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Taung Gold Secunda (Pty) Ltd

TECHNICAL STATEMENT OF THE RESOURCE ESTIMATE FOR THE NO. 6 SHAFT-TWISTDRAAI AREAS, MPUMALANGA PROVINCE, REPUBLIC OF SOUTH AFRICA

5 February 2016

IMPORTANT NOTICE

This Report was prepared as a Technical Statement and follows the principals of the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("SAMREC") on behalf of Taung Gold Secunda (Pty) Ltd ("Taung Gold"). This Report may be used by Taung, subject to the terms and conditions of its contractual agreement with ExplorMine Consultants and or their representatives. ExplorMine Consultants has relied upon the completeness, accuracy and fair presentation of all the information included in the assessment and reports as supplied by the client. This Report is accordingly conditional upon such completeness, accuracy and fair presentation of such Information.

This Report is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as at the date hereof and the condition and prospects, financial and otherwise, of the project as they were reflected in the information. In its analyses and in preparing this Report, ExplorMine Consultants made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of ExplorMine Consultants.

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1.1 Executive Summary

ExplorMine Consultants was commissioned by Taung to complete an updated Mineral Resource estimate and Technical Statement based on the principals of the South African Code for Reporting of Exploration results, Mineral Resources and Mineral Reserves (“SAMREC Code”), following the completion of a recent phase of additional surface drilling at the No. 6 Shaft-Twistdraai Project area. The Mineral Resource estimation is based on historical and recent drillhole and mining (chip sampling) data collected since the Evander Goldfields began operations in the 1950s.

This Technical Report has been prepared based on a technical review by ExplorMine Consultants over a five-month period in 2008 and a two-month period from December 2012 to January 2013. The effective date of the Report is the 5th of February 2016.

1.2 Location and Property

In 2008 Taung Gold entered into a Joint Venture agreement with Harmony Gold Mining Company Limited (“Harmony”), in terms of which Taung would have earned 52% of the Evander Project by 2013, by conducting a Scoping Study, Pre-Feasibility Study and Bankable Feasibility Study. The Scoping Study was completed in August 2010 by Turnberry, showing that the combined No. 6 Shaft-Twistdraai Projects potentially had an economic gold production profile. In September 2010 Taung Gold entered into a Sale and Purchase Agreement with Harmony to acquire 100% of the No. 6 Shaft and Twistdraai properties.

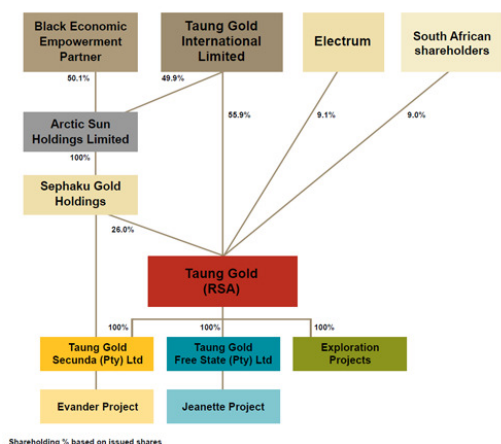


Figure 1 Taung Gold Corporate Structure.

The Twistdraai and the No. 6 Shaft Projects are two of several projects which Taung Gold are currently exploring and developing.

The No. 6 Shaft-Twistdraai Project area is located at the south eastern end of the Evander Goldfields. The Evander Goldfield is located within the auriferous Witwatersrand Basin, approximately 120 km east-southeast of the city of Johannesburg, along the north eastern margin of the known basin. Twistdraai area was originally part of Winkelhaak Mines under previous ownership.

Taung Gold is currently in possession of a ceded Mining Right for gold mining over the No. 6 Shaft-Twistdraai Project areas in terms of Section 11 of the Mineral and Petroleum Resources Development Act No. 28 of 2002.

1.3 Infrastructure and Environment

No. 6 Shaft is located near the towns of Evander and Secunda, situated in the south western part of the Mpumalanga Province, South Africa. These centres are approximately 1.5 hours' drive east via the national N17 road from the city of Johannesburg. The general area is well developed in terms of access, and mining related infrastructure.

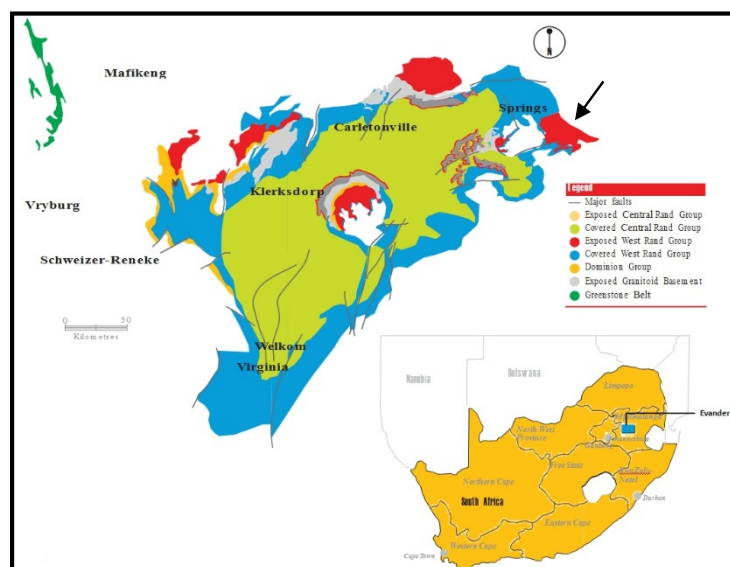


Figure 2 Evander Basin Locality.

No. 6 Shaft is a vertical shaft complex, comprising an 8.5 m diameter man, material and rock hoisting shaft and a 6.0 m diameter upcast ventilation shaft. The main shaft is 1576 m deep (18 Level) and can service mining operations on the levels above 17 Level. The shaft complex is not holed underground with any other Evander mine complexes. The No. 6 Shaft winders and headgear have been sold. All main pumps and ancillary equipment have also been removed. The shaft barrels are reported to be in good condition.

The shaft had a design capacity of approximately 200,000 tonnes per month, although mining and ventilation constraints resulted in historically lower production rates. The Kimberley Reef can be accessed from 4 to 17 Levels. These levels and related development were developed since 1986 until the shaft was closed and put under care and maintenance in 1998. The shaft is currently closed.

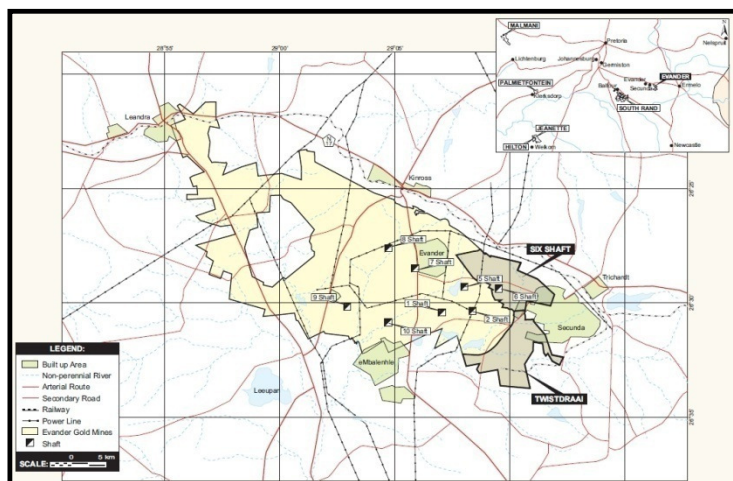


Figure 3 No. 6 Shaft-Twistdraai location relative to adjacent properties, towns and transport infrastructure – Evander Goldfield (after Venmyn 2008).

1.4 History, Exploration and Mining

After completing an extensive surface drilling and exploration programme, an application for a mining lease for Winkelhaak Mines Limited was submitted in late 1955. After sinking the No. 1 and No. 3 Shafts, the first gold production from Winkelhaak Mines commenced in 1958. In 1998 the four operating mines making up Evander Gold Mines, then owned by Gencor Limited (previously Union Corporation) were purchased by Harmony. At this time Winkelhaak consisted of Nos. 2, 5 and 6 Shafts. In September 2010 Taung Gold entered into a Sale and Purchase Agreement with Harmony to acquire 100% of the No. 6 Shaft and Twistdraai properties.

A total of 39 surface exploration drillholes with 124 associated reef deflections were drilled in the No. 6 Shaft area, the last of which was drilled in 1988. In addition, in excess of 400 underground diamond drill holes were historically drilled from underground excavations for reef and structural intersections for the duration of No. 6 Shaft operations.

Mining at No. 6 Shaft was based on conventional scattered mining, using hand held pneumatic drills and conventional track bound equipment. Mining commenced in the “upper” block which consisted, 4 to 10 Levels. The “lower” block comprised 14 to 17 Levels.

Over a ten-year period from shaft commissioning in 1988 to shaft closure in 1998, approximately 510,000 m² were mined with a total of 13,552 kg recovered from 2,259,207 mill tons at an average recovered grade of 6 g/t.

The Twistdraai Project has no historic mining specifically related to the project.

A total of 36 surface exploration drillholes with 68 associated reef deflections were drilled by Gencor in the immediate Twistdraai Project area, during the period from the 1950s to 1988.

Following a 2010 Scoping Study, Taung Gold identified

potential drill locations on the No. 6 Shaft-Twistdraai Project, based on the grade and structural model at the time. Four drillholes were drilled as part of the February 2011 to July 2012 exploration phase. The drillholes were TW1C, TW5A, TW6 and TW7. The drillholes were mainly drilled to upgrade the Mineral Resource. A total of 57 additional wedges were added to the mother holes.



Figure 4 Drill rig, cores and table indicating drilling completed during the 2011-2012 exploration drilling program.

1.5 Geology and Mineral Resources

The No. 6 Shaft-Twistdraai area is located on the north eastern margin of the Archaean Witwatersrand Gold Basin, which is located on the Kaapvaal Craton in South Africa. The Project areas, like the bulk of Witwatersrand gold mines exploit reefs within the Central Rand Group.

The No. 6 Shaft-Twistdraai Kimberley Reef is structurally deformed. The dominant structure is an asymmetrical north westerly plunging fold. The steep western limb has strata dipping between 60° and 90° and is locally over turned. The western limb dips to the east at approximately 25°. The Kimberley Reef subcrops against the Karoo Supergroup at approximately 200 m below surface.

Gold occurs in the Kimberley Reef as free particles in the conglomerate matrix or as inclusions within compact detrital pyrite. The distribution of gold concentration appears to correspond to sedimentological controls or Kimberley Reef channels within the Evander Basin. The pattern of channels appears to be braided; therefore, the gold distribution within the reef has both lateral and vertical variation in response to

the sedimentary processes at work during deposition.

In terms of Mineral Resources and Reserve estimates for the No. 6 Shaft and Twistdraai Project areas, several previous estimates exist. Previous estimates were compiled by Gencor Limited and Harmony Gold Mining Limited. These estimates have not been declared publicly by Harmony in recent years, and should not be regarded as compliant.

The Mineral Resource estimates for the Kimberley Reef are based on several sets of data. This data was collected over an extended period of time from the mid-1950s through to 1998. The data set includes surface diamond drillholes represented by hard copy drilling logs, electronic channel sampling data from Nos. 2, 5 and 6 Shafts, and 1:1000 scale geological plans. The data from the recent (2011-2012) drilling program completed by Taung Gold has also been added to the database.

A complete re-evaluation of the Mineral Resources was performed based on the database that has been electronically captured. It is intended to perform an evaluation that will give a spatial expression of value distribution in three dimensions, so that the extraction of the remaining resources can be planned efficiently.

Kriging was affected into a 3-dimensional geological model, which produced a 2-dimensional spatial distribution of low and high grade in horizontal and incline planes, which enables the design of single reef mining. Ordinary point kriging was applied to Measured Resources, while Macro kriging was applied to the Indicated and Inferred Mineral Resource categories.

Mineral Resources has been declared as per the tabulations presented in Table 1. No Mineral Reserve is declared.

1.6 Economic Studies

In August 2010, Turnberry Projects (Pty) Ltd ("Turnberry") completed a Scoping Study for the combined No. 6 Shaft and Twistdraai Projects. Turnberry considered two options namely the 'Total Project' and the 'Shaft Reserve Project', with both being stand-alone operations. The Project studies were based only on Indicated Resources at a gold price of R275 000 per kg.

Turnberry concluded that both options are robust and likely to be economically viable under current cost and revenue scenarios. As a result of the Scoping Study the recommendation was made to proceed to a full Pre-Feasibility Study, as the technical and economic risks, as well as the outlook for the gold price, support the potential development of the project.

Taung Gold have determined five distinct Mineral Reserve Target Zones or groups of structural blocks in the No. 6 Shaft area, the boundaries of which are based on a combination of estimated grade distribution (area with content estimates greater than 500 cmg/t cut-off – Table 3) and physical properties of the structural blocks. The blocks identified (Figure 6) are as follows:

- Shaft Block
- Mine Block
- 2010 North Block
- 2010 Central
- 2010 South Block

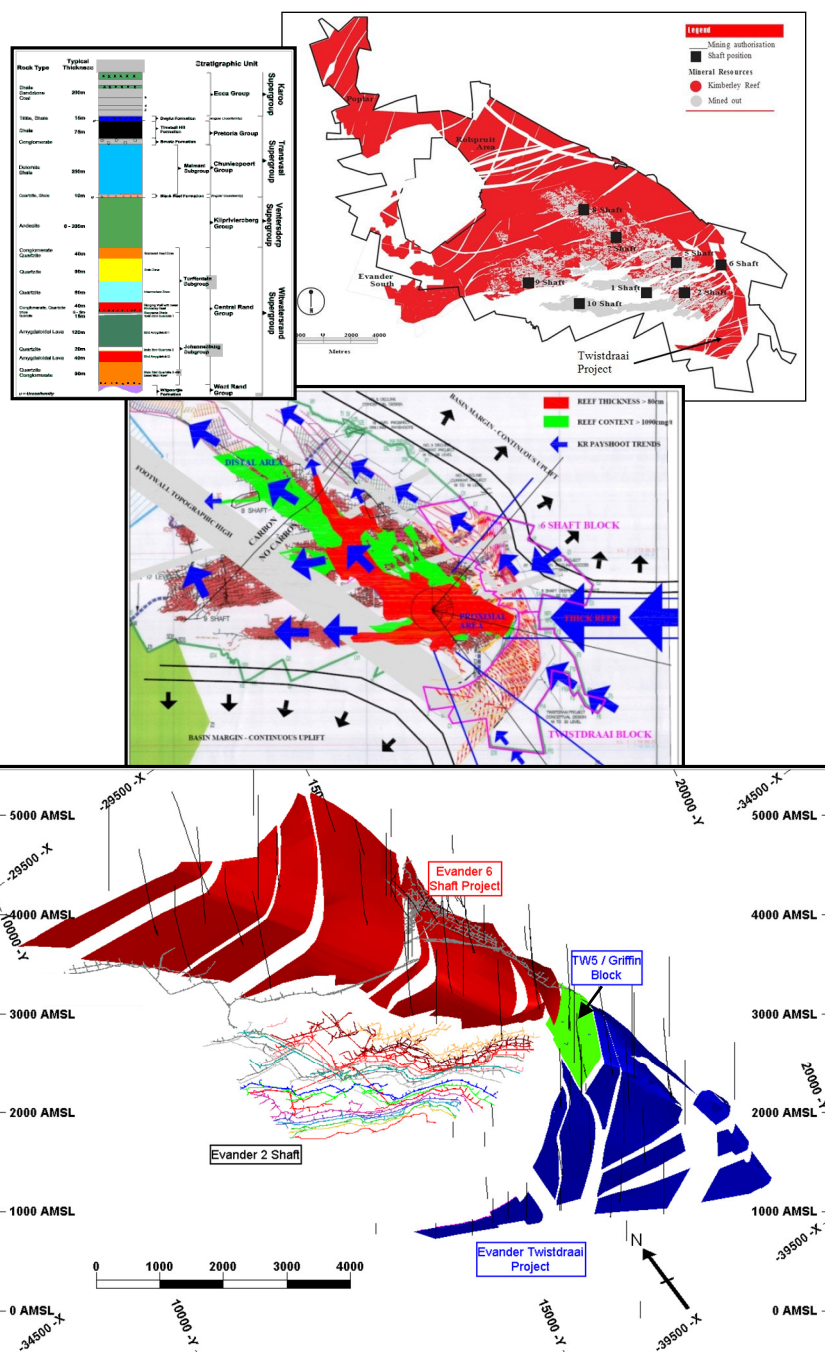


Figure 5 Stratigraphic column, Kimberley Reef Mining and distribution, sedimentological model and Kimberley Reef wireframe model.

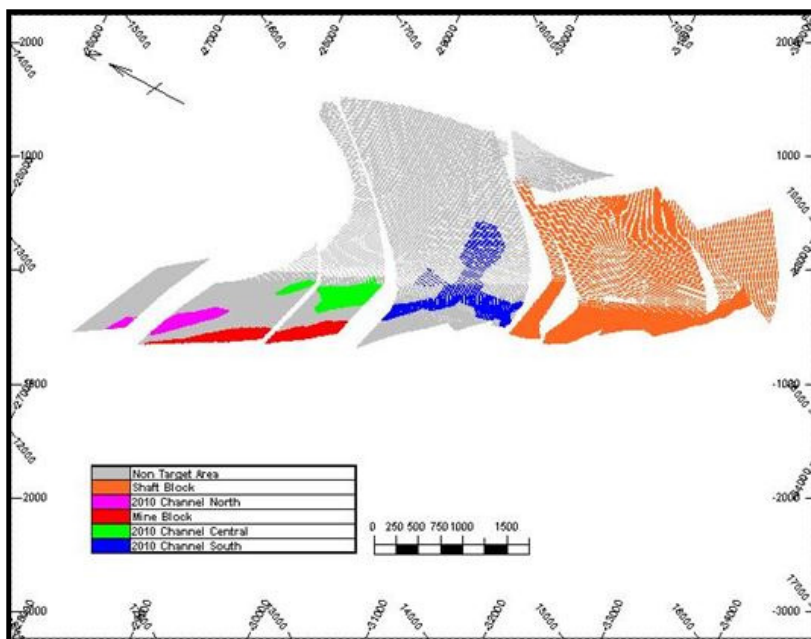


Figure 6 No. 6 Shaft Project – Mineral Reserve Target Zones (>500 cmg/t)

Taung Gold have determined distinct Mineral Reserve Target Zones or groups of structural blocks in the Twistdraai area, the boundaries of which are based on a combination of estimated grade distribution (area with content estimates greater than 500 cmg/t cut-off – Table 3) and physical properties of the structural blocks. The four blocks (Figure 7) were identified for the Twistdraai Project as follows:

- East
- Griffin – included in the 6 Shaft Study
- South
- Central

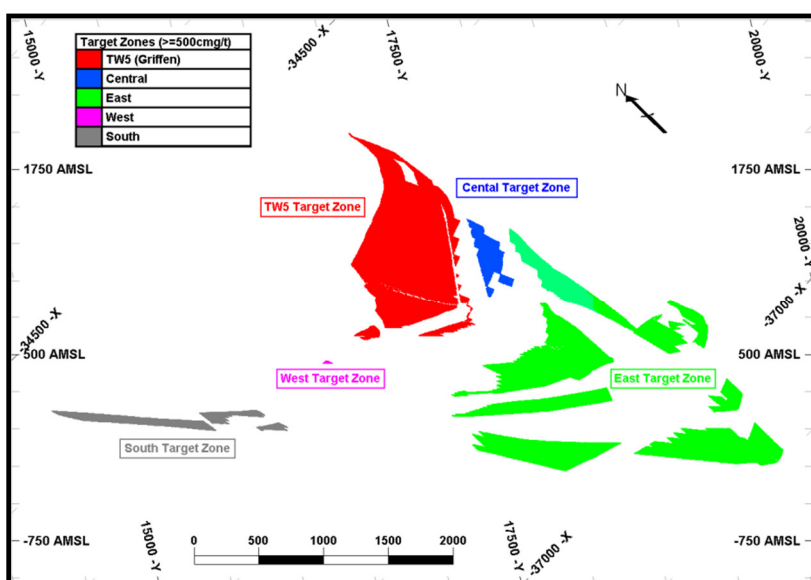


Figure 7 Twistdraai Project – Mineral Reserve Target Zones (>500 cmg/t)

Recently Taung Gold received board approval to develop a Bankable Feasibility Study which includes the 2010 South, Mine and Shaft Blocks No. 6 Shaft Project and the Griffin, Central and East Blocks from the Twistdraai Project.

1.7 Conclusions and Recommendations

Taung Gold geologists in consultation with Evander Gold Mine geologists have interpreted basin evolution and depositional trends. The important feature in terms of the No. 6 Shaft-Twistdraai area is the recognition of an east to west depositional and channel trend (“Thick Reef Facies”) in the southern portions of the Evander Goldfield (No. 2 and No. 5 Shafts), while a southeast to northwest depositional trend (“Thin Reef Facies”) dominates the remainder of the Evander Goldfield. The east to west depositional trends could represent a later ‘overprint’ of the dominant southeast to northwest depositional trend. This sedimentological model has been used as a basis for geostatistical modelling of the No. 6 Shaft and Twistdraai Projects.

Taung Gold recently (2011-2012) completed a surface drilling programme in which 4 drillholes were drilled in the Twistdraai Project area. The reef intersections resulting from this drilling have been included in the updated Mineral Resource estimate presented in this Report. The inclusion of this additional exploration data has resulted in an upgrade of the overall Twistdraai Mineral Resource.

The Mineral Resource estimates completed by ExplorMine Consultants were intended to fulfil two basic objectives:

- To compile a SAMREC compliant Mineral Resource Estimate for the Kimberley Reef in the No. 6 Shaft and Twistdraai Project areas; and
- To guide management in the identification of potential mining and exploration target areas by providing a spatial expression to estimated Mineral Resource.

The Competent Persons’ Reports on which this Technical Statement is based provide a SAMREC compliant Mineral Resource Estimate. A fully three-dimensional estimated block model has been constructed and can be used as a tool to guide future exploration and mining decision making.

The current three-dimensional CAE Studio 2™ model is of sufficient detail to commission a Feasibility Study with respect to potentially economically viable mining options.

Given the Mineral Resource estimate, history of mining in the Evander Basin and the conclusions of various Scoping Level studies (2006 and 2010) ExplorMine are satisfied that the No. 6 Shaft and Twistdraai Project meets the minimum requirement of “reasonable prospects for eventual economic extraction” and that the Mineral Resource estimates presented in this Report adequately reflects the Competent Person’s view of the deposit.

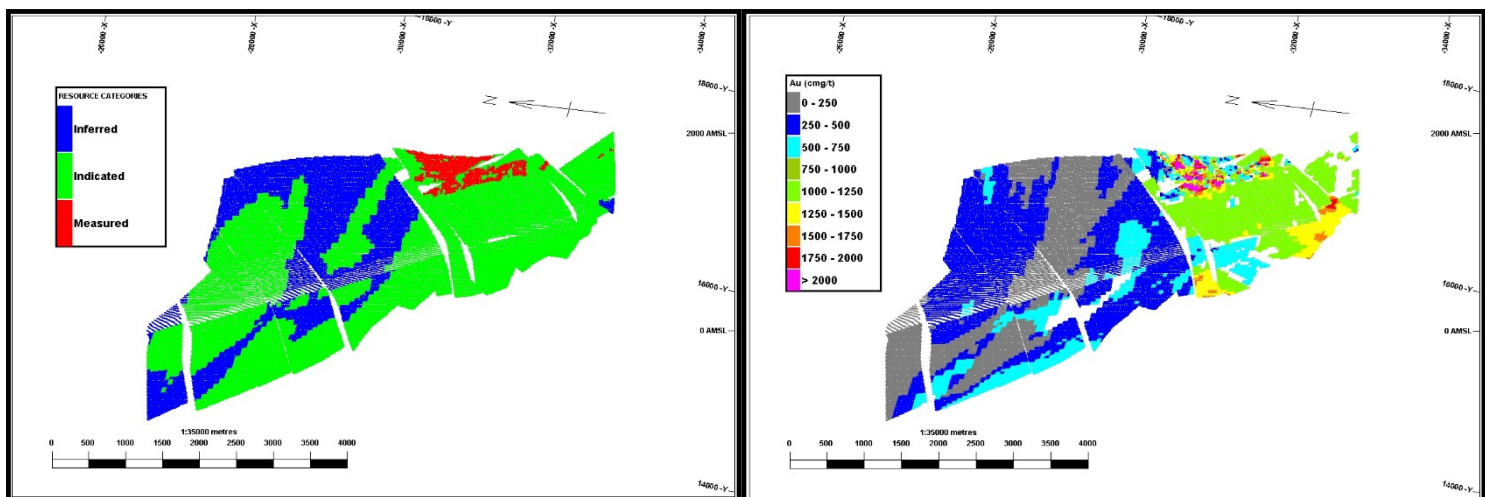


Figure 8 No. 6 Shaft Project – Mineral Resource categories and gold content mg/t estimated distribution.

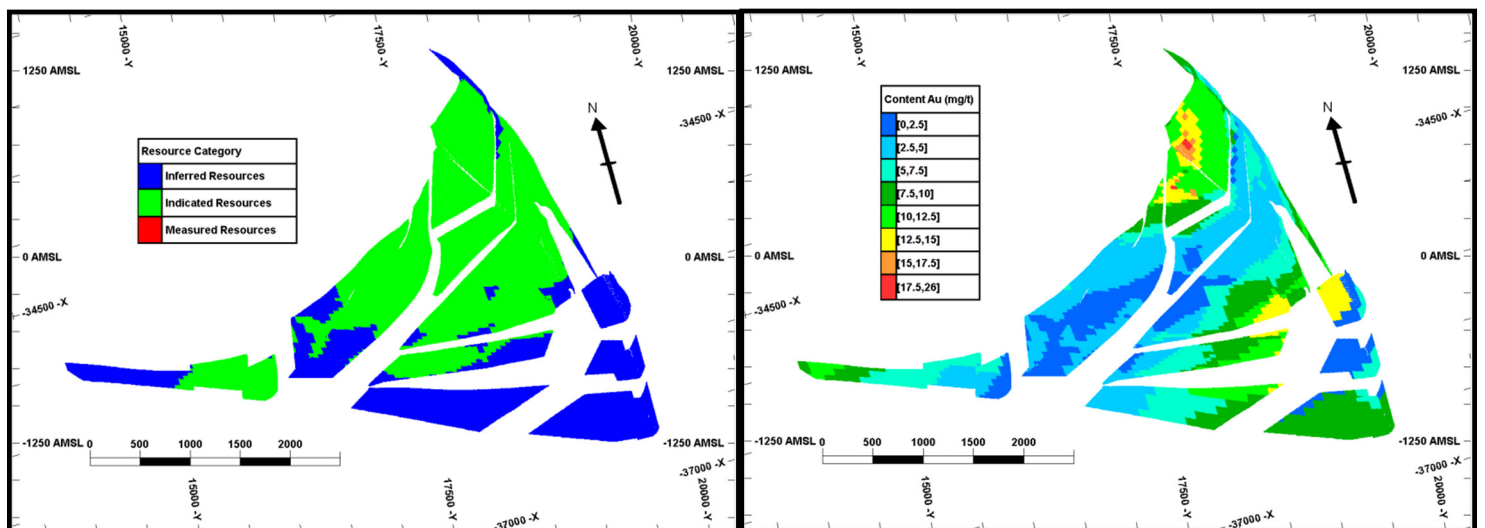


Figure 9 Twistdraai Project – Mineral Resource categories and gold content mg/t estimated distribution.

Table 1 Tabulations of Mineral Resource estimates at a 500 cmg/t cut-off.**No. 6 Shaft Mineral Resource Estimate**

Mineral Resource Category	Tonnes	Mining Width cm	Mining Grade g/t	Mining cmg/t	Channel cm	Channel Grade g/t	Gold Kg's	Gold Oz's
Measured	107 096	119	10.18	1211	82	14.80	1 091	35 067
Indicated	18 837 761	112	8.63	969	76	12.73	162 641	5 229 027
Inferred	6 863 102	112	7.42	835	74	11.36	50 956	1 638 280
Total Mineral Resources	25 807 959	112	8.33	934	75	12.39	214 688	6 902 375
Total Measured and Indicated Mineral Resources	18 944 857	112	8.65	971	76	12.75	163 732	5 264 094

Additional Evander Mineral Resource Estimate (Remainder Twistdraai)

Mineral Resource Category	Tonnes	Mining Width cm	Mining Grade g/t	Mining cmg/t	Channel cm	Channel Grade g/t	Gold Kg's	Gold Oz's
Measured								
Indicated	909 031	109	4.99	508	36	14.07	4 540	145 974
Inferred	2 649 720	109	6.35	696	39	17.63	16 817	540 689
Total Mineral Resources	3 558 751	109	5.95	648	39	16.78	21 358	686 663
Total Measured and Indicated Mineral Resources	909 031	109	4.66	508	36	14.07	4 540	145 974

Combined 6 Shaft and Additional Resources - Mineral Resource Estimate

Mineral Resource Category	Tonnes	Mining Width cm	Mining Grade g/t	Mining cmg/t	Channel cm	Channel Grade g/t	Gold Kg's	Gold Oz's
Measured	107 096	119	10.18	1211	82	14.80	1,090	35 067
Indicated	19 746 792	112	8.47	948	74	12.75	167,180	5 375 001
Inferred	9 512 822	112	7.12	796	64	12.44	67,770	2 178 969
Total Mineral Resources	29 366 710	112	8.04	900	71	12.67	236,050	7 589 037
Total Measured and Indicated Mineral Resources	19 853 888	112	8.48	949	74	12.77	168,270	5 410 068

Table 2 Tabulations of Mining Target Areas at a 500 cmg/t cut-off for the No. 6 Shaft and Twistdraai projects.

No. 6 Shaft Mining Targets at 500 cmg/t cut-off

Shaft Block

Mineral Resource Category	Tonnes	Mining Width cm	Mining Grade g/t	Mining cmg/t	Channel cm	Channel Grade g/t	Gold Kg's	Gold Oz's
Measured	107 096	119	10.18	1211	82	14.80	1,090	35,044
Indicated	9 880 504	112	9.55	1065	75	14.16	94,360	3,033,744
Inferred								
Total Mineral Resources	9 987 601	112	9.56	1067	75	14.17	95,450	3,068,789
Total Measured and Indicated Mineral Resources	9 987 601	112	9.56	1067	75	14.17	95,450	3,068,789

Mine Block

Mineral Resource Category	Tonnes	Mining Width cm	Mining Grade g/t	Mining cmg/t	Channel cm	Channel Grade g/t	Gold Kg's	Gold Oz's
Measured								
Indicated	1 408 299	110	5.45	600	37	16.09	7,680	246,918
Inferred								
Total Mineral Resources	1 408 299	110	5.45	600	37	16.09	7,680	246,918
Total Measured and Indicated Mineral Resources	1 408 299	110	5.45	600	37	16.09	7,680	246,918

2010 South

Mineral Resource Category	Tonnes	Mining Width cm	Mining Grade g/t	Mining cmg/t	Channel cm	Channel Grade g/t	Gold Kg's	Gold Oz's
Measured								
Indicated	429 145	110	5.03	554	39	14.29	2,160	69,446
Inferred	773 310	110	6.13	675	33	20.30	4,740	152,395
Total Mineral Resources	1 202 455	110	5.74	632	35	17.94	6,900	221,840
Total Measured and Indicated Mineral Resources	429 145	110	5.03	554	39	14.29	2,160	69,446

2010 Central

Mineral Resource Category	Tonnes	Mining Width cm	Mining Grade g/t	Mining cmg/t	Channel cm	Channel Grade g/t	Gold Kg's	Gold Oz's
Measured								
Indicated								
Inferred	1 068 733	110	6.32	695	33	20.88	6,750	217,018
Total Mineral Resources	1 068 733	110	6.32	695	33	20.88	6,750	217,018
Total Measured and Indicated Mineral Resources								

2010 North

Mineral Resource Category	Tonnes	Mining Width cm	Mining Grade g/t	Mining cmg/t	Channel cm	Channel Grade g/t	Gold Kg's	Gold Oz's
Measured								
Indicated								
Inferred	635 372	110	5.16	567	44	12.76	3,280	105,454
Total Mineral Resources	635 372	110	5.16	567	44	12.76	3,280	105,454
Total Measured and Indicated Mineral Resources								

Twistdraai Mining Targets at 500 cmg/t cut-off

East Block

Mineral Resource Category	Tonnes	Mining Width cm	Mining Grade g/t	Mining cmg/t	Channel cm	Channel Grade g/t	Gold Kg's	Gold Oz's
Measured								
Indicated	3 716 898	111	7.24	803	78	10.29	26,900	864,855
Inferred	5 530 000	113	7.70	869	79	10.94	42,560	1,368,336
Total Mineral Resources	9 246 898	112	7.51	843	79	10.68	69,460	2,233,191
Total Measured and Indicated Mineral Resources	3 716 898	111	7.24	803	78	10.29	26,900	864,855

Griffin Block

Mineral Resource Category	Tonnes	Mining Width cm	Mining Grade g/t	Mining cmg/t	Channel cm	Channel Grade g/t	Gold Kg's	Gold Oz's
Measured								
Indicated	3 402 915	116	9.27	1076	97	11.06	31,540	1,014,035
Inferred	559 968	110	6.52	717	70	10.17	3,650	117,350
Total Mineral Resources	3 962 883	115	8.88	1026	93	10.97	35,190	1,131,385
Total Measured and Indicated Mineral Resources	3 402 915	116	9.27	1076	97	11.06	31,540	1,014,035

West Block

Mineral Resource Category	Tonnes	Mining Width cm	Mining Grade g/t	Mining cmg/t	Channel cm	Channel Grade g/t	Gold Kg's	Gold Oz's
Measured								
Indicated								
Inferred	9 845	110	5.10	536	50	10.80	50	1,608
Total Mineral Resources	9 845	110	5.10	536	50	10.80	50	1,608
Total Measured and Indicated Mineral Resources								

South Block

Mineral Resource Category	Tonnes	Mining Width cm	Mining Grade g/t	Mining cmg/t	Channel cm	Channel Grade g/t	Gold Kg's	Gold Oz's
Measured								
Indicated	529 869	110	4.96	546	26	21.41	2,630	84,556
Inferred	788 856	110	7.67	844	48	17.64	6,050	194,512
Total Mineral Resources	1 318 725	110	6.58	725	39	18.63	8,680	279,068
Total Measured and Indicated Mineral Resources	529 869	110	4.96	546	26	21.41	2,630	84,556

Central Block

Mineral Resource Category	Tonnes	Mining Width cm	Mining Grade g/t	Mining cmg/t	Channel cm	Channel Grade g/t	Gold Kg's	Gold Oz's
Measured								
Indicated	219 954	110	4.55	501	66	7.60	1,000	32,151
Inferred								
Total Mineral Resources	219 954	110	4.55	501	66	7.60	1,000	32,151
Total Measured and Indicated Mineral Resources	219 954	110	4.55	501	66	7.60	1,000	32,151

Combined 6 Shaft and Twistdraai Mining Targets - Total Evander BFS

Mining Targets @ 500 cmg/t cut-off Mineral Resource Category	Tonnes	Mining Width cm	Mining Grade g/t	Mining cmg/t	Channel cm	Channel Grade g/t	Gold Kg's	Gold Oz's
Measured	107 096	119	10.18	1211	82	14.80	1,090	35 067
Indicated	19 746 792	112	8.47	948	74	12.75	167,180	5 375 001
Inferred	9 512 822	112	7.12	796	64	12.44	67,770	2 178 969
Total Mineral Resources	29 366 710	112	8.04	900	71	12.67	236,050	7 589 037
Total Measured and Indicated Mineral Resources	19 853 888	112	8.48	949	74	12.77	168,270	5 410 068

Table 3 Calculation of cut-off value for Mining Target Areas at a 500 cmg/t cut-off.

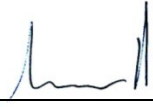
Description	Unit	Value
Working Cost - Excl. Capex	R/t	1 478
WC - Paylimit	g/t	2.54
WC - Paylimit after Recovery	g/t	2.83
Resource Width	cm	112
In Situ Grade	cmg/t	317
Working Cost - Incl. Capex	R/t	1 564
WC+CAPEX - Paylimit	g/t	2.69
WC+CAPEX - Paylimit after Recovery	g/t	2.99
Resource Width	cm	112
In Situ Grade	cmg/t	335

Description	Unit	Value
Price Au	US\$/oz	1 290
Exchange Rate	R/US\$	14.00
Basket Price	R/oz	18 060
Conversion Factor	oz/kg	32.15
Price	R/kg	580 638
Price	R/g	580.64
MRF (MCFxPRF)	%	90.00

- Notes:**
1. Inputs sourced from BFS Financial Model 29 February 2016
 2. 500 cmg/t cut-off selected as an executive conservative cut-off in line with industry norms

1.8 Date and Signature

The effective date of this report is 5th February 2016.



GR Mitchell



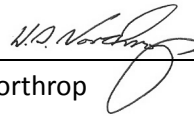
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G.A. du Plessis



AM Deiss



WD Northrop