020	Number of Share Options			Balance as at 30 September 2020	Exercise price (HK\$)	Grant date	Vesting period	Exercise period
		Granted during the period	Exercised during the period	Lapsed during the period					
Christiaan Rudolph de Wet de Bruin	19,215,637	-	-	(19,215,637)	-				
Neil Andrew Herrick (retired on 28 August 2020)	19,215,637	-	-	(19,215,637)	-				
Cheung Pak Sum	19,215,637	-	-	(19,215,637)	-				
Li Kam Chung	19,215,637	-	-	(19,215,637)	-	HK\$0.149 per Share Option	16 July 2015	15 July 2016 16 July 2015 to 15 July 2020	
Consultant	44,252,463	-	-	(44,252,463)	-				
Continuous contact employee	53,818,890	-	-	(53,818,890)	-				
<b>Total</b>	<b>174,933,901</b>	<b>-</b>	<b>-</b>	<b>(174,933,901)</b>	<b>-</b>				

# MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 September 2020, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), were as follows:

### Long positions in shares and underlying shares of the Company

Name of Director	Number of Shares		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	244,650,717	–	–	244,650,717	1.30%

Save as disclosed above, as at 30 September 2020, so far as is known to the directors and chief executives of the Company, no other person had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register as required to be kept by the Company under Section 352 of the SFO or as otherwise pursuant to the Model Code, notified to the Company and the Stock Exchange.

# MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 September 2020, the following shareholders had, or were deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

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

Name of shareholders	Number of shares held	Underlying shares of equity derivatives	Total interest	Percentage of issued shares as at 30 September 2020
Goldborn Holdings Limited	2,001,362,075	–	2,001,362,075	11.03%
Mandra Materials Limited <sup>(note 1)</sup>	777,434,722	–	777,434,722	4.28%
Mandra Esop Limited <sup>(note 1)</sup>	16,238,369	–	16,238,369	0.09%
Woo Foong Hong Limited <sup>(note 1)</sup>	276,530,727	–	276,530,727	1.52%
Gold Commercial Services Limited ("GoldCom") <sup>(note 2)</sup>	1,126,724,384	–	1,126,724,384	6.20%

Notes:

- (1) 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.
- (2) 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.

# MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES *(Continued)*

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

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

Save as disclosed herein, as at 30 September 2020, no person, other than the directors and chief executives of the Company, whose interests are set out in the section "Directors' and Chief Executives' interests in securities" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

## CORPORATE GOVERNANCE CODE

In the opinion of the directors, the Company had complied with the code provisions set out in the Corporate Governance Code ("CG Code") as contained in Appendix 14 to the Listing Rules during the six months ended 30 September 2020, save as the deviation from code provision A.4.1 which is explained as follows:

- Under code provision A.4.1 of the CG Code, 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.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. The Company has made specific enquiries of all the directors and all the directors confirmed that they have complied with the required standards set out in the Model Code for the six months ended 30 September 2020.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Written Guidelines") for securities transactions by the relevant employees, including the directors, who are likely to possess inside information of the Company.

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

# MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

## AUDIT COMMITTEE

The audit committee, which comprises three independent non-executive directors of the Company, has discussed with the management of the Company on the accounting principles and practices adopted by the Group, internal controls, risk management and financial reporting matters. The audit committee has also reviewed and discussed with the management of the Company the unaudited consolidated financial statements for the six months ended 30 September 2020.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of shares or other listed securities of the Company or by any of its subsidiaries during the reporting period.

## UPDATE ON DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Mr. Chong Man Hung Jeffrey, an independent non-executive director of the Company, has resigned as an independent non-executive director of China Gingko Education Group Company Limited (stock code: 1851) on 31 July 2020, a company listed on the Main Board of the Stock Exchange.

## APPOINTMENT OF JOINT INTERIM CHIEF EXECUTIVE OFFICER AND SUBSIDIARY DIRECTOR IN A MAJOR OPERATING SUBSIDIARY OF THE COMPANY

Reference is made to the announcement of the Company dated 4 November 2020 in relation to the resignation of Mr. Neil Andrew Herrick as a director of TGL, a major operating subsidiary of the Company, with effect from 31 October 2020.

The Board is pleased to appoint Mr. Jacques du Plessis and Mr. Peter Warring as joint interim executive officer and subsidiary director of TGL with effect from 7 December 2020 and 8 December 2020 respectively.



# MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

## APPOINTMENT OF JOINT INTERIM CHIEF EXECUTIVE OFFICER AND SUBSIDIARY DIRECTOR IN A MAJOR OPERATING SUBSIDIARY OF THE COMPANY *(Continued)*

The biographical details of Mr. Jacques du Plessis and Mr. Peter Warring are as follows:

Mr. Jacques du Plessis, aged 63, is currently the Mining & Projects executive of the Group. Mr. du Plessis is responsible for the mining projects of the Group. He holds a Bachelor of Science Degree in Engineering (Mining) from The University of Pretoria and a Master of Business Administration from The University of the North West, formerly Potchefstroom University for Christian Higher Education. He also obtained a Managers Certificate of Competency for Metalliferous and Diamond Mines. Mr. du Plessis joined the Group in 2007 and has accumulated nearly 41 years of working experience in the mining industry. Prior to joining the Group, Mr. du Plessis worked as a Mining Engineer and Mine Manager with several mining and exploration companies operating in South Africa and Africa.

Mr. Peter Warring, aged 59, is currently the Executive Commercial of the Group having joined TGL in 2007 from Anglo American, where he was Senior Divisional Commercial Manager Africa in their Base Metals Exploration Division. Prior to that he was Legal Manager and assistant Public Affairs Manager for British American Tobacco's South African subsidiary. Mr. Warring holds degrees in Law & Economic History from Rhodes University and a diploma in Labour Law from the University of Johannesburg. He has accumulated over 30 years of work experience in corporate & mining law and public affairs. As Executive Commercial he is heavily involved in formulating negotiating strategies and the actual negotiation process itself. These negotiations have taken him to over twenty countries across four continents since 2001. He has served on the boards of numerous companies both within and beyond South Africa.

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

Hong Kong, 27 November 2020