

**TRANS HEX GROUP LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number 1963/007579/06)

Share code: TSX

ISIN: ZAE000018552

("Trans Hex" or the "Company" or the "Group")

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**POSTING OF THE CIRCULAR, NOTICE OF GENERAL MEETING, PRO FORMA FINANCIAL INFORMATION, SALIENT DATES AND TIMES AND OPINIONS AND RECOMMENDATIONS**


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Unless otherwise indicated, capitalised words and terms contained in this announcement shall bear the same meanings ascribed thereto in the announcement published by Trans Hex on SENS on Monday, 9 October 2017 ("**Announcement**").

**1. Introduction**

Shareholders are referred to the Announcement in terms of which Shareholders were advised of:

- the proposed acquisition by Trans Hex or its subsidiary of a further 27.2% shareholding in WCR from RAC, for a total purchase consideration of approximately R39.1 million, to be settled through the issue of approximately 9.4 million new Trans Hex Shares to RAC (the "**Transaction**"); and
- the potential future specific issue of, in aggregate, a maximum of 18.7 million new Trans Hex Shares, for cash, to Cream Magenta and Metcap, at an issue price of R4.14 per Trans Hex Share (the "**Specific Issue**").

**2. Posting of the Circular**

Shareholders are advised that the Circular has been posted to Shareholders today, Thursday, 2 November 2017. The Circular is also available on Trans Hex's website: [www.transhex.co.za](http://www.transhex.co.za).

**3. General meeting**

The general meeting of Shareholders will be held at 405 Voortrekker Road, Parow, Cape Town at 10:00 on Thursday, 30 November 2017 ("**General Meeting**"), to consider and if deemed fit, pass the resolutions, with or without modification, as set out in the notice of General Meeting contained in the Circular.

**4. Salient dates and times**

	<b>2017</b>
Record date to determine which Shareholders are entitled to receive the Circular, on	Friday, 20 October
Posting of the Circular to Shareholders, on	Thursday, 2 November
Notice of posting of the Circular and notice of General Meeting published on SENS, on	Thursday, 2 November
Last day to trade in Trans Hex Shares in order to be recorded in the register and thereby be eligible to attend, speak and vote at the General Meeting (" <b>General Meeting LDT</b> "), on	Tuesday, 14 November
Record date to determine which Shareholders are entitled to attend, speak and vote at the General Meeting (" <b>General</b>	Friday, 17 November

Meeting Record Date”), on	
Forms of proxy to be received by the transfer secretaries by 10:00, on	Tuesday, 28 November
General Meeting to be held at 10:00, on	Thursday, 30 November
Results of General Meeting published on SENS, on or about	Thursday, 30 November

**Notes:**

1. The dates and times set out above are subject to change, with the approval of the JSE (if required). Any change in the dates and times will be published on SENS. All times given are local times in South Africa.
2. Shareholders should note that as trades in Trans Hex Shares are settled in the electronic settlement system used by Strate Proprietary Limited, settlement of trades will take place 3 business days after such trade. Therefore, persons who acquire Trans Hex Shares after Tuesday, 14 November 2017, being the General Meeting LDT, will not be entitled to attend, speak and vote at the General Meeting.
3. No dematerialisation or rematerialisation of Trans Hex Shares may take place between the General Meeting LDT, being Tuesday, 14 November 2017, and the General Meeting Record Date, being Friday, 17 November 2017, both days inclusive.
4. Dematerialised Shareholders, other than those with “*own name*” registration, must provide their broker or central securities depository participant (“**CSDP**”) with their instructions for voting at the General Meeting by the cut-off date and time stipulated by their broker or CSDP in terms of their respective custody agreements.
5. Any form of proxy not delivered to the transfer secretaries by the stipulated date and time may be handed to the chairman of the General Meeting (or any adjournment or postponement thereof) before such Shareholder’s voting rights are exercised at the General Meeting (or any adjournment or postponement thereof).
6. If the General Meeting is adjourned or postponed, the forms of proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.

**5. Pro forma financial information**

The table below sets out the summarised *pro forma* financial effects of the Transaction and the Specific Issue on Trans Hex’s basic and diluted loss, headline and diluted headline loss, net asset value and tangible net asset value per Trans Hex Share.

The summarised *pro forma* financial effects have been prepared to illustrate the effect of the Transaction and the Specific Issue on the published, consolidated audited financial statements of Trans Hex for the year ended 31 March 2017, had the Transaction and the Specific Issue been implemented on 1 April 2016 for income statement and statement of comprehensive income purposes and on 31 March 2017 for statement of financial position purposes.

The summarised *pro forma* financial effects have been prepared using the accounting policies that comply with international financial reporting standards (“**IFRS**”) and that are consistent with those applied in the published, consolidated audited financial statements of Trans Hex for the year ended 31 March 2017.

The summarised *pro forma* financial effects are the responsibility of the Trans Hex directors and have been prepared for illustrative purposes only and because of their nature may not fairly

present the financial position, changes in equity and results of operations and cash flows of Trans Hex after the Transaction and the Specific Issue.

The full *pro forma* financial information of Trans Hex and detailed notes are set out in the Circular, together with the independent reporting accountants' reasonable assurance report thereon.

	Before	After the Transaction	Percentage change after the Transaction	After the Transaction and the Specific Issue	Percentage change after the Transaction and the Specific Issue
	Actual	<i>Pro forma</i>	<i>Pro forma (%)</i>	<i>Pro forma</i>	<i>Pro forma (%)</i>
<i>Notes</i>	1, 2	3	4	5	6
Basic and diluted loss per share – continuing operations (cents)	(200.95)	(217.92)	(8.44)	(187.40)	6.74
Basic and diluted earnings per share – discontinued operations (cents)	27.35	25.11	(8.19)	21.59	(21.06)
Basic and diluted loss per share – total (cents)	(173.59)	(192.81)	(11.07)	(165.81)	4.49
Headline and diluted headline loss per share – continuing operations (cents)	(142.02)	(147.70)	(4.00)	(127.02)	10.56
Headline and diluted headline earnings per share – discontinued operations (cents)	27.35	25.11	(8.19)	21.59	(21.06)
Headline and diluted headline loss per share – total (cents)	(114.67)	(122.59)	(6.91)	(105.43)	8.06
Net asset value per share (cents)	337.16	415.06	23.10	414.16	22.84
Tangible net asset value per share (cents)	337.16	123.03	(63.51)	163.01	(51.65)
Number of shares in issue, excluding treasury shares ('000)	105,699	115,136		133,885	
Weighted average number of shares in issue, excluding treasury shares ('000)	105,699	115,136		133,885	

**Notes:**

1. The “*Before*” basic and diluted earnings and headline and diluted headline earnings per Share have been extracted without adjustment from the published, consolidated audited financial statements of Trans Hex for the year ended 31 March 2017.

2. The “*Before*” net asset value and tangible net asset value per Share have been derived from the financial information presented in the published, consolidated audited financial statements of Trans Hex as at 31 March 2017.
3. The financial information included in the “*After the Transaction*” column has been prepared based on Trans Hex’s published, consolidated audited financial statements for the year ended 31 March 2017 and adjusted for the following:
  - a. The acquisition by Trans Hex Diamante Beperk of an additional 27.2% shareholding in WCR, whereby WCR is no longer recognised by the Group as an investment in associate under the equity method and is rather recognised as a subsidiary and consolidated in terms of IFRS 10: *Consolidated Financial Statements*. The *pro forma* adjustments are based on the financial information of WCR which has been extracted without adjustment from the audited annual financial statements of WCR for the year ended 31 March 2017, the elimination of inter-company adjustments and a provisional purchase price allocation in accordance with IFRS 3: *Business Combinations*. Save for the effect of the fair value adjustments referred to in note 3b below, this adjustment is expected to have a continuing effect on the financial information of Trans Hex.
  - b. The recognition of a fair value adjustment of R10.97 million in terms of IFRS 3: *Business Combinations*, as a result of the derecognition of WCR as an associate and the subsequent recognition of WCR as a subsidiary. This adjustment is not expected to have a continuing effect on the financial information of Trans Hex.
  - c. The issue of 9.4 million new Trans Hex Shares to RAC, as settlement of the Purchase Consideration. This adjustment is expected to have a continuing effect on the financial information of Trans Hex.
  - d. Payment of once-off transaction costs attributable to the Transaction, amounting to R1.0 million are expensed, as they pertain to the investment acquisition. This adjustment is not expected to have a continuing effect on the financial information of Trans Hex.
4. The “*Percentage change after the Transaction*” column is measured as the difference between the “*After the Transaction*” column and the “*Before*” column, as a percentage of the “*Before*” column.
5. The financial information included in the “*After the Transaction and the Specific Issue*” column has been prepared based on Trans Hex’s published, consolidated audited financial statements for the year ended 31 March 2017, incorporating the adjustments in note 3 above, and adjusted for the following:
  - a. The issue of, in aggregate, a maximum of 18.7 million new Trans Hex Shares to Cream Magenta and Metcap in terms of the Specific Issue for a total maximum cash consideration of R77.6 million. This adjustment is expected to have a continuing effect on the financial information of Trans Hex.
  - b. Payment of once-off transaction costs attributable to the Specific Issue, amounting to R1.0 million are deducted from equity in terms of IAS 32: *Financial Instruments*, as they pertain to the issue of share capital. This adjustment is not expected to have a continuing effect on the financial information of Trans Hex.
6. The “*Percentage change after the Transaction and the Specific Issue*” column is measured as the difference between the “*After the Transaction and the Specific Issue*” column and the “*Before*” column, as a percentage of the “*Before*” column.

For the avoidance of doubt, the Specific Issue is dependent on a future event or decision, which is outside of the control of Trans Hex. In the event that the Specific Issue is implemented, Trans Hex will issue a maximum of 18.7 million new Trans Hex Shares and receive a maximum cash consideration of R77.6 million. It is intended that the proceeds of the Specific Issue, if implemented, will be utilised to fund the Company's working capital requirements.

## **6. Fairness opinion**

Trans Hex appointed Snowden Mining Industry Consultants Proprietary Limited ("**Independent Expert**") as the independent expert to opine on the fairness of the Transaction. The Independent Expert has considered the terms and conditions of the Transaction and is of the opinion that the Transaction is fair in so far as Shareholders, other than RAC, are concerned.

A copy of the Independent Expert's fairness opinion is set out in the Circular.

## **7. Board's opinion and recommendation**

The board of directors of Trans Hex (the "**Board**") has considered the terms and conditions of the Transaction, and after due consideration of the Independent Expert's fairness opinion, is of the view that the Transaction is fair in so far as Shareholders, other than RAC, are concerned and accordingly recommends that Shareholders vote in favour of the resolutions required to approve the Transaction at the General Meeting.

Furthermore, the Board has considered the terms and conditions of the Specific Issue and, in light of the fact that the Specific Issue would provide the Company with access to additional capital that can be applied to fund its working capital requirements and considering that the issue price of R4.14 per Trans Hex Share represents a significant premium to the prevailing Trans Hex share price and 30 day VWAP, the Board has agreed to propose the Specific Issue to Shareholders and recommends that Shareholders vote in favour of the resolutions required to approve the Specific Issue at the General Meeting.

Cape Town  
2 November 2017

### **Sponsor**

One Capital Sponsor Services Proprietary Limited

### **Corporate advisor**

Questco Proprietary Limited

### **Legal advisor**

Bowman Gilfillan Inc.

### **Independent expert**

Snowden Mining Industry Consultants Proprietary Limited

### **Independent auditors and reporting accountants**

PricewaterhouseCoopers Inc.