



PADENGA

HOLDINGS LIMITED

ABRIDGED CIRCULAR TO PADENGA HOLDINGS LIMITED SHAREHOLDERS

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.

ABRIDGED 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 ABRIDGED 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>Sponsoring Broker</p> <p>IMARA INVESTING IN AFRICA</p> <p>Securities</p> <p>Imara Edwards Securities (Private) Limited MEMBERS OF THE ZIMBABWE STOCK EXCHANGE</p>	<p>Financial Advisor</p> <p>IMARA INVESTING IN AFRICA</p> <p>Corporate Finance</p> <p>Imara Corporate Finance Zimbabwe (Private) Limited</p>	<p>Auditors and Independent Reporting Accountants</p> <p>EY</p> <p>Ernst & Young Chartered Accountants (Zimbabwe)</p>
<p>Independent Financial Advisor</p> <p>finesse ADVISORY SERVICES</p> <p>Finesse Advisory Services (Private) Limited</p>	<p>Legal Advisor</p> <p>Dube, Manikai & Hwacha Legal Practitioners</p>	<p>Share Transfer Secretary</p> <p>Corpserve</p> <p>Corpserve (Private) Limited</p>

EXPECTED TRANSACTION TIMETABLE

Transaction Milestone

Last Practicable Date	Friday 31 July 2019
EGM notice and Abridged Circular to shareholders published	Monday 05 August 2019
Distribution of Abridged 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 Abridged Circular are Zimbabwean local times.

If you have any questions on any aspects of this Abridged 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

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 2nd Floor, ZB Centre, Corner Kwame Nkrumah Avenue and 1st 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 to shareholders

The public may inspect the full Circular to shareholders 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, First Floor, Tendeseka Office Park
Samora Machel Avenue
Eastlea, Harare
Zimbabwe

Financial Advisor:

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

Share Transfer Secretary:

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

Padenga Holdings Limited Head Office:

Padenga Holdings Limited
121 Borrowdale Road
Gun Hill
Harare
Zimbabwe

PART 1: CHAIRMAN’S LETTER TO SHAREHOLDERS



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

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 the Circular to shareholders.

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.



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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
	541,593,440	100.00

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.

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
ASSETS				
Non-current assets				
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
	27,641	17,390	824	45,855
Current assets				
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
	61,361	28,881	-	90,243
Total assets	89,002	46,271	824	136,097
EQUITY AND LIABILITIES				
Capital and reserves				
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
Equity attributed to equity holders of the parent	61,639	33,469	(33,469)	61,639
Non- controlling interest	(409)	-	19,099	18,690
Total shareholders' equity	61,230	33,469	(14,370)	80,329
Non-current liabilities				
Interest bearing borrowings	7,235	571	-	7,806
Mine rehabilitation liabilities	-	877	-	877
Deferred tax liabilities	7,773	3,330	-	11,102
	15,008	4,778	-	19,785
Current liabilities				
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
	12,764	8,025	15,194	35,983
Total liabilities	27,772	12,802	15,194	55,768
Total equity and liabilities	89,002	46,271	824	136,097

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:

- Padenga receiving the relevant shareholder approvals for the resolutions tabled at the EGM concerning the Proposed Transaction;
- 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 of the full Circular to shareholders.

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 1st of April 2018, with approval for the deal being granted by the Competitions and Tariffs Commission on the 11th 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, de-watering 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.



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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.

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	2018 Unaudited US\$'000	2017 Audited US\$'000
Consolidated Statement of Profit and Loss			
Revenue	18,922	26,706	20,747
Operating profit	6,264	6,908	6,152
Net interest	(1259)	(426)	61
Profit before tax	4,289	6,482	6,213
Total comprehensive income	3,072	2,688	5,019
Consolidated Statement of Financial Position			
Non-current assets	16,568	15,905	11,502
Current assets	6,377	9,027	5,141
Total assets	22,945	24,932	16,642
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
Total equity and liabilities	22,945	24,932	16,642

*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 SSGL 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	Name
Chairman	Matthew Adrian Hosack
Non-Executive Director	Dzikamai Munyaradzi Danha
Executive Director	Michael John Fowler
Executive Director	Mark Evans

Dallaglio's key management personnel are as follows:

Position	Name
Managing Director	Michael John Fowler
Engineering Director	Mark Evans
Mining & Geology Director	Nick Selby
Financial Director	Joseph Crnkovic
Head Geologist	James Abson
Pickstone Peerless Mine General Manager	Japhet Makwasha

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 of the full Circular to shareholders.

31 December	2018 Audited US\$'000	2017 Audited US\$'000	2016 Audited US\$'000
Consolidated Statement of Profit and Loss			
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
Total comprehensive income	12,727	12,853	8,402
Profit for the year attributable to:			
Equity holders of the parent	13,175	13,021	8,948
Non-controlling interest	(449)	(168)	(546)
	12,727	12,853	8,402
Consolidated Statement of Financial Position			
Non-current assets	27,641	23,557	21,676
Current assets	76,116	61,185	49,775
Total assets	103,757	84,742	71,451
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
Total equity and liabilities	103,757	84,742	71,451

5.2 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 Schmullian 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.

MICHAEL FOWLER
Executive Director (Appointed November 2010)

Mike has been involved with the companies that preceded Innscor Africa Limited since 1982 and has held a number of executive positions within the Innscor 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 Innscor Africa Limited. At various stages he has been a Director of companies that previously constituted the Agro-Processing Division of Innscor 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.

5.3 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.



PADENGA
HOLDINGS LIMITED

ABRIDGED CIRCULAR TO PADENGA HOLDINGS LIMITED SHAREHOLDERS

5.4 Other Listings

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

5.5 Share Capital

The authorised and issued share capital of Padenga is comprised of 800,000,000 ordinary shares, and 541,593,440 respectively. The share capital will not be affected by the Proposed Transaction.

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

5.6 Adequacy Of Capital And Working Capital Statement

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 Abridged Circular.

5.7 Contingent Liabilities

The Company does not have any contingent liabilities.

5.8 Litigation statement

As at the date of this Abridged 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 Abridged 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 Abridged 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. 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 above.

9. 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 to shareholders 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.

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

Name	Position	Signed on original document
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

PART 2: 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
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 Madzara

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 "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"			
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.			

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) _____

Assisted by me _____

Full name(s) of signatory/ies if signing in a representative capacity (see note 2)(please use block letters).