

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")

## **VOLUNTARY ANNOUNCEMENT: ACQUISITION OF OPTION TO ACQUIRE A BENEFICIAL INTEREST IN HUSO INVESTMENTS (PTY) LTD**

### **1. INTRODUCTION**

- 1.1. Shareholders are referred to the announcement published on 2 February 2015, in terms of which the Company advised shareholders, *inter alia* of its intention to pursue opportunities in the resources sector, particularly in Namibia.
- 1.2. Shareholders are now further advised that Trustco has entered into an option agreement ("**the Option Agreement**") with Quinton van Rooyen ( "**the Grantor**") in terms of which the Company acquired an option to acquire the entire shareholding in Huso Investments (Pty) Ltd ("**Huso**") of which the Grantor is the sole shareholder ("**the Option**") via its wholly-owned subsidiary Trustco Resources (Pty) Ltd ("**Trustco Resources**").
- 1.3. Huso is the holding company of Northern Namibian Development Company (Pty) Ltd ("**NNDC**"), a diamond mining and exploration entity in Namibia and Morse investments (Pty) Ltd ("**Morse**"), a licensed diamond processing and polishing factory in Namibia. Huso is owned by the van Rooyen family who is also the majority shareholder of Trustco.
- 1.4. In terms of the Option Agreement, no consideration is payable by Trustco to the Grantor in respect of the Option and the Option is exercisable in the sole and absolute discretion of Trustco.
- 1.5. The Option Agreement route was specifically decided upon by the board of the Company in order to provide minority shareholders of Trustco with the opportunity to engage amongst themselves and the majority shareholder with regards to the envisaged transaction. The board of Trustco believes that this route is in the best interest of the Company and enhances transparency.

### **2. RATIONALE**

- 2.1. Should the Company elect to exercise the Option, it will be beneficial to the shareholders of the Company for the following reasons:
  - 2.1.1. It will create a natural foreign exchange hedge for the Company;
  - 2.1.2. The authoritative Fraser Institute Annual Survey of Mining Companies: 2014 places Namibia 1<sup>st</sup> in Africa as the most attractive mining investment destination. In 2015 Namibia was placed 2<sup>nd</sup> after Botswana.
  - 2.1.3. Namibia is a participant of and fully compliant with the Kimberley Process Certification Scheme.
  - 2.1.4. Diamond market fundamentals are in support of price appreciation, as according to analysis by De Beers insight report.debeersgroup.com, McKinsey &

- Company [www.mckinsey.com](http://www.mckinsey.com) and Bain & Company [www.bain.com](http://www.bain.com) indicate that demand will outstrip supply with a considerable margin from 2019 onwards.
- 2.1.5. Namibia is one of the world's largest producers of gem quality diamonds, with about 98% of diamonds produced being gem quality as per the Diamond Empowerment Fund: [www.diamondempowerment.org](http://www.diamondempowerment.org).
- 2.1.6. Opportunities in the diamond sector are very scarce, especially a vertically integrated business model within the diamond value chain, as established by the Grantor.
- 2.1.7. It is expected to create shareholder value to the shareholders of the Company and the Grantor will provide a guarantee to this effect.
- 2.1.8. More than 2500 Namibian shareholders in particular will benefit directly from the exploitation of the natural resources of Namibia.
- 2.1.9. Local beneficiation will stimulate this sub-sector in Namibia due to the vertical integrated model of Huso.
- 2.1.10. The transaction will unlock economic benefit in one of the most isolated regions of Namibia in support of Government's national development objectives.
- 2.2 The exercise of the Option by the Company shall be subject to the conclusion of a share purchase agreement ("**Share Purchase Agreement**") between the parties and the Company obtaining sufficient irrevocable undertakings to vote in favor of the transaction from remaining shareholders of Trustco. In terms of the Option Agreement such irrevocable undertakings must be received within 21 days of announcing the Option Agreement on SENS.
- 2.3 A detailed information pack is available to shareholders at <http://j.mp/HusoSENS>  
The information pack contains the following:
- 2.3.1 a non- disclosure agreement
- 2.3.2 the signed Option Agreement;
- 2.3.3 a presentation on the transaction including the operations of Morse and NNDC;
- 2.3.4 a Competent Person's Report;
- 2.3.5 final draft Share Purchase Agreement;
- 2.3.6 an Irrevocable Undertaking to vote in favor of the transaction.

### 3 CONDITIONS PRECEDENT

- 3.1 Should the Option be exercised by the Company, the proposed Share Purchase Agreement will be subject to, *inter alia* the following conditions precedent:
- 3.1.1 that NNDC is in possession of a valid Environmental Clearance Certificate;
- 3.1.2 that a competent person's report acceptable to the JSE Limited ("**JSE**"), NSX and the board of the Company is obtained;
- 3.1.3 that an independent fairness opinion as per JSE and NSX requirements is obtained;
- 3.1.4 that shareholders' approval pursuant to the distribution of a shareholders circular in terms of JSE Listings Requirements and the NSX Listing Requirements is obtained;
- 3.1.5 that the JSE and NSX approve the fresh issues and listings of the consideration shares of this transaction;
- 3.1.6 that all regulatory requirements, including but not limited to, the

- obtaining of licences and approvals before perfecting the Share Purchase agreement are met; and
- 3.1.7 that the Grantor guarantees a minimum positive contribution to EBITDA after stock adjustment Per Share for the first three years after the Share Purchase Agreement.
- 3.18 Trustco shall have the right to cancel the Agreement at anytime within the first three years from the Closing Date.
- 3.2 The complete list of conditions precedent is contained in the final draft Share Purchase Agreement.

#### **4 CATEGORISATION OF THE OPTION**

- 4.1 In terms of paragraph 9.1(b) of the Listings Requirements of the JSE, 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 categorized on exercise of the option, provided that the categorization upon exercise will be no less onerous than the classification determined at the date of the grant.
- 4.2 Accordingly, as the Option is exercisable in the sole and absolute discretion of Trustco; and no consideration is payable by Trustco in respect of the acquisition of the Option, the transaction as contemplated in this announcement, will only be categorised in accordance with the JSE Listings Requirements, upon exercise of the Option by Trustco and this announcement is made on a voluntary basis.
- 4.3 Should Trustco elect to exercise the Option, the resultant transaction will constitute a category 1 transaction in terms of section 9 of the Listings Requirements of the JSE and shall require shareholder approval. In addition, the transaction will also be deemed to be a related party transaction as defined in terms of section 10 of the Listings Requirements of the JSE, as the Company will be transacting with a director and a material shareholder of the Company.
- 4.4 Upon exercise of the Option by Trustco, a detailed terms announcement will be published by the Company and a circular detailing the terms of the transaction and a notice convening a general meeting of shareholders will be distributed to shareholders.

22 June 2015

Sponsor

Sasfin Capital  
(a division of Sasfin Bank Limited)