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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Pinestone Securities Limited

THE PLACING

On 26 September 2014 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, an aggregate maximum of 263,000,000 Placing Shares to not fewer than six Placees who and whose ultimate beneficial owners will be independent third parties of the Company and its connected persons.

A maximum of 263,000,000 Placing Shares under the Placing represent approximately 2.16% of the existing issued share capital of the Company of 12,179,915,688 Shares as at the date of this announcement and approximately 2.11% of the then issued share capital of 12,442,915,688 Shares as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$2,630,000.

The Placing Price of HK\$0.152 represents a discount of approximately 19.58% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$0.189 as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) the average closing price of HK\$0.189 for the last 5 trading days prior to the date of the Placing Agreement. The Placing Price of HK\$0.152 also represents a discount of approximately 20.83% to the average closing price of HK\$0.192 per Share for the last 10 trading days prior to the date of the Placing Agreement.

* For identification purpose only

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

The maximum gross proceeds from the Placing will be approximately HK\$39.98 million. The maximum net proceeds from the Placing will amount to approximately HK\$38.63 million which is intended to be used as for working capital of the Group. The maximum net price raised per Share upon the completion of the Placing will be approximately HK\$0.147 per Share.

The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

26 September 2014 (after trading hours)

Issuer

The Company

Placing Agent

The Placing Agent has conditionally agreed to place a maximum of 263,000,000 Placing Shares on a best efforts basis and will receive a placing commission of 3% on the gross proceeds of the actual number of Placing Shares being placed. Having considered the Placing Price and the terms of the Placing, the Board is of the view that the placing commission of 3% is fair and reasonable.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

Placees

The Placing Agent will place the Placing Shares to not fewer than six Placees who and whose ultimate beneficial owners are not connected persons of the Company and are third parties independent of and not connected with the Company, connected persons of the Company and any of the Directors, chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates.

Number of Placing Shares

The 263,000,000 Placing Shares under the Placing represent (i) approximately 2.16% of the existing issued share capital of the Company of 12,179,915,688 Shares as at the date of this announcement and (ii) approximately 2.11% of the then issued share capital of 12,442,915,688 Shares as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$2,630,000.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.152 represents a discount of approximately 19.58% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$0.189 as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) the average closing price of HK\$0.189 for the last 5 trading days prior to the date of the Placing Agreement. The Placing Price of HK\$0.152 also represents a discount of approximately 20.83% to the average closing price of HK\$0.192 per Share for the last 10 trading days prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Board considers that the terms of the Placing are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

The Placing Shares

The Placing Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorized to issue up to 2,435,983,137 Shares. Up to the date of this announcement, no Share has been issued under the General Mandate.

Conditions of the Placing Agreement

Completion of the Placing Agreement is conditional upon, among other things, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in all of the Placing Shares.

If the above condition is not satisfied on or before 10 October 2014 or such later date to be agreed between the Company and the Placing Agent in writing, the Placing will be terminated and all obligations and liabilities of the parties under the Placing Agreement will forthwith cease and determine and no party will have any claim against the others.

Termination of the Placing

Under the Placing Agreement, the Placing Agent may after consultation with the Company terminate the Placing Agreement without any liability to the Company, by notice in writing given to the Company at any time prior to 9:30 a.m. on the Completion Date upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, has or may have an adverse material effect on the business or financial conditions or prospects of the Group taken as a whole or the success of the Placing or the full placement of all of the Placing Shares or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement:

- (1) there develops, occurs or comes into force:
 - (a) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions; or
 - (b) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - (c) any change in conditions of local, national or international securities markets occurs; or
 - (d) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group; or
 - (e) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere; or
- (2) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement.

Upon termination of the Placing Agreement pursuant to the above paragraphs, all liabilities of the parties thereto hereunder shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation under the Placing Agreement.

Completion of the Placing

Completion of the Placing will take place on the third Business Day after the fulfillment of the condition set out in the Placing Agreement or such other date as may be agreed between the Company and the Placing Agent.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company and its subsidiaries are principally engaged in the exploration and development of gold assets in the Republic of South Africa.

In view of the current market, the Board considers that the Placing represents a good opportunity for the Company to raise additional capital to enhance its capital base and broaden its shareholders' base.

The Board considers that the terms of the Placing Agreement, which were arrived at after arm's length negotiations between the Company and the Placing Agent, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The maximum gross proceeds and the maximum net proceeds from the Placing will be approximately HK\$39.98 million and approximately HK\$38.63 million respectively, which is intended to be used as to for working capital of the Group. The maximum net proceeds raised per Share upon the completion of the Placing will be approximately HK\$0.147 per Share.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities in the past twelve months before the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the share capital and the shareholding structure of the Company upon completion of the Placing is set out as below:

Shareholders	As at the date this announcement		Immediate upon completion of the Placing	
	<i>Number of Shares</i>	<i>Approximate % of shareholding</i>	<i>Number of Shares</i>	<i>Approximate % of shareholding</i>
Able Union Limited	728,334,875	5.98	728,334,875	5.85
Electrum Strategic Exploration Limited (<i>Note 1</i>)	2,295,047,831	18.84	2,295,047,831	18.44
Mandra Materials Limited (<i>Note 2</i>)	1,608,854,156	13.21	1,608,854,156	12.93
Mandra Esop Limited (<i>Note 2</i>)	28,218,369	0.23	28,218,369	0.23
Woo Foong Hong Limited (<i>Note 2</i>)	426,530,727	3.50	426,530,727	3.43
Gold Commercial Services Limited (<i>Note 3</i>)	1,130,141,116	9.28	1,130,141,116	9.08
Li Hok Yin (<i>Note 4</i>)	17,380,622	0.14	17,380,622	0.14
Walter Thomas Segsworth (<i>Note 4</i>)	1,000,000	0.01	1,000,000	0.01
Public				
Placees	—	—	263,000,000	2.11
Other public Shareholders	<u>5,944,407,992</u>	<u>48.81</u>	<u>5,944,407,992</u>	<u>47.77</u>
Total	<u><u>12,179,915,688</u></u>	<u><u>100.00</u></u>	<u><u>12,442,915,688</u></u>	<u><u>100.00</u></u>

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 new shares of the Company to Gold Commercial Services Limited (“GoldCom”) for granting the put options to South African resident shareholders of TGL in relation to the sale to the Company through GoldCom of 21,174,316 shares of TGL.
- (4) Li Hok Yin is a co-chairman and an executive Director and Walter Thomas Segsworth is an independent non-executive Director of the Company.

GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

TERMS AND DEFINITIONS

“AGM”	the annual general meeting of the Company held on 4 September 2014
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday and public holiday), on which licensed banks in Hong Kong are generally open for business in Hong Kong
“Company”	Taung Gold International Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Completion Date”	the date of completion of the Placing
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individuals, corporate, institutional or other investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of up to 263,000,000 new Shares pursuant to the terms of the Placing Agreement

“Placing Agent”	Pinestone Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 26 September 2014 in relation to the Placing
“Placing Price”	HK\$0.152 per Placing Share
“Placing Share(s)”	a maximum of 263,000,000 new Shares to be placed pursuant to the Placing Agreement
“PRC”	The People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 26 September 2014

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. Igor Levental. The Independent Non-executive Directors are Mr. Chui Man Lung, Everett, Mr. Li Kam Chung and Mr. Walter Thomas Segsworth.