Abridged Circular To Shareholders

CONCERNING A COMPOSITE SECONDARY SCHEME OF ARRANGEMENT

starafricacorporation limited
Power of Partnerships

(A public company incorporated in the Republic of Zimbabwe under company registration number 18/1935)

Directors: J.S. Mutizwa(Chairman), R.J. Mbire (Deputy Chairman), R.V. Mutyiri (Chief Executive), K.M. Chipangura (Finance), T.N. Chiganze (Alternate R. Njanike), Ms. T. Mutasa, A.J. Musemburi (HR, Legal and Administration), B.L. Nkomo, M. Sibanda

Address: 45 Douglas Road, Workington, Harare

Sponsoring Broker	Financial Advisor	Transfer Secretaries	Legal Advisor	Auditors and Independent Reporting Accountants	Independent Financial Advisor
IMARA INVESTING IN AFRICA Securities	IMARA INVESTING IN AFRICA Corporate Finance	FIRST TRANSFER SECRETARIES (PRIVATE) LIMITED		EY Building a better working world	Grant Thornton
Imara Edwards Securities (Private) Limited MEMBERS OF THE ZIMBABWE STOCK EXCHANGE	Imara Corporate Finance Zimbabwe (Private) Limited	First Transfer Secretaries (Private) Limited	Dube, Manikai & Hwacha Legal Practioners	Ernst & Young Chartered Accountants (Zimbabwe)	Grant Thornton Camelsa Advisory (Private) Limited

In terms of Section 191 of the Companies Act [Chapter 24:03], as amended
Between Starafricacorporation Limited and
- Its Members ("the Members scheme");
- Zimbabwe Asset Management Corporation (Private) Limited ("the ZAMCO scheme");
- National Social Security Authority ("the NSSA scheme");
- Zimbabwe Sugar Sales (Private) Limited ("the ZSS scheme");
- African Banking Corporation Zimbabwe Limited ("the BancABC scheme");
- Its Employees ("the Employees scheme"); and
- Its Concurrent Creditors ("the Concurrent creditors' scheme").

INCORPORATING
- A notice of a Scheme Meeting incorporating an Extraordinary General Meeting

CHAIRMAN'S LETTER TO SHAREHOLDERS: THE PROPOSED TRANSACTION

Dear Shareholder,

1. Background and rationale for the Proposed Transaction

1.1 Background to the Proposed Transaction

In August 2013 Star Africa concluded a scheme with its creditors and suppliers, which was sanctioned by the High Court and registered with the Registrar of Companies ("Initial Scheme"). This Initial Scheme was put in place due to the severe working capital and solvency constraints faced by the Company. The working capital and solvency constraints resulted from declining yields and lower quality of refined sugar from the Harare sugar refining plant which required significant upgrade, a highly competitive environment in the domestic market from imported refined sugar and a balance sheet burdened with the debt of liquidated subsidiary companies that Star Africa had guaranteed.

The Initial Scheme is made up of three separate arrangements:
- the Raw sugar supplier: The Scheme of Arrangement with Zimbabwe Sugar Sales (Private) Limited ("Raw sugar supplier" or "ZSS") provided that up to 50% of the amount due to ZSS be settled. Star Africa was to fund the settlement from the proceeds realised on the disposal of the Company's shareholding in Tongaat Hullet Botswana ("THB") with the payment to the Raw sugar supplier taking precedence over other lenders and/or creditors. Subject to the part settlement, the balance of the amount was to be unsecured. Further, the balance was to earn interest at 10% per annum, and settled over a maximum period of 24 months from the date the Initial Scheme was sanctioned by the High Court;
- the Secured Lenders: The Scheme of Arrangement with secured lenders provided that up to 25% of the amount due to the secured lenders be settled. Star Africa was to fund the settlement from the proceeds realised on the disposal of the Company's shareholding in THB and equity interests in BSL. The balance of the amount was to be secured, earn interest at 10% per annum, and settled over a maximum period of 24 months from the date the Scheme was sanctioned by the High Court; and
- Concurrent Creditors: Scheme of Arrangement with Concurrent Creditors provided that up to 20% of the amount due to the Concurrent creditors is settled. Star Africa was to fund the settlement from the proceeds realised on the disposal of Star Africa's shareholding in THB and equity interests in BSL. The balance of the amount was to be secured, earn interest at 12% per annum, and settled over a maximum period of 36 months from the date the Scheme of Arrangement was sanctioned by the High Court.

The Initial Scheme is limited to lenders and creditors who had outstanding balances at the time of the scheme and did not include shareholders.

The total amount owed by Star Africa to the creditors and lenders at the time of the Initial Scheme is set out in table 1 below:

Table 1: Amounts owed to the Initial Scheme members

Scheme member	Amount owed at the time of the Initial Scheme US$
Secured and concurrent lenders	27,523,217
Raw sugar supplier	7,692,554
Concurrent creditors	5,620,183
Total	**40,835,954**

The Initial Scheme set a number of terms, the main of which are:

a) the upgrade of a portion of the Harare sugar refinery, which comprised approximately 60% of the refining plant; and
b) part settlement of the balances due to lenders using proceeds from the disposal of the investments of Star Africa in Bluestar Logistcis ("BSL") and THB.

As is explained in the following paragraphs, delays were experienced in the implementation of these key terms of the Initial Scheme.

Upgrade of the Harare Sugar Refinery

The Company secured funding from the National Social Security Authoirty ("NSSA") for the upgrade of the Harare Sugar Refinery. An Indian firm of engineers and consultants was appointed to design, manufacture, install, and commission a portion of the Harare Sugar Refinery. The implementation of this project experienced unforeseen delays. The hired consultancy firm lost its key human resources that had designed the upgrade to the Harare Sugar Refinery. Although a new team was assigned to the project by the consultant, the change in human resources resulted in a long learning phase by the new team and delays in resolving technical problems that inevitably arise during implementation.

Delays were experienced during the process of integrating the old and upgraded sections of the sugar refining plant. In order to minimise these delays the Company resolved to terminate the contract of the consultants and hired a new firm, also from India, to resolve the integration issues. The Company is confident that a solution to achieving optimum integration has now been identified, and integration and commissioning should be completed by the end of the 2016 calendar year.

Disposal of the Investment of Star Africa in BSL

The liquidity problems currently prevailing in the economy delayed the disposal of the investment. A transaction was finally concluded with Senseman Investments (Private) Limited for a total consideration of US$ 1,500,000 on the 5th of February 2016. The proceeds from the transaction have been committed to settle one of the lenders that was secured by the investment.

Disposal of the Investment of Star Africa in THB

The disposal of the Company's shareholding in THB is subject to restrictions that require Tongaat Hullet Limited to approve or veto a new incoming shareholder should Star Africa decide to sell its shares in THB as set out in the shareholders' agreement and the right of first refusal to acquire shares available for sale by existing shareholders as set out in the articles of association. Notwithstanding that, a number of potential investors expressed firm interest to purchase but no transaction could be concluded because none of them were approved by remaining shareholders. Efforts regarding the disposal have been suspended pending clarity from the remaining shareholders on the profile of a potential investor that will be acceptable to them.

As a result of the delays experienced in implementing the Initial Scheme, Star Africa's most recent statement of financial position shows an increase in the amounts due to lenders and creditors. The increase in amounts due to creditors and lenders from 2013 to 2016 is predominately due to:

- Debt raised by Star Africa to finance the plant upgrade;
- Interest charges on the balances outstanding since the Initial Scheme; and
- Operating losses incurred by Star Africa since 2013.

Table 2 shows the amounts due to creditors and lenders at 31 March 2016 and at the time of the Initial Scheme.

Table 2: Overview of amounts due to creditors and lenders

Details	31 March 2016	Initial Scheme
Scheme Creditors	**US$**	**US$**
Raw sugar supplier	10,698,152	7,692,554
Secured and concurrent lenders	44,339,508	27,523,217
Concurrent creditors	16,311,610	5,620,183
Total	**71,349,270**	**40,835,954**

Whilst they are satisfied with the progress realised in the upgrade of the sugar refining plant, and the refining efficiencies and the improved quality of sugar being realised from the plant, the board of directors of Star Africa ("the Directors" or "the Board") acknowledge that the solvency and liquidity position of the Company's balance sheet has deteriorated. Further, the Directors resolved that the Company has to restructure its balance sheet and secure new financial resources for working capital and for the refurbishment of the old section of sugar refining plant.

1.2 Rationale for the Proposed Transaction

As indicated in the preceding paragraph, the rationale for the Proposed Transaction is underpinned by the need for the Company to restructure its balance sheet and secure new financial resources for working capital and for the refurbishment of the old section of sugar refining plant.

Securing Financial Resources for Working Capital and Refurbishment of the Old Section of the Plant

The Company has negotiated facilities with the following financial institutions:

Table 3: Star Africa expected working capital facilities

Details	US$
NSSA facility	1,500,000
BancABC facility	1,000,000
Total	**2,500,000**

The African Banking Corporation Zimbabwe Limited ("BancABC") facility is for working capital. A term sheet has been signed with BancABC. Given the liquidity and solvency status of the Company, BancABC has made the facility conditional on the Proposed Transaction.

The NSSA facility is for both working capital and to refurbish the old section of the Harare sugar refinery. NSSA funded the upgraded section of the plant under two funding and lease agreements. The funding agreement was structured at an interest rate of 15% per annum but with the interest accrual being deferred. The lease agreement is structured to become effective upon commissioning of the upgraded section of the plant.

Pursuant to a desire by the Company for the Harare sugar refinery to be owned by the Company in its entirety, and a desire by NSSA to consolidate the two facilities, NSSA and the Company have agreed to terminate the lease agreement and to consolidate the two loans. A term sheet has been signed between Star Africa and NSSA. The term sheet is subject to the Proposed Transaction.

Restructure of the Balance Sheet of the Company

As part of initiatives to strengthen the balance sheet of financial institutions, GoZ and the Reserve Bank of Zimbabwe established the Zimbabwe Asset Management Corporation Limited ("ZAMCO") to purchase non-performing loans owed to financial institutions by private sector corporations. Pursuant to their mandate, ZAMCO has concluded negotiations to purchase the loans due by Star Africa to the following financial institutions:

Table 4: Non performing loans owed to financial institutions to be acquired by ZAMCO

Details	US$
BancABC	15,811,562
Afreximbank	10,919,467
Infrastructure Development Bank of Zimbabwe	2,158,828
Stanbic Bank Zambia	602,846
Intermarket Bank Zambia	659,099
Afri Asia Bank Zimbabwe Limited	2,545,758
Total	**32,697,561**

The Company has in turn signed a term sheet with ZAMCO to restructure the loans set out in the table above. The purchase of the loans by ZAMCO and the restructuring of the loans is subject to the Proposed Transaction.

1.3 The Proposed Transaction

The Board is proposing, as a single composite transaction, a series of transactions that will achieve the following objectives:
- a six month standstill period within which instalments on the amounts due are deferred in order to allow for the business stabilisation and the build up of cash flows that will be used to service the restructured debt going forward;
- the restructure of the Company's debt owed to secured lenders (banks and financial institutions) through the issue of a 8 year, 7%, secured, cumulative, redeemable, convertible, voting preference shares to ZAMCO; and
- raising new working capital for the Company.

The Board believes that the Proposed Transaction will assist in placing the Company on the path to recovery. The mechanics of the Proposed Transaction are set in further detail in section 2.

2. Mechanics of the Proposed Transaction

2.1 Mechanics of the Members Scheme

The starafricacorporation Limited ("Star Africa") shareholders will be invited to attend an EGM where Star Africa shareholders will consider and, if deemed fit, to pass, with or without amendment (s), the following ordinary and special resolution:
- Increase the Company's authorised ordinary share capital;
- Creation of authorised preference shares;
- Waiver of rights of pre-emption relating to the conversion of preference shares and loans into equity at stated conversion prices;
- Approval of issue of preference shares to ZAMCO pursuant to the acquisition of certain loans from financial institutions under the scheme of arrangement;
- Approval of the terms of the related party transaction regarding the convertible loan with NSSA; and
- Increase the borrowing powers of the Company or waiver of exceeding of such borrowing powers pursuant to the Scheme of Arrangement and new working capital raised from NSSA and BancABC.

The fulfilment of the Conditions Precedent together with the granting of the requisite approval by the various scheme members, Star Africa shareholders and the approval of the Secondary scheme by the High Court shall result in the Secondary scheme becoming binding upon Star Africa, Star Africa's creditors and Star Africa's shareholders.

2.2 Mechanics of the ZAMCO Scheme

The Company has entered into an agreement with ZAMCO where ZAMCO has acquired Star Africa's indebtedness with the secured and unsecured lenders amounting to US$ 32,697,561. The ZAMCO Scheme is comprised of the following balances:

Table 5: Non performing loans owed to financial institutions to be acquired by ZAMCO

Financial Institutions	USD
BancABC	15,811,562
Afreximbank	10,919,467
Infrastructure Development Bank of Zimbabwe	2,158,828
Stanbic Bank Zambia	602,846
Intermarket Bank Zambia	659,099
Afri Asia Bank Zimbabwe Limited	2,545,758
Total	**32,697,561**

In terms of the ZAMCO Scheme it is proposed that Star Africa will enter into a stand still arrangement with ZAMCO in terms of which all amounts due are deferred for 6 (six) months counting from the month following that in which the scheme of arrangement is sanctioned by the Court. Star Africa will issue to ZAMCO cumulative, convertible, secured, redeemable Preference Shares with a tenure of 8 (eight) years and a coupon rate of 7% per annum payable quarterly in arrears. The preference shares are redeemable or convertible into ordinary shares of Star Africa after 8 (eight) years. The Preference shares are convertible into Star Africa ordinary shares at the option of ZAMCO and at a conversion rate of one ordinary share per one preference share. The conversion price will be adjusted with the accrued interest and any dividend paid to ordinary shares before the date of conversion. At present ZAMCO dose not intend to convert its preference shares into Star Africa ordinary shares. However, should ZAMCO elect to convert the preference shares into ordinary shares in the future and in the process breach the 35% shareholding level, ZAMCO will comply with the ZSE Listing Requirements regarding mandatory offers to minority shareholders.

The table 6 provides the terms of the preference shares to be issued to ZAMCO under the Scheme of Arrangement:

Table 6: Salient details of the ZAMCO term sheet

Item	Terms
Type of Instrument	Convertible, Redeemable and Cumulative Preference Shares
Nominal value of the Preference shares	US$0,0001
Redemption Terms	Redeemable after a maximum of 8 (eight) years. Can be redeemed earlier at the option of the Issuer (Star Africa).
Dividend	7% per annum payable semi-annually.
Convertibility	Convertible at any time at the option of the Holder (ZAMCO).
Conversion Price	The preference shares can be converted into ordinary shares at a conversion rate of one ordinary share per one preference share.
Security	Preference shares will be secured by a mortgage bond on certain of the properties of the Issuer currently held by the financial institutions from which the debt is acquired.
Voting Rights	The preference shares would have the following voting rights: i. Amending or repealing any provision in the memorandum and articles of association of the Issuer ii. Authorising the creation of a new class of shares iii. Changes in the Issuer including but not limited to mergers or consolidations of the Issuer with any other company iv. Taking of any action that may be considered prejudicial to ZAMCO as the preferred shareholder v. Save for the conversion of shares agreed under the envisaged scheme of arrangement, issue of any ordinary shares or convertible securities by the Issuer For the purposes of exercising the voting rights in relation to the above, each preference share shall rank the same as each ordinary share.
Right of First Refusal	ZAMCO will have the right to purchase a pro rata amount of convertible, redeemable, secured cumulative preference shares such that at conversion ZAMCO will maintain its voting rights and theoretical shareholding (assuming 100% conversion of preference shares at the date of issue) in Star Africa offered by the Issuer, on the same terms and conditions and at the same price as offered to existing shareholders or third party investors.
Board Representation	ZAMCO shall appoint two persons to the board of directors of the Issuer.

2.3 Mechanics of the NSSA Scheme and the consolidated loan transaction

In 2012 NSSA advanced Star Africa a loan of US$ 7,085,459 to facilitate the upgrade of part of the Harare Refinery. The substance of the funding arrangement resulted in NSSA owning the upgraded section of the Harare Refinery with Star Africa leasing the plant from NSSA under a structured finance arrangement on successful commissioning of the upgraded plant. The loan would have tenure of three years and an effective interest rate of 15%. The loan amount was reduced to US$6,287,715 after a repayment of US$ 770,744 received from a VAT refund. Though a number of positive developments regarding the upgrading of the plant have occurred the upgraded refinery is yet to be commissioned.

In order to ensure that the Company effectively owns and controls the core part of its business operations, Star Africa is proposing to terminate the lease arrangement and replace it with a simple loan agreement.

As part of the agreement to terminate the lease, Star Africa has agreed to compensate NSSA for the value lost to NSSA though the delay in the commissioning of the plant and the interest that ultimately did not accrue to NSSA under the original agreement. The value lost to NSSA has been determined using the principle of time value of money and has been calculated using an interest rate of 15% from the date the loan was advanced to Star Africa. Ultimately the total value has been determined to be US$ 3,731,215. NSSA and Star Africa have agreed to cap the principle and the lost value to a maximum amount of US$10,000,000.

At Star Africa's request, NSSA has agreed to provide further funding of US$ 1,500,000 for refurbishing the un -upgraded 40% of the plant and for working capital which will be required as throughput from the plant is increased.

It has also been agreed that the US$10,000,000 will be combined with the new US$ 1,500,000 funding into a new convertible consolidated loan. The salient terms of the consolidated loan are provided in table 7.

Table 7: Salient terms of the consolidated NSSA loan

Item	Terms
Type of Instrument	Secured and Convertible Loan
Repayment Terms	5 Years
Interest Rate	10% per annum payable quarterly. The interest for the first two quarters is capitalised.
Convertibility	The loan is convertible at any time within the first 3 years of the loan, at the sole option of NSSA.
Conversion Price	US$ 0,0075 cents per share which is the price determined to be fair and reasonable by the independent financial advisor. The conversion price will be adjusted for interest paid or accumulated at the time of the conversion.
Arrangement Fees	2.5% of the loan value. The fees will be capitalised to the loan principal
Security	i. Notarial General Covering Bond over the Harare Sugar Refinery Plant ii. Second Mortgage over the land and buildings at which the plant is erected. iii. Subject to existing escrow account commitments, escrow bank account to which receivables from the biggest customers are deposited.
Voting Rights	None
Right of First Refusal	None
Board Representation	NSSA appoints two members to the board of directors of Star Africa for the duration of the loan

2.4 Mechanics of the Raw sugar supplier Secondary Scheme

In the Raw sugar supplier Scheme Star Africa will maintain the terms of the scheme of arrangement agreed to in the Initial Scheme between the Company and ZSS. Thus Star Africa and ZSS will enter into a standstill arrangement in which the payment of all amounts due is deferred for six (6) months counting from the date the Secondary Scheme is registered. Part payment of the proceeds of the disposal of THB after the standstill arrangement as follows:

a) The lower of 50% of the outstanding balance due to the secured raw sugar supplier and 50% of the proceeds from the disposal of the entire 33.33% shareholding of Star Africa in THB. Given the constraints reffered to in Section 1. 1, Star Africa does not anticipate the disposal of its shareholding in THB to be concluded within the next 12 months.

b) Interest will be paid at the lower of the current interest rate charged by the Raw sugar supplier and 10% per annum.

c) The expected date of repayment is eighteen (18) months from the date the Secondary Scheme is sanctioned with a conditional option for Star Africa to extend the date of settlement by a further six (6) months.

d) As the cash generative potential of the business gradually improves, Star Africa proposes to pay ZSS proportionate share of the 70% of the cash flow generated from operations.

2.5 Mechanics of the BancABC Scheme

In the BancABC scheme, the Company will enter into an agreement where BancABC will provide Star Africa with US$ 1,000,000 in new working capital facilities. The facility will have a grace period in which the payment of all amounts is deferred for six (6) months counting from the month following that in which the Scheme is registered. The facility will carry an interest rate of 9% per annum and will fall due in six (6) years.

2.6 Mechanics of the Employee Scheme

Star Africa will enter into a Scheme with its employees in terms of which the outstanding salaries and wages will be settled in 16 months at the rate of 50% of the monthly arrears per month. The table 8 provides the terms of the loan instrument to be issued to Employees under the Scheme of Arrangement:

Table 8: Salient terms of the Employee scheme

Item	Terms
Type of Instrument	Unsecured Loan
Repayment Terms	Payable over a Maximum of 16 Months
Interest Rate	No Interest
Convertibility	Not Convertible
Conversion Price	Not Applicable
Arrangement Fees	None
Security	None
Voting Rights	None
Right of First Refusal	None
Board Representation	None

2.7 Mechanics of the Concurrent creditor Secondary Scheme

The outstanding balance due to concurrent creditors is comprised of the following balances:

Table 9:summary of amounts owed to Concurrent creditors

Details	US$
Statutory Creditors	5,258,724
Other Concurrent Creditors	9,171,160
Total	**14,429,885**

In the Concurrent creditors Scheme of Arrangement Star Africa will divide the Concurrent creditors into Statutory creditors (that will include ZIMRA, ZESA, NSSA and the Harare City Council) and other Concurrent creditors. The US$ 5,258,724 owed to Statutory creditors will be restructured on terms agreed on a bilateral basis. For the other Concurrent creditors Star Africa will enter into a scheme where concurrent creditors will be issued with 5 year, 7% loan that will be convertible into Star Africa shares at the option of the holder. Interest on the loan will be capitalised for the first two quarters. The loan will be unsecured and will not carry voting rights.

The table below provides the terms of the loan instrument to be issued to Concurrent under the Scheme of Arrangement:

Table 10: Salient details of the Concurrent creditor scheme

Item	Terms
Type of Instruments	The two loans are shown below: **Details US$** (i) Loans to Statutory Creditors 5,258,724 (ii) Loans to other Concurrent Creditors 9,171,160 Total **14,429,885**
Repayment Terms	i. For statutory creditors the repayment terms are agreed on a bilateral basis. The agreement with each of the statutory creditors is available for inspection. ii. Five Years for the loan to other concurrent creditors.
Interest Rate	i. For statutory creditors the interest rate terms are agreed on a bilateral basis. ii. For other Concurrent creditors, 7% per annum payable quarterly. The interest for the first two quarters is capitalised.
Convertibility	i. For Statutory Creditors, no conversion ii. For other concurrent creditors, the loans are convertible at any time within the five years of the loan, at the sole option of the other concurrent creditors.
Conversion Price	i. For Statutory Creditors, conversion price is not applicable ii. For other Concurrent creditors, the conversion price at US$ 0,0125 cents per share which is the price determined to be fair and reasonable by the independent financial advisor. The conversion price will be adjusted for interest or accumulated at the time of the conversion.
Arrangement Fees	None
Security	None
Voting Rights	None
Right of First Refusal	None
Board Representation	None

3. Effects of the Proposed Transaction

3.1 Shareholding

Table 11 provides an overview of the amounts owed to the Secondary scheme members, the conversion price of the convertible debt and preference shares and the numbers of shares that will be issued to the Secondary scheme members should they elect to convert 100% of their debt into Star Africa shares.

Table11: Overview of shares that Secondary scheme members will hold should they convert 100% of their debt

Scheme member	Amounts owed in US$	Conversion Share Price	Number of shares to be issued at conversion
ZAMCO	32,697,561	US$ 0,0075 per share	2,615,804,864
NSSA	11,500,000	US$ 0,0125 per share	1,533,333,333
Concurrent creditors	9,171,160	US$ 0,0075 per share	733,692,822
Total	**53,368,721**		**4,882,831,019**

Table 12 provides an overview of the expected changes in Star Africa's shareholding should the Proposed Transaction be approved by shareholders and should the Secondary scheme members elect to convert 100% of their debt into Star Africa shares.

Table 12: Summary of Star Africa shareholder register post transaction

Details	Number of shares	Percentage shareholding
Current Shareholders		
NSSA	124,838,354	24.08%
Old Mutual Life Assurance Company of Zimbabwe Limited	55,612,812	10.73%
Turner Roy	37,433,567	7.22%
ZSR Investments (UK) Limited	36,398,500	7.02%
National Railways of Zimbabwe Contributory Pension Fund	30,742,619	5.93%
JS Mutizwa Family Trust	26,765,847	5.16%
Others minority shareholders	206,677,421	39.86%
Total number of shares as at Last practicable date	**518,469,120**	**100.00%**

Details	Number of shares	Percentage shareholding
Current Shareholders		
Shareholding post Secondary Scheme		
ZAMCO	2,615,804,864	48.43%
NSSA scheme shares	1,658,171,687*	30.70%
Concurrent Creditors	733,692,822	13.58%
Total scheme shares to be issued	5,007,669,373	
Current Star Africa shareholders	393,630,766**	7.29%
Total number of shares post transaction	**5,401,300,139**	**100.00%**

*NSSA shareholding includes shares it currently holds plus shares that may be issued post transaction

** Current Star Africa shareholders number of shares excludes shares that NSSA currently owns which has been included in NSSA's consolidated shareholding post transaction.

The effect of the Proposed Transactions on the Company's statement of financial position is presented in Section 4.1 Proforma financial information.

4. Financial Information

4.1 Pro forma financial information

The information set out in this paragraph should be read in conjunction with the report of the Independent Reporting Accountants on the Unaudited Proforma Financial Information of Star Africa set out in the full circular to shareholders. The proforma financial information presented below is for illustrative purposes only and due to its nature, cannot give a complete picture of the financial position of the Company after the Proposed Transaction.

PROFORMA STATEMENT OF FINANCIAL POSITION

	As at 31 March 2016 US$	Adjustments 1	Proforma 1 2016 US$	Adjustments 2	Proforma 2 2016 US$	Adjustments 3	Proforma 3 2016 US$
ASSETS							
Non-current assets							
Property, plant and equipment	21,453,985		21,453,985		21,453,985		21,453,985
Investment property	7,295,000		7,295,000		7,295,000		7,295,000
Investment in an associate	1,857,524		1,857,524		1,857,524		1,857,524
Investment in subsidiaries	-		-		-		-
	30,606,509		30,606,509		30,606,509		30,606,509
Current assets							
Inventories	2,762,806		2,762,806		2,762,806		2,762,806
Trade and other receivables	3,632,704		3,632,704		3,632,704		3,632,704
Prepayments and deposits	424,435		424,435		424,435		424,435
Cash and cash equivalents	663,591		663,591	2,500,000	3,163,591		3,163,591
	7,483,536		7,483,536		9,983,536		9,983,536
Assets held for sale	-		-		-		-
	7,483,536		7,483,536		9,983,536		9,983,536
Total assets	38,090,045		38,090,045		40,590,045		40,590,045
EQUITY AND LIABILITIES							
Equity attributable to equity holders of the parent							
Issued capital	51,847		51,847		51,847	488,283	540,130
Share premium	9,563,834		9,563,834		9,563,834	63,578,590	73,142,424
Non-distributable reserves	24,249,227		24,249,227		24,249,227		24,249,227
Accumulated losses	(75,628,086)	(3,187,788)	(78,815,874)		(78,815,874)		(78,815,874)
Reserves of disposal group classified as held for sale	-		-		-		-
	(41,763,178)		(44,950,966)		(44,950,966)		19,115,907
Non-controlling interest	1,608,671		1,608,671		1,608,671		1,608,671
Total equity	(40,154,507)		(43,342,295)		(43,342,295)		20,724,578
Non-current liabilities							
Borrowings	6,287,715	3,712,285	10,000,000	55,066,873	65,066,873	(64,066,873)	1,000,000
Deferred tax liability	1,798,723		1,798,723		1,798,723		1,798,723
	8,086,438		11,798,723		66,865,596		2,798,723
Current liabilities							
Bank overdraft	904,753		904,753		904,753		904,753
Trade and other payables	29,151,852		29,151,852	(23,600,461)	5,551,391		5,551,391
Loans and borrowings	39,107,047	(524,497)	38,582,550	(28,966,412)	9,616,138		9,616,138
Income tax payable	994,462		994,462		994,462		994,462
	70,158,114		69,633,617		17,066,744		17,066,744
Liabilities associated with assets held for sale	-		-		-		-
	70,158,114		69,633,617		17,066,744		17,066,744
Total equity and liabilities	38,090,045		38,090,045		40,590,045		40,590,045
Net asset value per share	(0.077)				(0.084)		0.004

Notes on Adjustment 1

Time value of money adjustment calculated at 15.0% per annum from the date the funding was disbursed as was envisaged from the funding agreement. The time value of money adjustment is pursuant to the proposed transfer of legal ownership of the upgraded section of the plant from NSSA to Star Africa.

Notes on Adjustment 2

Restructuring of amounts due to lenders and creditors from short to long term loans under the proposed Secondary Scheme of Arrangement. Also includes US$2,5 million of funding facilities, which are subject to the proposed Secondary Scheme of Arrangement

Short term borrowings comprise restructured balances due to employees, statutory creditors and PTA Bank.

Notes on Adjustment 3

Effect on the balance sheet in the event that the holders of the debt instruments decide to convert their debt into equity in terms of the Secondary Scheme of Arrangement

5. Fair and reasonable opinion

Grant Thornton Camelsa Advisory Servcies (Private) Limited ("Grant Thornton") has been appointed as the Independent Financial Advisor and has considered the terms and conditions of the NSSA Scheme. Grant Thornton is of the opinion that the NSSA scheme is fair and reasonable to the shareholders of Star Africa. Grant Thornton has advised the Board of their view by way of a letter, copy of which is set out in the full circular to shareholders.

6. Conditions Precedent to the Proposed Transactions

The Proposed Transaction is subject to the following conditions precedent being fulfilled:

1. Shareholder's approval of the Ordinary and Special Resolutions to be tabled at the EGM;
2. The Members scheme being approved by the required majority;
3. The ZAMCO scheme being approved by the required majority;
4. The Raw sugar supplier scheme being approved by the required majority;
5. The NSSA scheme being approved by the required majority;
6. The Concurrent creditors scheme being approved by the required majority;
7. The BancABC scheme being approved by the required majority;
8. The Employee scheme being approved by the required majority;
9. The Secondary schemes being sanctioned by the High Court in terms of Section 191 of the Companies Act; and
10. The registration of the Secondary Scheme of Arrangement with the Registrar of Companies.

7. Consequences of not approving and undertaking the Proposed Transaction

The Company has not met all the terms of the Initial Scheme which was sanctioned in August 2013. In the event that the Proposed Transaction is not implemented, the going concern status of Star Africa will be in significant doubt as the Company may struggle to finance its day to day operations and to meet its obligations in a timely manner.

8. Future prospects

Plant Upgrade

Installation of this equipment, integration of the new and old equipment and commissioning of the upgraded plant are expected to be achieved by 31 December 2016. Since GCS has been on site, throughput has improved from around 250 tonnes per day to around 400 tonnes per day. Sugar quality also improved significantly to a level where 80% of production is below 45 ICUMSA. While the Company has seen some improvement on efficiencies (process loss is averaging 7% and coal usage has been reduced by 25%), these are expected to improve to the parameters agreed in the contract. However this performance will only be consistently achieved after the old section of the plant has been refurbished. The refurbishment, which will commence once the US$ 1,500,000 funding is received from NSSA, is expected to be completed by year end 2016.

Post year end update on performance focusing on average volumes refined

Since completion of the installation of the new equipment of the Harare refinery, and the hiring of GCS to optimise, refurbish the old section of the Harare Refinery, and commission the upgraded Harare Refinery, the quality of refined sugar has improved considerably. The quality of the refined sugar, which is measured in terms of ICUMSA measure of quality, has improved so much that more than 80% of all refined sugar produced is below 45 ICUMSA. The minimum standard for retail consumption grade sugar is 60 ICUMSA, and for bottling grade sugar is 45 ICUMSA.

Production of refined sugar has increased from about 1,120 tonnes in April 2016 to 5,085 tonnes in September 2016. Given that the Harare Refinery has a current capacity of 300 tonnes a day, which translates to 2,100 tonnes 7-day per week and 8,400 tonnes per 4-week month, the production in April 2016 represents 42% capacity utilisation.

Prospect for the business going forward

The Board is optimistic of the Company's medium to long term prospects. The commissioning of the upgraded plant will allow the full plant to operate at the right throughput and efficiency allowing the Company to produce at above breakeven levels of production and lower the overall cost of production. The working capital required for the anticipated level of production is to be provided by NSSA and BancABC as part of this transaction.

The Company has adopted a two-pronged strategy for its industrial and retail customers to ensure that increased production of sugar will be absorbed by the market. The marketing strategy adopted by Star Africa includes the following key initiatives:

- Leveraging on the conditional issue of import licences by the Government, Star Africa is actively seeking to conclude supply agreements with industrial customers;
- To build market confidence Star Africa intends to build its stock levels until the Company is holding not less than 2,500 tonnes of bottler-grade sugar at any time;
- An agreement has been signed with National Foods Holdings Limited ("National Foods") for Star Africa to use the National Foods distribution network to reach retail customers at a national level; and
- Star Africa has identified 10 regional and national wholesalers that have been designated as key customers within the retail channel. The Company is progressing initiatives to sign long term distribution and customer agreements where appropriate to increase volume throughput.

The Board and management also anticipate that the balance sheet restructuring exercise, if successful, will impact positively on the Company's profitability and cash flow position.

8.1 Historical financial information

Historical financial information of Star Africa

Below are extracts from the audited financial statements of Star Africa for the years ended 31 March 2012 to 31 March 2016. The information should be read in conjunction with the Independent Reporting Accountants' Report on Star Africa's historical financial performance, in full circular to shareholders.

STATEMENTS OF PROFIT OR LOSS FOR THE PERIODS ENDING 31 MARCH

	2016 US$	2015 US$	2014 US$	2013 US$	2012 US$
Revenue	18,682,052	9,291,076	9,313,289	24,314,615	57,581,436
Cost of sales	(16,495,131)	(8,088,915)	(7,787,843)	(22,520,223)	(52,939,314)
Gross Profit	**2,186,921**	**1,202,161**	**1,525,446**	**1,794,392**	**4,642,122**
Other income	253,950	597,005	524,493	185,019	748 395
	(199,440)	-	-	-	-
Gain on investment property -	-	-	48,000	508 000	
Administrative expenses	(7,150,827)	(6,022,996)	(8,446,440)	(10,273,522)	(11,848,219)
Operating profit	**(4,909,396)**	**(4,223,830)**	**(6,396,501)**	**(8,246,111)**	**(5,949,702)**
Restructuring costs	-	-	-	-	(795 805)
Loss on disposal of subsidiary	-	-	-	(53,368)	-
Impairment loss	-	-	(1,377,043)	(1,094,993)	-
Finance costs	(5,550,635)	(3,928,643)	(4,786,967)	(5,326,341)	(2,837,884)
Finance income	68	192	1,906	6,659	74 276
Share of profits of an associate	932,291	781,696	1,088,249	,195,997	1 358 810
Profit before tax	**(9,527,672)**	**(7,370,585)**	**(11,470,356)**	**(13,518,157)**	**(8,150,305)**
Tax credit/(expense)	65,152	(202,515)	(286,371)	(2,593,738)	1,911,194
Loss for the year	**(9,462,520)**	**(7,573,100)**	**(11,756,727)**	**(16,111,895)**	**(6,239,111)**
Discontinued operations					
Loss after tax from discontinued operations	(770,490)	368,439	(255,896)	(358,177)	(2,196,504)
Loss for the year	**(10,233,010)**	**(7,204,661)**	**(12,012,623)**	**(16,470,072)**	**(8,435,615)**

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH

	2016 US$	2015 US$
ASSETS		
Non-current assets	30,606,509	31,310,103
Property, plant and equipment	21,453,985	21,768,665
Investment property	7,295,000	7,425,376
Investment in associate	1,857,524	2,116,062
Current assets	7,483,536	4,140,154
Disposal Company held for sale	-	2,645,019
TOTAL ASSETS	**38,090,045**	**38,095,276**
EQUITY AND LIABILITIES		
Equity	**(40,154,507)**	**(30,622,033)**
Attributable to equity holders of the parent	(41,763,178)	(32,230,704)
Non-controlling interest	1,608,671	1,608,671
Non-current liabilities	8,086,438	9,686,255
Loans and borrowings	6,287,715	7,672,517
Differed tax liability	1,798,723	2,013,738
Current liabilities	70,158,114	56,459,130
Loans and borrowings	40,011,800	31,901,370
Other	30,146,314	24,557,760
Disposal Company held for sale	-	2,571,923
TOTAL EQUITY AND LIABILITIES	**38,090,045**	**38,095,276**

STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2016

	2016 US$	2015 US$
Operating activities		
Cash generated/(used) in operations	506,232	(944,426)
Finance income received	386	-
Finance cost paid -continuing operations	(1,371,647)	(152,263)
Finance cost paid -discontinued operations	-	(148,226)
Taxation paid	(46,517)	(39,932)
Net cash flows used in operating activities	**(911,924)**	**(1,284,462)**
Investing activities		
Acquisition of property, plant and equipment-continuing operations	(24,681)	(1,274,233)
Acquisition of property, plant and equipment-discontinuing operations	-	(1,529)
Dividends received from associate	883,820	758,711
Proceeds on disposal of investment property	-	-
Proceeds on disposal of property, plant and equipment	135,734	-
Proceeds on disposal of assets held for sale	-	20,722
Proceeds on disposal of business net of cash disposed of	291,145	-
Net cash flows (used)/generated from investing activities	**1,286,018**	**(496,328)**
Financing activities		
Payment of long term loans	(300,000)	-
Proceeds from long term loans	-	1,542,712
Net cash flows generated from financing activities	**(300,000)**	**1,542,712**
Net decrease in cash and cash equivalents	74,094	(238,078)
Cash and cash equivalents at 1 April	(315,256)	(77,178)
Cash and cash equivalents at 31 March	**(241,162)**	**(315,256)**

Abridged Circular To Shareholders

CONCERNING

A COMPOSITE SECONDARY SCHEME OF ARRANGEMENT

starafricacorporation limited

Power of Partnerships

8.2 Dividends

The Company has not paid dividends in the last five years and due to the requirement to conserve cash within the Company and the impact of the tough trading environment which is expected to continue for the remainder of the financial year and over the medium term, the Directors are of the opinion that the declaration of a dividend for the year ending 31 March 2016 will not be in the best interests of the Company.

8.3 Director's interests in Star Africa ordinary share

As at Friday 30 September 2016, (being the last practicable date before the publication of this document), the direct and indirect interests of the Directors in Star Africa shares were as follows:

Table 13:Director's shareholding in Star Africa as at the last prectionable date

Name	Number of Star Africa shares held		
	Last Practicable date	31 March 2016	31 March 2015
Mr. Joseph S. Mutizwa	26,765,847	26,765,847	26,765,847
Mr. Rungamo J. Mbire	-	-	-
Mr. Regis V. Mutyiri	-	-	-
Mr. Timothy N. Chiganze	8,119	8,119	8,119
Mr. Kaynos M. Chipangura	-	-	-
Mr. Aldo J. Musemburi	-	-	-
Ms. Tsitsi Mutasa	-	-	-
Mr. Bekithemba L. Nkomo	-	-	-
Mr. Mavllas Sibanda	-	-	-

8.4 Other listings

The Company's shares are listed on the Zimbabwe Stock Exchange and are not listed on any other stock exchange.

8.5 Share capital

Share options

The Company has no share options at the date of this document.

Variation of rights

According to Article 7 of Star Africa's Articles of Association, the rights attached to any class of securities issued by the company may be modified, abrogated or varied with the consent in writing of the holders of three-fourths of the nominal amount of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

8.6 Adequacy of capital and working capital statement

The Working Capital Adequacy Statement is prepared from internal forecast financial information

Key assumptions

The key assumptions used for the working capital adequacy statement are set out below:

a) Raw sugar, cartage and coal purchases are subject to the existing del credere agreement with ZSS in which the purchase prices for raw sugar, cartage and coal are paid when related refined sugar is sold and cash collected from customers.

b) Collection of cash from customers has been assumed at 1.25 months.

c) All other payments to labour and other suppliers are assumed to be in the month in which the costs are incurred.

d) Employee costs are assumed to be paid 1.5 times the budgeted costs. This is done to clear the eight months' backlog in salaries and wages payments.

e) The head office costs have been assumed to comprise of labour and payments included in the capital adequacy statement at 1.5 times. Labour costs comprise a significant portion of head office costs.

Star Africa will be able to fund the working capital gap using proceeds of facilities from NSSA and BancABC. A funding gap that is higher than the new capital to be raised from NSSA and Banc ABC only arises if:

a) the del credere arrangement is terminated; and

b) Star is required to pay for raw sugar, coal and cartage before cash is collected from customers.

Given the strategic importance of Star Africa as the route to the market for refined sugar in the local market, Star Africa is confident that the del credere arrangement will not be terminated without its consent. Star Africa is consequently confident that the arrangements put in place are sufficient to ensure that the working capital position of the business will remain fully funded.

8.7 Major shareholders

According to the information received by the Directors, the following table details the Company's major shareholders beneficially holding share directly or indirectly in Star Africa as at Friday 30 September 2016 being the Last Practicable Date:

Table 14:Summary of Star Africa's major shareholders as at the Last practionable date

Shareholder		Shares held as at the Last practicable date	% of Total
NSSA		124,838,354	24.08%
Old Mutual Life Assurance	55,612,812	10.73%	
Turner Roy		37,433,567	7.22%
ZSR Investments (UK) Limited		36,398,500	7.02%
National Railways of Zimbabwe CPF		30,742,619	5.93%
JS Mutizwa Family Trust		26,765,847	5.16%
Others		206,677,421	39.86%
Total		**518,469,120**	**100.00%**

9. Experts consents

Imara Corporate Finance, Imara Edwards Securities, Ernst & Young, Grant Thornton , DMH and FTS have given and not withdrawn their consents to the issue of this Abridged Circular with the inclusion of their names and reports in the form and contexts in which they appear.

10. Documents available for inspection

Copies of the following documents will be available for inspection at the registered office of Star Africa as well as at the offices of Imara Corporate Finance during normal business hours on any business day up to and including the date of the EGM.

- The Memorandum and Articles of Association of Star Africa;
- The term sheet and all addendums outlining the terms of the debt restructure between NSSA and the Company;
- The agreement between Star Africa and ZAMCO outlining the terms of the assumption of the debt;
- The audited financial statements of Star Africa for the years ended 31 March 2012, 2013, 2014, 2015 and 2016;
- The Independent Accountants Report on the historical financial information of Star Africa;
- The Independent Reporting Accountants Reports on the Proforma financial information on Star Africa;
- The report of the Independent Financial Advisor; and
- Signed letters of consent from the advisors.

11. Directors' responsibility statement and voting recommendation

The Directors, whose names appear below, collectively and individually accept full responsibility for the accuracy of the information given herein, and certify that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading, and that they have made all reasonable enquiries to ascertain such facts.

The Directors believe the Proposed Transaction to be in the best interests of Star Africa and its shareholders The Directors are not aware of any information that would lead them to believe that the Proposed Transaction are part of a takeover bid.

The Directors of Star Africa whose names are given below collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts and (if applicable) that the Circular contains all information required by law.

Signed on the original document at Harare this Friday 30 September 2016 by the Directors:

Name	Position	Signed on original document
Mr. J. S. Mutizwa	Chairman	(Signed)
Mr. R. J. Mbire	Deputy Chairman	(Signed)
Mr. R. V. Mutyiri	Chief Executive Officer	(Signed)
Mr. T. N. Chiganze	Non-Executive Director	(Signed)
Mr. K. M. Chipangura	Finance Director	(Signed)
Mr. A. J. Musemburi	HR, Legal and Administration Director	(Signed)
Ms. T. Mutasa	Non-Executive Director	(Signed)
Mr. B. L. Nkomo	Non-Executive Director	(Signed)
Mr. M. Sibanda	Non-Executive Director	(Signed)

Signed on Original

Yours faithfully

Chairman of the Board of Directors

NOTICE OF THE EXTRAORDINARY GENERAL MEETING OF THE MEMBERS OF STAR AFRICA CORPORATION LIMITED

Notice is hereby given that an Extraordinary General Meeting ("EGM") of the members of the Company will be held at 09:00 hours on Thursday 17 November 2016, at Chapman Golf Club, Samora Machel Avenue, Eastlea, Harare, , to consider and, if thought fit, to adopt, with or without amendment, the following Resolutions:

RESOLUTION 1- SPECIAL RESOLUTION:

To consider and, if thought fit, to pass, with or without amendment (s), the following as a Special Resolution:

THAT, in terms of the Company's Articles of Association, the authorised share capital of the Company be and is hereby increased, from 80,000 (eighty thousand United States dollars) comprising 800,000,000 (eight hundred million) Ordinary Shares of a nominal value of US$0,0001 per share, to 900,000 (nine hundred thousand United States dollars) comprising 6,000,000,000 (six billion) Ordinary Shares of a nominal value of US$0,0001 each, and 3,000,000,000 (three billion) secured, redeemable, cumulative, convertible, voting Preference shares.

The conditions attached to the Preference shares are as follows:

a. The shares shall be convertible to ordinary shares at the option of the holders at a price at the higher of current market price or fair and reasonable price as determined by an independent expert. The conversion price will be adjusted for preference dividend paid or accumulated at the time of the conversion.

b. The shares shall be redeemable after a maximum of 8 (eight) years or earlier at the option of the Company.

c. The holders of the shares shall be entitled to a cumulative dividend at the rate of 7% per annum payable semi-yearly.

d. The holders of the shares will have the following voting rights:

  i. In resolutions amending or repealing any provision in the memorandum and articles of association.

  ii. In any resolution authorising the creation of a new class of shares.

  iii. In any resolution to effect changes in the Company including but not limited to mergers or consolidations of the Company with any other company.

  iv. In any resolution that may be considered pre-judicial to the holders thereof.

  v. In any resolution to issue ordinary shares or convertible securities by the Company, save for the conversion of shares agreed under the envisaged scheme of arrangement.

For the purpose of exercising the voting rights in relation to the above, each convertible, redeemable and cumulative preference share shall rank the same as each ordinary share.

RESOLUTION 2 - ORDINARY RESOLUTION:

To consider and, if thought fit, to pass, with or without amendment (s), the following as an Ordinary Resolution:

THAT the Secondary Scheme of Arrangement between the Company and its members and various classes of creditors, being:

a) a Scheme of Arrangement between the Company and its Members, incorporating an EGM ("the Members Scheme");

b) a Scheme of Arrangement between the Company and Zimbabwe Asset Management Corporation (Private) Limited ("the ZAMCO Scheme");

c) a Scheme of Arrangement between the Company and National Social Security Authority ("the NSSA Scheme");

d) a Scheme of Arrangement between the Company and ZSS Zimbabwe Sugar Sales (Private) Limited ("the ZSS Scheme");

e) a Scheme of Arrangement between the Company and African Banking Corporation Limited ("the BancABC Scheme");

f) a Scheme of Arrangement between the Company and its employees ("the Employees Scheme"); and

g) a Scheme of Arrangement between the Company and concurrent creditors, incorporating trade creditors and utilities ("the Concurrent Creditors' Scheme").

as more fully set out in the Explanatory Statement to the Secondary Scheme of Arrangement, the Scheme Document and the Circular be and is hereby approved;

RESOLUTION 3 – ORDINARY RESOLUTION

To consider and, if thought fit, to pass, with or without amendment (s), the following as an Ordinary Resolution:

THAT the shareholders hereby irrevocably waive their pre-emptive rights in respect of 4,882,831,019(four billion, eight hundred and eighty two million, eight hundred and thirty one thousand, and nineteen) ordinary and 2,615,804,864 (two billion, six hundred and fifteen million, eight hundred and four thousand, eight hundred and sixty four) preference shares with a nominal value of US$0,0001 each that may be issued to the following creditors of the Company:

a) Zimbabwe Asset Management Corporation (Private) Limited, which may receive up to 2,615,804,864 (two billion, six hundred and fifteen million, eight hundred and four thousand, eight hundred and sixty four) preference shares with a nominal value of US$0,0001 each which can be converted into 2,615,804,864 (two billion, six hundred and fifteen million, eight hundred and four thousand, eight hundred and sixty four) ordinary shares in respect of the loan of US$32,697,561;

b) National Social Security Authority, which may receive 1,533,333,333 (one billion, five hundred and thirty three million, three hundred and thirty three thousand, three hundred and thirty three) ordinary shares with a nominal value of US$0.0001 each at a conversion price of US$0,0075 US cents per share in respect of a loan of US$11,500,000; and

c) Concurrent creditors, which may receive up to 733,692,822 (seven hundred and thirty three million, six hundred and ninety two thousand, eight hundred and twenty two) ordinary shares with a nominal US$0,0001 each at a conversion price of US$0,0125 cents per share in respect of a amounts owed totalling US$ 9,171,160 of debt.

This resolution will require that not less than 85% of members present in person or by proxy, entitled to vote at the meeting, vote in favour of the resolution.

RESOLUTION 4 - ORDINARY RESOLUTION:

To consider and, if thought fit, to pass, with or without amendment (s), the following as an Ordinary Resolution:

THAT the issuance of up to 2,615,804,864 preference shares with a nominal value of US$0,0001 at a price of US$0,0125 each and having a face value of US$32,697,561 to Zimbabwe Asset Management Corporation (Private) Limited in terms of the ZAMCO Scheme be and is hereby approved;

RESOLUTION 5 – ORDINARY RESOLUTION:

To consider and, if thought fit, to pass, with or without amendment (s), the following as an Ordinary Resolution:

THAT the Company enter into related party transaction with NSSA under the terms of the NSSA Scheme wherein the Company may issue NSSA up to 1,533,333,333 (one billion, five hundred and thirty three million, three hundred and thirty three thousand, three hundred and thirty three) shares should NSSA elect to convert all or part of the loan amount of US$ 11,500,000 into ordinary shares in accordance with the NSSA Scheme be and is hereby approved.

RESOLUTION 6 - ORDINARY RESOLUTION:

To consider and, if thought fit, to pass, with or without amendment (s), the following as an Ordinary Resolution:

THAT the issuance of up to 733,692,822 ordinary shares with a nominal value of US$0,0001 at a price of US$ 0,0125 US cents per share and having a face value of US$9,171,160 to Concurrent creditors should concurrent creditors elect to convert all or part of the convertible debt issued to the Concurrent creditors in terms of the Concurrent Creditors Scheme be and is hereby approved.

RESOLUTION 7 – ORDINARY RESOLUTION:

To consider and, if thought fit, to pass, with or without amendment (s), the following as an Ordinary Resolution:

THAT subject to Resolution 2 and 5 and the Special Resolution being approved by the required majority, the Company be and is hereby authorised, by way of a specific authority, to issue ordinary shares and Preference Shares to ZAMCO, and to issue ordinary shares to NSSA and the Concurrent Creditors on the terms set out in the Scheme Documents.

RESOLUTION 8 – ORDINARY RESOLUTION:

To consider and, if thought fit, to pass, with or without amendment (s), the following as an Ordinary Resolution:

THAT, the directors of the Company (or any duly authorised committee thereof) be, and are, hereby authorised to do all such things that they may consider necessary or desirable to give effect to, or pursuant to, or in connection with, the Scheme of Arrangement.

RESOLUTION 9 – ORDINARY RESOLUTION:

To consider and, if thought fit, to pass, with or without amendment (s), the following as an Ordinary Resolution:

THAT the Company's existing borrowings in excess of the limit set in Article 87 of the Company's Articles of Association, that is US$37,1 million, be increased in anticipation of the new debt facilities to be secured from NSSA and BancABC to US$ 40,0 million.