

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)

JSE share code: TTO

NSX share code: TUC

OTCQX share code: TSCHY

ISIN Number: NA000A0RF067

(“Trustco” or “Company”)

SMALL RELATED PARTY TRANSACTION

1. INTRODUCTION

- 1.1 Shareholders are referred to the announcement released on SENS on 20 March 2020 (“**Initial Announcement**”), where Shareholders were advised that Trustco Business Developments (Pty) Ltd (“**TBD**”), a wholly owned subsidiary of Trustco, and investment vehicle for its mining investments 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:
- 1.2 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
- 1.3 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.

- 1.4 Shareholders are further referred to the announcement released on SENS on 17 September 2020 regarding an addendum (“**Addendum**”) to the Agreement entered into by the Parties on 16 September 2020, with such Addendum amending the Option period from a six-month period to a twelve-month period.

2. BACKGROUND

- 2.1 The Company requested a ruling from the JSE considering the Option period that had subsequently lapsed with the result that the Option was incapable of being exercised. Therefore, only the disposal of the 1.3% Sale Shares of Trustco Resources, needed to be taken into consideration for purposes of a Fairness Opinion (The disposal of the Sale Shares forming the Transaction).
- 2.2 At the time of entering into the transaction RVF and his associates were material shareholders 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**”).
- 2.3 As only the Sale Shares were required to be considered in terms of a fairness opinion, the Transaction was classified as a small, related party transaction in terms of section 10.7 of the JSE Listings Requirements. As such, the board of Trustco was required to obtain a fairness opinion from an independent expert acceptable to the JSE, prepared in accordance with Schedule 5 of the JSE Listings Requirements. Such opinion must confirm that the terms of the Transaction are fair to Trustco shareholders prior to Trustco implementing the Transaction.
- 2.4 Shareholders are advised that following the ruling from the JSE, the Transaction was no longer categorised as a category 2 transaction as previously stated on the Initial Announcements, but categorised as a small related party transaction and therefore a circular was no longer required.

3. DESCRIPTION OF BUSINESS

3.1. Description of the business conducted by Trustco Resources

- 3.1.1 Trustco Resources is the holding company for the Namibian, Mauritius and Sierra Leone mining operations in the mining investments. The mining investments were

established to pursue opportunities within the natural resources sector in general, however since its inception, Trustco Resources' focus has been on the diamond industry.

- 3.1.2 Trustco Resources is Trustco's investment entity that houses the mining portfolio. The most significant investment in the mining portfolio is Meya Mining, a world-class diamond deposit in Sierra Leone which holds a 25-year mining licence. Meya Mining recently released findings from a diamond resource estimate, by Z Star Mineral Resource Consultants, Qualified Persons as defined by the SAMREC reporting code. The report estimated in-situ value of USD 763 million for the Meya River kimberlite domain, which represents less than 5% of the total combined strike lengths of the kimberlite domains within Meya Mining's licensed area. The mine is expected to reach commercial production during the 2024 financial year.

4. RATIONALE

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. TRANSACTION STRUCTURE

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

The completion date ("**Completion Date**") of the Transaction shall be 17 July 2024.

6. APPLICATION OF THE PURCHASE CONSIDERATION

The Purchase 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. PURCHASE PRICE AND CONDITIONS PRECEDENT

- 7.1 RVF will acquire the Sale Shares for a purchase consideration of USD 4 550 000 (NAD79,261,000) ("**Purchase Consideration**").
- 7.2 The Transaction is subject thereto that,
- 7.2.1 the Parties obtain all regulatory approvals in principle required for the execution of the transaction by all parties; and
- 7.2.2 the Parties obtain approval from their respective boards and in so far as it may be required, also from their respective shareholders.
- 7.3 The transaction would not constitute a change in control of the Company or in Trustco Resources.
- 7.4 In addition to the salient terms set out above, the Agreement contains warranties which are standard for a transaction of this nature.
- 7.5 The suspensive conditions have been met and the Completion Date will be considered the 17 July 2024.

8. FINANCIAL INFORMATION

- 8.1 As per the Initial Announcement, the book value of the net assets that were the subject of the Transaction at 30 September 2019 was NAD 967 million. The loss after tax attributable to the net assets that were the subject of the Transaction for the 6 months ended 30 September 2019 was NAD 73 million after taking in consideration the restatement of loan waiver.
- 8.2 The above financial information was 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. RELATED PARTIES TRANSACTION AND FAIRNESS OPINION

- 9.1 As a result of the Transaction being classified as a small related party transaction, in terms of 10.7 it required a fairness opinion ("**Fairness Opinion**") from an

independent professional expert acceptable to the JSE ("**Independent Expert**"), confirming that the terms of the Transaction are fair as far as shareholders of Trustco are concerned.

9.2 Paragraph 10.7(b) has been complied with and the Independent Expert, has declared the Transaction to be fair and the Fairness Opinion will lie for inspection at the Company's registered office for a period of 28 days from the date of announcement.

10. EXCHANGE RATE

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

Windhoek, Namibia,
17 July 2024

Komada Holdings (Pty) Ltd
Company Secretary and Investor Relations Services to Trustco Group Holdings Limited

JSE Sponsor

Vunani Sponsors

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