

**IMPORTANT TAX NOTICE TO U.S. SHAREHOLDERS
OF
GOLDEN QUEEN MINING CO. LTD.**

This statement is provided for shareholders who are United States persons for purposes of the U.S. Internal Revenue Code of 1986, as amended ("IRC") and the regulations there are under. It is not relevant to other shareholders.

The Golden Queen Mining Co. Ltd. is a non-U.S. entity and may be deemed to be classified as a Passive Foreign Investment Corporation ("PFIC") as defined in Section 1297(a) of the IRC for the year ended December 31, 2014.

The attached PFIC Annual Information Statement is being provided pursuant to the requirements of Treasury Regulation Section 1.1295-1(g) (1). The PFIC Annual Information Statement contains information to enable you, should you so choose based on the advice of your tax advisors in light of your personal tax circumstances, to elect to treat the Golden Queen entity as a qualified electing fund ("QEF").

A U.S. shareholder who makes a QEF election is required to annually include in his or her income his or her pro rata share of the ordinary earnings and net capital gains of the Golden Queen entity, whether or not that entity distributes any amounts to its shareholders. If you do not elect to treat a Golden Queen entity as a QEF, then if the Golden Queen entity is a PFIC for any year during your holding period, adverse tax consequences could result.

The QEF election is generally made on Form 8621 ("Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund") on or before the due date, including extensions, for the income tax return with respect to the tax year to which the election relates.

THIS INFORMATION IS PROVIDED IN ORDER TO ASSIST SHAREHOLDERS IN MAKING CALCULATIONS AND DOES NOT CONSTITUTE TAX ADVICE. THE U.S. TAX LAWS REGARDING PFICS ARE EXTREMELY COMPLEX AND SHAREHOLDERS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE OVERALL TAX CONSEQUENCES OF THEIR RESPECTIVE INVESTMENT IN, AND OWNERSHIP OF SHARES OF AUGUSTA UNDER UNITED STATES FEDERAL STATE LOCAL AND FOREIGN LAW.

Further information on PFIC rules and the QEF election is available from the Internal Revenue Service, including the following website pages:

www.irs.gov/instructions/i8621/ch01.html.

PFIC ANNUAL INFORMATION STATEMENT

(1) This Information Statement applies to the taxable year of Golden Queen Mining Co. Ltd. (“GQM”), on a combined basis with its subsidiaries¹ beginning on January 1, 2014 and ending on December 31, 2014.

(2) Your pro-rata share of the ordinary earnings of GQM for the taxable year of GQM specified in (1) may be determined as follows:

- a) If you owned the same number of GQM shares from January 1, 2014 through December 31, 2014, multiply the number of GQM shares by \$US <NONE>;
- b) If you did not own GQM shares for the entire period beginning on January 1, 2014 and ending on December 31, 2014, multiply the number of shares you owned by \$US <NONE>, divide the result by 365, and multiply the number of days during 2014 that you held such shares.
- c) If you owned different numbers of GQM shares at different times during 2014, perform the calculation specified in (b) above separately for each lot of shares owned.

(3) GQM has no net capital gains for the taxable year.

(4) The amount of cash and fair market value of other property distributed or deemed distributed by GQM during the taxable year specified in paragraph (1) is as follows:

Cash: None

Fair Market Value of Property: None

(5) GQM will permit you to inspect and copy GQM’s permanent books of account, records, and such other documents as may be maintained by GQM that are necessary to establish the PFIC’s ordinary earnings and net capital gain, as provided in section 1293(e) of the IRC, are computed in accordance with U.S. income tax principles; and to verify these amounts.

¹ If you require details regarding GQM’s subsidiaries, please contact GQM.