

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek advice from your bank manager, stockbroker, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your Ordinary Shares you should send this document at once, but not any accompanying personalised Form of Proxy, to the purchaser or transferee or the stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold any part of your holding of Ordinary Shares, please contact your stockbroker or other agent through whom the sale or transfer was effected immediately.

Vatukoula Gold Mines plc

(Incorporated and registered in England and Wales under the Companies Act 1985, Registered No 5059077)

Notice of General Meeting

The notice convening the General Meeting of the Company to be held at the offices of Laytons Solicitors LLP at 2 More London Riverside, London SE1 2AP on 9th September 2013 at 10.00 a.m. is set out at the end of this Document.

A form of proxy accompanies this notice. **To be valid, forms of proxy for use at the meeting must be completed and returned so as to be received at the offices of the Company's registrars, Capita Registrars, The Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not later than 10.00 a.m. on 7th September 2013.** The completion and depositing of a form of proxy will not preclude you from attending and voting in person at the General Meeting should you wish to do so.

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) from the registered office of the Company at Laytons Solicitors LLP, 2 More London Riverside, London SE1 2AP from the date of this document for a period of one month from the date of the General Meeting and from the Company's website www.vgmplc.com

DEFINITIONS

In this Document, the following expressions shall have the following meanings, unless the context otherwise requires:

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| “Act” | The Companies Act 2006; |
| “Admission” | admission of the Subscription Shares to trading on AIM becoming effective in accordance with the AIM Rules; |
| “AIM” | the market operated by the London Stock Exchange; |
| “AIM Rules” | the rules for AIM companies as issued by the London Stock Exchange, from time to time; |
| “Board” | the board of directors of the Company; |
| “Company” or “VGM” | Vatukoula Gold Mines plc; |
| “Debt Funding” | The subscription by Zhongrun of the Loan Notes; |
| “Directors” | the directors of the Company; |
| “Document” | this circular to Shareholders; |
| “DRK” | DRK Energy Co., Limited of Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands; |
| “Enlarged Share Capital” | 345,255,339 Ordinary Shares, being the issued Ordinary Shares following Admission (assuming no exercise of existing options or warrants over Ordinary Shares); |
| “Equity Funding” | the proposed subscription by Zhongrun of the Subscription Shares; |
| “Form of Proxy” | the form of proxy for use by holders of Ordinary Shares accompanying this document for use in connection with the General Meeting; |
| “General Meeting” | the general meeting of the Company to be held at 10.00 a.m. on 9 September 2013, or any adjournment thereof, notice of which is on page 8 of this Document; |
| “Investment Agreement” | the agreement between the Company and Zhongrun to provide US\$ 40 million of funding by the subscription for Subscription Shares at a subscription price of 6.89 pence per share and of US\$20 million of secured Loan Notes subscribed at par value; |
| “Loan Notes” | The US\$20 million secured loan notes to be issued by the Company under the terms of the Investment Agreement which carry an interest rate of 13 per cent. per annum and a term of six years; |
| “London Stock Exchange” | London Stock Exchange Plc; |
| “Ordinary Shares” | the ordinary shares of 5 pence each in the capital of the Company; |
| “Resolutions” | the resolutions set out in the notice of the General Meeting at the end of this Document; |
| “SCD” | SCD Energy Inc., of Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands, a wholly owned subsidiary of DRK; |

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|---------------------------------|--|
| “SCD Option” | The conditional option granted to SCD to subscribe for up to 24,000,000 Ordinary Shares under the terms of the SCD Option Agreement; |
| “SCD Option Agreement” | the agreement dated 20 May 2013 between the Company and SCD for the grant of the SCD Option; |
| “Shareholders” | the holders of Ordinary Shares in the capital of the Company at 6.00 p.m. on 7 September 2013; |
| “Subscription Agreement” | the agreement between the Company and SCD dated 20 May 2013 for the subscription of 30,000,000 new Ordinary Shares at a price of 15 pence per share; |
| “Subscription Shares” | The 188,897,000 Ordinary Shares to be subscribed under the terms of the Investment Agreement; |
| “United Kingdom” | the United Kingdom of Great Britain and Northern Ireland; |
| “US\$” | the lawful currency of the United States of America; |
| “Vatukoula Gold Mine” | the wholly owned gold mine of the Company located in Fiji; |
| “Zhongrun” | Zhongrun International Mining Co. Ltd of No. 3, 15 Floor, 9 Queens Road, Hong Kong; |
| “ZRIC” | Zhongrun’s ultimate holding company, Zhongrun Resources Investment Corp. |

CHAIRMAN'S LETTER

Vatukoula Gold Mines plc

(Incorporated and registered in England and Wales under the Companies Act 1985 Registered No. 5059077)

Directors:

Yingbin Ian He *(Non-Executive Chairman)*
David Karl Paxton *(Chief Executive Officer)*
John Arthur MacPherson *(Non-Executive)*
Yeung Ng *(Non-Executive)*
Fengwen Zheng *(Non-Executive)*
Wei Li *(Non-Executive)*
Yongan Lu *(Non-Executive)*

Registered Office

Laytons Solicitors LLP
2 More London Riverside,
London
SE1 2AP

To Shareholders and, for the information purposes only, the holders of options over Ordinary Shares

16 August 2013

Dear Shareholder

1. Introduction

The Company announced on 12 August 2013 that it had entered the Investment Agreement with Zhongrun to provide US\$40 million of funding to implement the production growth strategy and capital investment plan at the Vatukoula Gold Mine.

Earlier this year on 20 May the Company announced the subscription for 30,000,000 Ordinary Shares by SCD at a price of 15 pence per share and the associated the SCD Option Agreement in respect to 24,000,000 Ordinary Shares.

The purpose of this Document is to provide you with further details of the Equity Funding and the Debt Funding and to seek the approval by Shareholders of the Resolutions which are necessary to implement the Equity Funding and, consequently, the Debt Funding and to satisfy the SCD Option if it is exercised. Notice of the General Meeting is set out at the end of this Document. A Form of Proxy for use at the General Meeting is enclosed with this Document.

2. Recent Events

At the annual general meeting held on 23 February 2013 the Board indicated its expectation that a capital expenditure programme for the Vatukoula Gold Mine would require approximately US\$35 million to allow the mine access to higher grade areas and increase tonnes mined which will allow the mine to reduce its costs and achieve its production target.

On 20 May 2013, the Company announced that SCD had agreed to subscribe for 30 million new Ordinary Shares at a price of 15 pence per share to raise £4.5 million, which represents 19.2 per cent. of the current issued shares of the Ordinary Shares currently in issue. In addition, it was announced that the Company and DRK had agreed to work in conjunction to source a debt financing package of not less than US\$40 million.

3. Details of the Investment Agreement and the SCD Option Agreement

Investment Agreement

Under the Investment Agreement the funding will be provided in two tranches of approximately US\$20 million each. The Equity Funding will be provided by the issue by the Company of 188,897,000 new Ordinary Shares at a subscription price of 6.89 pence per share. This will raise gross proceeds of

approximately £13 million. The second tranche, being the Debt Funding, will be provided by Zhongrun subscribing US\$20 million for the Loan Notes.

The Equity Funding is subject to the passing of Resolutions 1 and 3 at the General Meeting and the Debt Funding is, in turn, conditional upon the completion of the Equity Funding. The Company has obtained irrevocable undertakings from approximately 51 per cent. of its shareholders to vote in favour of the Equity Funding. Subject to Shareholders approval and it is expected that the Equity Funding will be completed by 10 September 2013 when the Subscription Shares will be admitted to AIM. Once the Subscription Shares are issued they will represent approximately 55 per cent. of the Enlarged Share Capital.

Zhongrun currently holds 37,800,000 Ordinary Shares and following the completion of the Equity Funding will hold 226,697,000 Ordinary Shares, representing approximately 66 per cent. of the Enlarged Share Capital.

The Loan Notes will carry an interest rate of 13 per cent. per annum and be for a term of six years. During the first three years the Company will not make any payments of interest (which will continue to accrue) or repayments of the principle. Following the initial period of the three years the Loan Notes and the accrued interest will be repaid over the remaining term of three years. The Loan Notes will be secured by a charge over the shares in Viso Gero Inc. which is a wholly owned subsidiary of the Company and is an intermediate holding company ultimately controlling the Vatukoula Gold Mine. The Investment Agreement provides for the subscription for the Loan Notes in early December 2013.

The Investment Agreement is also subject to approval by the shareholders of Zhongrun's ultimate holding company, ZRIC. Irrevocable undertakings have been given by certain of ZRIC's shareholders to vote in favour of the transaction in respect of a total of approximately 47 per cent. of its share capital. ZRIC require 50 per cent. of its shareholders to vote in favour to approve performance as per the Investment Agreement.

As a result of the size of Zhongrun's existing shareholding in the Company, the Investment Agreement constitutes a related party transaction under the AIM Rules. The Directors of Vatukoula (with the exception of Yeung Ng, Fengwen Zheng and Ian He who were nominated for appointment by Zhongrun and accordingly did not participate in the Board's deliberations) consider, having consulted with WH Ireland, the Company's nominated adviser, that the terms of transaction are fair and reasonable insofar as the Company's other shareholders are concerned.

SCD Option Agreement

Under the terms of the SCD Option Agreement it was agreed that the Company and DRK would work in conjunction to source a debt funding package to fund the Company's planned expansion programme. If VGM enters into a debt financing package facilitated or introduced by DRK of not less than US\$40 million within 120 days of the SCD Option Agreement the SCD Option will become exercisable at the exercise price 15 pence per share. The SCD Option Agreement also provided that if such a debt financing package had not been agreed within that period then the SCD Option would become exercisable at the price which is the lower of 25 pence or 90 per cent. of the volume weighted average price for the 5 trading days after the expiry of the 120 day period which will be on 17 September 2013 and, on the assumption that the Equity Funding is approved, then the SCD Option will be exercisable according to that formula. The issue of Ordinary Shares under the SCD Option is subject to approval by Shareholders at the General Meeting by the passing of Resolutions 1 and 3.

Assuming the Equity Funding is completed according to its terms the Ordinary Shares issued under the SCD Option, if exercised, would represent approximately 6.5 per cent. of the Enlarged Share Capital of the Company as further enlarged by those Ordinary Share and in aggregate with DRK, SCD would hold approximately 14.6 per cent. of the share capital of the Company as so enlarged.

4. Use of Proceeds

The net proceeds of the Debt Funding and Equity Funding of US\$40 million will be used to assist the Company increasing its pro rata production to in excess of 100,000 ounces. This is expected to be achieved via an increased underground capital development programme, allowing access to increased mining faces,

increasing both the capacity of tonnage delivered from underground and an increase in delivered grade to the mill.

The proceeds of the Debt Funding and Equity Funding are expected to be applied as follows:

- approximately US\$19 million is expected to be used to be spent on capital development to access increased mining faces;
- approximately US\$6 million will be used for the upgrade of the primary shafts and the upgrade of underground infrastructure such as pumping and ventilation;
- approximately US\$5 million is expected to be used for the construction of a new tailings dam;
- approximately US\$1.6 million for the upgrade and the acquisition of additional underground mobile fleet vehicles; and
- the balance of the funds of approximately US\$8.4 million is expected to be used for other capital upgrades, the largest of which include processing plant upgrades and improvement in IT infrastructure.

5. General Meeting

Set out at the of this Document a notice convening a General Meeting of the Company to be held at Laytons Solicitors LLP at 2 More London Riverside, London SE1 2AP on 9 September 2013 at 10.00 a.m. at which the Resolutions to implement the Proposals will be put to the Company. In particular the Resolutions to be proposed at the General Meeting will be as follows:

Directors' authority to allot shares

Resolution 1 seeks Shareholder approval to grant the Directors authority to allot shares for the purposes of Section 551 of the Act for the purposes of the issue of the Equity Funding and to satisfy the SCD Option if it is exercised. This authority will expire on 31 October 2013.

Resolution 2 seeks Shareholder approval to grant the Directors the general continuing authority to allot shares for the purposes of Section 551 of the Act after the Equity Funding. The aggregate nominal value of this remaining authority will depend whether the Subscription Agreement is completed so that:

- (i) if the allotment and issue of Ordinary Shares pursuant to the Subscription Agreement takes place the authority will be limited to the issue of shares with a maximum nominal value of £5,696,713 million (113,934,262 Ordinary Shares) being equal to approximately one third of the issued Ordinary Shares as enlarged by the Equity Funding;
- (ii) otherwise the authority will be limited to the issue of shares with a maximum nominal value of £2,579,913 million (51,598,255 Ordinary Shares) being equal to approximately one third of the currently issued Ordinary Shares,

This authority will expire at the next annual general meeting of the Company or, if earlier, 15 months from the date of passing of the Resolution.

Disapplication of pre-emption rights

Resolution 3 seeks Shareholder approval to disapply the rights of pre-emption under Section 571(1) of the Act for the purposes of the Equity Funding and to satisfy the SCD Option if exercised. Accordingly Resolution 3 proposes to disapply Section 561(1) of the Act in respect of an aggregate nominal amount of £10,644,850 (212,897,000 Ordinary Shares) which comprises:

- (i) £9,444,850 (188,897,000 Ordinary Shares) in respect of the allotment and issue of Subscription Shares; and
- (ii) £1,200,000 (22,212,501 Ordinary Shares) in respect of the allotment and issue of the shares under the SCD Option if exercised,

This authority will expire on 31 October 2013.

Resolution 4 seeks Shareholder approval to disapply the rights of pre-emption under Section 571(1) of the Act for the continuing authority by the Board to allot equity securities for cash. The aggregate nominal value of this authority will be dependent whether the Subscription Agreement is completed so that:

- (i) if the allotment and issue of Ordinary Shares pursuant to the Subscription Agreement takes place the authority will be limited to the issue of shares with a maximum nominal value of £1,796,227 million (34,525,535 Ordinary Shares) being equal to approximately 10 per cent. of the issued Ordinary Shares as enlarged by the Equity Funding;
- (ii) otherwise the authority will be limited to the issue of shares with a maximum nominal value of £781,792 million (15,635,834 Ordinary Shares) being equal to approximately 10 per cent. of the currently issued Ordinary Shares,

The authority will expire at the next annual general meeting of the Company or, if earlier, 15 months from the date of passing of this Resolution.

6. Action to be taken

A Form of Proxy for use by Shareholders in connection with the General Meeting accompanies this Document. Whether or not you intend to be present at the General Meeting you are requested to complete and sign the Form of Proxy and return it to the Company's registrars, **Capita Registrars, The Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not later than 10.00 a.m. on 7th September 2013**. Unless the Form of Proxy is received by the date and time specified above, it will be invalid. The completion and return of the Form of Proxy will not prevent you from attending the General Meeting and voting in person if you so wish.

7. Recommendation

Your Directors (other than Yeung Ng, Fengwen Zheng and Ian He who were nominated for appointment by Zhongrun) believe that the proposed Equity Funding, the Debt Funding and the issue of shares under the SCD Option (if exercised) are in the best interests of the Company and of its Shareholders taken as a whole and recommend that you vote in favour of the resolutions to be proposed at the General Meeting.

Yours sincerely

Yingbin Ian He

Non-Executive Chairman

Vatukoula Gold Mines plc

(Registered In England and Wales under No. 5059077)

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Vatukoula Gold Mines plc will be held at the offices of Laytons Solicitors, Laytons Solicitors LLP, 2 More London Riverside, London SE1 2AP at 10.00 a.m. on 9 September 2013 for the purpose of considering and, if thought fit, passing of which resolutions 1 and 2 will be proposed as ordinary resolutions and resolutions 3 and 4 will be proposed as special resolutions.

ORDINARY RESOLUTIONS

1. THAT, in accordance with section 551 of the Companies Act 2006 (the "Act"), the Directors be generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum aggregate nominal amount of £10,644,850 (212,897,000 Ordinary Shares) pursuant to the Equity Funding and the SCD Option Agreement (as defined in the circular to shareholders dated 16 August 2013), PROVIDED that this authority will expire on 31 October 2013.
2. THAT, in accordance with section 551 of the Companies Act 2006 (the "Act"), the Directors be generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum aggregate nominal amount of £5,696,713 (113,934,262 Ordinary Shares), if the allotment and issue of Ordinary Shares pursuant to the Equity Funding (as defined in the circular to shareholders dated 16 August 2013) takes place in accordance its terms, and otherwise up to a maximum aggregate nominal amount of £2,579,913 (51,598,255 Ordinary Shares) PROVIDED that this authority will expire at whichever is the earlier of the conclusion of the annual general meeting of the Company to be held in 2014, or the date falling 15 months from the date of the passing of this resolution (unless renewed varied or revoked by the Company prior to or on that date) but the Company may, before this authority expires, make an offer or agreement which would or might require shares in the Company or rights to be allotted or granted after this authority expires and that the Directors may allot shares in the Company or grant rights pursuant to such an offer or agreement as if the authority conferred by this Resolution had not expired.

SPECIAL RESOLUTIONS

3. THAT, subject to and conditional upon the passing of Resolution 1 in the notice to shareholders of the Company dated 16 August 2013, in accordance with section 571(1) of the Act, the directors be empowered to allot equity securities for cash (within the meaning of section 560 of the Act) pursuant to the authority conferred by the said Resolution 1 above, as if section 561 of the Act did not apply to such allotment, provided that this power shall:
 - a. be limited to the allotment of equity securities pursuant the Equity Funding and the SCD Option Agreement (as defined in the circular to shareholders dated 16 August 2013) up to an aggregate nominal value of £10,644,850 (212,897,000 Ordinary Shares); and
 - b. expire on 31 October 2013.
4. THAT, subject to and conditional upon the passing of Resolution 2 in the notice to shareholders of the Company dated 16 August 2013, in accordance with section 571(1) of the Act, the directors be empowered to allot equity securities for cash (within the meaning of section 560 of the Act) pursuant to the authority conferred by the said Resolution 1 above, as if section 561 of the Act did not apply to such allotment, provided that this power shall:
 - a. be limited to an aggregate nominal value of £1,726,277 (34,525,535 Ordinary Shares) if the allotment and issue of Ordinary Shares pursuant to the Equity Funding (as defined in the

circular to shareholders dated 16 August 2013) takes place in accordance with its terms, and otherwise up to a maximum aggregate nominal amount of £781,792 (15,635,834 Ordinary Shares); and

- b. expire, whichever is the earlier, at the conclusion of the annual general meeting of the Company to be held in 2014; or the date falling 15 months from the date of the passing of this resolution but may be previously revoked or varied by special resolution and so that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if such powers had not expired.

By order of the Board

Laytons Secretaries Limited

Secretary

16 August 2013

Registered Office

Laytons Solicitors LLP
2 More London Riverside,
London
SE1 2AP

Notes

- 1 A Form of Proxy is enclosed for your use.
- 2 Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, telephone 0871 664 0300 or if calling from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars 0871 664 0300 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.
- 3 To be valid, the Form of Proxy together with a Power of Attorney or other authority (if any) under which it is signed or a notarially certified copy of such Power of Attorney must be deposited at the offices of the Company's Registrar, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, not later than 48 hours before the time appointed for the meeting.
- 4 Completion of a Form of Proxy will not preclude a member from attending and voting in person at the meeting should he or she wish to do so.
- 5 As permitted by regulation 41 of the Uncertificated Securities Regulations 2001, shareholders must be entered on the Company's share register at 6.00 p.m. on 7 September 2013 in order to be entitled to attend and vote at the General Meeting. Such shareholders may only cast votes in respect of shares held at such time. If the General Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6.00 p.m. on the day immediately preceding the date fixed for the adjourned meeting.
- 6 In the case of joint holdings, anyone of such holders may vote in person, or by proxy, and the vote of the one whose name stands earliest in the register of members in respect of the joint holding and who tenders a vote will be accepted to vote to the exclusion of the others.

