

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in Vatukoula Gold Mines plc, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

VATUKOULA GOLD MINES PLC

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2018; NOTICE OF ANNUAL GENERAL MEETING AND RE-REGISTRATION AS A PRIVATE LIMITED COMPANY

The notice convening the Annual General Meeting of the Company to be held at the offices of Laytons LLP at 2 More London Riverside, London SE1 2AP on **11 November 2020 at 4.30 pm** 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, Link Asset Services (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not later than 4.30 pm on 9 November 2020.



Registered Office:
Level 5
2 More London Riverside
London, SE1 2AP
Registered in England and Wales
number 5059077

19 October 2020

Dear Shareholder

Notice of Annual General Meeting and proposed re-registration as a private company

The Annual General Meeting of the Company ("AGM") will be held on **11 November 2020** at 4.30 pm and the formal notice of the AGM is set out at the end of this document.

Set out at the end of the notice of the AGM are explanatory notes of the usual business of the meeting but I would like to take the opportunity in this letter to draw your attention to two other matters which will be dealt with as Special Business of the Company and, in particular, to explain the Company's proposed re-registration as a private limited company.

Audited Financial Statements

The audited financial statements for the year ended 31 December 2018 were approved by the directors on 20 August 2019 and filed at Companies House on 16 September 2019.

As indicated in the circular to shareholders dated 17 January 2019 the Company has taken advantage of the amendments to the articles passed at the last AGM to make the accounts available through publication on the Company's website at www.vgmplc.com. The accounts may also be viewed without charge on the Companies House website using the link: <https://beta.companieshouse.gov.uk/company/05059077> and then viewing the Company's filing history.

Only those members who elected to receive a copy of the accounts by post are being sent printed copies of the accounts. If you wish to receive a printed copy you should write to the Company Secretary (ref CBS) care of Laytons LLP at Level 5, 2 More London Riverside, London SE1 2AP

As the Company's ultimate controlling shareholder remains Zhongrun Resources Investment Corporation ("Zhongrun") whose accounts are prepared under Chinese GAAP the Company continues to apply the exception under section 401 of the Companies Act 2006 (the "Act") from preparing consolidated accounts for the Company and its group. Zhongrun's accounts have been filed with Companies House in accordance with the requirements of the Companies Act 2006.

Annual General Meeting 2020

This year's Annual General Meeting of the Company will be held at Laytons LLP, 2 More London Riverside, London SE1 2AP **11 November 2020 at 4.30 pm**. Full details of the business meeting and the resolutions that will be put to shareholders are set out in the attached Notice of Annual General Meeting (the "Notice").

As explained below shareholders will not be permitted to attend the AGM in person and, accordingly, you should complete, sign and return the enclosed proxy card to be received by **4.30 pm on 9 November 2020**.

Section 656 of the Act

Under section 656 of the Act ("Section 656") where the net assets of a public company are half or less of its called-up share capital, the directors are required to call a general meeting of that company to consider whether any, and if so what, steps should be taken to deal with the situation.

As at the year ended 31 December 2018 the called up share capital of the Company was £17,213,000 and its net assets were a deficiency of £(42,923,000) and accordingly Section 656 applies to the Company and

as required by that section the final business of the meeting will be to consider whether any, and if so what, steps should be taken to deal with the situation.

As a result of the continuing support of Zhongrun and the ongoing availability of sufficient working capital the directors believe that no further steps are necessary to deal with the situation.

Re-registration as private company

The Company is seeking the approval of its shareholders to re-register the Company, which is at present a public limited company, as a private limited company (the “**Re-Registration**”). The directors consider that there is no benefit to the Company in maintaining its status as a public company as it is not traded on any public exchange and the directors do not anticipate resuming such trading or otherwise making a public issue of securities in the immediately foreseeable future.

The key advantage of the Re-Registration is that it will reduce costs and administrative burdens associated with maintaining the Company’s status as a public limited company. It will also allow future corporate actions to be undertaken in a more straightforward and cost effective manner due to the more flexible regime which applies to private limited companies. The Re-Registration requires a special resolution being a resolution passed by not less than 75% of the votes cast at the AGM.

You should note that the City Code on Takeovers and Mergers (the “**Code**”) does not apply to the Company as the Company’s securities are not admitted to trading and the Company’s place of central management and control is not in England and Wales, the Channel Islands or the Isle of Man. Hence, the shareholders are not entitled to the protections afforded by the Code and will therefore not be giving up any protections of the Code by the Re-Registration.

Amendment of articles of association

As part of the Re-Registration, the directors are required by the Act to make such changes to the Company’s articles of association (the “**Articles**”) and name as are required with effect from the Re-Registration.

In addition, the opportunity is being taken to amend the Articles in a number of respects to reduce costs and increase flexibility to take advantage of the conversion to a private company. The particular amendments to which the directors draw your attention are as follows:

- **Company’s name** – change of the Company’s name to Vatukoula Gold Mines Limited;
- **General Meetings** – the Company will not be required to hold an annual general meeting each year, and any general meeting can be called by not less than fourteen days’ notice; and the quorum for general meetings shall be one Member instead of two;
- **Shareholder Votes** – instead of holding, and obtaining votes at, general meetings, shareholder resolutions can be obtained as written resolutions by obtaining the approval in writing to that resolution of the holders of a majority of voting shares then in issue (in the case of ordinary resolutions) and the holders of 75 per cent of the voting shares then in issue (in the case of special resolutions) although shareholders entitled to attend and vote at general meetings are required to be sent copies of the written resolutions; and
- **Auditors and Audited Financial Statements** – the directors may resolve not to appoint an auditor although the Company will still be required to prepare and file statutory accounts. Hence, references to auditors and audited accounts will be deleted from the current articles.

Action to be taken In respect of the AGM

IMPORTANT NOTICE REGARDING COVID-19 AGM ARRANGEMENTS

The Company has closely monitored the COVID-19 situation, including UK Government legislation and guidance and the Board has taken the decision that, unless expressly invited, Shareholders, advisers and other guests will not be allowed to attend the AGM in person and anyone seeking to attend the AGM will be refused entry.

The Company will arrange for the minimum quorum of two Shareholders necessary to conduct the business of the AGM to be present in person, by proxy or by a corporate representative

Shareholders are strongly encouraged to therefore submit their votes on the Resolutions as early as possible and **as no other persons will be admitted to the meeting Shareholders should appoint the 'Chairman of the meeting' as their proxy.** If a Shareholder appoints someone else as their proxy, that proxy will not be able to attend the AGM in person and cast the Shareholder's vote.

Furthermore under these circumstances the Directors have taken the decision that voting on the Resolutions at the AGM will be taken on a poll, rather than a show of hands, to ensure that Shareholders' proxy votes are recognised.

You will find enclosed with this document a Form of Proxy for use by Shareholders at the AGM. You are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon. To be valid, completed Forms of Proxy must be received by Link Asset Services (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible and in any event not later than 4.30 pm on 9 November 2020, being 48 hours before the time appointed for holding the AGM (or, if the AGM is adjourned, 48 hours before the time fixed for the adjourned meeting).

Recommendation

Your directors are of the opinion that all resolutions which are to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders and therefore unanimously recommend that you vote in favour of the resolutions.

Yingbin Ian He,
Chairman of the Board

NOTICE OF ANNUAL GENERAL MEETING
of
VATUKOULA GOLD MINES PLC
(Incorporated in England and Wales with registered number 5059077) (the "Company")

NOTICE is hereby given that the Annual General Meeting of the Company will be held at the offices of Laytons LLP at 2 More London Riverside, London SE1 2AP on **11 November 2020 at 4.30 pm** to consider the business set out below and if thought fit pass, the following resolutions of which resolutions 1 and 2 will be proposed as Ordinary Resolutions and resolutions 3 and 4 will be proposed as Special Resolutions:

ORDINARY BUSINESS

Accounts

1. To receive and adopt the Directors' Reports and Accounts for the period ended 31 December 2018.

Auditors

2. To re-appoint Chapman Davis LLP as auditors of the Company to hold office until the production of the Directors' Report and Accounts for the period ending 31 December 2019 and authorise their remuneration to be fixed by the directors.

SPECIAL BUSINESS

Re-Registration as a private company

3. To re-register the Company as a private limited company with the name of Vatukoula Gold Mines Limited (the "Re-Registration").

Amendment of articles of association

4. Subject to the passing of Resolution 5 above, and conditional upon the Re-Registration becoming effective, to amend the articles of association of the Company by:
 - a) Replacing references to "*Vatukoula Gold Mines plc*" with "*Vatukoula Gold Mines Limited*" and "*public company*" with "*private company*";
 - b) deleting the existing text of the following articles and substituting it with "[*Article not used*]": Articles 43, 45.2, 45.3, 46.2, 48, and 75, 140, 141, and 142, and making corresponding deletions and changes throughout the articles of association; and
 - c) amending the following articles as follows and making corresponding changes throughout the articles of association:
 - i. **Article 2.1** – Interpretation – the defined term "*the Auditors*" be amended so as to read "*the auditors (if so appointed) of the Company in office at the relevant time*";
 - ii. **Article 44** – Extraordinary General Meetings – the word "*Extraordinary*" be deleted;
 - iii. **Article 45.1** – Notice – the words following "*Subject to Article 45.2*" and ending immediately before "*fourteen days' notice*" be deleted and replaced with "*any General Meeting shall be called by not less than*";
 - iv. **Article 61.1** – Votes – there be added as final sentence "*On a written resolution, every Member holding one or more shares shall have one vote for each share held by it*";
 - v. **Article 73** – Vacancies – the words "*or proposing a written resolution*" be inserted after "*the purpose of appointing an additional Director or Directors*", and the words "*propose a written resolution or*" be inserted after "*If no Directors are in office and able to act, any two Members may*";
 - vi. **Article 137** – Summary of Financial Statements – reference to sections in the Act be changed to section 247 of the 2006 Act;
 - vii. **Article 140.**- Appointment and duties - The current wording be replaced with the following – "*The Company may but shall not be required unless so required by the Statute to appoint Auditors and if appointed their duties shall be regulated in accordance with the provisions of the Statutes*"; and
 - viii. **Article 142** – General Meetings..- After the words "*The Auditors*" be inserted the words "*if appointed*".

By order of the Board
Laytons Secretaries Limited
Company Secretary

Dated: 19 October 2020

Registered office: Level 5, 2 More London Riverside, London, SE1 2AP

Notes

As outlined in the Chairman's letter to which this notice is attached the Board has taken the decision that, unless expressly invited, Shareholders and their proxies and representatives will not be allowed to attend the General Meeting in person and anyone seeking to attend the AGM will be refused entry.

The Company will arrange for the minimum quorum of two Shareholders necessary to conduct the business of the AGM to be present in person, by proxy or by a corporate representative

Shareholders are strongly encouraged to therefore submit their votes on the Resolutions as early as possible. And, **as no other persons will be admitted to the meeting, Shareholders should appoint the 'Chairman of the meeting' as their proxy**. If a Shareholder appoints someone else as their proxy, that proxy will not be able to attend the General Meeting in person and cast the Shareholder's vote.

Furthermore under these circumstances the Directors have taken the decision that voting on the Resolutions at the AGM will be taken on a poll, rather than a show of hands, to ensure that Shareholders' proxy votes are recognised.

- (1) Holders of Ordinary Shares, otherwise entitled to attend and vote at the AGM are entitled to appoint a proxy to exercise all or any of their rights to attend and speak and vote on their behalf at the meeting. All Forms of Proxy must be signed and, to be effective, must be lodged with the Company's registrar (Link Asset Services, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU) so as to arrive not later than 48 hours before the time of the meeting, or in the case of an adjournment 48 hours before the adjourned time.
- (2) Only Shareholders whose names appear on the register of members of the Company as at 48 hours before the time of the meeting shall be entitled to attend the AGM by proxy and the number of ordinary shares then registered in their respective names shall determine the number of votes such persons are entitled to cast on a poll at the AGM.
- (3) In order to facilitate voting by corporate representatives at the AGM, arrangements will be put in place at the AGM so that if a corporate Shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that Shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions

Explanatory notes on the business of the Annual General Meeting.

1 – Resolution to adopt the Accounts

The directors are currently required by company law to present the Company's financial statements and the Directors' and the Auditors' report on the financial statements to the Company in a general meeting.

2 – Resolution to reappoint the Auditors

This resolution will propose the reappointment of Chapman Davies LLP as auditors and authorise the Directors to fix their remuneration.

3 – Special Resolution to re-register the Company as a private limited company

The directors are seeking the approval of the Company's shareholders to re-register the Company from a public company to a private limited company. Public companies are subject to more extensive administrative requirements than private companies, and they are not permitted to use several simplified procedures under the Act that private companies benefit from. This resolution is requested due to the administrative burden involved with being a public company.

4 – Special Resolution to amend articles of association

As part of re-registering from a public company to a private limited company, the directors are seeking the approval of the Company's shareholders to amend the articles of association. The reason for amending the articles of association is to ensure that they are appropriate for a private company and to take advantage of some of the simplified procedures available to private companies.

