THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Circular is neither a prospectus nor an invitation to the public to subscribe for shares in RioZim Limited (“RioZim” or “the Company”) but is a document issued in compliance with the Zimbabwe Stock Exchange (“ZSE”) Listings Requirements.

**Action required:**
- Shareholders are invited to attend the Extraordinary General Meeting (“EGM”) convened by the EGM Notice contained herein.
- Shareholders who are unable to attend the EGM or any adjournment thereof, but wish to be represented thereat, should complete and sign the Form of Proxy included in this Circular and return the signed copy to the Company Secretary at the registered office or the Company’s Transfer Secretary, (Corpserve Registrars (Private) Limited) by 10.30 hours on 21 February 2017.
- Shareholders may attend the EGM in person, notwithstanding the completion and return of the Form of Proxy.
- If you are in any doubt as to the action you should take in relation to this document, please consult your stockbroker, banker, accountant or other professional advisor immediately.
- If you no longer hold any ordinary shares in RioZim, you should send this Circular and accompanying Form of Proxy, as soon as possible, to the stockbroker, bank or other agent through whom the sale of your shareholding in RioZim was effected for onward delivery to the purchaser or transferee of the shares previously held by you.

This Circular includes certain statements, estimates and forecasts, which are forward looking and are based on the current expectations of RioZim and the Directors. The forward looking statements are subject to certain risks, uncertainties and other factors some of which are beyond the control of RioZim and the Directors. Such predictions could cause actual results to differ materially from those in the projections and forecasts. In making their considerations, Shareholders are advised to make their own independent assessment and, in this regard, to consult their own professional advisers.

**Date of issue: 26 January 2017**

This Circular is only available in English. Additional copies of this Circular are available from either the Company’s website: www.riozim.co.zw or from the Company Secretary at the Registered office or at the offices of the Company’s Transfer Secretary.
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DEFINITIONS

The following definitions apply throughout this Circular, unless otherwise stated or the context requires otherwise. In this Circular, the words or phrases in the left hand column bear the meaning stipulated in the second 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. The headings of the clauses in this Circular are for the purpose of convenience and reference only and shall not be used in the interpretation of nor modify nor amplify the terms of this Circular nor any clause hereof unless a contrary intention clearly appears.

"Agreement" means the Agreement for the Sale of Shares signed between Falcon Gold Zimbabwe Limited ("Falgold") and RioGold (Private) Limited ("RioGold") on 30 September 2016;

"Articles" means the Articles of Association of RioZim Limited;

"Circular" means this Circular dated 26 January 2017;

"Companies Act" means the Companies Act [Chapter 24:03] of Zimbabwe, as amended;

"Company" or "RioZim" means RioZim Limited, a public company incorporated in Zimbabwe under the Companies Act [Chapter 24:03] and listed on the ZSE;

"Completion Balance Sheet" means the pro forma balance sheet of Palatial Gold which will reflect its assets and liabilities as at the last day of the month immediately prior to the Completion Date;

"Completion Date" means the date on which Completion shall take place which shall be within 30 calendar days from the date on which the last of the Conditions Precedent are fulfilled or if applicable waived;

"Complex" or "DMC" means the Dalny Mine Complex comprising of the gold processing plant, equipment, mining claims, mining infrastructure, mine compound and other assets;

"Corpserve " means Corpserve Registrars (Private) Limited, a company incorporated in Zimbabwe and licensed by the Securities and Exchange Commission of Zimbabwe (SECZ) and the Transfer Secretary of RioZim;

"Deloitte" means Deloitte Advisory Services (Private) Limited, a company incorporated in Zimbabwe and licensed by the SECZ as an Investment Advisor and appointed Independent Financial Advisors in respect of this Transaction;

"Directors" or "the Board" means the Board of Directors of RioZim;

"EGM" means the Extraordinary General Meeting of the Shareholders to be held at 10.30 hours on Thursday 23 February 2017 at RioZim Limited, 1 Kenilworth Road, Highlands, Harare;

"Falgold" or "Falcon Gold" means Falcon Gold Zimbabwe Limited, a public company incorporated in Zimbabwe under the Companies Act [Chapter 24:03] that is listed on the ZSE;

"Form of Proxy" means the Form of Proxy accompanying this Circular;
"Listings Requirements" means the Listings Requirements of the ZSE;

"Loan Accounts" means the sums owed by Palatial Gold to Falcon Gold on the loan account, comprising inter-company and intra-company balances as at the Take-Over Balance Sheet dated 31 August 2016;

"Notice" means the notice convening the EGM of RioZim Shareholders published on Thursday, 26 January 2017 incorporated in this Circular;

"Old Mutual" means Old Mutual Securities (Private) Limited, a company incorporated in Zimbabwe under the Companies Act [Chapter 24:03] and licensed stockbroker in terms of the SECZ and appointed Sponsoring Broker in respect of this Transaction;

"Palatial Gold" or "the Target Company" means Palatial Gold Investments (Private) Limited, a wholly owned subsidiary of Falcon Gold incorporated in Zimbabwe in accordance with the Companies Act [Chapter 24:03];

"RisCura" means RisCura Zimbabwe (Private) Limited, a company incorporated in Zimbabwe and licensed by the SECZ as a Securities and Investment Advisor and appointed Lead Financial Advisor in respect of this Transaction;

"RioGold" or "the Acquiring Company" means RioGold (Private) Limited a wholly owned subsidiary of RioZim incorporated in Zimbabwe in accordance with the Companies Act [Chapter 24:03];

"SECZ" The Securities and Exchange Commission of Zimbabwe established in terms of the Securities and Exchange Act [Chapter 24:25];

"Take-Over Balance Sheet" means the mutually agreed balance sheet of Palatial Gold Investments (Private) Limited as at 31 August 2016;

"Transaction" means the proposed acquisition of 100% of the issued share capital of Palatial Gold by RioGold;

"US$" or "USD" means United States Dollars;

"Wintertons" means Wintertons Legal Practitioners, a law firm registered with the Law Society of Zimbabwe in terms of the Legal Practitioners Act of Zimbabwe [Chapter 27:07] and appointed Legal Advisor in respect of this Transaction;

"ZSE" means the Zimbabwe Stock Exchange constituted in terms of the Securities and Exchange Act [Chapter 24:25].
CORPORATE INFORMATION

RIOZIM LIMITED BOARD OF DIRECTORS

L P Chihota Chairman
B Nkomo Chief Executive Officer - Acting
S R Beebeejaun Non-Executive Director
C Dengu Non-Executive Director
K Matsheza Non-Executive Director
M T Sachak Non-Executive Director
I M Sharma Non-Executive Director

TRANSACTION ADVISORS

Company Secretary and Registered Office: RioZim Management Services (Private) Limited
1 Kenilworth Road
Highlands
Harare, Zimbabwe

Legal Advisor: Wintertons Legal Practitioners
Beverly Corner
11 Selous Avenue
Harare, Zimbabwe

Lead Financial Advisor: RisCura Zimbabwe (Private) Limited
3rd Floor, East Wing, Block 5
Celestial Office Park
Borrowdale Road, Borrowdale
Harare, Zimbabwe

Independent Financial Advisors: Deloitte Advisory Services (Private) Limited
West Block, Borrowdale Office Park
Borrowdale Road
Harare, Zimbabwe

Sponsoring Brokers: Old Mutual Securities (Private) Limited
4th Floor CABS First Street,
Harare, Zimbabwe

Transfer Secretary: Corpserve Registrars (Private) Limited
2nd Floor, ZB Centre
Corner First Street/Kwame Nkrumah Avenue
Harare, Zimbabwe
RIO ZIM - CIRCULAR TO SHAREHOLDERS

RATIONALE AND SALIENT FEATURES OF THE TRANSACTION

This summary presents the salient information in relation to the Transaction, the detailed terms and conditions of which are more fully set out in this Circular. Accordingly the Circular should be read in its entirety for a full appreciation of the implication of the Transaction, as well as with regard to determining the action required by Shareholders with respect to the corporate actions outlined in this Circular.

THE TRANSACTION

Pursuant to the signed Agreement for the Sale of Shares dated 30 September 2016, the Board is requesting Shareholders to approve the acquisition by RioGold (Private) Limited, a wholly owned subsidiary of RioZim Limited, of 100% of the shareholding in Palatial Gold Investments (Private) Limited which houses the Dalny Mine Complex (DMC) and which is a wholly owned subsidiary of Falcon Gold Zimbabwe Limited. DMC consists of a gold processing plant, equipment, mining claims, mining infrastructure, a mine compound and other assets. DMC has attractive and vast explorative resources which RioGold believes can be exploited and mined profitably.

The payment terms are as detailed below:

a) An initial payment of US$2,000,000 (Two Million United States Dollars) less the US$200,000 (Two Hundred Thousand United States Dollars) exclusivity deposit already paid and any advance payment as detailed below, shall be made within 30 (thirty) days of all Conditions Precedent being fulfilled.

b) An amount of US$3,000,000 (Three Million United States Dollars) by way of 12 (twelve) equal monthly installments of US$250,000 (Two Hundred and Fifty Thousand United States Dollars), the first such installment to be paid on or before the last day of the calendar month following the initial payment as described in (a) above is made, and subsequent installments on or before the last day of each succeeding month.

c) A final payment of the balance, being the purchase consideration less the aggregate amounts paid without interest, which shall be paid in full and final settlement of the purchase consideration in respect of the shares and the consideration in respect of the Loan Accounts, no later than 24 (twenty-four) months after the initial payment detailed in (a) above.

A sum of US$200,000 (Two Hundred Thousand United States Dollars) was paid on the 9 June 2016 as an exclusivity deposit. Further sums as indicated below may be disbursed before the initial payment of US$2,000,000 (Two Million United States Dollars) and therefore will be deducted from the initial payment as follows:

a) Payment to the Ministry of Mines to have the mining claims which are currently held by Falcon Gold transferred into the name of Palatial Gold; and

b) Payment to Zimbabwe Revenue Authority for Capital Gains Tax arising from the sale of Palatial Gold’s shares.

All sums for advance payments will be reimbursed should the Transaction not be completed except for the exclusivity deposit which cannot be reimbursed in instances of RioGold’s withdrawal from, termination of, or failure to complete the Transaction.

Should RioGold default on the payment terms detailed above, RioGold will have 45 (forty-five) days’ notice to remedy breach on the first default and 15 (fifteen) days’ notice to remedy breach on subsequent defaults. Failure to remedy breach gives Falcon Gold the option to enforce that the full balance of the purchase consideration becomes immediately due and payable together with interest at 9% per annum.
THE EFFECTS OF THE TRANSACTION

The Transaction shall not have an effect on the share capital structure of RioZim and the current 122,029,470 (one hundred and twenty-two million twenty-nine thousand four hundred and seventy) issued ordinary shares of RioZim Limited will remain the same post the Transaction. The Transaction will however impact positively on the Net Asset Value (NAV) of RioGold and of the Company as illustrated in the table below:

<table>
<thead>
<tr>
<th></th>
<th>RioZim*</th>
<th>RioGold**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before the Transaction</td>
<td>1 295 000</td>
<td>6 401 473</td>
</tr>
<tr>
<td>After the Transaction</td>
<td>6 401 473</td>
<td>4 398 736</td>
</tr>
<tr>
<td>Number of shares</td>
<td>122 029 470</td>
<td>122 029 470</td>
</tr>
<tr>
<td>NAV per share (US$/share)</td>
<td>0.01</td>
<td>0.05</td>
</tr>
</tbody>
</table>

*RioZim NAV based on 30 June 2016 Reviewed Financial Statements
**RioGold NAV based on the 31 August 2016 Management Accounts

RIOZIM EGM

To give effect to the Transaction, Shareholders are being asked to attend the EGM to be held at 10.30 hours on Thursday, 23 February 2017, at RioZim’s head office, 1 Kenilworth Road, Highlands, Harare, Zimbabwe to approve the Resolutions, details of which are set out in the Notice in Part V of this Circular.

ACTIONS TO BE TAKEN BY SHAREHOLDERS

- Attend the EGM to vote on the Resolutions.
- Shareholders who are unable to attend the EGM but who wish to be represented thereat, should complete and sign the Form of Proxy enclosed within this Circular, and ensure that it is returned, or posted to the Transfer Secretary, being Corpserve Registrars (Private) Limited of 2nd Floor, ZB Centre, Cnr 1st and Kwame Nkrumah Avenue, Harare, Zimbabwe so that it is received by no later than 10.30 hours on Tuesday 21 February 2017.
- Shareholders may attend the EGM in person, notwithstanding the completion and return of a Form of Proxy.

IMPORTANT DATES

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Last Practicable Date</td>
<td>Friday, 30 December 2016</td>
</tr>
<tr>
<td>Notice of EGM published</td>
<td>Thursday, 26 January 2017</td>
</tr>
<tr>
<td>Circular made available to Shareholders</td>
<td>Thursday, 26 January 2017</td>
</tr>
<tr>
<td>Last date for lodging Proxy Forms (by 10:30hrs)</td>
<td>Tuesday, 21 February 2017</td>
</tr>
<tr>
<td>EGM of RioZim shareholders at 10:30hrs</td>
<td>Thursday, 23 February 2017</td>
</tr>
</tbody>
</table>

NOTE:
The above dates are subject to change at the direction of the Directors and any such changes will be published in the Zimbabwean press.

QUERIES

If you have any questions on any aspect of this Circular, please contact your stockbroker, accountant, banker, legal practitioner or other professional advisor. Alternatively, please contact Melusi Mpofu and/or Judith Rodger-Gurr at RisCura Zimbabwe, Third Floor, East Wing, Block 5, Celestial Office Park, Borrowdale Road, Borrowdale, Harare, Zimbabwe; Telephone number +263 4 883 703 or +263 4 883 704.
Dear Shareholders,

1. **INTRODUCTION**

One of the key strategies of RioZim is to explore for new opportunities in an effort to consolidate, expand and strengthen its gold operations and thereby become a significant gold producer in the country. In line with this strategy a target gold mine has been identified for acquisition.

Pursuant to the Group Restructure that was approved by Shareholders at the 2015 Annual General Meeting, the acquisition is being done at a subsidiary level through an Agreement for the Sale of Shares between RioGold (Private) Limited, a wholly owned subsidiary of RioZim, and Falcon Gold Zimbabwe Limited dated 30 September 2016.

The conclusion of the acquisition of Palatial Gold will result in RioGold having three operating gold mines namely Cam & Motor, Renco and Dalny.

2. **THE TRANSACTION**

In accordance with the signed Agreement, RioGold has agreed to acquire 100% of Palatial Gold Investments (Private) Limited, a wholly owned subsidiary of Falcon Gold Zimbabwe Limited, subject to shareholder approval and fulfillment of the Conditions Precedent.

3. **RATIONALE**

Palatial Gold owns the DMC which consists of a gold processing plant, equipment, mining claims, mining infrastructure, a mine compound and other assets. The DMC was placed under care and maintenance in August 2013, which resulted in RioZim identifying an opportunity and leasing the Dalny Gold Processing Plant in 2015 to process ore mined from its Cam & Motor Pit. This initiative has significantly contributed to the Group’s performance as follows:

- 76% increase in gold production in the first half of 2016; and
- improved financial performance from an operating loss of US$2,000,000 [Two Million United States Dollars] for the 6 (six) months to 30 June 2015 to an operating profit of US$2,300,000 [Two Million Three Hundred Thousand United States Dollars] for the 6 (six) months to 30 June 2016.
Considering the Group’s success as the operator of the Dalny Gold Processing Plant, the RioZim technical team carried out a detailed scoping study of the assets and resources of the Complex, the results of which were verified and confirmed by an independent consultant (SRK Consultancy Zimbabwe) in their report dated 21 March 2016. The results revealed that the Complex has attractive exploration ground which can be exploited profitably.

The commercial decision made by your Board to implement the Transaction was motivated by the following:

a) **Proximity**
   Due to its proximity to the Cam & Motor Mine, DMC complements the existing resources of RioGold and will lead to economies of scale and scope.

b) **Gold resources**
   DMC has significant untapped gold resources which RioGold believes can be mined profitably using both underground and open pit mining methods.

c) **Existing gold processing plant and infrastructure**
   DMC has a gold processing plant with a processing capacity of 500 tonnes per day which RioGold is already familiar with as it has been operating the plant since April 2015 under a lease agreement. The plant has been running smoothly subject to normal scheduled maintenance and therefore would require no start-up capital costs save for sustaining capital costs to keep it performing at the expected level.

   All the required infrastructure and amenities are available to support mining activities and these include a solid compound to accommodate the workers, two dedicated power lines, water provisions and a road network.

d) **National Interest**
   This acquisition will bring foreign currency into the country due to the production and increased export of fine gold.

e) **Community Development**
   DMC is the centre of economic activity in the Chakari district of Kadoma, Zimbabwe. Almost 3,000 (three thousand) people depend on DMC. Under the operating lease agreement, the community has benefited from employment opportunities and other corporate social programs which were offered by RioGold. Therefore, the re-opening and intended expansion of DMC will have a major positive impact on the community.

f) **Reasonable Acquisition Terms**
   The extended payment terms underpinned by the Agreement made the acquisition of Palatial Gold an attractive possibility. The financing structure for the Transaction of US$2,000,000 (Two Million United States Dollars) within 30 (thirty) days of fulfilment of the Conditions Precedent and US$3,000,000 (Three Million United States dollars) over a period of 12 (twelve) months and the balance over a period of 24 (twenty-four) months, enables the purchase consideration to be financed by RioGold’s consolidated operational cash flows.

g) **Profitable Investment**
   The Company has undertaken a detailed analysis of the potential income, expenditure and cash flows arising out of operating the Dalny Gold Processing Plant at a capacity of 500 tonnes per day. The analysis revealed that the Plant could operate profitably on a stand-alone basis. Therefore the inclusion of Palatial Gold to RioGold’s gold assets portfolio will enhance its profitability, strengthen its balance sheet and complement the Group in achieving its goals.

4. **CONDITIONS PRECEDENT**

   The Transaction is subject to the following Conditions Precedent which are to be fulfilled by 31 March 2017 or such later date as agreed to in writing by the Parties: -
RIOZIM - CIRCULAR TO SHAREHOLDERS

a) The issuing of an approval of the Transaction by the Competition and Tariffs Commission, or the procurement by RioGold of an advisory letter to the effect that no such approval is required;
b) The delivery by RioGold to Falcon Gold of a copy of the approval of the Agreement by the Shareholders of RioZim Limited; and
c) Delivery by Falcon Gold to RioGold of a copy of the approval of the Agreement by the shareholders of Falcon Gold.

5. SECURITY

As security for payment of the purchase consideration, RioGold shall pledge to and in favour of Falcon Gold the shares acquired by it from Falcon Gold (through an Escrow Agent) and the shareholder’s Loan Accounts in Palatial Gold acquired by it.

In terms of this security arrangement Falcon Gold will, in the event of default by RioGold and failure to remedy such default, be:

a) Entitled to take over the voting rights in Palatial Gold (in order to pay itself) subject to Falcon Gold commencing legal proceedings for recovery of the amount then due; and
b) Entitled to demand that Palatial Gold pays the Loan Account balance;
c) Entitled to transfer the shares back to itself or sell the shares to a third party, in execution of an order obtained by it, at which stage it is intended that the Loan Accounts will become due and payable to RioGold within 7 (seven) days.

In the event that the security is enforced, any investment made by RioGold in Palatial Gold shall become an ordinary debt due by Palatial Gold to RioGold repayable on the terms on which the money was advanced on an arm’s length basis. Any investment shall become due and payable to RioGold in the event that there is change in Palatial Gold’s shareholding in line with the loan agreement that will be entered into between RioGold and Palatial Gold.

6. FUTURE PROSPECTS OF RIOZIM

It is anticipated that the conclusion of this Transaction will see RioGold producing additional gold of approximately 50 (fifty) kilograms per month for the first 12 (twelve) months and 100 (one hundred) kilograms per month thereafter. The additional production will improve the profitability, cash flows and balance sheet position of RioGold for the benefit of the Group and the Shareholders.

7. DIRECTORS’ RECOMMENDATION

The Directors of RioZim have considered the terms of the Transaction and have passed a unanimous board resolution for the acquisition of Palatial Gold, subject to shareholder approval. The Directors of RioZim are confident that in the current circumstances, the Company will be able to meet the obligations arising from this Transaction in the ordinary course of its business. Accordingly, the Directors recommend that Shareholders vote in favour of the resolutions giving effect to the Transaction. The Directors will vote in favour of the resolutions to approve the Transaction at the EGM in respect of their individual shareholding.

Yours faithfully,

For and on behalf of the Board of RioZim Limited

[Signed on original]

L P Chihota
Chairman
PART II  FINANCIAL INFORMATION

The reviewed pro forma statement of financial position below has been provided to illustrate how the Transaction might affect the financial position of RioZim had it been effected on 30 June 2016. The reviewed pro forma statement of financial position has been prepared for illustrative purposes only and because of the nature of the Transaction may not give a fair reflection of RioZim’s financial position after the Transaction.

<table>
<thead>
<tr>
<th></th>
<th>30-Jun-16 Reviewed Before the Transaction US$000</th>
<th>Transaction US$000</th>
<th>30-Jun-16 Reviewed After the Transaction US$000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>37 529</td>
<td>14 750</td>
<td>52 279</td>
</tr>
<tr>
<td>Exploration, evaluation and development assets</td>
<td>14 865</td>
<td>-</td>
<td>14 865</td>
</tr>
<tr>
<td>Investment in associate company</td>
<td>3 427</td>
<td>-</td>
<td>3 427</td>
</tr>
<tr>
<td>Available for sale investments</td>
<td>205</td>
<td>-</td>
<td>205</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>5 993</td>
<td>-</td>
<td>5 993</td>
</tr>
<tr>
<td>Other Investment</td>
<td>715</td>
<td>-</td>
<td>715</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td><strong>62 734</strong></td>
<td><strong>14 750</strong></td>
<td><strong>77 484</strong></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>41 631</td>
<td>702</td>
<td>42 333</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>6 910</td>
<td>367</td>
<td>7 277</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>3 358</td>
<td>(1 991)</td>
<td>1 367</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>51 899</strong></td>
<td><strong>(922)</strong></td>
<td><strong>50 977</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>114 633</td>
<td>13 829</td>
<td>128 462</td>
</tr>
<tr>
<td><strong>EQUITY &amp; LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>1 345</td>
<td>-</td>
<td>1 345</td>
</tr>
<tr>
<td>Share premium</td>
<td>20 789</td>
<td>-</td>
<td>20 789</td>
</tr>
<tr>
<td>Available for sale reserve</td>
<td>145</td>
<td>-</td>
<td>145</td>
</tr>
<tr>
<td>Other reserves</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated Losses</td>
<td>(20 243)</td>
<td>5 106</td>
<td>(15 137)</td>
</tr>
<tr>
<td>Equity attributable to equity holders of the parent</td>
<td><strong>2 036</strong></td>
<td><strong>5 106</strong></td>
<td><strong>7 142</strong></td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(741)</td>
<td>-</td>
<td>(741)</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td><strong>1 295</strong></td>
<td><strong>5 106</strong></td>
<td><strong>6 401</strong></td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cumulative redeemable preference shares</td>
<td>33 434</td>
<td>-</td>
<td>33 434</td>
</tr>
<tr>
<td>Interest bearing loans and borrowings</td>
<td>2 485</td>
<td>-</td>
<td>2 485</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>66</td>
<td>-</td>
<td>66</td>
</tr>
<tr>
<td>Employee benefit liabilities</td>
<td>953</td>
<td>-</td>
<td>953</td>
</tr>
<tr>
<td>Fixed term payables</td>
<td>-</td>
<td>800</td>
<td>800</td>
</tr>
<tr>
<td>Mine closure provision</td>
<td>347</td>
<td>2 722</td>
<td>3 069</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td><strong>37 285</strong></td>
<td><strong>3 522</strong></td>
<td><strong>40 807</strong></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>58 191</td>
<td>2 200</td>
<td>60 391</td>
</tr>
<tr>
<td>Fixed term payables</td>
<td>6 311</td>
<td>3 000</td>
<td>9 311</td>
</tr>
<tr>
<td>Interest-bearing loans and borrowings</td>
<td>11 551</td>
<td>-</td>
<td>11 551</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>76 053</strong></td>
<td><strong>5 200</strong></td>
<td><strong>81 253</strong></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>113 338</td>
<td>8 722</td>
<td>122 060</td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td><strong>114 633</strong></td>
<td><strong>13 829</strong></td>
<td><strong>128 462</strong></td>
</tr>
</tbody>
</table>
The pro forma statement of financial position below has been provided to illustrate how the Transaction might affect the financial position of RioGold had it been effected on 31 August 2016. The pro forma statement of financial position has been prepared for illustrative purposes only and because of the nature of the Transaction may not give a fair reflection of RioGold’s financial position after the Transaction. The information has been prepared by RioZim and considered by Deloitte.

<table>
<thead>
<tr>
<th></th>
<th>31-Aug-2016</th>
<th></th>
<th>31-Aug-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unaudited</td>
<td>Transaction</td>
<td>Unaudited</td>
</tr>
<tr>
<td></td>
<td>Before theTransaction</td>
<td>US$000</td>
<td>US$000</td>
</tr>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>42 283</td>
<td>14 750</td>
<td>57 033</td>
</tr>
<tr>
<td>Exploration evaluation and development assets</td>
<td>13 620</td>
<td>-</td>
<td>13 620</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>55 903</td>
<td>14 750</td>
<td>70 653</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>4 368</td>
<td>702</td>
<td>5 070</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>3 800</td>
<td>367</td>
<td>4 167</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>2 734</td>
<td>(1 991)</td>
<td>743</td>
</tr>
<tr>
<td>Total current assets</td>
<td>10 902</td>
<td>(922)</td>
<td>9 980</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>66 805</td>
<td>13 828</td>
<td>80 633</td>
</tr>
<tr>
<td>EQUITY &amp; LIABILITIES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>4 399</td>
<td>5 106</td>
<td>9 505</td>
</tr>
<tr>
<td>Total equity</td>
<td>4 399</td>
<td>5 106</td>
<td>9 505</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>332</td>
<td>2 722</td>
<td>3 054</td>
</tr>
<tr>
<td>Fixed term payables</td>
<td>-</td>
<td>800</td>
<td>800</td>
</tr>
<tr>
<td>Shareholder loans</td>
<td>49 054</td>
<td>-</td>
<td>49 054</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td>49 386</td>
<td>3 522</td>
<td>52 908</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>13 020</td>
<td>2 200</td>
<td>15 220</td>
</tr>
<tr>
<td>Fixed term payables</td>
<td>-</td>
<td>3 000</td>
<td>3 000</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>13 020</td>
<td>5 200</td>
<td>18 220</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>62 406</td>
<td>8 722</td>
<td>71 128</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>66 805</td>
<td>13 828</td>
<td>80 633</td>
</tr>
</tbody>
</table>
PART III INDEPENDENT FINANCIAL ADVISOR’S REPORT

Dear Sirs,

Dear Sirs,

“FAIR AND REASONABLE” OPINION ON THE PROPOSED ACQUISITION BY RIOGOLD (PRIVATE) LIMITED, A WHOLLY OWNED SUBSIDIARY OF RIOZIM LIMITED, OF PALATIAL GOLD INVESTMENTS (PRIVATE) LIMITED, A WHOLLY OWNED SUBSIDIARY OF FALCON GOLD ZIMBABWE LIMITED.

This report has been prepared for the purpose of inclusion in the Circular to the Shareholders of RioZim Limited (RioZim) for the Extra-Ordinary General Meeting where the acquisition of Palatial Gold Investments (Private) Limited (Palatial Gold) will be proposed.

Deloitte Advisory Services (Private) Limited (Deloitte Advisory Services) in their capacity as Independent Financial Advisors were retained to provide advice to the Directors and Shareholders of RioZim in respect of the proposed acquisition.

The terms and conditions of the acquisition are detailed in the Circular to Shareholders, dated 26 January 2017, of which this opinion is a part. Words and phrases used in this letter shall have the same meaning as ascribed to them in the Circular. In arriving at our opinion, we considered, inter alia, the background against which the acquisition of Palatial Gold is being made and the current macro-economic environment in which RioZim operates.

Our engagement did not constitute an examination made in accordance with International Standards on Auditing. Accordingly, we are not expressing an audit opinion on the information contained in the Circular to the Shareholders but rather an Independent Financial Advisory opinion as to whether the proposed acquisition is fair and reasonable.

Summary of the Transaction

RioGold (Private) Limited (RioGold) has entered into an Agreement, which is subject to fulfillment of certain Conditions Precedent, for the acquisition of 100% of the shares of Palatial Gold which houses the Dalny Mine Complex (DMC) comprising, inter alia, of a gold processing plant, mining claims, mine infrastructure and mine compound.

The acquisition will be done by purchasing the issued share capital of Palatial and the Loan Accounts of the company. The purchase consideration for the shares is US$250,000 (Two Hundred and Fifty Thousand United States Dollars), and...
the consideration for the cession of the Loan Accounts is US$7,750,000 (Seven Million Seven Hundred and Fifty Thousand United States Dollars). The consideration for the cession of the Loan Accounts will be reduced by the current liabilities as detailed in the Take-Over Balance Sheet as at 31 August 2016 amounting to circa US$2,200,000 (Two Million Two Hundred Thousand United States Dollars), subject to any adjustment to such liabilities reflected in the Completion Balance Sheet as at the last day of the month immediately prior to the Completion Date.

Scope

In accordance with our engagement letter dated 31 October 2016 we performed the following procedures:

• Reviewed and analysed all relevant information made available to us by the directors of RioZim;
• Reviewed published market data and/or other public information available to us, relating to the industry in which RioZim operates;
• Reviewed documentation giving effect to the Transaction;
• Attended the Transaction working party meetings;
• Reviewed the Circular to Shareholders prepared for internal updates and discussion, and where relevant, discussions to confirm the factual accuracy of all the information, figures and financial calculations included therein; AND
• Evaluated all the relevant information and prepared a fair and reasonableness opinion on the pricing of the Transaction.

Restrictions

The scope of our work is restricted to the matters set out in this letter. The Report does not purport to be comprehensive and to extend to any other financial information or prospects of RioZim. In preparing this Report, Deloitte has relied on the accuracy and veracity of the information made available to it by the management of RioZim and Deloitte did not carry out further independent verification or audit of this information which was beyond the scope of its mandate.

Definition of fairness and reasonableness for the purpose of our opinion

The “fairness and reasonableness” of a transaction to the shareholders is based on the quantitative impact that the transaction would have on the shareholders. The transaction would be regarded as fair and reasonable if the benefits received by the shareholders as a result of the transaction, are equal to or more than the value ceded by the shareholders to obtain the benefits.

Sources of information

In order for us to arrive at our opinion on the fairness and reasonableness of this transaction we evaluated the following sources of information:

1) The terms and conditions of the transaction as detailed in the Circular to Shareholders;
2) The unaudited Financial Statements for Palatial Gold as at 31 August 2016, the take on date;
3) The list of assets of Palatial Gold as at 31 August 2016;
4) The verification performed by RioZim’s internal audit department on the assets of Palatial Gold as at 31 March 2016;
5) SRK’s Dalny Open Pit and Underground Mining Report dated 21 March 2016;
6) The subsequent update on SRK’s report dated 10 November 2016;
7) Global forecasts on the price of gold from 2017 – 2021;
8) RioGold’s Management Accounts;
9) RioGold’s five year income and expenditure forecasts derived from the assets which are being proposed for acquisition; AND
10) Discussions with management at RioGold about the assets to be acquired.

We confirm that we had access to the relevant documentation that we required to gather sufficient appropriate evidence as a basis of forming our opinion on the fairness and reasonableness of the proposed transaction. Accordingly our access
to documentation was not limited. Where management representations were required, we confirm that we obtained the same to our satisfaction.

**Procedures performed**

We performed the following procedures to arrive at our opinion:

1) Assessed the purchase consideration against the unaudited book value of the assets being taken over;
2) Assessed the purchase consideration against the discounted cash flows based on the external expert’s computations;
3) Assessed the purchase consideration against the RioGold’s five year forecasts of income and expenditure on the assets being purchased;
4) Assessed the fairness and reasonableness of the gold prices used in the computation of the discounted cash flows under 2 and 3;
5) Attended working party meetings for this Transaction; AND
6) Discussed the Transaction with management at RioZim.

**Conclusion**

In our opinion, after due consideration of the relevant factors, we believe that the proposed acquisition is fair and reasonable.

Deloitte Advisory Services have no interest, direct or indirect, in RioZim or any of its subsidiaries or associated companies save for professional fees for services rendered in connection with this Transaction.

Yours faithfully

Tich Mudede
Director - Deloitte Advisory Services (Private) Limited

[signed on original]
1. MATERIAL CHANGES

Save as disclosed in the Circular, between Friday 30 September 2016 and the Last Practicable Date, there has been no material adverse change in RioZim’s financial position, and no commissions, brokerages or other special terms have been granted by RioZim in connection with the issue or sale of its share capital.

2. SOLVENCY, LIQUIDITY AND WORKING CAPITAL STATEMENT

The effects of the Group’s turnaround strategy have begun to show on the results of the Company. In the first six months of 2016, the Group’s performance improved from an operating loss of US$2,000,000 (Two Million United States Dollars) in 2015 to an operating profit of US$2,300,000 (Two Million Three Hundred Thousand United States Dollars) due to doubling of gold production at RioGold level. The Group however incurred a net loss after tax of US$403,000 (Four Hundred and Three Thousand United States Dollars) (2015: US$7,200,000) which was mainly attributed to Empress Nickel Refinery remaining under care and maintenance. As at the reporting date of 30 June 2016, the Group’s current liabilities exceeded current assets by US$24,100,000 (Twenty-Four Million One Hundred Thousand United States Dollars) (December 2015: US$19,400,000) and the Group’s statement of financial position showed unfavourable solvency ratios of 0.73:1 (December 2015: 0.73:1) and 0.14:1 (December 2015 0.16:1) for current and acid test ratios respectively.

Whilst there are notable improvements, some of the factors above particularly the recurring net losses and unfavourable solvency ratios, indicate the existence of an uncertainty on the Group’s ability to continue as a going concern and that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Directors have assessed the ability of the Group to continue as a going concern on a continuous basis and believe that the Group’s going concern assumption is appropriate and is supported by the following reasons:

- The return of the Group to operational profitability, anchored on increased gold production.
- The debt restructuring which has resulted in finance costs reducing by approximately 50% (fifty percent) and has also eased strain on the Company’s cash flows through longer repayment terms.
- The installation and commissioning of the Cam & Motor Gold Processing Plant which has an installed capacity to process 2 500 tonnes of ore per day.
- The additional Dalny Gold Processing Plant which is set to significantly improve RioGold’s current gold production at relatively low cost.
- The continued cost cutting exercise that has yielded significant results in cost savings of approximately 30% across the Group.
- Improved Associate (Murowa Diamonds [Private] Limited) performance following the implementation of a new mining plan, expansion of plant capacity and embarking on owner mining.

The Directors therefore believe that the Group will continue to operate as a going concern. This basis assumes that the realization of assets and settlement of liabilities including but not limited to this Transaction will occur in the ordinary course of business.

3. EXPERT CONSENTS

Corpserve, Deloitte, Old Mutual, RisCura, and Wintertons have given, and as at the date of this Circular have not withdrawn their consents to the issue of this document with the inclusion of their names and reports in the form and contexts in which they appear.

4. LITIGATION

The RioZim Limited Litigation Schedule was last made available for inspection by Shareholders at a General Meeting held on 21 January 2016. Since then, the material litigation has substantially been resolved and litigation has been reduced significantly. The outstanding matters do not have a material effect on the Group’s financial position.

As at the date of this Circular, the Directors confirm that RioGold is not involved in any material litigation, dispute or arbitration proceedings nor is RioGold aware that any such material litigation, dispute or arbitration proceedings are pending or threatened.
5. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or certified copies thereof, will be available for inspection at the Registered Office of RioZim during normal business hours (08:00 to 16:30) on weekdays until Thursday, 23 February 2017.

- The Memorandum and Articles of Association of RioZim and RioGold;
- The reviewed financial statements for RioZim for the period ended 30 June 2016;
- A signed copy of the Agreement;
- Resolution by the RioZim Board of Directors approving the acquisition;
- Resolution by the RioGold Board of Directors approving the acquisition;
- Signed letters of consent from all experts and advisors;
- ZSE approval for the distribution of the Circular to Shareholders;
- Signed copy of the Circular;
- Scoping Study of the Dalny Mine Complex by SRK Consultancy Zimbabwe; and
- List of litigation against RioZim.

6. EXPENSES OF THE TRANSACTION

The expenses of the Transaction amount to approximately US$70,000 (Seventy Thousand United States Dollars) and they relate to various expenses which include professional and regulatory fees as well as publishing, printing and postage charges. These expenses will be met by RioGold out of its operational cash flows.

Old Mutual Securities Zimbabwe (Private) Limited who are the Sponsoring Brokers to the Transaction, are not under the control of Old Mutual Life Assurance Company (RioZim’s second largest Shareholder). Old Mutual Life Assurance Company additionally does not have any ownership interest in Old Mutual Securities Zimbabwe (Private) Limited and its shareholding in RioZim is on behalf of policy holder funds. Resultantly the engagement between RioZim and Old Mutual Securities Zimbabwe (Private) Limited, and all the advisors to the Transaction, are at arm’s length.

7. DIRECTORS DETAILS AND INTERESTS

As at the last Practicable Date, the direct and indirect interests of the Directors of RioZim and their immediate families were as follows:

<table>
<thead>
<tr>
<th>Director’s Name</th>
<th>Direct Shareholding</th>
<th>Indirect Shareholders</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>L P Chihota</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>B Nkomo*</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>S R Beebeejaun</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>C Dengu</td>
<td>187</td>
<td>-</td>
<td>187</td>
</tr>
<tr>
<td>K Matsheza</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>M T Sachak</td>
<td>51 441</td>
<td>-</td>
<td>51 441</td>
</tr>
<tr>
<td>I M Sharma</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51 528</strong></td>
<td><strong>-</strong></td>
<td><strong>51 528</strong></td>
</tr>
</tbody>
</table>

*Executive Directors
In accordance with section 186 of the Companies Act, Mr. C Dengu declared his direct material interest in an Investment Advisor contract for the Sengwa Power Project, entered into between RioZim and CDFT Capital, a Mauritian based company for which he is a non-resident shareholder and managing director.

Except as disclosed in this Circular, none of the Directors of RioZim nor any member of their immediate families, nor any person acting in concert with the Directors of RioZim, control or is interested, beneficially or otherwise, in this Transaction, any contracts with Group, shares of both RioZim and Falcon Gold, or in any securities convertible to rights to subscribe for RioZim or Falcon Gold shares.

8. **TOP 20 SHAREHOLDERS AS AT THE LAST PRACTICABLE DATE**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Names</th>
<th>Shares</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>GEM RIOZIM INVESTMENTS LTD (NNR)</td>
<td>53,711,268</td>
<td>44.01</td>
</tr>
<tr>
<td>2</td>
<td>OLD MUTUAL LIFE ASSURANCE COMPANY ZIMBABWE LIMITED</td>
<td>27,437,033</td>
<td>22.48</td>
</tr>
<tr>
<td>3</td>
<td>TURNER ROY</td>
<td>11,732,166</td>
<td>9.61</td>
</tr>
<tr>
<td>4</td>
<td>RIOZIM FOUNDATION CO (PVT) LTD</td>
<td>6,003,579</td>
<td>4.92</td>
</tr>
<tr>
<td>5</td>
<td>CHARTERHOUSE 3 LIMITED</td>
<td>2,308,082</td>
<td>1.89</td>
</tr>
<tr>
<td>6</td>
<td>SYMONDS GEOFFREY</td>
<td>2,069,829</td>
<td>1.70</td>
</tr>
<tr>
<td>7</td>
<td>STANBIC NOMINEES</td>
<td>1,824,174</td>
<td>1.49</td>
</tr>
<tr>
<td>8</td>
<td>EDWARDS NOMINEES (PRIVATE) LIMITED</td>
<td>1,518,668</td>
<td>1.24</td>
</tr>
<tr>
<td>9</td>
<td>SCB NOMINEES 033667800001</td>
<td>1,140,151</td>
<td>0.93</td>
</tr>
<tr>
<td>10</td>
<td>NILESHKUMAR &amp; SANJAYKUMAR PATEL</td>
<td>853,551</td>
<td>0.70</td>
</tr>
<tr>
<td>11</td>
<td>STANBIC NOMINEES 110008090024</td>
<td>823,061</td>
<td>0.67</td>
</tr>
<tr>
<td>12</td>
<td>STANBIC NOMINEES (PVT) LTD- NNR</td>
<td>742,463</td>
<td>0.61</td>
</tr>
<tr>
<td>13</td>
<td>STANBIC NOMINEES 110007820025</td>
<td>589,143</td>
<td>0.48</td>
</tr>
<tr>
<td>14</td>
<td>TFS NOMINEES (PVT) LTD</td>
<td>416,553</td>
<td>0.34</td>
</tr>
<tr>
<td>15</td>
<td>LOCAL AUTHORITIES PENSION FUND</td>
<td>361,637</td>
<td>0.30</td>
</tr>
<tr>
<td>16</td>
<td>GURAMATUNHU FAMILY TRUST</td>
<td>357,918</td>
<td>0.29</td>
</tr>
<tr>
<td>17</td>
<td>RIO TINTO AFRICA PENSION FUND</td>
<td>351,224</td>
<td>0.29</td>
</tr>
<tr>
<td>18</td>
<td>CATERING INDUSTRY PENSION FUND</td>
<td>312,336</td>
<td>0.26</td>
</tr>
<tr>
<td>19</td>
<td>NATIONAL FOODS P F-IMARA</td>
<td>303,513</td>
<td>0.25</td>
</tr>
<tr>
<td>20</td>
<td>MINERVA INC WDRWL FUND-IMARA</td>
<td>297,182</td>
<td>0.24</td>
</tr>
</tbody>
</table>

| Selected Shares | 113,153,511 | 92.70 |
| Non - Selected Shares | 8,875,959 | 7.30 |
| Issued Shares | 122,029,470 | 100.00 |
9. DIRECTORS’ OPINION

The acquisition of Dalny Mine has formed part of the Agenda for the RioZim Board of Directors for the greater part of 2016. Upon conclusion of the negotiations and the due diligence, the proposed acquisition was tabled to the Board of Directors and vigorously deliberated. Based on a detailed analysis of the potential income, expenditure and cash flows arising out of operating the Dalny Gold Processing Plant at a capacity of 500 tonnes per day as well as the scoping study of the assets and resources of the Complex, the Directors believe that the Plant can operate profitably on a stand-alone basis and that the value that the acquisition will bring to the Group, justifies the purchase consideration required for the Transaction.

It is the firm belief of the Directors that the inclusion of Palatial Gold to RioGold’s gold assets portfolio will enhance its profitability, strengthen its balance sheet and complement the Group in achieving its goals. Accordingly, the Board of Directors recommend that Shareholders vote in favour of the resolutions giving effect to the Transaction.

10. DIRECTORS’ RESPONSIBILITY STATEMENT

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

L P Chihota Non-Executive Chairman

B Nkomo Chief Executive Officer - Acting

S R Beebejaun Non-Executive Director

C Dengu Non-Executive Director

K Matsheza Non-Executive Director

M T Sachak Non-Executive Director

I M Sharma Non-Executive Director

(signed on the original)
PART V NOTICE OF AN EXTRAORDINARY GENERAL MEETING

NOTICE OF EXTRAORDINARY GENERAL MEETING ("EGM")

NOTICE IS HEREBY GIVEN OF THE EXTRAORDINARY GENERAL MEETING of Shareholders of RioZim Limited ("the Company") to be held at the Company’s registered office, No.1 Kenilworth Road, Highlands, Harare, Zimbabwe, on Thursday, 23 February 2017 at 10:30 hours. Shareholders will be asked to consider, and if deemed fit, to pass with or without modification, the resolutions set out below:-

1. **AS AN ORDINARY RESOLUTION – Acquisition of Palatial Gold Investments (Private) Limited by RioGold (Private) Limited**
   "THAT in accordance with Zimbabwe Stock Exchange Listings Requirements, the Company through its wholly owned subsidiary RioGold (Private) Limited, be and is hereby authorised to acquire 100% of the issued share capital of Palatial Gold Investments (Private) Limited, a wholly owned subsidiary of Falcon Gold Zimbabwe Limited, based on the terms and conditions contained in the Agreement for the Sale of Shares entered into between Falcon Gold Zimbabwe Limited and RioGold (Private) Limited on 30 September 2016."

2. **AS AN ORDINARY RESOLUTION – Director’s Authority to give effect to the above resolution**
   "THAT the Directors of the Company 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 Transaction as described in the Circular to Shareholders dated 26 January 2017."

BY ORDER OF THE BOARD

RioZim Management Services (Private) Limited
Secretaries for RioZim Limited
per Z Makorie

Registered Office: 1 Kenilworth Road
Highlands, Harare
Zimbabwe

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

1. Voting

On a show of hands, every Shareholder who (being an individual) is present in person or by proxy at the EGM or which (being a company or body corporate) is represented thereat by a representative appointed as proxy, shall have one vote irrespective of the number of shares held, and on a poll, every Shareholder who (being an individual) is present in person or by proxy at the general meeting or which (being a company or body corporate) is represented thereat by a representative appointed as proxy, shall have one vote for every RioZim share of which it is the holder.

2. Appointment of proxies

a. In terms of Section 129 (3) of the Companies Act [Chapter 24:03], members of the Company, entitled to attend the above meeting may appoint one or more proxies, to act in the alternative, to attend, speak and vote on their behalf, including voting on a poll. A proxy need not be a member of the Company.

b. Shareholders in the form of a corporate body must provide documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity, unless previously recorded by the Company’s transfer secretaries or waived by the chairperson of the EGM. This authority must take the form of a resolution of the corporate body.

c. In terms of Article 73 of the Company’s Articles of Association, instruments of proxy should be completed and returned to the Company’s transfer secretaries [Corpserve Transfer Secretaries (Private) Limited, 2nd Floor, ZB Centre, Corner 1st Street and Kwame Nkrumah Avenue, (P O Box 2208), Harare, Zimbabwe, to be received not less than 48 (forty eight) hours before the scheduled time of the EGM.

d. Completion of a Form of Proxy does not preclude a person from subsequently attending the EGM and voting in person.

3. Conditions Precedent

In the event that any of the Conditions Precedent as detailed in Part I of this Circular are not met at the time of the EGM, shareholders shall be asked to vote for or against the resolutions tabled in Part V of this Circular, subject to the satisfaction or waiver of any remaining Conditions Precedent. If the Conditions Precedent have not been satisfied or waived by the 31 March 2017, the Company will issue an announcement in accordance with the prevailing circumstances.
EXTRAORDINARY GENERAL MEETING ("EGM")

For use at the EGM of ordinary shareholders of RioZim Limited ("Shareholders or Shareholder") to be held at the Company’s registered office, No.1 Kenilworth Road, Highlands, Harare, Zimbabwe on Thursday, 23 February 2017 at 10:30 hours.

I/We............................................................................................................................................................................................

of.................................................................................................................................................................................................

being [a] member(s) of the Company and entitled to vote at the EGM do hereby appoint

of................................................................................................................................................................... , or failing him/her

.............................................................................................................................................................................

of................................................................................................................................................................... , or failing him/her

the Chairman of the meeting as my/our proxy to act for me/us at the EGM which will be held on Thursday, 23 February 2017 at 10.30 hours for the purpose of considering and, if deemed fit, passing, with or without modification, the Resolutions to be proposed thereat and at any adjournment thereof, to vote for or against the Resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name[s] in the following manner:

<table>
<thead>
<tr>
<th>INSERT AN &quot;X&quot; OR THE NUMBER OF RIOZIM LIMITED ORDINARY SHARES</th>
</tr>
</thead>
<tbody>
<tr>
<td>For</td>
</tr>
<tr>
<td>1. Ordinary Resolution</td>
</tr>
<tr>
<td>2. Ordinary Resolution</td>
</tr>
</tbody>
</table>

Signed at........................................... this......................... day of ............................................................................................. 2017

Full name[s], or name of corporate body..................................................................................................................................

Signature[s] of member[s]............................................................................................................................................................

Please read the notes overleaf
Notes:

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of his choice in the spaces provided with or without deleting “the chairperson of the EGM”, but any such deletion must be signed in full and not initialled by the signatory(ies).

2. The person whose name appears first on the Form of Proxy and who is present at the EGM will be entitled to act as proxy to the exclusion of those whose names follow.

3. Please insert the number of votes in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of ordinary shares than are subject to the resolutions, insert the number of ordinary shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise and compel the chairperson of the EGM, if the chairperson is an authorised proxy, to vote to accept the resolutions, or to authorise any other proxy to vote for or against such resolution, or abstain from voting, as the chairperson deems fit, in respect of all the Shareholder’s votes exercisable thereat. A Shareholder or its/his/her proxy is not obliged to use all the votes exercisable by the Shareholder or its/his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded, may not exceed the total of the votes exercisable by the Shareholder or its/his/her proxy.

4. Forms of Proxy must be completed and returned to the Company’s transfer secretary to be received not less than 48 (forty eight) hours before the scheduled time of the EGM.

5. Any alteration or correction made to this form of proxy must be signed in full and not initialled by the signatory(ies).

6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company’s Transfer Secretary or waived by the chairperson of the EGM.

7. The completion and lodging of this Form of Proxy will not preclude the relevant Shareholder from attending the EGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.

8. The chairperson of the EGM may accept or reject any Form of Proxy which is completed and/or received, other than in accordance with these notes and instructions, provided that the chairperson is satisfied as to the manner in which the Shareholder wishes to vote.

9. This Form of Proxy shall not be valid after the expiration of 6 (six) months from the date when it was signed.

10. Joint holders may vote at the EGM in respect of such joint shares as if he/she were solely entitled thereto, but if more than one of such joint holders are present or represented at the EGM, that one of the said persons whose name stands first in the register in respect of such ordinary shares or his/her proxy, as the case may be, is alone entitled to vote in respect thereof.

11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company’s Transfer Secretary.