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TAUNG GOLD INTERNATIONAL LIMITED
壇金礦業有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 621)

ANNOUNCEMENT OF POSITIVE PRE-FEASIBILITY STUDY RESULTS FOR THE COMPANY'S JEANETTE PROJECT

This announcement is made by Taung Gold International Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") pursuant to rule 13.09 (2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") is pleased to report the results of the Pre-Feasibility Study ("**PFS**") at its Jeanette Project (the "**Jeanette Project**" or the "**Project**"). The Company, through its non-wholly owned subsidiary Taung Gold (Proprietary) Limited ("**TGL**") and TGL's wholly-owned subsidiary Taung Gold Free State (Proprietary) Limited ("**TGFS**"), is the holder of Prospecting Rights over the Project. TGFS, having held a number of Prospecting Rights over the Project area, exercised its exclusive right on 16 June 2015 to apply for a Mining Right over the Project area.

On 23 May 2016 the Company reported a maiden Probable Mineral Reserve for the Project. This Reserve was determined in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("**SAMREC Code**"), the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves ("**JORC Code**") and Chapter 18 of the Listing Rules.

* *For identification purposes only*

PROJECT HIGHLIGHTS

Table 1 below shows the highlights from the results of the Jeanette Project Pre-Feasibility Study.

Table 1: Jeanette Project PFS Highlights

Gold Recovered over Life of Project	7.243Moz
Initial Construction Capital Cost Estimate	US$759m
Peak Funding	US$723.8m
Total Capital Cost over Life of Project	US$1,090.4m
Capital Efficiency	US$3,312/oz
After-tax NPV at 5% Discount rate	US$1,550.5m
After-Tax IRR	20.3%
Life of Mine	24 years
Payback	6.9 years
Cash Operating Costs	US$343/oz
Profit Margin	57.97%
All In Sustaining Costs (“**AISC**”)	US$392/oz
All In Costs (“**AIC**”)	US$542/oz

Notes:

1. Financials calculated using a gold price of $1,290/oz and/or an exchange rate of US$1 = ZAR14.
2. Capital Efficiency is calculated as Total Capital Cost divided by average annual gold production over the production life of mine.
3. Payback calculated from date of first production.

Minxcon Projects (Proprietary) Limited (“**Minxcon**”), an independent South African-based consultancy, was the lead independent consultant for the PFS. All estimates in this announcement have been extracted from the PFS Report which has an effective date of 29 February 2016. The engineering, design, scheduling and capital and operating cost estimating work for the Project was carried out in South Africa by various independent professional consultants under the leadership of Minxcon. TGL has also completed an internal review of the Project.

Commenting on the results of the PFS, Neil Herrick, the Company's Chief Executive Officer, said *"The Company is building an impressive portfolio of projects spanning South Africa, Pakistan and Indonesia and has ongoing engagements with MCC International Incorporation Limited, a subsidiary of Metallurgical Corporation of China Limited, in respect of its Evander Project and Pakistan interests. Whilst advancing our Evander Project into construction remains our top priority, it is extremely pleasing that our Jeanette Project PFS also presents a very attractive investment case for a second large high grade gold mine that will be able to produce gold in the lowest quartile of the industry cost curve. The Project is located in the Free State goldfield of South Africa, close to the town of Welkom and is brownfield in nature, enjoying close proximity to all of the services and utilities required to construct and operate a gold mine. It further enjoys the benefit of some pre-existing shaft infrastructure which will be utilized in construction and operation of the mine. We anticipate that the application for a Mining Right will be brought to a positive conclusion during the first half of this year, at which point the Company will finalise its approach regarding commencement of a Bankable Feasibility Study for the Project.*

The Company's asset portfolio, with its two South African projects, namely Evander and Jeanette, presents a compelling investment case in a world in which large scale, high grade gold deposits are increasingly rare. In addition the existing infrastructure at each of the South African sites has clearly demonstrated tangible benefits in terms of reduced capital expenditure and shorter time to production."

PROJECT SUMMARY

The Jeanette Project is located close to the town of Welkom, 270km south-west of Johannesburg, in the Free State Province of South Africa. The Project was acquired from ARMGold/Harmony Freegold Joint Venture Company (Pty) Limited, in December 2009. The Prospecting Right over the project area was registered in the name of TGFS in the Mineral and Petroleum Titles Registration Office in November 2013. The Project is located in an established gold producing region in close proximity to road, power and water & sanitation infrastructure and is well served with other necessary services. The Project is comprised of the following:

- Existing vertical shaft infrastructure that will be rehabilitated and extended to access the Mineral Resource and Reserve;

- Construction of a metallurgical processing plant that will treat all underground ore and produce gold doré bars for refining into 99.99% purity bullion at the Rand Refinery Limited;

- Establishment and construction of the associated infrastructure required to support operations and enable disposal of waste materials in accordance with internationally accepted standards; and

- At full production, the Project is scheduled to produce an average of 418,000 ounces per annum at a recovered grade of 11.24g/t with Cash Costs of US$325/oz.

- In its year of peak production, the Project is scheduled to produce approximately 448,000 ounces of gold at a recovered grade of 11.07g/t with Cash Costs of US$343/oz.

PROJECT ANALYSIS

Project Overview

Table 2 below summarises the results of the Jeanette Project PFS.

Table 2: Jeanette Project PFS Summary

Gold recovered over life of project	7.243Moz
Initial capital cost estimate	US$759m
Peak funding	US$723.8m
Total capital cost over life of project	US$1090.4m
Capital efficiency	US$3,312/oz
After-tax NPV at 5% discount rate	US$1,550.5m
After-tax IRR	20.3%
Life of mine	24 Years
Payback	6.9 Years
Cash operating costs	US$343/oz
Profit margin	57.97%
AISC	US$392/oz
AIC	US$542/oz

Notes:

1. Financials calculated using a gold price of $1,290/oz and/or an exchange rate of US$1 = ZAR14.

2. Capital Efficiency is calculated as capital expenditure (excluding sustaining capital) divided by average annual gold production.

3. Payback calculated from date of first production.

Financial Analysis

The results of the PFS demonstrate that the Project is financially robust. The PFS indicates that the Project has a breakeven gold price of just below US$590/oz.

Table 3 below shows the sensitivity of the After-Tax NPV and IRR to gold price.

Table 3: After-Tax NPV and IRR Sensitivity to Gold Price

Gold Price *(US$/oz)*	**After-Tax NPV5.0%** *(US$m)*	**After-Tax IRR** *(%)*	**Payback** *(Years)*
1,000	1,007.0	15.9	8.1
1,290 (Base)	1,550.5	20.3	6.9
1,500	1,959.8	22.9	6.5
1,750	2,456.9	25.7	6.0
2,000	2,961.6	28.3	5.7

Notes:

1. Calculated using an exchange rate of US$1 = ZAR14.

2. Payback calculated from date of first production.

Table 4 below shows the sensitivity of the NPV to discount rate.

Table 4: After-Tax NPV Sensitivity to Discount Rate.

Discount Rate	**After-Tax NPV** *(US$M)*
0%	4,011.8
5% (Base)	1,550.5
7.2%	1,018.5
10%	584.2

Note: Calculated using a gold price of $1,290/oz and an exchange rate of US$1 = ZAR14.

Analysis Assumptions

Most South African gold mines refine their gold production through Rand Refinery Limited ("**Rand Refinery**") located in the city of Germiston, just east of Johannesburg. The Company obtained draft terms from Rand Refinery for use in the PFS and the contained refining costs and returns quoted in these terms were escalated to 29 February 2016, being the effective date of this PFS. The terms anticipate doré being delivered to the refinery, weighed upon receipt then melted and sampled. Provided that the gold and silver content is within acceptable limits, the value of the contained gold (based on the AM or PM US$ fix of the London Bullion Market Association on the payment date payable in South African currency ("**ZAR**")), less refining costs, is then paid to the producer within 48 hours of receipt of the doré. Silver receipts are normally credited to the producer a few days later. The Company has not entered into any agreements with Rand Refinery.

As has been the case with most commodity-based economies, South Africa has seen its currency depreciate against the US$ in recent years. As a result, the price of gold in ZAR reached record highs during 2016, despite the fact that the US$ gold price has traded significantly lower than its 2011 high. The price of gold in ZAR has increased by approximately 500% over the past ten years and has been on a consistent upward trend, coming from a base of just above ZAR100,000 per kilogram (ZAR3,200 per ounce) at the start of 2006. The price of gold reached over ZAR640,000 per kilogram (ZAR20,000 per ounce) during 2016.

The PFS has made use of a constant gold price of ZAR580,638 per kilogram (ZAR18,060 per ounce) calculated using the following assumptions:

- Gold price of US$1,290/oz; and

- An exchange rate of US$1 = ZAR14.

The PFS made use of the following further assumptions:

- An Initial Capital estimate accuracy of +15% to -25% with a contingency applied in the capital estimate.

- Royalties calculated as per the South African Mineral and Petroleum Resources Royalty Act No. 28 of 2008 and the Mineral and Petroleum Resources Royalty (Administration) Act No. 29 of 2008. Mineral royalty is calculated based on revenue generated using a sliding scale formula with a minimum royalty of 0.5% and a maximum (for refined production) of 5%.

- Taxation calculated as per the South African Income Tax Act No. 58 of 1962.

  – Taxation is calculated on mining profits after capital and other input costs have been recuperated. The maximum rate of taxation is 34% and if the profit margin is less than 5%, no tax is payable.

  – A 12% capital allowance for post 1990 gold mines, as provided for in Section 36 (11) of the Income Tax Act, is also calculated, effectively increasing the redeemable capital provision in the after-tax financial evaluation. The 12% allowance is applied to the unredeemed capital at the beginning of each financial year, provided that the mine is not in commercial production.

Capital Expenditure

Table 5 below shows a summary of the estimated initial capital cost of the Project.

Table 5: Estimated Initial Capital Cost of the Project

Activity	**Amount** *(US$m)*
Shaft sinking	235.8
Engineering	277.6
Development from station battery limits to reef intersection	41.2
Metallurgical plant and tailings storage facility	56.4
Ventilation and refrigeration	20.8
Electrical power	22.6
Other	47.6
Owner's cost	10.6
Sub-Total	**712.6**
Contingency	46.4
Total	**759.0**

Table 6 below shows a summary of the estimated total capital cost of the Project.

Table 6: Estimated Total Capital Cost of the Project

Activity	**Amount** *(US$m)*
Shaft sinking	478.2
Engineering	305.4
Development from station battery limits to reef intersection	45.3
Metallurgical plant and tailings storage facility	71.1
Ventilation and refrigeration	22.9
Electrical power	24.8
Other	47.6
Owner's cost	10.6
Sub-Total	**1,005.9**
Contingency	84.5
Total	**1,090.4**

Production Indicators

The production plan (from which the Probable Mineral Reserve was determined) for the Project was designed and scheduled using the Mineral Resource as at 27 June 2013. The design, scheduling and capital & operational costing was carried out under the guidance of Mr. Daniel van Heerden of Minxcon, in his capacity as the Competent Person, as defined in the SAMREC Code. The Mineral Resource was subsequently updated on 29 February 2016 although this update did not result in any changes to the Probable Mineral Reserve.

Table 7 below shows the estimated Key Production Indicators over the life of the Project and annually at peak production.

Table 7: Estimated Key Production Indicators for the Project

	Project Life	Annually at Full Production
Tons milled	20.1Mt	1.16Mt
Head grade	11.47g/t	11.49g/t
Metallurgical recovery	98%	98%
Recovered grade	11.21g/t	11.24g/t
Gold produced	225.28t	13.21t
	7.243Moz	0.418Moz
Waste tons hoisted	32.26Mt	1.23Mt

Operating Cost Indicators

Operating costs for the Project were estimated and escalated to 29 February 2016 using the following principles, where appropriate:

- Zero based costing using supplier quotations and industry benchmarked consumption rates for all consumables and supplies;

- Original Equipment Manufacturer ("**OEM**") quotations for equipment, using new equipment;

- A manpower plan with labour rates that reflect prevailing salary conditions in the South African gold mining sector and using benchmarked operating efficiencies.

The Project will operate at an estimated life of mine cost per ton milled of US$ 123.72/t (ZAR1,732/t). The cash costs per ounce of gold produced are estimated to be US$343/oz (ZAR154,388/kg).

The estimated Life of Mine Operating Costs are shown in Table 8 below:

Table 8: Estimated Life of Mine Operating Costs for the Project

	Life of Mine
Cash cost per ton milled	US$123.8/t
Cash Cost	US$343/oz
AISC	US$392/oz
AIC	US$542/oz

Note: US$/oz Cost Definitions as per World Gold Council Guidance Note on AISC and AIC Costs – 27 June 2013.

Table 9 below shows a summary of the estimated cash cost per ton milled.

Table 9: Estimated Cash Cost per Ton Milled for the Project

Activity	**Cash Cost per Ton Milled** *(US$/t)*
Mining	102.21
Metallurgical processing & tailings deposition	9.29
Other costs	12.22
Total	**123.72**

Permitting

The Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002)(“**MPRDA**”) provides that the holder of a Prospecting Right has an exclusive right to apply for a Mining Right.

TGFS was the holder of various Propecting Rights over the Jeanette Project and, prior to the expiry of the first of these rights on 16 June 2015, submitted an application for a Mining Right. As part of the application for a Mining Right, a Mining Work Program ("**MWP**"), Social and Labour Plan ("**SLP**") and an Environmental Impact Assessment together with an Environmental Management Program ("**EMP**") were submitted for approval. The Environmental Authorisation for the Jeanette Project was approved on 20 December 2016 and it is expected that the Ministerial consent for the grant of the Mining Right will take place during the first half of this year.

An application for an Integrated Water Use Licence ("**WUL**") will only be submitted on completion of the Bankable Feasibility Study for the Project.

Future Plans for the Jeanette Project

The Company is progressing its Mining Right application with the relevant regulatory authorities and has made significant progress towards securing the required Ministerial consent and other approvals. The Company reasonably expects this process to conclude during the first half of 2017. Upon conclusion of the granting of the Mining Right, the Company will consider commencing a Bankable Feasibility Study for the Project. Further announcements in this regard will be made in due course.

MINERAL RESOURCES AND RESERVES

There have not been any changes to the Mineral Resource and Mineral Reserve for the Jeanette Project since the previous announcement on 23 May 2016.

CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

Certain information regarding the Company contained herein may constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. The Company cautions that actual performance may be affected by a number of factors, most of which are beyond its control and that future events and results may vary substantially from what the Company currently foresees. Factors that could cause actual results to differ materially from those in forward-looking statements include, market prices, exploitation and exploration results, continuing availability of capital and financing and general economic, market and business conditions. The forward-looking statements are expressly qualified in their entirety by this cautionary statement. The information contained herein is stated as of 29 February 2016 and may be subject to change thereafter.

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

Hong Kong, 9 March 2017

As at the date of this announcement, the Board comprises nine 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 Non-executive Director is Mr. Phen Chun Shing Vincent. The Independent Non-executive Directors are Mr. Chui Man Lung, Everett, Mr. Li Kam Chung and Mr. Tsui Pang.