



**FALCON GOLD ZIMBABWE LIMITED**

(A public company incorporated in the Republic of Zimbabwe under company registration number 303/89)

Address: KPMG House, 133 Josiah Tongogara Avenue, Bulawayo, Zimbabwe

Directors: I.R. Saunders\*; Q. Nkomo\*; B.S.S. Nyabadza

\*Executive

## **CAUTIONARY STATEMENT TO SHAREHOLDERS**

The Directors of Falcon Gold Zimbabwe Limited (the "Company") wish to advise all shareholders of the following pertinent matters:

1. The No 2 mill at the Golden Quarry processing plant had a catastrophic engineering failure late last week.
2. In the intervening period, management has been undertaking a full impact assessment and is now evaluating various options to deal with the matter at hand.
3. Notwithstanding this mill failure, to date the funding required to execute the 2019 financial budget has not been received by the Company and discussions with regards this funding are ongoing.
4. Lastly, the inability of gold producers to access foreign currency and the resultant failure of the Company to pay outstanding amounts to foreign creditors since May 2018, have resulted in key creditors cutting off critical operating supplies and a disruption in normal operations.
5. As a consequence of the above issues, the Board is in communication with its various advisors on the impact of these matters on the Company's results of operations and financial condition, which will result in a delay in the publication of the September 30, 2018 Abridged Financial Results to shareholders beyond 31<sup>st</sup> December 2018.

Shareholders are therefore requested to exercise caution when trading in the Company's shares.

Q Nkomo  
Company Secretary  
Falcon Gold Zimbabwe Limited  
BULAWAYO

17<sup>th</sup> December 2018