



RioZim Limited

(Incorporated in Zimbabwe on 29 August 1956
under registration number 607/56)

Head Office: RioZim Limited
1 Kenilworth Road, Highlands, Harare. P O Box CY 1243,
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Telephone: 746141/9, 776085/91, 746089/95.

Directors : L P Chihota (Chairman), N M Matimba,
(Chief Executive Officer)*, S R Beebeejaun, C Dengu, K Matsheza,
B Nkomo*, M T Sachak, I M Sharma, (Executive*)



FALCON GOLD ZIMBABWE LIMITED

(A public company incorporated in the Republic of Zimbabwe
under company registration number 303/89)

Head Office: Falcon Gold Zimbabwe Limited,
1st Floor KPMG Building, Tongogara Street, P.O.Box 4096,
Bulawayo, Zimbabwe, Phone+263 9 76826; Fax +263 9 64028.

Directors: I. Saunders*; Q. Nkomo*;
S. Nyabadza; J. Murehwa (Executive*)

ANNOUNCEMENT TO SHAREHOLDERS

The Directors of RioZim Limited ("RioZim") and Falcon Gold Zimbabwe Limited ("Falgold") are pleased to announce to their Shareholders and other stakeholders that, following negotiations between the two companies, an agreement has been reached for RioGold (Private) Limited ("RioGold"), a wholly owned subsidiary of RioZim, to acquire 100% of Falgold's wholly-owned subsidiary, Palatial Gold Investments (Private) Limited ("Palatial Gold").

Palatial Gold owns the Dalny Mine Complex ("DMC") which consists of a gold processing plant, equipment, mining claims, mining infrastructure and a mine compound.

DMC has been under care and maintenance since August 2013. From March 2015, RioGold has been processing ore mined at its Cam & Motor Mine at the Dalny Mine Gold Processing Plant under a lease agreement. The Directors of RioZim believe that DMC has attractive exploration ground with potential for delineating resources for mining. The acquisition of Palatial Gold is in line with RioZim's strategic initiative to consolidate gold assets and output under RioGold through mergers/acquisitions in order to expand its gold operations.

On the other hand, the disposal of Palatial Gold by Falgold will allow Falgold to rationalise its asset base and focus on the mining efforts of the group.

Both parties are in the process of fulfilling the conditions precedent to the transaction. Shareholders and the public are therefore advised that the acquisition is subject to statutory, regulatory and shareholder approvals and as such they should continue to exercise caution and to consult their professional advisers when dealing in the shares of RioZim and Falgold.

Further details regarding this transaction will be made available in the circulars of both companies to be published in due course.

By order of the Boards

RioZim Management Services (Private) Limited
(Secretaries)
Per B Nkomo

Per Quebeka Nkomo
Company Secretary
Falcon Gold Zimbabwe Limited