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TAUNG GOLD | **TAUNG GOLD INTERNATIONAL LIMITED**
壇金礦業有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 621)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2018**

This announcement is made by Taung Gold International Limited (the “**Company**” which together with its subsidiaries the “**Group**”) in order to supplement the annual results announcement (the “**Annual Results Announcement**”) for the year ended 31 March 2018, which was published by the Company on 28 June 2018. Capitalized terms used herein shall have the same meanings as those defined in the Annual Results Announcement unless otherwise mentioned herein.

The Company would like to provide following updates and supplementary information in relation to the Annual Results Announcement:

IMPAIRMENT LOSS ON AVAILABLE-FOR-SALE INVESTMENT

On 28 February 2015, the Group entered into an agreement with a third party individual to acquire 100% equity interest in Jun Mao Enterprises Limited, an unlisted investment holding company whose only asset was the 15% equity interest in 貴州文真鋁業有限公司 (“**Wen Zhen Lv Ye**”), at a total consideration of HK\$50,000,000. On page 13 of the Annual Results Announcement, the impairment loss on available-for-sale investment represented the 15% equity interest in Wen Zhen Lv Ye. 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 to 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 a profitable income stream and a reasonable return to the Group, the directors of the Company determined to recognise a full provision for an impairment loss of approximately HK\$50,017,000 on its investment.

* *For identification purpose only*

IMPAIRMENT LOSS ON LOANS TO SHAREHOLDERS OF A SUBSIDIARY

Further to the disclosure in note 14 to the consolidated financial statements for the year ended 31 March 2017 included in the Company's annual report 2017, the Group has the following updates in relation to the loan to Sephaku Gold Holdings (Proprietary) Limited ("**SepGold**") and various other shareholders of Taung Gold (Pty) Limited ("**TGL**") during the year ended 31 March 2018.

In March 2018, the Group and SepGold entered into negotiations on the SepGold loan repayment schedule, in particular related to extending the loan repayment date to 31 December 2027 following due consideration of the appropriate timing and amounts of dividends expected from TGL after the planned commencement of mining projects in South Africa. As at 31 March 2018, the directors of the Company re-assessed further the recoverability of the carrying amount of the loan of approximately HK\$204,034,000 based on their estimates of 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 an original effective interest rate of 11.5% per annum over the extended loan term, was recognised to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2018.

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.

TGL had previously granted loans to various other shareholders of TGL, who then accepted shares in the Company in lieu of their TGL shares. The loans were secured by the pledge of certain number of shares of the Company. During the year ended 31 March 2018, the Group served notice to these shareholders for 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 the 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 consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2018.

By order of the Board
Taung Gold International Limited
Cheung Pak Sum
Executive Director

Hong Kong, 26 July 2018

As at the date of this announcement, the Board comprises eight Directors. The Executive Directors are Mr. Li Hok Yin, Mr. Christiaan Rudolph de Wet de Bruin, Mr. Neil Andrew Herrick, Ms. Cheung Pak Sum and Mr. Phen Chun Shing Vincent. The Independent Non-executive Directors are Mr. Chong Man Hung Jeffrey, Mr. Li Kam Chung and Mr. Tsui Pang.