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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)

DISCLOSEABLE TRANSACTION
ACQUISITION OF MINEX RESOURCES PTE LTD
INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER
THE GENERAL MANDATE

THE ACQUISITION AGREEMENT

The Company is pleased to announce that on 6 July 2015 (before trading hours) it entered into an Acquisition Agreement with the Sellers pursuant to which the Company conditionally agreed to acquire and the Sellers conditionally agreed to sell 100% equity interest in Minex for a total consideration of US\$28,000,000 (equivalent to approximately HK\$217,000,000). Minex is a private, Singapore incorporated company with interests in two gold concessions in North Sulawesi, Indonesia.

Upon completion of the Proposed Acquisition, the Company will directly hold a 100% equity interest in Minex and indirectly hold a 95% equity interest in Indonesian company PT Bolmong Timur Primanusa Resources (“**PTBTPR**”) and will indirectly hold a 75% equity interest in PT Rihendy Tri Jaya (“**PTRTJ**”) upon PTRTJ PMA Conversion. As a result of the Proposed Acquisition and upon PTRTJ PMA Conversion, PTBTPR and PTRTJ will become non-wholly owned subsidiaries of the Company. Completion of the Proposed Acquisition and the Further Undertakings will increase the Company’s mineral resources and will provide the Company with an opportunity to commence production of gold and cash flow generation in the near term.

* For identification purpose only

The Board believes that the acquisition complements the Company's existing portfolio of South African assets and provides a foothold in North Sulawesi, Indonesia, a well-established and recognized gold producing region. Furthermore, the Sellers have agreed to collaborate with the Company over a period of three years to grow and develop its presence in North Sulawesi, Indonesia as the Company continues to build up a meaningful portfolio of gold mining operations covering exploration, development and production stage assets.

LISTING RULES IMPLICATION

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Proposed Acquisition are 5% or more but less than 25%, the Proposed Acquisition (in aggregate) constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. The Consideration Shares will be allotted and issued under the General Mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 4 September 2014 (as may be renewed or refreshed from time to time).

Shareholders and potential investors should note that Completion is subject to various conditions as stated in the section headed "Conditions Precedent". The Acquisition Agreement and the transactions contemplated thereunder may or may not proceed to Completion. Shareholders and potential investors are therefore reminded to exercise caution when dealing in the securities of the Company.

The Board is pleased to announce that the Company entered into an Acquisition Agreement with the Sellers on 6 July 2015 (before trading hour) to conditionally acquire a 100% equity interest in Minex. Details of the Acquisition Agreement are set out as follows:

THE ACQUISITION AGREEMENT

Date: 6 July 2015

Parties: (1) The Company as the purchaser; and
(2) The Sellers

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Sellers and their ultimate beneficial owners are third parties independent of the Company and are not connected persons of the Company, under the definitions of the Listing Rules.

Asset to be acquired: The Sale Shares as set out under the Acquisition Agreement

Consideration and payment terms

The Total Consideration as set out under the Acquisition Agreement will be US\$28,000,000 (equivalent to approximately HK\$217,000,000).

Settlement of the total payment for the Sale Shares and upon completion of Metallurgical Testing and the PTRTJ PMA Conversion shall be paid by the Company to the Sellers in the following manner:

Cash consideration

- (a) On or prior to 31 July 2015:
 - (i) the Company shall pay US\$3,873,733 in cash (equivalent to approximately HK\$30,021,431) to the Sellers;
 - (ii) the Company shall assume and repay on behalf of Minex outstanding debts totalling US\$8,126,267 (equivalent to approximately HK\$62,978,569);

Share consideration

- (b) on or prior to a date falling 30 calendar days after the date of the Acquisition Agreement, the Company shall pay to the Sellers:
 - (i) US\$4,000,000 in Consideration Shares (equivalent to approximately HK\$31,000,000) ; and
 - (ii) US\$4,000,000 in cash or Consideration Shares as notified by the Sellers to the Company at least 10 Business Days prior to the date falling 30 days after the date of the Acquisition Agreement;
- (c) within 10 Business Days after the date on which the Company completes Metallurgical Testing (as defined in the Acquisition Agreement), the Company shall pay to the Sellers US\$4,000,000 in Consideration Shares; and
- (d) within 10 Business Days after the date on which the PTRTJ PMA Conversion occurs, the Company shall pay to the Sellers US\$4,000,000 in Consideration Shares.

For the avoidance of doubt, the share consideration in (c) and (d) above shall not be paid in the case of the non-occurrence each event respectively, namely, (i) the completion of Metallurgical Testing to the satisfaction of the Company; and (ii) the completion of PTRTJ PMA Conversation.

The Total Consideration will be satisfied partly by the allotment and issue of Consideration Shares equal in an aggregate value to US\$16,000,000 (equivalent to approximately HK\$124,000,000) based upon the Issue Price, but in any event shall be limited to a maximum of 748,340,374 Shares.

The Consideration Shares will be allotted and issued under the General Mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 4 September 2014 (as may be renewed or refreshed from time to time) and will rank pari passu with the Shares in issue on the date of their issue. The issuance of the Consideration Shares will not result in a change of control of the Company. The General Mandate will be sufficient and no further Shareholders' approval will be required for the allotment and issuance of the Consideration Shares.

Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

Determination of consideration

The Total Consideration was determined after arm's length negotiations between the Company and the Sellers after taking into consideration by the Company of various factors with reference to the anticipated level of gold resources, potential production and life of the deposits. The Company has engaged an independent valuer to provide a valuation report of Minex against listed companies based on the size of their gold resource base. The preliminary valuation was US\$31,800,000 (or approximately HK\$246,450,000) for the purpose of acquisition of 100% of equity interest of Minex and concluded that the consideration of US\$28,000,000 is fair and reasonable.

No guarantee or other security was given or required as part of or in connection with the Proposed Acquisition. There are no restrictions which apply to any subsequent sale of the acquired equity interests in Minex, PTBTPR and PRTJ. No restriction shall apply to any subsequent sale of any Shares issued to the Sellers as Consideration Shares.

As such, the Directors consider that the Total Consideration has been determined on normal commercial terms and to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CONDITIONS PRECEDENT

Completion on the Completion Date is subject to and conditional upon the following major conditions being satisfied (or waived in accordance with relevant clause):

- (a) all necessary authorisations, consents and approvals have been received from any relevant governmental, regulatory or official authorities or third parties and remain valid and enforceable up to the Completion Date.
- (b) the Listing Committee of Stock Exchange having granted approval for the listing of, and permission to deal in, the Consideration Shares;

- (c) there not having been any breach of the Warranties by the Sellers;
- (d) there has not been any material breach of the terms and conditions of Acquisition Agreement by the Sellers prior to the Completion; and
- (e) there not having occurred, in the period commencing on the date of Acquisition Agreement and ending on the Completion Date, a Material Adverse Change; in respect of the Target Group.

OTHER MATERIAL TERMS AND CONDITIONS

- (1) PTRTJ PMA Conversion shall be completed on or before the Long Stop Date;
- (2) Metallurgical Testing shall be completed on or before the Long Stop Date;
- (3) The Sellers agree that for a period of three years from the signing of the Acquisition Agreement, the Company shall have a pre-emptive right to acquire any gold assets held and/or developed by the Sellers in North Sulawesi on commercial terms mutually agreeable to the Company and Sellers (the “**Pre-Emptive Right**”). The Pre-Emptive Right shall be exercisable on any gold assets or any concession on which a gold resource has been discovered including concessions on which a mineral resource may have already been defined under a recognized industry standard and which are held and/or developed by the Sellers.
- (4) The Sellers agree that, for a period of three years from the signing of the Acquisition Agreement, they shall not become a shareholder in any company that derives more than 50% (fifty percent) of its revenue from gold mining activities in North Sulawesi without the prior written consent of the Company (the “**Non-Compete Undertaking**”). The Non-Compete Undertaking shall not apply to any advisory work undertaken by the Sellers nor any ownership stake in a publicly listed company where the Sellers or their affiliates hold less than 10% (ten percent) of the outstanding shares and has no active management or operational role.

COMPLETION

Upon fulfillment or waiver of all the conditions precedent, Completion shall take place on the Completion Date or such other date as the Company and the Sellers may agree.

INFORMATION OF MINEX, PTBTPR AND PTRTJ

Minex is an investment holding company which is incorporated under the laws of Singapore. Minex holds in turn a 95% equity interest in PTBTPR and, through the CSPA, will hold a 75% equity interest in PTRTJ upon completion of the PTRTJ PMA Conversion.

PTBTPR is PT Bolmong Timur Primanusa Resources, a limited liability company incorporated under the laws of Indonesia. PTBTPR holds a concession that includes the Garini deposit under Mining Business License Operation Production.

PTRTJ is PT Rihendy Tri Jaya, a limited liability company incorporated under the laws of Indonesia. PTRTJ holds a concession located near the concession held by PTBTPR that together contain several deposits with significant potential to host an economic gold resource.

REASONS AND BENEFITS

Minex provides the Company with an attractive entry point into Indonesia, holding concessions in North Sulawesi with existing gold resources that are located in a region with a strong history of gold mining. The concessions contain areas previously explored and identified by PT Newmont Minahasa Raya as having strong potential to contain economically viable gold resources. The Company believes that the concessions also have the potential for further discoveries of additional gold bearing mineralization.

The Directors consider that completion of the Proposed Acquisition and the Further Undertakings will enhance the Company's portfolio of gold resources. The Proposed Acquisition provides the Company with an opportunity to commence production of gold and the generation of cash flow in the near term, complementing the Company's existing large mineral resources in South Africa. It also provides the Company with an alternative source of production and cash flow whilst it continues to develop and evaluate development options for its South African assets.

As part of its plan to bring the Minex concessions into production, the Company intends to complete the Metallurgical Testing on samples of gold bearing material and to then develop accelerated plans to exploit the mineral resources and produce saleable gold bearing concentrate. The Company will further focus on building a significant presence in the region and has accordingly secured the assistance of the Sellers for a period of three years to further this aim, allowing the Company to benefit from the combination of the Sellers' local relationships and knowledge of the region, and the Company's technical expertise and financial backing.

The Directors believe that the acquisition and development of the assets that Minex holds in Indonesia, as well as the agreement to collaborate with the Sellers to develop its presence in North Sulawesi is a key part of the Company's plan to build a portfolio of gold assets encompassing exploration, development and production stage assets in attractive mining jurisdictions.

The Directors are of the opinion that the terms of the Acquisition Agreement, including the Total Consideration, are based on normal commercial terms which are fair and reasonable, negotiated on an arm's length basis between the parties, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Proposed Acquisition are 5% or more but less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions will, unless the context requires otherwise, have the following meanings:

“Acquisition Agreement”	the sale and purchase agreement dated 6 July 2015 entered into between the Company and the Sellers
“Board”	the board of Directors of the Company
“Business Days”	a day (excluding a Saturday) on which banks generally are open in Singapore, Hong Kong and Indonesia for the transaction of normal banking business
“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”	the completion of sale and purchase of the Sale Shares in accordance with the Acquisition Agreement

- “Completion Date” the date that is 5 Business Days after the date on which the last of the conditions precedent is satisfied or waived, provided that the Completion Date shall in any event not be later than the Long Stop Date
- “Consideration Shares” a maximum of 748,340,374 Shares to be issued to the Sellers as partial consideration of the Total Consideration. The Consideration Shares shall be issued in the following manner:-
- (a) on or prior to a date falling 30 calendar days after the date of the Acquisition Agreement:
 - (i) US\$4,000,000 in Shares,
 - (ii) US\$4,000,000 in cash or Shares as elected by the Sellers;
 - (b) within 10 Business Days after the date on which the Company completes Metallurgical Testing: US\$4,000,000 in Shares; and
 - (c) within 10 Business Days after the date on which the PTRTJ PMA Conversion occurs: US\$4,000,000 in Shares.
- “CSPA” means the conditional share purchase agreement dated 1 July 2015 entered into between Minex and Mr. Jackson Andre William Kumaat and Mr. Elia Nelson Christian Kumaat, both of whom are Indonesian citizens for the purchase by Minex of a 75% equity interest in PTRTJ
- “Directors” the director(s) of the Company
- “Further Undertakings”
- (1) the completion of Metallurgical Testing on or before the Long Stop Date; and
 - (2) the completion of PTRTJ PMA Conversion on or before the Long Stop Date;

“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 4 September 2014 (as may be renewed or refreshed from time to time)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Indonesia”	Republic of Indonesia
“Issue Price”	the volume weighted average price of Shares as quoted on the Stock Exchange for ten trading days prior to issuance of such Consideration Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date 18 months after the date of the Acquisition Agreement or such other date as agreed in writing between the Sellers and the Company
“Material Adverse Change”	any material adverse change to the Indonesian regulatory framework that has been enacted during the period commencing on the date of the Acquisition Agreement and ending on the Completion
“Metallurgical Testing”	test work conducted by an independent laboratory engaged by the Company to determine the optimal method of processing and treating ore to produce an economically viable and saleable gold bearing concentrate
“Minex”	Minex Resources Pte Ltd, a company incorporated under the laws of Singapore, Minex holds in turn a 95% equity interest in PTBTPR and a 75% equity interest in PTRTJ upon completion of CSPA and PTRTJ PMA Conversion
“Proposed Acquisition”	the completion of sale and purchase of the Sale Shares in accordance with the Acquisition Agreement

“PTBTPR”	PT Bolmong Timur Primanusa Resources, a limited liability company incorporated under the laws of the Republic of Indonesia, with registration number: 09.03.1.46.69436 whose registered office is at Jl Warung Buncit Raya No. 9B, RT 012/09 Kalibata, Pancorn, Jakarta Selatan
“PTRTJ”	PT Rihendy Tri Jaya, a limited liability company incorporated under the laws of the Republic of Indonesia, with registration number: 36164.40.22.2014 whose registered office is at Jl Kemanggisan Raya No. 58, Kemanggisan Kecamatan Palmerah Jakarta Barat
“PTRTJ PMA Conversion”	The process comprising:- <ul style="list-style-type: none"> (1) the conversion of PTRTJ into a Penanaman Modal Asing – Foreign Investment (“PMA”) Company; and (2) subsequent transfer of the shares in PTRTJ to Minex such that the Company holds indirectly a 75% interest in PTRTJ.
“Sale Shares”	100% equity interest in Minex, comprising 10,000 shares, from the Sellers upon and subject to the terms and conditions set out in the Acquisition Agreement such that upon completion of the transfer to the Company of the Sale Shares, the Company will, through its wholly-owned interest in Minex (i) have a 95% indirect equity interest in the then issued and outstanding share capital of PT BTPR and (ii) hold a CSPA to acquire a 75% equity interest in PTRTJ
“Sellers”	(1) Cambright Investment Limited, a company incorporated in the British Virgin Islands; and <ul style="list-style-type: none"> (2) PacBridge Partners I Investment Co. Ltd., a company incorporated in the British Virgin Islands
“Share(s)”	the ordinary share(s) of HK0.01 each in the share capital of the Company

“Shareholders”	the shareholders of the Company
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	Minex, PTBTPR and PTRTJ
“Total Consideration”	the total payment for the Sale Shares upon completion of the Metallurgical Testing and PTRTJ PMA Conversion is US\$28,000,000, which shall be paid by the Company to the Sellers in cash or/and Shares
“US\$”	U.S. dollars, the lawful currency of United States of America
“%”	per cent

In this announcement, the conversion of United States dollars into Hong Kong dollars is based on the exchange rate of US\$1.00 to HK\$7.75 and is for illustrative purposes only.

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

Hong Kong, 6 July 2015

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.