



TRUSTCO GROUP HOLDINGS LIMITED

Incorporated in the Republic of Namibia

(Registration number 2003/058)

Registered as an external company in South Africa

(External registration number 2009/002634/10)

JSE share code: TTO

NSX share code: TUC

OTCQX share code: TSCHY

ISIN Number: NA000A0RF067

(“Trustco” or “Company”)

Trustco’s mining portfolio raises USD75 million investment for the completion of the Meya Mining (Meza Mining) development, including a change of shareholding and Withdrawal of Cautionary Announcement.

1. Introduction and History

- 1.1. Trustco shareholders (“shareholders”) are referred to the announcement published on SENS on 4 August 2022 (“Initial Transaction”), and the cautionary announcement dated 15 November 2022 and advise that the terms of the Initial Transaction have been replaced as more fully described hereunder.
- 1.2. The Company cautioned shareholders - up to even date as the Company engaged the JSE on a ruling specifically regarding the categorisation of the Transaction (defined below), which ruling was received on 17 July 2023.

2. The Transaction

2.1. Trustco Resources Mauritius ("Trustco Resources"), a 100% owned subsidiary of Trustco Resources (Pty) Ltd (Namibia), entered into an Amendment and Restated Shareholders Agreement, on 21 February 2023, and an addendum thereto on 12 July 2023 (the "Transaction Agreement") in terms of which:

2.1.1 Sterling Global Trading ("SGT") subscribed for shares at a subscription price of USD25 million in Meya Mining such that SGT would become the owner of 70% of the shares in the issued share capital of Meya Mining ("the SGT Subscription"); and

2.1.2 Trustco Resources would, following the subscription referred to in paragraph 2.1.1 be the owner of 19.5% of the issued shares in the issued share capital of Meya Mining;

2.1.3 Germinate SL ("Germinate") would, following the subscription referred to in paragraph 2.1.1 be the owner of 10.5% of the shares in the issued share capital of Meya Mining.

2.2. The Transaction Agreement further contemplates that:

2.2.1.1 SGT has agreed to advance a further loan to Meya Mining of up to USD25 million ("**Phase 2 SGT Loan**"), and

2.2.1.2 SGT has agreed to work with Meya Mining to raise a further USD25million from a third-party debt provider / market lender ("**Market Loan**"), (collectively the "**Phase 2 Funding Agreements**").

2.2.2. Trustco agrees to subordinate its shareholder's loan and interest (currently with a balance outstanding of *circa* (USD45,4 million as of 31 May 2023) (the "**Trustco Loan**").

2.3 As per the JSE ruling, the Transaction's categorisation was determined on 23 March 2023, when the exchange rate between USD (United States Dollar) and NAD (Namibia Dollar) was 18.09.

The proposed terms of the Transaction are set out below:

3. Terms of the Agreement

The Transaction Agreement contains the following key terms -

- 3.1 The parties regulated their relationship as shareholders going forward, which included the dividend distribution policy and an agreement on repayment of all loans with Meya Mining (including a preferential right of repayment in respect of the Phase 2 Funding Agreements).
- 3.2 In accordance with Trustco's strategy regarding Meya Mining and in respect of the Trustco Loan, this is to be subordinated, and repayment will be made out of free cash flow (over an 8 year period) subject to a minimum dividend declaration of USD35 million to all shareholders *per annum*.
- 3.3 In respect of the Phase 2 SGT Loan terms: The loan will be at an interest rate of SOFR plus 3.5% per annum. SGT will be granted a first claim over all unpledged assets of Meya Mining. The Phase 2 SGT Loan is subject to a Phase 2 Budget approved by the Meya Mining Board and SRK Consulting ("SRK"), having delivered a Resource Statement and Preliminary Economic Assessment ("PEA") report. The PEA should demonstrate that the Meya Mining project is economically, commercially and practically feasible and that Meya Mining, has at the least, a total resource inventory of approximately 2 million carats based on an indicated level of confidence to approximately 250m below the current surface and an inferred level of confidence from 250m to 500m below the surface. The PEA is expected during August 2023.
- 3.4 Should SGT not advance the Phase 2 SGT Loan, the original shareholders (being Trustco Resources and Germinate), may exercise a call option to purchase the shares subscribed for by SGT, referred to in 2.1.1, and at the same price. The purchase price

in terms of such call option must be paid within 12 (twelve) months from the call option implementation date.

- 3.5 The Market Loan shall be arranged by SGT and sourced as a third-party loan at market-related terms.
- 3.6 In respect of shareholding, SGT will retain 70%, Trustco Resources 19.5% and Germinate 10.5% of the issued capital of Meya Mining. It is expected that the successful implementation of the transaction will enable Meya Mining to produce 1 million carats per annum. The soft loan to Meya Mining by Trustco Resources has been further extended to provide Meya Mining with the best possible opportunity to implement its operational plan and bring Meya Mining to full-scale production. Germinate will have no funding obligations to maintain its interest should additional capital be required.
- 3.7 Normal commercial conditions associated with a shareholder's agreement are included.

4. Use of funds

The proceeds from the Transaction shall be used as follows:

- 4.1 Conclusion of the SRK resource statement and PEA report;
- 4.2 Capital expenditure in relation to the NIR waste sorter;
- 4.3 Operating expenses of Meya Mining; and
- 4.4 Capital expenditure required for the ongoing underground development and to expand plant capacity.

5. Rationale for the Transaction

The rationale for the Transaction:

- 5.1 The further investment of USD75 million ensures that Meya Mining is fully capitalised and enables the mine to scale production at an accelerated pace.
- 5.2 This transaction enables Trustco to recycle its initial investment capital in accordance with the Group's investment strategy. Trustco has invested into Meya Mining a total of USD116 million in start-up debt and equity capital.

5.3 The Transaction would allow Trustco to re-balance its larger investment portfolio.

6. Description of Meya Mining

Meya Mining is registered in the Republic of Mauritius and holds and operates a diamond mine within the eastern province of Sierra Leone, under a large-scale mining licence, ML 02/2019, covering an area of 129.38 sq. km. The license is valid until July 2044 and its primary focus is to implement Meya's underground mine plan in accordance with the 15-year mine design and schedule as reviewed by SRK, its internationally appointed consultants. Meya's initial exploration programme in Sierra Leone indicates a resource of seven million carats, which underpins the above-mentioned 15-year mine plan.

Meya initiated the underground mine development in January 2022, with the first blast at the Portal (access) on the 11th of February 2022. At the current development rate, Meya extracted the first ore from the underground mine and the first product to the market in July 2023.

7. Conditions Precedent

The Phase 2 Funding Agreements will be subject to fulfilment of the following Conditions Precedent:

- 7.1 Mineral Resource statement by end of May 2023, or such later date as SGT may agree;
- 7.2 SRK PEA report by end of May 2023, or such later date as SGT may agree;
- 7.3 Satisfactory findings on the SRK resource statement and PEA report.

8. Financial Information

Trustco's Interim Results were unaudited and were prepared in terms of IFRS (International Financial Reporting Standards).

The fair value of the investment of Trustco in Meya, sourced from Trustco's unaudited interim results for the 6 months ended 28 February 2023 ("**Trustco Interim Results**"), was N\$766 million.

The fair value loss attributable to Meya, as sourced from the Trustco Interim Results was N\$282 million. The NAV of Meya as per the audited annual financial statements of Meya as of 31 August 2022 was USD 5 million (N\$90 million).

9. Classification of the Transaction

The Transaction is classified as a category 1 (one) transaction in terms of section 9 of the Listings Requirements of the JSE and, accordingly, is required to be approved by an ordinary resolution of shareholders.

10. Circular

A circular containing the full details of the Transaction, incorporating a notice convening the required general meeting of shareholders, will be distributed to shareholders in due course. At that time, the salient dates and times of the Transaction, including the date of the general meeting, will be announced on SENS.

11. Irrevocable Undertakings

To date, the Company has received irrevocable undertakings to vote in favour of the Transaction of 595,446,524 of the 941,238,443 issued Trustco Shares. This represents 63,26% of the issued share capital of the Company.

QZ van Rooyen, the deputy CEO of the Trustco Group remarked:

“I was part of the decision-making process within Trustco to effect the initial investment into Meya. The Trustco mandate is now fully executed and we are proud to bring on board an investor who is world-renowned in the diamond business and will work closely with Trustco Resources and the local investor. During 2016, it was only an idea, now there is a world-class underground mining operation providing jobs to more than 400 people and improving the lives of the local communities. We have now come full circle



with this initial investment and we hope to reward Trustco shareholders handsomely in future.”

12. Withdrawal of Cautionary Announcement

With the conclusion of the Transaction, shareholders are advised that caution is no longer required to be exercised when dealing in the Company’s securities regarding the Resources Transaction.

Windhoek, Namibia,

27 July 2023

Komada Holdings (Pty) Ltd

Company Secretary and Investor Relations Services to Trustco Group Holdings Limited

JSE Sponsor

Vunani Sponsors

NSX Sponsor

Simonis Storm Securities Proprietary Limited – Windhoek

OTCQX Sponsor

J.P Galda & Co – New York