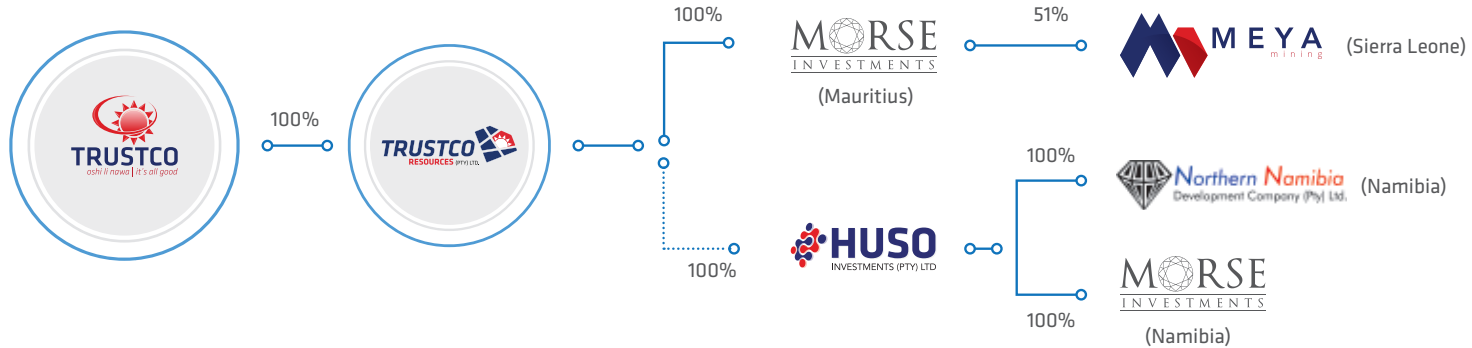


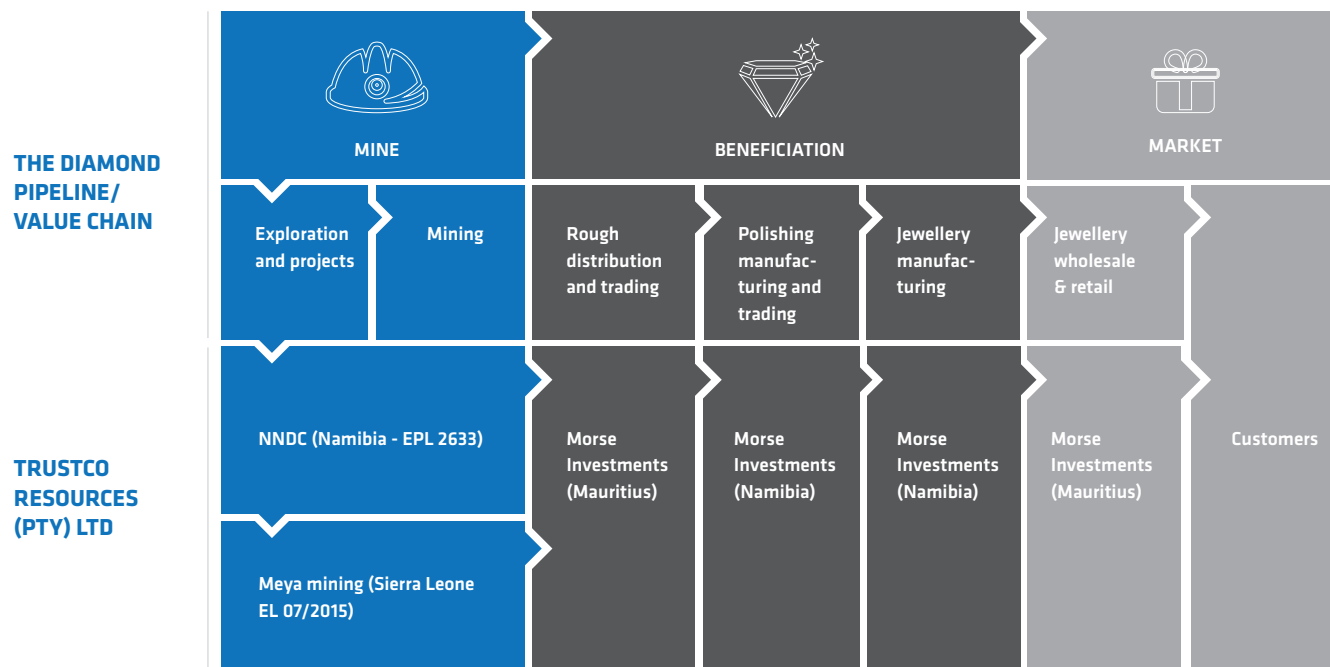


# RESOURCES



The focus of the resources segment over the medium term planning horizon remains on the diamond sector. In this regard, Trustco Resources' principal business objective is to maximise

value across the diamond pipeline through an integrated business model, thus realising its "mine to market" vision, as presented in the previous reporting periods.





**MINE**

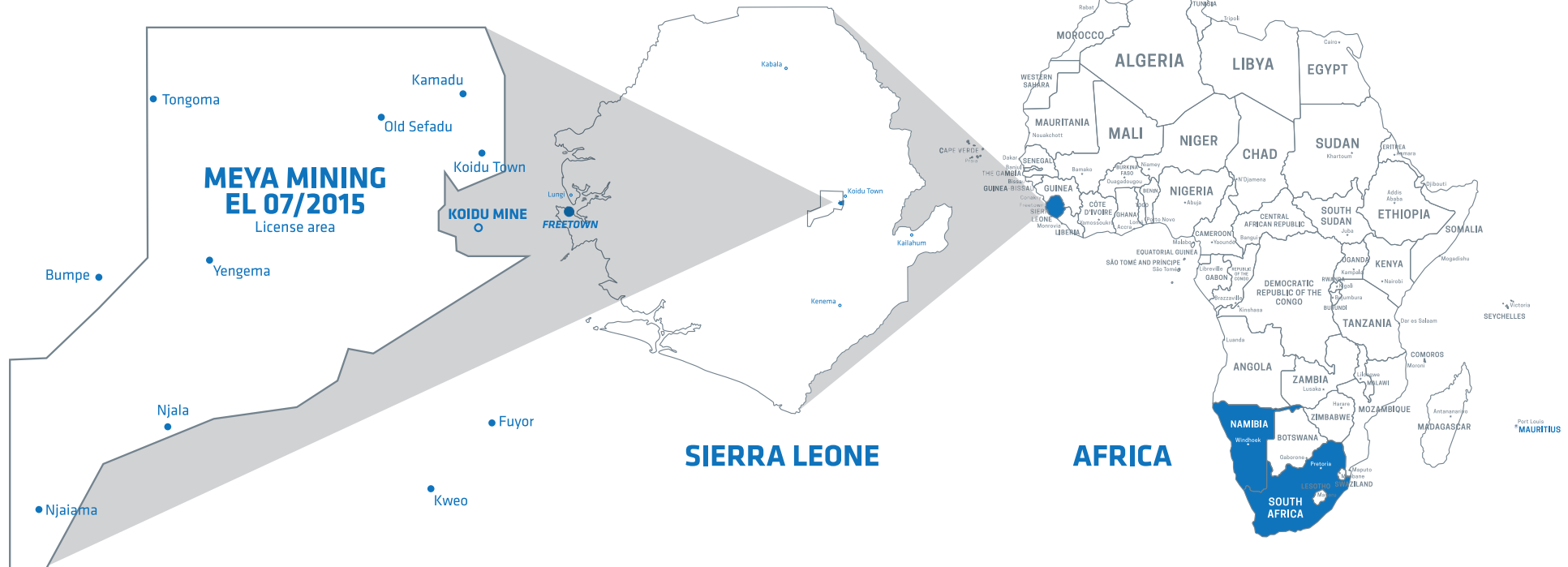
*Meya mining – Sierra Leone*

Pursuant to its vision, Trustco Resources acquired a 51% interest in Meya mining (Mauritius) (Meya) in November 2017. Meya holds a 4 (four) year exclusive diamond exploration licence EL: 07/2015 (the licence) over an area comprising of 130.38 km<sup>2</sup>, a kimberlite concession spanning from the Kamara, Gbense to the Tankoro chiefdoms in Kono District, Sierra Leone. The remaining 49% interest in Meya is held by Germinate Sierra Leone Limited (Germinate), the original licence holder. Germinate is a 100% Sierra Leonean owned company.

It is important to mention that relations between Namibia and Sierra Leone date back to the days of the liberation struggle. Sierra Leone was one of the West African countries that assisted SWAPO (South West Africa People’s Organisation),

the ruling party in Namibia, not just financially and diplomatically, but also with the development of the country’s human capital. During the 1970’s and 1980’s many young Namibians who went into exile, were offered a “home away from home” living with “foster” parents and attending school in Sierra Leone. Among them was the Rt Honourable Saara Kuugongelwa-Amadhila, currently the Prime Minister of Namibia, and many others who now serve as senior civil servants in Namibia.

Whilst there is limited bilateral cooperation and trade between Namibia and Sierra Leone today, the individuals that once called both countries “home”, preserve and respect the historical bond that exists and are working together to strengthen bilateral relations. Cooperation between these two countries will gain momentum once the Namibian High Commission in the Republic of Ghana becomes fully operational and Meya mine is in full production.





In light of the following factors, Trustco Resources is particularly bullish about this venture:

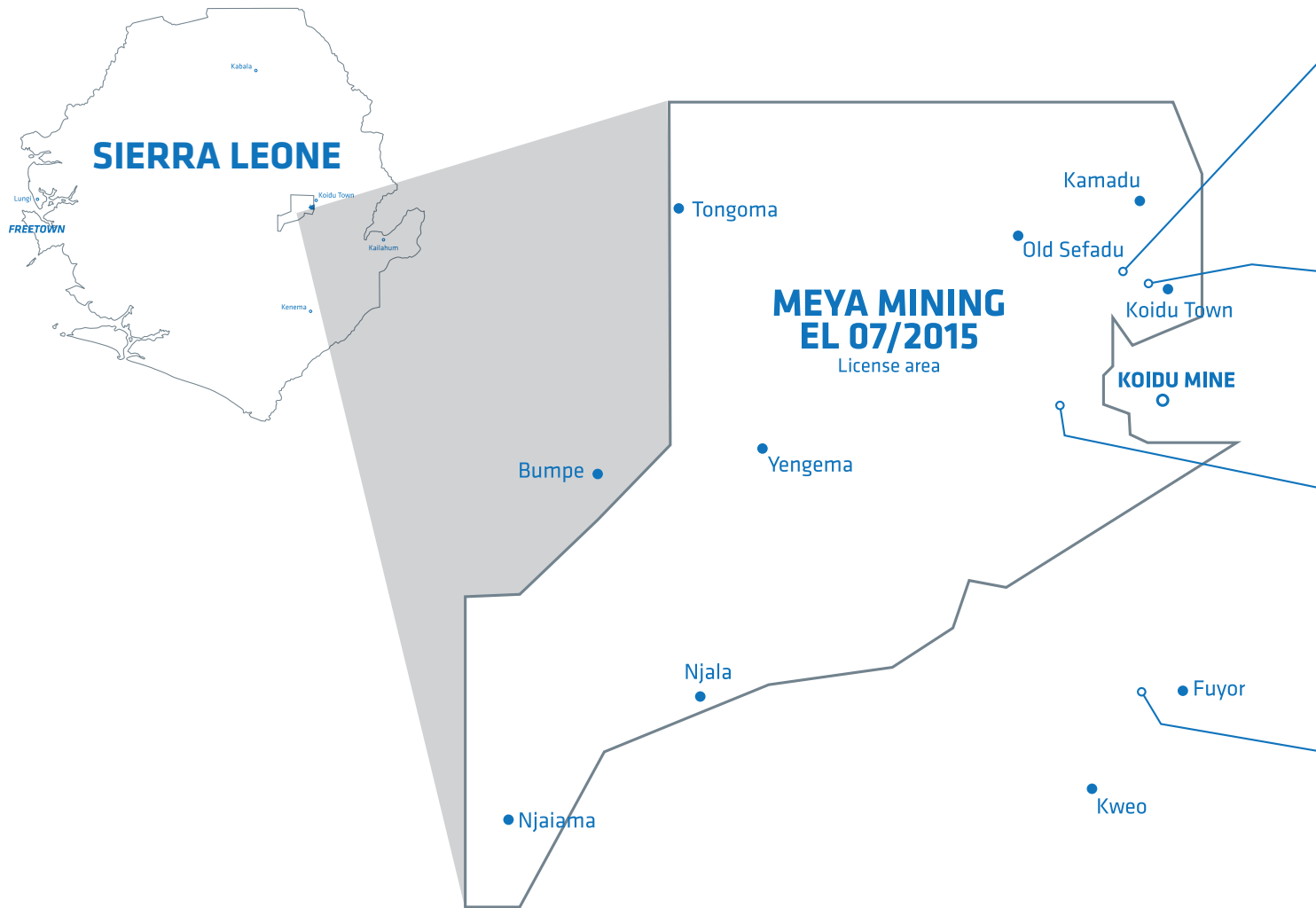
- **The geo-economic indicators related to the regional geology** - The licence is directly adjacent to the Koidu mine, a high value high grade kimberlite deposit that produced more than 2 million carats over the past 15 years, from a licence area of 4.6km<sup>2</sup>. Four of the sixteen kimberlite bodies that had been recorded within the licence are extensions from those found in Koidu's licence. This suggests that the geo-economic potential of these ore bodies would be similar to that of Koidu
- **Country experience** - Meya mining's management team have all been involved with the development of the Koidu mine, from the initial greenfield phase up to full production, over a period of more than ten years spanning from 2002 to 2013. Two members of the senior management team have been based in the country since 1995
- **Production potential** - Meya's strategy is to follow the conventional resource project development methodology i.e. exploration, conceptual study, pre-feasibility, feasibility and then mine development. Based on management's knowledge and understanding of the geo-economic potential and the related operational challenges, Trustco Resources is confident that Meya will start producing diamonds during the 2017/2018 financial year
- **Historical, large diamond discoveries** - Four of the 16 largest diamonds discovered globally were recovered from the immediate area as illustrated in the table below.

#### OFFICIAL GLOBAL STATISTICS

RANK	CARATS	NAME	COUNTRY	MINE	DATE
1	3 106.75	Cullinan Diamond	South Africa	Premier Mine	1905
2	1 111	Lesedi La Rona	Botswana	Karowe Mine	2015
3	995.2	Excelsior Diamond	South Africa	Jagersfontein	1893
4	969	Star of Sierra Leone	Sierra Leone	Diminco Mine	1973
5	890	Incomparable Diamond	DRC	MIBA Mine	1984
6	813	The Constellation	Botswana	Karowe Mine	2015
7	777	Millennium Star	DRC	Mbuji-Mayi	1990
8	770	The Woyie River	Sierra Leone	Woyie River	1945
9	755	The Golden Jubilee	South Africa	Premier Mine	1985
10	726.6	The Vargas	Brazil	San Antonio River	1938
11	726	The Jonker	South Africa	Elandsfontein	1934
12	709	To be announced	Sierra Leone	Kweo Village (artisanal)	2017
13	650.8	The Jubilee	South Africa	Jagersfontein	1895
14	620	The Sefadu	Sierra Leone	Diminco Mine	1970
15	616	The Kimberley Octahedron	South Africa	Dutoitspan Mine	1964
16	603	The Lesotho Promise	Lesotho	Letseng Mine	2006

### Four largest stones

Locations of the four largest stones discovered in Sierra Leone



#### WOYIE DIAMOND

770 ct discovered 1945



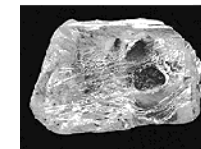
#### SEFADU DIAMOND

620 ct discovered 1970



#### STAR OF SIERRA LEONE

969 ct discovered 1973



#### NAME TO BE ANNOUNCED

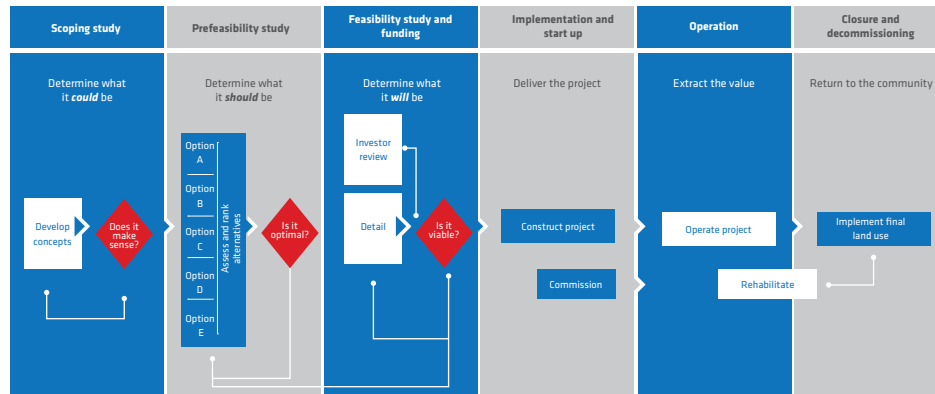
709 ct discovered 2017





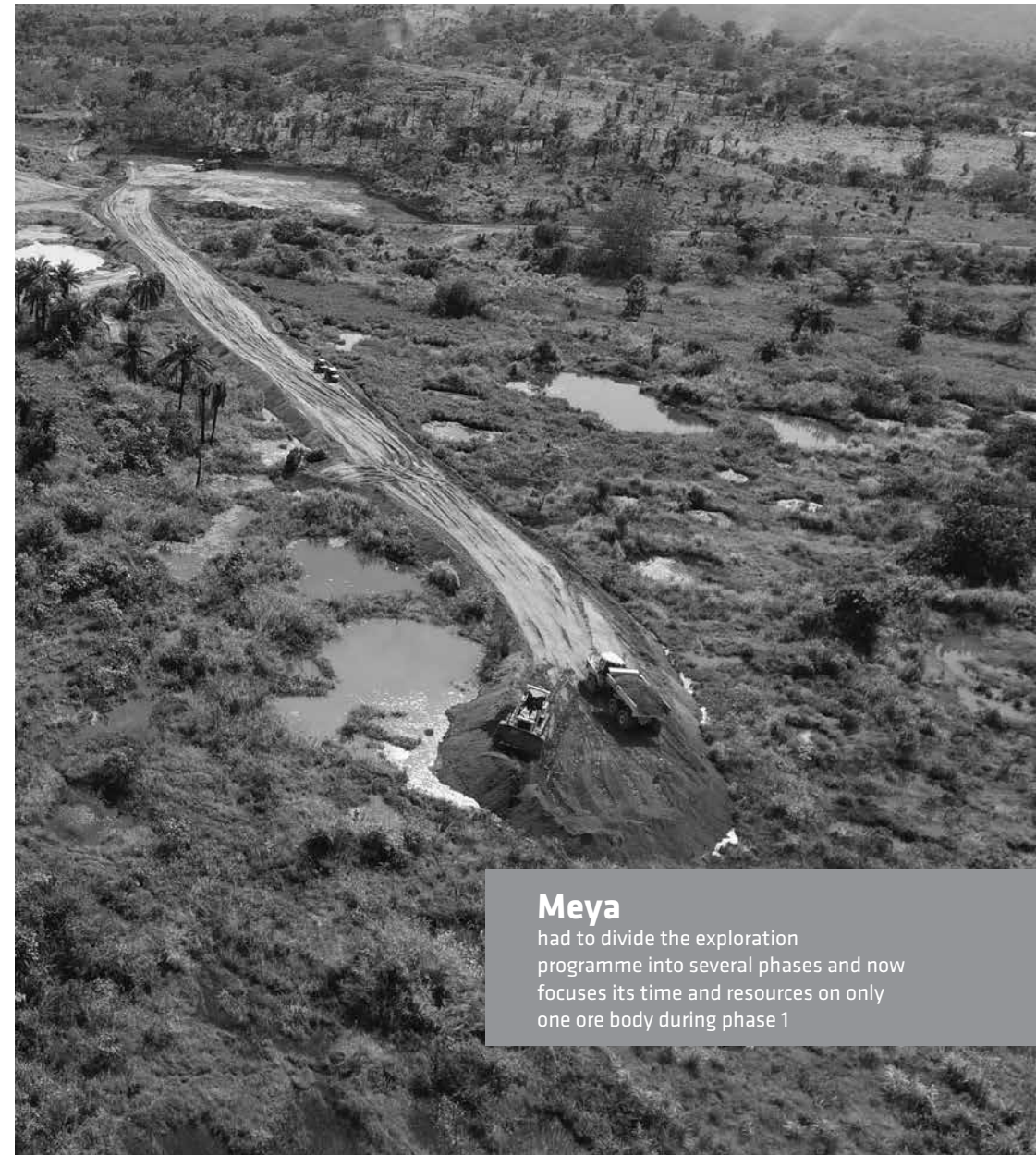
## CONCEPTION TO PRODUCTION

Meya's strategic intent is to maximise the economic potential of the licence in the long run in the interest of all its key stakeholders. The starting point is to validate and fully understand the geology, as the geo-economic potential underpins every decision going forward. To this end, Meya adopted a conventional mining project development and capital investment framework, as illustrated below.



Adapted from Mackenzie & Cusworth (2007)  
The Capital Investment System (CIS)

The first three (3) steps; scoping, prefeasibility and feasibility studies require a comprehensive exploration programme in order to define its potential based on the size and internal economics of the resource. Considering the size and extent of the licence area, Meya had to divide the exploration programme into several phases and focus its time and resources on the one ore body which presents the most obvious and highest probability of meeting the anticipated economic results. Phase 1 therefore focuses on the first target, Dyke Zone B, and is scheduled to be concluded within 18 (eighteen) months. The chronological steps - activities related to the phase 1 work programme are illustrated below.

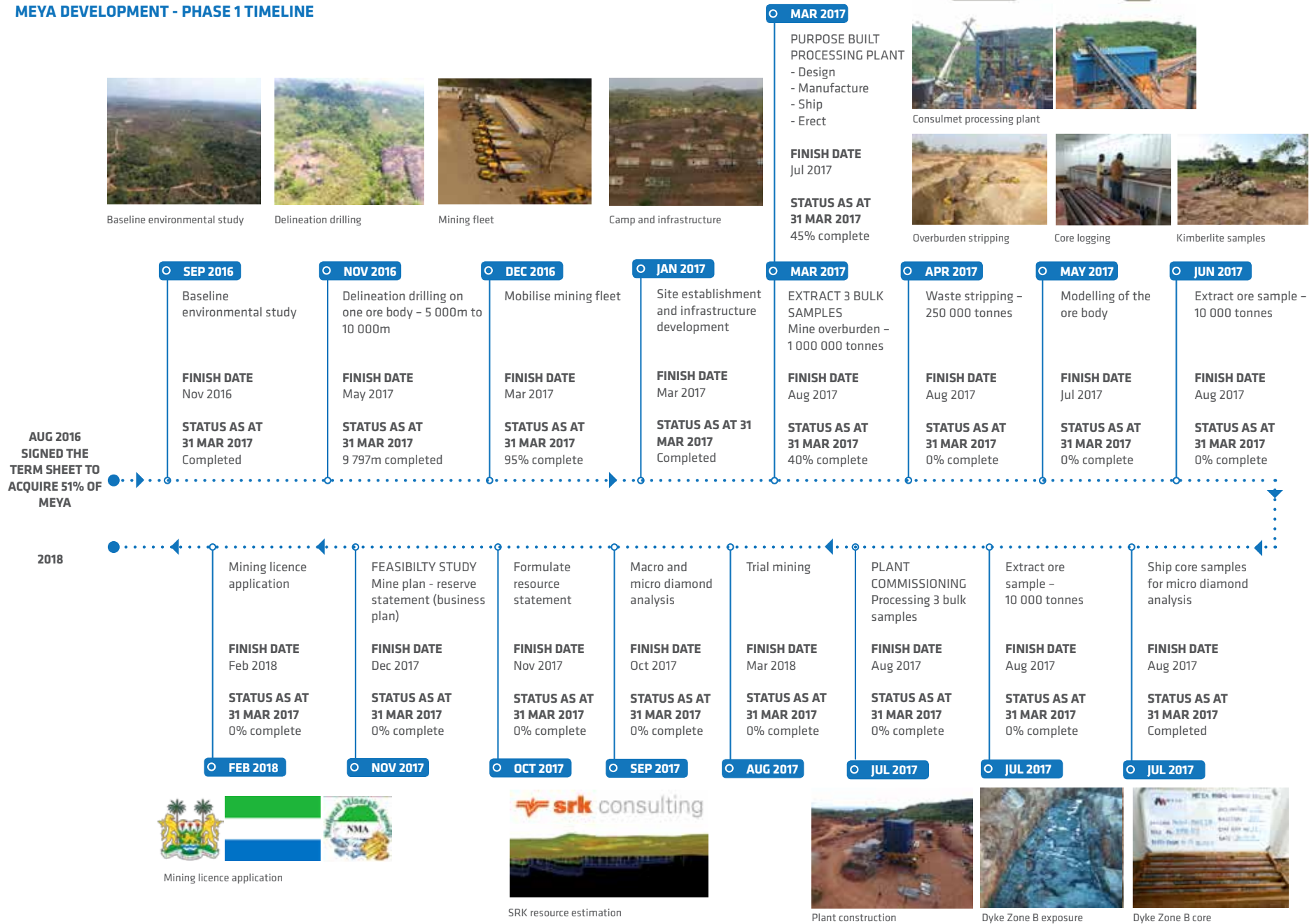


### Meya

had to divide the exploration programme into several phases and now focuses its time and resources on only one ore body during phase 1

Meya in Sierra Leone as at March 2017

MEYA DEVELOPMENT - PHASE 1 TIMELINE



Baseline environmental study



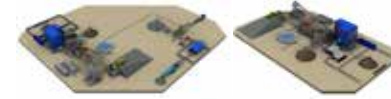
Delineation drilling



Mining fleet



Camp and infrastructure



MAR 2017

PURPOSE BUILT PROCESSING PLANT  
- Design  
- Manufacture  
- Ship  
- Erect



Consulmet processing plant



FINISH DATE  
Jul 2017

STATUS AS AT  
31 MAR 2017  
45% complete



Overburden stripping



Core logging



Kimberlite samples

SEP 2016

Baseline environmental study

FINISH DATE  
Nov 2016

STATUS AS AT  
31 MAR 2017  
Completed

NOV 2016

Delineation drilling on one ore body - 5 000m to 10 000m

FINISH DATE  
May 2017

STATUS AS AT  
31 MAR 2017  
9 797m completed

DEC 2016

Mobilise mining fleet

FINISH DATE  
Mar 2017

STATUS AS AT  
31 MAR 2017  
95% complete

JAN 2017

Site establishment and infrastructure development

FINISH DATE  
Mar 2017

STATUS AS AT 31 MAR 2017  
Completed

MAR 2017

EXTRACT 3 BULK SAMPLES Mine overburden - 1 000 000 tonnes

FINISH DATE  
Aug 2017

STATUS AS AT  
31 MAR 2017  
40% complete

APR 2017

Waste stripping - 250 000 tonnes

FINISH DATE  
Aug 2017

STATUS AS AT  
31 MAR 2017  
0% complete

MAY 2017

Modelling of the ore body

FINISH DATE  
Jul 2017

STATUS AS AT  
31 MAR 2017  
0% complete

JUN 2017

Extract ore sample - 10 000 tonnes

FINISH DATE  
Aug 2017

STATUS AS AT  
31 MAR 2017  
0% complete



Mining licence application



SRK resource estimation



Plant construction



Dyke Zone B exposure

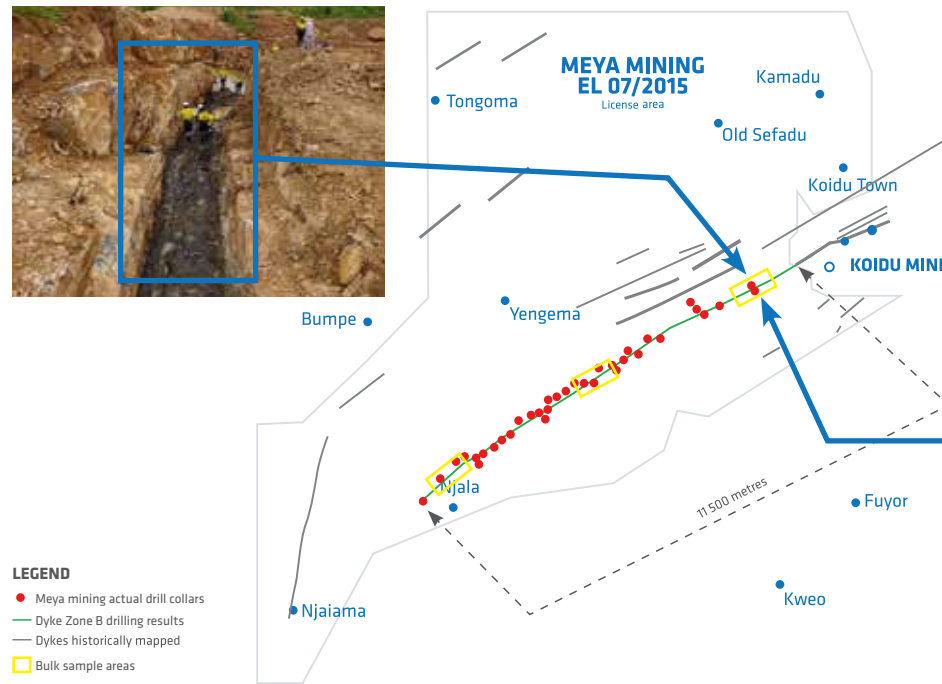


Dyke Zone B core



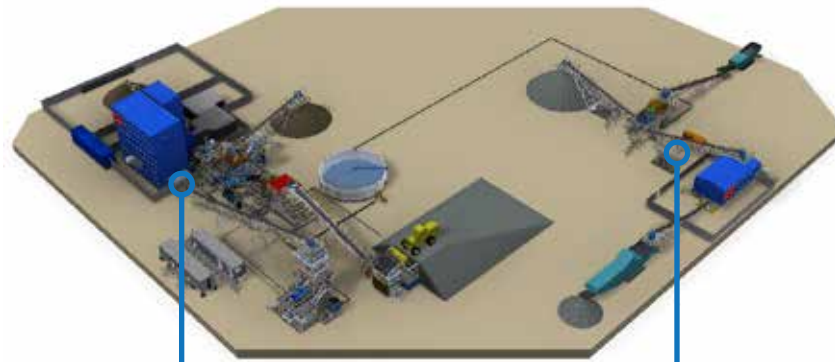
At the time of writing this report, Meya concluded 38 delineation core drill holes out of the 43 that were planned. This translates to a total of 9 797m drilled along the 11 500m strike of Dyke Zone B. Of the 38 holes, 31 holes intersected the ore body at an average vertical depth of 100m (ranging from 50m to 200m) and 5 holes intersected at an average vertical depth of 370m (ranging from 300m to 500m).

and micro diamond analysis. The holes intersected kimberlite along strike, which suggest continuity of the ore body. A preliminary estimation based on the results to date, indicates that this drilling programme alone identified a potential resource of 11 million tonne kimberlite.



The objective with the higher concentration of drill holes in the first 200m (vertical) is to achieve high enough confidence in this portion of the ore body in order for it to be classified as an indicated resource down to 250m (vertical) once the bulk sample analysis is concluded. The portion between 250m and 500m would fall in the inferred category subject to a macro

Trustco Resources is confident that once the plant is commissioned, Meya will be in a position to produce high quality diamonds on a sustainable basis for years to come. The final mine configuration and production profile will only be determined at the end of phase 1 exploration programme.



**Meya processing plant**  
Final design signed off December 2016



**Meya processing plant  
construction progress**





### Northern Namibia Development Company - Namibia

Trustco's first mining transaction was the acquisition of Huso Investments (Pty) Ltd (Huso) from Dr Quinton van Rooyen (the Huso transaction). Northern Namibia Development Company (Pty) Ltd (NNDC), is a diamond exploration and mining entity in Namibia which, combined with Morse Investments (Pty) Ltd (Morse Namibia), a diamond cutting and polishing factory in Windhoek, Namibia, forms part and parcel of the Huso Transaction.

The Huso transaction received majority approval from Trustco's shareholders at the general meeting of shareholders on the 5th of October 2015, subject to eight conditions precedent (CP's) (refer the SENS announcement dated 5 October 2015).

Subsequent to shareholders' approval of the transaction, Morse Investments Mauritius (MIM), a subsidiary of Trustco Resources, secured an exclusive diamond off-take agreement with Meya mining. MIM will use only Morse Namibia to polish the diamonds. The original Huso transaction is expected to improve as a result of the additional throughput of diamonds supplied by the Meya mine. This suggests that the outlook of Morse Namibia/Huso's financial performance in terms of profitability, which underpins the original Huso transaction, is expected to have a positive effect on the group. In light of that, the Huso parties agreed to amend the payment terms of the Huso transaction.

In terms of the amendments to the Huso transaction, the parties have agreed, *inter alia*, that:

- the settlement of the purchase consideration for the Huso transaction will now be determined by meeting specific financial performance targets, rather than a portion of the consideration being settled upon the mineral resource exceeding the initial mineral resource estimate by 1.5 million carats and
- the timing for the settlement of the consideration can be accelerated, depending on the profitability.

The board of directors of Trustco is of the view that the amendments to the Huso transaction and the alignment of the settlement of the balance of the purchase consideration with financial performance targets, rather than the proving of a mineral resource, are more beneficial to all shareholders. The board has reached this conclusion because the EBITDAASA financial performance targets include the mining, beneficiation and sale of diamonds which translate into profitability for the group, notwithstanding that such profits will now be generated by diamonds mined by both NNDC and the Meya mine (an asset acquired by Trustco Resources in 2016 after the Huso transaction was concluded), while the confirmation of a mineral resource still requires the resource to be mined, beneficiated and sold.

Details of the material changes to the Huso transaction resulting in the amendments to the Huso transaction are set out below.

### AMENDMENT TO THE SETTLEMENT OF THE PURCHASE CONSIDERATION FOR THE HUSO TRANSACTION

In terms of the addendum to the share purchase agreement, the total purchase consideration shall remain as NAD 3 621 149 000, payable by way of an issue of a maximum of 772.1 million shares to the seller, at an issue price of NAD 4.69 per share.

In terms of the addendum, the purchase consideration will now be settled as follows:

- an initial payment of NAD 672 077 000, payable by way of an issue of 143.3 million shares, as compensation for the transfer of Huso to Trustco, will be payable within 30 days after the closing date of the Huso transaction and
- a fixed number of shares will be payable to the seller at any time during the payment term (being not later than nine years from the closing date of the Huso transaction), upon reaching the following cumulative EBITDAASA targets:

Event	EBITDAASA target (NAD million)	Number of shares (million)
Upon reaching the first EBITDAASA target of	250	120.2
Upon reaching the second EBITDAASA target of	250	120.2
Upon reaching the third EBITDAASA target of	250	120.2
Upon reaching the fourth EBITDAASA target of	250	120.2
Upon reaching the final EBITDAASA target of	308.1	148.0
<b>Total</b>	<b>1 308.1</b>	<b>628.8</b>

The shares will only be issued once a specific EBITDAASA milestone is reached (at any time during the nine year period).

The addendum received the necessary majority approval by Trustco's shareholders at the general meeting of shareholders on the 13th of June 2017, subject to the final CP being concluded (refer to Trustco Group Holdings Ltd SENS dated 13 June 2017). At the time of this report, the final CP related to the transaction, "That all regulatory requirements, including but not limited to, the obtaining of licences and approvals before perfecting the share purchase agreement are met", is yet to be concluded. Once the Huso transaction is concluded, NNDC's high quality diamonds from the Skeleton coast will contribute to the group's diamond pipeline.

The production was mostly confined to the shallow gravel areas due to the treatment plant configuration and limitations. However, a diamond drilling programme and observation pits that were excavated during 2016 indicate that a substantial amount of diamond bearing gravels within the Proto Kunene paleo channel domain have been subjected to various degrees of cementation due to significant shell and gypsum.

#### NNDC EXPLORATION RESULTS FROM APRIL 2016 TO MARCH 2017

	Planned					Actual				
	Planned tonnes	Planned grade	Stones	Carats	Stone size (Cts/Stn)	IFS ROM tonnes	ROM grade	Stones	Carats	Stone size (Cts/Stn)
Apr-16	20 240	2.76	4 005	520.69	0.13	8 895	0.49	378	43.91	0.12
May-16	30 208	2.49	5 394	701.29	0.13	11 450	0.61	659	69.81	0.11
Jun-16	34 825	2.43	6 818	886.38	0.13	10 820	0.59	505	63.90	0.13
Jul-16	39 910	2.06	7 043	915.72	0.13	10 855	0.40	354	43.08	0.12
Aug-16	43 222	2.14	7 823	1 017.00	0.13	8 305	0.21	155	17.41	0.11
Sep-16	40 117	1.81	6 195	805.38	0.13	0	0.00	11	1.36	0.12
Oct-16	40 945	2.57	8 982	1 165.13	0.13	4 530	0.62	261	27.95	0.11
Nov-16	24 000	2.00	3 693	480.00	0.13	10 012	0.60	471	59.58	0.13
Dec-16	24 500	2.00	3 770	490.00	0.13	13 176	0.58	593	76.81	0.13
Jan-17	15 600	3.25	3 900	507.00	0.13	15 550	0.63	774	97.98	0.13
Feb-17	21 600	3.25	5 400	702.00	0.13	13 160	0.61	654	80.16	0.12
Mar-17	32 400	3.25	8 100	1 053.00	0.13	11 660	1.01	928	118.32	0.13

#### NNDC's operations

In anticipation of conclusion of the acquisition, Trustco Resources monitored NNDC's operational progress over the past twelve months and will continue to do so. During this period, April 2016 to March 2017, NNDC's actual performance fell short of its forecasts.

These cemented gravels form competent conglomerates which have a negative influence on in the current plant's performance as it is unable to efficiently treat the consolidated material and liberate the diamonds, resulting in poor recoveries.



Upside potential exists for the Proto Kunene domain. It contains the majority of the estimated resource that underpins the Huso transaction. To liberate diamonds from the conglomerates and treat this material efficiently and effectively, it will require modifications to the existing treatment plant. Consistent diamond recoveries during x-ray tailing audits also proved that the configuration of the x-ray machines within the final recovery are not optimal.

Considerable process additions and modifications are therefore required, mainly in terms of crushing phases, to further enhance the geo-economic potential of the exploration licence area. In light of these factors, NNDC's management formulated a plant upgrade scope of work which was submitted to Consulmet (Pty) Ltd for review and estimation. Consulmet's proposal indicated that the plant upgrade would cost approximately NAD 29 million over a period of 6 (six) months. This includes:

- integrate the infield plant with the main plant
- moving existing jaw crusher of infield plant to a new position and different gap setting
- installation of a new vibrating grizzly at the infield plant, integrated to the current feed bin
- replacing the EXTEC screen with dry double deck screen, cutting at 10mm
- new size fraction to be introduced to the main plant -80mm
- introduction of a hybrid scrubber at the main plant
- introduction of a new secondary crushing circuit, by means of a jaw crusher
- installation of a new tertiary VSI crusher, which is more suitable and robust for this particular application
- design changes in the DMS, including best practice as well as volumetric process improvements
- instrumentation process monitoring of the DMS (Density control and capturing) and
- a total new recovery layout with process improvements (mainly a vertical gravity setup) and
- improvements of the water recovery circuit by applying cyclones.

Management believes that these changes will result in a significant improvement of NNDC's operational performance.

- \* The finalisation of the Huso transaction is crucial to the ultimate profitability of the resources segment. The board has no reason to believe that the mining licence should not be issued by the Ministry of Mines.
- \* Further capital expenditure has been committed by the NNDC board as it has no reason to doubt the very complex geological and economic potential of the resource.
- \* The diamond resources statement and the SAMVAL compliant valuation, prepared by an independent expert and competent valuator, which confirms the economic potential of the resource, was reviewed and approved by the JSE. (Refer to the circular issued on 11 May 2017 and available online at [www.tgh.na](http://www.tgh.na))
- \* An independent expert, Mr Paul Austin from Effortless Corporate Finance, was appointed to provide a fairness opinion in terms of the JSE LR on the Huso transaction and the amendment to the Huso transaction. In both instances he found the transaction to be fair. The independent expert further found that the purchase consideration of NAD 3 621 149 000 is 38.1% below the valuation of NAD 6 500 000 000, which he believes is the value of the Huso transaction.



NNDC processing plant in the Kunene domain



**BENEFICIATION**

**Morse Investments**

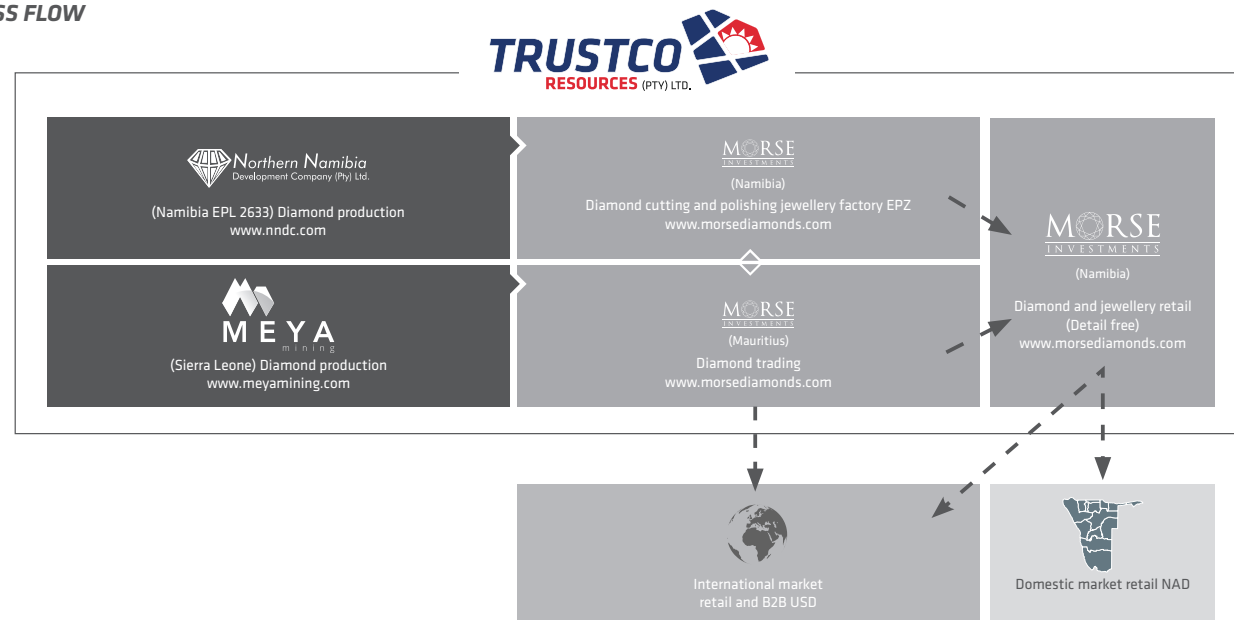
Morse Investments (Namibia) secured an exclusive diamond off-take agreement with NNDC and Morse Investments (Mauritius), secured an exclusive diamond off-take agreement with Meya, thus securing supply to its diamond cutting and polishing factory and enabling the segment to add and extract additional value along the “mine to market” value chain through the Morse marketing structures. This holistic approach is particularly important considering that the global trend is that the midstream segment of the value chain (beneficiation) is facing continuous pressure on margins and working capital challenges, especially midstream players with outdated business models.

Funders as well as customers also demand increasing transparency and value adding across the supply chain. Apart from increasing lending standards, diamond producing countries, especially in Africa, continue to look for ways to

maximise value from their diamond assets, which could potentially diminish financial inefficiency. Other issues that would impact the future of midstream participants are technology, reputation and greater integration between suppliers’ and retailers’ inventories.

Trustco Resources’ diamond business is structured specifically to enable Morse to translate these industry challenges into opportunities for the segment as illustrated in the figure below. Rough diamond supply to Morse is secured from NNDC and Meya whilst Morse shall maintain the right mix and balance of rough (short working capital cycle) and polished (longer working capital cycle) trade to ensure sufficient liquidity in the system and that each element in the value chain is optimised and aligned with the specific market conditions. This will further ensure that value can be extracted on a sustainable basis.

**DIAMOND BUSINESS FLOW**





What sets Morse apart from other midstream participants are:

- traceability of diamonds and jewellery throughout the pipeline
- state of the art planning, cutting and polishing technology



- ability to manage volatility and speculation in the market i.e. a just in time approach to inventory management and
- 3D jewellery design and printing technology, enabling bespoke jewellery manufacturing.





## MARKETING

### *Morse Investments (Mauritius)*

#### THE MARKET OUTLOOK

Traditional marketing strategies are no longer good enough. The convergence of various online / mobile platforms are reshaping consumer preferences and behaviour. This also applies to diamond jewellery customers and retailers. While online sales of luxury goods are still below 10% of total e-commerce sales, the current trend is that most customers of international luxury brands prefer to do research and purchases online rather than to purchase offline.

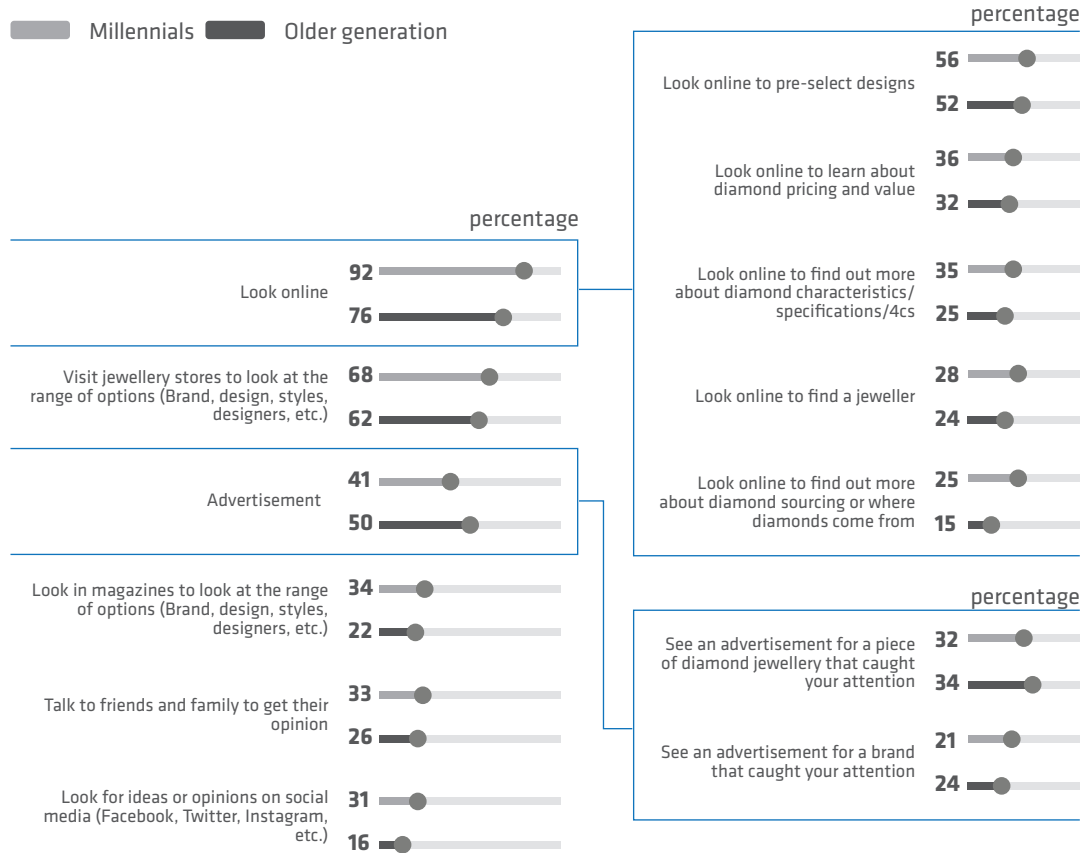
This requires a multi channel marketing approach, where consumers can have two way interaction with the brand or specific product, but also have the option to have a more personalised or customised experience in store i.e. de-commoditising the product offering. The number of jewellery stores in the largest diamond jewellery market, the USA, declined by 21% from 2004 to 2015. This could be a reflection of the millennials as a cohort in the diamond market. According to De Beers, in 2015, the millennials (the generation born between 1981 and 2000)

accounted for 39% of the diamond buying population in the top four markets namely the USA, China, India and Japan, which account for 73% of the global market in total. Industry experts agree that the millennials are already driving global demand, but more importantly will become the most important cohort over the next ten years for diamond purchases.

According to a study that was commissioned by De Beers, millennials in all four major markets rank diamonds in the top four most desirable high value gifts. As it is such a significant market, a marketing campaign must be cognisant that this generation experience high connectivity (through Facebook, Instagram, Twitter and other social networking platforms) yet value self-expression and individuality more than previous generations. The shopping trends of millennials, whereby they do online research for product information and price comparisons, then visit brick-and-mortar stores as illustrated in the next figure, are thus important factors.



**US INFORMATION SOURCES USED IN PREPARATION FOR DIAMOND ACQUISITION**  
 % OF WOMEN ACQUIRING DIAMOND JEWELLERY AND RESEARCHING THE ACQUISITION



Source: De Beers-commissioned consumer research

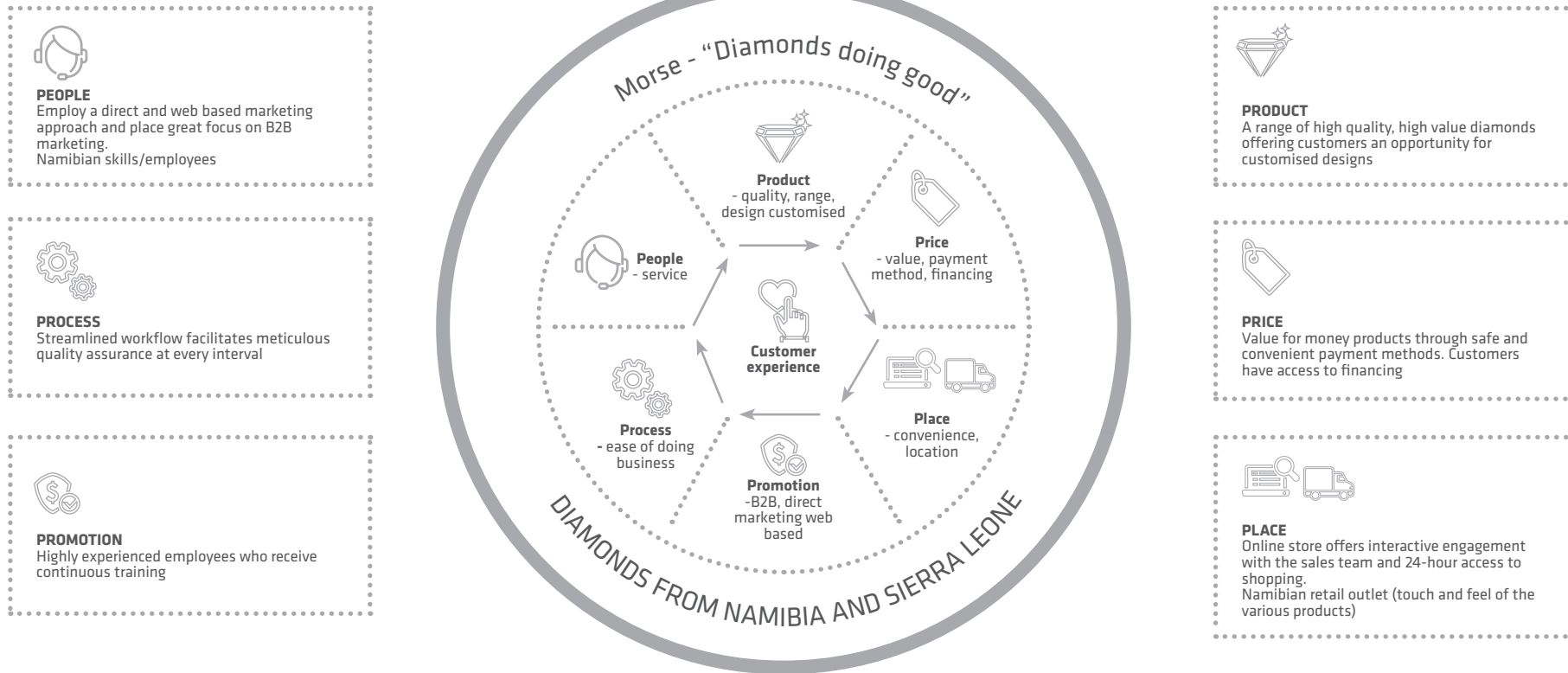
**MILLENNIALS SPENT NEARLY 26 BILLION USD ON DIAMOND JEWELLERY IN THE FOUR MAIN MARKETS LAST YEAR, ACQUIRING MORE THAN ANY OTHER GENERATION**

BRUCE CLEAVER

In order to take advantage of market opportunities over the next ten years, with specific emphasis on the scale and depth of the millennials, who are still on the way to reach their top-spending capacity, Morse developed a marketing strategy that is aligned with global trends, but retains the Namibian - African heritage, therefore it's a combination of an online as well as in store (a truly Namibian experience) retail platform. Morse's value proposition goes way and beyond "a diamond is a diamond".

The high quality, high value diamonds from two of the industry's top producing countries, combined with traceability as a result of the Chain of Custody Certification (COCC) bespoke design and greater economic activity along the full value chain, which are in the interest of all key stakeholders, offer our customers a unique opportunity to participate in the ultimate expression of love, commitment and success.

## MORSE RETAIL MODEL







**CHAIN OF CUSTODY CERTIFICATION (COCC)**

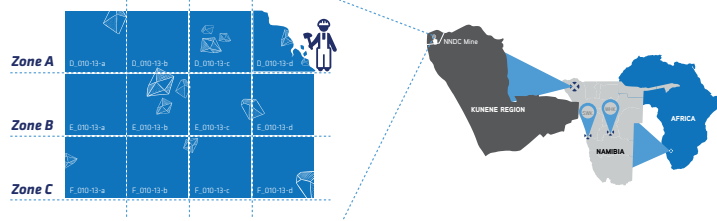
**1 Sources and origin:**

Trustco Resources' (TR) mines: NNDC in Namibia or Meya mining in Sierra Leone. Individual stone shall be traceable to the original source.



**2 COP 1: NNDC mine plan**

a. **Mine grid:** reference method used to pin and document exact source of material from which the individual stones are extracted/mined – recorded as **Mine Block ID**.



b. **Stockpile control:** run of mine material is extracted and stockpiled for processing – recorded as **Stockpile ID** (by date mined, geological description, survey reference and Mine Block ID).



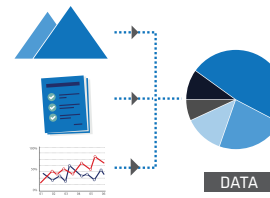
c. **Processing plant:** daily production reports are compiled documenting materials processed over a 24 hour period. **Daily Production ID** (Mine Block ID, stockpile ID, headfeed, grade.)



At this point, individual stone traceable to source - Mine Block ID - Stockpile ID

Trustco Resources' "mine to market" strategy demands stringent **chain of custody measures** throughout the production process. This requires an information system (IS) that would capture every production record in the sequence of custody i.e. from original source to the final customer, thus enabling the company to certify each diamond's origin and evolution.


d. **Final recovery:** daily final recovery reports are compiled documenting diamonds recovered over a 24-hour period. Final recovery reports refer to daily production ID. It records individual stones per category/sieve size (-1 to +23). Each sieve size will be kept in separate envelopes (**Envelope ID/Fantecy Barcode**). Total daily production into one envelope which is sealed (**Daily Recovery Report ID/Fantecy Barcode**).



e. **Safe keeping /mine inventory:** daily production/sealed envelopes are kept in the safe (**Safe ID/Fantecy Barcode**). Inventory is updated daily, inventory movements are subjected to daily recovery reports ID.



**3 COP 2: Internal export (NNDC to Morse factory)**

a. **Consolidation:** daily recoveries (ID's) since the last export are consolidated into an export parcel, thus all daily recoveries per sieve size rolled into the export parcel. Daily recovery report ID's consolidated into **Mine export parcel ID/Fantecy barcode.** 




**Export parcel ID shall include:** daily recovery ID's, date of consolidation, and all other export related documents as listed in 3(b).

b. **Export from NNDC mine:** documents shall include NNDC exports report, MME export certificate/register, PRU exports certificate/register, NNDC invoice to Morse.



Export control procedures shall be in accordance with Trustco Resources' Valuables In Transit Policy (VIT).


c. **Receipt - Morse:** NNDC exports parcel delivered to Morse factory in accordance with TR VIT policies and procedures. Mine exports parcel (**ID/Fantecy barcode**), seal number and related documents are verified by Morse, PRU, customs and MME. 

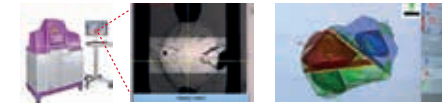



Morse signs into inventory (**Morse safe ID/Fantecy barcode**). 

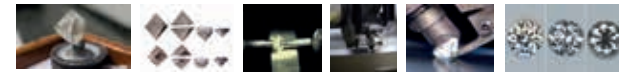
**4 COP 3: Morse beneficiation**

a. **Grading:** export parcel is separated into colour and size categories for grading. Then into individual stones which is allocated into an individual parcel, each with a **Diamond ID/Fantecy barcode.** 

b. **Planning:** each individual diamond (**diamond ID**) is evaluated by the galaxy machine. Should the diamond be cut/split into several sub diamonds, each fraction shall receive a **sub diamond ID/Fantecy barcode.** 



c. **Evolution:** each individual stone's evolution (sawing, windows, treatment, preparation, first brutting, bottom block, top block, second brutting, bottom brill, 8 lap, top brill, boiling, final grading) is recorded in the Fantecy records against the specific barcode. 



d. **Certification:** GIA



**5 COP 4: Marketing and sales**

a. **Records and COCC:** records from source are carried through to Morse marketing platform by means of the Fantecy barcodes. COC certificate issued reflecting all the related barcodes as well as production and evolution of the specific stone.





## KEY STAKEHOLDERS – ALIGNING INTERESTS

STAKEHOLDER GROUP	PERSPECTIVE	ALIGNMENT OF INTERESTS
Equity holders	Be the company to invest in	Healthy return Growth Enhancing reputation
Management	Be the company to work for	Remuneration, reward, retention Empower Transparency
Employees	Be the company to work for	Remuneration, reward, retention Working conditions Personal development Growth
Host countries	Be the company to host	Compliance with legislation and regulations Investment Development Capacity building Job creation
Host communities	Be the company to host	Compliance and respect for customs and traditions Employment opportunities Investment Development Skills transfer
Suppliers	Be the company to do business with	Value suppliers as an integral component of success Long term relationships with suppliers
Funders	Be the company to invest in	Transparent reporting Comply with agreed terms and conditions Adopted equator principles and comply with IFC performance standards Industry specific environment, health and safety guidelines
Customers	Be the company to buy from	Value proposition Brand equity Ease of doing business Value customers as an integral component of success Long term relationships with customers

