



TRUSTCO GROUP HOLDINGS LIMITED

Incorporated in the Republic of Namibia

(Registration number 2003/058)

Registered as an external company in South Africa

(External registration number 2009/002634/10)

NSX share code: TUC

JSE share code: TTO

OTCQX share code: TSCHY

ISIN Number: NA000A0RF067

("Trustco" or "the Company")

SALE OF SHARES AND OPTION AGREEMENT ENTERED INTO TO DISPOSE OF A MINORITY SHAREHOLDING IN TRUSTCO RESOURCES TO RISKOWITZ VALUE FUND

1. Introduction

Trustco shareholders ("**Shareholders**") are advised that Trustco Business Developments (Pty) Ltd ("**TBD**"), a wholly owned subsidiary of Trustco and Riskowitz Value Fund LLP ("**RVF**") ("**the Parties**") entered into a sale of share and option agreement ("**Agreement**") on 20 March 2020 ("**Signature Date**") in terms of which:

- 1.1 RVF will acquire 52 shares ("**Sale Shares**") amounting to 1.3% of the issued share capital of Trustco Resources (Pty) Ltd ("**Trustco Resources**"), a wholly owned subsidiary of TBD; and
- 1.2 RVF will be granted an option ("**Option**") to acquire up to a further 148 shares ("**Option Shares**") amounting to 3.7% of the issued share capital of Trustco Resources.

(The disposal of the Sale Shares and granting of the Option collectively ("**the Transaction**")).

Should RVF not exercise the Option within a 6 month period ("**Option Period**") from the Signature Date of the Agreement, the Option shall lapse unless the Option Period is extended *via* written agreement between the Parties.



2. Description of the business conducted by Trustco Resources

Trustco Resources is the holding company for the Namibian, Mauritius and Sierra Leone mining operations in the resources segment. The resources segment was established to pursue opportunities within the natural resources sector in general, however since its inception, Trustco Resources' focus has been on the diamond industry.

Over the past four years, Trustco Resources has acquired three business ventures in the diamond sector, the first being the Huso Transaction. Huso holds 100% interest in two Namibian subsidiaries which form part of a vertically integrated diamond business. It comprises of NNDC which is a diamond mining operation in the Kunene region and Morse which is a diamond cutting and polishing factory located in Windhoek.

In 2017, Trustco Resources acquired a 51% interest in Meya Mining which operates a diamond mine in Sierra Leone. Its interest in Meya Mining has subsequently, in 2019, been increased to 65% after Meya Mining secured a 25-year large scale mining licence from the government of Sierra Leone. The exploration results to date, which are reviewed and signed off by SRK Consulting Canada, the Competent Person, indicate that the Meya mining licence holds exceptional geo economic potential. Meya is now transitioning into commercial production.

3. Salient terms and conditions of the Agreement

The salient terms and conditions of the Agreement are as follows:

- 3.1 RVF will acquire the Sale Shares for a purchase consideration of USD 4 550 000 (NAD 79 261 000) ("**Purchase Consideration**"). The Purchase Consideration will be paid in cash on or before the 20th of March 2020.
- 3.2 Should RVF exercise the Option within the Option Period, the price per Option Share shall be USD 87 500 (NAD 1 524 250) ("**Option Consideration**"). The total amount to be paid by RVF, in cash, should the Option be exercised will be the Option Consideration multiplied by the number of Option Shares RVF elects to exercise ("**Total Option Consideration**").



Hence should RVF elect to acquire all 148 Option Shares, the Total Option Consideration shall be USD 12 950 000 (NAD 225 589 000 million).

3.3 The transaction would not constitute a change in control of the Company or in Trustco Resources.

3.4 RVF will be entitled to nominate a non-executive director to the board of Trustco Resources.

In addition to the salient terms set out above, the Agreement contains warranties which are standard for a transaction of this nature.

4. Rationale for the Transaction

TBD is entering into the Transaction as it will allow for an injection of capital into Trustco Resources which capital will be used for the purposes set out in paragraph 6 below.

5. Effective date and closing date

The effective date (“**Effective Date**”) of the Transaction shall be the later of 20 March 2020 or payment of the Purchase Consideration.

The closing date (“**Closing Date**”) of the Transaction shall be the 5th business day after the fulfilment of the conditions precedent (“**Conditions Precedent**”) set out in paragraph 7 below.

6. Application of the Purchase Consideration

The Purchase Consideration and the Total Option Consideration shall be used by TBD to inject capital into Trustco Resources to:

6.1 enable upgrades of the mine infrastructure, plant and equipment in Namibia as well as Sierra Leone;



6.2 accelerate development of its mining operations and transition into commercial production;
and

6.3 Unlock further equity and debt opportunities

7. Conditions precedent

The Transaction is subject to the fulfilment or waiver of the following Conditions Precedent on or before the Effective Date, or such longer period as the parties may agree upon:

7.1 The Parties obtaining all regulatory approvals required for the execution of the Transaction;

7.2 The Parties obtaining approval from their respective boards of directors and in so far as it may be required, from their respective shareholders. Both Parties will on the Completion Date provide the other party with written notification of the corporate and regulatory approvals obtained; and

7.3 The Purchaser has effected full payment of the Purchase Consideration.

8. Financial information

The book value of the net assets that are the subject of the Transaction at 30 September 2019 was NAD 1 080 million. The profit after tax attributable to the net assets that are the subject of the Transaction for the 6 months ended 30 September 2019 was NAD 931 million.

The above financial information has been extracted from the interim results of Trustco Resources for the six months ended 30 September 2019 which were prepared in terms of International Financial Reporting Standards.



9. Classification of the Transaction

RVF and its associates are material shareholders of Trustco owning approximately 24% of the issued share capital of Trustco and thus considered to be a related party to Trustco in terms of paragraph 10.1(b) (i) of the Listings Requirements of the JSE Limited ("**JSE Listings Requirements**").

The Transaction is therefore considered to be a category 2 related party transaction in terms of section 10 of the JSE Listings Requirements requiring a fairness opinion to be prepared by an independent expert and the approval of Trustco shareholders via an ordinary resolution, excluding any related parties.

RVF and its associates will be excluded from voting on the Transaction.

A circular containing full details of the Transaction as well as a notice to convene a general meeting of Shareholders in order to consider and, if deemed fit, to pass with or without modification, the resolutions necessary to approve and implement the Transaction, will be made available to Shareholders in due course.

10. Exchange rate

All amounts were converted at the NAD/USD exchange rate of 17.42 at the close of business on 19 March 2020.

Windhoek, Namibia

20 March 2020

Komada Holdings (Pty) Ltd

Company Secretary: Trustco Group Holdings Limited

JSE Sponsor

Vunani Sponsors - Johannesburg



NSX Sponsor

Simonis Storm Securities Proprietary Limited – Namibia

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