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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)

**(1) SHAREHOLDERS AGREEMENT AND DEED OF UNDERTAKING  
AND  
(2) CONTINUED SUSPENSION OF TRADING OF THE SHARES**

**SUMMARY**

The Board has been notified on 5 August 2013 that a group of Shareholders who together hold an aggregate of approximately 37.91% of the shareholding interest in the Company, have on 2 August 2013 entered into the Shareholders Agreement. Pursuant to the terms of the Shareholders Agreement, Electrum has entered into an agreement with TGL for the cancellation of all of the Electrum Warrants, the cancellation of which will only become effective when the other conditions of the Shareholders Agreement are satisfied.

The Board has also been notified on the same date that Mr. de Bruin, who is a director of the Company and TGL, has on 2 August 2013 entered into the Deed of Undertaking with Electrum. Pursuant to the terms of the Deed of Undertaking, Mr. de Bruin has agreed and undertaken that, with effect from the Shareholders Agreement becoming unconditional and for so long as the Shareholders Agreement remains in effect, he would exercise (or procure the exercise of) all of his voting rights in respect of the de Bruin Shares as is necessary to give effect to the provisions of the Shareholders Agreement as if he were a party of the Shareholders Agreement.

**BACKGROUND**

References are made to the Company's announcements dated 13 June 2012, 19 September 2012, 27 November 2012, 21 January 2013, 21 February 2013, 22 March 2013, 29 April 2013, 31 May 2013, 28 June 2013 and 29 July 2013 in relation to, amongst other things, the Incident and the Potentially Unlawful Events (the "**Announcements**"). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those used in the Announcements. This announcement is made by the Company to update the Shareholders and potential investors of the development of the matters relating to the suspension of trading in the Shares of the Company.

As disclosed in the Company's announcement dated 29 April 2013, the Company has on 26 April 2013 entered into the Settlement Agreement with TGL, pursuant to which the Company has, among other things, (a) withdrawn its proceedings against TGL in relation to the Incident and the Potentially Unlawful Events, (b) appointed Mr. de Bruin, Mr. Herrick, Dr. Twist and Mr. Steyn as new directors to the Board and appointed Mr. Herrick as the chief executive officer of the Company with effect from 26 April 2013, and (c) agreed to take steps to resume trading of the Shares on the Stock Exchange as soon as practicable. Further, the Twist Warrants and the voting rights attached to the TGL Options have been cancelled but the Electrum Warrants remain to be outstanding following the execution of the Settlement Agreement.

\* For identification purpose only

## **1. SHAREHOLDERS AGREEMENT AND DEED OF UNDERTAKING**

The Board has been notified on 5 August 2013, that a group of Shareholders who together hold an aggregate of approximately 37.91% of the shareholding interest in the Company, have on 2 August 2013 entered into the Shareholders Agreement. Relevant information of the Shareholders Agreement are provided below.

### **RELEVANT INFORMATION OF THE SHAREHOLDERS AGREEMENT**

#### **Date**

2 August 2013

#### **Parties**

- (i) Electrum;
- (ii) Mandra Materials;
- (iii) Mandra Esop; and
- (iv) Woo Foong Hong.

The above parties are Shareholders who together hold beneficially an aggregate of approximately 37.91% of the shareholding interest in the Company. To the best of the Directors' information and belief, as at the date of this announcement, Electrum, Mandra Materials, Mandra Esop and Woo Foong Hong holds approximately 18.84%, 13.21%, 2.36% and 3.50% shareholding interest in the Company, respectively.

#### **Conditions**

The provisions of the Shareholders Agreement are subject to each of the following conditions being satisfied (or, if applicable, waived by the parties to the Shareholders Agreement) on or before 2 September 2013:

- (a) Mr. Steyn and Dr. Twist resign as executive directors of the Company;
- (b) Mr. Igor Levental and Mr. Walter Thomas Segsworth are appointed respectively as the executive director and the independent non-executive director of the Company; and
- (c) Electrum enters into an agreement with TGL for the cancellation of all of the Electrum Warrants.

As at the date of this announcement, Electrum has entered into an agreement with TGL for the cancellation of all of the Electrum Warrants, the cancellation of which will only become effective when the other conditions of the Shareholders Agreement are satisfied.

#### **Undertakings by the parties**

Each party to the Shareholders Agreement agrees and undertakes to the other parties to take all steps within its power to procure that:

- (1) the New Board and the board of directors of TGL constituted in accordance with the Settlement Agreement shall remain in place until 26 April 2016;
- (2) the Company and TGL will fully perform all their obligations under the Settlement Agreement;

- (3) so long as the Company and TGL remain in compliance with the Settlement Agreement and the Mandra Parties or Woo Foong Hong have not breached the Shareholders Agreement, Electrum will not bring any action against the Company, TGL and, among others, their officers in respect of any claims relating to the Company and TGL which Electrum believes may have arisen prior to the date of the Shareholders Agreement;
- (4) if the New Board is asked to resolve upon a technical matter of a type referred to in Chapter 18 of the Listing Rules, the New Board will consider and approve the recommendation of the management of the Company;
- (5) As soon as reasonably practicable, the Electrum TGL Shares are converted into Shares based upon an exchange ratio of 53.37320537 Shares for each Electrum TGL Share (i.e., 1,147,523,915 Shares in the aggregate) (as adjusted for any subdivisions, consolidations, stock splits, bonus issues, dividends, recapitalizations and other similar events after the date of the Shareholders Agreement); and
- (6) As soon as reasonably practicable, agreements shall be entered into between the Company, TGL, GoldCom and each optionholder in TGL to give such optionholders the right, by way of a put option, to sell to the Company the remaining 20% of the TGL shares to be held by them following the exercise of their options to acquire such TGL shares, on substantially the same terms as the sale to the Company of the initial 80% of the TGL Shares to be held by them following the exercise of their options to acquire such TGL shares, the terms and conditions pertaining to which are set out in full in the agreements entered into between the Company, TGL, GoldCom and each optionholder dated 8 September 2011.

## **Termination**

The Shareholders Agreement shall terminate on the earlier of (1) the day of completion of an acquisition of an ownership of more than 50% of the issued share capital of or the voting rights in the Company and/or TGL by a third party investor or investors who is neither a party to the Shareholders Agreement or an affiliate of such party; (2) the day before the third anniversary of the Shareholders Agreement; or (3) the day that is one month after the date of the Shareholders Agreement if any condition to the Shareholders Agreement has not been satisfied, or on the day that a notice is served by any party to the Shareholders Agreement upon a material breach of the terms of the Shareholders Agreement by the other parties.

## **DEED OF UNDERTAKING**

The Board has also been notified on 5 August 2013 that Mr. de Bruin, who is a director of the Company and TGL, has on 2 August 2013 entered into the Deed of Undertaking with Electrum. Pursuant to the terms of the Deed of Undertaking, Mr. de Bruin has agreed and undertaken that, with effect from the Shareholders Agreement becoming unconditional and for so long as the Shareholders Agreement remains in effect, he would exercise (or procure the exercise of) all of his voting rights in respect of the de Bruin Shares as is necessary to give effect to the provisions of the Shareholders Agreement as if he were a party of the Shareholders Agreement.

## **INFORMATION ON THE COMPANY**

The Company is an investing holding company and its subsidiaries are principally engaged in operations, acquisition, exploration and development of gold mines in South Africa and the sale of mineral products, the Shares of which are listed on the Main Board of the Exchange.

## INFORMATION OF THE PARTIES

### **Electrum**

A company incorporated under the laws of Bermuda with limited liability and engaged in investment holding activities. It is one of the substantial shareholders of TGL and the Company.

### **Mandra Materials**

A company incorporated under the laws of the British Virgin Islands with limited liability and engaged in investment holding activities. It is one of the substantial shareholders of the Company.

### **Mandra Esop**

A company incorporated under the laws of the British Virgin Islands with limited liability and engaged in investment holding activities.

### **Woo Foong Hong**

A company incorporated under the laws of the British Virgin Islands with limited liability and engaged in investment holding activities.

### **Mr. de Bruin**

Co-chairman and executive director of the Company, is interested in approximately 3.91% shareholding of the Company.

## **2. SUSPENSION OF TRADING OF SHARES**

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.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“2012 Results Announcement”	the announcement of the audited consolidated annual results of the Company for the year ended 31 March 2012
“Board”	the board of directors of the Company
“Company”	Taung Gold International Limited, the Shares of which are listed on the Main Board of the Stock Exchange
“de Bruin Shares”	the aggregate of (a) 6,497,249 TGL Shares beneficially held by Mr. de Bruin; (b) an additional 1,701,210 TGL Shares that may be acquired by Mr. de Bruin upon the exercise of options in TGL (these represent in the aggregate an indirect beneficial interest in 421,482,777 Shares); and (c) other TGL Shares, Shares or options to acquire TGL Shares or Shares that may be acquired by Mr. de Bruin during the term of the Shareholders Agreement

“Deed of Undertaking”	the deed of undertaking in respect of the Company dated 2 August 2013 entered into between Mr. de Bruin and Electrum
“Dispute”	(a) all matters dealt with under the Notice of Motion filed on 7 August 2012 in the legal proceedings instituted by the Company against TGL in the South Gauteng High Court, Johannesburg, Republic of South Africa under Case No. 29800/12; and  (b) the allegation made by the Company regarding the issue and/or variation of rights attaching to the TGL Options and TGL Warrants issued and granted by TGL described in the announcement of the Company dated 19 September 2012
“Dr. Twist”	Dr. David Twist, an executive director of the Company
“Electrum”	Electrum Strategic Exploration Ltd., a substantial shareholder of the Company and TGL
“Electrum TGL Shares”	the 21,500,000 shares of TGL held by Electrum as of this announcement
“Electrum Warrants”	the aggregate of 30,000,000 warrants issued by TGL to Electrum conferring the right to subscribe for a maximum of 30,000,000 TGL Shares
“GoldCom”	Gold Commercial Services Limited, a shareholder of the Company
“Incident”	the incident that the Board was unable to publish the 2012 Results Announcement by 30 June 2012, being the last day that the Company had to publish the 2012 Results Announcement as required under the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mandra Esop”	Mandra Esop Limited, a shareholder of the Company
“Mandra Materials”	Mandra Materials Limited, a substantial shareholder of the Company
“Mandra Parties”	Mandra Materials and Mandra Esop
“Mr. de Bruin”	Mr. Christiaan Rudolph de Wet de Bruin, an executive director and co-chairman of the Company
“Mr. Herrick”	Mr. Neil Andrew Herrick, the chief executive officer and an executive director of the Company
“Mr. Steyn”	Mr. Stefanus David Steyn, an executive director of the Company

“New Board”	the new Board formed pursuant to the terms of the Settlement Agreement and to be modified by the terms of the Shareholders Agreement
“Potentially Unlawful Events”	the issue of the TGL Warrants with voting rights and the grant of voting rights to the TGL Options such that each TGL Option would carry the same voting right as an issued TGL Share
“Settlement Agreement”	the settlement agreement entered into between the Company and TGL dated 26 April 2013 in relation to, among other things, the settlement of the Dispute
“Shareholders Agreement”	the shareholders agreement in respect of the Company dated 2 August 2013 entered into between Electrum, Mandra Materials, Mandra Esop and Woo Foong Hong
“Shares”	shares of the Company
“South Africa”	the Republic of South Africa
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TGL”	Taung Gold Limited, a principal subsidiary of the Company
“TGL Options”	the aggregate of 23,645,210 outstanding options previously granted by TGL to certain employees of TGL which have become vested on or before 1 November 2010. They are exercisable for a maximum of 23,645,210 TGL Shares
“TGL Share(s)”	the ordinary shares of R0.01 each in the issued share capital of TGL
“TGL Warrants”	the Twist Warrants and the Electrum Warrants
“Twist Warrants”	the aggregate of 35,000,000 warrants issued by TGL to Dr. Twist, conferring the rights to subscribe for a maximum of 35,000,000 TGL Shares
“R”	South African Rand, the lawful currency of South Africa
“Woo Foong Hong”	Woo Foong Hong Limited, a shareholder of the Company

**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, 6 August 2013

*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.*