

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 5 of this Circular apply throughout this Circular, including this cover page.

Action required:

1. This Circular is important and should be read with particular attention to the section entitled "Action required by Shareholders", which commences on page 3 of this Circular.
2. If you are in any doubt as to the action you should take, please consult your Broker, CSDP, banker, accountant, attorney or other professional advisor immediately.
3. If you have disposed of all or any of your Shares, please forward this Circular to the purchaser of such Shares or to the Broker, CSDP, banker or other agent through whom the disposal was effected.

The Directors, collectively and individually, accept full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement false or misleading, and that they have made all reasonable enquiries to ascertain such facts and that this Circular contains all information required by law and the Listings Requirements.



**TRANS HEX
GROUP**

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")

CIRCULAR TO TRANS HEX SHAREHOLDERS

regarding:

- the proposed acquisition by Trans Hex, through THD, of a further 27.2% shareholding in West Coast Resources from a related party, for a total purchase consideration of R39,068,510, settled through the issue of 9,436,838 new Trans Hex Shares; and
- the potential future specific issue of, in aggregate, a maximum of 18,749,162 Trans Hex Shares, for an aggregate maximum cash consideration of R77,621,531, to related parties,

and incorporating:

- a notice convening the General Meeting; and
 - a Form of Proxy in respect of the General Meeting (for use by Certificated Shareholders and Dematerialised Shareholders with "own name" registration only).
-

Sponsor

ONE CAPITAL
Capitalising Expertise®

Corporate Advisor


questco
CORPORATE ADVISORY

Legal Advisor


BOWMANS
THE VALUE OF KNOWING

Independent Auditors and
Reporting Accountants


pwc

Independent Expert

SNOWDEN

Date of issue: Thursday, 2 November 2017

This Circular is available in English only. Copies of this Circular are available from each of the registered offices of the Company and the sponsor, at the addresses set out in the "Corporate information and advisors" section of this Circular, from Thursday, 2 November 2017 until Thursday, 30 November 2017, both days inclusive. This Circular will also be available on the Company's website (www.transhex.co.za) on Thursday, 2 November 2017.

CORPORATE INFORMATION AND ADVISORS

Company Secretary and Registered Office

GM van Heerden
Trans Hex Group Limited
(Registration number: 1963/007579/06)
405 Voortrekker Road
Parow 7500, South Africa
(PO Box 723, Parow 7499)

Place and date of incorporation

Incorporated in 1963 in the Republic of South Africa

Sponsor

One Capital Sponsor Services Proprietary Limited
(Registration number: 2000/023249/07)
17 Fricker Road
Illovo, 2196, South Africa
(PO Box 784573, Sandton, 2146)

Legal Advisor

Bowman Gilfillan Inc.
(Registration number: 1998/021409/21)
22 Bree Street
Cape Town, 8001, South Africa
(PO Box 248, Cape Town, 8000)

Independent Auditors and Reporting Accountants

PricewaterhouseCoopers Inc.
(Registration number: 1998/012055/21)
Capital Place 15 – 21 Neutron Avenue
Technopark
Stellenbosch, 7600, South Africa
(PO Box 57, Stellenbosch, 7599)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196, South Africa
(PO Box 61051, Marshalltown, 2107, South Africa)

Corporate Advisor

Questco Proprietary Limited
(Registration number: 2002/005616/07)
First Floor, Yellowwood House
Ballywoods Office Park
33 Ballyclare Drive
Bryanston, 2192, South Africa
(PO Box 98956, Sloane Park, 2152)

Independent Expert

Snowden Mining Industry Consultants
Proprietary Limited
(Registration number: 1998/023556/07)
Technology House, Greenacres Office Park
Victory Park, Gauteng, 2195, South Africa
(PO Box: 2613, Parklands, Johannesburg, 2121)

TABLE OF CONTENTS

CORPORATE INFORMATION AND ADVISORS	inside front cover
TABLE OF CONTENTS	1
SALIENT DATES AND TIMES	2
ACTION REQUIRED BY SHAREHOLDERS	3
DEFINITIONS AND INTERPRETATIONS	5
CIRCULAR TO TRANS HEX SHAREHOLDERS	8
1. INTRODUCTION	8
2. PURPOSE OF THIS CIRCULAR	9
3. DETAILS OF THE TRANSACTION	9
4. DETAILS OF THE SPECIFIC ISSUE	11
5. <i>PRO FORMA</i> FINANCIAL INFORMATION	13
6. OVERVIEW OF TRANS HEX	14
7. SHARE CAPITAL	15
8. INFORMATION RELATING TO TRANS HEX DIRECTORS	16
9. MAJOR SHAREHOLDERS	17
10. EXPENSES	18
11. GENERAL MEETING	18
12. MATERIAL CONTRACTS	19
13. MATERIAL CHANGE	19
14. LITIGATION	19
15. CORPORATE GOVERNANCE	20
16. CONSENTS	20
17. DIRECTORS' RESPONSIBILITY STATEMENT	20
18. DOCUMENTS AVAILABLE FOR INSPECTION	20
ANNEXURE 1: INDEPENDENT EXPERT'S FAIRNESS OPINION	21
ANNEXURE 2: <i>PRO FORMA</i> FINANCIAL INFORMATION OF TRANS HEX	26
ANNEXURE 3: INDEPENDENT REPORTING ACCOUNTANTS' REASONABLE ASSURANCE REPORT ON THE <i>PRO FORMA</i> FINANCIAL INFORMATION OF TRANS HEX	32
ANNEXURE 4: PRICE AND TRADING HISTORY OF TRANS HEX SHARES	34
NOTICE OF GENERAL MEETING	36
FORM OF PROXY (FOR USE BY CERTIFICATED SHAREHOLDERS AND DEMATERIALIZED SHAREHOLDERS WITH "OWN NAME" REGISTRATION)	39

SALIENT DATES AND TIMES ¹

2017

Record date to determine which Shareholders are entitled to receive this Circular, on	Friday, 20 October
Posting of this Circular to Shareholders, on	Thursday, 2 November
Notice of posting of this 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, on ^{2,3}	Tuesday, 14 November
Record date to determine which Shareholders are entitled to attend, speak and vote at the General Meeting, on	Friday, 17 November
Forms of Proxy to be received by the Transfer Secretaries by 10:00 on ^{4,5,6}	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 in this Circular 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 in this Circular 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, 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 last day to trade in order to be eligible to attend, speak and vote at the General Meeting, 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 date after the last day to trade in order to be eligible to attend, speak and vote at the General Meeting, being Tuesday, 14 November 2017, and the record date in respect of being eligible to attend, speak and vote at the General Meeting, being Friday, 17 November 2017, both days inclusive.
4. Dematerialised Shareholders, other than those with "own name" registration, must provide their Broker or 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.

ACTION REQUIRED BY SHAREHOLDERS

This Circular is important and requires your immediate attention. Please take careful note of the following provisions regarding the actions required by Shareholders.

If you are in any doubt as to the action you should take, please consult your Broker, CSDP, banker, accountant, attorney or other professional advisor immediately. If you have disposed of all or any of your Trans Hex Shares, please forward this Circular to the purchaser of such Shares or to the Broker, CSDP, banker or other agent through whom the disposal was effected.

VOTING AND ATTENDANCE AT THE GENERAL MEETING

The General Meeting will be held at the Company's registered offices, 405 Voortrekker Road, Parow, Cape Town on Thursday, 30 November 2017 at 10:00, to consider and if deemed fit, pass the resolutions set out in the Notice of General Meeting, with or without modification.

1. Dematerialised Shareholder without "own name" registration

Voting at the General Meeting

If you are a Dematerialised Shareholder without "own name" registration, your Broker or CSDP should contact you to ascertain how you wish to cast your votes at the General Meeting (or any adjournment or postponement thereof) and will thereafter cast your votes in accordance with your instructions.

If you have not been contacted by your Broker or CSDP, it is advisable that you contact and furnish your Broker or CSDP with your voting instructions.

If your Broker or CSDP does not obtain voting instructions from you, it will be obliged to vote in accordance with the provisions of the custody agreement concluded between you and your Broker or CSDP.

You must **not** complete the attached Form of Proxy.

Attendance and representation at the General Meeting

In accordance with the mandate between you and your Broker or CSDP, you must advise your Broker or CSDP if you wish to attend the General Meeting in person, and your Broker or CSDP will procure that the necessary letter of representation is issued for you to attend the General Meeting (or any adjournment or postponement thereof).

2. Certificated Shareholder or Dematerialised Shareholder with "own name" registration

If you are a Certificated Shareholder or a Dematerialised Shareholder with "own name" registration, you may attend the General Meeting in person and may vote at the General Meeting.

Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached Form of Proxy in accordance with the instructions contained therein and delivering it to the Transfer Secretaries, as follows:

- **by hand:** Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196, South Africa; or
- **by post:** PO Box 61051, Marshalltown, 2107, South Africa; or
- **by e-mail:** proxy@computershare.co.za; or
- **by fax:** +27 11 688 5238,

so as to be received by no later than Tuesday, 28 November 2017 at 10:00, being at least 48 hours before the commencement of the General Meeting.

Should the Form of Proxy not be delivered to the Transfer Secretaries by this date and time, you will be entitled to furnish your Form of Proxy to the chairman of the General Meeting before the appointed proxy exercises any of your Shareholder rights at the General Meeting (or any adjournment or postponement thereof).

If you hold Certificated Shares and wish to Dematerialise such Shares, please contact the Transfer Secretaries or your Broker or CSDP.

3. Electronic participation in the General Meeting

Shareholders (or a representative or a proxy of such Shareholders) may participate in (but not vote at) the General Meeting by way of telephone conference call. If they wish to do so they:

- must email ansonetm@transhex.co.za by no later than 10:00 on Tuesday, 28 November 2017 in order to obtain dial-in details for the conference call;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the General Meeting.

Shareholders and their proxies will not be able to vote telephonically at the General Meeting and will still need to appoint a proxy or representative to attend the General Meeting in person and to vote on their behalf at the General Meeting.

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless otherwise stated or the context so requires, the words and expressions in the first column have the meanings stated opposite them in the second column, words in the singular shall include the plural and *vice versa*, words denoting one gender include the others and expressions denoting natural persons include juristic persons and associations of persons and *vice versa*:

“Board” or “Directors” or “Trans Hex Directors”	the board of directors of Trans Hex as at the Last Practicable Date, the names of whom are set out on page 8 of this Circular, or any one or each of them, as the context may require;
“Broker”	a “ <i>stockbroker</i> ” as defined in the Financial Markets Act;
“Business Day”	any day, other than a Saturday, Sunday or gazetted public holiday in South Africa;
“Certificated Shareholders”	holders of Certificated Shares;
“Certificated Shares”	Trans Hex Shares which have not been Dematerialised and which are represented by a share certificate or other Document of Title;
“Circular”	this circular to Trans Hex Shareholders, dated Thursday, 2 November 2017, including all annexures hereto and incorporating the Notice of General Meeting and the Form of Proxy;
“Companies Act”	the Companies Act, No. 71 of 2008, as amended from time to time;
“Competition Act”	the Competition Act, No. 89 of 1998, as amended from time to time;
“Competition Authorities”	the commission established pursuant to Chapter 4, Part A of the Competition Act or the tribunal established pursuant to Chapter 4, Part B of the Competition Act or the appeal court established pursuant to Chapter 4, Part C of the Competition Act, as the case may be;
“Conditions Precedent”	the conditions precedent to the implementation of the Transaction and / or the Specific Issue, as detailed in paragraphs 3.4 and 4.2 of this Circular, or any one or each of them, as the context may require;
“Consideration Shares”	9,436,838 new Trans Hex Shares to be issued to RAC at the Issue Price pursuant to the Transaction;
“Cream Magenta”	Cream Magenta 140 Proprietary Limited (Registration number 2004/030300/07), a private company registered and incorporated in terms of the laws of South Africa and a wholly-owned subsidiary of The Christina Helmien Wiese Trust, the trustees of which include Christina Helmien Wiese, Christo Wiese and Old Mutual Wealth;
“CSDP”	a “ <i>participant</i> ” as defined in the Financial Markets Act, being a person authorised by a licenced central securities depository to perform custody and administration services or settlement services or both in terms of the central depository rules;
“Dematerialisation” or “Dematerialise” or “Dematerialised”	the process by which securities which are evidenced by a certificate are converted to securities that are held in collective custody by a CSDP or its nominee in a separate central securities account and are transferable by entry without a certificate or written instrument;
“Dematerialised Shareholders”	holders of Dematerialised Shares;
“Dematerialised Shares”	Trans Hex Shares which have been Dematerialised;
“Document(s) of Title”	tangible documents of title including share certificates, certified transfer deeds, balance receipts or any other tangible document of title evidencing ownership of Trans Hex Shares acceptable to Trans Hex;
“Effective Date”	the date on which the Transaction becomes unconditional and is implemented;
“Financial Markets Act”	Financial Markets Act, No. 19 of 2012, as amended or replaced from time to time;

"Form of Proxy"	the form of proxy incorporated into this Circular for use by Certificated Shareholders and Dematerialised Shareholders with "own name" registration only, for purposes of appointing a proxy to represent such Trans Hex Shareholder at the General Meeting;
"General Meeting"	the general meeting of Trans Hex Shareholders to be held at 405 Voortrekker Road, Parow, Cape Town on Thursday, 30 November 2017 at 10:00, to consider and if deemed fit, pass the resolutions set out in the Notice of General Meeting, with or without modification;
"Group"	collectively, Trans Hex and its subsidiaries;
"IFRS"	International Financial Reporting Standards;
"Independent Expert" or "Snowden"	Snowden Mining Industry Consultants Proprietary Limited (Registration number 1998/023556/07), a private company registered and incorporated in terms of the laws of South Africa and the independent professional expert that the Board has appointed to advise and report on whether the Transaction is fair in so far as shareholders, other than RAC, are concerned;
"Issue Price"	R4.14 per Trans Hex Share;
"Issue Shares"	in aggregate, a maximum of 18,749,162 new Trans Hex Shares to be issued to Cream Magenta and Metcap (if they exercise the Subscription Option, as defined in paragraph 4.1.42 of this Circular) in terms of the Specific Issue;
"JSE"	JSE Limited (registration number 2005/022939/06), a public company registered and incorporated in terms of the laws of South Africa and licensed to operate an exchange under the Financial Markets Act;
"Last Practicable Date"	the last practicable date prior to the finalisation of this Circular, being Thursday, 19 October 2017;
"Listing Requirements"	the JSE Limited Listings Requirements, as amended from time to time;
"Metcap"	Metcap 14 Proprietary Limited (registration number 2002/010619/07), a private company registered and incorporated in terms of the laws of South Africa and a wholly owned subsidiary of The Caroline Clare Wiese Trust, the trustees of which include Caroline Clare Wiese-Wentzel, Christo Wiese and Old Mutual Wealth;
"Notice of General Meeting"	the notice convening the General Meeting incorporated in this Circular;
"Option"	the option granted to Cream Magenta and Metcap in terms of which, if exercised, Cream Magenta and Metcap may either: <ul style="list-style-type: none"> (i) acquire, in aggregate, two thirds of the Consideration Shares from RAC, or such lesser amount as may be necessary to ensure that the Parties each hold an equal number of Trans Hex Shares, in equal proportions, at the Issue Price; or (ii) each subscribe for such number of Trans Hex Shares, at the Issue Price, as may be required to ensure that the Parties each hold an equal number of Trans Hex Shares (i.e. the Subscription Option, as defined in paragraph 4.1.4.2 of this Circular);
"Option Agreement"	the agreement headed " <i>Option Agreement</i> " dated 15 August 2017 and entered into between Cream Magenta, Metcap and RAC, the purpose of which is to ensure that the Parties' shareholding ratio in Trans Hex remains unaffected following the implementation of the Transaction and which stipulates the terms and conditions pertaining to, <i>inter alia</i> , the Specific Issue;
"Ordinary Resolution"	a resolution adopted by Shareholders with the support of more than 50% of the voting rights exercised on the resolution or such higher threshold as may be required by the Listings Requirements;
"Parties" or "Party"	Cream Magenta, Metcap and RAC, collectively or individually, as the context may require;
"Purchase Consideration"	the purchase consideration payable by Trans Hex to RAC in respect of the Transaction, being an amount of R39,068,510, to be settled through the issue of the Consideration Shares;
"RAC"	RAC Investment Holdings Proprietary Limited (Registration number 2013/225721/07), a private company registered and incorporated in terms of the laws of South Africa and a wholly owned subsidiary of RECM and Calibre Limited;

“Rand” or “R” or “ZAR”	South African Rand and cents, the official currency of South Africa;
“Register”	collectively, the register of Shareholders holding Certificated Shares maintained by the Transfer Secretaries and the sub-register of Shareholders who hold Dematerialised Shares maintained by the relevant CSDPs, in accordance with section 50 of the Companies Act;
“Sale Shares”	272 ordinary shares in the issued share capital of WCR, which shares comprise 27.2% of the total issued shares in WCR;
“SENS”	the stock exchange news service of the JSE;
“South Africa”	the Republic of South Africa;
“Special Resolution”	a resolution adopted by Shareholders with the support of at least 75% of the voting rights exercised on the resolution;
“Specific Issue”	the potential future specific issue of the Issue Shares, for an aggregate maximum cash consideration of R77,621,531, to Cream Magenta and Metcap following the exercise of the Subscription Option (as defined in paragraph 4.1.4.2 of this Circular);
“Strate”	Strate Proprietary Limited (Registration number 1998/022242/07), a private company registered and incorporated in terms of the laws of South Africa, which is licensed to operate, in terms of the Financial Markets Act, and which is responsible for the electronic settlement system of the JSE;
“THD”	Trans Hex Diamante Beperk (Registration number 1969/002820/06), a public company registered and incorporated in terms of the laws of South Africa and a wholly owned subsidiary of Trans Hex;
“THO”	Trans Hex Operations Proprietary Limited (Registration number 1968/012100/07), a private company registered and incorporated in terms of the laws of South Africa and an indirect wholly owned subsidiary of Trans Hex;
“Trans Hex” or “Company”	Trans Hex Group Limited (Registration number 1963/007579/06), a public company registered and incorporated in terms of the laws of South Africa and listed on the main board of the JSE;
“Trans Hex MOI”	the memorandum of incorporation of Trans Hex;
“Trans Hex Shares” or “Shares”	ordinary shares of no par value in the share capital of Trans Hex;
“Trans Hex Shareholders” or “Shareholders”	the holders of Trans Hex Shares;
“Transaction”	the proposed acquisition by Trans Hex, through THD, of a further 27.2% shareholding in West Coast Resources from RAC, further details of which are contained in paragraph 3 of this Circular;
“Transfer Secretaries”	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company registered and incorporated in terms of the laws of South Africa;
“Treasury Shares”	352,328 Trans Hex Shares owned by the trustees for the time being of the dormant Trans Hex Group Limited Share Option Trust;
“Voting Shares”	Trans Hex Shares, excluding Treasury Shares, amounting to 105,698,947 Trans Hex Shares;
“VWAP”	volume weighted average price of a Trans Hex Share on the JSE;
“WCR” or “West Coast Resources”	West Coast Resources Proprietary Limited (Registration number 2011/007203/07), a private company registered and incorporated in terms of the laws of South Africa, in which Trans Hex, through its wholly owned subsidiary, THD, currently holds a 40% shareholding, the details of the remaining shareholders are contained in paragraph 3.1.3 of this Circular; and
“WCR Agreement”	the agreement headed <i>“Sale and Purchase Agreement”</i> dated 26 October 2017 and entered into between Trans Hex, THD and RAC, which stipulates the terms and conditions pertaining to the Transaction.



**TRANS HEX
GROUP**

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")

DIRECTORS

MVZ Wentzel (*Chairman*)*
AG Rhoda**
PG Viljoen*
QJ George*
L Delpont (*Chief Executive Officer*)
IP Hestermann (*Financial Director*)
JL Gurney^
AJ Marais^

* Non-executive
** Independent
^ Alternate

COMPANY SECRETARY

GM van Heerden

CIRCULAR TO TRANS HEX SHAREHOLDERS

1. INTRODUCTION

- 1.1 Trans Hex Shareholders are referred to the announcement published on SENS on Monday, 9 October 2017, wherein Shareholders were advised of:
- 1.1.1 the proposed acquisition by Trans Hex, through THD, of a further 27.2% shareholding in West Coast Resources from RAC, for a total purchase consideration of R39,068,510, to be settled through the issue of 9,436,838 new Trans Hex Shares to RAC; and
 - 1.1.2 the potential future specific issue of, in aggregate, a maximum of 18,749,162 new Trans Hex Shares, for cash, to Cream Magenta and Metcap, at the Issue Price.
- 1.2 The Consideration Shares and Issue Shares amount to approximately 8.93% and 17.74% of the total Voting Shares, respectively. Additionally, the Issue Price amounts to a 44% premium to the 30 day VWAP immediately prior to the date on which the terms of the Transaction and the Specific Issue were agreed to between the parties thereto.
- 1.3 As at the Last Practicable Date, RAC, Cream Magenta and Metcap each held approximately 25.6% of the Voting Shares and are each considered to be a material shareholder of Trans Hex. Furthermore, RAC and Metcap are considered to be associates of Mr PG Viljoen and Mr MVZ Wentzel, respectively, being Trans Hex Directors. Consequently, RAC, Cream Magenta and Metcap are deemed to be related parties of Trans Hex, as contemplated in paragraph 10.1(b) of the Listings Requirements.
- 1.4 In the circumstances:
- 1.4.1 the Transaction is classified as a category 2 related party transaction in terms of paragraphs 9.5(a) and 10.1(a), as read with paragraphs 9.15 and 10.4, of the Listings Requirements. Accordingly, the Transaction is subject to, *inter alia*, the approval of Shareholders at the General Meeting by way of an Ordinary Resolution, subject to a simple majority of votes of Shareholders (other than RAC and its associates) being cast in favour thereof; and
 - 1.4.2 the Specific Issue is classified as a specific issue of shares for cash to related parties in terms of paragraph 5.51 of the Listings Requirements. Accordingly, the Specific Issue is subject to, *inter alia*, the approval of Shareholders at the General Meeting by Ordinary Resolution, subject to a 75% majority of votes of Shareholders (excluding Cream Magenta, Metcap and their associates) being cast in favour thereof.

- 1.5 To obtain a full understanding of the terms and conditions pertaining to the Transaction and the Specific Issue, this Circular should be read in its entirety.

2. PURPOSE OF THIS CIRCULAR

The purpose of this Circular is to:

- 2.1 provide Shareholders with information relating to the Transaction and the Specific Issue and the manner in which they will be implemented, so as to enable Shareholders to make an informed decision as to how they wish to exercise their votes in respect of the resolutions as contained in the Notice of General Meeting;
- 2.2 provide Shareholders with the Board's opinion regarding the Transaction, the Board having, *inter alia*, obtained and given due consideration to the fairness opinion of the Independent Expert, in accordance with paragraph 10.4(f) of the Listings Requirements; and
- 2.3 convene the General Meeting, in terms of the Notice of General Meeting, to consider and, if deemed fit, approve (with or without modification) the resolutions contained therein.

3. DETAILS OF THE TRANSACTION

3.1 Overview of WCR

- 3.1.1 West Coast Resources is a diamond-mining company with operations in the Namaqualand region of the Northern Cape. Effective 28 October 2014, West Coast Resources acquired the assets and liabilities relating to Namaqualand Mines from De Beers Consolidated Mines Proprietary Limited.
- 3.1.2 Trans Hex has been contracted by West Coast Resources to manage the day-to-day operations and to market the diamonds it produces. The mine is situated approximately 60 km south of Port Nolloth along the west coast of the Northern Cape and spans a total geographical area of more than 2,750 km². Production commenced in December 2015.
- 3.1.3 As at the Last Practicable Date, Trans Hex holds an indirect 40% shareholding in West Coast Resources, through its wholly owned subsidiary, THD, whilst the balance of the issued ordinary shares of WCR are held as follows:

	WCR shareholding (%)
RAC	27.2
The State through the Department of Public Enterprises	20.0
Dinoka Investment Holdings (Proprietary) Limited	8.8
The Namaqualand Diamond Fund Trust	4.0

- 3.1.4 THD's 40% investment in West Coast Resources is accounted for by the Group as an investment in an associate under the equity method.
- 3.1.4.1 The net assets and loss attributable to 100% of WCR for the year ended 31 March 2017 ("**2017 Financial Year**"), as per the audited annual financial statements of WCR for the 2017 Financial Year, amounted to R226.0 million and R178.1 million, respectively.
- 3.1.4.2 The carrying value of the Group's investment in West Coast Resources, as at 31 March 2017, as per the audited annual financial statements of the Group for the period then ended, amounted to R98.5 million, after adjustments relating to a preferential loan and capitalised interest.
- 3.1.4.3 Included in the annual financial results of the Group for the 2017 Financial Year was a loss of R71.3 million, representing the Group's share of the losses of WCR, which included an impairment charge to mining rights after tax of R43.4 million.
- 3.1.5 During the 2017 Financial Year, production at West Coast Resources amounted to 80,506 carats and mining activities produced 79,041 carats at an average grade of 32.73 carats/100 m³. In addition, the final recovery plant treated final recovery tailings and produced 1,465 carats.

3.2 Rationale for and effect of the Transaction

- 3.2.1 As at the Last Practicable Date, Trans Hex held a 40% interest in WCR, through its wholly owned subsidiary, THD.
- 3.2.2 Following the conclusion of the Transaction, WCR will become a 67.2% held subsidiary of the Group, further enhancing Trans Hex's management and operational control over WCR and bolstering Trans Hex's South African footprint.

3.3 Terms of the Transaction

- 3.3.1 In terms of the WCR Agreement, on the Effective Date:
- 3.3.1.1 Trans Hex will acquire the Sale Shares from RAC, in exchange for the Purchase Consideration; and
- 3.3.1.2 Trans Hex will, subsequently, dispose of the Sale Shares to its wholly owned subsidiary, THD, in exchange for additional ordinary shares in THD ("**THD Consideration Shares**").
- 3.3.2 In settlement of the Purchase Consideration, Trans Hex will issue the Consideration Shares to RAC, at the Issue Price of R4.14 per Trans Hex Share (being a 44% premium to the 30 day VWAP immediately prior to the date on which the terms of the Transaction were agreed to between the parties thereto). Following the implementation of the Transaction, application will be made to the JSE for the listing of the Consideration Shares on the JSE.
- 3.3.3 The Transaction will be structured as an asset-for-sale transaction in terms of section 42 of the Income Tax Act, No. 58 of 1962, as amended from time to time, and any taxes which would otherwise have been payable by RAC, Trans Hex or THD as a consequence of the Transaction have been deferred. To the extent that Trans Hex or THD realises a capital gain in respect of (i) Trans Hex disposing of the THD Consideration Shares at any time after the Effective Date; or (ii) THD disposing of the Sale Shares at any time after the Effective Date (either being a "**Disposal Event**"), RAC has agreed to indemnify and hold each of Trans Hex and THD harmless from and against, and pay to Trans Hex or THD an indemnity amount in respect of a capital gain on an amount not exceeding, in aggregate, R39,068,510, as a result of a Disposal Event.
- 3.3.4 The Transaction contains warranties customary for a transaction of this nature and will be subject to the fulfilment or waiver of the Conditions Precedent, as contained in paragraph 3.4 of this Circular.

3.4 Conditions Precedent to the Transaction

- 3.4.1 The implementation of the Transaction is subject to the fulfilment or waiver (to the extent permitted) of the following Conditions Precedent:
- 3.4.1.1 the Ordinary Resolution required to approve the Transaction is adopted by the requisite majority of Shareholders at the General Meeting, being a simple majority of votes of Shareholders (other than RAC and its associates) being cast in favour;
- 3.4.1.2 the Special Resolution required to approve the issue of the Consideration Shares in terms of section 41(1) of the Companies Act is adopted by the requisite majority of Shareholders at the General Meeting, being at least 75% of the votes of Shareholders being cast in favour;
- 3.4.1.3 the Industrial Development Corporation of South Africa Limited ("**IDC**") provides written consent(s) in terms of the loan agreement between WCR and the IDC;
- 3.4.1.4 the IDC provides written consent to the release of the Sale Shares from the cession *in securitatem debiti* given by RAC in favour of the IDC; and
- 3.4.1.5 all approvals, consents or waivers from those South African regulatory authorities as may be necessary to implement the Transaction (including the JSE and the Competition Authorities in terms of the Competition Act) be obtained on an unconditional basis, or to the extent that any such regulatory approvals, consents or waivers are obtained subject to any condition or qualification, Trans Hex or RAC (to the extent that it is adversely affected by the condition or qualification) confirms to the other party that the condition or qualification is acceptable to it, which confirmation shall not be unreasonably withheld or delayed.
- 3.4.2 In the event that the Conditions Precedent to the Transaction are not fulfilled or waived by the agreed long-stop date of Thursday, 15 February 2018 or such later date as may be agreed between Trans Hex, THD and RAC, then the Transaction will not be implemented and shall be of no force or effect.

3.5 Categorisation, related party relationship and fairness opinion

- 3.5.1 The Consideration Shares amount to approximately 8.93% of the total Voting Shares.
- 3.5.2 As at the Last Practicable Date, RAC held approximately 25.6% of the Voting Shares and is therefore considered to be a material shareholder (as contemplated in the Listings Requirements) of Trans Hex.
- 3.5.3 Furthermore, Mr PG Viljoen, a Trans Hex Director, held an indirect interest of 66.67% in the issued ordinary shares of RAC and therefore RAC is also considered to be an associate (as contemplated in the Listings Requirements) of Mr PG Viljoen.

- 3.5.4 In the circumstances, RAC is deemed to be a related party in terms of paragraphs 10.1(b)(i) and 10.1(b)(vii) of the Listings Requirements and the Transaction is classified as a category 2 related party transaction in terms of paragraphs 9.5(a) and 10.1(a), as read with paragraphs 9.15 and 10.4, of the Listings Requirements.
- 3.5.5 In terms of paragraph 10.4(f) of the Listings Requirements, as read with the guidance letter issued by the JSE dated 25 October 2012, a fairness opinion is required in respect of the Transaction.
- 3.5.6 Trans Hex has appointed Snowden 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.
- 3.5.7 A copy of the Independent Expert's fairness opinion is set out in Annexure 1 to this Circular.

3.6 Opinion, recommendation and voting abilities

- 3.6.1 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.
- 3.6.2 All Directors who hold Trans Hex Shares, directly or indirectly, who are eligible to vote, intend to vote in favour of the resolutions required to approve the Transaction at the General Meeting.
- 3.6.3 Due to the potential conflict of interest, Mr PG Viljoen recused himself from participating in the aforementioned resolution of the Board. Furthermore, in accordance with paragraph 10.4(e) of the Listings Requirements, the Shares held by RAC and its associates will not be entitled to vote on the Ordinary Resolution required to approve the Transaction at the General Meeting.
- 3.6.4 Cream Magenta and Metcap are not considered to have a vested interest in the Transaction nor are they deemed to be acting in concert in respect of the Transaction. In the circumstances, Cream Magenta, Metcap and their associates will be entitled to vote on the Ordinary Resolution required to approve the Transaction at the General Meeting.

4. DETAILS OF THE SPECIFIC ISSUE

4.1 Overview of and rationale for the Specific Issue

- 4.1.1 In terms of an agreement entered into between Cream Magenta, Metcap and RAC, which agreement regulates the relationship between the Parties as Shareholders, the Parties agreed that they will, as far as is possible, maintain an equal shareholding in Trans Hex.
- 4.1.2 The shareholdings of Cream Magenta, Metcap and RAC in Trans Hex, as at the Last Practicable Date, is detailed in paragraph 9.1 of this Circular.
- 4.1.3 Following the implementation of the Transaction:
 - 4.1.3.1 RAC will hold 36,474,981 Trans Hex Shares, amounting to approximately 31.68% of the Voting Shares following the issue of the Consideration Shares.
 - 4.1.3.2 Cream Magenta and Metcap will each continue to hold 27,100,400 Trans Hex Shares, amounting to approximately 23.54% of the Voting Shares in issue following the issue of the Consideration Shares.
- 4.1.4 In the circumstances, the Parties entered into the Option Agreement, so as to ensure that the Parties' shareholding ratio in Trans Hex remains unaffected by the issue of the Consideration Shares, whereby RAC granted Cream Magenta and Metcap the Option, following the implementation of the Transaction, to:
 - 4.1.4.1 acquire, in aggregate, two thirds of the Consideration Shares from RAC, or such lesser amount as may be necessary to ensure that the Parties each hold an equal number of Trans Hex Shares, in equal proportions, at the Issue Price; or
 - 4.1.4.2 each subscribe for such number of Trans Hex Shares, at the Issue Price, as may be required to ensure that the Parties each hold an equal number of Trans Hex Shares ("**Subscription Option**").
- 4.1.5 If the Subscription Option is exercised, the subscription by Cream Magenta and Metcap as contemplated in paragraph 4.1.4.2 of this Circular will constitute a specific issue of shares for cash by Trans Hex. Trans Hex has agreed in terms of a memorandum of understanding entered between Trans Hex and the Parties that it will, subject to the requisite approval of Shareholders, issue, in aggregate, a maximum of 18,749,162 new Trans Hex Shares to Cream Magenta and Metcap at the Issue Price. In the event that the Specific Issue is implemented, application will be made to the JSE for the listing of such number of Trans Hex Shares issued in terms of the Specific Issue, on the JSE.

- 4.1.6 The Issue Price of R4.14 per Trans Hex Share is a 44% premium to the 30 day VWAP immediately prior to the date on which the terms of the Specific Issue were agreed to between the parties thereto.
- 4.1.7 Following the implementation of the Transaction and the Specific Issue, if implemented and on the assumption that a maximum of 18,749,162 new Trans Hex Shares are issued, RAC, Cream Magenta and Metcap will each hold 36,474,981 Trans Hex Shares, amounting to approximately 27.24% of the Voting Shares in issue following the issue of the Consideration Shares and the Issue Shares.

4.2 Conditions precedent to the Specific Issue

- 4.2.1 The implementation of the Specific Issue is subject to the fulfilment or waiver (to the extent permitted) of the following Conditions Precedent:
- 4.2.1.1 the Transaction becoming wholly unconditional and thus being implemented;
 - 4.2.1.2 the Ordinary Resolution required to approve the Specific Issue is adopted by the requisite majority of Shareholders at the General Meeting, subject to a 75% majority of votes of Shareholders (other than Cream Magenta, Metcap and their associates) being cast in favour;
 - 4.2.1.3 the Special Resolution required to approve the issue of the Issue Shares in terms of section 41(1) of the Companies Act is adopted by the requisite majority of Shareholders at the General Meeting, being at least 75% of the votes of Shareholders being cast in favour;
 - 4.2.1.4 Cream Magenta and Metcap exercising the Subscription Option, as contemplated in paragraph 4.1.4.2 of this Circular; and
 - 4.2.1.5 all approvals, consents or waivers from those South African regulatory authorities as may be necessary to implement the Specific Issue be obtained on an unconditional basis, or to the extent that any such regulatory approvals, consents or waivers are obtained subject to any condition or qualification, Trans Hex, RAC, Cream Magenta or Metcap (to the extent that it is adversely affected by the condition or qualification) confirms to the other parties that the condition or qualification is acceptable to it, which confirmation shall not be unreasonably withheld or delayed.
- 4.2.2 In the event that the Conditions Precedent to the Specific Issue are not fulfilled or waived by the last Business Day of the third consecutive calendar month after the Transaction becomes unconditional, or such later date as may be agreed between the Parties, then the Specific Issue will not be implemented and shall be of no force or effect.

4.3 Related party relationship

- 4.3.1 As at the Last Practicable Date, Cream Magenta and Metcap each held approximately 25.6% of the Voting Shares and are therefore considered to be material shareholders (as contemplated in the Listings Requirements) of Trans Hex.
- 4.3.2 Furthermore, an associate of Mr MVZ Wentzel, a Trans Hex Director, held an indirect controlling interest in the issued ordinary shares of Metcap and therefore Metcap is also considered to be an associate (as contemplated in the Listings Requirements) of Mr MVZ Wentzel.
- 4.3.3 In the circumstances, Metcap is deemed to be a related party in relation to Trans Hex in terms of paragraphs 10.1(b)(i) and 10.1(b)(vii) of the Listings Requirements and Cream Magenta is deemed to be a related party in relation to Trans Hex in terms of paragraph 10.1(b)(i) of the Listings Requirements.
- 4.3.4 Accordingly, the Specific Issue will be classified as a specific issue of shares for cash to related parties, as contemplated in paragraph 5.51 of the Listings Requirements. The Issue Price is at a 44% premium to the 30 day VWAP immediately prior to the date on which the terms of the Specific Issue were agreed to between the parties thereto, therefore no fairness opinion is required in respect of the Specific Issue, as contemplated in paragraph 5.51(f) of the Listings Requirements.

4.4 Opinion, recommendation and voting abilities

- 4.4.1 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 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 Ordinary Resolution required to approve the Specific Issue at the General Meeting.

- 4.4.2 All Directors who hold Trans Hex Shares, directly or indirectly, who are eligible to vote, intend to vote in favour of the Ordinary Resolution required to approve the Specific Issue at the General Meeting.
- 4.4.3 Due to the potential conflict of interest, Mr MVZ Wentzel recused himself from participating in the aforementioned resolution of the Board. Furthermore, in accordance with paragraph 5.51(g) of the Listings Requirements, the Shares held by Cream Magenta and Metcap and their associates will not be entitled to vote on the Ordinary Resolution required to approve the Specific Issue at the General Meeting.

5. PRO FORMA FINANCIAL INFORMATION

- 5.1 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.
- 5.2 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 statement of comprehensive income purposes and on 31 March 2017 for statement of financial position purposes.
- 5.3 The summarised *pro forma* financial effects have been prepared using the accounting policies that comply with 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.
- 5.4 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 the Group after the Transaction and the Specific Issue.
- 5.5 The full *pro forma* financial information of Trans Hex and detailed notes are set out in Annexure 2 to this Circular. The independent reporting accountants' reasonable assurance report thereon is set out in Annexure 3 to this Circular.

Notes	Before Actual	After the Transaction <i>Pro forma</i>	Percentage change after the Transaction	After the Transaction and the Specific Issue	Percentage change after the Transaction and the Specific Issue
			<i>Pro forma</i> (%)	<i>Pro forma</i>	<i>Pro forma</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)

Notes	Before	After the	Percentage	After the	Percentage
	Actual	Transaction	change	Transaction	change
		<i>Pro forma</i>	after the	and the	after the
			Transaction	Specific	Transaction
			<i>Pro forma</i>	Issue	and the
			(%)	<i>Pro forma</i>	Specific
					Issue
					(%)
	1, 2	3	4	5	6
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 THD 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 R10,968,600 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 9,436,838 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 R1,016,950 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 18,749,162 new Trans Hex Shares to Cream Magenta and Metcap in terms of the Specific Issue for a total maximum cash consideration of R77,621,531. 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 R1,016,950 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.
- 5.6 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 18,749,162 new Trans Hex Shares and receive a maximum cash consideration of R77,621,531. It is intended that the proceeds of the Specific Issue, if implemented, will be utilised to fund the Company's working capital requirements.

6. OVERVIEW OF TRANS HEX

- 6.1 Trans Hex has been engaged in the exploration, mining and marketing of diamonds for more than 50 years.
- 6.2 Mining operations are presently focused in South Africa and Angola. The Company is renowned for consistently producing the highest quality diamonds available in the South African market. Rough production is sold into the open market, to the South African State Diamond Trader, to Trans Hex's joint-venture beneficiation Black Economic Empowerment polishing factory based in Johannesburg and to Sodiam, the Angolan state-run marketing company.

- 6.3 Trans Hex seeks to identify and acquire diamond assets, either as a full or partial shareholder. The Company's business model is to locate, mine and process diamond deposits and to sell diamonds at an acceptable margin, in the process bringing its considerable in-house expertise to bear.
- 6.4 The Group is actively evaluating potential new diamond properties and pursuing opportunities to expand its diamond-marketing activities.

7. SHARE CAPITAL

- 7.1 The authorised and issued share capital of Trans Hex as at the Last Practicable Date is set out below.

	Number of Shares	R'000
Authorised		
Ordinary shares of no par value	300,000,000	
Issued		
Ordinary shares of no par value	106,051,275	208,092
Less: Treasury Shares	(352,328)	(1,816)
	105,698,947	206,276

- 7.2 The authorised and issued share capital of Trans Hex following the Transaction is set out below.

	Number of Shares	R'000
Authorised		
Ordinary shares of no par value	300,000,000	
Issued		
Ordinary shares of no par value	115,488,113	247,161
Less: Treasury Shares	(352,328)	(1,816)
	115,135,785	245,345

- 7.3 The authorised and issued share capital of Trans Hex following the Transaction and the Specific Issue, if implemented and on the assumption that a maximum of 18,749,162 new Trans Hex Shares are issued, is set out below.

	Number of Shares	R'000
Authorised		
Ordinary shares of no par value	300,000,000	
Issued		
Ordinary shares of no par value	134,237,275	324,783
Less: Treasury Shares	(352,328)	(1,816)
	133,884,947	322,967

- 7.4 In terms of clause 4, as read with schedule 1, of the Trans Hex MOI, the Company is authorised to issue the new Trans Hex Shares to:
- 7.4.1 RAC, as settlement of the Purchase Consideration, pursuant to the resolutions required to approve the Transaction being adopted by Shareholders and the Transaction being implemented.
- 7.4.2 Cream Magenta and Metcap, in terms of the Specific Issue, pursuant to the resolution required to approve the Specific Issue being adopted by Shareholders and the Specific Issue being implemented.
- 7.5 There have been no issues of Trans Hex Shares in the 3 years preceding the Last Practicable Date.

8. INFORMATION RELATING TO TRANS HEX DIRECTORS

8.1 Directors' interests

- 8.1.1 As at the Last Practicable Date, the beneficial interests of the Trans Hex Directors (those who are current Directors and those who resigned during the last 18 months) and their associates, directly and indirectly, in the issued share capital of Trans Hex, are as follows:

	Number of Shares			Percentage shareholding ¹	
	Direct	Indirect	Held by	Total	Total
			associates		
L Delport	150,000	–	–	150,000	0.14
PG Viljoen ²	–	27,038,143	–	27,038,143	25.58
MVZ Wentzel ³	–	–	27,100,400	27,100,400	25.64

Notes:

- Percentage shareholding is calculated as a percentage of the Voting Shares.
- Mr Viljoen holds an indirect beneficial interest of 66.67% in RAC, through RECM and Calibre Limited. The number of Trans Hex Shares is representative of 100% shareholding by RAC in Trans Hex.
- Metcap, a major shareholder in Trans Hex, is ultimately controlled by a trust of which Mr Wentzel's wife, Mrs Caroline Clare Wiese-Wentzel, is a trustee and beneficiary. Mr Wentzel is also a beneficiary of the trust.

- 8.1.2 Following the implementation of the Transaction, the beneficial interests of the persons detailed in paragraph 8.1.1 of this Circular will be as follows:

	Number of Shares			Percentage shareholding ¹	
	Direct	Indirect	Held by	Total	Total
			associates		
L Delport	150,000	–	–	150,000	0.13
PG Viljoen ²	–	36,474,981	–	36,474,981	31.68
MVZ Wentzel ³	–	–	27,100,400	27,100,400	23.54

Notes:

- Percentage shareholding is calculated as a percentage of the Voting Shares, following the issue of the Consideration Shares to RAC in terms of the Transaction.
- Mr Viljoen holds an indirect beneficial interest of 66.67% in RAC, through RECM and Calibre Limited. The number of Trans Hex Shares is representative of 100% shareholding by RAC in Trans Hex.
- Metcap, a major shareholder in Trans Hex, is ultimately controlled by a trust of which Mr Wentzel's wife, Mrs Caroline Clare Wiese-Wentzel, is a trustee and beneficiary. Mr Wentzel is also a beneficiary of the trust.

- 8.1.3 Following the implementation of the Transaction and the Specific Issue, if implemented and on the assumption that a maximum of 18,749,162 new Trans Hex Shares are issued, the beneficial interests of the persons detailed in paragraph 8.1.1 of this Circular will be as follows:

	Number of Shares			Percentage shareholding ¹	
	Direct	Indirect	Held by	Total	Total
			associates		
L Delport	150,000	–	–	150,000	0.11
PG Viljoen ²	–	36,474,981	–	36,474,981	27.24
MVZ Wentzel ³	–	–	36,474,981	36,474,981	27.24

Notes:

- Percentage shareholding is calculated as a percentage of the Voting Shares, following the issue of the Consideration Shares to RAC in terms of the Transaction and the issue of the Issue Shares to Cream Magenta and Metcap in terms of the Specific Issue.
- Mr Viljoen holds an indirect beneficial interest of 66.67% in RAC, through RECM and Calibre Limited. The number of Trans Hex Shares is representative of 100% shareholding by RAC in Trans Hex.
- Metcap, a major shareholder in Trans Hex, is ultimately controlled by a trust of which Mr Wentzel's wife, Mrs Caroline Clare Wiese-Wentzel, is a trustee and beneficiary, Mr Wentzel is also a beneficiary of the trust.

- 8.1.4 Between the end of the 2017 Financial Year and the Last Practicable Date, the following changes in the interest of the Trans Hex Directors (those who are current Directors and those who resigned during the last 18 months) and their associates in the issued share capital of Trans Hex occurred:

	Date	Purchase / disposal	Number of Shares	Share price	Total value
MVZ Wentzel [^]	21 June 2017	Purchase	49,426	R3.79*	R187,220.75
MVZ Wentzel [^]	22 June 2017	Purchase	12,831	R3.88*	R49,736.81

[^] Metcap, a major shareholder in Trans Hex, is ultimately controlled by a trust of which Mr Wentzel's wife, Mrs Caroline Clare Wiese-Wentzel, is a trustee and beneficiary. Mr Wentzel is also a beneficiary of the trust.

* VWAP.

- 8.1.5 Other than the Transaction, the Specific Issue and the mandatory cash offer extended by Cream Magenta, Metcap and RAC, acting in concert, in terms of section 123 of the Companies Act, as further detailed in the combined circular to Trans Hex Shareholders, dated 23 September 2016 (<http://www.transhex.co.za/wp-content/uploads/2016/09/Combined-Circular-to-Trans-Hex-Shareholders.pdf>), the Trans Hex Directors (those who are current Directors and those who resigned during the last 18 months) have not had any material beneficial interest, whether direct or indirect, in transactions that were effected by Trans Hex during the current or immediately preceding financial year or during an earlier financial year which remain in any respect outstanding or unperformed.

8.2 Directors' service contracts and remuneration

- 8.2.1 There are no particulars of an abnormal nature in respect of the Trans Hex Directors' service contracts which require specific disclosure.
- 8.2.2 Shareholders are referred to note 21 of Trans Hex's annual financial statements for the year ended 31 March 2017, commencing on page 114 of Trans Hex's 2017 integrated annual report (<http://www.transhex.co.za/wp-content/uploads/2017/06/Trans-Hex-IAR-2017.pdf>), for full particulars regarding the remuneration paid to Trans Hex Directors and prescribed officers.
- 8.2.3 The Trans Hex Directors' remuneration will not be varied as a consequence of the Transaction or the Specific Issue.

For further information regarding the Trans Hex Directors, please refer to Trans Hex's 2017 integrated annual report (<http://www.transhex.co.za/wp-content/uploads/2017/06/Trans-Hex-IAR-2017.pdf>).

9. MAJOR SHAREHOLDERS

- 9.1 In so far as it is known to the Directors, the Shareholders beneficially holding 5% or more of the issued Trans Hex Shares, together with each Shareholder's interest, as at the Last Practicable Date, are as follows:

	Number of Shares	Percentage shareholding*
Cream Magenta	27,100,400	25.64
Metcap	27,100,400	25.64
RAC	27,038,143	25.58
Investec Asset Management	5,727,136	5.42
	86,966,079	82.28

* Percentage shareholding is calculated as a percentage of the Voting Shares.

- 9.2 Following the implementation of the Transaction, the beneficial interests of the persons detailed in paragraph 9.1 of this Circular will be as follows:

	Number of Shares	Percentage shareholding*
Cream Magenta	27,100,400	23.54
Metcap	27,100,400	23.54
RAC	36,474,981	31.68
Investec Asset Management	5,727,136	4.97
	96,402,917	83.73

* Percentage shareholding is calculated as a percentage of the Voting Shares, following the issue of the Consideration Shares to RAC in terms of the Transaction.

- 9.3 Following the implementation of the Transaction and the Specific Issue, if implemented and on the assumption that a maximum of 18,749,162 new Trans Hex Shares are issued, the beneficial interests of the persons detailed in paragraph 9.1 of this Circular will be as follows:

	Number of Shares	Percentage shareholding*
Cream Magenta	36,474,981	27.24
Metcap	36,474,981	27.24
RAC	36,474,981	27.24
Investec Asset Management	5,727,136	4.28
	115,152,079	86.01

* Percentage shareholding is calculated as a percentage of the Voting Shares, following the issue of the Consideration Shares to RAC in terms of the Transaction and the issue of the Issue Shares to Cream Magenta and Metcap in terms of the Specific Issue.

10. EXPENSES

The estimated expenses relating to the Transaction and the Specific Issue, including the costs of the professional advisors, all of which are exclusive of any applicable value added tax payable in terms of the Value Added Tax Act, 89 of 1991 and disbursements, amount to R2,033,900, comprised as follows:

Description	Payable to	Estimated fee R'000
Sponsor	One Capital Sponsor Services Proprietary Limited	180
Corporate advisor	Questco Proprietary Limited	125
Legal advisors	Bowman Gilfillan Inc.	500
Independent auditors and reporting accountants	PricewaterhouseCoopers Inc.	200
Independent Expert	Snowden Mining Industry Consultants Proprietary Limited	211
JSE documentation fee	JSE Limited	68
JSE listing fee	JSE Limited	80
Competition Commission filing fee	Competition Authorities	500
Printing and publishing	Midnight Star	150
Transfer Secretaries	Computershare Investor Services Proprietary Limited	20
		2 034

11. GENERAL MEETING

- 11.1 The General Meeting will be held at the Company's registered offices, 405 Voortrekker Road, Parow, Cape Town on Thursday, 30 November 2017 at 10:00, to consider and if deemed fit, pass the resolution set out in the Notice of General Meeting, with or without modification.
- 11.2 Shareholders (or a representative or a proxy of such Shareholders) may participate in (but not vote at) the General Meeting by way of telephone conference call. If they wish to do so they:
- 11.2.1 must email ansonetm@transhex.co.za by no later than 10:00 on Tuesday, 28 November 2017 in order to obtain dial-in details for the conference call;
- 11.2.2 will be required to provide reasonably satisfactory identification; and
- 11.2.3 will be billed separately by their own telephone service providers for their telephone call to participate in the General Meeting.
- 11.3 Shareholders (or a representative or a proxy of such Shareholders) will not be able to vote telephonically at the General Meeting and a Shareholder will still need to appoint a proxy or representative to attend the General Meeting in person and to vote on their behalf at the General Meeting.
- 11.4 The Form of Proxy, for use by Certificated Shareholders and Dematerialised Shareholders with "own name" registration who are unable to attend the General Meeting in person, is attached to this Circular.

- 11.5 A duly completed Form of Proxy must be received by the Transfer Secretaries by 10:00 on Tuesday, 28 November 2017, being at least 48 hours before the commencement of the General Meeting, or handed to the chairman of the General Meeting before the appointed proxy exercises any of the relevant Shareholders' rights at the General Meeting (or any postponement or adjournment thereof).
- 11.6 For avoidance of doubt, the Trans Hex Shares held by:
- 11.6.1 RAC and its associates will be taken into account in determining a quorum at the General Meeting, however their votes will not be taken into account in determining the results of voting in regard to the Ordinary Resolution required to approve the Transaction at the General Meeting.
 - 11.6.2 Cream Magenta, Metcap and their associates will be taken into account in determining a quorum at the General Meeting, however their votes will not be taken into account in determining the results of voting in regard to the Ordinary Resolution required to approve the Specific Issue at the General Meeting.

12. MATERIAL CONTRACTS

- 12.1 As at the Last Practicable Date, other than the contracts entered into in the ordinary course of business and:
- 12.1.1 the WCR Agreement;
 - 12.1.2 the revolving Rand-denominated loan facility agreement entered into between Trans Hex, THO, Cream Magenta, Metcap and RAC, dated 1 September 2017 ("**Loan Facility Agreement**"), whereby the Parties agreed to, *inter alia*, lend and advance amounts to THO, for use by the Group, of a maximum aggregate amount of R220,000,000 ("**Loan**"). Any principal amount outstanding in regard to the Loan and any accrued interest thereon or other amounts outstanding will be repayable, in cash or through the issue of Trans Hex Shares (subject to necessary regulatory and Shareholder approvals at such time);
 - 12.1.3 the cession *in securitatem debiti* agreement entered into between THO, Cream Magenta, Metcap and RAC, dated 1 September 2017, whereby THO agreed, pursuant to the Loan Facility Agreement, to, *inter alia*, cede *in securitatem debiti* all of THO's rights to and in (i) THO's claim against WCR for payment of the purchase price in respect of the sale of certain earth moving equipment by THO to WCR; and (ii) all claims arising which THO has or may have against any purchaser of unpolished diamonds pursuant to a sale by THO of unpolished diamonds through its tender process;
 - 12.1.4 the guarantee and cession *in securitatem debiti* and pledge agreement entered into between Benguela Concessions Limited, a wholly owned subsidiary of Trans Hex ("**Benguela**"), Cream Magenta, Metcap, and RAC, whereby Benguela agreed, pursuant to the Loan Facility Agreement, to, *inter alia*, (i) provide a guarantee in favour of the Parties in regard to THO's obligations in terms of the Loan Facility Agreement; and (ii) as security for due performance in terms of the guarantee, pledge all the shares in THO held by Benguela, from time to time ("**THO Shares**"), and cede *in securitatem debiti* all of Benguela's rights to the THO Shares and Benguela's claims against THO and any and all indebtedness owed to Benguela by THO,

there are no other material contracts which Trans Hex or its subsidiaries have entered into, either verbally or in writing, within the preceding 2 years or which contain an obligation or settlement that is material to the Group.

13. MATERIAL CHANGE

There have been no material changes to the financial or trading position of Trans Hex and its subsidiaries since the publication of Trans Hex's annual financial statements for the year ended 31 March 2017 to the Last Practicable Date, other than Trans Hex having entered into a consultation process, in accordance with section 189 of the Labour Relations Act, No 66 of 1995, with regard to potential retrenchments at its Baken Mine, as published on SENS on Friday, 1 September 2017. It is envisaged that operations at Baken Mine will continue during the consultation process and that the mine will then be placed on care and maintenance effective from Wednesday, 1 November 2017.

14. LITIGATION

The Company is not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened, that may have or have had in the recent past, being the previous 12 months, a material effect on the financial position of the Group.

15. CORPORATE GOVERNANCE

The Board is of the opinion that the Group complies in all material respects with the principles embodied in the King Code on Corporate Governance for South Africa, 2009. Trans Hex is committed to reporting in line with the King Report on Corporate Governance for South Africa, 2016 and will report on its compliance in the 2018 Integrated Annual Report.

16. CONSENTS

Each of the sponsor, corporate advisor, legal advisor, independent auditors and reporting accountants, Independent Expert and Transfer Secretaries have consented and have not, prior to the Last Practicable Date, withdrawn their written consent to the inclusion of their names and, where applicable, their reports in the form and context in which they appear in this Circular.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The Trans Hex Directors, whose names appear on page 8 of this Circular, collectively and individually, accept full responsibility for the accuracy of the information contained in this Circular and certify that to the best of their knowledge and belief there are no facts that have been omitted that would make any statement in this Circular false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law and the Listings Requirements.

18. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies thereof are available for inspection by Trans Hex Shareholders at the registered offices of the Company and the sponsor, from the date of issue of this Circular up to and including the date of the General Meeting:

- 18.1 the memoranda of incorporation of Trans Hex and its subsidiaries;
- 18.2 the memorandum of incorporation of WCR;
- 18.3 the WCR Agreement;
- 18.4 the Independent Expert's fairness opinion in respect of the Transaction, the text of which is included as Annexure 1 to this Circular;
- 18.5 the independent reporting accountants' reasonable assurance report on the *pro forma* financial information of Trans Hex, the text of which is included as Annexure 3 to this Circular;
- 18.6 the integrated annual reports of Trans Hex for the 3 financial years ended 31 March 2017, 31 March 2016 and 31 March 2015;
- 18.7 the audited annual financial statements of WCR for the year ended 31 March 2017, which include the unqualified audit opinion thereon of PricewaterhouseCoopers Inc.;
- 18.8 the latest Diamond Resources and Diamond Reserves statement of Trans Hex, which includes the details pertaining to WCR;
- 18.9 the service contracts of the Trans Hex Directors entered into during the last 3 years;
- 18.10 the written consents of the Company's professional advisors; and
- 18.11 a signed copy of this Circular.

On behalf of the Trans Hex Board

IP Hestermann

27 October 2017

ANNEXURE 1: INDEPENDENT EXPERT'S FAIRNESS OPINION

Unless otherwise defined, capitalised words and terms contained in this annexure shall bear the same meanings ascribed thereto in the Circular.

"27 October 2017

The Board of Directors
Trans Hex Group Limited
405 Voortrekker Road
Parow, 7500
Western Cape
South Africa

Dear Sirs

Re: Trans Hex Fairness Opinion

Independent Expert Report on the proposed transaction in terms of which Trans Hex Group Limited (Trans Hex or the Company) will acquire a further 27.2% shareholding in West Coast Resources Proprietary Limited (WCR).

Introduction

Trans Hex Group Limited (Trans Hex) requires Snowden Mining Industry Consultants (Pty) Ltd (Snowden) to furnish the board of directors of Trans Hex (Board) with a fairness opinion (Opinion), prepared in accordance with Schedule 5 of the JSE Limited Listings Requirements (Listing Requirements), in regard to the proposed acquisition by Trans Hex of a further 27.2% shareholding in West Coast Resources Proprietary Limited (WCR) from RAC Investment Holdings Proprietary Limited (RAC), for a total purchase consideration of approximately ZAR39.1 million, to be settled through the issue by Trans Hex of approximately 9.4 million new Trans Hex ordinary shares (Trans Hex Shares), (the Transaction).

RAC holds approximately 25.6% of the total Trans Hex Shares in issue, excluding treasury shares, and is therefore considered to be a material shareholder (as contemplated in the Listings Requirements) of Trans Hex. Accordingly, RAC is deemed to be a related party and the Transaction is classified as a Category 2 related party transaction in terms of the Listings Requirements.

For purposes of the Opinion, Snowden is required to opine on the fairness of the Transaction and is therefore required to prepare valuations of both Trans Hex and WCR. In the circumstances, Snowden is required to value the Mineral Assets of Trans Hex and WCR.

The implementation of the Transaction is both subject to and conditional on the fulfilment of conditions precedent for a transaction of this nature.

Full details of the Transaction are contained in the circular to Trans Hex shareholders (Circular) to be dated on or about Wednesday, 1 November 2017, which will include a copy of this letter. The material interests of the directors of Trans Hex and the effect of the Transaction on those interests and persons are set out in paragraph 8 of the Circular.

Scope

In terms of paragraph 10.4(f) of the Listings Requirements, as read with the guidance letter issued by the JSE dated 25 October 2012, the Board is required to retain an Independent Expert to compile a report on whether the Transaction is fair in so far as the Trans Hex shareholders, other than RAC, are concerned.

Snowden has been appointed by the Board as the Independent Expert to advise on whether the terms and conditions of the Transaction are fair to shareholders of Trans Hex, other than RAC.

Responsibility

Our responsibility is to report on the fairness of the terms and conditions of the Transaction. We confirm that our fairness opinion has been provided to the Board for the sole purpose of assisting the Board in forming and expressing an opinion for the benefit of the shareholders of Trans Hex, other than RAC.

Definition of the term “fair”

The “fairness” of a transaction is primarily based on quantitative issues. A transaction will generally be considered to be “fair” to a company’s shareholders if the benefits received, as a result of the transaction, are equal to or greater than the value given up.

Information utilised and procedures performed

Key fairness considerations

In arriving at our Opinion, we have undertaken the following procedures in evaluating WCR, Trans Hex and, specifically, the Trans Hex Mineral Assets:

- obtained an understanding of the company structure, before and after the Transaction;
- reviewed the terms and conditions of the Transaction;
- considered the audited consolidated financial statements of Trans Hex for the year ended 31 March 2017 including the Mineral Reserves and Mineral Resources statement therein;
- considered the unaudited management accounts of Trans Hex for the three months ended 30 June 2017;
- held discussions with the directors and management of Trans Hex to establish its strategy and considered such other matters as we consider necessary, including assessing the prevailing economic, legal, regulatory and market conditions in the mining industry;
- consulted with Mr LM Cilliers (MSc (Geology), Pr Sci Nat), an employee of Trans Hex, who is the head of the Trans Hex Resource and Reserve committee, and has signed off on the Diamond Resources for Lower Orange River Operations (LOR) and Somiluana Mine (Somiluana), as well as all Diamond Reserves; and Mr A Grills, director of Z Star Mineral Resource Consultants (Pty) Ltd who has signed off on the WCR Diamond Resources;
- an assessment of the recent historical performance to date as well as the reasonableness of the outlook assumed based on documentation provided by the management of Trans Hex;
- evaluated the risks and expected returns associated with Trans Hex;
- reviewed the reasonableness of material assumptions in the financial model relating to commodity prices; production volumes, grades and recoveries; operating expenses and capital expenditure;
- adjusted the financial model to reflect Snowden’s assumptions in terms of royalty and tax calculations;
- assumed that the cost of capital, future macro-economic variables such as commodity prices and inflation rates, have not been changed;
- reviewed certain publicly available information relating to Trans Hex, including Company announcements, analyst reports and media articles; and
- considered the historical performance of Trans Hex compared to forecast results.

Snowden has placed full reliance on the Diamond Resources and Diamond Reserves statement reported for WCR and Trans Hex’s consolidated operations. A depletion was applied to the 31 December 2016 Diamond Resource and Reserve statement, so that these estimates would be in alignment with the valuation date of 30 June 2017. Snowden considers the Diamond Resources and Diamond Reserves statement of 30 June 2017 to have been reported under the guidelines of the SAMREC Code (2016); these estimates were used in the most recent Life of Mine plans and the Valuation. For the purposes of Diamond Reserve estimation exclusively, Trans Hex compiled discounted cash flow (DCF) models for each of the operations (LOR, WCR and Somiluana) directly after the Diamond Reserves (with inclusion of Payable Inferred Resource) were estimated. These DCF models form part of Trans Hex’s internal Business Plan and reflected positive net present values (NPVs) for each of the operations. These DCF models were not used in the Valuation, as they did not include detailed operational information, depreciation charges, diamond inventories and select non-cash and post-tax items.

The reported Diamond Reserves as at 30 June 2017 (with inclusion of Payable Inferred Resource) was used in Trans Hex’s cash flow models (the Cash Flow Model) for WCR, LOR, Somiluana and consolidated operations.

Snowden has undertaken a high level review of the reported Trans Hex Diamond Resources and Reserves estimates of 30 June 2017 and considers that the sampling undertaken, quality assurance and quality control, methodologies followed (block modelling, estimation, and diamond price formulation) are robust and can be applied in the Cash Flow Model. Snowden has undertaken its own internal checks regarding financial inputs to the Cash Flow Model and has satisfied itself that the inputs are reasonable and be relied upon for the Valuation.

WCR is included in the overall valuation of Trans Hex for the following reasons:

- Management and marketing fees are charged by Trans Hex to WCR. This includes Trans Hex services offered in terms of corporate and operational expertise, and day-to-day management of the WCR operations and diamonds marketing services. Overall, these cash inflows are material to Trans Hex.
- A number of non-shareholder loans have been provided by Trans Hex to WCR. WCR has an obligation to fulfil repayment of these loans, which would realise additional cash inflows to Trans Hex.
- Trans Hex is currently a 40% shareholder of WCR.

In Snowden's opinion significant potential exists in the following WCR areas, namely the Megalodon channel, KNC Target Blocks and the Surf Zone (collectively the WCR Surf Zone). The Inferred Resource estimate for this area is a non-spatial estimate in that it is not located in blocks. As a result, accurate planning and mining will prove difficult. A decision was taken to only include 10% of the documented carats (0.11 Mct) as an indication of what could be reasonably mined by the WCR Surf Zone contractors currently. Snowden has ascribed value to the remaining Diamond Resource potential of the WCR Surf Zone; but has excluded extensions within the Megalodon channel and KNC Target Blocks due to the paucity of information. The current mineral rights allow WCR exclusive access to these surf zones which are considered an extension of the planned WCR operations. However, there is a possibility that these deposits may never be mined by WCR due to depth of deposition, the possibility of lower grades, and/or other operating expenditure and capital expenditure considerations. Exploration potential for the WCR Surf Zone has been estimated at 0.89 Mct by Z Star.

Snowden considers the proximal location and mineral right tenure sufficient justification for an implied value of between ZAR12 million and ZAR23 million for the WCR Surf Zone deposit, based on historical Namaqualand Mines transaction of 2012 and after applying a 50% discount for grade variability to the WCR Surf Zone deposit. Snowden's preferred value is ZAR15 million.

Trans Hex's 40% interest translates to a preferred value of ZAR6 million, with an upper value of ZAR9 million, and a lower value of ZAR5 million. Converted to NAV per Trans Hex share, this is equivalent to 5 cents per share (lower value), 6 cents per share (preferred value) and 9 cents per share (upper value).

Key qualitative considerations

In arriving at our opinion, we have also considered the following key qualitative considerations:

- the rationale for the Transaction as set out in the circular and public announcements made by Trans Hex; and
- our understanding of the planned Transaction process.

Valuation

Snowden performed a valuation of Trans Hex and WCR to determine whether the Transaction represents fair value to the remaining Trans Hex shareholders. The discounted cash flow methodology was the primary valuation methodology employed for the valuation of Trans Hex and WCR. Other valuation methodologies applied were the Market Comparables Approach.

As at 30 June 2017, there were 105.7 million Trans Hex shares in issue (excluding treasury shares). A net asset value (NAV) per share (less the Somiluana, LOR and WCR mines) was calculated by Trans Hex (Trans Hex adjusted NAV per share) using audited (31 March 2017) and unaudited (30 June 2017) NAVs. The Trans Hex adjusted NAV of 16 cent per share (equivalent to ZAR18 million) was added to Snowden's value per share of the three primary operations noted above, plus the WCR Surf Zone premium. The valuation approach and methodology used, comply with the South African Code for the Reporting of Mineral Asset Valuation, 2016 Edition, as amended December 2016. The valuation was performed taking cognisance of risks and other market and industry factors affecting Trans Hex. The key external value drivers include diamond prices, exchange rates, demand for diamonds, and the prevailing market and industry conditions. Key internal value drivers to the valuation include diamond prices, Resource grade variability and Resource confidence, economic conditions in Angola, the viability of capital expenditure, operating expenditure containment. Optimisation adjustments were undertaken by Trans Hex, which has included retrenchments, premature closure of select LOR operations, and deferring select capital expenditure at WCR. Snowden has also made several adjustments in the Cash Flow Model, specifically modifications to the discount rate and royalty and tax calculations.

Snowden applied a sensitivity of 10% (up) and -5% (down) to exchange rates in the Cash Flow Model. Applying this sensitivity to the Cash Flow Model, results in a lower and upper NPV of ZAR30 million and ZAR147 million respectively; and a preferred value of ZAR69 million, using a 19.2% discount rate as at the Valuation date and an exchange rate of ZAR13.50:US\$1; converted to NAV per share, this is equivalent to 28 cents per share (lower value), 65 cents per share (preferred value) and 139 cents per share (upper value). This consolidated NPV excludes a valuation of the WCR Surf Zone deposit and the Trans Hex adjusted NAV per share, but includes the attributable Trans Hex shareholding of 33% in Somiluana, 100% interest in LOR, and the current 40% interest in WCR.

By including the WCR Surf Zone and the Trans Hex adjusted NAV per share, Snowden considers the fair value of Trans Hex to be 87 cents per share, with a lower threshold value of 49 cents per share and an upper threshold value of 164 cents per share.

Using the Trans Hex inputs and outputs for WCR cash flow model, Snowden considers the fair value of WCR to be, as at 30 June 2017, and on a 100% basis, an NPV of ZAR310 million (with an applied 18.8% discount rate), plus the value of the WCR Surf Zone (estimated at ZAR15 million), less the current outstanding loan of ZAR130 million, which realises a cumulative value of ZAR195 million for the WCR, using a ZAR13.50:US\$1 exchange rate. A lower threshold of ZAR130 million and upper threshold of ZAR328 million has been calculated, using an exchange rate adjustment of -5% (down) and 10% (up), respectively. A 27.2% shareholding in WCR would therefore be valued at ZAR53 million.

The valuation above is provided solely in respect of the Transaction and should not be used for any other purposes.

Key qualitative consideration

In evaluating the fairness of the Transaction to arrive at our opinion, we have considered that the Transaction has been concluded at 414 cents a share, which is a premium of 33% to the closing traded price of the Trans Hex shares on the Valuation date, and an 11% and 4% premium to the respective 30 and 60 day average price immediately prior to the Valuation date of 30 June 2017. Furthermore, the Transaction has been concluded at a premium of 51% to the closing traded price of the Trans Hex shares, and at a 63% and 48% premium to the respective 30 and 60 day average price immediately prior to the Last Practicable Date, being 19 October 2017.

Opinion

Snowden is of the opinion that the preferred NPV for the consolidated operations is ZAR69 million, using a 19.2% discount rate as at the Valuation date and an exchange rate of ZAR13.50:US\$1; converted to NAV per share, this is equivalent to 28 cents per share (lower value), 65 cents per share (preferred value) and 139 cents per share (upper value). This consolidated NPV excludes a valuation of the WCR Surf Zone deposit and the Trans Hex adjusted NAV per share, but includes the attributable Trans Hex shareholding of 33% in Somilwana, 100% interest in LOR, and the current 40% interest in WCR.

By including the WCR Surf Zone and the Trans Hex adjusted NAV per share, Snowden considers the fair value of Trans Hex to be 87 cents per share, with a lower threshold value of 49 cents per share and an upper threshold value of 164 cents per share.

Using the Trans Hex inputs and outputs for WCR cash flow model, Snowden considers the fair value of WCR to be, as at 30 June 2017, and on a 100% basis, an NPV of ZAR310 million (with an applied 18.8% discount rate), plus the value of the WCR Surf Zone (estimated at ZAR15 million), less the current outstanding loan of ZAR130 million, which realises a cumulative value of ZAR195 million for the WCR, using a ZAR13.50:US\$1 exchange rate. A lower threshold of ZAR130 million and upper threshold of ZAR328 million has been calculated, using an exchange rate adjustment of -5% (down) and 10% (up), respectively. A 27.2% shareholding in WCR would therefore be valued at ZAR53 million. The Transaction value of ZAR39.1 million is within an acceptable value range, as estimated by Snowden.

Snowden considers the Transaction to be fair to shareholders of Trans Hex, other than RAC.

Limiting conditions

Our opinion is necessarily based upon the information available to us up to 30 September 2017, for the Valuation undertaken on 30 June 2017, including in respect of the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us at the date thereof. We have furthermore assumed that all conditions precedent, including any material regulatory, other approvals and consents required in connection with the Transaction have been or will be timeously fulfilled and/or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

This opinion is provided to the Board in connection with and for the purposes of the Transaction for the sole purpose of assisting the Board in forming and expressing an opinion for the benefit of Trans Hex shareholders. This opinion is prepared solely for the Board for use in the indicated manner and therefore should not be regarded as suitable for use by any other party or give rise to third party rights. This opinion does not purport to cater for each individual shareholder's perspective, but rather that of the general body of Trans Hex shareholders. Should a shareholder be in doubt as to what action to take, he or she should consult an independent adviser.

An individual Trans Hex shareholder's decision as to whether to vote in favour of the Transaction or not may be influenced by their particular circumstances. The assessment as to whether or not the Board decides to recommend the Transaction is a decision that can only be taken by the Board.

We have relied upon and assumed the accuracy of the information used by us in deriving our opinion. Where practical, we have corroborated the reasonability of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management of Trans Hex, by reference to publicly available or independently obtained information. While our work has involved an analysis of, *inter alia*, the annual financial statements, and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards.

Where relevant, the forecasts of Trans Hex relate to future events and are based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of Trans Hex will correspond to those projected. Where practicable, we compared the forecast financial information to past trends and third-party estimates as well as discussing the assumptions inherent therein with the management of Trans Hex. On the basis of these enquiries and such other procedures we consider appropriate to the circumstances, we believe that the forecasts have been prepared with due care and consideration.

We have also assumed that the Transaction will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by, representatives and advisors of Trans Hex and we express no opinion on such consequences. We have assumed that all agreements that will be entered into in respect of the Transaction will be legally enforceable.

Independence, competence and fees

We confirm that we are independent of Trans Hex and have no direct or indirect interest in Trans Hex shares or the Transaction. We also confirm that we have the necessary qualifications and competence to provide the fairness opinion on the Transaction. Furthermore, we confirm that our professional fees of approximately ZAR210,900 (excluding VAT) are not contingent upon the success of the Transaction.

Consent

We consent to the inclusion of this letter and the reference to our opinion in the Circular to be issued to the shareholders of Trans Hex in the form and context in which it appears and in any required regulatory announcement or documentation.

Yours faithfully,

Vince Agnello Competent Valuator

Snowden Mining Industry Consultants (Pty) Ltd
Technology House, Greenacres Complex,
Cnr Rustenburg and Victory Rds,
Victory Park
Johannesburg
2195

Bill McKechnie General Manager – EMEA

Snowden Mining Industry Consultants (Pty) Ltd
Technology House, Greenacres Complex,
Cnr Rustenburg and Victory Rds,
Victory Park
Johannesburg
2195

Jeremy Peters Principal Consultant

Snowden Mining Industry Consultants (Pty) Ltd
Level 6, 130 Stirling Street,
Perth Western Australia
6000"

ANNEXURE 2: PRO FORMA FINANCIAL INFORMATION OF TRANS HEX

The definitions and interpretations commencing on page 5 of this Circular apply to this annexure, unless a word or a term is otherwise defined herein.

The *pro forma* financial information has been prepared to illustrate the impact 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 *pro forma* financial information has been prepared using the accounting policies that comply with International Financial Reporting Standards and that are consistent with those applied in the audited, published statements of Trans Hex for the year ended 31 March 2017.

The *pro forma* financial information set out below is the responsibility of the Directors and has 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 or cash flows of Trans Hex after the Transaction and the Specific Issue.

The *pro forma* financial information should be read along with the independent reporting accountants' assurance report thereon, as set out in annexure 3 to the Circular.

PRO FORMA INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

The *pro forma* income statement and statement of comprehensive income set out below illustrates the effect of the Transaction and the Specific Issue on the financial information of Trans Hex for the year ended 31 March 2017.

	Before	Transaction adjustments	After the Transaction	Specific Issue adjustments	After the Transaction and the Specific Issue
R'000	Actual	<i>Pro forma</i>	<i>Pro forma</i>	<i>Pro forma</i>	<i>Pro forma</i>
Notes	1	2,3,4,5		6,7	
Continuing operations					
Revenue	540,183	172,102	712,285	–	712,285
Cost of goods sold	(631,655)	(224,842)	(856,497)	–	(856,497)
Gross loss	(91,472)	(52,740)	(144,212)	–	(144,212)
Share of results and impairment of associated companies	(18,959)	71,255	52,296	–	52,296
Royalties	(2,669)	(844)	(3,513)	–	(3,513)
Selling and administration costs	(88,802)	(3,336)	(92,138)	–	(92,138)
Mining loss	(201,902)	14,355	(187,567)	–	(187,567)
Exploration costs	(2,947)	(10,407)	(13,354)	–	(13,354)
Transaction costs	–	(1,017)	(1,017)	–	(1,017)
Other income	–	–	–	–	–
Other gains – net	18,775	(5,002)	13,773	–	13,773
Fair value adjustment – associate	–	10,969	10,969	–	10,969
Finance income	29,222	2,048	31,270	–	31,270
Finance costs	(5,391)	(26,340)	(31,731)	–	(31,731)
Impairment of assets	(27,417)	(150,758)	(178,175)	–	(178,175)
Loss before income tax	(189,660)	(166,172)	(355,832)	–	(355,832)
Income tax	(21,869)	69,241	47,372	–	47,372
Loss for the year from continuing operations	(211,529)	(96,931)	(308,460)	–	(308,460)
Discontinued operations					
Profit for the year from discontinued operations	28,912	–	28,912	–	28,912
Loss for the year	(182,617)	(96,931)	(279,548)	–	(279,548)
Attributable to:					
Continuing operations	(211,529)	(96,931)	(308,460)	–	(308,460)
– Owners of the parent	(212,398)	(38,502)	(250,900)	–	(250,900)
– Non-controlling interest	869	(58,429)	(57,560)	–	(57,560)
Discontinued operations	28,912	–	28,912	–	28,912
– Owners of the parent	28,912	–	28,912	–	28,912
	(182,617)	(96,931)	(279,548)	–	(279,548)

	Before	Transaction adjustments	After the Transaction	Specific Issue adjustments	After the Transaction and the Specific Issue
R'000	Actual	Pro forma	Pro forma	Pro forma	Pro forma
Notes	1	2,3,4,5		6,7	
Loss for the year	(182,617)	(96,931)	(279,548)	–	(279,548)
Other comprehensive income / (loss) net of tax	3,896	–	3,896	–	3,896
Items that will not be reclassified to profit or loss					
Re-measurements of post-employment benefit obligations	–	–	–	–	–
Before-tax amount	–	–	–	–	–
Tax expense	–	–	–	–	–
Items that may be subsequently reclassified to profit or loss					
Translation differences on foreign subsidiaries before and after tax	5,108	–	5,108	–	5,108
Recycling of foreign currency translation differences on repayment of long-term receivables from foreign operations	(1,212)	–	(1,212)	–	(1,212)
Total comprehensive loss for the year	(178,721)	(96,931)	(275,652)	–	(275,652)
Attributable to:					
Continuing operations	(207,633)	(96,931)	(304,564)	–	(304,564)
– Owners of the parent	(208,502)	(38,502)	(247,004)	–	(247,004)
– Non-controlling interest	869	(58,429)	(57,560)	–	(57,560)
Discontinued operations	28,912	–	28,912	–	28,912
– Owners of the parent	28,912	–	28,912	–	28,912
	(178,721)	(96,931)	(275,652)	–	(275,652)
(Loss) / profit per share – basic and diluted (in cents)					
– Continuing operations	(200.95)		(217.92)		(187.40)
– Discontinued operations	27.35		25.11		21.59
Total	(173.59)		(192.81)		(165.81)
Headline (loss) / profit and diluted headline (loss) / profit per share (cents)					
– Continuing operations	(142.02)		(147.70)		(127.02)
– Discontinued operations	27.35		25.11		21.59
Total	(114.67)		(122.59)		(105.43)
Weighted average number of Trans Hex Shares in issue, excluding Treasury Shares ('000)	105,699	9,437	115,136	18,749	133,885
Total number of Trans Hex Shares in issue, excluding Treasury Shares ('000)	105,669	9,437	115,136	18,749	133,885

Notes:

1. The "Before" financial information has been extracted without adjustment from the published, consolidated audited financial statements of Trans Hex for the year ended 31 March 2017.
2. The acquisition by Trans Hex, through THD, of an additional 27.2% shareholding in WCR, whereby WCR is no longer recognised 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 management and marketing fees paid by WCR to Trans Hex (of approximately R9.4 million) and interest on the inter-company loan advanced by Trans Hex to WCR (of approximately R6.4 million) and a provisional purchase price allocation in accordance with IFRS 3: *Business Combinations*. The audited annual financial statements of WCR for the year ended 31 March 2017 are prepared in terms of IFRS and have been audited by PricewaterhouseCoopers Inc., who issued an unqualified audit opinion thereon. Save for the effect of the fair value adjustments referred to in note 3 below, adjustment is expected to have a continuing effect on the financial information of Trans Hex.
3. The recognition of a fair value adjustment of R10,968,600 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.
4. The issue of 9,436,838 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.
5. Payment of once-off transaction costs attributable to the Transaction, amounting to R1,016,950, are expensed as they pertain to an investment acquisition. This adjustment is not expected to have a continuing effect on the financial information of Trans Hex.
6. The issue of, in aggregate, a maximum of 18,749,162 new Trans Hex Shares to Cream Magenta and Metcap in terms of the Specific Issue. This adjustment is expected to have a continuing effect on the financial information of Trans Hex.
7. Payment of once-off transaction costs attributable to the Specific Issue, amounting to R1,016,950, 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.
8. There are no other post balance sheet events that require adjustment to the *pro forma* income statement and statement of comprehensive income of Trans Hex for the year ended 31 March 2017.
9. The reconciliation between (loss) / profit and headline (loss) / profit is as follows:

R'000	Before	Transaction	After the Specific Issue	After the Transaction	
	Actual	<i>Pro forma</i>	<i>Pro forma</i>	adjustments	and the Specific Issue <i>Pro forma</i>
Continuing operations					
Loss for the year	(212,398)	(38,502)	(250,900)	–	(250,900)
Impairment of assets	27,417	101,309	128,726	–	128,726
Taxation impact	(7,677)	(28,367)	(36,043)	–	(36,043)
Foreign currency translation differences on repayment of long-term receivables from foreign operations recycled to profit or loss	(1,212)	–	(1,212)	–	(1,212)
Taxation impact	339	–	339	–	339
Impairment of assets acquired by associate	43,418	(43,418)	–	–	–
Fair value adjustment – associate	–	(10,969)	(10,969)	–	(10,969)
Headline loss	(150,113)	(19,946)	(170,058)	–	(170,058)
Headline loss and diluted headline loss per share (cents)	(142.02)		(147.70)		(127.02)
Discontinued operations					
Profit for the year	28,912	–	28,912	–	28,912
Adjustments	–	–	–	–	–
Headline profit	28,912	–	28,912	–	28,912
Headline profit and diluted headline profit per share (cents)	27.35		25.11		21.59
Total headline loss	(121,201)	(19,946)	(141,146)	–	(141,146)
Total headline loss and diluted headline loss per share (cents)	(114.67)		(122.59)		(105.43)

PRO FORMA STATEMENT OF FINANCIAL POSITION

The *pro forma* statement of financial position set out below illustrates the effect of the Transaction on the financial information of Trans Hex as at 31 March 2017.

	Before	Transaction adjustment	After the Transaction	Specific Issue adjustments	After the Transaction and the Specific Issue
R'000	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		6,7	
ASSETS					
Non-current assets	316,064	511,990	828,054	–	828,054
Property, plant and equipment	51,439	523,645	575,084	–	575,084
Investments in associates	195,822	(127,162)	68,660	–	68,660
Investments held by environmental trust	65,803	–	65,803	–	65,803
Other financial assets	3,000	115,507	118,507	–	118,507
Current assets	364,705	10,518	375,223	76,605	451,828
Inventories	59,276	37,502	96,778	–	96,778
Trade and other receivables	80,026	(26,682)	53,344	–	53,344
Current income tax	3	–	3	–	3
Cash and cash equivalents	225,400	(302)	225,098	76,605	301,703
Total assets	680,769	522,508	1,203,277	76,605	1,279,882
EQUITY					
Capital and reserves	356,375	49,020	405,395	76,605	482,000
Stated capital	206,276	39,069	245,345	76,605	321,949
Other reserves	(14,308)	–	(14,308)	–	(14,308)
Retained profit / (loss)	164,407	9,952	174,359	–	174,359
Non-controlling interest	–	72,493	72,493	–	72,493
LIABILITIES	324,394	400,995	725,389	–	725,389
Non-current liabilities	119,464	335,682	455,146	–	455,146
Provisions	119,464	161,507	280,971	–	280,971
Deferred income tax liabilities	–	40,795	40,795	–	40,795
Borrowings	–	133,380	133,380	–	133,380
Current liabilities	204,930	65,313	270,243	–	270,243
Trade and other payables	123,391	28,530	151,921	–	151,921
Interest in joint ventures	81,539	–	81,539	–	81,539
Borrowings	–	36,783	36,783	–	36,783
Total equity and liabilities	680,769	522,508	1,203,277	76,605	1,279,882
Net asset value per share (cents)	337.16		415.06		414.16
Tangible net asset value per share (cents)	337.16		123.03		163.01
Total number of Trans Hex Shares in issue, excluding Treasury Shares ('000)	105,699	9,437	115,136	18,749	133,885

Notes:

1. The "Before" financial information has been extracted without adjustment and / or derived from the published, consolidated audited financial statements of Trans Hex for the year ended 31 March 2017.
2. The acquisition by Trans Hex, through THD, of an additional 27.2% shareholding in WCR, whereby WCR is no longer recognised 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 trade payables, owing by WCR to Trans Hex (of approximately R28.9 million) and the loan owing by WCR to Trans Hex (of approximately R28.7 million) and a provisional purchase price allocation in accordance with IFRS 3: *Business Combinations*. The audited annual financial statements of WCR for the year ended 31 March 2017 are prepared in terms of IFRS and have been audited by PricewaterhouseCoopers Inc., who issued an unqualified audit opinion thereon.
3. The recognition of a fair value adjustment of R10,968,600 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.
4. The issue of 9,436,838 new Trans Hex Shares to RAC, as settlement of the Purchase Consideration.
5. Payment of once-off transaction costs attributable to the Transaction, amounting to R1,016,950, are expensed, as they pertain to an investment acquisition.
6. The issue of, in aggregate, a maximum of 18,749,162 new Trans Hex Shares to Cream Magenta and Metcap in terms of the Specific Issue, for a total maximum cash consideration of R77,621,531.
7. Payment of once-off transaction costs attributable to the Specific Issue, amounting to R1,016,950, are deducted from equity in terms of IAS 32: *Financial Instruments*, as they pertain to the issue of share capital.
8. There are no other post balance sheet events that require adjustment to the *pro forma* statement of financial position of Trans Hex as at 31 March 2017.
9. Total equity has been adjusted as follows:

R'000	Stated capital	Other reserves	Retained profit / (loss)	Non-controlling interest	Total equity
Issue of the Consideration Shares	39,069	–	–	–	39,069
Fair value adjustment	–	–	10,969	–	10,969
Transaction costs	–	–	(1,017)	–	(1,017)
Total adjustment in regard to the Transaction	39,069	–	9,952	–	49,021
Issue of the Issue Shares	77,622	–	–	–	77,622
Transaction costs	(1,017)	–	–	–	(1,017)
Total adjustment in regard to the Transaction and the Specific Issue	115,674	–	9,952	–	125,626

ANNEXURE 3: INDEPENDENT REPORTING ACCOUNTANTS' REASONABLE ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF TRANS HEX

"Board of Directors
Trans Hex Group Limited
405 Voortrekker Road
Parow
7500

Independent reporting accountant's assurance report on the compilation of *Pro Forma* Financial Information of Trans Hex Group Limited

Introduction

Trans Hex Group Limited (the "**Company**") is issuing a circular to its shareholders (the "**Circular**") regarding the proposed acquisition of an additional 27.2% in West Coast Resources Proprietary Limited ("**the Proposed Transaction**") and the potential future specific issue of shares ("**Specific Issue**").

At your request and for the purposes of the Circular to be dated on or about 1 November 2017, we present our assurance report on the compilation of the *pro forma* financial information of the Company by the directors. The *pro forma* financial information, presented in paragraph 5 and Annexure 2 to the Circular, consists of the *pro forma* statement of financial position as at 31 March 2017, the *pro forma* income statement and the *pro forma* statement of comprehensive income for the 12 months ended 31 March 2017 and the *pro forma* financial effects (the "**Pro Forma Financial Information**"). The *Pro Forma* Financial Information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The *Pro Forma* Financial Information has been compiled by the directors to illustrate the impact of the Proposed Transaction and the Specific Issue on the company's reported financial position as at 31 March 2017, and the company's financial performance for the period then ended, as if the Proposed Transaction and the Specific Issue had taken place at 31 March 2017 and 1 April 2016, respectively. As part of this process, information about the company's financial position and financial performance has been extracted by the directors from the company's financial statements for the year ended 31 March 2017, on which an audit report has been published.

Directors' responsibility

The directors of the Company are responsible for the compilation, contents and presentation of the *Pro Forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 5 and Annexure 2. The directors of the Company are also responsible for the financial information from which it has been prepared.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the *Pro Forma* Financial Information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *Pro Forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *Pro Forma* Financial Information.

As the purpose of *Pro Forma* Financial Information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *Pro Forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *Pro Forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *Pro Forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro Forma* Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 5 and Annexure 2 of the Circular.

PricewaterhouseCoopers Inc.

Director: H Zeelie

Registered Auditor
Stellenbosch
27 October 2017"

ANNEXURE 4: PRICE AND TRADING HISTORY OF TRANS HEX SHARES

DAILY

The table below sets out the aggregate volumes and values traded and the highest and lowest prices of Trans Hex Shares for each day over the 30 trading days preceding the Last Practicable Date.

Date	High (cents)	Low (cents)	Volume (number of Trans Hex Shares)	Value (Rand)
7 September 2017	–	–	–	–
8 September 2017	–	–	–	–
11 September 2017	–	–	–	–
12 September 2017	299	201	5,956	17,554
13 September 2017	290	280	2,116	6,035
14 September 2017	–	–	–	–
15 September 2017	270	251	43,429	113,282
18 September 2017	265	251	26,725	70,000
19 September 2017	260	231	1,686	4,042
20 September 2017	238	238	10	24
21 September 2017	230	230	18	41
22 September 2017	250	207	4,401	10,175
26 September 2017	250	210	9,652	23,880
27 September 2017	216	207	113	239
28 September 2017	216	216	2,000	4,320
29 September 2017	250	249	2,500	6,234
2 October 2017	255	250	7,077	17,716
3 October 2017	255	225	1,018	2,591
4 October 2017	255	250	6,000	15,050
5 October 2017	–	–	–	–
6 October 2017	230	230	41	94
9 October 2017	230	230	9,015	20,735
10 October 2017	253	233	11,818	28,873
11 October 2017	297	250	42,421	110,648
12 October 2017	–	–	–	–
13 October 2017	–	–	–	–
16 October 2017	–	–	–	–
17 October 2017	275	260	3,662	9,584
18 October 2017	–	–	–	–
19 October 2017	–	–	–	–

MONTHLY

The table below sets out the aggregate volumes and values traded and the highest and lowest prices of Trans Hex Shares for each month over the 12 months preceding the Last Practicable Date.

Date	High (cents)	Low (cents)	Volume (number of Trans Hex Shares)	Value (Rand)
November 2016	420	376	950,046	3,793,952
December 2016	450	391	2,279,049	9,139,583
January 2017	555	390	578,726	2,700,078
February 2017	550	440	273,166	1,368,427
March 2017	500	407	88,225	389,157
April 2017	470	360	299,999	1,192,689
May 2017	435	360	47,163	191,170
June 2017	405	302	268,262	985,550
July 2017	390	310	65,672	223,289
August 2017	389	210	137,575	429,420
September 2017	315	201	133,921	362,073
October 2017	297	225	81,052	205,291



**TRANS HEX
GROUP**

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")

NOTICE OF GENERAL MEETING

The definitions and interpretations commencing on page 5 of the Circular to which this notice is incorporated, apply to this notice, unless a word or a term is otherwise defined herein.

NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting will be held at the Company's registered offices, 405 Voortrekker Road, Parow, Cape Town, on Thursday, 30 November 2017, at 10:00 for purposes of considering, and if deemed fit, passing, with or without modification, the resolutions set out below.

ORDINARY RESOLUTION 1 – APPROVAL OF THE TRANSACTION IN TERMS OF PARAGRAPH 10.4(d) OF THE LISTINGS REQUIREMENTS

"Resolved that, in terms of paragraph 10.4(d) of the Listings Requirements, the acquisition by Trans Hex, through THD, of a further 27.2% shareholding in West Coast Resources from RAC, a related party, for a total purchase consideration of R39,068,510 to be settled through the issue of 9,436,838 new Trans Hex Shares, be and is hereby approved."

Voting in respect of this Ordinary Resolution

Percentage of voting rights required for this Ordinary Resolution to be adopted is a simple majority of votes of Shareholders, being more than 50% of the votes of all Shareholders present or represented by proxy at the General Meeting, excluding RAC and its associates, as envisaged in paragraph 10.4(e) of the Listings Requirements. For the avoidance of doubt, the Trans Hex Shares held by RAC and its associates will be taken into account in determining a quorum at the General Meeting.

Reason and effect of this Ordinary Resolution

The reason for this Ordinary Resolution is for Shareholders to approve the Transaction in terms of paragraph 10.4(d) of the Listings Requirements. The effect of this Ordinary Resolution is that Trans Hex, through THD, will acquire a further 27.2% shareholding in West Coast Resources, resulting the total shareholding in West Coast Resources held by the Group increasing to 67.2% following implementation of the Transaction, and issue 9,436,838 new Trans Hex Shares to RAC as settlement of the Purchase Consideration. Further details pertaining to the Transaction are contained in paragraph 3 of the Circular.

ORDINARY RESOLUTION 2 – APPROVAL OF THE SPECIFIC ISSUE IN TERMS OF PARAGRAPH 5.51(g) OF THE LISTINGS REQUIREMENTS

"Resolved that, in terms of paragraph 5.51(g) of the Listings Requirements, the specific issue of, in aggregate, a maximum of 18,749,162 new Trans Hex Shares, for cash, to Cream Magenta and Metcap (if they exercise the Subscription Option), be and is hereby approved."

Voting in respect of this Ordinary Resolution

Percentage of voting rights required for this Ordinary Resolution to be adopted is a 75% majority of votes of Shareholders present or represented by proxy at the General Meeting, excluding Cream Magenta, Metcap and their associates, as envisaged in paragraph 5.51(g) of the Listings Requirements. For the avoidance of doubt, the Trans Hex Shares held by Cream Magenta, Metcap and their associates will be taken into account in determining a quorum at the General Meeting.

Reason and effect of this Ordinary Resolution

The reason for this Ordinary Resolution is for Shareholders to approve the Specific Issue in terms of paragraph 5.51(g) of the Listings Requirements. The effect of this Ordinary Resolution is that the Company will issue a maximum of 18,749,162 new Trans Hex Shares for cash at the Issue Price. Further details pertaining to the Specific Issue are contained in paragraph 4 of the Circular.

SPECIAL RESOLUTION 1 – APPROVAL OF THE ISSUE OF THE CONSIDERATION SHARES IN TERMS OF SECTION 41(1) OF THE COMPANIES ACT

“Resolved that, in terms of section 41(1) of the Companies Act, the issue of the Consideration Shares to RAC, as settlement for the Purchase Consideration in terms of the Transaction, be and is hereby approved.”

Voting in respect of this Special Resolution

Percentage of voting rights required for this Special Resolution to be adopted is at least 75% of the voting rights exercised on the resolution.

Reason and effect of this Special Resolution

The reason for this Special Resolution is for Shareholders to approve the issue of the Consideration Shares to RAC, being a person related or inter-related to a Trans Hex Director, in terms of section 41(1) of the Companies Act. The effect of this Special Resolution is that the Company will issue 9,436,838 new Trans Hex Shares to RAC at the Issue Price, as settlement for the Purchase Consideration in terms of the Transaction. Further details pertaining to the Transaction are contained in paragraph 3 of the Circular.

SPECIAL RESOLUTION 2 – APPROVAL OF THE ISSUE OF TRANS HEX SHARES PURSUANT TO THE SPECIFIC ISSUE IN TERMS OF SECTION 41(1) OF THE COMPANIES ACT

“Resolved that, in terms of section 41(1) of the Companies Act, the issue of the Issue Shares to Cream Magenta and Metcap in terms of the Specific Issue, be and is hereby approved.”

Voting in respect of this Special Resolution

Percentage of voting rights required for this Special Resolution to be adopted is at least 75% of the voting rights exercised on the resolution.

Reason and effect of this Special Resolution

The reason for this Special Resolution is for Shareholders to approve the issue of the Issue Shares to Cream Magenta and Metcap, being a person related or inter-related to a Trans Hex Director, in terms of section 41(1) of the Companies Act. The effect of this Special Resolution is that the Company will issue in aggregate, a maximum of 18,749,162 new Trans Hex Shares to Cream Magenta and Metcap in terms of the Specific Issue. Further details pertaining to the Specific Issue are contained in paragraph 4 of the Circular.

RECORD DATE

The record date, in terms of section 59 of the Companies Act, for Trans Hex Shareholders to be recorded in the Register in order to:

- receive the Notice of General Meeting is Friday, 20 October 2017; and
- attend, speak and vote at the General Meeting is Friday, 17 November 2017 and, accordingly, the last day to trade in order to be eligible to vote at the General Meeting is Tuesday, 14 November 2017.

DEMATERIALISED SHAREHOLDERS WITHOUT “OWN NAME” REGISTRATION

Dematerialised Shareholders without “own name” registration who wish to attend the General Meeting in person should request their Broker or CSDP to provide them with the necessary letter of representation in terms of their custody agreement with their Broker or CSDP. Dematerialised Shareholders without “own name” registration who do not wish to attend but wish to vote at the General Meeting must advise their Broker or CSDP of their voting instructions. Dematerialised Shareholders without “own name” registration should contact their Broker or CSDP with regard to the cut-off time for their voting instructions.

CERTIFICATED SHAREHOLDERS OR DEMATERIALISED SHAREHOLDERS WITH “OWN NAME” REGISTRATION

Certificated Shareholders or a Dematerialised Shareholders with “own name” registration, may attend the General Meeting in person and may vote at the General Meeting. Alternatively, such Shareholders may appoint a proxy to represent them at the General Meeting by completing the Form of Proxy.

PROXIES

A Trans Hex Shareholder entitled to attend, speak and vote at the General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his or her stead. A proxy need not be a Shareholder of the Company. For the convenience of Certificated Shareholders and Dematerialised Shareholders with “*own name*” registration, the Form of Proxy is attached.

Duly completed Forms of Proxy must be lodged with the Transfer Secretaries not less than 48 (forty eight) hours before the commencement of the General Meeting or be handed to the chairman of the General Meeting before the appointed proxy exercises any of the relevant shareholder rights at the General Meeting.

In compliance with the provisions of section 58(8)(b)(i) of the Companies Act, a summary of the rights of a Shareholder to be represented by proxy, as set out in section 58 of the Companies Act, is set out in the Form of Proxy attached.

VOTING

On a show of hands, every Shareholder present in person or represented by proxy shall have only 1 (one) vote. On a poll, every Shareholder present in person or represented by proxy shall have 1 (one) vote for every Trans Hex Share held in the Company by such Shareholder.

Pursuant to schedule 14 of the Listings Requirements, the votes of the Treasury Shares, being the Trans Hex Shares held by the dormant Trans Hex Group Limited Share Option Trust, may not be exercised with respect to the resolutions contained in this Notice of General Meeting.

PROOF OF IDENTIFICATION REQUIRED

In terms of section 63(1) of the Companies Act, any Shareholder or proxy who intends to attend or participate at the General Meeting must be able to present reasonably satisfactory identification at the General Meeting for such Shareholder or proxy to attend and participate in the General Meeting. A green bar-coded or smart card identification document, issued by the South African Department of Home Affairs, a driver's license or a valid passport will be accepted as sufficient identification.

ELECTRONIC PARTICIPATION BY SHAREHOLDERS

Should a Shareholder (or a representative or a proxy of such Shareholder) wish to participate in (but not vote at) the General Meeting by way of telephone conference call, then such Shareholder:

- must email ansonetm@transhex.co.za by no later than 10:00 on Tuesday, 28 November 2017 in order to obtain dial-in details for the conference call;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the General Meeting.

Shareholders (or a representative or a proxy of such Shareholder) will not be able to vote telephonically at the General Meeting and Shareholders will need to appoint a proxy or representative to vote on their behalf at the General Meeting.

By order of the Trans Hex Board of Directors

GM van Heerden
Company secretary

27 October 2017



TRANS HEX GROUP

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")

FORM OF PROXY (FOR USE BY CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH "OWN NAME" REGISTRATION)

The definitions and interpretations commencing on page 5 of the Circular to which this form is incorporated, apply to this form, unless a word or a term is otherwise defined herein.

This Form of Proxy is only for use by:

- Certificated Shareholders; and
• Dematerialised Shareholders with "own name" registration,

in respect of the general meeting of Trans Hex Shareholders to be held at the Company's registered offices, 405 Voortrekker Road, Parow, Cape Town, on Thursday, 30 November 2017, at 10:00, and at any postponement or adjournment thereof.

Shareholders who have Dematerialised their Trans Hex Shares with a Broker or CSDP, other than with "own name" registration, must arrange with the Broker or CSDP concerned to provide them with the necessary letter of representation to attend the General Meeting or the Shareholders concerned must instruct their Broker or CSDP as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the Shareholder and the Broker or CSDP concerned.

I / We (name in block letters)
of (address)

Telephone (work) (home)

Mobile (email)

being the holder(s) of Trans Hex Shares

hereby appoint (see note 1):

1. or failing him / her

2. or failing him / her

the chairman of the General Meeting, as my / our proxy to attend, speak and act on my / our behalf at the General Meeting (and at any postponement or adjournment thereof) and, on a poll, to vote in my stead and to vote for or against the Resolution or abstain from voting thereon in respect of the Trans Hex Shares registered in my / our name(s), in accordance with the following instructions (see note 3):

Table with 4 columns: Resolution description, For, Against, Abstain. Rows include Ordinary Resolution 1, Ordinary Resolution 2, Special Resolution 1, and Special Resolution 2.

Please indicate with an "x" or the relevant number of Trans Hex Shares, in the applicable space, how you wish your votes to be cast. Unless otherwise directed, the proxy will vote as he / she deems fit.

Signed at on 2017

Signature(s) Capacity

Assisted by (where applicable) Signature

Please read the notes on the reverse side hereof.

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- a shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
- a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
- any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company;
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise;
- if the instrument appointing a proxy or proxies has been delivered by a shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's Memorandum of Incorporation to be delivered to a shareholder must be delivered by such company to:
 - the relevant shareholder; or
 - the proxy or proxies, if the relevant shareholder has: (i) directed such company to do so, in writing and (ii) paid any reasonable fee charged by such company for doing so; and
- if a company issues an invitation to its shareholders to appoint 1 (one) or more persons named by the company as a proxy, or supplies a form of proxy instrument:
 - the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised;
 - the invitation or form of proxy instrument supplied by the company must:
 - * bear a reasonably prominent summary of the rights established in section 58 of the Companies Act;
 - * contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name and, if desired, an alternative name of a proxy chosen by the shareholder; and
 - * provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting;
 - the company must not require that the proxy appointment be made irrevocable; and
 - the proxy appointment remains valid only until the end of the meeting at which it was intended to be used.

NOTES:

1. A Shareholder is entitled to appoint one or more proxies (who need not be a Shareholder of the Company) to attend, speak, and on a poll, vote in place of that Shareholder at the General Meeting.
2. A Shareholder may insert the name of a proxy or the names of 2 (two) alternate proxies of the Shareholder's choice in the space(s) provided, with or without deleting "*the chairman of the General Meeting*". The person whose name stands first on the Form of Proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A Shareholder should insert an "x" in the relevant space according to how the Shareholder wishes his / its votes to be cast. However, if a Shareholder wishes to cast a vote in respect of a lesser number of Shares than that which he / it holds, such Shareholder should insert the number of Shares held in respect of which he / it wishes to vote or abstain from voting. If a Shareholder fails to comply with the above then such Shareholder will be deemed to have authorised the proxy to vote or to abstain from voting at the General Meeting as such proxy deems fit in respect of all of the Shareholders' votes exercisable at the General Meeting. A Shareholder is not obliged to exercise the votes in respect of all of the Shares held by him / it, but the total votes cast and abstentions recorded may not exceed the total number of the votes exercisable by the Shareholder.
4. The completion and lodging of this Form of Proxy will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.
5. The chairman of the General Meeting may reject or accept any form of proxy which is not completed and / or received in accordance with these notes.
6. Shareholders who have Dematerialised their Shares with a Broker or CSDP, other than those with "*own name*" registration, must arrange with the Broker or CSDP concerned to provide them with the necessary letter of representation to attend the General Meeting or the Shareholders concerned must instruct their Broker or CSDP as to how they wish the votes in respect of their Shares to be voted at the General Meeting. This must be done in terms of the agreement entered into between the Shareholder and the Broker or CSDP concerned.
7. Any alteration to this Form of Proxy, other than the deletion of alternatives, must be signed, not merely initialed, by the signatory/ies.
8. If this Form of Proxy is signed under a power of attorney, then such power of attorney or a notarially certified copy thereof must be sent with this Form of Proxy, unless it has previously been recorded by Trans Hex or the Transfer Secretaries.
9. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity (e.g. on behalf of a company, trust/ees, pension fund, deceased estate, etc.) must be attached to this Form of Proxy, unless previously recorded by Trans Hex or the Transfer Secretaries or waived by the chairman of the General Meeting.
10. A minor or any other person with legal incapacity must be assisted by his / her parent or guardian, unless the relevant documents establishing his / her capacity are produced or have been recorded by Trans Hex or the Transfer Secretaries.
11. Where there are joint holders of Shares:
 - a. any one holder may sign the Form of Proxy; and
 - b. the vote of the senior joint holder, who tenders a vote, as determined by the order in which the names stand in the Register, will be accepted.
12. Forms of Proxy should be lodged at or posted to the Transfer Secretaries at Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196, South Africa (PO Box 61051, Marshalltown, 2107) so as to be received by the Transfer Secretaries by not later than 48 (forty eight) hours prior to the General Meeting, being 10:00 on Tuesday, 28 November 2017. Should the Form of Proxy not be delivered to the Transfer Secretaries by this time, the Form of Proxy must be handed to the chairman of the General Meeting before the appointed proxy exercises any of your shareholder rights at the General Meeting.