The document seeks to provide information on a transaction that would result in Padenga Holdings Limited acquiriing a 31.1% shareholding in Doblag's Investments Private Limited ("the Proposed Transaction"). Details 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.

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.

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**EXPERIMENTAL TRANSACTIONS TERMINABLE**

Transaction TiTune

**Last Practicable Date:**

Friday, 31 July 2019

**ISIN notice and Abridged Circular to shareholders published:**

Monday, 26 August 2019

**Distribution of Abridged Circular to Padenga Shareholders:**

Monday, 26 August 2019

**Last date for exercising rights/closing of ISIN for the EGM:**

Friday, 31 July 2019

**ISIN Record Date for purpose of voting against vested vested in the EGM (Close of business):**

Monday, 26 August 2019

**ISIN of Padenga Shareholders at 18:45 on 30 August:**

Wednesday, 28 August 2019

**Publications of the results of the EGM:**

Friday, 31 August 2019

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**NOTICE**

The above dates are subject to change and any amendments will be published in a business paper circulating in Zimbabwe. Affiliates residing abroad and elsewhere in this Abridged Circular are Zimbabwean citizens.

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Lotus Financial Services (Zimbabwe) Limited ("Lotus"), a licensed services provider, offers independent and impartial financial advice and services.

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**MEMBERS OF THE JBIBWE STOCK EXCHANGE**

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Padenga Holdings Limited ("Padenga") is a company incorporated in Zimbabwe which has listed its stock on the Zimbabwe Stock Exchange since November 2017. The company's primary line of business is the production of premium quality second cut for the kerosene bktor's good market. A small amount of revenue is also generated from sales into the European market.

Padenga is a highly professional enterprise business, operating with all its revenue generated from its core business. Originally concentrated on the "Cavendish" production, Padenga diversified in 2012 through the acquisition of a tea farm in Harare, which improved kerosene production capacity. Padenga has implemented a range of innovative production systems to optimize productivity and efficiency.

The company has implemented various initiatives to enhance productivity and efficiency, including the adoption of advanced farming techniques and the implementation of an innovative feed management system. Padenga has achieved significant improvements in productivity and efficiency through its continuous focus on research and development.

The company's strategic focus is on enhancing the productivity and efficiency of its operations, promoting sustainable agriculture, and ensuring the highest quality and consistency in its production processes.

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**PART 1: CHAIRMAN’S LETTER TO SHAREHOLDERS**

**1. THE PROPOSED TRANSACTION**

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**1.1. Background and Relevance for The Proposed Transaction**

Padenga Holdings Limited ("Padenga") is a company incorporated in Zimbabwe which has listed its stock on the Zimbabwe Stock Exchange since November 2017. The company's primary line of business is the production of premium quality second cut for the kerosene bktor's good market. A small amount of revenue is also generated from sales into the European market.

---

**2.1. Mechanism of The Proposed Transaction**

Padenga will acquire 3,958 shares, representing 31.1% equity shareholding in Doblag’s Investments Private Limited ("Doblag’s") and the stock will be split into two segments, one with 31.1% of the stock and the other with 68.9% of the stock. The company has a long history of successful operations, with a strong track record of financial performance and sustainable growth.

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**2.2. The Proposed Transaction**

Padenga has acquired 3,958 shares, representing 31.1% equity shareholding in Doblag’s Investments Private Limited ("Doblag’s") and the stock will be split into two segments, one with 31.1% of the stock and the other with 68.9% of the stock. The company has a long history of successful operations, with a strong track record of financial performance and sustainable growth.

---

**2.3. The Proposed Transaction**

Padenga has acquired 3,958 shares, representing 31.1% equity shareholding in Doblag’s Investments Private Limited ("Doblag’s") and the stock will be split into two segments, one with 31.1% of the stock and the other with 68.9% of the stock. The company has a long history of successful operations, with a strong track record of financial performance and sustainable growth.

---

**2.4. The Proposed Transaction**

Padenga has acquired 3,958 shares, representing 31.1% equity shareholding in Doblag’s Investments Private Limited ("Doblag’s") and the stock will be split into two segments, one with 31.1% of the stock and the other with 68.9% of the stock. The company has a long history of successful operations, with a strong track record of financial performance and sustainable growth.

---

**2.5. The Proposed Transaction**

Padenga has acquired 3,958 shares, representing 31.1% equity shareholding in Doblag’s Investments Private Limited ("Doblag’s") and the stock will be split into two segments, one with 31.1% of the stock and the other with 68.9% of the stock. The company has a long history of successful operations, with a strong track record of financial performance and sustainable growth.

---

**2.6. The Proposed Transaction**

Padenga has acquired 3,958 shares, representing 31.1% equity shareholding in Doblag’s Investments Private Limited ("Doblag’s") and the stock will be split into two segments, one with 31.1% of the stock and the other with 68.9% of the stock. The company has a long history of successful operations, with a strong track record of financial performance and sustainable growth.

---

**2.7. The Proposed Transaction**

Padenga has acquired 3,958 shares, representing 31.1% equity shareholding in Doblag’s Investments Private Limited ("Doblag’s") and the stock will be split into two segments, one with 31.1% of the stock and the other with 68.9% of the stock. The company has a long history of successful operations, with a strong track record of financial performance and sustainable growth.
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 arose from the Proposed Transaction.

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

<table>
<thead>
<tr>
<th>Top Ten Shareholders</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>JMM Investment (Pty) Limited</td>
<td>115,946,659</td>
<td>23.7</td>
</tr>
<tr>
<td>H Mawirizwa (Pvt) Ltd</td>
<td>73,946,659</td>
<td>15.9</td>
</tr>
<tr>
<td>Shabani Ventures (Pty) Limited</td>
<td>47,393,902</td>
<td>9.9</td>
</tr>
<tr>
<td>G&amp;M Investment (Investment Company) of Zimbabwe Limited</td>
<td>35,107,720</td>
<td>7.1</td>
</tr>
<tr>
<td>Zarzum Investments (Pty) Limited</td>
<td>22,986,658</td>
<td>4.7</td>
</tr>
<tr>
<td>National Security Authority</td>
<td>19,971,515</td>
<td>4.0</td>
</tr>
<tr>
<td>SBC Investments</td>
<td>17,745,130</td>
<td>3.6</td>
</tr>
<tr>
<td>Phatsani</td>
<td>16,935,750</td>
<td>3.5</td>
</tr>
<tr>
<td>City &amp; Global Holdings (Pvt) Limited</td>
<td>9,802,980</td>
<td>1.9</td>
</tr>
<tr>
<td>Shidzwa Investments (Pvt) Limited</td>
<td>8,752,562</td>
<td>1.7</td>
</tr>
</tbody>
</table>

Table 2: Padenga's financial information

3. CONDITIONS PRECEDENT TO THE PROPOSED TRANSACTION

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

i. Padenga receiving the required shareholder approval for the resolutions tabled at the GEMC concerning the Proposed Transaction.

3. FAIR AND REASONABLE OPINION

The fairness opinion has been prepared in an Independent Financial Advisor and has considered the terms and conditions of the Proposed Transaction. Financial advice on the fairness of the offer by Padenga of 51.6% shareholding in Dilagro by way of the Participation Consideration is fair and reasonable to the Shareholders of Padenga. Padenga has advised the directors of Padenga of their opinion by way of letter copy of which is set out in Part 3 Appendix 3 of this Circular to shareholders.

4. OVERVIEW OF DILAGRO AS INVESTMENTS

4.1. Business Description

Dilagro is a company incorporated in Zimbabwe in 2000 in terms of the Companies Act and is in the business of developing and operating large scale commercial scale investments in Zimbabwe.

Dilagro owns the following mining assets:

- Phakatse-Pokweke Mine near Chongwe, an operating open pit gold mine which currently produces approximately 6,500 to 6,600 ounces of gold per month.

- Ezulwini Farm, a green field gold mine that is currently under development with commissioning targeted in 2023 to eventually produce 140,000 to 160,000 ounces per month. The Grant mining licence near Chongwe, a future development project for Dilagro.

These assets have a total measured and indicated resource of 12 million ounces, and a total resource (including inferred) of 22.2 million ounces. By 2018, the Phakatse-Pokweke Mine produced 10,000 ounces of gold and a profit after tax of USD 1.2 million.

Dilagro owns the following mining assets:

- Phakatse-Pokweke Mine was acquired by Dilagro in 2014. By the end of the calendar year, the mine had produced approximately 1.2 million ounces of gold.

- Ezulwini Farm is an ongoing development, and the dilator has a total operational cash flow from producing 1,200,000 ounces of gold per month.

- Ezulwini Farm is currently producing 1,000 ounces of gold per month, with gold production expected to increase to 1,200,000 ounces by 2023.

- The mine has a full complement of supporting infrastructure including staff housing, office, stores, power, water, and information systems.

4.3. Core Minerals

Dilagro is considered to be a mining company in terms of the 17th of April 2018, with approval of the board of directors, the Competitions and Trade Practices Commission on the 17th of March 2018. As of December 2018, the mine had produced 1.2 million ounces of gold, and a total resource (including inferred) of 1.1 million ounces.

In order to maintain production from the mine's operations, the company needs to continue developing the mine and invest in supporting infrastructure and workforce development.
6.0 Financial Information on Subsidiary

Table 1 summarizes the audited financial information relating to Subsidiary for the years to 31 March 2019, 2018 and 2017.

<table>
<thead>
<tr>
<th>31 March</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unaudited</td>
<td>Unaudited</td>
<td>Audited</td>
</tr>
<tr>
<td>Unaudited</td>
<td>USD '000</td>
<td>USD '000</td>
<td>USD '000</td>
</tr>
<tr>
<td>Revenue</td>
<td>18,922</td>
<td>26,706</td>
<td>20,367</td>
</tr>
<tr>
<td>Operating profit</td>
<td>6,254</td>
<td>6,008</td>
<td>6,172</td>
</tr>
<tr>
<td>Net interest</td>
<td>(1,290)</td>
<td>(600)</td>
<td>61</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>4,264</td>
<td>5,408</td>
<td>6,233</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>5,973</td>
<td>5,248</td>
<td>5,412</td>
</tr>
</tbody>
</table>

Consolidated Statement of Financial Position

<table>
<thead>
<tr>
<th>31 March</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unaudited</td>
<td>Unaudited</td>
<td>Audited</td>
</tr>
<tr>
<td>Unaudited</td>
<td>USD '000</td>
<td>USD '000</td>
<td>USD '000</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>16,548</td>
<td>15,905</td>
<td>11,922</td>
</tr>
<tr>
<td>Current assets</td>
<td>4,317</td>
<td>5,037</td>
<td>3,541</td>
</tr>
<tr>
<td>Total assets</td>
<td>22,865</td>
<td>24,942</td>
<td>15,463</td>
</tr>
<tr>
<td>Shareholders' equity</td>
<td>11,689</td>
<td>12,082</td>
<td>9,341</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>4,108</td>
<td>4,986</td>
<td>3,810</td>
</tr>
<tr>
<td>Current liabilities*</td>
<td>8,617</td>
<td>8,200</td>
<td>6,420</td>
</tr>
<tr>
<td>Total equity and liabilities</td>
<td>22,865</td>
<td>24,942</td>
<td>15,463</td>
</tr>
</tbody>
</table>

*Current liabilities include bank overdraft of USD 1,049,486 at 31 March 2018 and USD 856,210 at 31 March 2019. Retained earnings are at an average interest rate of 4.2%. USD 5,973,909, cut to USD 5,412, is against a pledge of 60% of the Delta Gold (Pty) Ltd. share capital.

5.0 Statutory and General Information on Padenge

5.1 Historical Financial Information

Table 2 summarises the audited financial information relating to Padenge for the years to 31 December 2014, 2015 and 2016. The historical information should be read together with the Report of the Independent Reporting Accountants on the Historical Financial Information of Padenge in Part 2 Appendices 2 of the Board of Directors to shareholders.

<table>
<thead>
<tr>
<th>31 December</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Audited</td>
<td>Audited</td>
<td>Audited</td>
</tr>
<tr>
<td>Unaudited</td>
<td>USD '000</td>
<td>USD '000</td>
<td>USD '000</td>
</tr>
<tr>
<td>Consolidated Statement of Profit and Loss</td>
<td>52,366</td>
<td>31,227</td>
<td>32,573</td>
</tr>
<tr>
<td>Operating profit before depreciation and amortization</td>
<td>18,177</td>
<td>18,964</td>
<td>12,916</td>
</tr>
<tr>
<td>Operating profit</td>
<td>17,317</td>
<td>18,366</td>
<td>12,819</td>
</tr>
<tr>
<td>Net interest</td>
<td>966</td>
<td>227</td>
<td>930</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>17,252</td>
<td>18,144</td>
<td>12,786</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>17,252</td>
<td>18,144</td>
<td>12,786</td>
</tr>
</tbody>
</table>

5.2 Shareholders' equity at 31 December 2016, 2015 and 2014 |

<table>
<thead>
<tr>
<th>31 December</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD '000</td>
<td>USD '000</td>
<td>USD '000</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>57,631</td>
<td>47,763</td>
<td>39,462</td>
</tr>
<tr>
<td>Current assets</td>
<td>15,336</td>
<td>15,258</td>
<td>12,499</td>
</tr>
<tr>
<td>Total assets</td>
<td>73,967</td>
<td>63,021</td>
<td>52,451</td>
</tr>
</tbody>
</table>

5.3 Dividend

As at 31st July 2015, during the 2015 financial year, no dividends were recommended in this regard.
5.4 Other Listings
The Company's shares are listed on the Zimbabwe Stock Exchange and are not listed on any other stock exchange.

5.9 Share Capital
The authorised and issued share capital of the Company is composed of 890,000,000 ordinary shares and 45,200,040 respectively. The share capital will be affected by the Proposed Transaction.

<table>
<thead>
<tr>
<th></th>
<th>31 December 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorized</td>
<td>890,000,000</td>
<td>890,000,000</td>
</tr>
<tr>
<td>Issued and paid</td>
<td>845,365,040</td>
<td>845,365,040</td>
</tr>
</tbody>
</table>

5.6 Advocacy of Capital and Working Capital Statement
The Directors are of the opinion that the working capital available to the Company is adequate for the 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 may have had in the past twelve months preceding the date of this Abridged Circular, that is significant in financial position or operations of the Company, which may have material adverse effect on the Proposed Transaction or the capacity of the Company to continue as a going concern.

6. EXPERTS CONSULTANTS
Brees, Bly, DMP, Corporate and Finance have given and will give their consents to the issue of this Abridged Circular with the inclusion of their names and report in the text and context in which they appear.

7. TRANSACTION COSTS
The expenses of the Proposed Transaction are estimated to be ZW$5,000,000 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 the Company as well as at the offices of Brees Corporate Finance during normal business hours on any business day up to and including the date of the Extraordinary General Meeting of Shareholders.

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, certify that to the best of their knowledge and belief, there are no other facts which would make any statement false or misleading, and that they have made all reasonable inquiries in ascertaining such facts. The Directors believe the Proposed Transaction to be in the best interest of the Company and its shareholders. The Directors are not aware of any information which would lead them to believe that the Proposed Transaction is part of a takeover bid.

The Directors of the Company 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 which would make any statement false or misleading, and that they have made all reasonable inquiries in ascertaining such facts. The Directors believe the Proposed Transaction to be in the best interest of the Company and its shareholders. The Directors are not aware of any information which would lead them to believe that the Proposed Transaction is part of a takeover bid.

The Directors confirm that any interested shareholders who are allowed to vote on the 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 15th August 2019 by the Directors:

Name                   Position                Signed on original document
Thembinkosi Shinda    Non-Executive Chairman
Jevine Casparius       Non-executive Director
Annie Madziva         Non-executive Director
Stenford Mpofu        Non-executive Director
Michael Mchangana    Executive Director
Gary Sharp            Executive Director
Silver Kukumodzhi  Executive Director

Yours faithfully,
Mr. T. Shinda
Chairman of the Board of Directors of Padenga Holdings Limited