

INTEGRATED 2019 ANNUAL REPORT

RESOURCES SEGMENT
VOLUME THREE OF FIVE



TRUSTCO
oshi li nawa | it's all good

HIGHLIGHTS



Meya mining submitted an application for a 25 year large scale mining licence to the Sierra Leone Ministry of Mines and Mineral Resources on 20 May 2019.



Morse Investments obtained all the regulatory approvals to move its Export Processing Zone (EPZ) status diamond cutting and polishing factory from an industrial to a commercial area in Windhoek. EPZ status affords substantial tax benefits.



A total of 1 142 997 tonnes were mined at the Meya project, of which 70 917 tonnes constituted run of mine ore. A total of 16 677 carats were produced from the bulk samples of which 15 465 carats were sold in Antwerp through the open tender system, yielding a gross revenue of USD 5.1 million.



A mining licence was issued to Northern Namibia Development Company by the Ministry of Mines and Energy in Namibia. The mining licence is valid for an initial period of 15 years, effective from 31 July 2018.

CASH ON HAND



532%

ASSETS



85%

PROFIT AFTER TAX



313%

WHAT WE DO

Trustco Resources was established in 2015 to pursue opportunities within the natural resources sector. Its focus during the last four years has been on the diamond industry and the 'mine-to-market' strategic plan which is in the process of being realised in accordance with the original vision.

■ OUR VISION

To become a global leader in the natural resource sector.

■ OUR MISSION

To unlock and create long-term value for all stakeholders from all our mining and natural resources assets.

■ OUR STRATEGY

Trustco Resources' mandate is to build a value accretive and diversified natural resources portfolio, targeting high value opportunities both within and outside Namibia.

DIAMONDS

The segment's first building block is the establishment of a fully integrated diamond business 'mine-to-market'. Using its two diamond producing mines, NNDC in Namibia and Meya mining in Sierra Leone, as a guaranteed source of high quality diamonds and Morse as a diamond beneficiation and marketing platform. The segment seeks to offer its customers a unique value proposition in the diamond and luxury goods sector.

In order to enhance the company's ability to deliver on the above value proposition in the long-run, it will continue to identify, evaluate and develop high value diamond assets both within and outside Namibia. In keeping with this strategy, the segment submitted a bid for another diamond asset in Namibia during the reporting period.

BEYOND DIAMONDS

Consistent with its vision, the next phase of the segment's transition will be to diversify beyond diamonds into other natural resources.

Two copper assets in Namibia are being evaluated. A zinc and lead asset was also identified as a potential target.

NAVIGATION TOOLS



RESOURCES



STAKEHOLDERS



FINANCIAL
PERFORMANCE



INCREASE



DECREASE



SAME



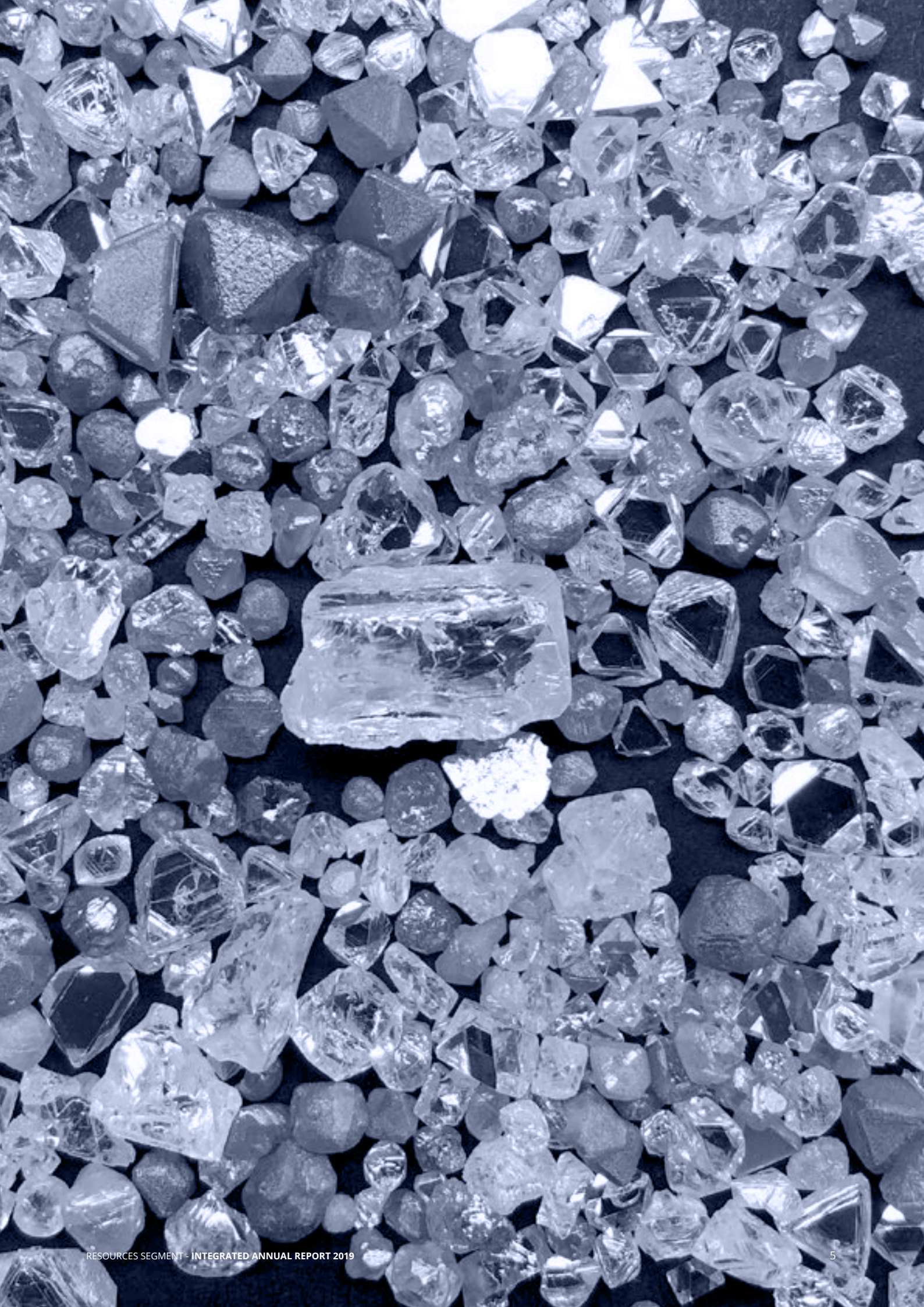
CORPORATE
GOVERNANCE



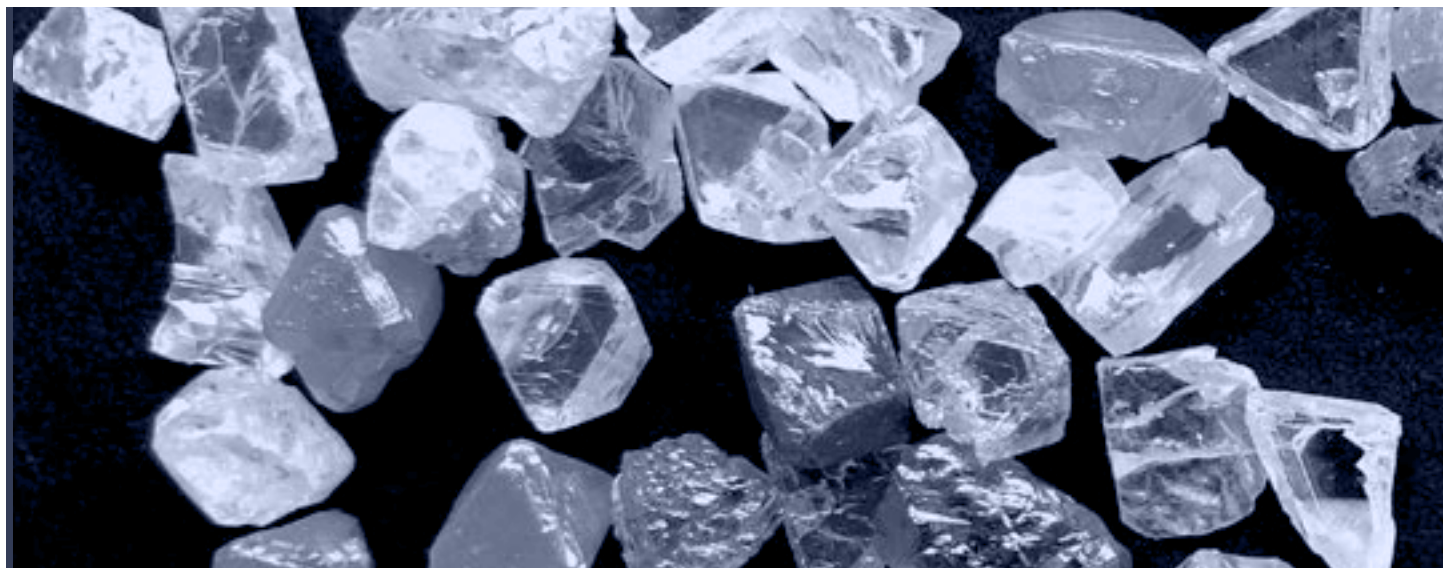
ADDITIONAL
INFORMATION



GO ONLINE



ABOUT THIS REPORT



SCOPE AND BOUNDARY

The Trustco annual integrated report comprises five volumes being:

Volume one	Trustco group
Volume two	Insurance and its investments segment
Volume three	Resources segment
Volume four	Banking and finance segment
Volume five	Group annual financial statements

To obtain a meaningful understanding of Trustco's annual integrated report all five volumes, which represent the complete and comprehensive 2019 annual integrated report, must be read.

The 2019 integrated annual report of the resources segment addresses Trustco's stakeholders and presents the business performance, ambitions and strategy of the segment in a balanced and objective way according to international best practices.

This report consists of the integrated annual report of the segment. Included in this report is a fair presentation of the financial and operational performance of the segment as well as sustainability report for the period 1 April 2018 to 31 March 2019.

This integrated annual report is prepared in terms of the International Integrated Reporting Framework (IIRF) which has been adopted by the board. In addition, it conforms to other international and local statutory and reporting frameworks.

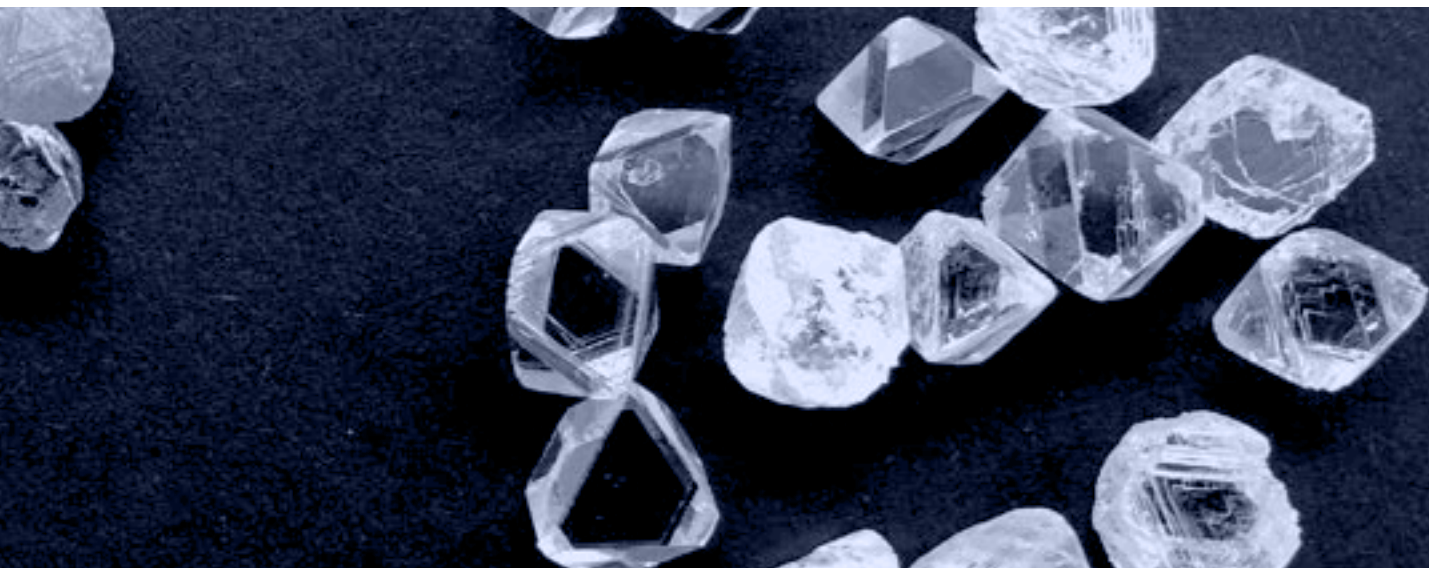
The audited annual financial statements were prepared in terms of the International Financial Reporting Standards (IFRS) and comply with the South African Institute of Chartered Accountants (SAICA) financial reporting guides as issued by the Accounting Practices Committee, financial reporting pronouncements as issued by the Financial Reporting Standards Council, in the manner as required by the Companies Act of Namibia and the Companies Act of South Africa, as amended, as far as it is applicable.

All of these reports are available online on the group's website at www.tgh.na in portable document format (pdf).

In keeping with a global consensus to preserve the environment, only a limited number of reports will be made available in print.

MATERIALITY

Trustco Resources defines materiality as both financial and non-financial information, which it considers to be of material interest to current and prospective investors and any other stakeholders who wish to make an informed assessment of the ability of the segment to generate value over the short-, medium- and long-term. Any informative and material information after 31 March 2019 has been included and is identified in the report where applicable.



EXTERNAL ASSURANCES AND APPROVALS

It is the responsibility of the board of directors of the segment to ensure the integrity of the integrated annual report. The board approved this report and has taken steps to ensure the integrity of its content.

The segment has adopted a combined assurance framework with the aim of optimising, coordinating and integrating assurance, provided by both internal and external assurance providers in risk areas facing the segment. Combined assurance oversight and monitoring from internal assurance providers includes the board and the relevant board committees, executive and senior management as well as the internal audit function.

The resources segment's annual financial statements were audited and signed by the group external auditor, BDO Namibia. Apart from the group auditor, Moore Stephens provided external assurance to the segment board in respect of the Sierra Leone and Mauritius operations.






STATEMENT OF THE BOARD OF DIRECTORS OF THE TRUSTCO RESOURCES SEGMENT AND THE COMPANIES WHICH COMPRISE THE SEGMENT

The board, supported by the relevant board committees, acknowledges its responsibility to ensure the integrity of the contents of the integrated annual report. The board has applied its collective mind to the integrated annual report and is of the opinion that the report addresses all material issues and matters and fairly presents the integrated performance of the segment. The board of the segment unanimously approved this report and authorised its release.

MR RICHARD CHETWODE
CHAIRMAN AND INDEPENDENT
NON-EXECUTIVE DIRECTOR

MR JAN JOUBERT
CHIEF EXECUTIVE OFFICER

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01

DIRECTORATE



CHAIRMAN'S REPORT

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CHIEF EXECUTIVE OFFICER'S REPORT

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BOARD OF DIRECTORS

22

CHAIR



MAN'S REPORT

CHAIRMAN AND INDEPENDENT
NON-EXECUTIVE DIRECTOR

**RICHARD
CHETWODE**

CHAIRMAN'S REPORT

Financial year 2019 was a transition period for Trustco Resources as we progress towards becoming a high value diamond producer. As the company moves to the next phase, I am extremely confident that it is now well positioned to deliver on its mandate.

The segment's focus is to build a diversified natural resources portfolio, targeting high value opportunities both within and outside Namibia. Our investment strategy is both opportunity and value driven - if the right opportunity becomes available and the potential value meets our investment criteria; we will invest. The financial backing of our parent company gives us the flexibility on the one hand, to invest opportunistically and on the other, to commit capital to long-term projects.

Even though the resources segment is only in its fourth year, it already has a number of exciting businesses in its portfolio. Prominent among these are Meya mining and Northern Namibian Development Company (NNDC). Meya mining's diamond project in Sierra Leone is increasingly looking like a genuine Tier1 diamond discovery; it is high value, high margin and looks to have an extraordinary long life of mine. In addition, it is also believed to have the highest percentage of Type IIa (white) diamonds of any kimberlite deposit in the world. In Germinate SL Limited, we have a local partner whose business values and objectives are completely aligned with ours.

We have a very competent and experienced management team led by Jan Joubert, who has been CEO since the segment's inception. For the past three years, the team has been executing an exploration programme at the Meya project aimed at verifying the geo-economic potential of the resource. This exercise has not only been conducted in record time and within budget, but the results have shown that this project could be brought into commercial production during the next reporting period.

We have also secured a mining licence for our other diamond asset, NNDC, which is located in northern Namibia. This mine will produce small, but very high quality diamonds. In the meantime the operations remain under care and maintenance, even as we work on finalising plans to reconfigure the plant prior to recommencing production.

Whilst both assets promise to deliver significant value for stakeholders, in the end, the profitability of these businesses will always be a reflection of what is happening in the diamond market as a whole; a market that has been sailing into some strong headwinds. Polished diamond prices have been under pressure in two main areas; firstly, when diamonds are sold in unbranded jewellery with little product differentiation, the price of those diamonds increasingly commoditised by readily available polished pricing on the internet. Secondly, the prices for low quality small diamonds have been under pressure from mine oversupply and competition from laboratory-grown diamonds. On the other hand, prices for larger, better quality diamonds are stable, whilst luxury 'branded' diamond jewellery sales continue to do exceptionally well.

The business model for most diamond mining companies is simply to mine rough diamonds and sell them for cash. Trustco Resources has a different vision. Through Morse Investments, we intend to create what is believed to be the first 'mine-to-market' channel for any diamond mine. We will cut and polish a range of our own diamonds in Windhoek (from both NNDC and Meya), and sell diamond jewellery directly to consumers.

Diamonds over a certain size will be tracked by technology and carry a visual story showing each diamond, as it comes out of the ground through to when it ends up in the hands of the consumer. The jewellery will be about exciting designs, the highest quality workmanship and superb customer service.

This does not just add value in-country to a naturally occurring (but scarce) resource, and it doesn't just create new skilled jobs, it also ties in with a growing requirement from luxury retailers to be able to tell the stories behind the luxury product they are selling – stories of the benefits to the communities from where the diamonds are produced, stories that the new Millennial and Generation Z consumers want to hear. The Windhoek operation is only the start of how Trustco Resources plans on developing its own brand. Management is being very careful to learn the lessons of what works and does not work in the diamond market. We aim to create something that is rare in the diamond business – a brand that actually is a brand, not a logo. Our brand will be about making and delivering on a promise, about standing not for what we do, or to whom we do it, but why we do it.

Diamonds are our first investment, but we will invest where we see that we can unlock value; for us, it is about finding the right asset, formulating the right strategy and creating value. To that end – we are currently looking at a number of high value opportunities. But, finding value goes hand in hand with how we conduct our business – in line with the ethos of our parent company, whether that is in our engagement with stakeholders, or in the implementation of community development projects. Most importantly, we judge ourselves by asking two questions; are we creating value? Are we making a meaningful contribution to the communities in which we operate?

On behalf of the board, I wish to thank the resources segment team, which is working assiduously to take the segment to the next level.

**OUR BRAND
WILL BE ABOUT
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PROMISE, ABOUT
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IT.**



RICHARD CHETWODE
CHAIRMAN AND INDEPENDENT
NON-EXECUTIVE DIRECTOR





CHIEF

EXECUTIVE OFFICER'S REPORT

CHIEF EXECUTIVE OFFICER

JAN
JOUBERT

CHIEF EXECUTIVE OFFICER'S REPORT

For a company that has historically focused on financial services and property development, Trustco Group Holding's decision in 2015 to venture into the natural resources sector came as a surprise to many.

However, the remarkable successes the segment has recorded within such a short period of time; the conclusion of the Huso transaction and the exceptional value that has been proven at the Meya project, have shown that it was the right move. Trustco Resources is undoubtedly on course to achieving its mandate.

Whilst these two transactions were initiated in 2015 and 2016 respectively, the value they have added to the business during the course of the reporting period, has established the foundation for its sustainable growth and long-term stakeholder value creation. Our immediate objective remains the establishment of a vertically integrated diamond business that aligns with our 'mine-to-market' strategic plan. And that is exactly what Huso, from an architectural framework perspective, and Meya, with its exceptional geo-economic potential of primary diamond deposit, will enable us to do during the next reporting period, as described in the operational review sections of this integrated report. Our primary focus for the year ahead is to transition into commercial production at both diamond mines.

Becoming a global leader in the natural resources sector in the long-run, especially considering the cyclical nature and changing market conditions in the industry, requires a dynamic approach to the business, a trait that typifies Trustco's business ethos. Drawing from this dynamic and entrepreneurial business philosophy, we identify and evaluate business opportunities using a rather opportunistic and unconventional approach. However, once an investment decision is made, we proceed in a deliberate, focused and systematic manner. This is especially so in the resources segment, because mining ventures are capital intensive. Added to this, is the fact that every decision made during the development process has a significant and lasting impact on the economic benefits throughout the life of mine. Building on the successes that have been achieved to date, Trustco Resources will continue to pursue opportunities in the diamond sector, but also diversify across multiple commodities, continents and jurisdictions in the years ahead.

OUR PRIMARY FOCUS FOR THE YEAR AHEAD IS TO TRANSITION INTO COMMERCIAL PRODUCTION AT BOTH DIAMOND MINES

Trustco Resources' progress to date is largely attributable to the unwavering support of the shareholders, management's commitment and ability to execute, a dedicated team of employees and the steadfast support from the company's stakeholders, especially the host governments and the primary host communities both in Namibia and Sierra Leone. Apart from the obvious financial factors such as profit, cash flow and growth, our future depends on maintaining the right balance in the interests of these key stakeholders. For that reason, our business decisions are guided by measuring the intended outcome against our overarching value creation obligation to our shareholders, employees, customers, hosts (governments and communities) as well as suppliers.

How we respond to the inherent challenges will determine the future of our business. I am, however, confident that we will achieve every one of the objectives we have set ourselves. This conviction is founded on the faith I have in the power of the collective output of the group's executive management team, under the leadership of Dr Quinton van Rooyen, and the diverse skills and experience embedded in the resources team. As demanding as it may seem, building mines in the remote parts of Africa and establishing an appealing brand is just the beginning of us fulfilling our vision – becoming a global leader in the natural resource sector.

I am grateful to the board for the opportunity to lead the resources segment. The benefit of guidance from a chairman, who is vastly experienced and possesses an in-depth knowledge of the industry and the drive and absolute dedication of the segment's highly experienced executive management team, have been the reason for such an exciting and fulfilling journey.

And for that, I am deeply appreciative and thankful to every member of the team.



JAN JOUBERT
CHIEF EXECUTIVE OFFICER

BOARD



RD



BOARD OF DIRECTORS

BOARD OF DIRECTORS



RICHARD CHETWODE (55)

INDEPENDENT, NON-EXECUTIVE DIRECTOR

British Citizen

APPOINTED
5 June 2018

QUALIFICATIONS
Bachelor's Degree in Politics

ROLE AT THE SEGMENT

- Chairman of the board of directors of Trustco Resources (Pty) Ltd

EXPERTISE AND EXPERIENCE

Mr Richard Chetwode is a diamond industry executive who combines comprehensive knowledge and valuable relationships in the diamond market and the financial markets. He is a recognised diamond expert, with knowledge spanning mining, sales, cutting and polishing, diamond finance, wholesale, retail as well as consumer behaviour. He also brings a first-rate understanding of the financial markets and credibility with diamond analysts, fund managers, hedge funds, private equity and the banking community. He is currently the managing director at RCC Diamonds Consultancy and provides consulting services to a number of companies across the diamond sector.



JAN JOUBERT (50)

EXECUTIVE DIRECTOR AND SEGMENT CEO

Namibian Citizen

APPOINTED
1 April 2017

QUALIFICATIONS
MBA, Henley Business School, UK
Technical and Financial Evaluation of Mineral Projects, Imperial College, UK

ROLE AT THE SEGMENT

- Member of the board of directors of Trustco Resources (Pty) Ltd
- Member of the board of directors of Huso Investments (Pty) Ltd and subsidiaries

EXPERIENCE AND EXPERTISE

Mr Joubert has a proven track record as a CEO in diverse business enterprises on the African continent, with a strong focus in the diamond industry. In-depth knowledge of the West African environment, commercial sense and leadership qualities, proved essential to developing OCTÉA (Sierra Leone) from concept stage into a solid mid-tier mining company. Leverages global integrative business experience and expertise, both as an internal colleague, executive, military officer and as an external consultant to drive business objectives. With more than 24 years' experience in the mining sector, he is the creator of the segment's strategic vision, while also conceptualising and driving key operational aspects and when called upon, execute projects under extremely difficult conditions by applying hands-on leadership of a dynamic and professional management team assembled through the years.

With a professional career forged in the military, honed in consulting and functioning at the highest level in the global business space, Mr Joubert is best placed to harness the full value of the segment's dynamic and professional management team to deliver on the company's promise to its stakeholders.



DR QUINTON VAN ROOYEN (54)

EXECUTIVE DIRECTOR, GROUP MANAGING DIRECTOR AND GROUP CEO

Namibian Citizen

APPOINTED
1 April 2017

QUALIFICATIONS

Bluris
LLB
DBL (Honoris Causa)
Business Leadership and Entrepreneurship (IUM)

ROLE AT THE SEGMENT

- Member of the board of directors of Trustco Resources (Pty) Ltd
- Member of the board of directors of Morse Investments (Mauritius)
- Member of the board of directors of Huso Investments (Pty) Ltd and subsidiaries

AWARDS

- 2003: Voted "Business Communicator of the Year"
- 2007: Voted second "Most Admired Business Personality of the Year"
- 2012: Voted Top 10 "Most influential individuals in Namibia" – The Villager newspaper
- 2014: Inducted into the prestigious Namibian Business Hall of Fame, under the auspices of Junior Achievement Namibia and the Namibian Chamber of Commerce and Industry
- 2015: NMA Newsmakers Awards - winner of the entrepreneurs category
- 2016: PMR Africa - diamond arrow award for outstanding service and contribution to economic growth and development of Namibia

EXPERTISE AND EXPERIENCE

Dr van Rooyen's business acumen, skill and leadership are the determining factors that have transformed the group into a successful dual listed entity. His creative approach to life makes the mundane extraordinary. He has a fearless attitude towards challenges that makes him an easy leader to follow. His talent and passion is to create products and services that are sustainable, socially responsible and that will yield extraordinary wealth for stakeholders by harnessing opportunities in Namibia and throughout Africa. Dr van Rooyen wholeheartedly believes that the full potential of Africa is yet to be realised and that change is the spice of life.



QUINTON ZANDR  VAN ROOYEN (33)

ALTERNATE DIRECTOR TO THE GROUP MANAGING DIRECTOR AND DEPUTY CEO

Namibian Citizen

APPOINTED
15 January 2015

QUALIFICATIONS

BCom (Law)
LLB

ROLE AT THE SEGMENT

- Member of the board of directors of Trustco Resources (Pty) Ltd
- Member of the board of directors of Meya Mining (Mauritius)
- Member of the board of directors of Morse Investments (Mauritius)
- Member of the board of directors of Huso Investments (Pty) Ltd and subsidiaries

AWARDS

- 2014: Ranked the "Fittest Man in Africa" at the CrossFit Games held in South Africa
- 2014: Ranked 42nd in the international Reebok CrossFit Games "Fittest on Earth"
- 2014: Inducted into the prestigious Namibian Business Hall of Fame, under the auspices of Junior Achievement Namibia and the Namibian Chamber of Commerce and Industry

EXPERTISE AND EXPERIENCE

Mr van Rooyen completed his studies in 2009 and entered the Trustco workforce in 2010, with the aim of gaining experience in the group. Taking a position within the education and microfinance divisions in 2011, he excelled, showing a natural flair for business – especially in the areas of strategic direction and new business development. He was subsequently appointed as head of the Namibian operations in 2013 and served on the various boards of group subsidiaries. By November 2014, he headed up the insurance and its investments segment, before being appointed as head of group business in October 2015. From 2016 onwards, he was instrumental in the negotiations for various group acquisitions, including both the Huso and Meya transactions. He continued in this role as the lead negotiator with the group's 11 international debt funders, which saw him engaging stalwarts such as the IFC, DEG, Norfund and ResponsAbility amongst others, to successfully conclude the group's debt restructuring. He currently holds the position of deputy CEO of the group, as well as alternate director to the group managing director.

BOARD OF DIRECTORS

CONTINUED



FLOORS JACOBUS ABRAHAMS (44)

EXECUTIVE DIRECTOR AND GROUP FINANCIAL DIRECTOR

Namibian Citizen

APPOINTED

13 February 2015

QUALIFICATION

BCom

ROLE AT THE SEGMENT

- Member of the board of directors of Trustco Resources (Pty) Ltd
- Member of the board of directors of Meya Mining (Mauritius)
- Member of the board of directors of Morse Investments (Mauritius)
- Member of the board of directors of Huso Investments (Pty) Ltd and subsidiaries

EXPERTISE AND EXPERIENCE

Mr Abrahams completed his articles in 1999. During this period he accumulated experience in the financial sector and serviced various audit clients. Mr Abrahams was appointed as group financial manager of Trustco in 2000 and subsequently group financial director in 2004. Mr Abrahams assumed the role of group treasurer in 2013. He was re-appointed as group financial director on a full time basis in 2017.



IBRAHIM SORIE KAMARA (39)

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Sierra Leonean Citizen

APPOINTED

22 July 2018

QUALIFICATIONS

MBA, UK
Master of Arts, International Relations, UK
BA (Mass Communication), Sierra Leone
Diploma (Mass Communication), Sierra Leone

ROLE AT THE RESOURCES SEGMENT

- Executive member of the board of directors of Meya Mining (Mauritius)

EXPERTISE AND EXPERIENCE

Mr Kamara is currently the managing director of Germinate SL Limited, where he is tasked with the management of the operations, formulation of the company's strategic plan and the implementation thereof. Germinate SL Limited is also the minority shareholder in the Meya mining operations. In his earlier career, Mr Kamara was employed at Octea Mining as the chief communications officer and thereafter served as the president of the organisation. Mr Kamara's experience and expertise relates to more than 17 years in the industry.



YUVRAI KUMAR JUWAHEER (60)

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Mauritian Citizen

APPOINTED
22 July 2018

QUALIFICATIONS
LLB (Hons), London

ROLE AT THE RESOURCES SEGMENT

- Member of the board of directors of Meya Mining (Mauritius)
- Member of the board of directors of Morse Investments (Mauritius)

EXPERTISE AND EXPERIENCE

Mr Juwaheer is currently the managing partner of YKJ Legal, a law firm in Mauritius. He specialises in corporate and commercial law and has vast experience in the global business sector. His clients include international banks, institutional investors, investment funds, private clients, regulatory bodies and insolvency practitioners. He is recognised as a leading lawyer in Mauritius by IFLR 1000. Mr Juwaheer has served on the boards of various investment funds and other corporate boards.



FAREEDDOODDEEN JAUNBOCUS (66)

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Mauritian Citizen

APPOINTED
22 July 2018

QUALIFICATIONS
CA (Mauritius)

ROLE AT THE RESOURCES SEGMENT

- Member of the board of directors of Meya Mining (Mauritius)
- Member of the board of directors of Morse Investments (Mauritius)

Membership of Professional Associations

- Fellow of the Association of Chartered and Certified Accountants (UK)
- Member of the International Association of Facilitators (USA)
- Member of the Balanced Scorecard Collaborative (USA)
- Certified lead assessor for ISO Certification
- Qualified Assessor for sustainable tourism
- Financial Secretary WIM Trust
- Director, CIM Financial Services Ltd

EXPERTISE AND EXPERIENCE

Mr Jaunbocus is a Chartered Certified Accountant and is currently the CEO of Strategos Ltd, a Mauritian based management consulting firm. As the partner heading the strategic consulting services of De Chazal Du Mee/Arthur Andersen/BDO (Chartered Accountants), where he worked for thirty years, Mr Jaunbocus has developed a unique breadth of experience in management, project consulting assignments and capacity building. Mr Jaunbocus has a recognised track record of high delivery across various sectors and countries. He carried out assignments in more than fifty countries worldwide, from the USA to China and from Europe to South Africa.

The nature of the diversity of the projects and assignments undertaken by Mr Jaunbocus, resulted in a pool of highly diversified skills and experience that allows him to take a value-adding perspective in all assignments and organisations. Over and above blue chip companies, the private and public sectors as well as governments, Mr Jaunbocus is also an accredited services provider to a host of commissioning agencies and international donors including the African Development Bank, the PTA Bank, the World Bank, the European Union, the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), the Indian Ocean Commission (COI), the United States Agency for International Development, the UNDP and other UN agencies.

He has also been and is a director on several boards, including the United Nations Advisory Board in New York. He is also a member of the RMAC of CIM Financial Services Ltd.



02 GROUP PROFILE



SEGMENT STRUCTURE

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BUSINESS MODEL

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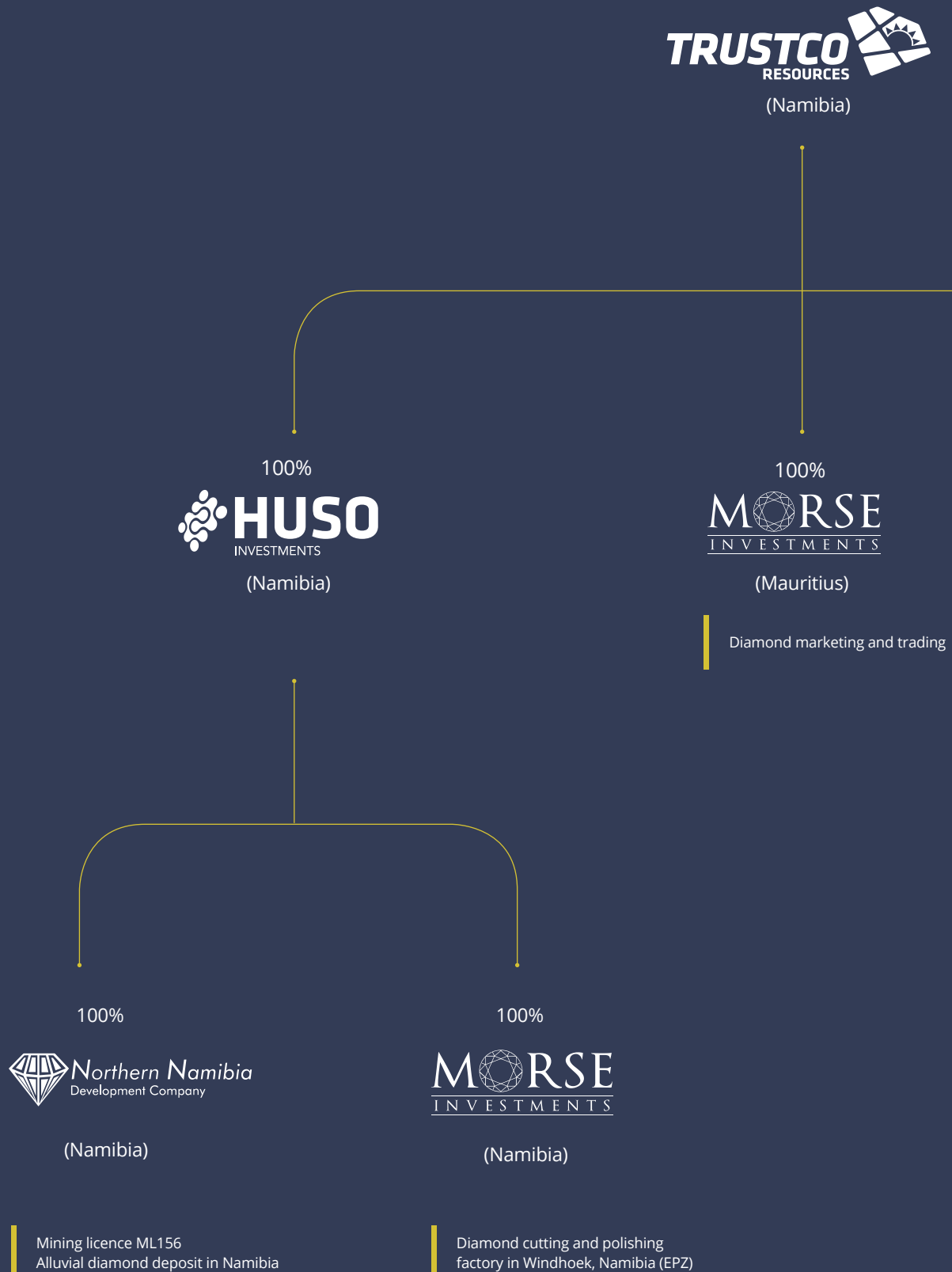
OUR FOOTPRINT

32

OUR HISTORY

34

SEGMENT STRUCTURE



100%

TRUSTCO
RESOURCES



(Mauritius)

Germinate
SL LIMITED



(Sierra Leone)
Local partner

*65%

*35%

MEYA
mining



(Mauritius)

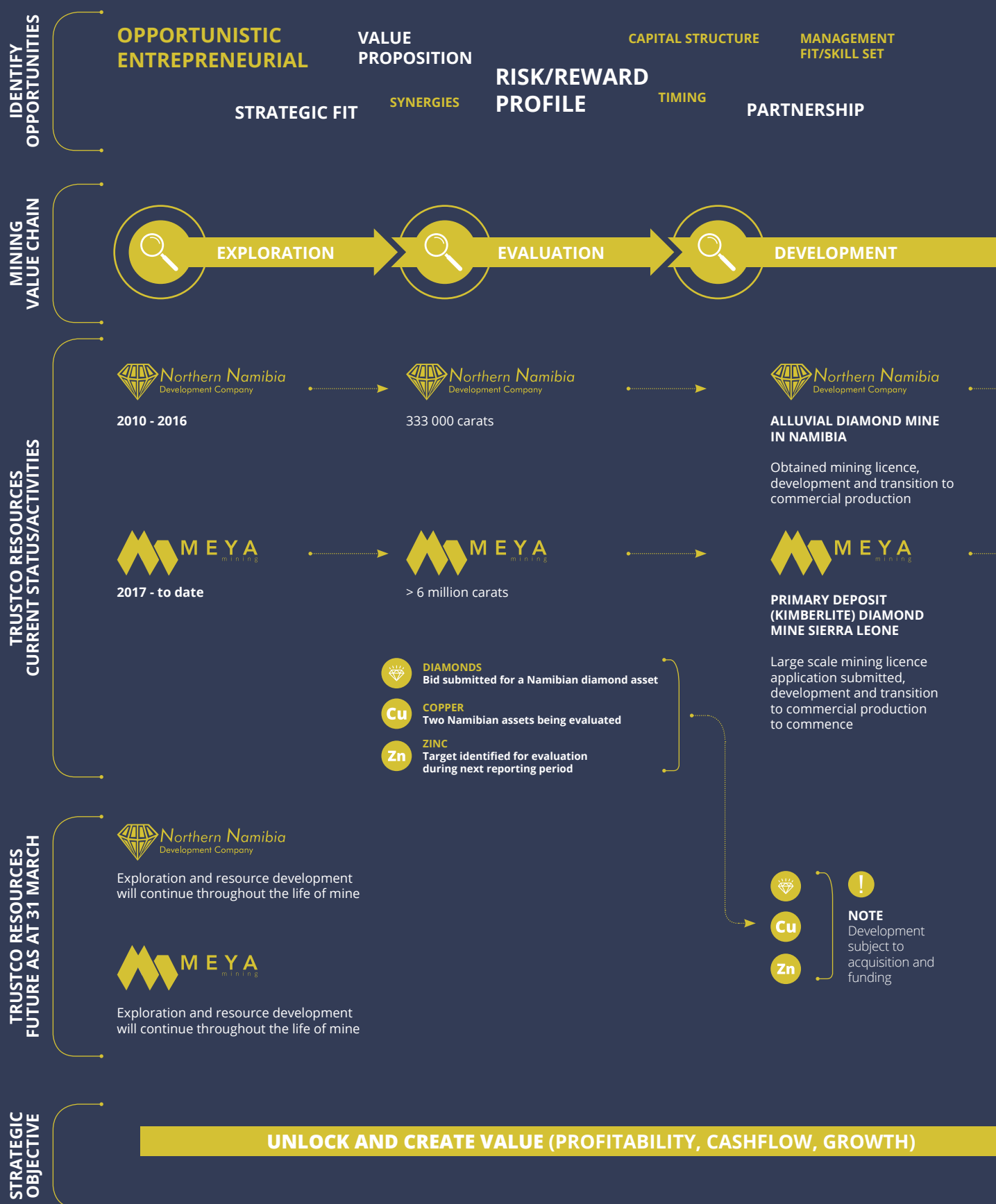
Exploration licence EL07/2015, conversion
to large scale mining licence in progress.
Primary diamond deposit in Sierra Leone

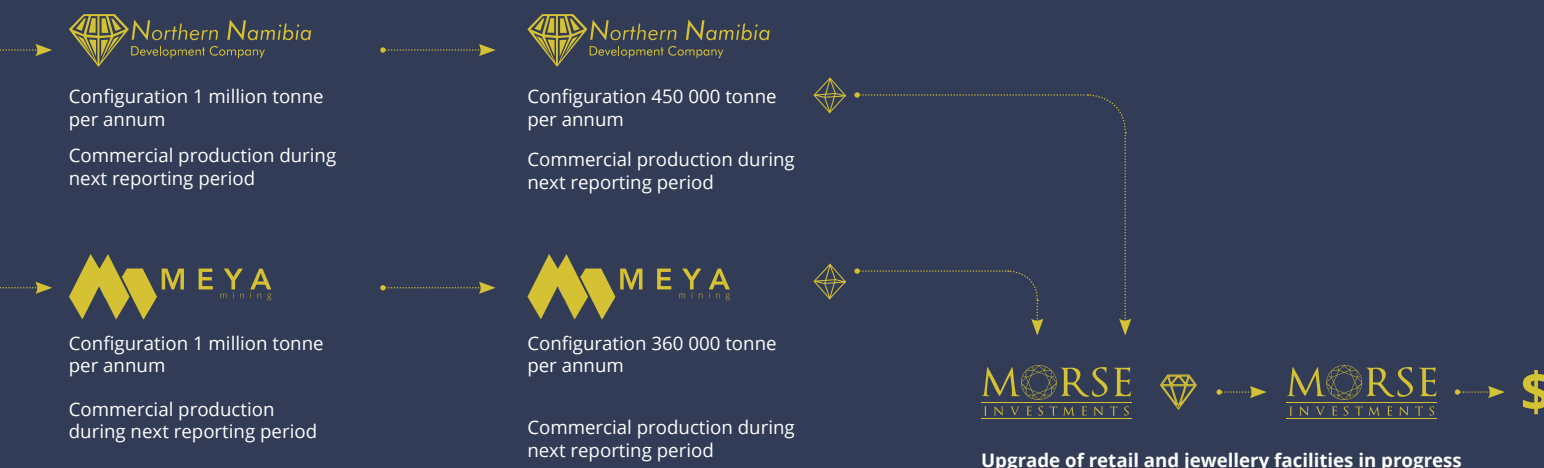


NOTE

*Post large scale mining licence acquisition

BUSINESS MODEL



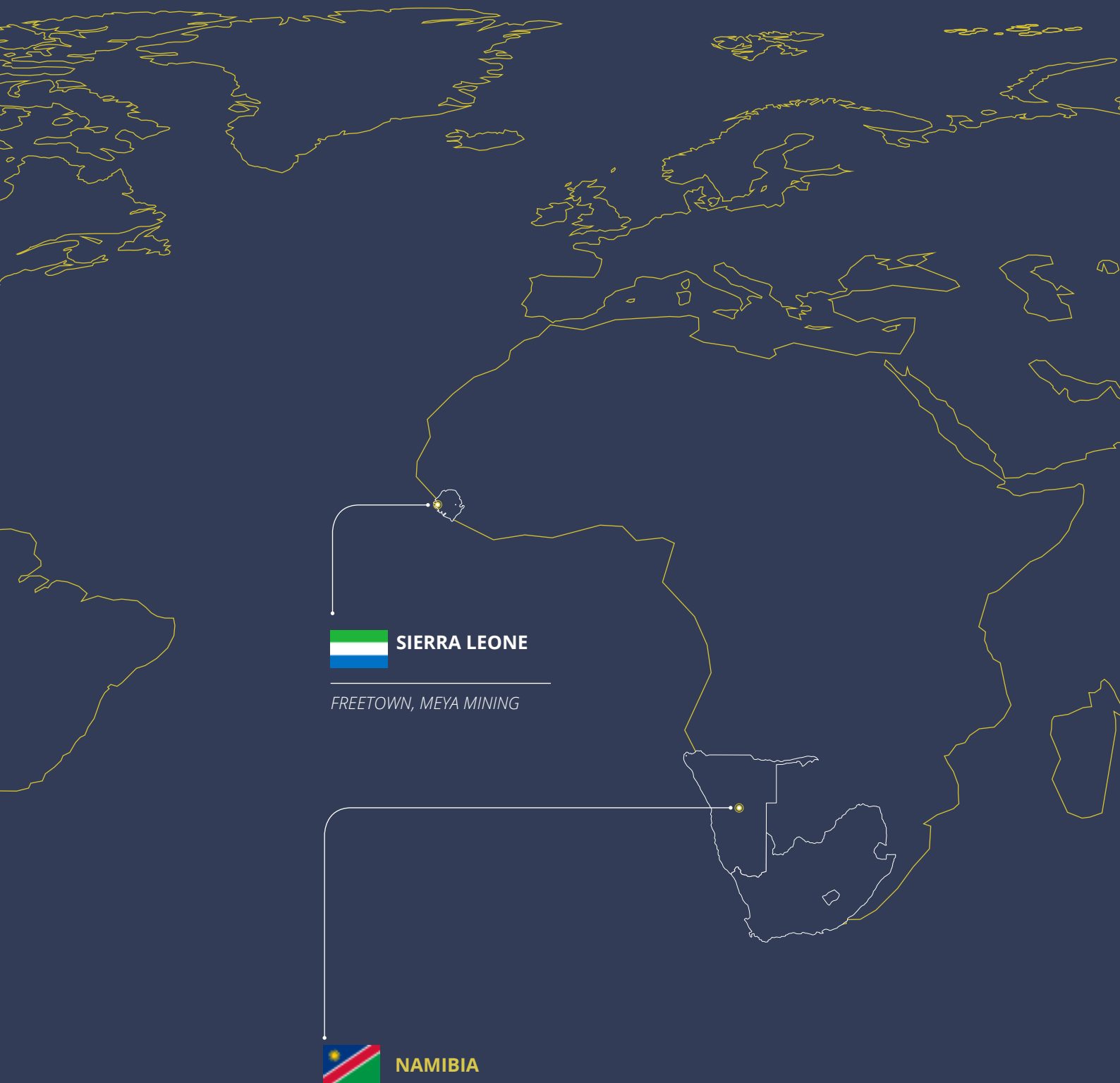


NOTE

Bulk of diamond beneficiation to be processed via Morse



OUR FOOTPRINT



SIERRA LEONE

FREETOWN, MEYA MINING



NAMIBIA

WINDHOEK HEADQUARTERS, NNDC, MORSE INVESTMENTS



MAURITIUS

PORT LOUIS, REGISTERED OFFICE

OUR HISTORY

'15

- Trustco Resources established
- Shareholders approved the Huso acquisition

'16

- Acquired 51% share in Meya mining

'17

- Discovery of the 30th largest diamond globally, the 476 carat Meya Prosperity Diamond, by Meya mining

'18

- NNDC granted a 15 year mining licence by the Ministry of Mines and Energy in Namibia
- Trustco received an internal preliminary exploration results and estimates report related to Meya's resource from SRK Consulting (Canada), indicating that both the hurdle components have been achieved with the exploration work done to date i.e. at least 3 million carats and/or *in situ* value of at least USD 1 billion valued at international market price
- Huso transaction perfected

'19

- Meya mining submitted an application for a 25 year large scale mining licence
- Increased shareholding in Meya mining to 65%





FINANCIAL PERFORMANCE



VALUE ADDED STATEMENT

38

CHIEF FINANCIAL OFFICER'S REPORT

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SUMMARISED SEGMENT RESULTS

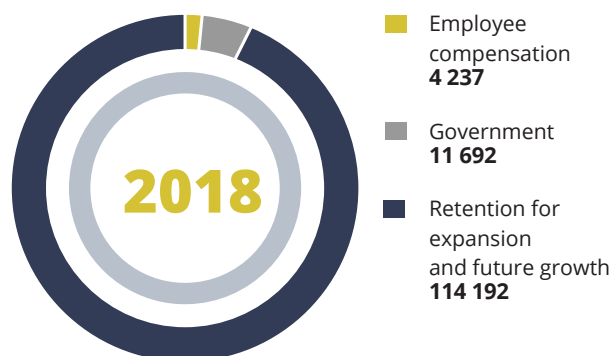
42

VALUE ADDED STATEMENT

for the year ended 31 March	2019 NAD '000	%	2018 NAD '000	%
Revenue and other income from operations	635 799		275 404	
Purchases and other direct costs of services	(147 509)		(145 283)	
WEALTH CREATED	488 290		130 121	
DISTRIBUTION OF WEALTH CREATED BY THE RESOURCES SEGMENT				
EMPLOYEE COMPENSATION				
Salaries, wages and other employee benefits	6 861	1%	4 237	3%
GOVERNMENT				
Taxation (Royalties, PAYE, income tax, VAT, levies and duties)	9 269	2%	11 692	9%
RETENTION FOR EXPANSION FOR FUTURE GROWTH	472 160	97%	114 192	88%
Net profit for the year	471 573		114 186	
Depreciation and amortisation	587		6	
Distribution of wealth created	488 290	100%	130 121	100%

DISTRIBUTION OF WEALTH (NAD '000)

- Employee compensation
6 861
- Government
9 269
- Retention for expansion and future growth
472 160



- Employee compensation
4 237
- Government
11 692
- Retention for expansion and future growth
114 192

CHIEF FINANCIAL OFFICER'S REPORT



PAUL LOMBARD
CHIEF FINANCIAL OFFICER

For the second consecutive year the resources segment reported positive results.

OPERATIONAL SUMMARY

In 2019 the segment recorded revenue of NAD 80 million from rough diamond sales from Meya mining's bulk sampling programme. The previous year's revenue of NAD 275 million included the sale of the 476 carat Meya Prosperity. Sales from Meya's exploration programme therefore continues to offset cash outflows during the reporting period.

The segment recorded profits after tax of NAD 472 million for the period, compared to NAD 114 million during 2018. The profits for 2019 included a loan waiver of NAD 546 million from Dr Quinton van Rooyen and Next Investments (Pty) Ltd. The operating cash shortfall of NAD 254 million during the reporting period was primarily funded by loan proceeds from the parent company.

MATERIAL INCREASE IN ASSET BASE

On 30 August 2018 the Namibian Ministry of Mines and Energy issued Northern Namibia Development Company (NNDC) a 15 year mining licence (ML156). This fulfilled the final condition in the Huso transaction, which rendered the deal closed, as of 30 August 2018. The Huso group owns 100% of NNDC and 100% of Morse Investments Namibia (a diamond cutting and polishing facility).

Consistent with the original Sale Share Agreement between Trustco Resources and Germinate SL Limited, Trustco Resources exercised its option to increase its shareholding in Meya mining from 51% to 60%. Subsequently, the company negotiated an additional purchase of 5%, which took its overall shareholding in Meya mining to 65%.

ASSETS

85%



PROFIT AFTER TAX

313%



CASH ON HAND

532%



Total assets increased from NAD 781 million to NAD 1.4 billion. This increase primarily reflects the company's increased shareholding in Meya mining, the acquisition of the Huso group and the associated exploration costs of both these assets.

Current assets increased by NAD 92 million during the reporting period. This increase was primarily due to the loan proceeds from the parent company, increased consumable stock levels at Meya mining and diamond stocks held by Morse Investments at the time of the latter's acquisition.

CHIEF FINANCIAL OFFICER'S REPORT

CONTINUED

FINANCING AND INVESTMENT ACTIVITIES

Part of the cost of the increased shareholding in Meya mining (NAD 450 million) and the balance of the Huso transaction (NAD 3.0 billion) were funded by subordinated loans provided by the parent company. In addition to these subordinated loans, NAD 702 million was advanced by the parent company to fund the development of the segment during the reporting period.

The resources segment is going through a period of significant growth, requiring substantial capital investment. The ongoing management and financial support from the parent company clearly demonstrates its commitment and support, as the resources segment continues to build a value accretive natural resources business.

SEGMENT FUNDING

(NAD million)



EQUITY

■ Huso 2 957 ■ Meya 450

SHAREHOLDER LOANS

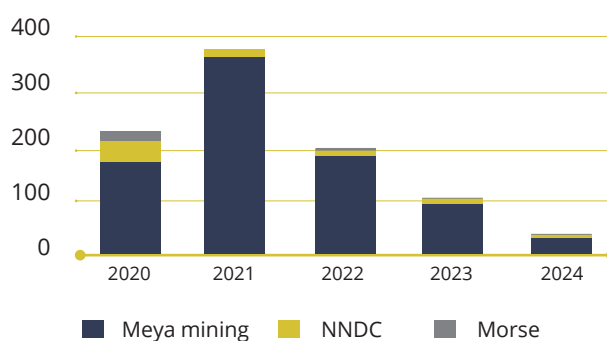
■ Meya 194 ■ Exploration 502

FUTURE CAPITAL INVESTMENT

The bulk of the resource segment's capital investment during fiscal year 2020 relates to the purchase of additional mining fleet, plant upgrade and underground mine development at Meya mining to bring the mine into commercial production before the end of the year. While the provision of this financing is also subject to the issuance of a mining licence, it is expected that the funding required will be sourced through a combination of internal funding, commercial and asset finance institutions. Once the Meya mine reaches 'steady state' production, the capital payback period is expected to be extremely short.

INDICATIVE CAPEX

(NAD million)



The capital plan also aligns with the segment's strategy which is to establish a sustainable vertically integrated diamond business. The company will, however, continue to identify and evaluate other opportunities that avail themselves in the diamond sector, within and outside Namibia, to further improve its diamond portfolio.

	Initial capex NAD million	Annual carats at steady state	Targeted price USD per carat	Revenue estimate NAD million per annum
Meya mining	745	390 000	450	2 545
NNDC	66	36 000	120	63

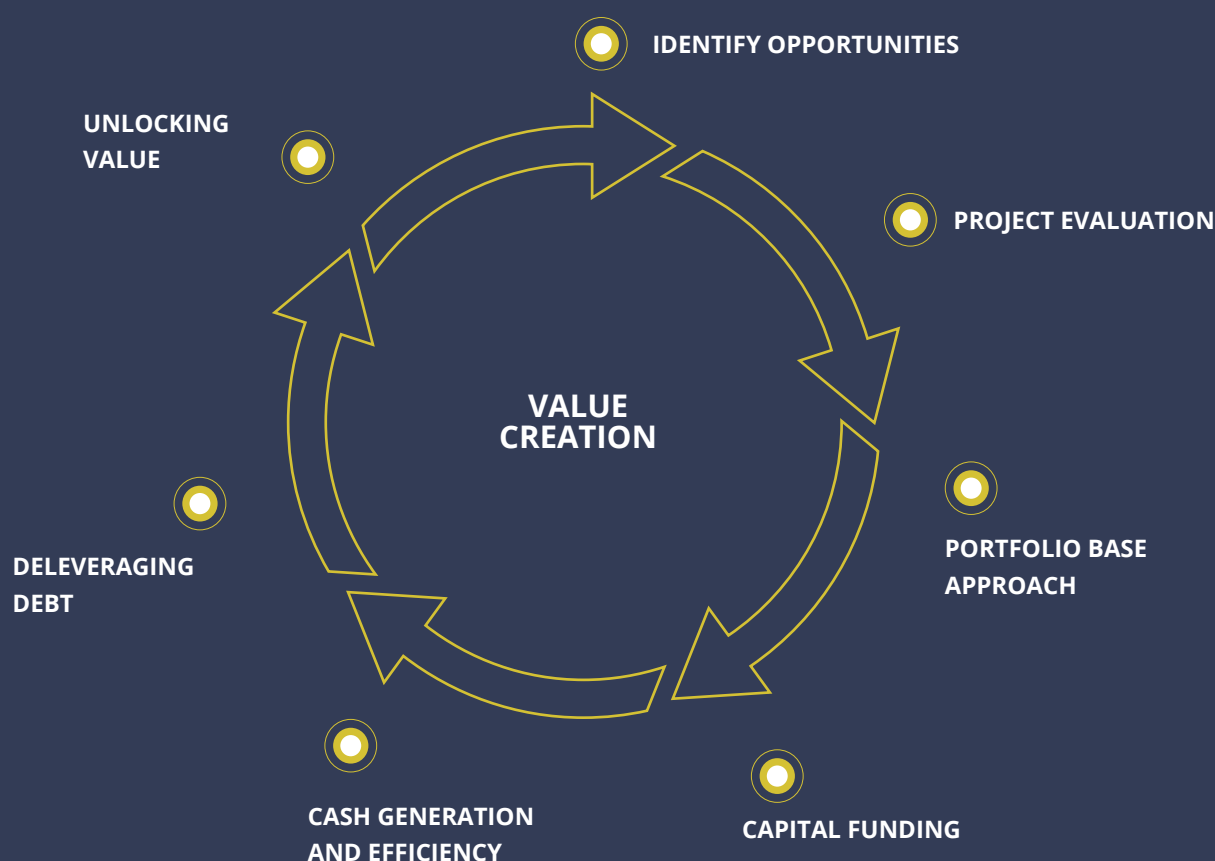
FUTURE FOCUS

Now that the segment has acquired its cornerstone assets and developed the individual projects, further capital investment will be required to enable future economic benefits with the view to enhancing the current portfolio.

Moving forward, the segment will diversify its portfolio to include other high value natural resources.

Trustco Resources' financial focus will incorporate elements of the value creation cycle.

Trustco Resources' future funding mechanisms will include both debt and equity capital structures. Optimal cash generation and debt deleveraging will be vital in unlocking stakeholder value from the resources portfolio.



SUMMARISED SEGMENT RESULTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Figures in Namibia Dollar thousand</i>	2019 Audited	2018 Audited	
Assets			
Property, plant and equipment	222 571	143 378	
Evaluation and exploration assets	712 152	278 638	Increase of NAD 434 million due to exploration assets in Meya mining and perfecting of the Huso transaction
Intangible assets	327 029	258 521	
Amounts due by related parties	10 496	21 635	
Deferred tax	16 684	11 692	
Inventories	43 860	29 822	
Trade and other receivables	51 786	27 459	
Cash and cash equivalents	63 969	10 118	
Total assets	1 448 547	781 263	
Equity and liabilities			
Liabilities			
Amount due to related parties	1 003 955	301 630	Loan advances from Trustco group for sustaining operations and part funding of the shareholding acquired in Meya mining
Trade and other payables	277 515	373 527	
Borrowings	-	12 796	
Total liabilities	1 281 470	687 953	
Capital and reserves			
Equity and reserves	106 309	5 201	
Non-controlling interest	60 767	88 109	
Total capital and reserves	167 076	93 310	
Total equity and liabilities	1 448 547	781 263	

STATEMENT OF COMPREHENSIVE INCOME

Revenue	79 482	275 404	Revenue from Meya mining exploration programme
Cost of sales	(109 140)	(76 894)	
Gross profit	(29 658)	198 510	
Operating expenses	(15 120)	(61 230)	Loan waiver from Dr Quinton van Rooyen and Next investments
Other income	556 317	-	
Finance costs	(44 958)	(34 786)	
Profit before taxation	466 581	102 494	
Taxation	4 992	11 692	
Profit for the year	471 573	114 186	

STATEMENT OF CASH FLOWS

Cash flows from operating activities	332 881	136 234
Cash flows from investing activities	(505 817)	(180 840)
Cash flows from financing activities	226 787	53 640
Total cash movement for the year	53 851	9 034
Cash at the beginning of the year	10 118	1 084
Total cash at the end of the year	63 969	10 118

IN CONCLUSION

WITH THE SEGMENT ACHIEVING ITS SHORT-TERM GOALS AND ACTIVELY WORKING TOWARDS A LONG-TERM VISION OF A DIVERSIFIED PORTFOLIO OF RESOURCE ASSETS, I AM CONFIDENT AND EXCITED ABOUT WHAT THE FUTURE HOLDS FOR TRUSTCO RESOURCES AND ITS CONTRIBUTION TOWARDS THE GROUP.



OPERATIONAL REVIEW 4



MEYA MINING

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NORTHERN NAMIBIA DEVELOPMENT COMPANY

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MORSE INVESTMENTS

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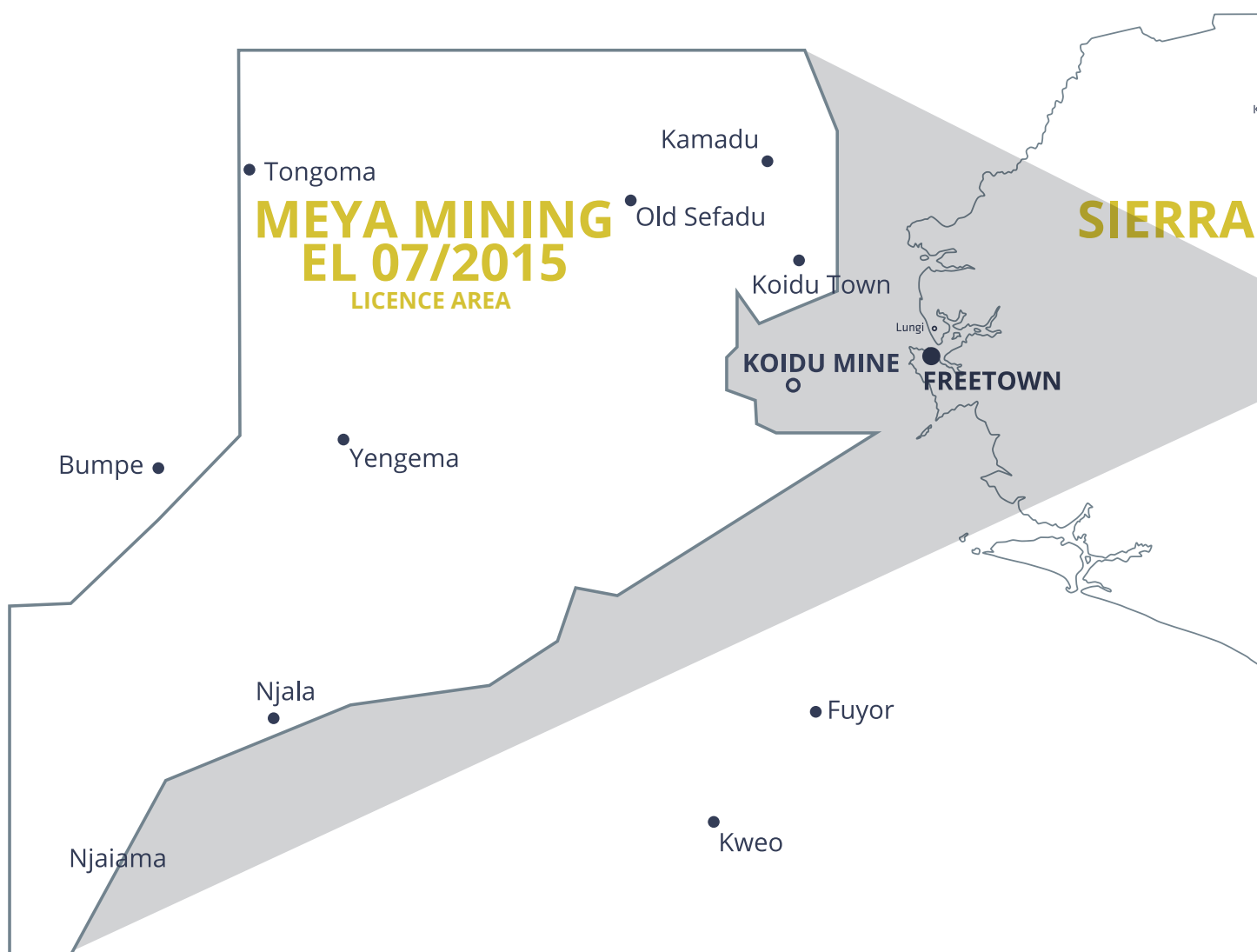
OPERATIONAL REVIEW

MEYA MINING

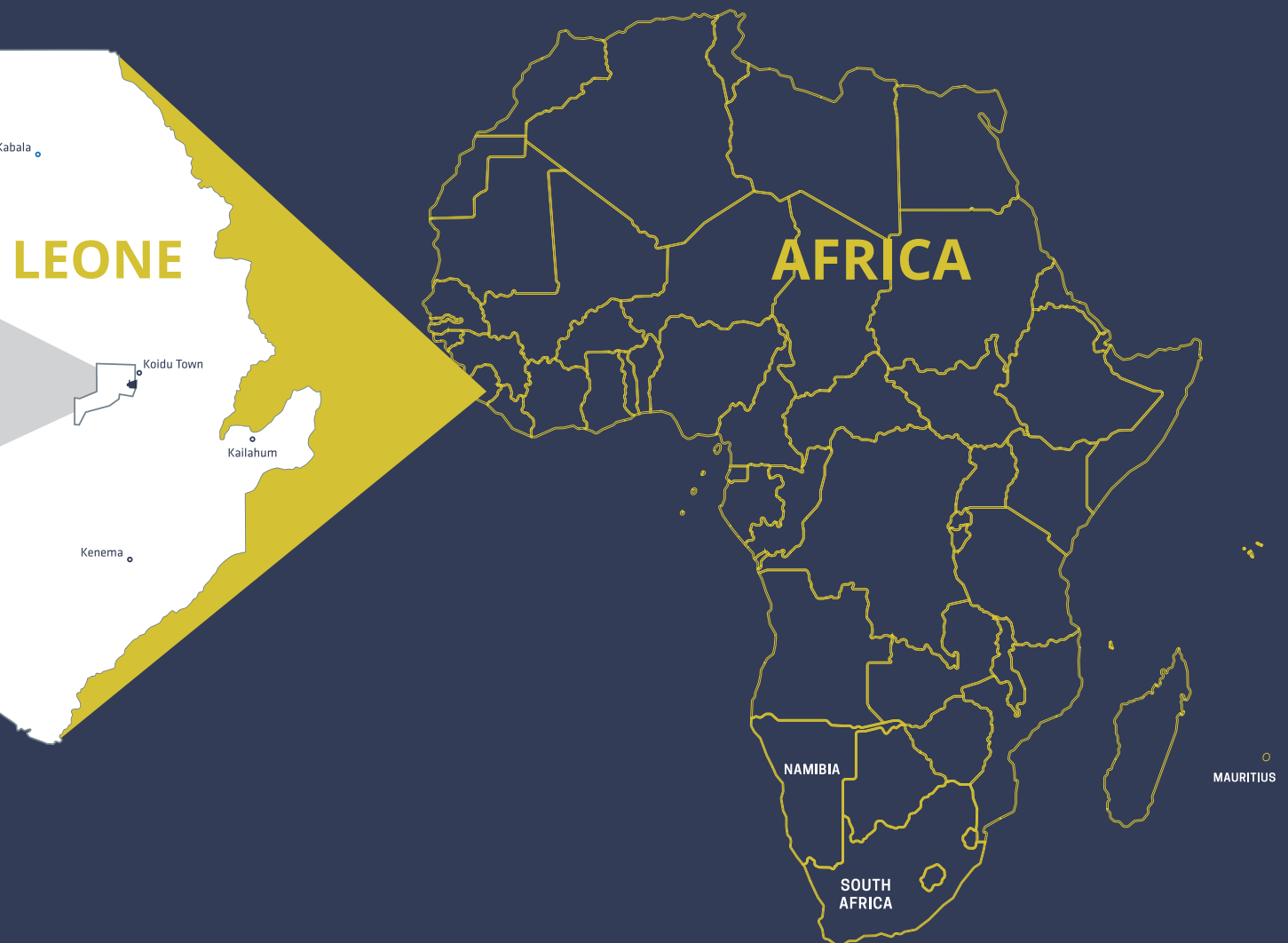
LOCATION

The Meya project is located within the eastern province of Sierra Leone. Meya mining holds a four year exploration licence (EL 07/2015), covering a surface area of 129.38 km² straddling the Nimikoro, Kamara, Gbense and Tankoro Chiefdoms in Kono District. The Meya licence (The Licence) lies within the diamond fields historically known as the Yengema Lease (1940s to 1990s), which encompasses the major alluvial diamond deposits in Sierra Leone.

To the east, the Licence partially surrounds the adjoining Koidu Mine, which holds a licence area of 5 km² that contains contiguous diamondiferous kimberlite dyke and pipe occurrences that were discovered in the 1940s and is currently an operating underground mine.



Meya licence location



OPERATIONAL REVIEW

REGIONAL GEOLOGY

The diamond fields of Sierra Leone occupy an area of roughly 20 000 km² in the southeast of the country around Kenema. Primary diamond deposits have been found near Koidu town in the Kono District and Tonguma 50 km to the south of Koidu. Extensive alluvial deposits make up the remainder of the diamond fields.

LOCAL GEOLOGY

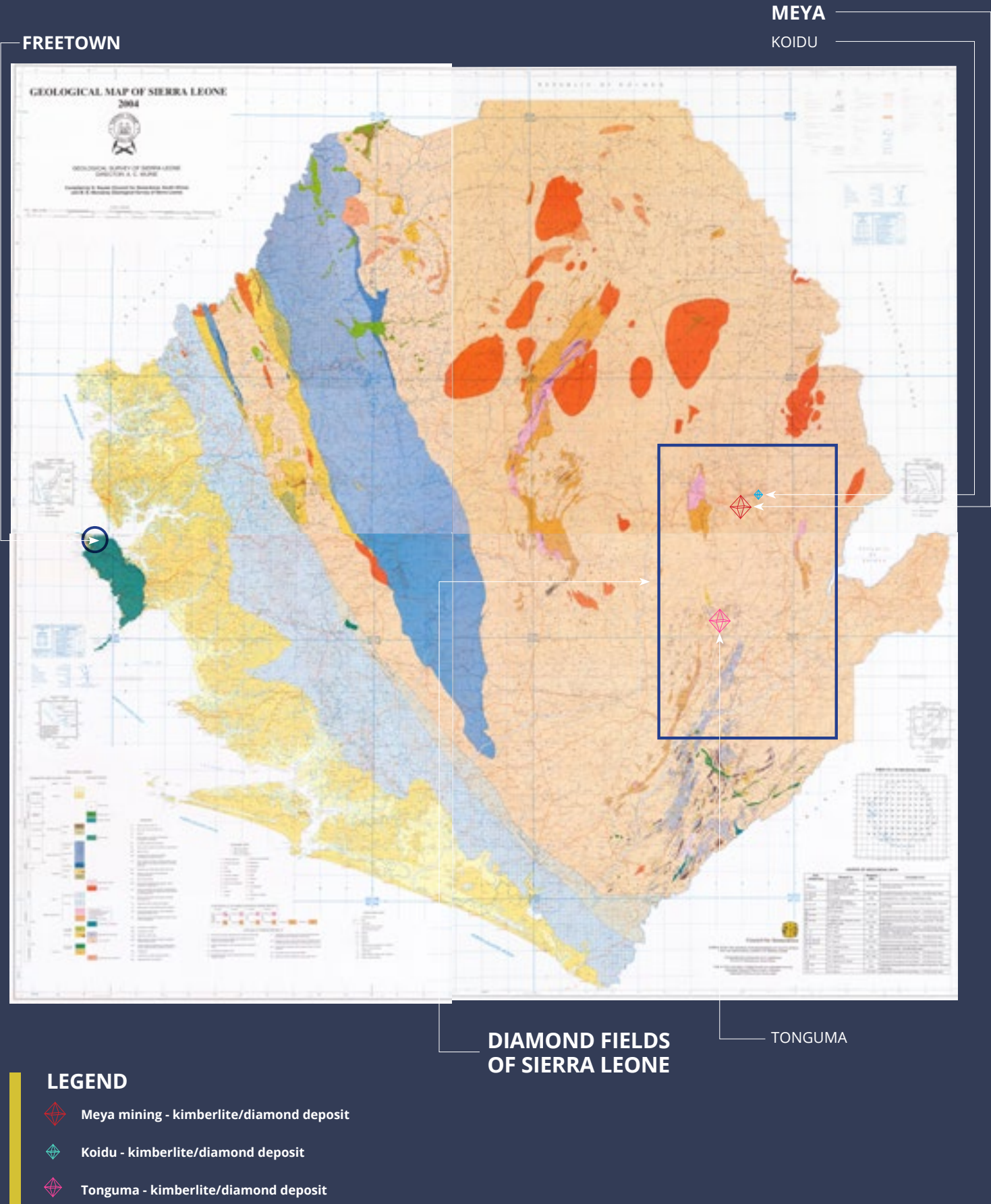
Kimberlite dyke occurrences, including minor blows, have been recorded within the Meya licence area by

previous operators. Four dyke zones are extensions of dyke zones from the adjacent Koidu mine. During the reporting period Meya mining conducted further reconnaissance and physically verified additional dyke zones of a total strike extension of >28 km. Of these >11 km have been intersected with drilling. Remote sensing and historical information delineated a further >24 km strike length, which at this stage are being classified as low confidence until it has been confirmed with delineation drilling and sampling.



Kimberlite sample from Meya mining (primary deposit)

GEOLOGICAL MAP OF SIERRA LEONE



OPERATIONAL REVIEW

CONTINUED

PHASE 1 EXPLORATION

The primary objectives for the first phase (P1) of Meya's Resource Development Programme (RDP) remain to deliver, compliant with international reporting standard, Canadian NI 43 101; (a) a resource to indicated level of confidence for the top portion of the ~12 km strike length of the Meya River, Bardu, Waterloo dykes zones, which is located on the south western extension of Koidu's Dyke Zone B (DZB) (b) a depth extension of the resource to inferred level of confidence to a vertical depth of 550 m over the strike length of the dyke zones as well as (c) to provide a 25 year mine plan with a mine configuration/depletion rate of 30 000 tonnes run of mine (ROM) per month (25 000 tonne kimberlite).

During the reporting period, delineation drilling and trench mapping for calculation of preliminary volumes and tonnages, and micro-diamond sampling and bulk sampling for establishing diamond grade and value were undertaken on the Meya River, Bardu and Waterloo Dyke Zones and an additional dyke zone, Simbakoro, was identified as a target.

Bulk sampling continued at the Meya River and the Waterloo dyke zones. In excess of 1.9 million tonnes of material has been mined (overburden stripping, waste mining and ore to plant).

Mining at the Simbakoro sample site commenced in October 2018. During this reporting period, a total of 347 144 tonnes of overburden and 174 375 tonnes of waste was excavated, whilst 1 817 tonnes of *in situ* kimberlite were extracted.

A total (diluted) of 71 864 tonnes were treated through the infield plant and 64 644 tonnes through the main plant. In addition, 38 380 tonnes of dense medium separation (DMS) tailings were retreated through the main plant as an audit measure.

The collective bulk samples produced a total of 13 173 carats in the first run at a 12 mm cut-off with an average stone size of 0.303 carats per stone.

An additional 3 900 carats were produced from the tailings audit at an average stone size of 0.169 carats per stone.

ESTIMATION OF KIMBERLITE *IN SITU* TONNAGES

Volumes of kimberlite within each domain were calculated based on kimberlite true thickness and on polygons which delineate the area of interest of each borehole within the specific domain. The polygons of the shallow drill holes, drilled at 250 m spacing along the strike, extend to 230 m vertical depth whilst those of the deep holes extend from 230 m vertical depth down to 500 m.

The calculated volumes were compared with volumes estimated using a three dimensional LeapFrog model and the total *in situ* tonnages per domain derived from total volumes times an average density of 2.75 for kimberlite as per densities measured from the drill cores.

ESTIMATION OF KIMBERLITE *IN SITU* GRADES

The diamond carrying capacity of the five domains investigated within the exploration licence was rated based on geological investigations, petrography, geochemistry, macro-diamond and micro-diamond results. The average grade from the Meya River and the Bardu dykes was used whilst best guess grades were applied for the Meya River north, Waterloo and Simbakoro dykes based on "diamond carrying capacity" as preliminary sample results (mainly decomposed kimberlite) are inconclusive and these remain to be sampled.

ESTIMATION OF *IN SITU* CARATS

The total *in situ* carats were calculated per domain using the total tonnes and estimated grades of specific domains.

VALUATION OF SAMPLE DIAMONDS

All diamond parcels recovered were sold on tender in Antwerp. The size frequency distributions enabled reliable valuation of diamonds from each domain.

Meya mining's exploration results to date are summarised in the following table.

Domain/dyke	Strike (km)	Thickness (m)	Kimberlite (Mt)	Carats (M)	Average grade (carat per tonne)
Meya River	2.88	0.73	2.23	1.67	0.75
Meya River North	1.25	0.47	1.22	0.80	0.65
Bardu	3.75	0.55	2.94	1.21	0.45
Waterloo	2.50	0.49	1.99	1.19	0.60
Simbakoro	2.70	0.70	2.60	1.69	0.65
Total			10.98	6.56	

Summary of Meya mining's internal exploration results

PHASE 1 EXPLORATION MEYA MINING EL07/2015

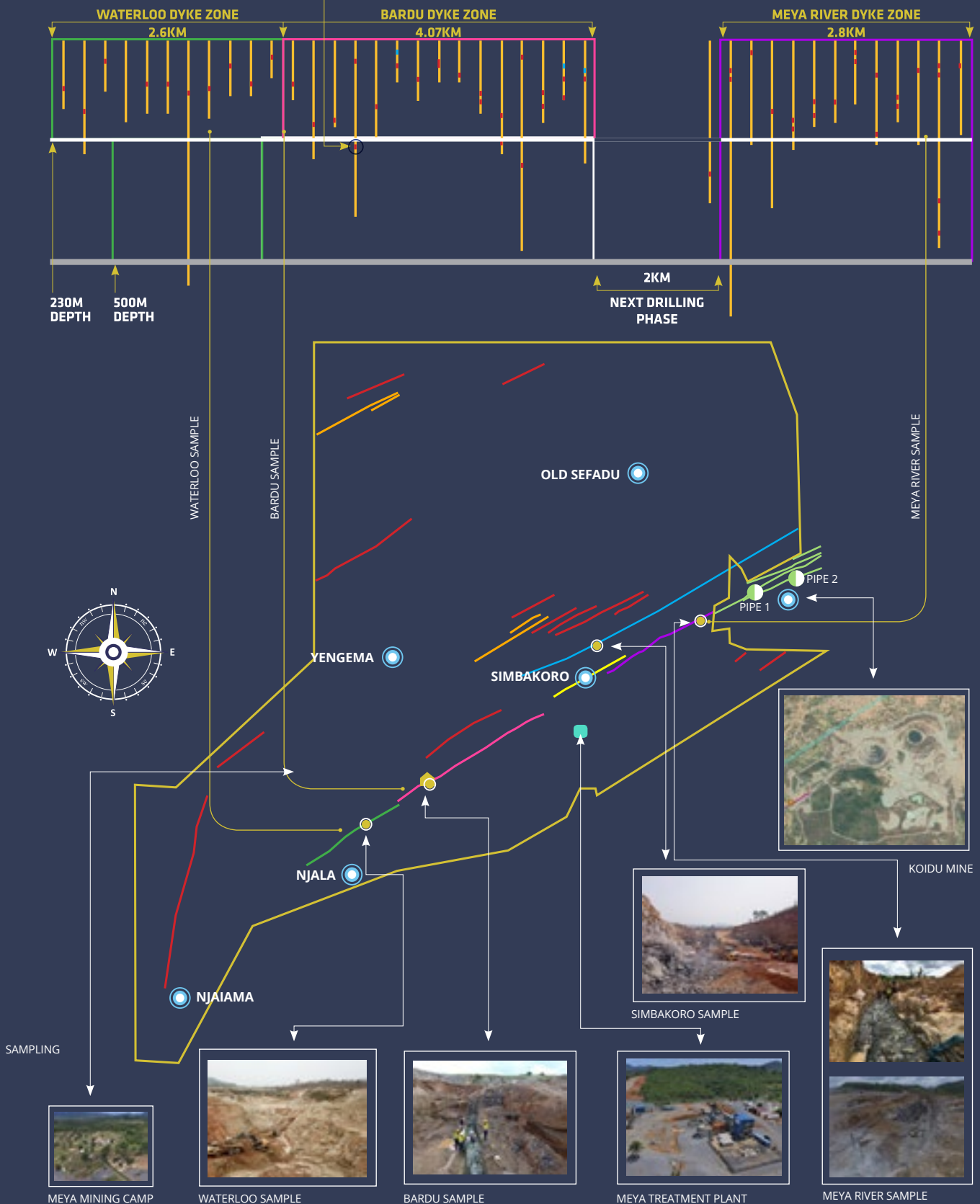
DELINEATION DRILLING



KIMBERLITE INTERSECTION

LEGEND

- Waterloo dyke/sample
- Bardu dyke/sample
- Meya River dyke/sample
- Simbakoro dyke/sample
- Core drilled
- Additional dykes
- EL07/2015 LICENCE AREA



OPERATIONAL REVIEW

CONTINUED

DIAMOND CHARACTERISTICS

The Meya River samples continue to deliver diamonds dominated by sharp edged crystal octahedral with flat faces, but also contain a high percentage of Type IIa (white flawless) diamonds in a typical relationship - the smaller the size, the lower the Type IIa population, although Type IIa stones are present in all the sizes.

The Meya River diamond colours are dominated by white/off white, with hardly any yellow or brown diamonds. Yellow coated diamonds are generally very thinly coated with a true white gem colour. The weaker cleavage, rejection and coated material accounts for less than 19% of the carat population and less than 2% by value.

The Meya River crystals have a very low percentage of stones with medium to strong fluorescence which is exactly what most buyers are looking for.

Diamond breakage continued to be noted in all sizes down to the +11 sieve size, with a few broken pieces in the -11+5 sieve size. Severe breakage is most evident in the larger Type IIa stones with at least three stones ranging from >15 carat to >25 carat impacted by crusher related damage.

The less severe forms of damage noted remain transport and impact related. No blast damage was evident in all the stones studied.

DIAMOND SALES

Meya mining exported six diamond parcels during this reporting period, bringing the project to date total of exports to thirteen. All exports were in accordance with the Kimberley Process Certification (KPC) and industry best practice principles, from Sierra Leone to Antwerp, where all stones were sold by Miranel BVBA on tender.

Export Parcel 003/2018 (May 2018): parcel of diamonds produced from the tailings audit of the Bardu sample together with a sample from Meya River which included production from a tailings audit on Meya River. This sample included a 11.09 carat Type IIa 'D' colour special stone, which sold for USD 13 015 per carat, and a further two Type IIa 'D' colour stones weighing 8.63 carats which sold for USD 7 138 per carat. The three stones mentioned above were recovered from Meya River on the same day and were part of an original >30 carat stone which was broken in the plant processing.

Export parcel 005/2018 (July 2018): parcel of diamonds produced from the Meya River sample site, achieved a solid USD 440 per carat on tender in Antwerp. The parcel contained parts of two separate Type IIa 'D' colour stones which were estimated to be >22 carat and >12 carat originally. The two largest pieces of the original >22 carat stone, which could be identified, weighed 14.09 carats and 5.03 carats and sold for USD 13 121 and USD 4 068 per carat respectively.

MEYA MINING HIGH VALUE TYPE IIA DIAMONDS



27.97
CARATS



18.61
CARATS



17.05
CARATS

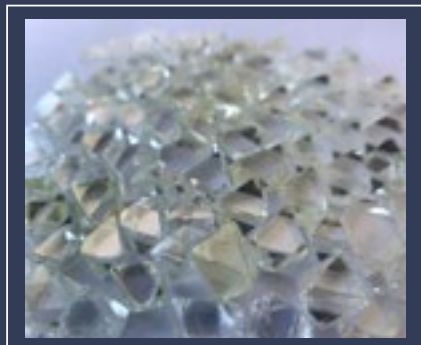


13.38
CARATS



476 carat, Meya Prosperity diamond

MEYA MINING RUN OF MINE DIAMONDS



NOTE

Recovered at Meya mining from bulk samples

OPERATIONAL REVIEW

CONTINUED

INITIAL MINE CONFIGURATION

Meya's initial mine configuration (commercial production) is based on the following factors/criteria:

- Phase 1 exploration results, geological characteristics and resource estimates – driving the depletion rate
- potential social and environmental impact – driving the mining method and depletion rate
- operational readiness of the company as well as the host community – driving the operational capacity, in terms of skills set, health and safety, the required efficiency and effectiveness and
- risk and reward factors including operational, technical, social and financial.

A detailed analysis of various options and scenarios, by the management team in consultation with SRK Consulting (Canada), the Competent Person, indicated that the optimal configuration at this stage will be a mine with a depletion rate of 360 000 tonne per annum.

This configuration calls for an underground mining rate of 1 000 000 tonne per annum and main plant processing rate of 400 000 tonne per annum.

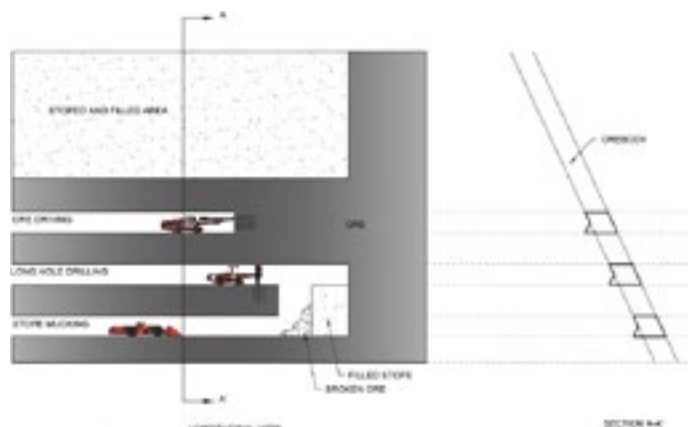
During the next reporting period, the mine's mining, processing, engineering, infrastructure, logistics, administrative as well as health and safety resources capacities will be aligned to the required configuration in order to transition from exploration to commercial production.

SELECTED MINING METHOD

Fully mechanised Long Hole Open Stopping (LHOS) has been selected as the preferred mining method to mine all the dyke zones. The exceptionally high *in situ* unit

(USD/tonne) value of the ore within Meya's dyke zones presents LHOS as a very attractive mining method or option with the aim to maximise extraction and optimise production rates. The method allows for full integration with the current open trench bulk sample operation (surface mining) whilst extracting ore in the safest possible manner.

LHOS is a straightforward mining method which has been implemented in many steeply dipping underground deposits worldwide. The method is used in a range of ore zone thickness scenarios and Meya's mine plan allocates the bottom mining limit to 2 m. Systematic underground section drilling will possibly confirm or delineate thicker areas but the LHOS method is robust and flexible to accommodate required changes to thickness, similar to what is currently being deployed at the neighbouring mine.

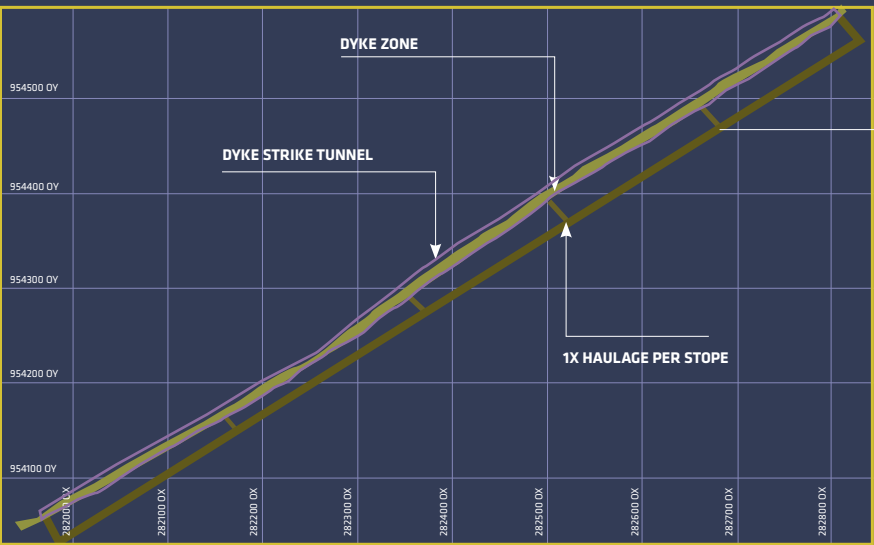
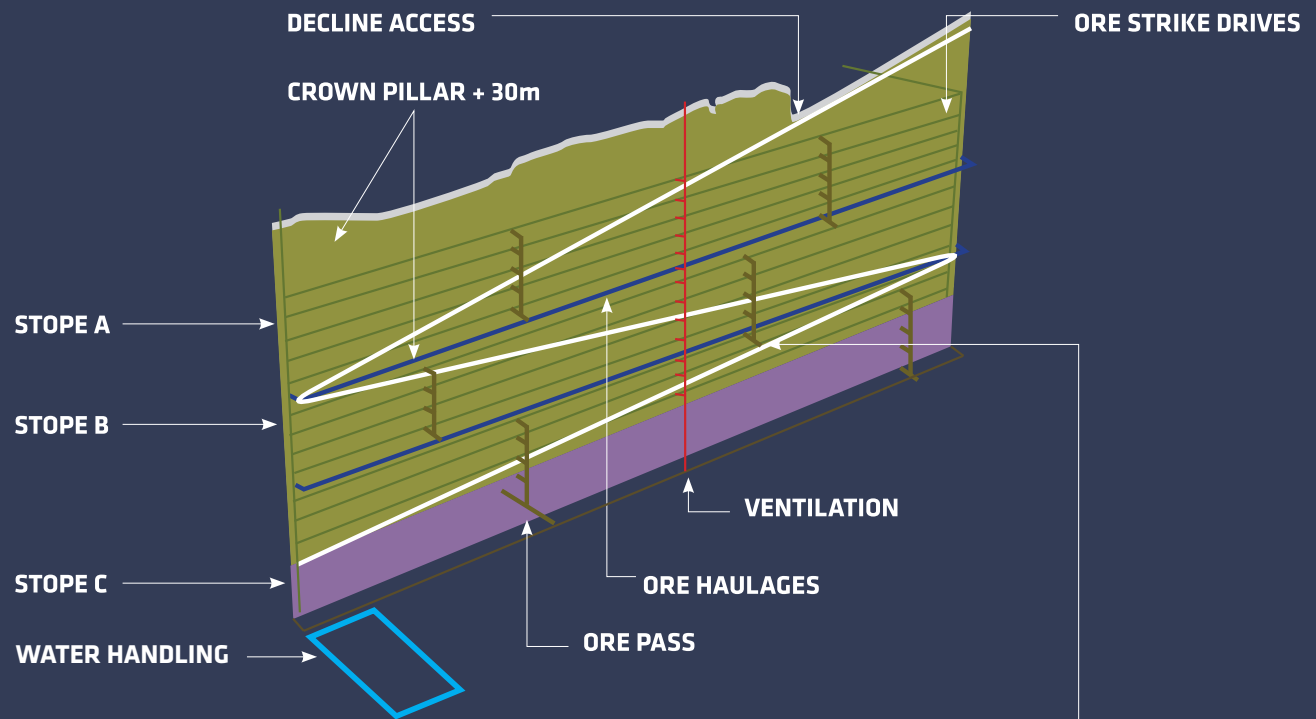


Schematic illustration of underground mining



Underground mining equipment

UNDERGROUND MINING LAYOUT ILLUSTRATION



LEGEND

- Kimberlite (ore)
- Haulage
- Crown pillars
- Mining width
- Decline

OPERATIONAL REVIEW

CONTINUED

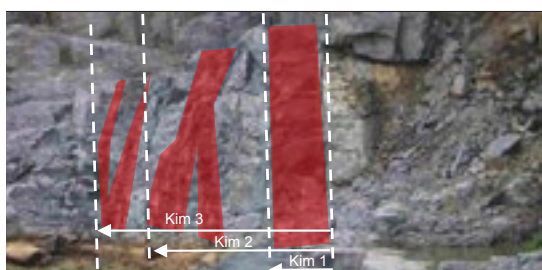
PLANT UPGRADE

In order to improve the plant's overall performance i.e. address dilution, breakage and liberation, Meya will invest an additional USD 15 million on the plant. The plant upgrade project will be executed over a nine month period, starting immediately after the large scale mining licence has been secured.

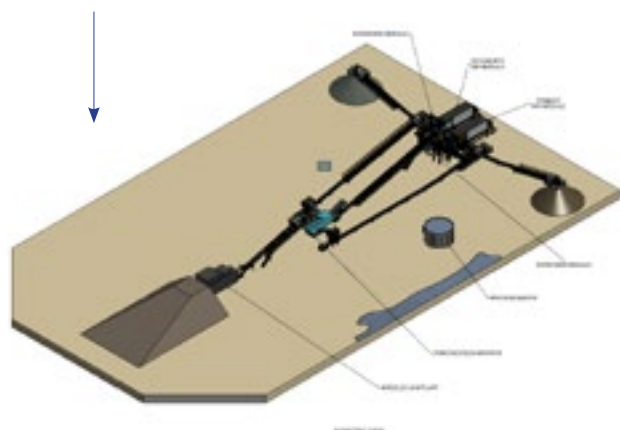
DILUTION-MODULAR NEAR INFRA RED (NIR) PLANT

A modular NIR plant is required at the mining face/pit to separate the run of mine (ROM) waste and ore. This will reduce waste transportation and feed to the main plant, which will not only reduce load and haul expenditure, but will also improve quality throughput at the main plant. Less waste throughput shall liberate plant capacity, effectively increase kimberlite processing, thereby significantly increasing diamond recoveries during the production cycle and reduce operating cost.

The NIR plant's design capacity is 150 tonne per hour. The jaw crusher can handle up to 400 tonne per hour whilst conveyors, warrior screens, wet screens and NIR's have been sized safely within the 150 tonne per hour bracket.



Dilution factor and dip of the ore body

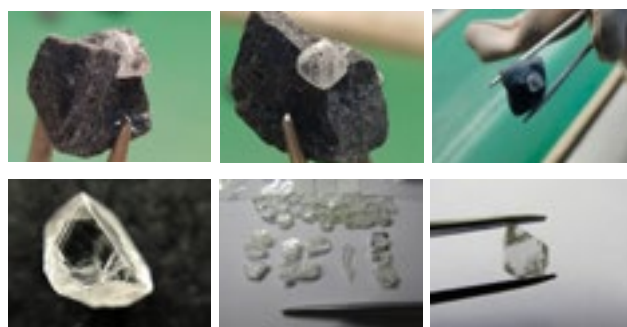


NIR PLANT

- Reduce dilution by 75%
- Capacity 85 000 tonne per month

LIBERATION AND BREAKAGE

Upgrades shall improve handling efficiency, increase liberation of diamonds and reduce diamond breakage, thus increase the average value per carat and value per tonne yield.



Diamond lock up/liberation and diamond breakages issues that were identified

LOG WASHER CIRCUIT

A log washer will be installed as an additional feed point to the infield plant to handle weathered kimberlite and clay rich material during sample programmes as well as improve preparation, liberation and recovery.



Log washer circuit

MOBILE SECONDARY CONE CRUSHER REPLACEMENT

The existing mobile ELB cone crusher will be replaced by a static Kawasaki cone crusher.

QUINTENARY CRUSHING CIRCUIT

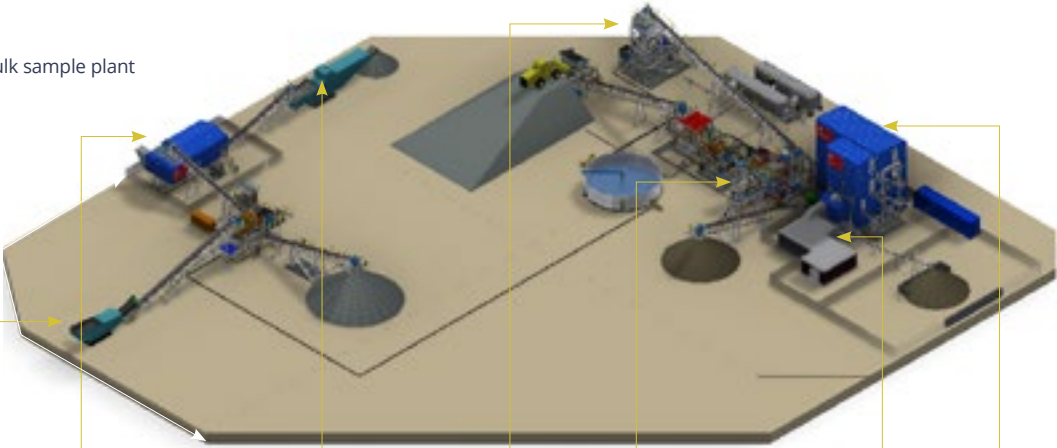
A new quintenary crushing circuit will be introduced to improve efficiency and avoid double handling whilst liberating diamonds locked up in the minus 12mm fraction.

JET PUMPS

All jet pump systems will be replaced with conveyor systems to reduce diamond breakage.

PLANT DESIGN (2016)

bespoke designed bulk sample plant



- PRIMARY CRUSHER
- COURSE XRT
- SECONDARY CRUSHER
- TERTIARY CRUSHER
- 50TPH DMS
- FINAL RECOVERY
- MIDDLE XRT

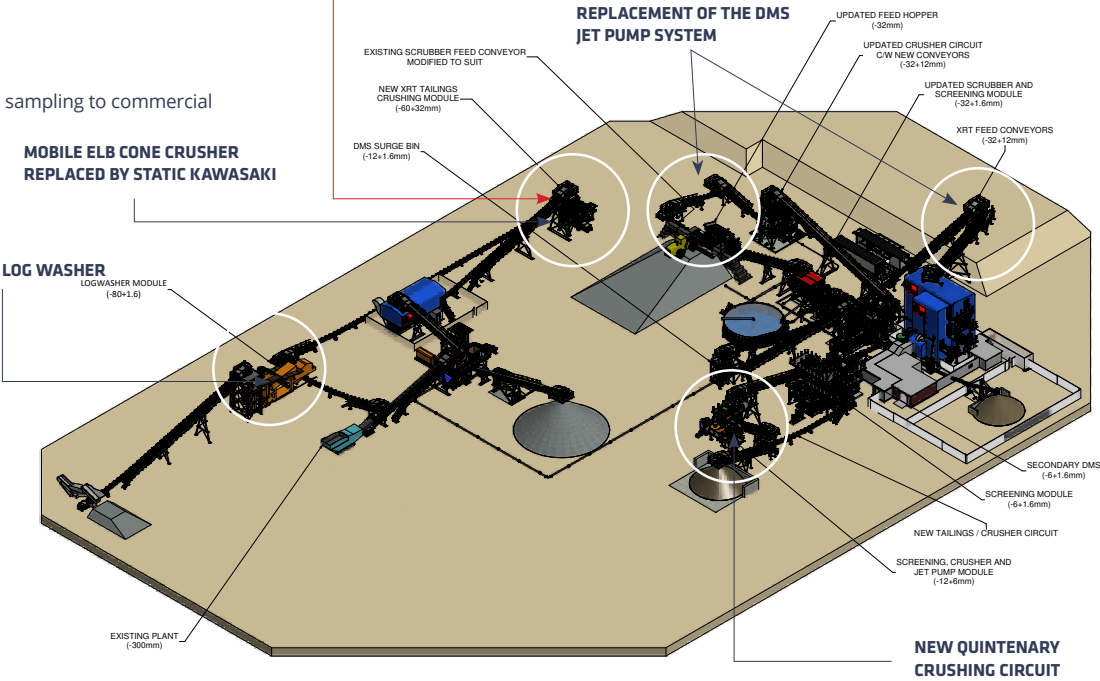
PLANT COMMISSION (2017)

bulk sampling



PLANT UPGRADE (2019)

transition from sampling to commercial production



ISOMETRIC VIEW

OPERATIONAL REVIEW

CONTINUED

ONGOING RESOURCE DEVELOPMENT

Meya mining will continue with remote sensing work to find additional kimberlite dykes, blows and pipes. These will be further delineated and sampled in a phased approach during the next exploration phases.

Based on the historical data, Meya results from P1 and the additional dykes that were verified physically, the company is confident that the resource could be extended significantly over time. At least nine more exploration phases will run concurrently with the mine development and commercial production over time.

The same philosophy and methodology that were used during P1 will be applied to identify target areas, either by physical or geophysical survey, delineation drilling, bulk sampling (surface mining), macro- and micro-diamond analysis, geochemistry and petrography. SRK Canada, who acted as the Competent Person during P1, will continue to oversee and review the exploration and mine development programmes going forward. Meya's long-term resource development objective is to delineate sufficient resources to maintain the strategic plan for at least 50 years.

TRUSTCO RESOURCES' CHAIN OF CUSTODY CERTIFICATION (COC)

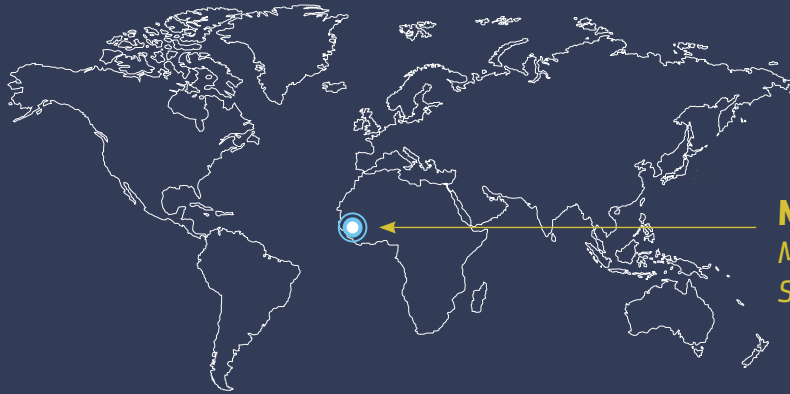
Resources' 'mine-to-market' strategy demands stringent chain of custody measures throughout the production process. This requires an information system (IS) that would capture every production record in the sequence of custody from original source to the final customer, thus enabling the company to certify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

TRUSTCO RESOURCES COC

1

Sources and origin:

Meya mining, Sierra Leone. Individual stones shall be traceable to the original source in accordance with international best practices/Code of Practice (**COP**).



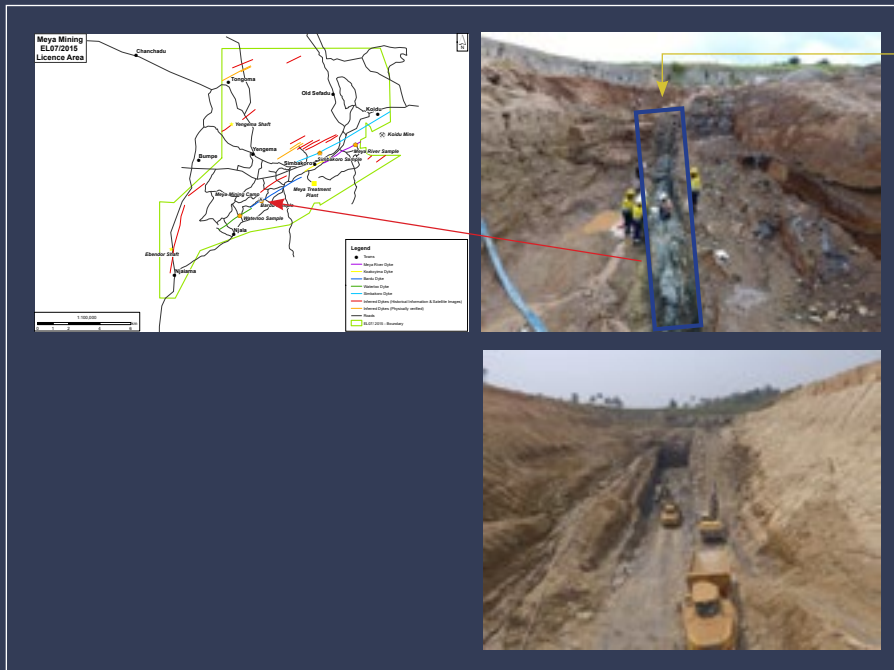
MEYA MINING
MEYA PROJECT,
SIERRA LEONE



2

COP 1: Meya mine plan

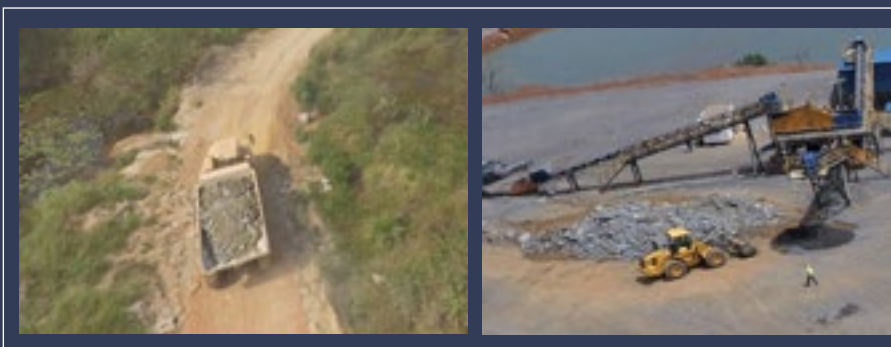
a. Geological domain/ore source/mining block: reference method used to pin and document exact source of material from which the individual stones are extracted/mined – recorded as mining block ID.



mining block ID:

- Bardu dyke
380mamsl to
370mamsl
- Zone xyz
- Blast ID xyz
- Dated xyz
- Volume xyz

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).



OPERATIONAL REVIEW

CONTINUED

- ➔ **c. Processing plant:** daily production reports capture data related to materials processed over a 24 hour period. Daily Production ID (Mine Block ID, stockpile ID, headfeed, grade.)



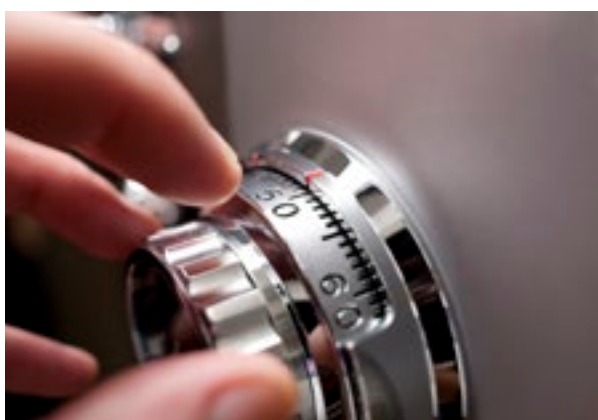
At this point, the individual stone is traceable to source - Mine Block ID - Stockpile ID

- ➔ **d. Final recovery:** daily final recovery reports capture data related to 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/Barcode).



At this point, the individual stone is traceable to source - Mine Block ID, Stockpile ID, Daily Report ID.

- ➔ **e. Safekeeping/mine inventory:** daily production/sealed envelopes are kept in the safe (Safe ID/Barcode). Inventory is updated daily and inventory movements are subject to daily recovery reports ID.

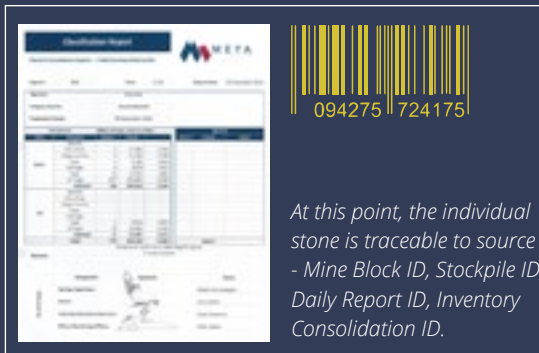


At this point, the individual stone is traceable to source - Mine Block ID, stockpile ID, Daily Report ID.

3

COP 2: Internal export (Meya to PMT)

a. Consolidation: daily recoveries (ID's) since the last export are consolidated into an export parcel, thus all daily recoveries per sieve size are classified from sieve size into export categories on a daily basis and then consolidated into the export parcel. Daily recovery report ID's consolidated into mine export parcel ID/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 Mine to Precious Minerals Trading (PMT) (government agency): documents shall include Meya exports report, MMO export certificate/register.



Export control procedures are aligned with Meya mining Valuables In Transit Policy (VIT).

c. Valuation and export: Meya mining, GDV and independent valuator comply with government valuation and export procedures in accordance with Kimberley Process Certification (KPC). Export parcels delivered to PMT in accordance with Meya VIT policies and procedures. Export parcels (ID/barcode), seal number and related documents are verified by PMT, customs and National Revenue Authority.



Meya signs out inventory (ID/barcode).

OPERATIONAL REVIEW

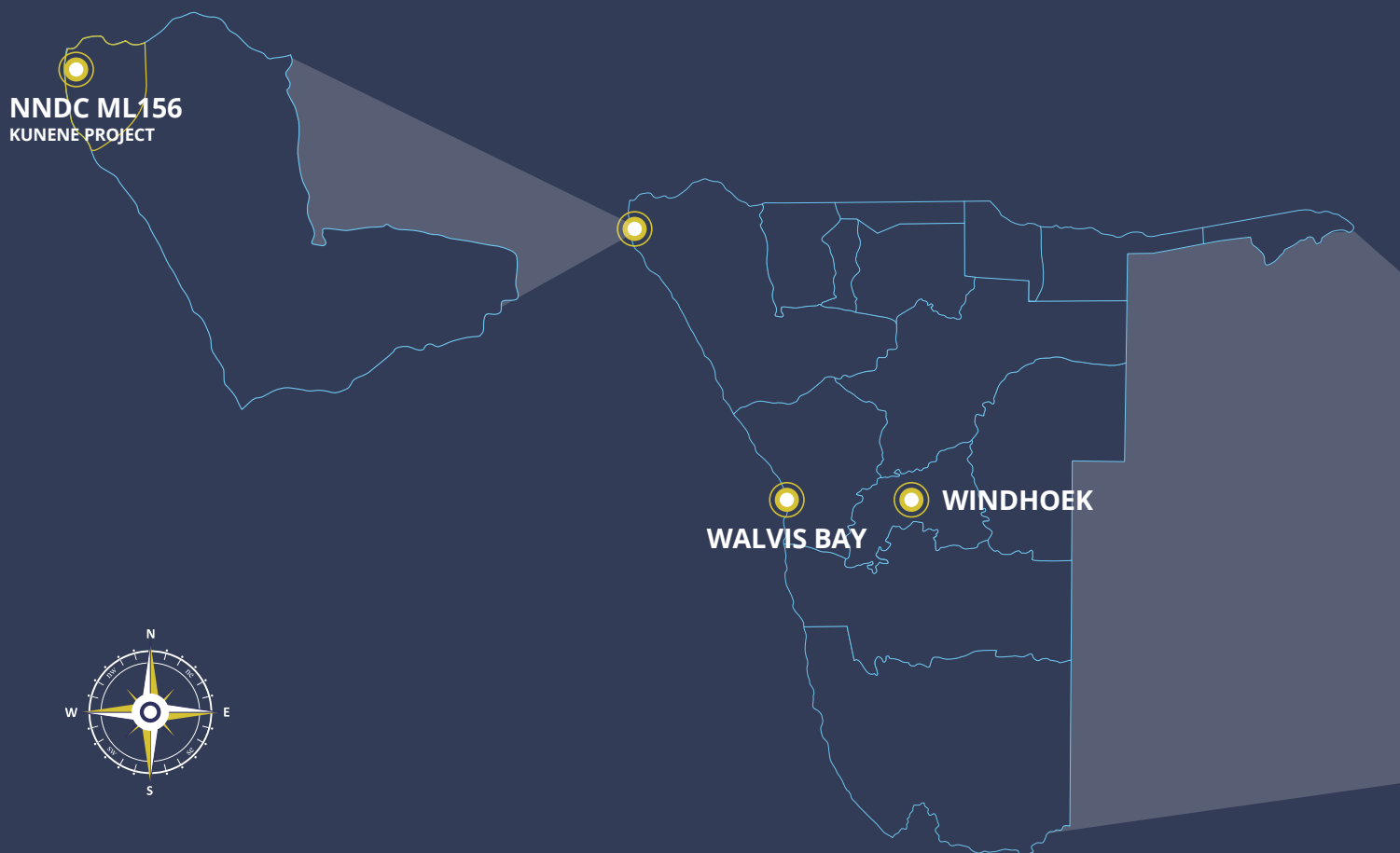
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NORTHERN NAMIBIA DEVELOPMENT COMPANY (NNDC)

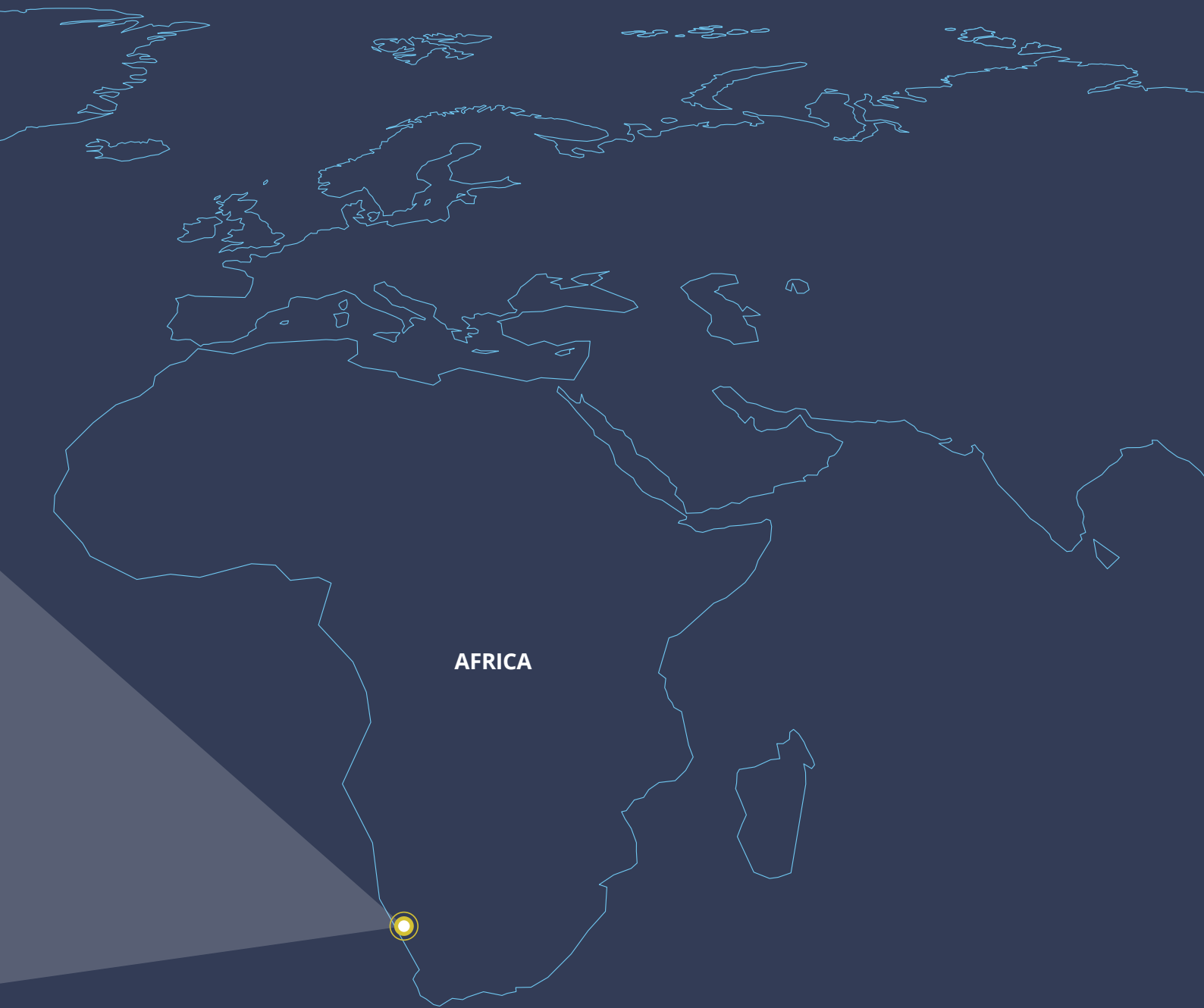
LOCATION

NNDC's alluvial diamond operations are located in the far north western corner of Namibia on the Atlantic coast and immediately adjacent to the Namibia-Angola border.

The Mining Licence (ML156) covers an area of 34 km² which stretches ~11 km southwards from the Kunene river and ~3.5 km east from the Atlantic ocean. The eastern area is covered with mobile sand dunes (Kunene Sand Sea).



Location of NNDC ML156



OPERATIONAL REVIEW

CONTINUED

GEOLOGY

SOURCE OF DIAMONDS

NNDC's diamonds are postulated to originate from the diamondiferous kimberlites located on the Kalahari craton in southern Africa with a secondary input from diamondiferous kimberlites located on the Kongo Craton in Angola. Different conveyor systems contributed in the distribution of the diamonds. The Orange River was the main system in transporting diamonds, since the late cretaceous, to the west coast in the case of the Kalahari Craton. These diamonds were further distributed northwards by the northern longshore drift and southerly winds along the west coast where it was deposited at various trap sites. A second diamond size distribution is clearly observed from larger diamond sizes recovered north of the Ugab and Huab rivers. This indicates another potential source which can only be diamondiferous kimberlites located on the Kongo Craton in Angola/northern Namibia. The Ugab, Huab, Uniab, Hoanib and Hoarisib river systems linking up with older west flowing rivers since Gwondana breakup and uplift are postulated as possible conveyor systems.

Diamond bearing gravels within the licence area occur mostly as storm beaches at various elevations from near to about 20 m above current sea level, indicating ages from Holocene to early Pleistocene.

The main geological features are gully systems, fluvial sediments (mega-conglomerate), marine sediments in shallow gravels, bare gully areas with diamonds in the cracks and fissures.

ML156 is subdivided into the four domains consisting of Coastal Dune, Shallow Gravel Gullies, Rough Floor Gullies and the Proto Kunene Paleo Channel.

These domains consist mainly of wave-cut platforms on basement rocks in which diamond trap-sites have developed. The trap-sites are filled with marine gravels which contain various exotics (agates, basalts, BIF, jaspers, epidote and vein quartz). Material remained *in situ* after sea regression whilst overburden and other lighter material were removed by the prevailing southern winds.

The shallow gravel domain is covered with marine gravels in places which vary in thickness from barren to about half a metre in gullied areas. Some isolated gullies of up to 1m occur sporadically.

The rough floor gully area is totally depleted of gravels and sand. However, vacuumed samples collected from these areas recovered limited material from joints and fissures. The material was treated and results from these samples returned diamonds which vary in grade. The Proto-Kunene is a 6km wide glacial Karoo age paleo channel which occurs about seven km south of the current Kunene River. The paleo channel is mostly dune covered and it is interpreted to dissect the current Kunene River some 30km north east of ML156. The channel was confirmed with core drilling and it was most probably incised during Dwyka glacial activity some 300 million years ago.

The drilling confirmed the continuation of marine diamond bearing gravels which occur in both the northern and southern portions of the paleo channel at relative shallow depths.

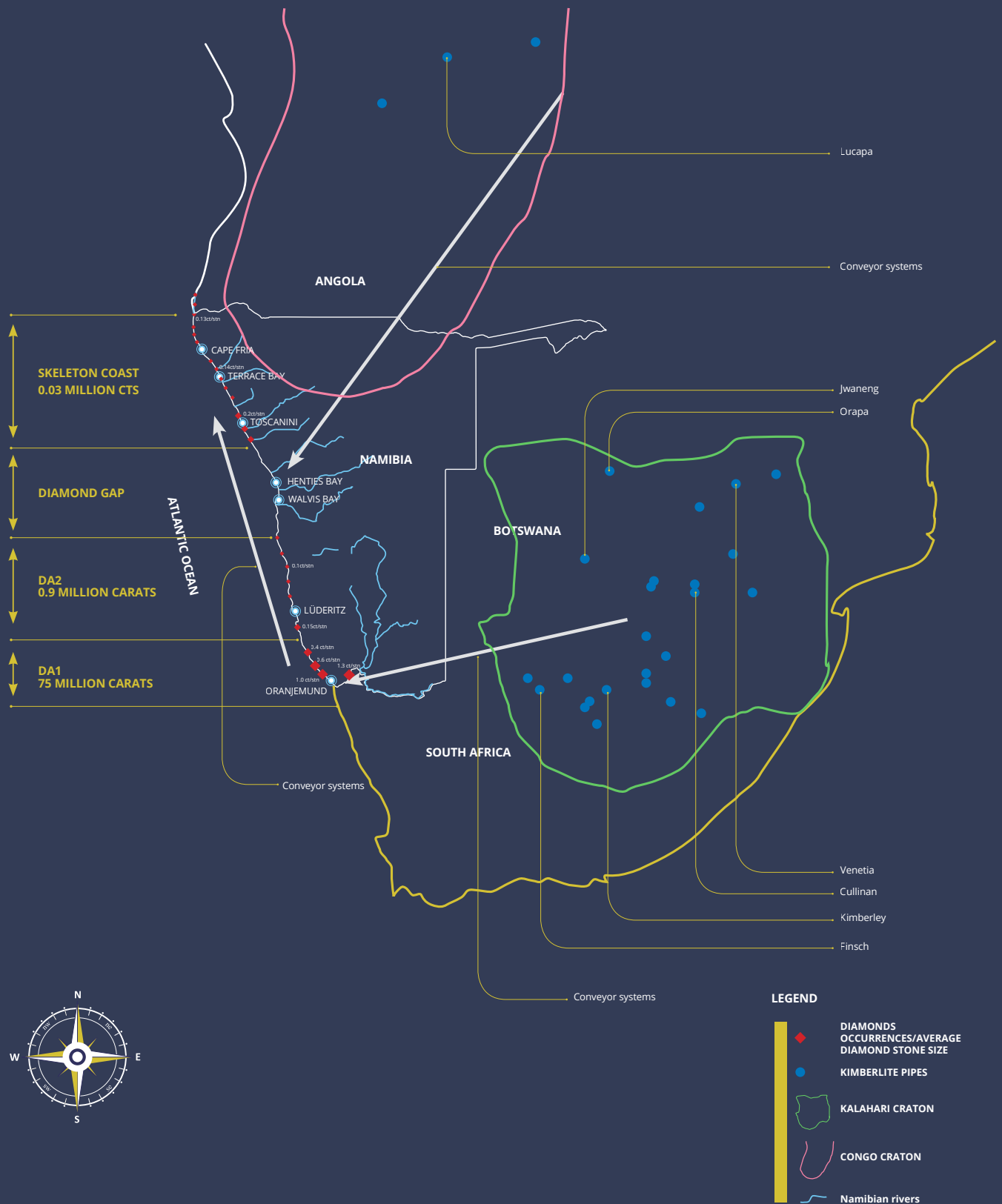
Core drilling intersected a thick continuous fluvial package consisting of sandstone and a thick gravel/conglomerate unit underneath the marine gravels. The gravel units consist of pebbles and cobbles which are poorly sorted and vary in size from 1cm to 30cm in diameter. Cobbles, clasts and pebbles are well rounded and consist of reddish gneiss, dark grey schists, sandstone and quartz. The unit has similar characteristics to that of the current Kunene gravels.

The northern border of the Proto-Kunene was sampled using excavators and these intersected various lenses of relative young marine gravels. These gravels occur from 4m amsl to 17m amsl indicating ages from 135ka to early Pleistocene. These gravels have been subjected to various degrees of cementation due to significant shell and gypsum. The treatable portions of these samples were used in the estimation processes defining the resource.

NNDC DIAMONDS

NNDC's diamond population is extremely high value in relation to the small size distribution which is due to the nature of the deposit type. Alluvial diamond placers are found at substantial distances from their primary sources (low quality diamonds do not survive the journey). The most common diamond shapes identified to date are octahedrons and dodecahedrons with white and yellow being the dominant colours.

SOURCE OF NAMIBIA'S WEST COAST DIAMONDS



Postulated sources of alluvial placer diamonds in northern Namibia.

OPERATIONAL REVIEW

CONTINUED

MINERAL RESOURCE

NNDC's resources remain unchanged for the Proto Kunene and Shallow Gravel domains during the reporting period.

Domain	Category	Area size (ha)	Tonnes	Carats	Average grade carat/tonne
Proto Kunene	Inferred	125	3 867 000	239 000	0.06
Shallow Gravel	Inferred	667	4 035 000	94 000	0.02
TOTAL	Inferred	792	7 902 000	333 000	0.04

OPERATIONS

NNDC operations remained under care and maintenance during the reporting period pending the granting of a mining licence. In June 2018, NNDC received its Environmental Clearance Certificate (ECC) from the Ministry of Environment and Tourism (MET) after the submission of the Environmental Impact Assessment (EIA) and the Environmental Management Plan (EMP). On 30 August 2018 the Namibian Ministry of Mines and Energy granted NNDC a 15 year mining licence (ML156), effective 31 July 2018.

PLANT UPGRADE

Trustco Resources, NNDC and Consulmet reviewed the design of the process plant and realised that the existing configuration of the plant was not liberating diamonds that were trapped in the cemented gravels, when a significant portion of NNDC's resource is contained in this material. The geology and process challenges at the mine were assessed and a scope of works (SoW) was formulated. The SoW defined all the additional requirements, modifications and rectifications required to increase capacity, but more importantly, to improve process flow and address the diamond liberation challenges which requires was a major plant upgrade.

The proposed design for the reconfigured process plant was finalised, with work scheduled to commence during the next reporting period. It is expected that this process will take between 18 to 20 weeks and includes:

- Integrating the existing infield screening plant with the main plant to reduce the existing double handling of material
- moving the existing jaw crusher to a new position and adjusting crushing parameters
- installing a new vibrating Grizzly
- installing a new dry double deck screen
- introducing a new hybrid scrubber
- introducing an additional jaw crusher as a secondary crushing circuit
- installing a new Vertical Shaft Impact (VSI) crusher as a tertiary crusher (more suitable and robust for this particular application)
- implementing design changes to the existing Dense Medium Separator (DMS) (to align it with industry best practice principles and increase throughput)
- installing instrumentation process monitoring of the DMS (density control and capturing)
- installing a redesigned final recovery module
- installing cyclones to improve the water recovery circuit and
- introducing improvements to the power generation system.

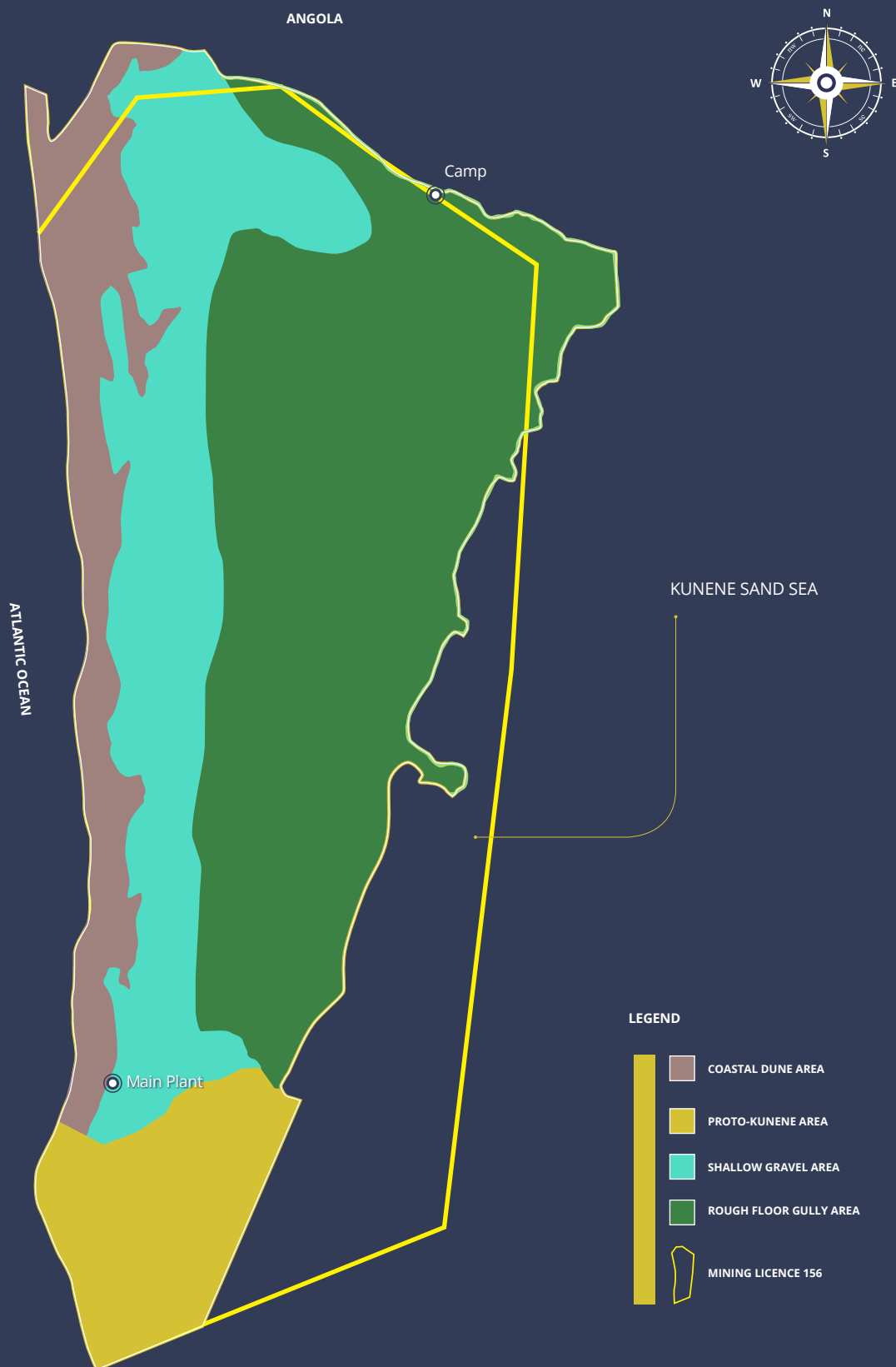
During the reporting period, the work required to support the plant upgrade process commenced onsite at NNDC's operations. The relocation of the Infield Screening (IFS) plant is well advanced and the refurbishment of the existing main plant is ongoing. Modifications to the engineering facilities and camp areas have been completed.

MINE PLAN

During the reporting period, a 10 year mine plan which covers the areas immediately south of the northern Proto Kunene boundary was finalised.

The mine plan assumes the mining rate of 1 000 000 tonnes per annum, with a production forecast or plant throughput (at a steady state) of 450 000 tonne per annum. After the scrubbing and screening processes, 60 000 tonnes of product will be treated through the DMS module.

NNDC'S GEOLOGICAL DOMAINS



The distribution of geological domains. Resources in the Proto-Kunene sub-area and shallow gravel areas were classified as inferred resources.

OPERATIONAL REVIEW

CONTINUED

MORSE INVESTMENTS

A key factor in Trustco Resources' vertical integrated diamond business model is direct access to the beneficiation facility and retail outlet in Windhoek for its target customers (the Namibian tourist sector). During the reporting period, Morse Investments (Morse) obtained all the regulatory approvals to move its diamond cutting and polishing factory from an industrial to a commercial area in Windhoek. Morse was granted Export Processing Zone (EPZ) status during 2015 and is now located at 104 Robert Mugabe avenue in Windhoek, the capital of Namibia, along the main routes frequented by tourists.

Morse is in the process of finalising the redesign and upgrading of the cutting and polishing factory to ensure seamless integration of the retail outlet with the aim to capitalise on the unique Namibian tourism brand characterised by increasing tourist's visits and international acclaim.

Morse concluded off-take agreements with both NNDC and Meya mining and its business model, which will become operational during the next reporting period, consists of buying and selling rough diamonds, cut and polished diamonds, diamonds set in jewellery and jewellery retail.

STRATEGIC CONSIDERATION

For the past 40 years, the cutting and polishing of diamonds have increasingly gravitated towards India, with the older more traditional cutting centres and diamond producing countries unable to economically compete with India's low wage base.

The challenge for diamond mining companies, trying to build a manufacturing capability in the country where the diamonds are mined, remains how to offset the economic negative of higher local manufacturing costs against the economic positive of creating local skilled employment. At the same time, the availability of polished diamond pricing on the internet has increasingly commoditised the pricing of polished diamonds, further squeezing already slim manufacturing margins. The lack of available technology to track a diamond, as it changes shape from rough to polished and the selling methodology of most diamond mining companies (mixing production from different mines), means that any economic upside from cutting and polishing in-country has been lost.

Fast evolving technological solutions are becoming available to track the journey of an individual diamond from when it is mined up to when it is purchased in a retail store.

Morse already has an advantage in that it will only obtain its rough diamond supply from Trustco Resources' two existing diamond mines, so a chain of custody is already established – block chain and material science just reinforce the provenance of its diamonds.

Millennials, (born between 1981 and 2000) and Generation Z (born after 1996), count for over 45% of diamond jewellery consumption. They increasingly want to know that their luxury purchase did not do harm, but that it did good. They need to feel comfortable that in today's sustainable conscious environment, their friends think that it is a good thing that they are wearing it. They are not just socially conscious, they are increasingly interested in "Glocal", (the commercial world is global, but it's also local - were 'local' people are paid a fair wage; in good working conditions). They will form an emotional attachment with a brand that has an obvious social purpose.

When these new consumers make a luxury purchase, the decision isn't based on a single moment and they hardly ever make it on their own. They are increasingly engaged in jewellery through brands, because the way they get their information is through digital media, and digital media is a very brand driven environment.

The question the diamond industry has tried hard to answer is; why, when a consumer who buy a Louis Vuitton handbag, don't they ask about the cost of the leather, yet they almost always ask about the cost of the polished diamond in a piece of jewellery. The solution to the commoditisation of polished diamonds pricing was to start 'branding'.

Over the last twenty years there has been a very significant increase in the number of diamond related brands around special occasions, provenance, origin, the number of facets, the excellence of the cut, the design and the retail brand, but diamond prices too often remain commoditised – Why? As a rule, a brand should always be priced at a premium to substitute – if it's not, then it's not a brand. A brand is defined by the personality that stands behind it – a brand's "DNA". A brand makes a promise that is both exclusive and desirable; exclusive, in that it is unlike anything else, and desirable, in that it is created in a way that anyone can receive the message and react by thinking: "I want it, I desire it". That promise sets expectations with the consumer on what they expect when they engage with it. They must be distinct, if they aren't, then it's a commodity and its only about price.



OPERATIONAL REVIEW

CONTINUED



Morse Investment's new cutting and polishing factory in Windhoek, Namibia

People do business with people, buying decisions for brands are emotional in nature, so brands are about building an emotional link between the personality of the brand and other people. It is this last bit that is often missing in the jewellery store – a commoditised product with marginal product differentiation, therefore competing only on price. For those retailers who have understood what a brand really means, the returns are very different.

STRATEGY

Taking the synopsis of the diamond market into account, Morse's objective is to build a 'mine-to-market (*finger*)' diamond jewellery brand that really is a brand. It is the start of something completely different – a diamond mining company which will cut and polish its own diamonds (in a specific size range), setting the polished diamonds in its own jewellery and selling them set in jewellery. The journey of individual diamonds will be tracked using both material science and block chain,

providing a visual record of its journey to the purchaser and demonstrating the benefits to the communities through which it passed. The segment is currently in initial discussions with technology companies specialising in both block chain and the relevant material science.

Morse's cutting and polishing operations, jewellery design, jewellery manufacturing and its first retail shop will all be housed in the same location, at its new premises. This location is situated in the Windhoek commercial area along the main routes frequented by tourists and travellers. It will target both international tourists and local Namibians, utilising its duty free status. Visitors will have the opportunity of guided tours through both the diamond and jewellery factories, reinforcing the niche of being a truly local Namibian product with a strong Namibian heritage.

For larger single stones, a customer visiting the factory will be offered the choice of not choosing a polished stone, but of choosing a rough diamond. When their diamond is placed in the scanning machine they will personally decide the shape they want the outcome of their diamond to be.

PEOPLE DO BUSINESS WITH PEOPLE, BUYING A BRAND IS EMOTIONAL IN NATURE

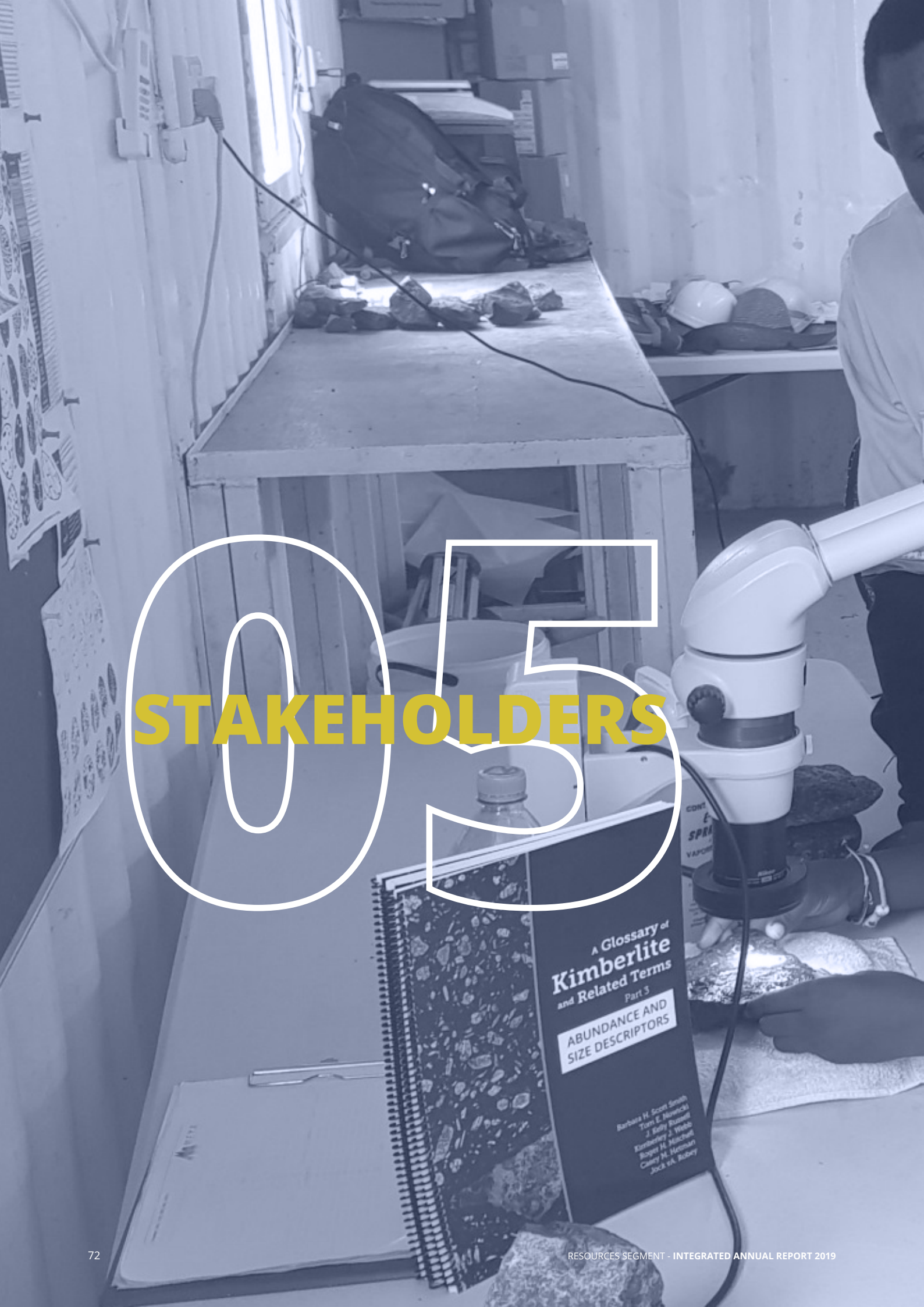
If they wish to, they will be able to watch their diamond being laser cut, polished and set in jewellery. They will have the option to decide on the design of the jewellery and can watch the whole process from start to finish.

Morse is in discussion with an internationally recognised diamond manufacturing expert and is also researching different options for involving both local and international designers to provide their own unique

and interesting jewellery designs. Quality, creativity and customer service will be absolutely key. Morse engaged a reputable technology partner with significant expertise in luxury branding to help build its long-term marketing plan.

Initially, the factory in Windhoek will only be able to polish specific categories of diamonds, for economic reasons some of the very smallest diamonds (so-called 'melee' diamonds) will be sent for polishing in India and then returned to Namibia. Each parcel of these diamonds will be carefully tracked to ensure provenance is maintained. It is also envisaged that the majority of rough diamonds in excess of three carats will continue to be sold *via* tender in Antwerp. Exceptional diamonds will be sold individually by tender to selected large stones specialists.

An e-commerce capability is also planned, but ahead of deciding on the positioning of the brand, and what story the brand needs to tell, the company is considering commissioning external market research to further define exactly what is required to build an attractive jewellery brand. The company is also in the early stages of looking at possible partnership programmes with existing retailers in other countries.



05 STAKEHOLDERS



STAKEHOLDERS

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STAKEHOLDERS

CONTINUED

STAKEHOLDERS

The segment has a broad spectrum of stakeholders. As is expected, most of these stakeholders, if not all, have diverse interests in the business. Management's primary responsibility is to ensure that interests are considered holistically and are aligned with the strategic business objectives.

Given the strategic importance of stakeholders to the business, it is crucial that they understand the plans, objectives and direction of the business, which means that management needs to constantly engage them.

Effective stakeholder engagement from management means understanding the various stakeholder categories and most importantly, understanding how to communicate effectively.

What management seeks to achieve is to establish a relationship with its various stakeholders that is built on trust and commitment, which will enhance sustainable growth.

TYPE OF STAKEHOLDERS AND ENGAGEMENT



SHAREHOLDERS

Management will strive to continually create value for the shareholders and ensure a significant return on their investment.



EMPLOYEES AND BOARD MEMBERS

The segment pledges to provide its employees with employment terms, work conditions and an environment that will enhance their economic growth and personal development.



GOVERNMENT AND REGULATORS

This segment places significant value on its partnership with government. The segment conducts its operations within the parameters of the relevant national legislation, regulations and guidelines and commits to supporting the economic growth of the country.



HOST COMMUNITIES

The segment sees its host communities as an integral part of its operations. It respects the rights, traditions and cultures of its hosts and contributes to community development and the growth of the local economy.



PROVIDERS OF CAPITAL

The segment commits to live up to its obligations and to deliver value



CUSTOMERS

The segment shall at all times endeavour to deliver products and services of the highest quality and comply with international best practices



SUPPLIERS

The segment undertakes to abide by terms of engagement and provide growth opportunities over the long-term



INDUSTRY BODIES

The segment aspires to the highest standards of best practices – Extractive Industry Transparency Initiative (EITI), the Kimberley Process Certification Scheme (KPCS), the International Financial Corporation (IFC) Performance Standards and the World Bank Environmental Social Framework (ESF)



MEDIA

Transparency and accountability are hallmarks of the segment's operations. In furtherance of this, the segment will remain open to constructive engagement with the media and similar organisations



UNIONS

The segment is committed to providing its employees with fair terms and conditions, and a conducive work environment. It is open to engaging with unions, with a view to consistently maximise the welfare of its employees



NON-GOVERNMENTAL ORGANISATIONS

The segment will engage and collaborate with NGOs in the implementation of community development and other related projects



06 SUSTAINABILITY



SUSTAINABILITY REPORT

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SUSTAINABILITY REPORT

COMMUNITY DEVELOPMENT

The mining legislation in Sierra Leone is instructive on the role of large scale mining licence (LSML) holders in the development of their host communities. Section 138 of the Mines and Minerals Act 2009 obligates all LSML holders to enter into a Community Development Agreement (CDA) with their Primary Host Community (PHC) and to disburse 0.01% of their gross revenue annually to same for community development purposes.

Pursuant to the referenced provision of the Act, on 7 June 2019, Meya mining signed a CDA with its four host chiefdoms; Kamara, Tankoro, Nimikoro and Gbense, committing to annually disburse 0.25% (0.24% more than the law requires) of its gross revenue to the four chiefdoms, in an effort to stimulate the socio-economic transformation of these communities.

Whilst the CDA has set the stage for the development of mining communities, to meaningfully impact and sustainably transform them, LSML holders have to do more than just adhere to the CDA; they have to commit to create meaningful employment, support education, healthcare and sanitation, skills development, infrastructural development and more.



Tankoro chiefdom communicates guidelines for selection community development committee (CDC) members - 7 May 2019



Tankoro chiefdom selection of CDC Members - 10 May 2019



Nimikoro chiefdom selection of CDC members - 11 May 2019

DATE	MEETING PURPOSE	ATTENDEES	LOCATION
28-Apr-19	Preliminary engagement	NMA and Meya mining	NMA HQ, New England, Freetown
03-May-19	Stakeholder engagements to inform on specific stakeholder roles (CDA/SLA) and to present draft CDA agreement	NMA, Meya mining, KDC and SDO	District office, DO Barracks, Koidu Town
03-May-19	Initiate chiefdom authority engagement (CDA/SLA) and to present draft CDA agreement	NMA, Meya mining, Nimikoro chiefdom authorities	Paramount chief compound, Bumpeh junction, Nimikoro chiefdom
03-May-19	Initiate chiefdom authority engagement (CDA/SLA) and to present draft CDA agreement	NMA, Meya mining, Gbense chiefdom authorities	GNA Gbense chiefdom
03-May-19	Initiate chiefdom authority engagement (CDA/SLA) and to present draft CDA agreement	NMA, Meya mining, Tankoro chiefdom authorities	Former Ebola command centre, Kimbadu, Tankoro chiefdom
06-May-19	Communicate guidelines for establishment of CDC	NMA, Meya mining, Nimikoro chiefdom authorities	Paramount chief compound, Bumpeh junction, Nimikoro chiefdom
07-May-19	Communicate guidelines for establishment of CDC	NMA, Meya mining, Tankoro chiefdom authorities	Resettlement Facility Hall, Kimbadu, Tankoro chiefdom
10-May-19	For chiefdom authorities to establish the CDC through selection of committee members	NMA, Meya mining, Tankoro chiefdom authorities, Tankoro community Members	Tankoro Resource Centre, Koakoyima, Tankoro chiefdom
11-May-19	For chiefdom authorities to establish the CDC through selection of committee members	NMA, Meya mining, Nimikoro chiefdom authorities, Nimikoro community members	Paramount chief compound, Bumpeh junction, Nimikoro chiefdom
11-May-19	Initiate chiefdom authority engagement (CDA/SLA) and to present draft CDA agreement	NMA, Meya mining, Kamara chiefdom authorities	Paramount chief compound, Tombodu, Kamara chiefdom

Meya CDA. Surface Lease Agreement (SLA) process and progress as at 13 May 2019

SUSTAINABILITY REPORT

CONTINUED

Meya understands the full extent of the socio-economic challenges these communities have to contend with on a daily basis and is committed to making the lives of its people better. In fact, it will do more. It will work with stakeholders to connect and relate better, improve their quality of life and create the means for these communities to continue to thrive sustainably, long after the end of the project.

AT EVERY LEVEL OF ITS OPERATIONS, IT WILL EARNESTLY ENDEAVOUR TO DELIVER ON THIS KEY VALUE PROPOSITION

PHASE 1 EXPLORATION

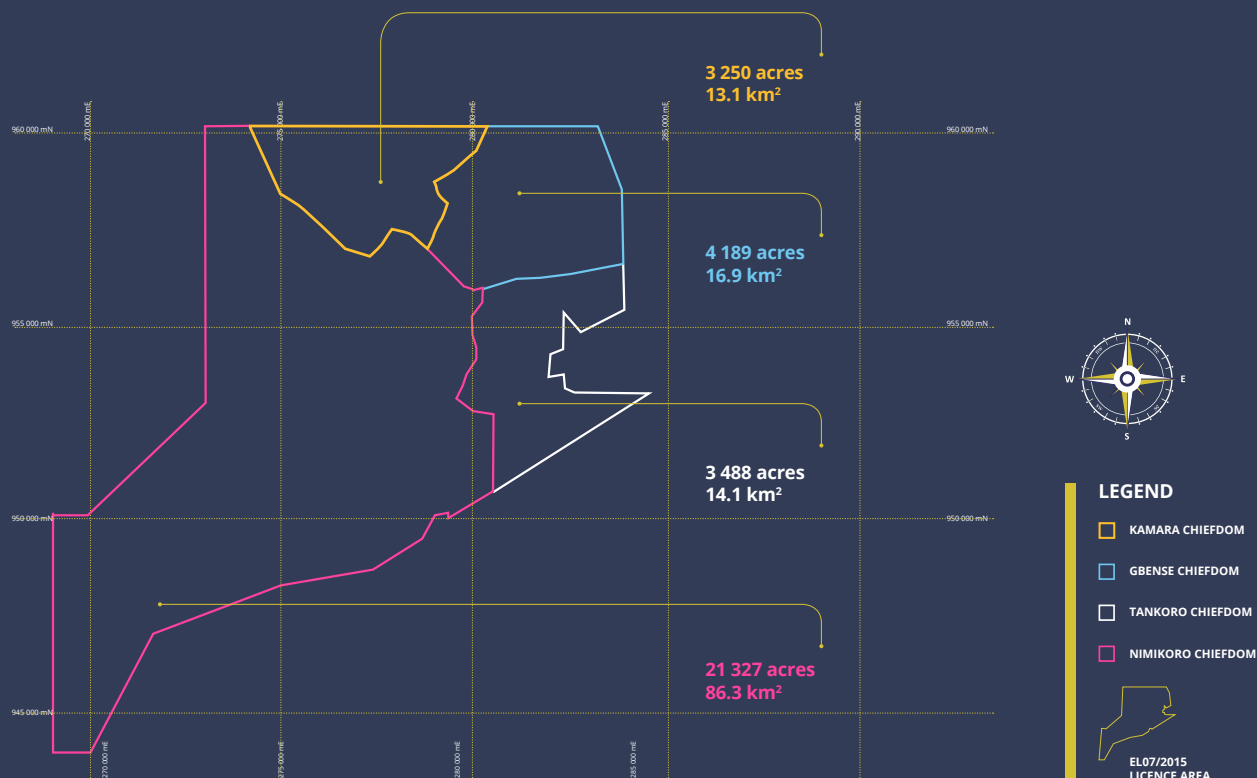
Contributing to the socio-economic development of the host communities and ensuring that they benefit equitably from the exploitation of natural resources within their communities over the long-term, and generally, consistently delivering value for the stakeholders constitute one of the fundamentals of Meya's strategic objective. At every level of its operations, it will endeavour to deliver on this key value proposition, a fact that has already been sufficiently demonstrated in its accomplishments in P1 of its exploration programme.

The company's community development undertakings during the P1 exploration programme were aligned with the community development needs of the primary host communities (PHCs), as captured in the Community Development Action Plan (CDAP), which was developed following a socio-economic needs assessment conducted by CEMMATS. During the course of this exercise (exploration), the company implemented a number of community development projects, primarily within the Nimikoro and Tankoro chiefdoms (the prime focus areas of the P1 exploration work).

Some of the community development projects undertaken during the period in question are outlined below:

1. Access to potable water being one of the main constraints of the PHCs, in 2018, the company drilled four boreholes (two in Tankoro Chiefdom and two in Nimikoro Chiefdom). Two of the facilities (one in Nimikoro and one in Tankoro) are now operational. Each was equipped with a solar powered submersible pump that transports water to a 20 000 litre tank, from which the water is distributed to the community. Work on the remaining two is ongoing.
2. Access to basic quality education is also a major issue in the PHCs. In fact, increasing access to basic education and improving its quality has been identified as a major priority area by government. In an effort to contribute to the achievement of the government's objective, Meya has been providing support to a number of primary schools within its PHCs. In 2018, it donated learning materials to 338 pupils. The plan is to broaden the scope of this programme to include more schools and extend to the provision of furniture and funding of rehabilitation work on a number of primary and secondary schools.
3. To soothe the inconvenience of blasting related evacuations, the company, in collaboration with stakeholders in its PHCs, constructed two blast shelters in Tankoro, which also double as community centres. These shelters house people evacuated during blasts. In addition to providing them shelter, the company also provides food and refreshments for all project affected persons evacuated for blasting.
4. The company continually collaborates with stakeholders to rehabilitate roads within and in the immediate surroundings of its PHCs, especially during the wet seasons, when they are more susceptible to major damages. Two of the major roads it has recently rehabilitated are the Old Yengema Road in Tankoro and the Bumpeh-Njala Road in Nimikoro.
5. The company is currently collaborating with the City Council to construct a clock tower as part of the beautification of the municipality.
6. The company also has a special programme that targets women in the PHCs. Whilst it has contributed to a number of their programmes, the main objective is to organise and prepare them for collaboration in key women's development projects, post the transition (exploration to mining) phase.

All of the foregoing projects were implemented in collaboration with stakeholders from the various PHCs.



Me ya' mining licence area indicating surface areas of the individual chiefdoms/principle host communities

GOING FORWARD

As the company transitions from exploration to mining, the plan is to review and update its CDAP with a view to effecting changes that will make it consistent with the envisaged changes in the PHCS' development needs, and establish what, if any, changes to be made to the budgetary requirements/allocation for Corporate Social Responsibility (CSR). Given the economic empowerment that comes with the Community Development Fund (CDF), and the associated ability of the PHCs to now undertake community development projects, Me ya will work closely with the CDCs of the various PHCs to (a) prevent duplication of efforts (b) get guidance from the broad stakeholder cluster they represent and (c) to see where it can either provide additional support or collaborate with these CDCs in the implementation of certain community development projects.

The company's approach to community development, will be to target areas that are not addressed by the CDCs' development plans. In the implementation of its programmes, the company will collaborate with all stakeholders, host communities, the relevant Ministries, Departments and Agencies (MDAs) and the District and City Councils, depending on the location of the project.

The establishment of a community office to provide the PHCs direct access to the management of the company and to the community development work it has done and is still doing, Me ya has demonstrated its determination to evolve into a company every community would want to host. It will continually endeavour to reaffirm this commitment because, community development for Me ya is about fostering strong ties with its host communities, ensuring that they benefit equitably from the value that is generated from their communities; it is about working collaboratively with the host communities to sustainably address their development needs, and it is about empowering them to be able to do this beyond the life of mine.

Me ya will, at all times, espouse the highest environmental, health and safety management standards. It will conduct its activities responsibly, mitigate their impact on the environment and forge a strong partnership with its hosts, even as it strives to remain a responsible and responsive corporate citizen.



CORPORATE GOVERNANCE



CORPORATE STRUCTURE

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BOARD ASSESSMENT

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BOARD MEETINGS AND ATTENDANCE

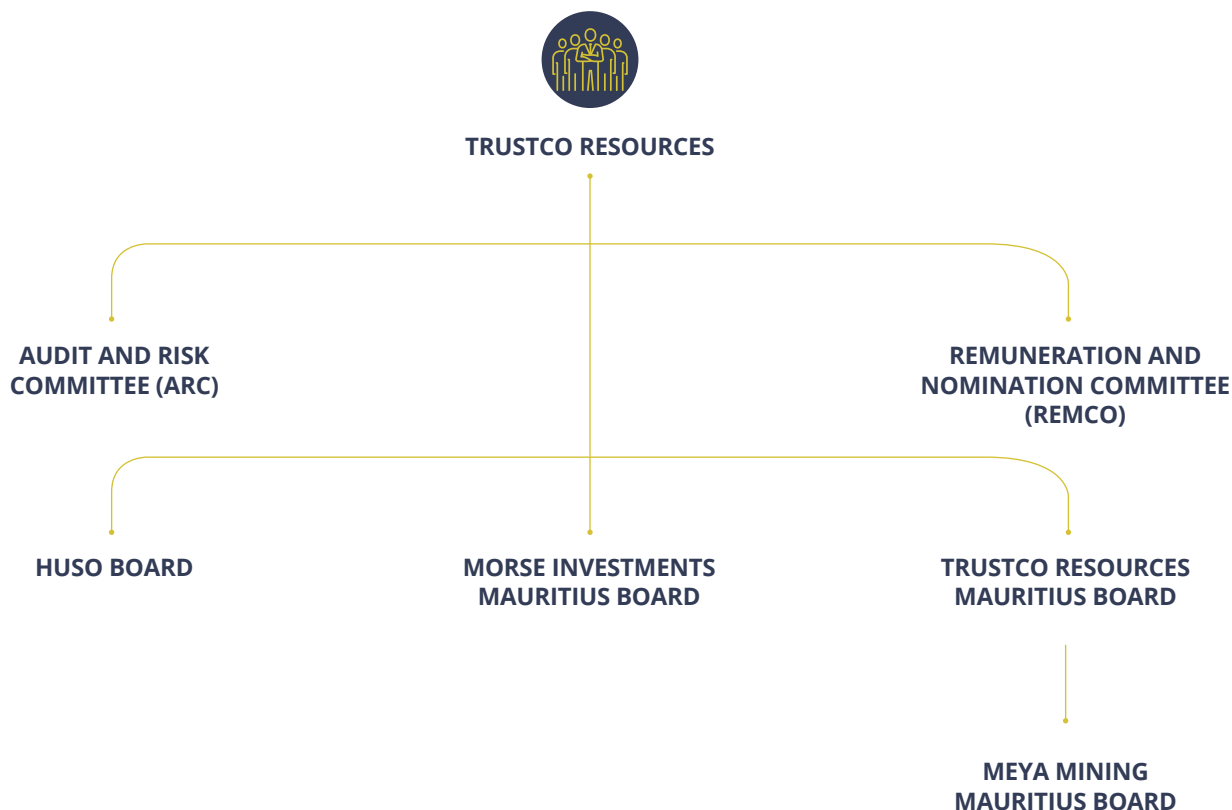
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RISK REVIEW

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CORPORATE GOVERNANCE

ENVISAGED GOVERNANCE STRUCTURE



TRUSTCO RESOURCES

The resources segment places particular focus on the effectiveness and functioning of its corporate governance system and uses international corporate governance best practices as a basis for the development of its decision making and control structures. With the segment's overall strategic focus on the natural resources sector, both nationally and internationally, stringent regulations pertaining to that sector applies. The segment's corporate governance system is inspired by the principles of operational fairness and transparency.

STRUCTURE OF THE RESOURCES SEGMENT

Trustco Resources (Pty) Ltd (Trustco Resources) is the holding company for the subsidiary companies, specifically, Trustco Resources (Mauritius) and Morse Investments (Mauritius) under which Meya Mining (Mauritius), operating in Sierra Leone, is held. Northern Namibian Development Company (Pty) Ltd (NNDC) and Morse Investments (Pty) Ltd (Morse) are both held under Huso Investments (Pty) Ltd (Huso). Trustco Resources (Mauritius) was established after the reporting period.

During the period under review:

- the board approved the establishment of Trustco Resources (Mauritius)
- the board approved the amendment to the sale of shares agreement between Trustco Resources and Germinate SL Limited in respect of Meya Mining.

BOARD ASSESSMENT

Board assessments stand as a measure of how boards are performing against the objectives and goals that they set for themselves. Every stakeholder has something to gain from a board that performs well and that practices good governance.

CORPORATE GOVERNANCE

CONTINUED

Board self-evaluation questionnaire		Poor performance	Below average	Average	Above average	Excellent
1	Evaluation on how well the board executed its duties					✓
2	Questions on how well the directors rated themselves in the execution of their duties					✓
3	Evaluation on how well the chairman. Mr R Chetwode executed his duties					✓

No	Directors evaluating each other	Poor performance	Below average	Average	Above average	Excellent
1	Richard Chetwode					✓
2	Jan Joubert					✓
3	Floors Abrahams					✓
4	Quinton Z van Rooyen					✓
5	Quinton van Rooyen					✓

BOARD MEETINGS AND ATTENDANCE

Trustco Resources board meetings

Board member	22 Jun 2018	21 Sep 2018	14 Mar 2019
Richard Chetwode	✓	✓	✓
Jan Joubert	✓	✓	✓
Floors Abrahams	✓	✓	✓
Quinton Z van Rooyen	✓	x	✓
Quinton van Rooyen	x	✓	✓

✓ Present x Absent

Meya Mining board meetings

Board member	22 Jun 2018	21 Sep 2018	14 Mar 2019
Mr J Keng	✓	n/a	n/a
Mr C Cheong	✓	n/a	n/a
Mr Y Juwaheer	x	✓	✓
Mr F Jaunbocus	x	✓	✓
Mr QZ van Rooyen	✓	✓	✓
Mr F Abrahams	✓	x	✓
Dr Q van Rooyen	x	✓	✓

✓ Present x Absent

- Meya Mining's board consists of Mr Yuvrai Kumar Juwaheer (Mauritian citizen) and Mr Fareeddooddeen Jaunbocus (Mauritian citizen) as independent non-executive directors and Mr Ibrahim Sorie Kamara, Mr Floors Abrahams and Mr Quinton Z van Rooyen as executive directors
- Morse Investments (Mauritius) board consists of Mr Yuvrai Kumar Juwaheer (Mauritian citizen) and Mr Fareeddooddeen Jaubocus (Mauritian citizen) as independent non-executive directors and Mr Floors Abrahams, Dr Quinton van Rooyen and Mr Quinton Z van Rooyen as executive directors.

INDEPENDENCE OF THE BOARD DIRECTORS

The chairman of the board of Trustco Resources is an independent non-executive director while the executive directors of the board are appointed for the purposes of leading the segment and providing a service in their professional capacities, ensuring the best interest of all stakeholders at all times.

Morse Investments (Mauritius) board meetings

Board member	22 Jun 2018	21 Sep 2018	14 Mar 2019
Mr J Keng	✓	n/a	n/a
Mr C Cheong	✓	n/a	n/a
Mr Y Juwaheer	x	✓	✓
Mr F Jaunbocus	x	✓	✓
Mr QZ van Rooyen	✓	✓	✓
Mr F Abrahams	✓	x	✓
Dr Q van Rooyen	x	✓	✓

✓ Present x Absent

The subsidiary board should have a strong presence of both executive and non-executive directors so that no individual can dominate its decision taking. Board composition includes skills and qualifications, independence, diversity and tenure. Establishing a mix of executive and non-executive directors on the board, ensures that decisions made by the board take into account, both operational views and effects as well as independent views and judgement. The Mauritius entities have established a diverse board that operates to its full potential whilst utilising its qualities. The company secretarial services in Mauritius are performed by Mondial Secretarial Services.

KING IV AND CORPORATE GOVERNANCE

The King IV code provides for the oversight of a board which encompasses the board's role in strategic planning. The term oversight also includes the board's competence in monitoring policies and systems and implementing strategic plans to the benefit of not only the shareholders, but the general community within which the segment operates. The board's role in corporate governance is a holistic view and includes playing a supportive and advisory role in favour of all the stakeholders. The resources segment in its operations, has taken into view the consequences of its ventures toward the economy and environment and have further operated in such a manner that allows for transparent and meaningful reporting to its stakeholders.

Subsidiary boards:

- During the period under review Mr Jimmy How Saw Keng and Mr Chok Yin Lo Kam Cheong resigned as independent non-executive directors of the boards of Meya Mining (Mauritius) and Morse Investments (Mauritius) on 22 July 2018 and the board subsequently appointed Mr Yuvrai Kumar Juwaheer and Mr Fareeddooddeen Jaunbocus on even date in their stead
- The establishment of Trustco Resources (Mauritius), the board appointed Mr Auchoybur Satidan Karansig (Mauritian citizen) and Ms Mohadeb Madhvi (Mauritian citizen) as independent non-executive directors and Mr Jan Joubert, Mr Floors Abrahams, Mr Quinton Z van Rooyen and Dr Quinton van Rooyen as executive directors



NOTE

Refer to the group integrated annual report for a comprehensive corporate governance report

CORPORATE GOVERNANCE

CONTINUED

RISK REVIEW

Effective corporate governance is not merely a set of external rules. Essentially it is an internal discipline required in order to maintain stable and productive relations among the participants in a business enterprise.

The essential pillars of a business that delivers on its strategic objectives are sound corporate governance, transparency and accountability.



SWOT ANALYSIS

Trustco Resources' SWOT analysis clearly demonstrates that the combination of strengths and opportunities outweighs the weaknesses and threats. Apart from the financial and technical capacity, a key success factor in terms of sustaining the business and unlocking its full economic potential is the commitment of the resources

segment to Namibia and other emerging markets. As a Namibian company with a track record of success across multiple businesses and the ability to create wealth in Namibia for Namibia, resources is ready and able take the business through its next phase of development.



STRENGTHS

- Namibian brand
- low political risk in countries of operation
- confidence in exploration results and resource
- integrated business models
- understanding of the operating environments
- technical expertise and partnerships
- chain of custody
- access to capital
- latest technology (NIR, XRT)
- likelihood of Type II and special diamonds (high value) at Meya mining
- experienced and committed team
- network in resources sector.



OPPORTUNITIES

- Continuous resource development and increase geo-economic potential
- diamond price – large size distribution at Meya mining
- additional assets
- improved treatment plant efficiencies – resulting in additional resources (lower cut-offs)
- current labour market – opportunity to recruit top performers
- reduce rehabilitation cost
- strategically placed for future diamond opportunities
- increase production
- block chain technology.



WEAKNESSES

- NNDC and Meya mining remote
- Meya mining, large scale mining licence to be secured – (application submitted May 2019)
- socio-economic challenges within the primary host communities at Meya mining.



THREATS

- Production of lab-grown gem diamonds
- global economy and macro-economic factors
- smaller diamonds commoditised due to increasing supply
- consumers concern about responsible sourcing and the origin
- diamond market forces.

EXCO





SEGMENT EXCO

(f.l.t.r): Paul Lombard (CFO: Trustco Resources), David de Klerk (COO: Morse Investments), Eugene Grobbelaar (Finance Manager) Gerrit Viviers (COO: Trustco Resources) and Jan Joubert (Group Head: Resources).
(Absent): Dino Coutinho (COO: Meya mining), Johan van Rooyen (COO: NNDC) and Kobus Ronge (CFO: Meya mining)



REMUNERATION REPORT



REMUNERATION REPORT

The resources segment is committed to its mandate to create long-term value for all its stakeholders and positively contributes to the development of its host communities and employees. It places high emphasis on its employment philosophy, especially with regard to employment conditions. Employment conditions, specifically in terms of the rewards and benefits awarded to employees, are aligned with those of the group and where necessary adapted to apply to the industry and specific operating environment.

The basic salary of each employee is reviewed annually against job specific personal key performance indicators, self-assessments, personal development achievements as well as market benchmarks.

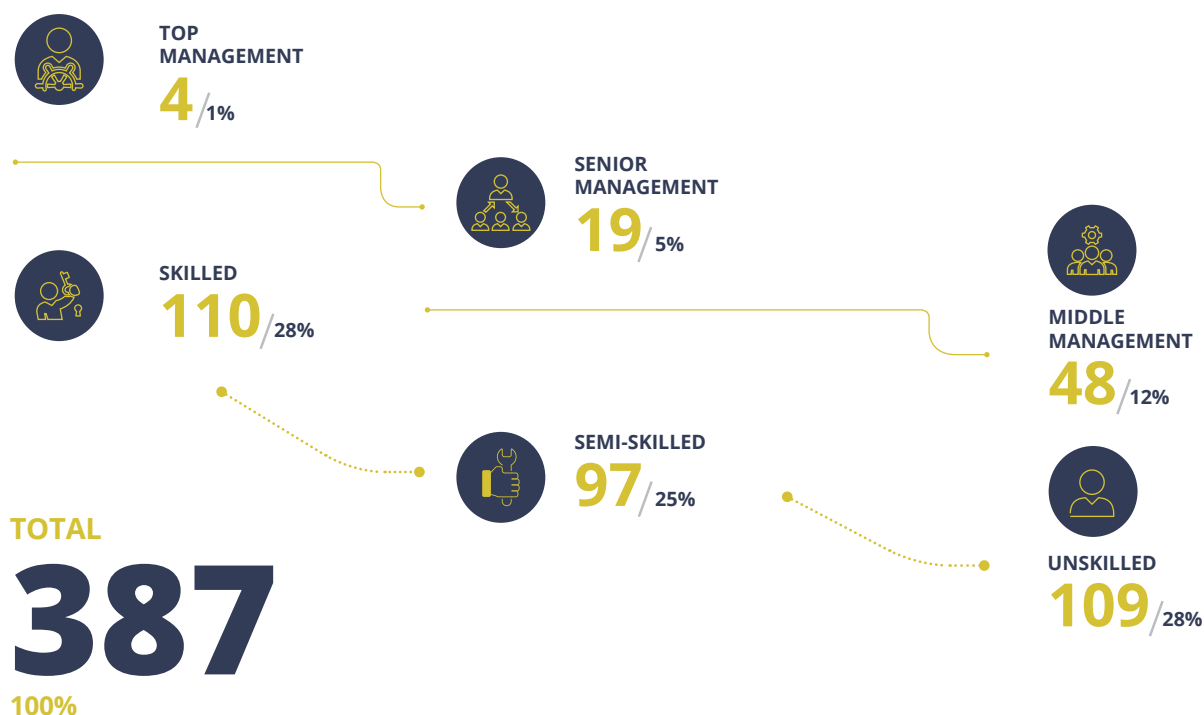
Recruitment and employment of suitable employees, for the right position at the right time, is a critical component in the segment's human resources processes.

The staff complement of the resources segment during the reporting period was 387 employees, of which 5 are employed at head office, 48 at NNDC, 45 at Morse Investments and 289 at Meya mining.

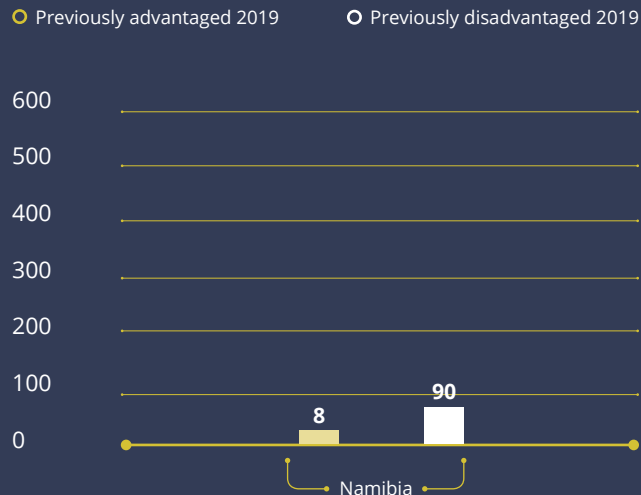
WORKFORCE STATISTICS ACCORDING TO GENDER (AS AT MARCH 2019)



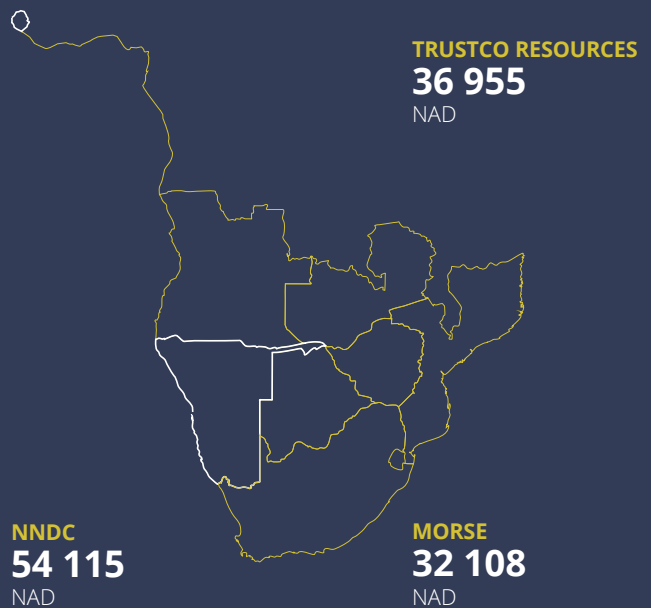
WORKFORCE STATISTICS ACCORDING TO OCCUPATIONAL LEVEL (AS AT MARCH 2019)



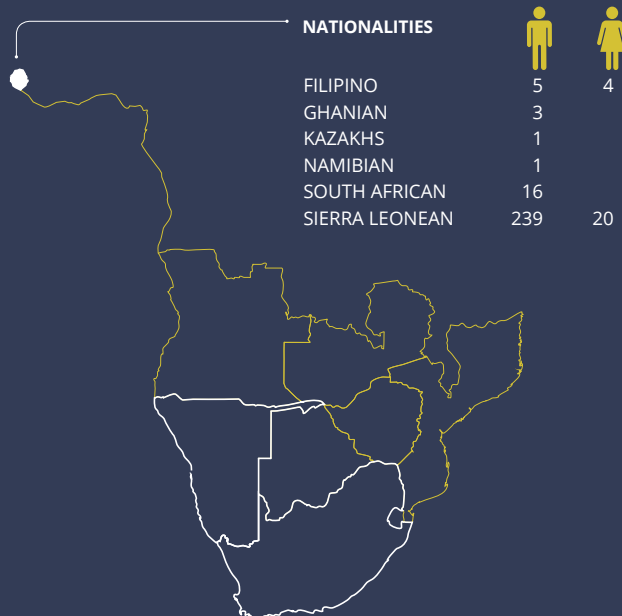
EMPLOYMENT EQUITY WORKFORCE PROFILE (NAMIBIA)



TRAINING LEVIES PAID



WORKFORCE (SIERRA LEONE)



Trustco Resources remains committed to investing in the well-being and development of its employees. This commitment includes continuous reviews and amendments to company' policies and procedures to ensure relevance as well as clear and understandable objectives that are aligned with changing needs, market trends and regulations.

Trustco Resources will continue to explore initiatives that will improve employee productivity and efficiency with the aim to maintain high staff morale and a committed workforce. The segment intends to attract, motivate and retain top performers that will deliver extraordinary results.

2019 WORKFORCE TOTALS



NOTE

Refer to the group integrated annual report for a comprehensive remuneration report

REMUNERATION REPORT

CONTINUED

BOARD REMUNERATION 2019 (NAD)

RESOURCES SEGMENT		Fees	Basic	Bonus	Shares	Benefits	Total
SUBSIDIARY COMPANY DIRECTORS							
Non-executive directors							
R Chetwode	Appointed 5 June 2018	315 498	-	-	-	-	315 498
Executive directors							
J Joubert		2 700 000	-	-	-	-	2 700 000
F Abrahams**		-	2 230 140	-	-	116 185	2 346 325
Q van Rooyen*		-	-	-	-	-	-
QZ van Rooyen*		-	-	-	-	-	-
GRAND TOTAL		3 015 498	2 230 140	-	-	116 185	5 361 823

* Refer to note 26 in the group annual financial statements

** Mr F Abrahams is remunerated as executive director by group and this represents his total remuneration package