



Trustco Group Holdings Limited  
Incorporated in the Republic of Namibia  
(Registration number 2003/058)  
NSX Share Code: TUC  
JSE Share Code: TTO  
ISIN Number: NA000A0RF067  
("the Company" or "Trustco")

## **ACQUISITION BY TRUSTCO RESOURCES (PTY) LTD (“TRUSTCO RESOURCES”) FOR 51% OF MEYA MINING (MAURITIUS) (“MEYA MINING”) AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT**

### **1. INTRODUCTION**

- 1.1. Shareholders are referred to the cautionary announcements published on SENS on 19 May 2016, 1 July 2016 and 15 August 2016 advising shareholders that Huso Investments Proprietary Limited (“Huso”) had entered into advanced negotiations relating to a potential partnership for a geo-economic evaluation, development and exploration of a diamond exploration license in Sierra Leone.
- 1.2. The Company now wishes to advise shareholders that Trustco has itself, through its wholly owned subsidiary Trustco Resources, concluded a sale of shares agreement with Germinate Sierra Leone Limited (“Germinate”) in terms of which Trustco Resources will acquire 51% of Meya Mining (collectively referred to as the “Parties”) (herein after referred to as the “Transaction” or the “Acquisition”).
- 1.3. The change in acquirer from Huso to Trustco Resources was proposed by the Trustco board in order to demonstrate Trustco’s clear commitment in furthering its expansion plans directly via Trustco Resources without any contingent external factors influencing the Acquisition.
- 1.4. The Trustco Management is familiar and confident with the operating environment in Sierra Leone and has extensive executive experience in the region. Through this investment Trustco believes that it can contribute to unlocking the potential of the Sierra Leone economy. Furthermore, the Acquisition and business opportunity continues to support Trustco’s expansion drive into emerging economies using its stable Namibian platform.

### **2. MEYA MINING**

- 2.1. Germinate is a 100% Sierra Leonean owned company which has secured a 4-year exclusive diamond exploration license in June 2015 over an area comprising 130.38 Km<sup>2</sup>, and known as the Meya Project (“the License”).

- 2.2. Meya Mining has been newly established by Germinate to hold the License which includes any re-issue, renewal, extension, conversion, substitution or ratification or any variation whatsoever of the License.
- 2.3. Meya Mining will now execute phase 1 of an exploration work program within 18 months of the signature date (the "Work Program").
- 2.4. Trustco Resources will fund the Work Program, as a shareholder's loan to Meya Mining, which will be repaid at a rate of Libor plus 4%.
- 2.5. Trustco Resources will be indemnified for any financial loss for a period of 4 (four) years and up to a maximum amount of USD25 (twenty-five million united state dollars) by the majority shareholder of Trustco.

### **3. RATIONALE FOR THE TRANSACTION**

- 3.1 The Acquisition is in line with Trustco's strategy to pursue opportunities in the resource sector.
- 3.2 With the acquisition of Huso, Trustco is already positioned in the diamond sector.
- 3.3 The Acquisition is a unique opportunity to increase Trustco Resource's diamond resource portfolio significantly, especially considering that diamond assets of this nature (a known kimberlite deposit that is diamondiferous of high quality diamonds) are extremely scarce.
- 3.4 If the geo-economic potential is proven, the potential production profile could quadruple Trustco Resource's output in terms of its diamond value chain.
- 3.5 It will be a United State Dollar ("USD") revenue base, thus creating a natural foreign exchange hedge for the Company's USD commitments.
- 3.6 The Acquisition includes an offtake agreement between Meya Mining and Morse Investments Mauritius (a subsidiary of Trustco Resources), thus securing an additional supply of rough diamonds to Trustco's diamond cutting and polishing operation, which is situated in Windhoek, and operates within an approved Export Processing Zone.

### **4. THE PURCHASE CONSIDERATION**

- 4.1. The purchase consideration payable in cash by Trustco Resources is US\$1 million as well as an exclusivity fee of US\$50,000.
- 4.2. In addition to the purchase consideration as contemplated in 4.1 and with due consideration to the economic potential related to the License, should the Work Program yield results proving a minimum resource statement of 3 million carats or a resource of US\$1 billion (the "Hurdle"), Trustco Resources shall make an additional cash payment, of US\$25 million (the "Hurdle Payment"). Should neither of the two components of the Hurdle be achieved, then no further payment will be made.
- 4.3. The total maximum consideration payable to Germinate is therefore equal to US\$26,050,000 (**"Total Consideration"**)
- 4.4. Trustco Resources shall furthermore have the option to increase its ownership share in Meya Mining to 60% after completion of the Work program for a cash consideration of US\$20 million (the "Option"). The Option is executable by Trustco Resources at its sole discretion.

## **5. SUSPENSIVE CONDITIONS**

- 5.1. The Transaction will be subject to at least the fulfillment of the following suspensive conditions:
  - 5.1.1 the Parties agreeing in writing to the Work Program, its funding and related strategic objectives;
  - 5.1.2 the Parties obtaining all necessary board approvals required to complete the Transaction;
  - 5.1.3 the Parties obtaining or procuring in a form satisfactory to its boards and the Government of Sierra Leone, all statutory and regulatory approvals in accordance with the relevant legislation which are necessary or desirable to complete the Transaction;
  - 5.1.4 the successful transfer of the License, free and clear from any encumbrances, from Germinate to Meya Mining;
- 5.2. The effective date of the transaction is the date on which all the suspensive conditions have been met.

## **6. FINANCIAL EFFECTS**

- 6.1 Meya Mining is a newly formed entity established to hold the License, and as such there are no profits currently attributable to the Acquisition.
- 6.2 There is currently no value assigned to the net assets of the Acquisition which will only be determined following the completion of the Work Program.

## **7. CATEGORISATION OF THE TRANSACTION**

- 7.1. Based on the Total Consideration the Transaction is a category 2 transaction in terms of the JSE Limited Listing Requirements ("LRs").
- 7.2 In terms of paragraph 9.1(b) of the LR's, where the right to exercise an option is solely at the issuer's discretion and no premium or consideration is payable for the grant of the option, the transaction will only be categorised on exercise of the option, provided that the categorisation upon exercise will be no less onerous than the classification determined at the date of the grant.
- 7.3 Accordingly, as the Option is exercisable at the sole and absolute discretion of Trustco Resources; and no consideration is payable by Trustco Resources in respect of the acquisition of the Option, the Option as contemplated in this announcement, will only be required to be categorised in accordance with the LR's, upon exercise of the Option by Trustco Resources.

## **8. MEMORANDUM OF INCORPORATION ("MOI")**

Trustco will adhere to the provisions of paragraph 10.21 of Schedule 10 of the LR's with regard to the MOI of Meya Mining.

## **9. WITHDRAWAL OF CAUTIONARY**

Following the release of this announcement, the further cautionary announcement published by the Company on 15 August 2016 is hereby withdrawn and caution is no longer required to be exercised by shareholders when dealing in Trustco shares.

23 August 2016

Amanda Bruyns  
Company Secretary  
Trustco Group Holdings Limited  
Windhoek

JSE Sponsor  
Sasfin Capital (a division of Sasfin Bank Limited)

NSX Sponsor  
IJG Securities (Pty) Ltd.