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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)**

## **UPDATE OF MINERAL RESOURCES AND MINERAL RESERVES**

This announcement is made by Taung Gold International Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to rule 13.09 (2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) is pleased to report a maiden Mineral Reserve totalling 4.29 million ounces of gold at its flagship Evander No.6 Shaft Project (the “**Evander Project**”), situated in the Evander Basin, Mpumalanga Province, Republic of South Africa. The Mineral Reserve has been determined in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (“**SAMREC Code**”), the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (“**JORC Code**”) and Chapter 18 of the Listing Rules.

The Board also reports that the Evander Project’s SAMREC Code and JORC Code compliant Total Mineral Resource, comprising of Measured, Indicated and Inferred Resources, amounts to 7.59 million ounces of gold, of which Measured and Indicated Resources amount to 5.41 million ounces of gold. The reported Mineral Resources are inclusive of Mineral Reserves.

### **HIGHLIGHTS**

- A maiden Mineral Reserve (Probable Reserve) on 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. Mineral Reserves were determined using a commodity price of ZAR455,736 per kilogram of gold (i.e. US\$1,350/oz at US\$1 = ZAR10), substantially below the price of R580,638 per kilogram of gold used to calculate the prevailing

cut-off grade (i.e. 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.

The modifying factors used to determine the Mineral Reserve (Probable Reserve) were based on mining methods that are very well understood and have been and, continue to be, used extensively in the South African gold mining industry.

- The Total Mineral Resource for the Evander Project as of 5 February 2016 amounts to 7.59 million ounces of gold from 29.37 million tonnes of material with an average grade of 8.05 g/t. Mineral Resources were calculated using a cut-off grade of 500cmg/t, significantly above the latest cut-off grade of 317cmg/t (using a price of ZAR580,638 per kilogram of gold, US\$1,290/oz and US\$1 = ZAR14). Mineral Resources are inclusive of Mineral Reserves.
- The Evander Project Bankable Feasibility Study (“**BFS**”) was completed by Turnberry Projects (Pty) Limited (“**Turnberry**”) in November 2014. Subsequently, as a part of its review process, the Company engaged with China ENFI Engineering Corporation (“**ENFI**”), a subsidiary of Metallurgical Corporation of China Limited (“**MCC**”), to investigate further optimization of the project. The final results of the BFS will be announced in due course.
- As announced on 28 October 2014, the Company entered into a Framework Agreement with MCC International Incorporation Ltd. (“**MCCI**”) on 23 October 2014 with the objective of entering into an Engineering, Procurement and Construction (“**EPC**”) contract and, although the Framework Agreement was exclusive for a period of 12 months, the Company continues to engage with MCCI towards the same objective and further announcements will be made in this regard in due course.

Commenting on the maiden Mineral Reserve (Probable Reserve) declaration, Neil Herrick, the Company’s Chief Executive Officer, said “The Evander Project is clearly evolving into one of the most significant gold mine development projects in our industry. Its high grade and substantial Mineral Resource and Reserve endowment, coupled with optimization potential available through engagement with such reputable industrial development organizations as ENFI and MCC, put the Company in the unique position of being able to advance its flagship operation up the value chain.”

## MINERAL RESERVE

A total maiden Probable Reserve of 4.29 million ounces of gold for the Evander No. 6 Shaft Project has been declared as shown in Table 1.

*Table 1: Evander Project Mineral Reserve estimate as at October 2014*

<b>Mineral Reserve Classification</b>	<b>Tonnes (Mt)</b>	<b>Head Grade (g/t)</b>	<b>Gold Content (Moz)</b>
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 announcement 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 announcement 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/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 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)*

<b>Modifying Factors</b>	<b>Value</b>
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)*

<b>Modifying Factors</b>	<b>Value</b>
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)

<b>Parameter</b>	<b>Tonnes</b> (Mt)	<b>Mining</b> <b>Grade</b> (g/t)	<b>Gold</b> (t)	<b>Gold</b> (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

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

## **MINERAL RESOURCE**

The Mineral Resource for the Evander Project as at 5 February 2016 has declined marginally from 7.67 million ounces of gold to 7.59 million ounces of gold, representing a reduction of 1.1% caused by small changes in grade resultant from minor amendments to some of the structural mining blocks in the No. 6 Shaft target area.

Mineral Resources were calculated using a cut-off grade of 500cmg/t, significantly above the latest calculated cut-off grade of 317cmg/t (using a price of R580,638 per kilogram of gold, US\$1,290/oz and US\$1 = ZAR14).

Table 5 below shows the detail for the total Evander Project and Table 6 shows the year-on-year changes.

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

Mineral Resource Classification	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)
<b>Total Project Mineral Resources at 500cmg/t Cut-off Grade</b>								
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
<b>Total Measured and Indicated</b>	19.85	112	8.47	949	74	12.78	168.27	5.41
Inferred	9.51	111	7.12	796	64	12.43	67.77	2.18
<b>Total Mineral Resources</b>	<b>29.37</b>	<b>112</b>	<b>8.05</b>	<b>900</b>	<b>71</b>	<b>12.68</b>	<b>236.04</b>	<b>7.59</b>

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

*Notes:* The information in this announcement 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 announcement of the matters based on information provided by him, in the form and context in which they appear.

Table 6: Evander Project Mineral Resource estimate 2013 and 2016

Mineral Resource Classification Year	Mining Tonnes (Mt)		Mining Grade (g/t)		Gold (Moz)	
	2013	2016	2013	2016	2013	2016
Measured	0.14	0.11	10.64	10.18	0.05	0.04
Indicated	19.47	19.75	8.70	8.47	5.45	5.37
<b>Total Measured and Indicated</b>	19.61	19.85	8.71	8.48	5.49	5.41
Inferred	9.42	9.51	7.20	7.12	2.18	2.18
<b>Total Mineral Resource*</b>	<b>29.03</b>	<b>29.37</b>	<b>8.22</b>	<b>8.05</b>	<b>7.67</b>	<b>7.59</b>

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

The Evander Project comprises the No. 6 Shaft area and the adjacent Twistdraai area in the Evander Basin, on the eastern extremity of the Witwatersrand Basin, in the Mpumalanga Province of South Africa.

#### *No. 6 Shaft area*

The significant net increase in the No.6 Shaft area stated the Measured, Indicated and Inferred Mineral Resource from 5.11 million ounces of gold (as per the previously reported Mineral Resource in the Company's 2015 annual report) to 6.90 million ounces of gold (as shown in Table 7 below), an increase of 35%, is due to the inclusion of Mineral Resource from the northern portion of the Twistdraai area that is now accessible from the No. 6 Shaft area of the project, resultant from borehole information from the 2011/2012 surface drilling campaign and supported by mine design considerations defined during the BFS. Some portions of the Indicated and Inferred Mineral Resource were removed from the Mineral Resource statement as a result of mine design considerations and will never be mined, with the effect that the net Mineral Resource gain in the No. 6 Shaft area does not equate to the net loss in the Twistdraai area. The net effect on the Total Mineral Resource is shown in Table 6 above.

Table 7: Mineral Resource estimate of No. 6 Shaft area as at 5 February 2016 (ExplorMine)

Mineral Resource Classification	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)
<b>Six Shaft, Total Project Mineral Resources at 500cmg/t Cut-off Grade</b>								
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
<b>Total Measured and Indicated</b>	18.94	112	8.65	971	76	12.75	163.73	5.26
Inferred	6.86	112	7.42	835	74	11.36	50.96	1.64
<b>Total Mineral Resource*</b>	<b>25.81</b>	<b>112</b>	<b>8.33</b>	<b>934</b>	<b>75</b>	<b>12.39</b>	<b>214.69</b>	<b>6.90</b>

\* 100% attributable ounces

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

#### Twistdraai area

Significant changes from the previously stated Mineral Resource in the Company's 2015 annual report for the Twistdraai area are:

The Total Mineral Resource for Twistdraai area as previously stated has reduced from 2.56 million ounces of gold to approximately 0.69 million ounces of gold as a result of the Mineral Resource that is now included in the No.6 Shaft area; the Measured and Indicated category has reduced from approximately 1 million ounces of gold to 0.15 million ounces of gold.

Table 8 shows the details of the new Mineral Resources for the Twistdraai area.



Table 8: Mineral Resource estimates of Twistdraai area as at 5 February 2016 (ExplorMine)

Mineral Resource Classification	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)
<b>Twistdraai, Total Project Mineral Resources at 500cmg/t Cut-off Grade</b>								
Measured	-	-	-	-	-	-	-	-
Indicated	0.91	109	4.99	508	36	14.07	4.54	0.15
<b>Total Measure and Indicated</b>	0.91	109	4.66	508	36	14.07	4.54	0.15
Inferred	2.65	109	6.35	696	39	17.63	16.82	0.54
<b>Total Mineral Resources*</b>	<b>3.56</b>	<b>109</b>	<b>5.95</b>	<b>648</b>	<b>39</b>	<b>16.78</b>	<b>21.36</b>	<b>0.69</b>

\* 100% attributable ounces

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

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

Hong Kong, 16 May 2016

*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, Ms. Cheung Pak Sum and Mr. Igor Levental. The Non-executive Director is Mr. Phen Chun Shing Vincent. The Independent Non-executive Directors are Mr. Chui Man Lung, Everett, Mr. Li Kam Chung and Mr. Walter Thomas Segsworth.*

\* For identification purposes only