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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)

UPDATE OF MINERAL RESOURCES AND MINERAL RESERVES

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 a maiden Mineral Reserve totalling 7.12 million ounces of gold at its Jeanette Project, situated in the Free State goldfield, Free State Province, Republic of South Africa. The Mineral Reserve has been 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.

The Board also reports that the Jeanette Project’s JORC Code compliant Total Mineral Resource, comprising of Measured, Indicated and Inferred Resources, amounts to 15.26 million ounces of gold, of which Measured and Indicated Resources amount to 9.44 million ounces of gold. The reported Mineral Resources are inclusive of Mineral Reserves.

HIGHLIGHTS

- A maiden Mineral Reserve (Probable Reserve) on the Jeanette Project’s Basal Reef horizon of 7.12 million ounces of gold, from 19.21 million tons of ore at an average head grade of 11.52 g/t. Mineral Reserves were determined using a 400cmg/t cut-off grade and a commodity price of ZAR457,907 per kilogram of gold (i.e. US\$1,350/oz at US\$1 = ZAR 10.55), substantially below the price of ZAR580,638 per kilogram of gold

* *For identification purposes only*

used to calculate the prevailing cut-off grade (i.e. US\$1,290/oz at US\$1 = ZAR14). The commodity price of ZAR457,907 per kilogram of gold was determined according to industry norms at the time that the design and scheduling of the underground development and stoping commenced.

- The modifying factors used to determine the Mineral Reserve (Probable Reserve) were based on mining methods that have been designed to eliminate the technical risks associated with the Khaki Shale proximally above the Basel Reef and which have been designed and reviewed by independent industry experts to a Pre-Feasibility Study (“PFS”) level. The drilling and three-dimensional seismic reflection survey work carried out during 2011 and 2012 resulted in a revised geological model for the Basel Reef and, in particular, revealed that the target area is shallow dipping and therefore amenable to mechanized mining methods. The application of mechanized mining methods in the mine design and scheduling has therefore resulted in significant reductions in the various dilution factors, when compared to traditional non-mechanized mining methods and, this is reflected in the Mineral Reserve grade. These mining methods will be subject to additional and more detailed design at the Bankable Feasibility Study (“BFS”) level of project study.
- The Total Mineral Resource for the Jeanette Project including both the Basel Reef and A-Reef as of 29 February 2016 amounts to 15.26 million ounces of gold from 46.51 million tonnes of material with an average grade of 10.20 g/t. Mineral Resources were previously calculated using a cut-off grade of 300cmg/t for both reefs, marginally below the latest cut-off grade of 341cmg/t for the Basel Reef and 374cmg/t for A-Reef (calculated using a price of ZAR580,643 per kilogram of gold, US\$1,290/oz and US\$1 = ZAR14). Mineral Resources are inclusive of Mineral Reserves. The increase in the cut-off grade for the Mineral Resource does not affect the Mineral Reserve estimate, which was determined using a higher cut-off grade of 400cmg/t. Further information regarding the calculation of cut-off grades for the Basel Reef and A-Reef at the Jeanette Project is available in the respective reports in the Resources and Reserves section on the Company’s website.
- The Jeanette Project Pre-Feasibility Study (“PFS”) was completed by Minxcon Projects (Pty) Limited (“Minxcon”) in August 2014. Subsequently, the Company has been conducting an internal review of the PFS, results of which will be announced in due course.

Neil Herrick, Taung Gold’s Chief Executive Officer, said “After more than three years of work to increase confidence in the Jeanette Project’s Mineral Resource, including a drilling program and a three dimensional seismic reflection survey, the declaration of a maiden Mineral Reserve of 7.12 million ounces of gold on the Basal Reef represents a significant milestone for the Company. This declaration, together with the recently announced Mineral Reserve at our Evander Project, brings the Company’s total Mineral Reserve to some 11.4 million ounces of gold from a Total Mineral Resource of 22.84 million ounces of gold. Together with our Evander Project, this demonstrates the quality of the gold endowment that the Company has under its control. Furthermore, it is important to note both of the Company’s projects are located in very well established areas with a long tradition of gold mining, are close to required infrastructure and services and, each project has the advantage of brownfield development, in contrast to many other gold projects around the world.”

MINERAL RESERVE

A total maiden Probable Reserve of 7.12 million ounces of gold on the Basal Reef horizon for the Jeanette Project has been declared as shown in Table 1.

Table 1: Jeanette Project Mineral Reserve estimate as at August 2014

Mineral Reserve Classification	Tonnes (Mt)	Head Grade (g/t)	Gold Content (Moz)
Probable Reserves	19.21	11.52	7.12

Notes:-

1. A Probable Mineral Reserve is the economically mineable material derived from a Measured or Indicated Mineral Resource or both. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-Feasibility Study for a project and Life of Mine Plan for an operation must have been completed, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors). Such modifying factors must be disclosed.
2. The information in this announcement that relates to the Probable Mineral Reserve for the Jeanette Project is based on information compiled by Mr. Daniel van Heerden, who is a Director and Chief Mining Engineer of Minxcon Projects (Pty) Limited, an independent mining and metallurgical consultancy engaged by Taung Gold (Proprietary) Limited. Mr. van Heerden is a Fellow in good standing of the Southern African Institute of Mining and Metallurgy and is registered as a Professional Engineer with the Engineering Council of South Africa. Mr. van Heerden holds a B.Eng. Degree in Mining from the University of Pretoria (1985) and an M.Com. in Business Administration from the Rand Afrikaans University (1993). Mr. van Heerden has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities that he has undertaken to qualify as a Competent

Person as defined in the 2007 Edition of the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves. Mr. van Heerden has consented to the inclusion in this announcement of the matters based on information provided by him, in the form and context in which they appear.

- Mineral Reserves were calculated using a commodity price of ZAR457,907 per kilogram of gold (i.e. US\$1,350/oz at US\$1 = ZAR10.55), substantially below the price of ZAR580,643 per kilogram of gold used to calculate the latest cut-off grade (US\$1,290/oz at US\$1 = ZAR14). The commodity price of ZAR457,907 per kilogram of gold was determined according to industry norms at the time that the design and scheduling of the underground development and stoping commenced.

Table 2 below shows the mining modifying factors applied in the conversion of Measured and Indicated Mineral Resources into Probable Mineral Reserves and Table 3 shows the summary of the computation of the Probable Mineral Reserve for the Jeanette Project.

**Table 2: Modifying Factors for the Jeanette Project on the Basal Reef horizon
(Minxcon, 2014)**

Modifying Factors	Value
Selective Mining @ 400cmg/t cut-off	-16.6%
Stope Panel Footwall Over Break	15cm
Stope Gully Over Break	4cm
Minor fault Dilution	3.6%
Reef to Waste losses	3.7%
Waste to Reef Dilution	0.6%
Mine Call Factor	92%

**Table 3: Mineral Resource to Reserve Calculation
for the Jeanette Project (Minxcon, 2014)**

Modifying Factors	Tonnes (Mt)	Channel grade (g/t)	Gold (t)	Gold (Moz)	Channel Width (cm)
Total Indicated Resource @ 300cmg/t cut-off	10.99	27.27	309.9	9.64	31
Selective Mining @ 400cmg/t cut-off					
Indicated	12.13	23.82	288.9	9.29	34
Panel Footwall Over Break	45.2%		0.0%		15
Indicated	17.58	16.43	288.9	9.29	49
Gully Over Break	9.1%		0.0%		4
Indicated	19.19	15.05	288.9	9.29	54
Minor Fault Dilution	3.6%		-13.5%		4
Indicated	19.83	12.59	249.8	8.03	58
Reef to Shale losses	-3.7%		-3.7%		-2
Indicated	19.11	12.59	240.6	7.73	56
Shale to Reef Dilution incurred	0.6%		0.0%		0
Indicated	19.21	12.52	240,6	7.73	56
Mine Call Factor	0.0%		92.0%		0
Probable Mineral Reserves	19.21	11.52	221.3	7.12	56

Calculations may not be precise due to rounding to the appropriate significant figure.

MINERAL RESOURCE

An updated Mineral resource estimation for the Basal Reef has been completed using a cut-off grade of 341cmg/t which includes the increased understanding from the stoping design and operating cost input parameters used in the Minxcon PFS. Parameters that impacted on the cut-off grade for the Basal Reef include higher ZAR per ton operating costs as a result of the mechanized mining method which were partially offset by the higher US\$ per ounce gold price and weaker exchange rate. Further information regarding the calculation of the cut-off grade for the Basal Reef is available in the respective report in the Resources and Reserves section on the Company's website.

A Mineral Resource estimate for the A-Reef was completed in 2012 and subsequently updated in 2013 to include the improved understanding from the three dimensional seismic reflection survey. The 2013 update included a flatter dip and higher geological losses resultant from the new geological model. The A-Reef is a secondary reef some 250 metre above the Basal Reef and will be selectively mined applying conventional mining methods. The operating costs for the A-Reef were estimated from benchmarking of similar sized conventional operations in the Free State goldfield. Parameters that impacted on the cut-off grade for the A-Reef include increased ZAR per ton operating costs as a result of cost escalation for conventional mining methods which were partially offset by the higher US\$ per ounce gold price and weaker exchange rate. Further information regarding the calculation of the cut-off grade for the A-Reef is available in the respective report in the Resources and Reserves section on the Company's website.

- The total JORC Compliant Mineral Resource for the Jeanette Project as at 4 April 2014 has declined from approximately 18.25 million ounces of gold to approximately 15.26 million ounces of gold. The reduction is primarily associated with the secondary A-Reef horizon which is in the Inferred category of Mineral Resource and may not, under JORC rules, be included in any economic valuations for the Company. Accordingly, the PFS for the Jeanette Project has focused only on the Indicated category of Mineral Resource on the Basal Reef horizon.

Mineral Resources were calculated using a cut-off grade of 341cmg/t for Basal Reef and 374cmg/t for A-Reef (using a price of R580,643 per kilogram of gold, US\$1,290/oz and US\$1 = ZAR14).

Table 4 below shows the latest detail for the total Jeanette Project and Table 5 shows the changes since the previous Mineral Resource estimate.

**Table 4: Jeanette Project Mineral Resource estimate as at 29 February 2016
for Basal Reef and the A-Reef**

Mineral Resource Classification	In-situ Tonnes (Mt)	Grade above cut-off (cmg/t)	Channel Width (cm)	Channel Grade (g/t)	Gold (t)	Gold (Moz)
Indicated (Black Chert Facies)	13.10	852	38	22.41	293.6	9.44
Total Indicated	13.10	852	38	22.41	293.6	9.44
Inferred (Black Chert Facies)	0.84	670	38	17.63	14.81	0.48
Inferred (Overlap Facies)	2.49	506	63	8.03	19.99	0.64
Total Basal Reef	16.43	840	42	19.99	328.40	10.55
Inferred (A-Reef)	30.08	585	114	4.86	146.17	4.70
Total Inferred	33.41	553	108	5.42	180.97	5.81
Total Mineral Resources	46.51	896	92	10.20	474.57	15.26

Calculations may not be precise due to rounding to the appropriate figure. Mineral Resources are inclusive of Mineral Reserves.

Notes:- The information in this announcement that relates to the Mineral Resource for the Jeanette Project is based on information compiled by Mr. David Young, who is a full time employee of The Mineral Corporation, an independent mineral resources consultancy engaged by Taung Gold (Proprietary) Limited. Mr. Young is registered as an Earth Scientist with the South African Council for Natural Scientific Professions (“SACNASP”), is a Fellow of the Southern African Institute of Mining and Metallurgy, a Fellow of the Geological Society of South Africa and, a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Young has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities that he has undertaken to qualify as a Competent Person as defined in the JORC Code . Mr. Young has consented to the inclusion in this announcement of matters based on information provided by him, in the form and context in which they appear.

Table 5: Jeanette Project Mineral Resource estimate 2013 and 2016

Mineral Resources Classification	In-situ Tonnes (Mt)		Grade above cut-off (g/t)		Gold (Moz)	
	2013	2016	2013	2016	2013	2016
Indicated (Black Chert Facies)	11.49	13.10	26.83	22.41	9.91	9.44
Total Indicated	11.49	13.10	26.83	22.41	9.91	9.44
Inferred (Black Chert Facies)	0.46	0.84	32.46	17.63	0.48	0.48
Inferred (Overlap Facies)	3.69	2.49	10.28	8.03	1.22	0.64
Total Basal Reef	15.64	16.43	23.09	19.99	11.61	10.55
Inferred (A-Reef)	41.70	30.08	4.95	4.86	6.64	4.70
Total Inferred	45.85	33.41	5.66	5.42	8.33	5.82
Total Mineral Resources	57.33	46.51	9.90	10.20	18.24	15.26

Calculations may not be precise due to rounding to the appropriate figure. Mineral Resources are inclusive of Mineral Reserves.

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

Hong Kong, 23 May 2016

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, 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. Walter Thomas Segsworth.