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

(Incorporated in Bermuda with limited liability)

(Stock Code: 621)

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

This announcement is made by Taung Gold International Limited (the "**Company**") 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 Inside Information Provisions under Part XIVA of 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 Feasibility Study ("**FS**") at its flagship Jeanette Project (the "**Jeanette Project**" or the "**Project**"). The Company, through its non-wholly owned subsidiary Taung Gold (Pty) Limited ("**TGL**") and TGL's wholly owned subsidiary Taung Gold Free State (Pty) Limited ("**TGFS**"), is the owner of the Project and TGFS is the holder of a Mining Right registered under the Mineral and Petroleum Resources Development Act No. 28 of 2022 ("**MPRDA**") over the Project area.

Reference is made to the Company's announcement dated 9 March 2017 in relation to the results of the pre-feasibility study ("**PFS**") of the Jeanette Project. Prior to that, on 23 May 2016, the Company had reported a maiden Probable Mineral Reserve for the Project, which 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 purpose only*

HIGHLIGHTS

The FS introduced an innovative new phased development approach for the Jeanette Project (refer below for further details). Table 1 below shows the highlights from the results of Phase 1 of the Jeanette Project FS.

Table 1: Jeanette Project FS Highlights – Phase 1

Gold Recovered over Life of Project	2.89Moz
Initial Construction Capital Cost Estimate	US$523.5m
Total Capital Cost over Life of Project	US$646.6m
Capital Efficiency	US$4,017/oz
After-tax Net Present Value ("**NPV**") at 5% Discount rate	US$509.9m
After-Tax Internal Rate of Return ("**IRR**")	14.1%
Life of Mine	22 Years
Payback	8.7 years
Cash Operating Costs	US$471/oz
Profit Margin	46.2%
All In Sustaining Costs ("**AISC**")	US$666/oz
All In Costs ("**AIC**")	US$694/oz

Notes:

1. Financials calculated using a gold price of $1,290/oz and/or an exchange rate of US$1.00 = ZAR14.00.

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.

Commenting on the results of the FS, Mr. Neil Herrick, the Company's Chief Executive Officer, said:

"The phased approach to the development of our Jeanette Project was agreed upon as response to the prevailing uncertainty in global markets and to further enhance the attractiveness of the Project to potential investors and financiers. Phase 1 of the Project represents an investment with attractive economic returns and which, for an underground mine, has a lead-time to first production which compares well with typical greenfield surface gold projects. The Company now has significantly more flexibility in respect of the development of the Project and our attention will next turn to the contractual arrangements and financing of the Jeanette Project. Its substantial high-grade gold endowment, coupled with a well thought-through design and execution plan, clearly demonstrate its robust potential to produce gold in the lowest quartile of the industry cost curve.

*Furthermore, our Jeanette Project remains one of very few high-grade, large-scale and relatively low capital cost gold mining projects in the world, with the added advantages that arise from being located in a very well-established gold mining area close to all of the required infrastructure, utilities, services and skilled labour. In addition, our relationship with MCC International Incorporation Limited ("**MCCI**") bodes very well for the finalization of contractual arrangements for the development and financing of the Project. At full production, the Project is estimated to produce an average of 134,700 ounces per annum at a recovered grade of 11.32g/t with Cash Costs of US$471/oz. At peak production, the Project will produce approximately 138,344 ounces of gold at a recovered grade of 11.34g/t with Cash Costs of US$458/oz."*

BACKGROUND

On 28 April 2018, the Company entered into a Service Contract with MCCI, whereby the Company appointed MCCI to carry out the FS in accordance with the requirements of the "Principles for the Formulation of Feasibility Report for Projects in the Non-ferrous Metals Industry (October 2001)" applied to China's Non-ferrous Metals Industry and the specific conditions of the Project.

MCCI, a subsidiary of Metallurgical Corporation of China Limited ("**MCC**"), was the lead independent consultant for the FS, which has an effective date of 23 July 2019. All estimates in this announcement have been determined from the FS report of the same date. The engineering, design, scheduling and original capital and operating cost estimating work for the Project was carried out in Beijing by China ENFI Engineering Corporation Limited ("**ENFI**"), a wholly-owned subsidiary of MCC.

It is intended that MCCI will participate in the development of the Project on an Engineering, Procurement and Construction ("**EPC**") or similar basis and will also provide the Company with the necessary assistance in debt financing and equity investment.

FEASIBILITY STUDY APPROACH

The Company had previously published the results of the PFS on 9 March 2017. The approach followed in the FS differs from the PFS in that the Company, MCCI and ENFI agreed during the early stages of the FS that the Project should be executed in a phased approach as follows:

Phase 1

a. Complete and commission the existing No.1 Shaft and No.2B Shaft infrastructure and establish a holing between the two shafts to access the northern portion of the orebody;

b. Establish ore reserve development in the northern portion of the orebody and build up the production profile to a rate of 30,833 tons milled per month at a head grade of 11.92g/t; and

c. Establish the surface infrastructure for a stand-alone mining and a modular processing operation at a rate of approximately 370,000 tons milled per annum.

Phase 2

a. Sink and develop two new shafts to access the southern portion of the orebody;

b. Establish ore reserve development in the southern portion of the orebody and build up the production profile to a rate of 69,167 tons milled per month at a head grade of 11.06/t; and

c. Increase the capacity of the processing plant and associated infrastructure to 830,000 tons per annum;

This phased approach has the following advantages over the approach followed initially in the PFS:

- A significantly lower Initial Construction Capital Cost Estimate of US$523.5 million compared to US$723.8 million (2017 terms) in the PFS, as a result of more optimal use of the existing shaft infrastructure and the sinking of two new shafts being postponed to Phase 2; and

- A much shorter lead-time to first gold production of 3.6 years as a result of being able to access the ore reserve much faster than anticipated in the PFS (4.5 years).

Given the above, the Company believes that the phased approach is a superior methodology, especially considering the prevailing global economic and financial market conditions.

The Company therefore reports the FS as representing the outcome of the work done in respect of Phase 1 of the Project with a life of mine of 22 years. Accordingly, the Company will consider the timing of the feasibility work for Phase 2 of the Project at a future date.

PROJECT SUMMARY

The Jeanette Project is located close to the town of Odendaalsrus, 270km south-west of Johannesburg, in the Free State Province of South Africa. The Project was acquired from the ARMGold/Harmony FreeGold Joint Venture Company (Pty) Limited in December 2009. The Mining Right over the Project area was registered in the name of TGFS in the Mineral and Petroleum Titles Registration Office on 6 December 2017. The Project is located in a well-established gold mining region in close proximity to road, power and water and sanitation infrastructure, which 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 substantial high grade 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; and

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

PROJECT ANALYSIS

Project Overview

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

Table 2: Jeanette Project FS Summary - Phase 1

Gold Recovered over Life of Project	2.89Moz
Initial Capital Cost Estimate	US$523.5m
Total Capital Cost over Life of Project	US$646.6m
Capital Efficiency	US$4,017/oz
After-Tax NPV at 5% Discount rate	US$509.9m
After-Tax IRR	14.1%
Life of Mine	22 Years
Payback	8.7 Years
Cash Operating Costs	US$471/oz
Profit Margin	46.2%
AISC	US$666/oz
AIC	US$694/oz

Notes:

1. Financials calculated using a gold price of $1,290/oz and/or an exchange rate of US$1.00 = ZAR14.00.

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 FS demonstrate that the Project is financially robust. The FS indicates that the Project has a breakeven gold price of just below US$1,050/oz at the above exchange rate.

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

Table 3: After-Tax NPV and IRR Sensitivity to Gold Price – Phase 1

Gold Price *(US$/oz)*	**After-Tax NPV5.0%** *(US$m)*	**After-Tax IRR** *(%)*	**Payback** *(Years)*
1,000	188.0	8.5	11.9
1,290 (Base)	509.9	14.1	8.7
1,500	683.7	17.1	7.6
1,750	908.9	20.4	6.7
2,000	1,140.0	23.5	6.1

Notes:

1. Calculated using an exchange rate of US$1.00 = ZAR14.00.

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 - Phase 1

Discount Rate	**After-Tax NPV** *(US$m)*
0%	1,309.9
5% (Base)	509.9
7.2%	318.1
10%	158.4

Note: Calculated using a gold price of $1,290/oz and an exchange rate of US$1.00 = ZAR14.00

Analysis Assumptions

Most South African gold mines refine their gold production through Rand Refinery Limited located in Germiston, Johannesburg. The Company obtained draft terms from Rand Refinery Limited for use in the FS covering contained refining costs and returns. The terms are based on doré being delivered to the refinery, weighed upon receipt, melted and sampled and, 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, being 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 yet entered into any agreements with Rand Refinery Limited.

As a result of the depreciation of the currencies of most commodity-based economies against the US$, the price of gold in ZAR had attained record highs during 2016, despite the fact that gold, in US$ terms, had traded significantly lower than its 2011 high. The price of gold in ZAR had increased by approximately 500% during the ten years up to and including 2016. The price of gold reached over ZAR640,000 per kilogram (ZAR20,000 per ounce) during 2016. As at the date of this announcement, the price of gold in ZAR/kg terms was in excess of ZAR720,000/kg and despite recent favourable fluctuations in both the price of gold and the exchange rate, the Company's price assumptions remain unchanged from the PFS as follows:

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

- An exchange rate of US$1.00 = ZAR14.00.

The FS made use of the following further assumptions:

- An Initial Capital estimate 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 – Phase 1

Activity	**Amount** *(US$m)*
Geological works	8.1
Mining	284.1
Metallurgical Plant & Tailings Storage Facility	36.0
Auxiliary facilities	5.2
Power supply	36.7
Water supply and drainage	5.9
Telecommunications	4.5
General layout, transportation and equipment	25.3
Administration, welfare and residential facilities	2.5
Indirect costs	49.3
Sub-Total	**457.6**
Contingency	65.8
Total	**523.4**

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

Table 6: Estimated Total Capital Cost of the Project - Phase 1

Activity	**Amount** *(US$m)*
Initial capital cost	457.6
Contingency	65.8
Working capital	14.8
Sustaining capital	108.4
Total	**646.6**

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 Projects (Proprietary) Limited, an independent South African-base consultancy, in his capacity as the Competent Person, as defined in the SAMREC Code. The Mineral Resource was subsequently updated on 5 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 in the FS.

Table 7: Estimated Key Production Indicators of the Project - Phase 1

	Project Life	**Annually at Full Production**
Tons Milled	7.95Mt	0.37Mt
Head Grade	11.92g/t	11.94g/t
Metallurgical Recovery	95%	95%
Recovered Grade	11.32g/t	11.34g/t
Gold Produced	89.64t	4.18t
	2.893Moz	0.134Moz
Waste Tons Hoisted	18.08Mt	0.82Mt

Operating Cost Indicators

The Project will operate at an estimated Life of Mine cost per ton milled of US$171.4/t (ZAR2,396.2/t). The Cash Costs per ounce of gold produced are estimated to be US$471/oz (ZAR212,002/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 – Phase 1

	Life of Mine
Cash Cost per Ton Milled	US$171.4/t
Cash Cost	US$471/oz
AISC	US$666/oz
AIC	US$694/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 – Phase 1

Activity	**Cash Cost per Ton Milled** *(US$/t)*
Mining	124.2
Metallurgical Processing & Tailings Deposition	16.1
General and Administrative	31.1
Total	**171.4**

Permitting

TGFS is the holder of a Mining Right over the Project, which includes an approved Mining Works Program, Social and Labour Plan and Environmental Management Program in terms of the MPRDA. The outcome of the FS may necessitate an amendment to the Mining Works Program and Environmental Management Program. TGFS is in the process of preparatory work with a view to filing an application under the Water Act for an Integrated Water Use Licence for the Project when appropriate. If necessary, an application under S102 of the MPRDA to amend the terms of the Mining Right to give effect to the FS will also be filed at the appropriate time.

Future Plans for the Jeanette Project

It is intended that MCCI will participate in the development of the Project on an EPC basis and will also assist the Company with securing debt financing and equity investment. Thereafter, the Company and MCCI will prepare draft commercial terms with the objective of entering into the EPC contract and then engage with potential equity investors and Chinese banks to arrange equity and debt financing for Jeanette Project. Further announcements in this regard will be made in due course.

MINERAL RESOURCES AND RESERVES

There have been no changes to the total Mineral Resources as per the historical Indicated Block Model developed for the Jeanette Project since the previous announcement on 23 May 2016.

Table 10: The Indicated Block Model results for the Jeanette Project area

Resource Classification	Tonnes *(Mt)*	Insitu Grade *(g/t)*	Gold Content *(kg)*	Gold Content *(Moz)*
Indicated	18.058	20.80	375,673	12.078

Table 11 below shows the Indicated Resource after the application of a cut-off grade of 341 cmg/t.

Table 11: Indicated Resource at 341 cmg/t cut-off estimated for the Jeanette Project

Resource Classification	Tonnes *(Mt)*	Insitu Grade *(g/t)*	Gold Content *(kg)*	Gold Content *(Moz)*
Indicated	13.104	22.41	293,660	9.441

A phased mining approach in the FS for developing the Jeanette Project resulted in the Project area being divided into two distinct geographical areas with Phase 1 in the northern sector of the Project area, including the existing No's 1 and 2B Shafts. The Phase 1 Block Model Indicated Mineral Resource accounts for 4.93Mt at a grade of 24.16g/t and 3.8Moz as shown by Table 12.

Table 12: The Global Indicated Mineral Resource at no cut-off grade estimated for the FS for the Jeanette Project as of 23 July 2019

Feasibility Study	**Resource Classification**	**Tonnes** *(Mt)*	**Grade** *(g/t)*	**Gold Content** *(kg)*	**Gold Content** *(Moz)*
Phase 1	Indicated	4.93	24.16	119,188	3.832
Phase 2	Indicated	13.13	19.54	256,485	8.246
Total	Indicated	18.06	20.80	375,673	12.078

After the application of major Geological Block Model discounts such as fault-losses and in-accessible areas for mining, the Indicated Mineral Resource for the Project is 16.9Mt at a grade of 22.2g/t and 12.06Moz, as shown in Table 13 below.

Table 13: Jeanette Mineral Resource per mining phase in the FS after discounts for un-mineable blocks applied to the Geological Block Model

		Resource Classification	**Tonnes** *(Mt)*	**Grade** *(g/t)*	**Gold Content** *(Moz)*
FS Mineral Resource as of January 2019	**Phase 1**	Indicated	4.635	25.55	3.807
	Phase 2	Indicated	12.264	20.93	8.255
	Total	Indicated	16.897	22.20	12.062

With the application of the relevant modifying factors to convert Indicated Resource to Probable Reserve, including a cut-off grade of 640cmg/t, the resultant Phase 1 Mineral Reserve is 7.9Mt of ore at a grade of 11.92g/t as shown in Table 14 below.

Table 14: The Mineral Reserve Phase 1 estimated in the FS for the Jeanette Project using a cut-off grade of 640cmg/t

FS Mineral Reserve Phase 1	Tonnes *(Mt)*	Insitu Grade *(g/t)*	Gold Content *(kg)*	Gold Content *(Moz)*
Probable	7.95	11.92	94,714	3.04

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 23 July 2019 and may be subject to change thereafter.

By order of the Board
Taung Gold International Limited
Cheung Pak Sum
Co-chairman & Executive Director

Hong Kong, 30 August 2019

As at the date of this announcement, the executive directors are Mr. Christiaan Rudolph de Wet de Bruin (Co-chairman), Ms. Cheung Pak Sum (Co-chairman), Mr. Neil Andrew Herrick (Chief Executive Officer) and Mr. Phen Chun Shing Vincent; and the independent non-executive directors are Mr. Chong Man Hung Jeffrey, Mr. Li Kam Chung and Mr. Tsui Pang.