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

**UPDATES ON BUSINESS OPERATIONS OF THE GROUP
AND SUSPENSION OF TRADING**

Updates on business operations of the Group

References are made to the Company's circular dated 28 July 2011 and announcement dated 29 April 2013 in relation to, among other things, the Incident and the Potentially Unlawful Events. The Company holds via TGL, the Company's principal subsidiary, various rights with respect to the Evander Project and the Jeanette Project, both located in South Africa. The Evander Project and the Jeanette Project are the primary projects of the Group. Each of them contains a portfolio of Indicated gold resources. The Board wishes to inform the Shareholders and potential investors on the updates of business operations of the two projects in this announcement.

Suspension of trading of Shares

The Company is seeking resumption of trading of its Shares on the Main Board of the Stock Exchange and will issue further announcements when appropriate. Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 8 June 2012 at the request of the Company. Trading in the Shares will remain suspended until further notice.

UPDATES ON BUSINESS OPERATIONS OF THE GROUP AND SUSPENSION OF TRADING

Background

References are made to the Company's circular dated 28 July 2011 (the "**Circular**") and announcement dated 29 April 2013 in relation to, among other things, the Incident and the Potentially Unlawful Events (the "**Announcement**"). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those used in the Circular and in the Announcement. The Company holds via TGL, the Company's principal subsidiary, various rights with respect to the Evander Project and the Jeanette Project, both located in South Africa. The Evander Project and the Jeanette Project are the primary projects of the Group. Each of them contains a portfolio of Indicated gold resources. The Board wishes to inform the Shareholders and potential investors on the updates of business operations of the two projects in this announcement.

THE EVANDER PROJECT

The Evander Project comprises the Six Shaft area and the Twistdraai area on the north-eastern limb of the Witwatersrand Basin, Mpumalanga Province, South Africa. As disclosed in the Circular, EGM Limited held the Mining Right No 107/2010 at the relevant time, which is the mining right that covers the Evander Project. The Mining Right No 107/2010 permits the mining of gold and associated minerals in the Six Shaft and Twistdraai area.

** For identification purpose only*

The 2008 Earn-in Agreement and the 2011 Sale Agreement

The information set out in this section below is a summary of the relevant information originally set out in section 3.4 “The Evander Project” under the “Letter from the Board” of the Circular. Please refer to the Circular for further details.

Although the mining right covering the Evander Project was not held by TGL, as disclosed in the Circular, TGL entered into a series of nine agreements with EGM Limited on 29 February 2008 (being the Earn-in Agreement). Through the Earn-in Agreement TGL would have sufficient influence in decisions over the exploration of gold resources in the Evander Project whereby TGL contributed the financial resources and the technical expertise to actively explore the Evander Project and EGM Limited contributed the Mining Right No 107/2010.

Under the Earn-in Agreement, in order for TGL to “earn-in” an interest in the Evander Project, TGL was obliged to complete a Scoping Study, a Pre-Feasibility Study and a Bankable Feasibility Study. As at the date of the Circular, TGL had already completed the Scoping Study for the Evander Project.

The Sale Agreement

Subsequent to the signing of the Earn-in Agreement, TGL came to the conclusion that greater value could be achieved if it owned 100% of the Evander Project. Accordingly, negotiations were initiated with EGM Limited resulting in the signing of a sale agreement between EGM Limited and a wholly-owned subsidiary of TGL in September 2010 to acquire the entire interest in the Evander Project (the “**Sale Agreement**”). Completion of the Sale Agreement was conditional on the approval by the MMR for the transfer of a subdivided portion of EGM Limited’s new order mining right (the “**Mining Right**”) to a wholly-owned subsidiary of TGL (the “**Approval**”). This subdivided portion covers the entire Evander Project. When the Sale Agreement became unconditional, the Earn-in Agreement was terminated.

Consideration under the Sale Agreement

The consideration under the Sale Agreement was ZAR225 million (or approximately HK\$172.8 million). An aggregate of ZAR120 million (or approximately HK\$92.2 million) was paid by TGL before 29 April 2011 as deposit or prepayment under the Sale Agreement.

Completion of the Sale Agreement

On 6 June 2012, the Mining Right was granted to EGM Limited and the Approval was obtained on the same date. On 18 July 2012 the Mining Right was executed in the name of EGM Limited by the MMR. The Mining Right commenced on 18 July 2012 and will continue in force for 25 years and 9 months and will expire on 28 April 2038. It is renewable for a further period of 30 years. The balance of the consideration of ZAR105 million (or approximately HK\$80.6 million) was settled by TGL on 30 May 2012. As a result, the Sale Agreement became unconditional and completion of the Sale Agreement took place on that date.

Pursuant to the terms of the Sale Agreement, the Earn-in Agreement was terminated upon the completion of the Sale Agreement. TGL now has a 100% interest in the Evander Project and TGL exercises control over the Evander Project by virtue of the Mining Right.

Partial completion of the acquisition of the Sale Assets

As disclosed in the section headed “3.4 The Evander Project — (i) The Sale Agreement” in the “Letter from the Board” in the Circular, upon completion of the Sale Agreement, TGL was to acquire all of the Sale Assets. The Sale Assets comprise the following in relation to the Evander Project:

In relation to the Six Shaft area:

- the Evander Six Shaft;
- the infrastructure and equipment owned by EGM Limited and situated on the area comprising the Six Shaft mining area;
- all geological data in respect of Evander Six Shaft and the mining area including all available reports and drill-cores;
- the Evander Six Shaft mining right; and
- the Surface Right Permits.

In relation to the Twistdraai area:

- all geological data in respect of Twistdraai and the mining area including all available reports and drill cores; and
- the Twistdraai mining right.

As at the date of this announcement, save for the Surface Right Permits, TGL has already acquired all the Sale Assets in relation to the Six Shaft area. The Surface Right Permits are currently held by EGM Limited and will be transferred to TGL once the Mining Right is registered in the name of TGL subsidiary, Taung Gold Secunda (Pty) Ltd..

THE JEANETTE PROJECT

The Jeanette Project is located close to the town Allanridge within the southwest margin of the Witwatersrand Basin, northeast of Welkom, in the Free State Province of South Africa.

Update on prospecting rights and approvals for the Jeanette Project

As disclosed in the section headed “3.5 The Jeanette Project — (b) Prospecting rights and approvals” in the “Letter from the Board” of the Circular, TGL entered into an agreement with a subsidiary of Harmony to acquire the single prospecting right (the “**Prospecting Right**”) for the Jeanette area in 2008. Consent to the transfer of the Prospecting Right was given by the DMR on 29 September 2010 and the prospecting right is valid for five years commencing 29 June 2010. The Prospecting Right permits the exploration of gold ore, silver ore and uranium ore in the Jeanette area. The registration of TGL as the holder of the Prospecting Right in the Mining Titles Registration Office has been delayed because the seller is required to amend and deregister its other rights in respect of adjacent areas to the Jeanette Project before the registration can take place. The Company currently expects the registration of the Prospecting Right with the Mining Titles Registration Office to be completed by October 2013 but the Company is satisfied that the delay does not affect TGL’s right to prospect over the Jeanette Project area.

Apart from the Prospecting Right, TGL has continued to consolidate its mineral rights holdings in and around its Jeanette Project area. On 28 June 2010, TGL entered into an agreement to acquire the prospecting rights over the farms Buitendachshoop 122, Weltevreden 59, Portion RE and LeClusa 70 from Free State Development and Investment Corporation Limited. These permits are contiguous to the Prospecting Right. The MMR has granted the relevant consent for the transfer of the prospecting rights over the Buitendachshoop and Weltevreden areas to TGL and the transfers are currently pending for registration in TGL's name with the Mining Titles Registration Office. The prospecting rights over the LeClusa licence area were registered in TGL's name with the Mining Titles Registration Office on 18 April 2011. In addition, TGL has been granted additional prospecting rights over the Bandon 345, Damplaats 361, Katbosch 358, Leeuwbosch 285 farms and also a portion of Weltevreden 59 farm, all being contiguous to the Jeanette Project.

FUTURE PLANS FOR THE EVANDER PROJECT AND THE JEANETTE PROJECT

As at the date of this announcement, both the Evander Project and the Jeanette Project are at the exploration stage, which involves the completion of Pre-feasibility Studies and Bankable Feasibility Studies for the projects. P.101 and P.108 of the Circular set out the expected timetable of the key steps to commercial production for the Evander Project and the Jeanette Project, respectively. In relation to the Evander Project, TGL has completed a Scoping Study thus far and is in the process of completing a Bankable Feasibility Study for the Six Shaft area. In relation to the Jeanette Project, TGL is conducting the Pre-feasibility Study and based on the enlarged gold resource and the latest geological model, it is expected to be completed during the second quarter of 2014. Upon completion of the Pre-feasibility study for the Jeanette Project TGL will submit an application to the MMR to convert the various prospecting rights for the Jeanette Project into a single mining right.

The Company continues to review its financial position given recent and prevailing uncertainty in global markets. The Directors have approached this period of uncertainty by reviewing the capital spending to advance the two flagship projects. The Board has decided to complete the Phase 1 and Phase 2 Bankable Feasibility Study for the Evander Six Shaft area and plans to conduct the Bankable Feasibility Study for Phase 3 (Twistdraai) from mid-2015 due to possible additional drilling to be done during the last three quarters of 2014. It was also decided to delay the commissioning of various studies on the Jeanette Project such that the completion of the Bankable Feasibility Study is now scheduled for December 2014 (instead of by the first half of 2013 as set out in the Circular) so as to conserve cash resources. It is expected that the Evander Six Shaft Bankable Feasibility Study will be completed by July 2013. The Board expects the actual production of the Evander Project and the Jeanette Project to commence in the third quarter of 2016 and in 2018 respectively.

UPDATE ON THE GROUP'S MINERAL RESOURCES AND RESERVES

Mineral resources and reserves

The Board wishes to provide the Shareholders and potential investors an update of the mineral resources and reserves of the Evander Project and the Jeanette Project. The Company will provide a more detailed update on the mineral resources and reserves of the two projects when it releases the 2012 Results Announcement, the 2012 Annual Report, the 2012 Interim Results Announcement, the 2012 Interim Report, the 2013 Results Announcement and the 2013 Annual Report.

The Evander Project

The Evander Project comprises the Six Shaft area and the Twistdraai area. **Table 1** below shows the updated mineral resource estimate of the Six Shaft area using a 500cmg/t cut-off grade as at 27 May 2013. The total mineral resource for Six Shaft area has increased from approximately 3.917Moz Au as stated in the Circular, to approximately 5.110Moz Au, representing an increase of approximately 30.5%, while the Measured and Indicated category of the mineral resource has

increased from approximately 3.449 Moz Au as stated in the Circular to approximately 4.495Moz Au, an increase of approximately 30.3%. The increase in Measured and Indicated mineral resource for the Six Shaft portion of the Evander Project stems mainly from the inclusion of mineral resource previously thought to be only accessible from the Twistdraai portion of the Project, which has become accessible from the Six Shaft portion after the drilling of one of four surface boreholes during 2011 and 2012.

Table 1: Mineral Resource estimate for Six Shaft area as at 27 May 2013

MINERAL RESOURCE CATEGORY	Mining Tonnes (t)	Mining Width (cm)	Mining Grade (g/t)	Mining Grade (cmg/t)	Channel Width (cm)	Channel Grade (g/t)	Gold (kg)	Gold (Oz)
Six Shaft, Total Project Mineral Resources at a 500cmg/t Cut-off Grade								
Measured	140,100	118	10.64	1,213	87	13.92	1,490	47,905
Indicated	14,920,500	111	9.27	1,026	77	13.49	1,38,320	4,447,091
Inferred	3,091,000	108	6.19	669	43	16.61	19,130	615,044
Total Measured and Indicated	15,060,600	111	9.28	1,028	77	13.49	139,810	4,494,996
TOTAL MINERAL RESOURCES (Note)*	18,151,600	110	8.76	965	71	13.79	158,940	5,110,040

Table 2 below shows the updated mineral resource estimate of the Twistdraai area using a 500cmg/t cut-off grade and as at 28 February 2013. The total mineral resource for Twistdraai area has reduced from approximately 4.804Moz Au as stated in the Circular to approximately 2.563Moz Au, representing a reduction of approximately 46.7%. The Measured and Indicated category has reduced from approximately 1.353Moz Au as stated in the Circular to approximately 0.999Moz Au, representing a reduction of approximately 26.1%. However, this reduction in Measured and Indicated resources is the net effect of Inferred Resources being upgraded to Indicated Resources, moving 1.014Moz Au Measured and Indicated Resources from Twistdraai to Six Shaft and, geological losses at Twistdraai resulting from new drilling on the eastern section of Twistdraai. The new structural model was defined by four boreholes drilled during 2011 and 2012. Further exploration drilling will be required to upgrade Inferred Resources into Indicated Resources at Twistdraai and a decision in this regard will be taken in due course.

Table 2: Mineral Resource estimates of Twistdraai area as at 28 February 2013

MINERAL RESOURCE CATEGORY	Mining Tonnes (t)	Mining Width (cm)	Mining Grade (g/t)	Mining Grade (cmg/t)	Channel Width (cm)	Channel Grade (g/t)	Gold (kg)	Gold (Oz)
Twistdraai, Total Project Mineral Resources at a 500cmg/t Cut-off Grade								
Measured	—	—	—	—	—	—	—	—
Indicated	4,553,900	111	6.82	756	71	10.61	31,080	999,245
Inferred	6,328,500	113	7.69	866	75	11.48	48,660	1,564,455
Total Measured and Indicated	4,553,900	111	6.82	756	71	10.61	31,080	999,245
TOTAL MINERAL RESOURCES (Note)*	10,882,400	112	7.33	820	74	11.13	79,740	2,563,700

Table 3 below shows the mineral resource estimate of the whole Evander Project using a 500cmg/t cut-off grade and as at 27 May 2013. The total mineral resource for the Evander Project has declined from approximately 8.063Moz Au as stated in the Circular to approximately 7.674Moz Au, representing a reduction of approximately 4.8%. This reduction is mainly as a result of increased geological losses in the Inferred category at the Twistdraai section. However, the total Measured and Indicated mineral resource has increased from approximately 4.633Moz Au as stated in the Circular to approximately 5.494Moz Au representing an increase of approximately 18.6%.

Table 3: Evander Project Mineral Resource estimate as at 27 May 2013

MINERAL RESOURCE CATEGORY	Mining Tonnes (t)	Mining Width (cm)	Mining Grade (g/t)	Mining Grade (cmg/t)	Channel Width (cm)	Channel Grade (g/t)	Gold (kg)	Gold (Oz)
Total Project Mineral Resources at a 500cmg/t Cut-off Grade								
Measured	140,100	118	10.64	1,213	87	13.92	1,490	47,905
Indicated	19,474,400	111	8.70	963	76	14.06	169,400	5,446,336
Inferred	9,419,500	111	7.20	800	65	18.31	67,790	2,179,499
Total Measured and Indicated	19,614,500	111	8.71	965	76	14.06	170,890	5,494,241
TOTAL MINERAL RESOURCES (Note)*	29,034,000	111	8.22	911	72	15.44	238,680	7,673,740

Note:

The information in this announcement that relates to the mineral resources 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 TGL. Mr. Mitchell is a Member of the Southern African Institute of Mining and Metallurgy and a member of the Geological Society of South Africa. Mr. Mitchell has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity 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 the announcement of the matters based on information provided by him, in the form and context in which they appear.

The Jeanette Project

Table 4 below shows the mineral resource estimate for the Jeanette Project using a 300cmg/t cut-off grade for the Basal Reef and 339cmg/t cut-off grade for the A-Reef as at 24 January 2013. The total mineral resource for the Jeanette Project has increased from approximately 15.155Moz Au as stated in the Circular to approximately 18.240Moz Au, representing an increase of approximately 20.4%. This increase is resultant from the consolidation of purchased prospecting permits, further prospecting permits granted to TGL and the inclusion of latest drilling and three dimensional seismic reflective survey information. The Indicated mineral resource has increased from approximately 7.092Moz Au to approximately 9.906Moz Au, representing an increase of approximately 39.7%.

TGL also commissioned and has completed the interpretation of a three-dimensional seismic reflection survey over the Jeanette Project area between June 2011 and October 2012. The main objective of the three-dimensional seismic survey program was to apply the most advanced technology presently available to further enhance understanding of the geological structure within the project area and the updated resource estimate in Table 4 includes this improved understanding.

Table 4: Mineral Resource estimate for the Jeanette Project as at 24 January 2013

MINERAL RESOURCE CATEGORY	In-situ Tonnes (t)	Evaluation Width (cm)	Grade above cut-off (g/t)	Grade above cut-off (cmg/t)	Channel Width (cm)	Channel Grade (g/t)	Gold (kg)	Gold (Oz)
Total Project Mineral Resources at a 300cmg/t Cut-off Grade for Basal Reef and 339cmg/t for the A Reef								
Indicated (Black Chert Facies)	11,486,000	100	8.22	822	30	26.83	308,111	9,906,000
Inferred (Black Chert Facies)	455,000	100	6.55	655	20	32.75	14,899	479,000
Inferred (Overlap Facies)	3,688,000	100	4.17	417	41	10.27	37,884	1,218,000
Inferred (A-Reef)	41,704,000	113	4.95	559	113	4.95	206,434	6,637,000
Total Indicated	11,486,000	100	8.22	822	30	26.83	308,111	9,906,000
Total Inferred	45,847,000	112	4.90	549	106	5.65	259,217	8,334,000
TOTAL MINERAL RESOURCES (Note)*	57,333,000	109	5.57	603	91	9.90	567,328	18,240,000

Note:

The information in this announcement that relates to the Mineral resources 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 TGL. 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 activity 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 announcement of the matters based on information provided by him, in the form and context in which they appear.

Summary of TGL's mineral resources

The total Measured and Indicated mineral resources for TGL have increased from approximately 11.725Moz Au as per the Circular to approximately 15.400Moz Au, representing an increase of approximately 31.3%. The bankable and pre-feasibility studies presently underway for the Six Shaft area and Jeanette area are based on the Measured and Indicated mineral resources as shown below. The Company will review the need for further exploration work to convert Inferred Resources into Indicated Resources at a later stage.

Table 5 below a summary of the Measured and Indicated categories of mineral resources for TGL as at 27 May 2013

MINERAL RESOURCE CATEGORY	Tonnes (t)	Grade (g/t)	Gold (kg)	Gold (Oz)
EVANDER	Mining (t)	Mining (g/t)		
Measured	140,100	10.64	1,490	47,905
Indicated	19,474,400	8.70	169,400	5,446,336
Total Measured & Indicated	19,614,500	8.71	170,890	5,494,241
JEANETTE	In-situ (t)	In-situ (g/t)		
Indicated	11,486,000	8.22	308,111	9,906,000
TOTAL Evander & Jeanette	31,100,500	—	479,001	15,400,241

SUSPENSION OF TRADING OF SHARES

The Company is seeking resumption of trading of its Shares on the Main Board of the Stock Exchange and will issue further announcements when appropriate.

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 8 June 2012 at the request of the Company. Trading in the Shares will remain suspended until further notice.

SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES AND SHARES OF THE COMPANY.

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

Hong Kong, 28 June 2013

In this announcement amounts denominated in ZAR have been translated, illustration only, into HK\$ using the exchange rate of ZAR1.00 = HK\$0.768.

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, Mr. Stefanus David Steyn and Dr. David Twist. The Independent Non-executive Directors are Mr. Chui Man Lung, Everett and Mr. Li Kam Chung.