



# PADENGA

## PADENGA HOLDINGS LIMITED

(Incorporated in Zimbabwe in 2010 under registration number 2888/2010)

**Directors:** Thembinkosi Sibanda (Chairman), Jerome Caraguel, Anne Madzara, Sternford Moyo, Gary Sharp, Oliver Kamundimu, Michael Fowler

**Address:** Padenga Head Office, 121 Borrowdale Road, Gun Hill, Harare

### THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take in relation to this document please consult your stockbroker, banker, legal practitioner or other professional advisor immediately. This document is not an invitation to the public to subscribe for Padenga Holdings Limited ordinary shares but is issued in compliance with the listing requirements of the Zimbabwe Stock Exchange and the provisions of the Companies Act [Chapter 24:03] of Zimbabwe to the shareholders of Padenga Holdings Limited. The document seeks to provide information on a transaction that will result in Padenga Holdings Limited acquiring a 50.1% shareholding in Dallaglio Investments (Private) Limited ("the Proposed Transaction"). Detailed information on the Proposed Transaction along with other pertinent information is being provided to shareholders to enable them to make an informed decision at an Extraordinary General Meeting ("EGM") that has been called by the directors of Padenga Holdings Limited.

#### Action Required:

1. If you have disposed of your Padenga Holdings Limited ordinary shares, this Circular should be handed to the purchaser of such ordinary shares or the stockbroker, banker or other agent through whom the disposal was effected.
2. Padenga Holdings Limited shareholders are entitled to attend the EGM for shareholders to vote on the resolutions that will be required to give effect to the Proposed Transaction as presented in this document which will be held at the Royal Harare Golf Club, Harare, at 10:00 hours on Wednesday 28 August 2019. If you are unable to attend the EGM or any adjournment thereof, and wish to be represented thereat, please complete and return the attached Form of Proxy in accordance with the instructions contained therein to Padenga Holdings Limited share transfer secretary, being Corpserve (Private) Limited, 2<sup>nd</sup> Floor, ZB Centre, Corner Kwame Nkrumah Avenue and 1<sup>st</sup> Street, Harare so as to be received not later than forty eight hours before the time of the EGM.







#### CIRCULAR TO SHAREHOLDERS REGARDING:

**The acquisition by Padenga Holdings Limited of 9,036 Dallaglio Investments (Private) Limited shares, representing a 50.1% equity shareholding in Dallaglio Investments (Private) Limited for the Purchase Consideration (constituting a related party transaction in terms of the Zimbabwe Stock Exchange Listing Requirements).**

#### IN ADDITION THIS CIRCULAR HAS ATTACHED TO IT:

- A notice of an Extraordinary General Meeting; and
- A form of proxy for the Extraordinary General Meeting.

Notice of an EGM to the Shareholders of Padenga Holdings Limited to be held at 10:00 hours on Wednesday 28 August 2019 at the Royal Harare Golf Club, Harare, published on Monday 05 August 2019, in accordance with the provisions of the Listing Requirements of the Zimbabwe Stock Exchange and the Companies Act [Chapter 24:03] is set out at the end of this document. Shareholders of Padenga Holdings Limited are asked to complete and return the enclosed Form of Proxy in accordance with the instructions printed therein, as soon as possible, but not later than 10:00 hours on Monday 26 August 2019, or any other date to which the meeting may be adjourned or postponed for any reason. The completion and return of the Form of Proxy will not prevent you from attending and voting at the meeting or any adjournment thereof, in person if you wish to do so.

<p><b>Sponsoring Broker</b></p>  <p>Securities</p> <p><b>Imara Edwards Securities (Private) Limited</b> MEMBERS OF THE ZIMBABWE STOCK EXCHANGE</p>	<p><b>Financial Advisor</b></p>  <p>Corporate Finance</p> <p><b>Imara Corporate Finance Zimbabwe (Private) Limited</b></p>	<p><b>Auditors and Independent Reporting Accountants</b></p>  <p><b>Ernst &amp; Young Chartered Accountants (Zimbabwe)</b></p>
<p><b>Independent Financial Advisor</b></p>  <p><b>Finesse Advisory Services (Private) Limited</b></p>	<p><b>Legal Advisor</b></p>  <p><b>Dube, Manikai &amp; Hwacha Legal Practitioners</b></p>	<p><b>Share Transfer Secretary</b></p>  <p><b>Corpserve (Private) Limited</b></p>



# PADENGA

HOLDINGS LIMITED

## DEFINITIONS

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The following definitions apply throughout this Circular and the accompanying Form of Proxy, unless otherwise stated or the context requires otherwise. In this Circular, unless otherwise indicated, the words or phrases in the left hand column bear the meaning stipulated in the right hand column. Words in the singular shall include the plural and vice versa, words importing natural persons shall include juristic persons (whether corporate or incorporate and vice versa) and words in the masculine shall import both the feminine and neuter.

<b>“Articles”</b>	The Memorandum and Articles of Association of Padenga Holdings Limited;
<b>“Board” or “the Directors”</b>	The board of directors of Padenga Holdings Limited;
<b>“Circular” or “the Document”</b>	This circular to Padenga Holdings Limited shareholders setting out the terms and conditions of the proposed acquisition of a 50.1% shareholding in Dallaglio Investments (Private) Limited for the Purchase Consideration and the notice of an EGM which incorporates all letters and appendices relating thereto;
<b>“Companies Act”</b>	The Companies Act [Chapter 24:03] of Zimbabwe;
<b>“Conditions Precedent”</b>	The conditions precedent set out in Part 1 Section 2 of this Circular;
<b>“Corpserve” or “Transfer Secretaries”</b>	Corpserve (Private) Limited, a company incorporated in Zimbabwe which provides share transfer secretarial services to Padenga;
<b>“Dallaglio”</b>	Dallaglio Investments (Private) Limited, a holding company incorporated in Zimbabwe under company number 6772/2005, with 100% ownership of Breckridge Investments (Private) Limited and Delta Gold (Private) Limited and also holding various mining claims;
<b>“DMH” or “the Legal advisors”</b>	Dube, Manikai & Hwacha Legal Practitioners, registered legal practitioners and legal advisors to Padenga Holdings Limited regarding the Proposed Transaction;
<b>“EGM Record Date”</b>	The date on which the register of Padenga shareholders will be closed to determine eligibility of shareholders for participation in the EGM, which date is expected to be the close of business (16:00 hours) on 26 August 2019;
<b>“EGM”</b>	The extraordinary general meeting of Padenga Holdings Limited shareholders to be held at the Royal Harare Golf Club, Harare, at 10:00 hours on Wednesday 28 August 2019, or any adjournment thereof to approve the ordinary resolutions;
<b>“EY” or “the Reporting Accountants”</b>	Ernst & Young Chartered Accountants (Zimbabwe) Registered Public Auditors, the auditors and reporting accountants to Padenga Holdings Limited with respect to the Proposed Transaction;
<b>“Fair and Reasonable Opinion”</b>	The document attached hereto and prepared by Finesse to the Independent Directors of Padenga relating to the opinion on the Proposed Transaction;
<b>“Form of Proxy”</b>	The form accompanying this Circular which provides for Padenga Shareholders to appoint a proxy to attend the EGM and vote on their behalf on the Resolutions;
<b>“IES” or “Sponsoring Brokers”</b>	Imara Edwards Securities (Private) Limited, a company incorporated in Zimbabwe, a licensed stockbroker in terms of the Securities and Exchange Act of 2004 [Chapter 24:25] and a Member of the Zimbabwe Stock Exchange, that is sponsoring broker to Padenga;



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<b>“Imara”</b>	Imara Corporate Finance Zimbabwe (Private) Limited, a company incorporated in Zimbabwe that is acting as corporate and financial advisor to Padenga regarding the Proposed Transaction;
<b>“Independent Financial Advisor” or “Finesse”</b>	Finesse Advisory Services (Private) Limited, a private limited liability company incorporated in Zimbabwe and registered as an Investment Advisor (Corporate Finance) by the Securities and Exchange Commission, the Independent Financial Advisors that have provided the Fair and Reasonable opinion on the Proposed Transaction;
<b>“Last Practicable date”</b>	The date on which this circular was finalised, being 31 July 2019;
<b>“Notice”</b>	The notice to Padenga Shareholders containing the ordinary resolutions incorporated in this Circular which was published in accordance with the Companies Act and the ZSE Listing Requirements on Monday 05 August 2019, convening the EGM;
<b>“Padenga” or “the Company”</b>	Padenga Holdings Limited, a public company incorporated in Zimbabwe under company number 2888/2010 that is engaged in the supply of premium quality crocodilian skins to global luxury brands;
<b>“Padenga Shareholder”</b>	A holder of Padenga ordinary shares registered in the Padenga share register and, particularly for the purposes of this Circular, as at the EGM Record Date;
<b>“Purchase Consideration”</b>	Collectively, a cash payment in Zimbabwean dollars of ninety dollars and thirty six cents (ZWD 90.36) and the equivalent of nineteen million nine hundred and ninety nine thousand, nine hundred and ninety United States Dollars for the procurement and delivery of mining equipment to Dallaglio by December 2020;
<b>“Resolutions”</b>	The ordinary resolutions, contained in the Notice, giving effect to the Proposed Transaction which will be set before Padenga Shareholders at the EGM;
<b>“US\$” or “USD”</b>	United States Dollar, the legal tender of the United States of America;
<b>“ZSE”</b>	The Zimbabwe Stock Exchange Limited;
<b>“ZSE Listing Requirements”</b>	The Listing Requirements of the ZSE, being the rules regulating listings on the ZSE at the date of original submission of this Circular to the ZSE Listings Committee; and
<b>“ZWL\$”</b>	Zimbabwe Dollar, legal tender in Zimbabwe.



# PADENGA

HOLDINGS LIMITED

## CORPORATE INFORMATION

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### Directors

<b>Thembinkosi Sibanda</b>	Non - Executive Chairman
<b>Jerome Caraguel</b>	Non-Executive Director
<b>Annie Madzara</b>	Non-Executive Director
<b>Sternford Moyo</b>	Non-Executive Director
<b>Michael Fowler</b>	Executive Director
<b>Gary Sharp</b>	Executive Director
<b>Oliver Kamundimu</b>	Executive Director

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### Financial Advisor:

Imara Corporate Finance Zimbabwe (Private) Limited  
Block Two, Tendeseka Office Park  
Samora Machel Avenue  
Eastlea, Harare  
Zimbabwe

(P.O. Box 1475, Harare)

### Sponsoring Broker:

Imara Edwards Securities (Private) Limited  
Block Two, Tendeseka Office Park  
Samora Machel Avenue  
Eastlea, Harare  
Zimbabwe

(P.O. Box 1475, Harare)

### Share Transfer Secretaries:

Corpserve (Private) Limited 2<sup>nd</sup> Floor, ZB Centre  
Corner Kwame Nkrumah Avenue and 1<sup>st</sup> Street  
Harare  
Zimbabwe

(P.O. Box 2208, Harare)

### Independent Financial Advisor:

Finesse Advisory Services (Private) Limited  
4<sup>th</sup> Floor, Beverley Court  
100 Nelson Mandela Avenue  
Harare  
Zimbabwe

### Auditors and Independent Reporting Accountants:

Ernst & Young Chartered Accountants (Zimbabwe)  
Registered Public Auditors  
Angwa City  
Corner Julius Nyerere/Kwame Nkrumah Avenue  
Zimbabwe

(P.O. Box 702, Harare)

### Legal Advisors:

Dube, Manikai & Hwacha, Legal Practitioners  
6<sup>th</sup> Floor, Eastgate Complex  
Corner Sam Nujoma/Robert Mugabe Avenue  
Harare  
Zimbabwe

(P.O. Box 10400, Harare)

### Company Secretary:

Andrew Lorimer  
Padenga Holdings Limited  
121 Borrowdale Road  
Gun Hill  
Harare  
Zimbabwe

(P. O. Box 633, Highlands, Harare)



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# PADENGA

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## EXPECTED TRANSACTION TIMETABLE

### Transaction milestone

Last Practicable Date	Wednesday 31 July 2019
EGM notice and abridged circular to shareholders published	Monday 05 August 2019
Distribution of circular to Padenga Shareholders	Monday 05 August 2019
Last date for lodging forms of proxy relating to the EGM (by 10:00 hrs)	Monday 26 August 2019
EGM Record Date for purposes of being entitled to vote at the EGM (Close of business)	Monday 26 August 2019
EGM of Padenga Shareholders at 10:00 hrs	Wednesday 28 August 2019
Publication of the results of the EGM	Friday 30 August 2019

### NOTES:

The above dates are subject to change and any amendments will be published in a local newspaper circulating in Zimbabwe. All times indicated above and elsewhere in this Circular are Zimbabwean local times.

If you have any questions on any aspects of this Circular, please contact your stockbroker, accountant, banker, legal practitioner or other professional advisor or Sean Gammon or Tawanda Masose at Imara Corporate Finance Zimbabwe, Block Two, First Floor, Tendeseka Office Park, Samora Machel Avenue, Harare, Zimbabwe; Telephone number +263 242 701320 or +263 242 790280; Fax +263 242 701319; or on the following email addresses: sean.gammon@imaracapital.com / tawanda.masose@imaracapital.com

### RATIONALE AND SALIENT DETAILS OF THE PROPOSED TRANSACTION

This summary presents the salient information in relation to the Proposed Transaction in which Padenga will acquire a 50.1% shareholding in Dallaglio in exchange for an investment the equivalent of US\$20,000,000 into expanding the operations of Dallaglio. This Document should accordingly be read in its entirety for a full appreciation of the rationale for, and the implications of the Proposed Transaction as well as with regard to determining the action required by Padenga Shareholders with respect to the corporate action outlined in this Document.

The Directors of Padenga invite shareholders to attend an EGM to be held at the Royal Harare Golf Club, Harare, on Wednesday 28 August 2019, at 10:00 hours where Resolutions that, if passed, will result in the acquisition of a 50.1% shareholding in Dallaglio by Padenga. The Resolutions to be considered and voted on are listed below:

#### As Ordinary Resolutions:

1. **“THAT**, Padenga is hereby authorised to acquire 9,036 shares, representing a 50.1% equity shareholding in Dallaglio Investments (Private) Limited (“Dallaglio”), to be settled by way of a cash injection in Zimbabwean dollars of ninety dollars and thirty six cents (ZWL\$ 90.36) and the equivalent of nineteen million nine hundred and ninety nine thousand, nine hundred and ninety United States Dollars for the procurement and delivery of mining equipment to Dallaglio”.

HM Barbour (Private) Limited, which controls approximately 20% of Padenga has an effective interest of 11% in Dallaglio, prior to the dilutive effect of the Proposed Transaction. Further, Mr. Michael Fowler of HM Barbour is on the boards of both companies. ZMD Investments has an approximate 22% shareholding in Padenga and an effective 14% shareholding in Dallaglio, prior to the dilutive effect of the Proposed Transaction. These parties are considered by the ZSE to be related parties in terms of the Proposed Transaction, and the ZSE has requested their exclusion from voting. These shareholders will therefore not participate in voting on this Resolution in the Padenga EGM.

This resolution will require that a simple majority of 50% plus one vote of shareholders (other than the deemed related parties) present in person or by proxy, entitled to vote at the meeting, vote in favour of the resolution.

2. **“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 Proposed Transaction.” This resolution will require that a simple majority of 50% plus one vote of shareholders present in person or by proxy entitled to vote at the meeting, vote in favour of the resolution.



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## ACTION TO BE TAKEN BY SHAREHOLDERS

- Attend the EGM to approve the Resolutions related to the Proposed Transaction. If any Padenga Shareholder has disposed of all their ordinary shares in Padenga, then this document should be handed to the purchaser of such ordinary shares or the stockbroker, banker or other agent through whom the disposal was effected.
- Padenga Shareholders who are unable to attend the EGM, but who wish to be represented thereat, should complete and sign the Proxy Form included with this Document in accordance with the instructions contained therein, and ensure it is either returned or delivered to Corpserve (Private) Limited at 2<sup>nd</sup> Floor, ZB Centre, Corner Kwame Nkrumah Avenue and 1<sup>st</sup> Street, Harare or the registered offices of the Company being, Padenga Head Office, 121 Borrowdale Road, Gun Hill, Harare so that it is received by the Share Transfer Secretaries no later than 10:00 hours on Monday 26 August 2019.
- Padenga Shareholders may attend the meeting in person, notwithstanding the completion and return of a Proxy Form. In order to attend the EGM, persons who have recently acquired Padenga ordinary shares which have not been registered in their names should ensure that such registration is effected on or before the close of business on Monday 26 August 2019.

## OPINIONS AND RECOMMENDATIONS

The Directors have considered the terms of the Proposed Transaction and are of the opinion that they are in the best interests of the Company. Accordingly, the Directors recommend that Padenga Shareholders vote in favour of the Proposed Transaction. Directors who are shareholders of Padenga intend to vote in favour of the Proposed Transaction in respect of the shares in Padenga owned, directly or indirectly, by them.

## Inspection of the circular

The public may inspect this Circular during normal business hours from Monday 05 August 2019 to Wednesday 28 August 2019, at the following offices:

### Sponsoring Broker:

Imara Edwards Securities (Private) Limited  
Block Two, Tendeseka Office Park  
Samora Machel Avenue  
Eastlea,  
Harare  
Zimbabwe

### Financial Advisor:

Imara Corporate Finance Zimbabwe (Private) Limited  
Block Two, Tendeseka Office Park  
Samora Machel Avenue  
Eastlea,  
Harare  
Zimbabwe

### Share Transfer Secretaries:

Corpserve (Private) Limited 2<sup>nd</sup> Floor, ZB Centre  
Corner Kwame Nkrumah Avenue and 1<sup>st</sup> Street  
Harare  
Zimbabwe

### Padenga Holdings Limited Head Office:

Padenga Holdings Limited  
121 Borrowdale Road  
Gun Hill  
Harare  
Zimbabwe





# PADENGA

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## PART 1: CHAIRMAN'S LETTER TO SHAREHOLDERS

### PADENGA HOLDINGS LIMITED

(Incorporated in Zimbabwe in 2010 under registration number 2888/2010)

**Directors:** Thembinkosi Sibanda (Chairman), Jerome Caraguel, Anne Madzara, Sternford Moyo, Gary Sharp, Oliver Kamundimu, Michael Fowler

**Address:** Padenga Head Office, 121 Borrowdale Road, Gun Hill, Harare

Dear Shareholder

### 1. THE PROPOSED TRANSACTION

#### 1.1 Background And Rationale For The Proposed Transaction

Padenga Holdings Limited ("Padenga") is a company incorporated in Zimbabwe which has been listed on the Zimbabwe Stock Exchange since November 2010. The company's primary line of business is the production of premium quality crocodilian skins for the luxury leather goods market. A small amount of revenue is also generated from sales of meat into the European Union.

Padenga is a highly concentrated export business, with virtually all of its revenue generated from skin sales. Originally concentrated only on Nile Crocodile production, Padenga diversified in 2012 through the acquisition of Lone Star Alligator Farms, now renamed as Tallow Creek Ranch (TCR), a company producing alligators in Texas, United States of America. While contribution from TCR is growing, it represented just 9% of Padenga revenue in 2018.

Padenga has significant client concentration risk, with 79% of sales in 2018 being ultimately to one luxury goods brand in Europe. Product and customer concentration risk is exacerbated by the nature of Padenga's core product. Generational changes in end product consumers have placed greater emphasis on social licence compliance which has necessitated material changes to operational and production systems. Whilst Padenga has been at the forefront of adopting and embracing the necessity for good husbandry, ethical production systems, adherence to animal welfare norms and sustainability compliance, these measures increase the complexity of production systems and increase costs. Whilst Padenga's core customer has determined that leather will continue to remain a fundamental part of its product offering, the pressures to consistently verify credible and ethical operational procedures will likely continue into the future.

In the interests of Padenga stakeholders, the Padenga Board would like to diversify the company's exposure away from a reliance solely on the production of crocodilian skins. Padenga seeks to reduce this concentration risk through diversification into alternative, export orientated businesses, and has identified the gold mining sector as attractive from a long term perspective, particularly in respect of the historic world-wide demand for gold and the capacity for gold mining to produce hard currency which is not readily available in the local Zimbabwe market.

In light of the above Padenga has offered to acquire a 50.1% equity shareholding in a gold mining business called Dallaglio Investments (Private) Limited ("Dallaglio").

#### 1.2 Mechanics Of The Proposed Transaction

Padenga will acquire 9,036 shares, representing a 50.1% equity shareholding in Dallaglio, to be settled by way of a cash injection in Zimbabwean dollars of ninety dollars and thirty six cents (ZWL\$ 90.36) and the equivalent of nineteen million nine hundred and ninety nine thousand, nine hundred and ninety United States Dollars to be paid in kind by the delivery of mining equipment to Dallaglio. The Purchase Consideration will be invested entirely in expanding the current operations of Dallaglio, and all existing Dallaglio shareholders will remain invested in the company.

The Purchase Consideration and method of settlement were arrived at after applying appropriate valuation methods to determine a valuation range for the Dallaglio operation and the final terms were agreed upon after a process of negotiation between representatives of the Padenga and Dallaglio Boards. The terms of the Proposed Transaction have been declared Fair & Reasonable by the Independent Financial Advisor, whose report forms part of this Circular.





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The income method was applied in determining a valuation range for Dallaglio and the discounted cash flow analysis approach was used. A market method, in particular the Comparable Company and the Comparable Transaction valuation methods were applied to corroborate the results of the income method.

Based on the valuation work performed, the appropriate equity valuation range for the entire issued share capital of Dallaglio was deemed to be between US\$ 50 million and US\$ 55 million.

## 1.3 Effects Of The Proposed Transaction

### 1.3.1 Shareholding

Table 1 provides a summary of the existing Padenga shareholding. There is no change that arises from the Proposed Transaction.

Table 1: Summary of Padenga shareholder register before and after the Proposed Transaction

Top Ten Shareholders	Number	%
Z.M.D Investments (Private) Limited	119,754,476	22.11
H M Barbour (Private) Limited	105,896,539	19.55
Stanbic Nominees (Private) Limited	47,050,902	8.69
Old Mutual Life Assurance Company of Zimbabwe Limited	31,853,726	5.88
Sarcor Investments (Private) Limited	22,480,658	4.15
National Social Security Authority	19,671,515	3.63
SCB Nominees	17,781,910	3.28
Pharaoh Limited	14,954,975	2.76
City & General Holdings (Private) Limited	9,822,598	1.81
Schutex Investments (Private) Limited	8,715,234	1.61
Others	143,610,907	26.52
	<b>541,593,440</b>	<b>100.00</b>

### 1.3.2 Pro Forma Financial Information

The pro forma financial information is presented in accordance with the provisions of Sections 9.3 to 9.5 of the ZSE Listings Requirements, in relation to a Category 3 Transaction. The pro forma financial effects have been prepared by the management of Padenga and are the responsibility of the Board.

The pro forma financial effects are presented in a manner which is consistent with the basis on which the Historical Financial Information of Padenga has been presented and in terms of Padenga's accounting policies for the financial year ended 31 December 2018. The pro forma financial effects have been presented for illustrative purposes only and, because of their nature, may not give a fair reflection of Padenga's financial position, changes in equity or results of operations post implementation of the Proposed Transaction. It has been assumed for purposes of the pro forma financial effects that the Proposed Transaction took place with effect on 31 December 2018 for the Statement of Financial Position.

Padenga adopted United States Dollar (USD) as the functional and reporting currency for the year to December 2018. In order to comply with IAS 21, RTGS dollar balances in the financial statements were converted to US dollars at a rate of 1US\$ to 3.5 RTGS\$. This is in line with the loss in purchasing power of the RTGS dollar as measured by the cost of goods and services bought locally using that currency compared to the cost of imports using US dollars. The pro-forma financial information for Padenga ties in with the information disclosed in note 32.1 of the 2018 Annual Report.

The financial statement for Dallaglio for the nine months to 31 December 2018 are not audited as its financial year end does not coincide with that for Padenga. Its financial year end is 31 March.



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Table 2: Pro Forma Financial Information

**PADENGA HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

31 December 2018	Padenga Pre Acquisition Audited US\$'000	Dallaglio Unaudited US\$'000	Adjustments/ Eliminations US\$'000	Padenga Post Acquisition US\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	21,702	16,524	-	38,227
Intangible assets	32	25	-	58
Other receivables	537	-	-	537
Biological assets	5,369	-	-	5,369
Mine mobilisation & rehabilitation	-	840	-	840
Goodwill	-	-	824	824
	<b>27,641</b>	<b>17,390</b>	<b>824</b>	<b>45,855</b>
<b>Current assets</b>				
Biological assets	35,831	-	-	35,831
Inventories	5,233	3,509	-	8,742
Contract Asset	289	-	-	289
Trade and other receivables	12,052	25,373	-	37,425
Cash and cash equivalents	7,955	-	-	7,955
	<b>61,361</b>	<b>28,881</b>	<b>-</b>	<b>90,242</b>
<b>Total assets</b>	<b>89,002</b>	<b>46,271</b>	<b>824</b>	<b>136,097</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	54	4,000	(4,000)	54
Share premium	27,004	20,000	(20,000)	27,004
Retained earnings	34,581	9,469	(9,469)	34,581
<b>Equity attributed to equity holders of the parent</b>	<b>61,639</b>	<b>33,469</b>	<b>(33,469)</b>	<b>61,639</b>
Non- controlling interest	(409)	-	19,099	18,690
<b>Total shareholders' equity</b>	<b>61,230</b>	<b>33,469</b>	<b>(14,370)</b>	<b>80,329</b>
<b>Non-current liabilities</b>				
Interest bearing borrowings	7,235	571	-	7,806
Mine rehabilitation liabilities	-	877	-	877
Deferred tax liabilities	7,773	3,330	-	11,102
	<b>15,008</b>	<b>4,778</b>	<b>-</b>	<b>19,785</b>
<b>Current liabilities</b>				
Customer deposits	3,126	-	-	3,126
Short-term interest-bearing borrowings	6,195	5,979	(4,806)	7,368
Trade and other payables	3,443	2,046	20,000	25,489
	<b>12,764</b>	<b>8,025</b>	<b>15,194</b>	<b>35,983</b>
<b>Total liabilities</b>	<b>27,772</b>	<b>12,802</b>	<b>15,194</b>	<b>55,768</b>
<b>Total equity and liabilities</b>	<b>89,002</b>	<b>46,271</b>	<b>824</b>	<b>136,097</b>



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## Notes on Adjustments:

### Goodwill (\$824, 000)

Recognition of goodwill arising from the acquisition of a 50.1% stake in Dallaglio.

### Equity attributed to equity holders of the parent (\$33,469,000)

Elimination of Owners Equity in Dallaglio at acquisition.

### Non-controlling interest (\$19,099,000)

Amount of non-controlling interest (proportionate share of net assets) at acquisition.

### Short-term interest-bearing borrowings (\$4,806,000)

Convertible loan in Dallaglio books repaid at acquisition.

### Trade and other Payables (\$20,000,000)

Purchase consideration of \$20 million, deferred and repayable in full at the end of Year 1 from the acquisition date from own resources.

For the purposes of translating the RTGS balances to US Dollars Padenga used a rate of 1: 3.5 being the mid-rate of the deemed prevailing rates at the end of 2018. This rate was based on the cost of goods and services sourced locally compared to import parity pricing.

## 2. CONDITIONS PRECEDENT TO THE PROPOSED TRANSACTION

The Proposed Transaction is subject to the following Conditions Precedent being fulfilled:

- i. Padenga receiving the relevant shareholder approvals for the resolutions tabled at the EGM concerning the Proposed Transaction;
- ii. The execution and becoming unconditional of the Share Prescription Agreement between Dallaglio and Padenga.

## 3. FAIR AND REASONABLE OPINION

Finesse have been appointed as the Independent Financial Advisor and have considered the terms and conditions of the Proposed Transaction. Finesse are of the opinion that the acquisition by Padenga of a 50.1% shareholding in Dallaglio by way of the Purchase Consideration is fair and reasonable to the shareholders of Padenga. Finesse has advised the directors of Padenga of their opinion by way of a letter, copy of which is set out in Part 2 Appendix 3.

## 4. OVERVIEW OF DALLAGLIO INVESTMENTS

### 4.1 Business Description

Dallaglio is a company incorporated in Zimbabwe in 2005 in terms of the Companies Act and is in the business of developing and operating large scale commercial gold mines in Zimbabwe.

Dallaglio owns the following mining assets:

- Pickstone Peerless Mine near Chegutu, an operating open-pit gold mine which currently produces approximately 61 kgs to 65 kgs of gold per month.
- Eureka Mine near Guruve, an open-pit gold mine that is currently under development with commissioning targeted in 2020 to eventually produce 140 kgs a month. The Giant gold mining claims near Chegutu, a future development project for Dallaglio.

These assets have a total measured and indicated resource of 1.6 million ounces, and a total resource (including inferred) of 2.2 million ounces. In its 2018 financial year Pickstone Peerless Mine recorded turnover of US\$26.7 million and profit after tax of US\$2.7 million, and in 2018 contributed approximately 7% of total gold production by primary producers in Zimbabwe. The company currently has 290 full-time employees.



#### **4.2 Pickstone Peerless**

Pickstone Peerless Mine was acquired by Dallaglio in 2014. At 31 December 2018 the underlying claims had a total measured and indicated resource of 321,463 ounces, and a total resource (including inferred) of 592,300 ounces. Included within this resource were proven and probable in-pit reserves of 141,295 ounces. The potential to extend this resource through new exploration drilling is high, and both heap leach and underground mining options are being investigated for the future. Pickstone Peerless currently operates as an open pit mine, with ore processed through a plant on site with a capacity of 33,000 tonnes per month. The ore body is not refractory in nature with an average recovery of approximately 87%. The mine has a full complement of supporting infrastructure including staff housing, office, stores, grid power, boreholes and road infrastructure.

#### **4.3 Eureka Mine**

Dallaglio concluded the deal to acquire Eureka Mine on the 1<sup>st</sup> of April 2018, with approval for the deal being granted by the Competitions and Tariffs Commission on the 11<sup>th</sup> of March 2019. At 31 December 2018 the underlying claims had a total measured and indicated resource of 945,807 ounces, and a total resource (including inferred) of 1,199,080 ounces. Included within this resource were proven and probable in-pit reserves of 373,608 ounces. The ore body is non-refractory in nature. The Eureka Mine was non-operational when acquired, and Dallaglio is currently undertaking an extensive plant and infrastructure upgrade project with the aim of re-commissioning the mine in the second half of 2020. Dallaglio has already invested significant funding into development capital at Eureka, but further funding is required to take the mining operation through to production.

On commissioning, the Eureka Mine will be operated as an open-pit mine with ore to be processed through a new CIL plant on site with a capacity of up to 100,000 tonnes per month and an expected recovery of approximately 90%. Long-term average gold production is expected to be in excess of 140 kg/month. It is expected that Eureka will be significantly more profitable than Pickstone due to lower stripping ratios and mining costs per ounce.

Development activities to date have included:

- Obtaining an approved Environmental Impact Assessment Report;
- The development of engineering designs and bills of quantities for the new processing plant;
- The purchase of all heavy construction equipment necessary to facilitate the plant and infrastructure upgrade at the mine; and
- Ordering and making initial payments for key equipment such as the ball mill and cone crusher for the new plant.

Key outstanding work streams to get the mine operational include construction of the processing plant and tailings dam, dewatering the pit, and upgrading supporting infrastructure such as housing and water reticulation.

#### **4.4 Giant Mine**

The Giant mining claims were acquired by Dallaglio in 2014. At 31 December 2018 the claims had a total measured and indicated resource of 346,000 ounces, and a total resource (including inferred) of 467,000 ounces. Included within this resource were proven and probable in-pit reserves of 346,000 ounces. Currently there are no operations at this mine, and this represents an attractive short to medium-term development opportunity for Dallaglio.

#### **4.5 Future Plans The near-term plan for the business is to:**

- Maintain operations and monthly gold production at 60 kg - 100 kg/ month at Pickstone Peerless Mine.
- Complete the development of the Eureka open-pit mine and new processing plant- target commissioning in the second half of 2020.
- Undertake further new resource exploration drilling to delineate a target of 10 years of open-pitiable reserves at Pickstone Peerless Mine.

The medium-term plan for the business is:

- To develop the Giant mining claims into a viable mining operation.
- Further investigation and assessment of underground mining potential at the Pickstone Peerless and Eureka mines.
- Ongoing development of a pipeline of potential new mining projects which could be developed using cashflow generated once the Eureka Mine is operational.



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## 4.6 Financial Information on Dallaglio

Table 3 summarises the audited financial information relating to Dallaglio for the years to 31 March 2019, 2018 and 2017.

31 March	2019 Unaudited US\$'000	2019 Unaudited US\$'000	2017 Audited US\$'000
<b>Consolidated Statement of Profit and Loss</b>			
Revenue	18,922	26,706	20,747
Operating profit	6,264	6,908	6,152
Net interest	(1,259)	(426)	61
Profit before tax	4,289	6,482	6,213
<b>Total comprehensive income</b>	<b>3,072</b>	<b>2,688</b>	<b>5,019</b>
<b>Consolidated Statement of Financial Position</b>			
Non-current assets	16,568	15,905	11,502
Current assets	6,377	9,027	5,141
<b>Total assets</b>	<b>22,945</b>	<b>24,932</b>	<b>16,642</b>
Total shareholders' equity	10,089	12,082	9,394
Non-current liabilities	4,206	6,995	2,820
Current liabilities*	8,650	5,855	4,429
<b>Total equity and liabilities</b>	<b>22,945</b>	<b>24,932</b>	<b>16,642</b>

\* Current liabilities include loans from related parties of US\$ 1,443,468 at 31 March 2018 and US\$ 8,405,270 at 31 March 2019. Related party borrowings are at an average interest rate of 6.27%. US\$ 5,010,979 due to SSGI is secured against a pledge of 100% of the equity of Delta Gold (Private) Limited.

## 4.7 Board and Management

The Board of Directors of Dallaglio is currently structured as follows:

### Board Position

Chairman  
Non-Executive Director  
Executive Director  
Executive Director

### Name

Matthew Adrian Hosack  
Dzikamai Munyaradzi Danha  
Michael John Fowler  
Mark Evans

Dallaglio's key management personnel are as follows:

### Position

Managing Director  
Engineering Director  
Mining & Geology Director  
Financial Director  
Head Geologist  
Pickstone Peerless Mine General Manager

### Name

Michael John Fowler  
Mark Evans  
Nick Selby  
Joseph Crnkovic  
James Abson  
Japhet Makwasha



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## 5. STATUTORY AND GENERAL INFORMATION ON PADENGA

### 5.1 Historical Financial Information

Table 4 summarises the audited financial information relating to Padenga for the year to 31 December 2016, 2017 and 2018. The historical information should be read in conjunction with the report of the Independent Reporting Accountants on the Historical Financial Information of Padenga in Part 2 Appendix 2.

31 December	2018 Audited US\$'000	2017 Audited US\$'000	2016 Audited US\$'000
<b>Consolidated Statement of Profit and Loss</b>			
Revenue	42,480	30,276	31,273
Operating profit before depreciation and amortisation	18,117	13,944	12,616
Operating profit	17,191	16,142	10,510
Net interest	584	227	530
Profit before tax	17,775	16,369	11,040
<b>Total comprehensive income</b>	<b>12,727</b>	<b>12,853</b>	<b>8,402</b>
<b>Profit for the year attributable to:</b>			
Equity holders of the parent	13,175	13,021	8,948
Non-controlling interest	(449)	(168)	(546)
	<b>12,727</b>	<b>12,853</b>	<b>8,402</b>
<b>Consolidated Statement of Financial Position</b>			
Non-current assets	27,641	23,557	21,676
Current assets	76,116	61,185	49,775
<b>Total assets</b>	<b>103,757</b>	<b>84,742</b>	<b>71,451</b>
Total shareholders' equity	67,931	61,703	53,345
Non-current liabilities	15,136	15,258	12,488
Current liabilities	20,690	7,781	5,617
<b>Total equity and liabilities</b>	<b>103,757</b>	<b>84,742</b>	<b>71,451</b>





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## 5.2 Capital Management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support the business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in the economic environment. To maintain or adjust the capital structure the Company may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares. Capital comprises all components of equity excluding non-controlling interests. No changes were made to the objectives, policies or processes during the period ended 31 December 2018. The Company monitors capital using a gearing ratio, which is calculated as the proportion of net debt (comprising borrowings as offset by cash and bank balances) to equity. The target ratio ranges from 5% to 25%.

## 5.3 Details Of Directors And Senior Management

The primary responsibility of the Board is to discharge its fiduciary responsibility to the shareholders and the Company. The Board is accordingly, the highest policy organ of the Company and sets its strategy. Meeting quarterly, the Board receives and acts on key information pertaining to the operations of Padenga.

The Board consists of three executive directors and four independent non-executive directors, comprising a cross section of professionals and major shareholder representatives.

The non-executive directors of Padenga comprise individuals with proven track records and a wide range of different skills and experience, which they employ for the Company's benefit, and who also provide crucial independence and guidance in the Company's strategic decision-making processes and corporate governance practices.

### **THEMBINKOSI NKOSANA SIBANDA**

#### **Non-Executive Chairman (Appointed September 2018)**

Themblinkosi graduated from the University of Zimbabwe in 1978 majoring in Accounting, and subsequently joined Barclays Bank of Botswana at its Head Office in Gaborone. Having returned to Zimbabwe in the early 1980's he completed his articles of clerkship, qualifying as a Chartered Accountant. He has remained in the same profession since, and has worked in compliance and audit for the past 34 years at Schmulian and Sibanda. Themblinkosi currently sits on various boards of Stock Exchange listed Companies. He currently chairs the Board of Edgars Stores Zimbabwe Limited. Themblinkosi is also a trustee of several organisations. Preceding his appointment as Non-Executive Chairman; Themblinkosi was a Non-Executive Director from November 2010.

### **GARY SHARP**

#### **Chief Executive Officer (Appointed November 2010)**

Gary completed his tertiary education at the University of Zimbabwe, where he attained a Master of Science (Tropical Resource Ecology) degree in 1982. He served in the Terrestrial Branch of the Department of National Parks and Wildlife Management between 1979 and 1987. Gary's experience in the intensive husbandry of wildlife species dates back to 1988 when he joined the Lonrho Zimbabwe Group. He was engaged as Chief Executive Officer of what was then the Niloticus Division of Innscor Africa Limited in 2000. That entity unbundled from Innscor Africa Limited in November 2010 through a listing on the ZSE to become Padenga Holdings Limited and Gary has continued to serve as Chief Executive Officer since that date.

### **OLIVER KAMUNDIMU**

#### **Chief Financial Officer (Appointed November 2010)**

Oliver completed his tertiary education at the University of Zimbabwe where he attained a Bachelor of Accountancy Honours degree. He served his articles of Clerkship with the then Coopers and Lybrand and qualified as a Chartered Accountant in 1992. Since that time he has worked for Lonrho Africa Limited, and Manica Africa, heading up their audit departments. Oliver joined Innscor Africa Limited in 1999 and was tasked with setting up Innscor Africa Limited's internal audit department before leaving to join First Mutual Zimbabwe in 2001. He re-joined Innscor Africa Limited in 2004 as the Financial Director of their Niloticus Division and has continued in a similar position since the Company was separately listed in 2010.



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## **MICHAEL FOWLER**

**Executive Director (Appointed November 2010)**

Mike has been involved with the companies that preceded Inncor Africa Limited since 1982 and has held a number of executive positions within the Inncor Africa Limited Group since his appointment as a Director in 1994, including a period during which he served as Group Chief Executive Officer. He currently sits on the Remuneration Committee of Inncor Africa Limited. At various stages he has been a Director of companies that previously constituted the Agro-Processing Division of Inncor Africa Limited (namely Niloticus Division and Colcom Holdings Limited), as well as National Foods Holdings Limited.

## **ANNIE MADZARA**

**Non-Executive Director (Appointed November 2010)**

Annie is an Environment and Development Professional with over 25 years of experience in the field, 13 of which have been in senior positions. Among her many qualifications, Annie holds a Natural and Aquatic Science qualification at Masters Level, a Masters in Business Administration Degree and a Masters in Development Studies. She has field and managerial experience from Public, Private and NGO sectors including Commercial Director at Parks and Wildlife Management Authority and managing the Environment and Climate Change Programme of the UNDP in Zimbabwe. She is a member of the African Forest Forum and a Fellow with the Leadership for Environment and Development (LEAD International).

## **JEROME CARAGUEL**

**Non-Executive Director (Appointed 14 March 2018)**

Jerome Caraguel is a French citizen with a Master of Economics degree from the University of Toulouse, France. He has worked in the exotic skins trade his entire career and has recently retired following a thirteen-year period as the Purchasing Director of Exotic Skins for top tier tanneries supplying the premium luxury brands. He serves on the Board of other crocodilian farming operations in both Australia and the USA and brings a wealth of experience about meeting the expectations of the high-end quality skin market.

## **STERNFORD MOYO**

**Non-Executive Director (Appointed 1 May 2019)**

Sternford Moyo graduated with a Bachelor of Law and a Bachelor of Laws degrees from the University of Zimbabwe. He joined Scanlen and Holderness in December 1981. He specialises in Mining, Corporate and Commercial Law. He is, among other positions held, a former President of the Law Society of Zimbabwe, former President of the SADC Lawyers Association, former Chairman of the African Regional Forum of the International Bar Association, former Chairperson of the Human Rights Institute of the International Bar Association and former Chairperson of Stanbic Bank Zimbabwe Limited.

Currently, Sternford is Senior Partner of Scanlen & Holderness, Chairman of Schweppes Zimbabwe Limited and Director of PPC Zimbabwe Limited, WorselyParsons Zimbabwe (Pvt) Ltd and Alpha Media Holdings Limited. He is also a Trustee of the Johannesburg based Southern Africa Litigation Centre, Malilangwe Conservancy and the London based EyeWitness Trust.

### **5.4 Director's Interests In Padenga Ordinary Shares**

As at Friday 31 July 2019, (being the last practicable date before the publication of this document), the direct and indirect interests of the Directors in Padenga shares were as follows:

Name	Number of Padenga shares held		
	Last Practicable date	31 December 2018	31 December 2017
Michael Fowler	112,508,810	112,508,810	112,508,810
Oliver Kamundimu	113,200	113,200	113,200
Gary Sharp	1,317,500	1,317,500	1,317,500

Aside from the disclosure above, no Directors held or currently hold Padenga shares.



## **5.5 Corporate Governance And Management Approach**

Balancing the interests of all stakeholders continues to be a significant focus for Padenga. As such, Padenga continues to monitor and evaluate best practices critical for the sustainability and governance of the Company. The corporate governance values are ensuring that the Company observes principles and ethical practices guided by international best practices. Through adherence to these principles, the Board and management is able to carry out their responsibilities effectively, faithfully and in the best interests of the shareholders and stakeholders.

### **5.5.1 Approach To Governance**

The Company's management philosophy is vested in the need to conduct the affairs of the Company with transparency, integrity, accountability and in accordance with generally accepted corporate practices in the best interests of shareholders and stakeholders. This enables shareholders and stakeholders to derive assurance that, in sustaining and adding value to Padenga's financial, relational and human capital investment, the Company is being managed ethically, according to prudently determined parameters and in compliance with best international parameters.

The Directors endeavour to comply with the key principles of Corporate Governance which emphasise the need for wellbalanced effective boards, strong risk management and internal control oversight and sound stakeholder relations. The Board, with the assistance of Board Committees, determines the most appropriate corporate governance practices for Padenga with the understanding that corporate governance is a continual improvement process which takes into account legal requirements, best practice, practicality and affordability.

Padenga continues to monitor and align codes of practices and conduct with local and international corporate governance codes such as the King IV Report and Code on Corporate Governance, the National Code on Corporate Governance Zimbabwe (ZIMCODE) and the Zimbabwe Stock Exchange Listing Rules.

### **5.5.2 Communication With Shareholders**

Padenga provides various platforms for their shareholders to communicate with the Board of Directors and senior management. These platforms include the Annual General Meeting, notices to shareholders, press announcements of interim and year-end results, annual reporting to shareholders and exercise of shareholders' voting rights through proxy forms. Their website contains an array of operational, sustainability and financial information which can be easily accessed by shareholders and stakeholders.

### **5.5.3 Ethics And Declaration Of Directors' Interests**

Padenga believes that it is the responsibility of the Board and management to lead by following sound ethical business practises and values. Therefore, all Directors and management are required to declare interests which might be deemed in conflict with their contracts with the Company.

Professional and ethical standards are an integral part of how the Company conducts its business affairs. Padenga recognises that investor and stakeholder perceptions are based on the manner in which the Company, its Directors, management and staff conduct business. Padenga strives to achieve a high standard of integrity and business ethics at all times.

### **5.5.4 Board Of Directors**

Mr Calder retired as Chairman of the Board, effective the 12 September 2018 and Mr Sibanda was appointed Chairman of the Board, effective the same date. Mr Moyo was appointed to the Board on 1 May 2019. Following these changes, the Board comprises three executive Directors and four independent non-executive Directors. The Board is made up of individuals with proven track records and a wide range of skills and experience which they employ for the benefit of the Company. The Directors are allocated responsibilities in Sub-Committees where they have strategic strengths. The Non-Executive Directors also provide crucial independence to the Company's strategic decision-making process and corporate governance practices.

The primary responsibility of the Board is to discharge its fiduciary duty to the shareholders and the Company. The Board is the highest policy organ of the Company and also directs strategy. The Board meets quarterly to provide input and oversight to the strategic planning process and monitor operational performance. Padenga has adopted a number of practices to regulate the division of responsibilities between the Board and management. Namely:

- A majority of independent directors on the Board with the Chairman being independent.
- The separation of the roles of the Chairman and the Chief Executive Officer.
- The Board sub-committees are chaired by independent directors and have a majority of independent members.



#### **5.5.5 Audit Committee**

Padenga has an Audit Committee, currently comprising of two independent Directors and one executive Director that assists the Board in fulfilment of its duties. An independent non-executive Director chairs the Committee. The Committee deals with compliance, internal control and risk management. The Committee meets three times a year with the internal and external auditors to, inter alia, monitor the appropriateness of accounting policies, the effectiveness of systems of internal control and to consider the findings of the internal and external auditors. To ensure their independence and objectivity both the internal and external auditors have unrestricted access to the audit committee. The internal audit function is currently outsourced to external service providers and the internal audit Charter and work plans have been adopted and agreed by the Committee.

#### **5.5.6 Remuneration Committee**

The Remuneration Committee comprises of one independent non-executive Director and one executive Director and its mandate has two primary responsibilities. It is to evaluate and sanction the appointment of, and remuneration packages for all Board Members, Executive Directors and senior management. In doing so, the Committee assembles the structure and strategy related to the terms of employment for employees, management and Board members, including compensation that aims to reward in a manner that seeks and retains talented individuals, and motivates employees to constantly seek to elevate and contribute to Padenga's success. The Committee is also responsible for orchestrating succession planning within the Company particularly that of Board members and senior management. Where necessary external remuneration advisors assist the committee in determining the appropriate remuneration levels and practices.

#### **5.5.7 Share Dealings**

Directors, management and staff are not permitted to deal directly or indirectly in shares of Padenga during:

- The period one month prior to the end of the interim or annual reporting periods to the announcement of the Company's interim and year-end results;
- Any period when they are aware of any negotiations which may affect the share price; and
- Any period when they are in possession of price sensitive information not within the public domain.

#### **5.5.8 Professional Advice**

Padenga's policy where justifiable, entitles Directors to seek independent professional advice at the Company's expense in the furtherance of their duties or the advancement of the Company's business objectives.

#### **5.5.9 Remuneration Of Directors**

The Remuneration Committee determines the remuneration packages for the Executive Directors. These packages include a guaranteed salary as well as a performance related incentive, linked to the achievement of pre-set targets which takes into account the needs of the Company from time to time.

Padenga also operates the 2017 Padenga Limited Share Option Scheme, a long-term incentive scheme designed to retain employees in the medium to long term, to focus their attention on longer term strategic goals and ensure sustained growth of the Company.

### **5.6 Financial Risk Management Objectives And Policies**

The Company's principal financial liabilities comprise bank loans, trade and other payables and overdrafts. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company's principal financial assets include trade and other receivables and cash and cash equivalents. The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below. The carrying amounts for the group's financial assets approximate their fair values.

#### **5.6.1 Interest rate risk management**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company invests in money market instruments which are subject to changes in interest rates on the local money markets. The Company's policy is to adopt a non-speculative approach to managing interest rate risk and only invests in instruments that are approved by the executive committee. The Company's policy is to manage its interest cost by limiting exposure to overdrafts and where borrowings are required, to borrow at favourable and fixed rates of interest.



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## 5.6.2 Foreign currency risk

The Company operates globally, which gives rise to a risk that income and cash flows may be adversely affected by fluctuations in foreign currency exchange rates. The Company is primarily exposed to the Rand and euro but also transacts in other foreign currencies. The Company currently does not use financial instruments to hedge these risks. Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has transactional currency exposures. Such exposure arises from the sale or purchases by the Company in currencies other than the unit's functional currency. The Company limits exposure to exchange rate fluctuations by either pre-paying for purchases or retaining stock until the foreign currency to settle the related liability has been secured.

## 5.6.3 Credit Risk

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, credit terms are specified contractually within the regulations by the Reserve Bank of Zimbabwe. The Company evaluates its customers on a yearly basis. With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty.

The maximum exposure to credit risk is equal to the carrying amount of the trade and other receivables (excluding prepayments) and cash and cash equivalents as per statement of financial position. The credit risk on liquid funds is limited because counter parties are banks with high credit ratings assigned by international credit-rating agencies. There is a concentration of credit risk as the Company trades mainly with one customer.

For contract assets within the scope of IFRS 15, the Company recognises an asset to the extent of contractual minimums established in the sales agreement deemed variable consideration. After analysis of historical default rates and forward-looking estimates, the Company's contract assets are considered to have low credit risk and as a result, the Company has not recognised a loss allowance as at 31 December 2018 [2017 - \$nil].

## 5.6.4 Liquidity Risk

The Company's objective is to maintain a balance between continuity of funding through a well-managed portfolio of short-term investments and/or flexibility through the use of bank overdrafts and interest-bearing borrowings. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing in the next 12 months can be rolled over with existing lenders.

## 5.7 Extracts from the Memorandum and Articles of Association

The relevant provisions in Padenga's Memorandum and Articles of Association are available to be viewed along with the other documentation available for inspection as outlined in Part 1, Paragraph 9 of this Circular.

## 5.8 Other Listings

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

## 5.9 Share Capital

The authorised and issued share capital of Padenga is comprised of 800,00 respectively. The share capital will not be affected by the Proposed Transaction.

	31 December 2018 US\$	31 December 2017 US\$
<b>Authorised</b>		
800,000,000 ordinary shares of \$0.0001 each	80,000	80,000
<b>Issued and fully paid</b>		
541,593,440 ordinary shares of US\$0.0001 each	54,159	51,159
<b>Unissued shares held under the control of Directors</b>		
258,406,560 ordinary shares of US\$0.0001 each	25,841	25,841





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## 5.10 Share Capital : Share Options

On the 11 March 2019, the Board granted the following 5,415,934 share options for the year ending 31 December 2017. These options may only be exercised, whether wholly or partially, after the expiry of three years from the Offer date, that is the 11<sup>th</sup> March 2022. The vesting period is as follows:

- a. 50% of the total number of Options vest at the expiry of three years (11<sup>th</sup> March 2022); and
- b. 100% of the total number of Options vest at the expiry of four years (11<sup>th</sup> March 2023) unless otherwise determined by the Board.

The Option Price shall in any event not be less than the highest of:

- a. the 45 day volume weighted average price of the Company Shares as stated in the daily quotations sheet issued by the Zimbabwe Stock Exchange immediately preceding the Offer date which is 103,7498 cents per Share; or,
- b. the nominal value of the Shares. If all options are exercised the impact of this allocation will be a cumulative maximum of 1% dilution to Shareholders.

## 5.11 Adequacy Of Capital And Working Capital Statement

The Company's capital management policy is set out in Paragraph 5.2 above. The Directors are of the opinion that the working capital available to the Company is adequate for its requirements for a period of 12 months from the date of issue of this Circular.

## 5.12 Capital Commitments And Material Leases

Padenga had the following capital commitments as at 31 December 2018

Capital commitments	31 December 2018 US\$	31 December 2017 US\$
Authorised and contracted for		
Authorised but not yet contracted for	5,678,685	5,103,809
<b>Total</b>	<b>5,678,685</b>	<b>5,103,809</b>

All expenditure is to be financed from existing cash resources and the utilisation of authorised borrowing facilities. Operating leases include leases of certain buildings and land upon which the Company's farms are located. The remaining lease terms vary between six and 10 years with options to renew for periods that range from 10 to 20 years. The depreciation on leasehold improvement has taken into account the option for renewal for each operation's lease.

	31 December 2018 US\$	31 December 2017 US\$
<b>Payments recognised as an expense</b>		
Minimum lease payments	<b>332,818</b>	<b>319,928</b>
<b>Non-cancellable lease commitments</b>		
Payable within one year	332,818	319,928
Payable between two and five years	998,454	898,403
Payable after five years	665,636	694,875
<b>Total</b>	<b>1,996,908</b>	<b>1,913,206</b>





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## 5.13 Contingent Liabilities

The Company does not have any contingent liabilities.

## 5.14 Statement Of Indebtedness

The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing in the next 12 months can be rolled over with existing lenders. The table below summarises the maturity profile of the Company's financial assets and liabilities:

	Within 3 months US\$	3-12 months US\$	1 – 2 Years	2 – 3 Years	More than 3 Years US\$	Total
<b>2018</b>						
<b>Liabilities</b>						
Interest bearing borrowings	903,250	12,534,610	900,000	900,000	5,435,000	20,672,860
Interest on loans and borrowings	139,299	775,118	597,787	543,787	1,743,938	3,799,929
Trade and other payables	4,272,430	-	-	-	-	4,272,430
<b>TOTAL</b>	<b>5,314,979</b>	<b>13,309,728</b>	<b>1,497,787</b>	<b>1,443,787</b>	<b>7,178,938</b>	<b>28,745,219</b>

## 5.15 Material contracts

Save for the agreements relating to the Proposed Transaction as described in this Circular, neither Padenga nor any of its subsidiaries have entered into any material contract other than in the ordinary course of business within the past year prior to the Last Practicable Date.

## 5.16 Litigation statement

As at the date of this Circular, neither the Company nor any of its subsidiaries is involved in any material litigation, dispute, arbitration or administrative proceedings which may have or have had in the past twelve months preceding the date of this Circular, a significant effect on the financial position or operations of all the entities, which may have material adverse effect on the Proposed Transaction, or the capacity of the Company to continue as a going concern.

## 6. EXPERTS CONSENTS

Imara, IES, EY, DMH, Corpserve and Finesse have given and not withdrawn their consents to the issue of this Circular with the inclusion of their names and reports in the form and contexts in which they appear.

## 7. TRANSACTION COSTS

The expenses of the Proposed Transaction are estimated to be ZWL\$750,000 and will be borne by the Company.

## 8. THE GROUP'S FUTURE PROSPECTS

The Padenga investment in Dallaglio will allow Padenga to diversify away from the business concentration solely on crocodile and alligator production, and although Padenga will need to invest hard currency into the Dallaglio business it will enable Padenga to generate an additional source of hard currency earnings from these gold mining operations.



# PADENGA

HOLDINGS LIMITED

## 9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of Padenga 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 Wednesday 28 August 2019.

- The Memorandum and Articles of Association of both Padenga and Dallaglio;
- The audited financial statements of Padenga for the years ended 31 December 2016, 2017 and 2018;
- The audited financial statements of Dallaglio for the years ended 31 March 2017 and 2018;
- A signed copy of the purchase and sale agreement entered into between Padenga and Dallaglio;
- The resource statement prepared by Digital Mining Services; and
- The report of the Independent Financial Advisor, referred to in Paragraph 3 of this circular.

## 10. 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 interest of Padenga and its shareholders. The Directors are not aware of any information that would lead them to believe that the Proposed Transaction is part of a takeover bid.

The Directors of Padenga 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.

The Directors confirm that any nominee shareholders who will be allowed to vote on this transaction do not include any person who may be acting in concert with any other person in relation to the related party transaction.



# PADENGA

HOLDINGS LIMITED

Signed on the original document at Harare this Monday 05 August 2019 by the Directors:

<b>Name</b>	<b>Position</b>	<b>Signed on original document</b>
Thembinkosi Sibanda	Non - Executive Chairman	
Jerome Caraguel	Non-Executive Director	
Annie Madzara	Non-Executive Director	
Sternford Moyo	Non-Executive Director	
Michael Fowler	Executive Director	
Gary Sharp	Executive Director	
Oliver Kamundimu	Executive Director	

Yours faithfully

Mr.T.Sibanda

Chairman of the Board of Directors of Padenga Holdings Limited



Building a better  
working world

Chartered Accountants (Zimbabwe)  
Angwa City, Corner Julius Nyerere Way/  
Kwame Nkrumah Avenue  
PO Box 702 or 62  
Harare

Tel: +263 242 750905/14  
Fax: +263 242 750707  
ey.com

5 August 2019

The Directors  
Padenga Holdings Limited  
121 Borrowdale Road  
Harare  
Zimbabwe

Dear Sirs,

**REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
PADENGA HOLDINGS LIMITED**

*(A public company incorporated in the Republic of Zimbabwe under company registration number 2888/2010)*

**1. Introduction**

The directors of Padenga Holdings Limited ("Padenga") are proposing: the acquisition of 9,036 shares, representing a 50.1% shareholding in Dallaglio Investments (Private) Limited ("Dallaglio"), to be settled by collectively, a cash payment in Zimbabwean dollars of ninety dollars and thirty-six (ZWL90.36) cents and the equivalent of nineteen million nine hundred and ninety nine thousand, nine hundred and ninety United States Dollars for the procurement and delivery of mining equipment to Dallaglio by December 2020.

The directors are responsible for the preparation of the circular to which this report relates and the information contained therein. This report is prepared in terms of the Listing Requirements of the Zimbabwe Stock Exchange for the purpose of inclusion in the Circular to Shareholders dated 5 August 2019.

**2. Responsibility**

The directors are solely responsible for the preparation of the unaudited pro forma information to which this independent reporting accountants' report relates. They are also responsible for the preparation of the information from which the unaudited financial information has been prepared. Our responsibility as independent reporting accountants is to form an opinion on the basis used to compile the unaudited pro forma financial information. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed at their dates of issue.

**3. Scope**

Our work consisted primarily of reviewing the pro forma financial information, considering the evidence supporting the adjustments and discussing the pro forma financial information with directors. We were not involved in the independent examination of the underlying information.

The scope of our work included the following procedures:

- Agreed Padenga's statement of financial position as at 31 December 2018 to the published interim financial statements
- Reviewed the pro forma journals
- Agreed the arithmetic accuracy of the overall sub-totals and totals contained in the pro forma statement of financial position.

### **Major Assumptions**

The pro-forma statement of financial positions has been prepared assuming that:

- Padenga acquires 9,036 shares, representing a 50.1% shareholding in Dallaglio
- Padenga settles for the purchase of shares by way of a cash payment in Zimbabwean dollars of ninety dollars and thirty-six (ZWL90.36) cents and the equivalent of nineteen million nine hundred and ninety-nine thousand, nine hundred and ninety United States Dollars for the procurement and delivery of mining equipment to Dallaglio by December 2020.
- The acquisition will be funded through Padengas own resources.

The exact accounting effect of the transactions will be shown in the next audited consolidated financial statements of Padenga Holdings Limited.

From our enquiries of Padenga management, we understand that there have been no material subsequent events arising which have, or that could reasonably be expected to have a material impact on the statement of financial position as at 31 December 2018.

### **4. Unaudited Pro forma Financial Information**

The pro forma financial information has been prepared for illustrative purposes only to provide information demonstrating how the transaction would have impacted on the financial position of Padenga had the Proposed Transaction been undertaken on the 31st of December 2018. Because of its nature, the unaudited pro forma financial information may not give a fair reflection of Padenga's financial position going forward.

In our opinion the adjustments are appropriate for purposes of the pro forma financial information and consistent with Padenga's accounting policies.

### **5. Distribution and Assurances**

This report is prepared solely for the Directors of Padenga. Any uses that a third party makes of this report, or any reliance or decisions made based on it, are the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on this report.

Because the procedures conducted by us do not constitute either an audit or a review performed in accordance with statements of International Standards on Auditing, we do not express assurance on the fair presentation of the pro forma financial information. Had we conducted additional procedures, or had we performed an audit in accordance with the International Standards on Auditing, other matters might have come to our attention that would have been reported to you.

Yours faithfully,



**ERNST & YOUNG**  
**Chartered Accountants (Zimbabwe)**  
**Registered Public Auditor**



**Building a better  
working world**

**Chartered Accountants (Zimbabwe)**  
Angwa City, Corner Julius Nyerere Way/  
Kwame Nkrumah Avenue  
PO Box 702 or 62  
Harare

Tel: +263 242 750905/14  
Fax: +263 242 750707  
ey.com

**5 August 2019**

The Directors  
Padenga Holdings Limited  
121 Borrowdale Road  
Harare  
Zimbabwe

Dear Sirs,

**REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF PADENGA HOLDINGS LIMITED ("PADENGA" OR "THE COMPANY")**

*(A public company incorporated in the Republic of Zimbabwe under company registration number 2888/2010)*

**1. Introduction**

The directors of Padenga Holdings Limited ("Padenga" or "the Group") are proposing: the acquisition of 9,036 shares, representing a 50.1% shareholding in Dallaglio Investments (Private) Limited ("Dallaglio"), to be settled by way of a cash payment in Zimbabwean dollars of ninety dollars and thirty-six (ZWL90.36) cents and the equivalent of nineteen million nine hundred and ninety nine thousand, nine hundred and ninety United States Dollars for the procurement and delivery of mining equipment to Dallaglio by December 2020.

The directors are responsible for the preparation of the Circular to which this report relates, and the information contained therein. This report is prepared in terms of the Listing Requirements of the Zimbabwe Stock Exchange for inclusion in the Circular to Shareholders dated 5 August 2019.

**2. Scope of audited annual financial statements**

We audited the historical financial information for the years ended 31 December 2016 to 31 December 2018 for Padenga.

We conducted our audits and in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform that audit to obtain reasonable assurance whether the historical financial information relating to the financial years ended 31 December 2016 to 31 December 2018 are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



### **3. Prior year audited financial statements for Padenga**

We are the auditors of Padenga and have reported on its annual financial statements for the years ended: 31 December 2016, 31 December 2017 and 31 December 2018. Our audit reports for these financial periods were issued without qualification except those for the year ended 31 December 2018 which were issued with an adverse opinion.

We draw attention to certain pertinent issues that resulted in Padenga receiving an adverse opinion in the audit report to the financial statements for the year ended 31 December 2018. The adverse opinion related to non-compliance with International Financial Reporting Standard IAS21 "The effects of changes in foreign exchange rates," International Accounting Standard 10 "Events after reporting period (IAS10)" and the Conceptual Framework for financial reporting. The non-compliance is as far as RTGS\$ to US\$ exchange rate is concerned. A detailed outline of the basis for adverse opinion is given in the Annual Report for 2018 which is included as part of the documents available for inspection in accordance with section 9 of the Circular.

### **4. Scope**

As the purpose of the appended financial information differs from the purpose of the financial statements prepared for members, the appended financial information is not intended to comply with the full presentation and disclosure requirements of the Companies Act (Chapter 24:03) and International Financial Reporting Standards. Our reporting shall not in any way constitute recommendations regarding the completion of the Transactions or the issue of the Circular to the Shareholders.

We have not audited the financial information of Dallaglio which is included in this Circular for the three years ended 31 March 2017, 2018 and 2019. Crowe (Zimbabwe) Chartered Accountants are the auditors to Dallaglio. For the purposes of the pro forma financial information unaudited accounts from March 2018 to 31 December 2018 were also included in the Circular. We have not undertaken any procedures to verify them.

### **5. Exclusion of Notes and Accounting Policies**

At the request of the Company, and with the approval of the ZSE, the notes to the financial statements, and the accounting policies have been excluded from this Circular but are available for inspection in the Annual Reports as set as out in Part 1, section 7 of this Circular

### **6. Distribution and Assurances**

This report is prepared solely for the Directors of Padenga. Any uses that a third party makes of this report, or any reliance or decisions made based on it, are the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on this report.

Yours faithfully,



**ERNST & YOUNG**  
**Chartered Accountants (Zimbabwe)**  
**Registered Public Auditor**



4th Floor North Wing, Beverley Court  
100 Nelson Mandela Avenue

**HARARE**

Tel: +263 864 407 0184

+263 864 405 1778

Email: finesse@finesseib.co.zw

31 July 2019

The Directors  
Padenga Holdings Limited  
121 Borrowdale Road  
**HARARE**

Dear Sirs/Madams

### **PROPOSED ACQUISITION OF DALLAGLIO INVESTMENTS (PRIVATE) LIMITED**

This report is prepared for the purpose of inclusion in the Padenga Holdings Limited ("Padenga") Circular to Shareholders to be dated Monday 5 August 2019 regarding the proposed acquisition of Dallaglio Investments (Private) Limited ("Dallaglio").

Finesse Advisory Services (Private) Limited ("Finesse") has been retained to provide advice to the independent directors of Padenga in respect of the above transaction. Specifically, Finesse has been asked to indicate whether the terms of the proposed acquisition of Dallaglio ("the transaction") are fair and reasonable.

The terms and conditions of the Transactions are detailed in the Circular to Padenga Shareholders, of which this opinion forms an integral part.

In arriving at an opinion, Finesse has considered, inter alia, the background against which the Transaction is being made as indicated to us by the directors of Padenga, the existing market conditions and the current macro-economic environment in which Padenga operates.

We have assumed and relied upon, without independent verification, the accuracy and completeness of the information provided to us by Padenga, or otherwise obtained discussions with other advisors and relevant parties to this Transaction. After due consideration of the details of the Proposed Transaction, it is our opinion that the proposed acquisition of 50.1% of the ordinary shares of Dallaglio by Padenga is fair and reasonable to the shareholders of Padenga. On the balance, the advantages and benefits outweigh the disadvantages and risks.

Our opinion is based upon the market regulatory and trading conditions as they currently exist and can only be evaluated as at the date of this letter.

It should be understood that subsequent developments may affect our opinion which we are under no obligation to update, revise or reaffirm.

Finesse has no interest, direct or indirect, in Padenga, save for professional fees for services rendered in connection with this fair and reasonable opinion.

Yours faithfully

For and on behalf of  
**Finesse Advisory Services (Private) Limited**

**Emma Fundira**  
**MANAGING DIRECTOR**



# PADENGA

HOLDINGS LIMITED

## PART 3: NOTICE OF THE EXTRAORDINARY GENERAL MEETING OF THE MEMBERS OF PADENGA HOLDINGS LIMITED

### Padenga Holdings Limited

(Incorporated in Zimbabwe in 2010 under registration number 2888/2010)

Directors: Thembinkosi Sibanda (Chairman), Jerome Caraguel, Anne Madzara, Sternford Moyo, Gary Sharp, Oliver Kamundimu, Michael Fowler

**Address:** Padenga Head Office, 121 Borrowdale Road, Gun Hill, Harare

Notice is hereby given that an Extraordinary General Meeting ("EGM") of the members of the Company will be held at 10:00 hours on Wednesday 28 August 2019, at the Royal Harare Golf Club, Harare to consider and, if thought fit, to adopt, with or without amendment, the following Resolutions:

As Ordinary Resolutions:

1. **"THAT**, Padenga is hereby authorised to acquire 9,036 shares, representing a 50.1% equity shareholding in Dallaglio Investments (Private) Limited ("Dallaglio"), to be settled by way of a cash injection in Zimbabwean dollars of ninety dollars and thirty six cents (ZWL\$ 90.36) and the equivalent of nineteen million nine hundred and ninety nine thousand, nine hundred and ninety United States Dollars for the procurement and delivery of mining equipment to Dallaglio."

HM Barbour (Private) Limited, which controls approximately 20% of Padenga has an effective interest of 11% in Dallaglio, prior to the dilutive effect of the Proposed Transaction. Further, Mr. Michael Fowler of HM Barbour is on the boards of both companies. ZMD Investments has an approximate 22% shareholding in Padenga and an effective 14% shareholding in Dallaglio, prior to the dilutive effect of the Proposed Transaction. These parties are considered by the ZSE to be related parties in terms of the Proposed Transaction, and the ZSE has requested their exclusion from voting. These shareholders will therefore not participate in voting on this Resolution in the Padenga EGM.

This resolution will require that a simple majority of 50% plus one vote of shareholders (other than the deemed related parties) present in person or by proxy, entitled to vote at the meeting, vote in favour of the resolution.

2. **"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 Proposed Transaction."

This resolution will require that a simple majority of 50% plus one vote of shareholders present in person or by proxy entitled to vote at the meeting, vote in favour of the resolution.

BY ORDER OF THE BOARD

Company Secretary and Registered Office:  
Andrew Lorimer  
Harare  
**Date:**

Transfer Secretaries:  
121 Borrowdale Road  
Harare  
**Monday 05 August 2019**



# PADENGA

HOLDINGS LIMITED

(Incorporated in Zimbabwe in 2010 under registration number 2888/2010)

Directors: Thembinkosi Sibanda (Chairman), Jerome Caraguel, Anne Madzara,  
Sternford Moyo, Gary Sharp, Oliver Kamundimu, Michael Fowler

**Address:** Padenga Head Office, 121 Borrowdale Road, Gun Hill, Harare

FORM OF PROXY

For use by the Company's shareholders at the extraordinary general meeting of shareholders to be held at 10:00 hours on Wednesday 28 August 2019 at the Royal Harare Golf Club, Harare.

Each member entitled to attend and vote at the EGM is entitled to appoint one person as his proxy, who need not be a member of the Company, to attend, speak and vote in his/her stead at the EGM.

I/We \_\_\_\_\_  
(Name in block letters)

Of \_\_\_\_\_

Being the holder of \_\_\_\_\_ shares in the Company hereby appoint

1. \_\_\_\_\_ of \_\_\_\_\_ or failing him/her
2. \_\_\_\_\_ of \_\_\_\_\_ or failing him/her
3. The Chairman of the EGM

As my/our proxy to act for me/us at the EGM for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, and at each adjournment or postponement thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of the Company registered in my/our name (see note 2) in accordance with the following instructions:

RESOLUTIONS	Number of Votes		
	For	Against	Abstain
1 <b>“THAT</b> , Padenga is hereby authorised to acquire 9,036 shares, representing a 50.1% equity shareholding in Dallaglio Investments (Private) Limited (“Dallaglio”), to be settled by way of a cash injection in Zimbabwean dollars of ninety dollars and thirty six cents (ZWL\$ 90.36) and the equivalent of nineteen million nine hundred and ninety nine thousand, nine hundred and ninety United States Dollars for the procurement and delivery of Mining Equipment to Dallaglio”.			
2 <b>THAT</b> , 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 Proposed Transaction.			

Every person present and entitled to vote at the EGM shall, on a show of hands, have one vote only, but in the event of a poll, every share shall have one vote.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2019

Signature(s) \_\_\_\_\_





