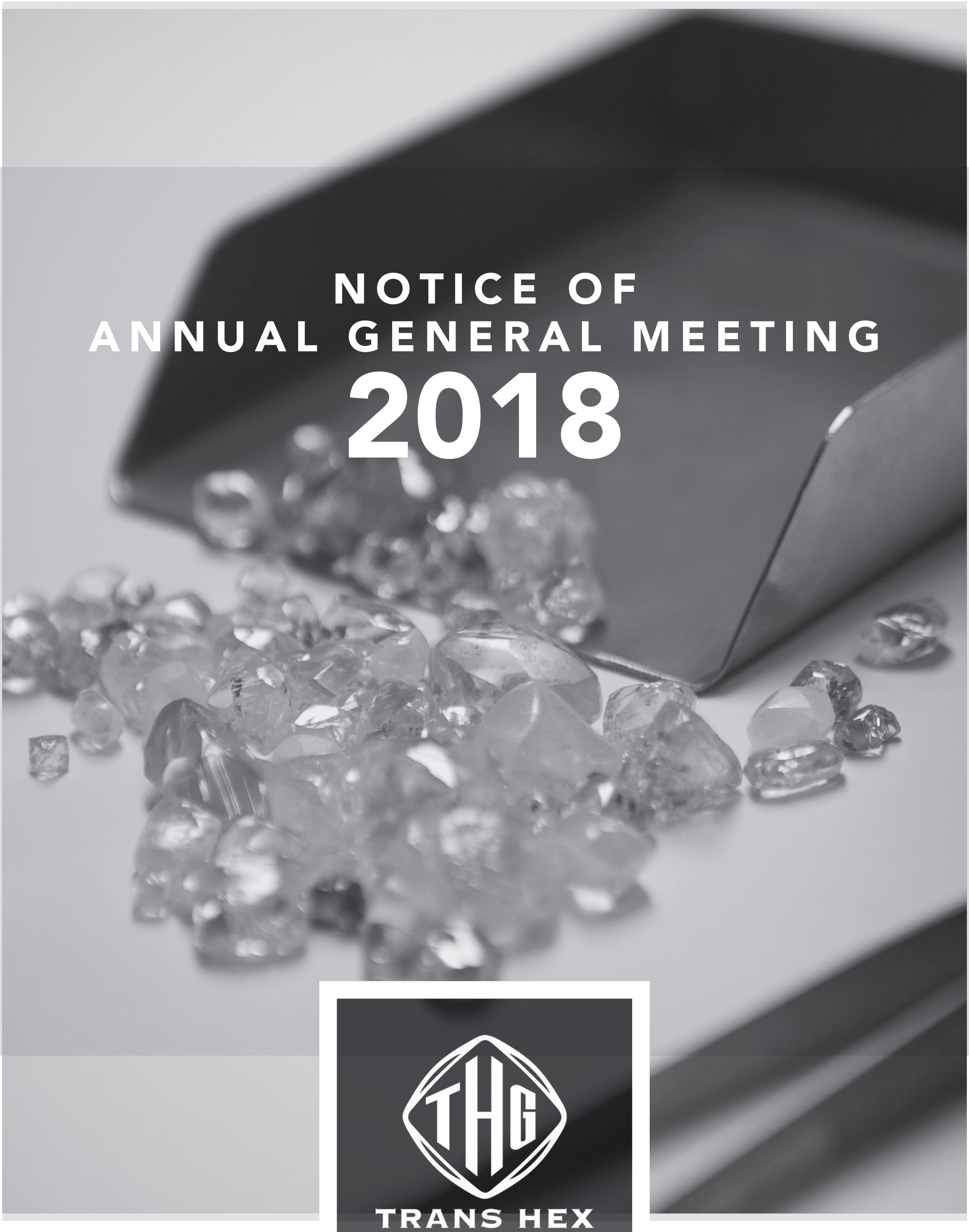
NOTICE OF
ANNUAL GENERAL MEETING
2018



TRANS HEX
GROUP

NOTICE OF ANNUAL GENERAL MEETING

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TRANS HEX GROUP LIMITED

REG. NO. 1963/007579/06

405 VOORTREKKER ROAD, PO BOX 723, PAROW 7499, CAPE TOWN • REPUBLIC OF SOUTH AFRICA
TEL +27 21 937 2000, FAX +27 21 937 2100 • www.transhex.co.za •

29 June 2018

Dear Shareholder

NOTICE OF ANNUAL GENERAL MEETING

In this booklet you will find a detailed Notice of Annual General Meeting ("**Notice**") in respect of Trans Hex Group Limited's 38th Annual General Meeting which will be held on Friday, 17 August 2018. Also included are the audited summary consolidated annual financial statements for the year ended 31 March 2018, with explanatory notes and commentary, and a form of proxy.

Kindly note that a printed Integrated Annual Report will not be mailed to shareholders in order to contain costs.

The full Integrated Annual Report is, however, available for viewing and downloading on the Company's website at www.transhex.co.za. Printed copies will be available for collection at the Company's registered office and will be mailed to shareholders upon request. Please contact Helena Crouse on tel: 021 937 2032 or e-mail: helenac@transhex.co.za to request a printed copy.

Yours faithfully

AJ Rich on behalf of STATUCOR (PTY) LTD
Company Secretary

TRANS HEX GROUP LIMITED

(Incorporated in the Republic of South Africa)
Registration number 1963/007579/06
JSE share code: TSX
ISIN: ZAE000018552
("**Trans Hex**" or the "**Company**")

NOTICE OF ANNUAL GENERAL MEETING

If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant or other professional adviser immediately.

Notice is hereby given in terms of Section 62(1) of the Companies Act, No. 71 of 2008, as amended (the "**Companies Act**"), that the 38th Annual General Meeting of shareholders of Trans Hex will be held at the Company's registered offices, 405 Voortrekker Road, Parow, Cape Town, on Friday, 17 August 2018, at 09:00 for purposes of considering and, if deemed fit, adopting, with or without modification, the ordinary, non-binding advisory and special resolutions set out hereafter.

The Board of Directors of the Company (the "**Board**") has determined that the record date for shareholders to be recorded on the Securities Register of the Company in order to receive Notice of the Annual General Meeting is Friday, 22 June 2018. Further, the record date determined by the Board for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the Annual General Meeting is Friday, 3 August 2018. Accordingly, the last day to trade Trans Hex shares in order to be recorded in the Register to be entitled to vote will be Tuesday, 31 July 2018.

The purpose of the Annual General Meeting is to transact the business set out in the Agenda below.

AGENDA

- Presentation of the audited annual financial statements of the Company, including the reports of the Directors and the Audit and Risk Committee for the year ended 31 March 2018. The summarised consolidated annual financial statements are contained in **Annexure 1** to this document. The 2018 Integrated Annual Report, containing the audited annual financial statements and the relevant reports for the preceding year (including the Report of the Human Resources and Social and Ethics Committee), is available on the Company's website at www.transhex.co.za, or may be requested and obtained in person, at no charge, at the registered office of the Company during office hours.

- To consider and, if deemed fit, approve, with or without modification, the following ordinary, non-binding advisory and special resolutions:

ORDINARY RESOLUTIONS

Ordinary resolutions 1 to 6 require the support of more than 50% of the total number of votes exercised by shareholders present or represented by proxy at the meeting; ordinary resolution number seven requires the support of more than 75% majority of the total number of votes exercised by shareholders present or represented by proxy at the meeting:

ORDINARY RESOLUTION NUMBERS 1.1 and 1.2: Re-electing two Directors

"Resolved that the following Directors, who retire by rotation in terms of clause 7.3 of the Company's Memorandum of Incorporation, and being eligible and offering themselves for re-election, be and are hereby re-elected as Directors:

1.1 Mr Athol Rhoda; and

1.2 Mr Piet Viljoen."

Brief biographies of the aforementioned Directors are set out in **Annexure 2** to this document.

The re-elections numbered 1.1 and 1.2 constitute separate ordinary resolutions and will be considered by separate votes.

ORDINARY RESOLUTION NUMBER 2: Ratifying the appointment of a Director

"Resolved that the appointment of Mr Albertus Marais as an Independent Non-executive Director of the Company with effect from 1 March 2018 be ratified and approved."

A brief biography of Mr Marais is set out in **Annexure 2** to this document.

ORDINARY RESOLUTION NUMBER 3: Re-appointing the external auditors

"Resolved that PricewaterhouseCoopers Inc. be and are hereby re-appointed as the independent external auditors of the Company, and that Duncan Adriaans be and is hereby appointed as the individual designated auditor of the Company, for the ensuing period terminating on the conclusion of the next Annual General Meeting of the Company."

The Board has evaluated the performance of PricewaterhouseCoopers Inc. and recommends their re-appointment as external auditors of the Company.

ORDINARY RESOLUTION NUMBERS 4.1, 4.2 AND 4.3: Appointing the Audit and Risk Committee for the ensuing period
"Resolved that the following Directors, who are eligible and offer themselves for election, be and are hereby appointed as members of the Audit and Risk Committee for the ensuing period terminating on the conclusion of the next Annual General Meeting of the Company, as recommended by the Board in accordance with Section 94(2) of the Companies Act:

4.1 Subject to his re-election in terms of ordinary resolution 1.1, Mr Athol Rhoda (Independent Non-executive Director);

4.2 Subject to his appointment in terms of ordinary resolution 2, Mr Albertus Marais (Independent Non-executive Director); and

4.3 Subject to his re-election in terms of ordinary resolution 1.2, Mr Piet Viljoen (Non-executive Director)."

Brief biographies of the aforementioned Directors are set out in **Annexure 2** to this document.

The appointments numbered 4.1, 4.2 and 4.3 constitute separate ordinary resolutions and will be considered by separate votes.

ORDINARY RESOLUTION NUMBER 5: Control of authorised but unissued ordinary shares
"Resolved that the authorised but unissued ordinary shares in the capital of the Company be and are hereby placed under the control and authority of the Board and that the Board be and are hereby authorised and empowered to allot/issue and otherwise dispose of all or any of such ordinary shares, or to issue any options in respect of all or any of such ordinary shares, to such person/(s) on such terms and conditions and at such times as the Directors may from time to time and in their discretion deem fit, subject to the provisions of Sections 38 and 41 of the Companies Act, the Memorandum of Incorporation of the Company and the Listings Requirements of the JSE Limited ('**JSE**'), as amended from time to time ('**JSE Listings Requirements**'), and that such authority remains in force until the next Annual General Meeting of the Company."

ORDINARY RESOLUTION NUMBER 6: Signature of documents
"Resolved that each Director of the Company be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be proposed at the Annual General Meeting convened to consider the resolutions which are passed, in the case of ordinary resolutions and non-binding advisory resolutions, or are passed and registered by the Companies and Intellectual Property Commission, in the case of special resolutions and if applicable."

ORDINARY RESOLUTION NUMBER 7: General authority to issue ordinary shares for cash
"Resolved that the Board be and is hereby authorised, by way of a general authority, to issue the authorised but unissued ordinary shares in the capital of the Company, or to allot, issue and grant options to subscribe for, the authorised but unissued ordinary shares in the capital of the Company, for cash, as and when they in their sole discretion deem fit, subject to the provisions of the Companies Act, the Memorandum of Incorporation of the Company and its subsidiaries, and the JSE Listings Requirements, as amended from time to time, provided that:

– this authority shall be valid until the Company's next Annual General Meeting, or for 15 months from the date of this resolution, whichever period is shorter;
– the equity securities which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
– such shares may only be issued to public shareholders as defined in the JSE Listings Requirements and not to related parties;
– the securities which are the subject of a general issue for cash may not exceed 10% of the number of listed securities, excluding treasury shares, as at the date of this Notice, being 11 513 578 securities. The calculation of the Company's listed equity securities must be a factual assessment of the Company's listed equity securities as at the date of this Notice, excluding treasury shares. Any securities issued under this authorisation will be deducted from the aforementioned 11 513 578 listed securities. In the event of a sub-division or a consolidation during the period contemplated above, the authority will be adjusted to represent the same allocation ratio;
– any such general issues are subject to exchange control regulations and approval at that point in time;
– in determining the price at which securities may be issued in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such securities measured over the 30 business days prior to the date that the price of the issue is agreed in writing between the issuer and the party/(ies) subscribing for the securities;
– an announcement in accordance with Section 11.22 of the JSE Listings Requirements will be published when the Company has issued securities representing, on a cumulative basis within the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 months from the date that this authority is given, 5% or more of the number of securities in issue prior to the issue; and
– whenever the Company wishes to use repurchased shares held as treasury shares by a subsidiary of the Company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares."

NON-BINDING ADVISORY RESOLUTIONS
Non-binding resolutions one and two require the support of more than 50% of the total number of votes exercised by shareholders present or represented by proxy at the meeting:

NON-BINDING ADVISORY RESOLUTION NUMBER 1: Approval of the Company's Remuneration Policy
"Resolved by way of a non-binding advisory vote that the Remuneration Policy be approved."

In terms of the King Code on Corporate Governance for South Africa 2016 ("**King IV**") and the JSE Listings Requirements, an advisory vote should be obtained from shareholders on the Remuneration Policy. The vote allows shareholders to express their views on the Remuneration Policy adopted, but will not be binding on the Company. The Remuneration Policy is set out in **Annexure 3** of this document.

NON-BINDING ADVISORY RESOLUTION NUMBER 2: Approval of the Remuneration Implementation Report
"Resolved by way of a non-binding advisory vote that the Implementation Report of the Remuneration Policy be approved."

In terms of King IV and the JSE Listings Requirements, an advisory vote should be obtained from shareholders on the Implementation Report of the Remuneration Policy. The vote allows shareholders to express their views on the extent of implementation of the Remuneration Policy, but will not be binding on the Company. The Implementation Report on the Remuneration Policy is set out in **Annexure 3** of this document.

Shareholders are reminded that in terms of King IV, should 25% or more of the votes be cast against one or both of these non-binding advisory resolutions, the Company undertakes to engage with shareholders as to the reasons therefore and furthermore undertakes to make recommendations based on the feedback received.

SPECIAL RESOLUTIONS

To consider and, if deemed fit, pass the following special resolutions (numbers 1 to 3), with or without modification (in order to be adopted, these resolutions require the support of at least 75% of the total number of votes exercised by shareholders present or represented by proxy at the meeting):

SPECIAL RESOLUTION NUMBER 1: Authority to pay Non-executive Directors' remuneration for the year ending 31 March 2019
"Resolved that the Board's recommendation, set out in the table below, in respect of remuneration of Non-executive Directors, in their capacity as Non-executive Directors, as contemplated in Section 66(9) of the Companies Act, with effect from 1 April 2018, be and is hereby approved."

Designation	Fees for the year ended 31 March 2018	Proposed fees for the year ending 31 March 2019
Annual retainer:		
Non-executive Director	**R95 400**	**R95 400**
Chairman of the Human Resources and Social & Ethics Committee	**R143 100**	**R143 100**
Chairman of the Audit and Risk Committee	**R166 925**	**R166 925**
Chairman of the Board	**R609 180**	**R609 180**
Fee per meeting:		
Board meeting	**R19 080**	**R19 080**
Audit and Risk Committee meeting	**R17 175**	**R17 175**
Human Resources and Social & Ethics Committee meeting	**R11 450**	**R11 450**

Note: If the same person is Chairman of both Board subcommittees, then the annual retainer amount will be R214 625.

Further details on the basis of calculation of the remuneration are included in the Remuneration Policy as set out in **Annexure 3** to this document.

Reason and effect
The reason for and the effect of special resolution number one is to approve the remuneration payable by the Company to its Non-executive Directors for their services as Non-executive Directors of the Company for the period ending 31 March 2019.

SPECIAL RESOLUTION NUMBER 2: General authority to repurchase issued shares
"Resolved that the Company (or any of its subsidiaries) be authorised, with effect from the date of this Annual General Meeting, by means of a general approval, to repurchase or purchase, as the case may be, such number of ordinary shares issued by the Company and at such price and on such other terms and conditions as the Directors may from time to time determine, but subject always to the provisions of Section 48 of the Companies Act and the JSE Listings Requirements, which as at the date of this Notice include, amongst others, the following:

– this authority shall not extend beyond 15 months from the date of this resolution or the date of the next Annual General Meeting of the Company, whichever is the earlier;
– the repurchase or purchase of shares shall be effected through the order book operated by the trading system of the JSE and be done without any prior understanding or arrangement between the Company and the counterparty (reported trades being prohibited);
– the acquisition must be authorised by the Company's Memorandum of Incorporation;
– the repurchase of shares shall not, in the aggregate, in any one financial year, exceed 10% of the Company's issued ordinary share capital at the time that this authority is given, provided that a subsidiary of the Company or subsidiaries of the Company collectively, shall not hold in excess of 10% of the number of shares issued by the Company;
– the acquisition must not be made at a price more than 10% above the weighted average of the market value for the ordinary shares of the Company for the five business days immediately preceding the date of acquisition;

- at any point in time, the Company may only appoint one agent to effect any repurchase/(s) on the Company's behalf;
- the Company or its subsidiary may not repurchase securities during a prohibited period, unless there is a repurchase programme in place where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the JSE in writing prior to the commencement of the prohibited period. The Company must instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- an announcement containing full details of such acquisitions of shares must be published as soon as the Company and/or its subsidiary/(ies) has/have acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue at the date of this Annual General Meeting at which this special resolution is considered and, if approved, passed, and for each 3% in aggregate of the initial number acquired thereafter; and
- prior to entering the market to proceed with a repurchase, the Board must pass a resolution confirming that the Board has authorised the repurchase, that the Company satisfied the solvency and liquidity test contemplated in Section 4 of the Companies Act, and that since the test was done there have been no material changes to the financial position of the Company and its subsidiaries (the '**Group**')."

Disclosure in terms of the JSE Listings Requirements
In terms of the JSE Listings Requirements, the following disclosures are required with reference to the repurchase of the Company's shares as set out in special resolution number two above:

Statement of Directors
The Company's Directors undertake that, after considering the effect of the maximum repurchase permitted, they will not implement any such repurchase unless the provisions of Sections 4 and 48 of the Companies Act will be complied with and for a period of 12 months after shareholder approval for such general repurchase:

(i) the Company and the Group will be able, in the ordinary course of business, to pay its debts;

(ii) the assets of the Company and the Group will be in excess of the liabilities of the Company and the Group, recognised and measured in accordance with International Financial Reporting Standards;

(iii) the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes; and

(iv) the working capital resources of the Company and the Group will be adequate for ordinary business purposes.

It is the Board's intention to use such authority should prevailing circumstances (including tax dispensation and market conditions) in their opinion warrant it.

The Company and the Group have complied with the applicable provisions of the Companies Act and the JSE Listings Requirements.

Directors' responsibility statement
The Directors, collectively and individually, accept full responsibility for the accuracy of the information pertaining to the above special resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the above special resolution contains all information required by law and the JSE Listings Requirements.

The following further disclosures required in terms of the JSE Listings Requirements are set out in the Annexures detailed below and attached to this Notice:

- Major shareholders – **Annexure 4**
- Material changes – **Annexure 5**
- Share capital of the Company – **Annexure 6**

Please refer to the additional disclosure of information contained in this Notice, which disclosure is required in terms of the JSE Listings Requirements.

Reason and effect
The reason for and effect of special resolution number two is to grant the Company's Board a general authority to approve the repurchase of its shares or to permit a subsidiary of the Company to purchase shares in the Company.

SPECIAL RESOLUTION NUMBER 3: General authority to provide financial assistance to related and inter-related companies and corporations in terms of Sections 44 and/or 45 of the Companies Act
"Resolved that the Directors of the Company be and are hereby authorised in terms of, and subject to, the provisions of Sections 44 and/or 45 of the Companies Act to cause the Company to, from time to time, provide any direct and/or indirect financial assistance (whether by way of loan, guarantee, the provision of security or otherwise) for a period of two years commencing on the date of this special resolution to any of its present or future subsidiaries and/or any other company or corporation which is or becomes related or inter-related to the Company for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities issued or to be issued by the Company or a related or inter-related company or corporation or for the purchase of any securities of the Company or related or inter-related company or corporation; provided that the Board is satisfied that immediately after providing the financial assistance, the Company will satisfy the solvency and liquidity test contemplated in Section 4 of the Companies Act; that the terms under which the financial assistance is proposed to be given, are fair and reasonable to the Company; and, that the conditions or restrictions in respect of the granting of the financial assistance which may be set out in the Company's Memorandum of Incorporation have been satisfied."

Reason and effect
The reason for and effect of special resolution number three is to grant the Directors of the Company the authority, subject to the provisions of the Companies Act, to provide financial assistance to any company or corporation which is related or inter-related to the Company.

TRANSACTING ANY OTHER BUSINESS AS MAY BE CONDUCTED AT AN ANNUAL GENERAL MEETING

IMPORTANT NOTICE REGARDING ATTENDANCE AT ANNUAL GENERAL MEETING

Certificated and "own name" dematerialised shares – proxy
Shareholders holding certificated shares and shareholders of the Company who have dematerialised their shares and have elected own name registration in the sub-register maintained by the CSDP, may attend, speak and vote at the Annual General Meeting or furnish a proxy.

Dematerialised shareholders other than with "own name" registration
Shareholders who have dematerialised their shares through a CSDP or broker and who have not elected own name registration in the sub-register maintained by a CSDP and who wish to attend the Annual General Meeting, should instruct their CSDP or broker to issue them with the necessary authority to attend, or if they do not wish to attend the Annual General Meeting, they may provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

Satisfactory identification
In terms of Section 63(1) of the Companies Act, before any person may attend or participate in a shareholders' meeting such as the meeting convened in terms of this Notice, that person must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder, or as a proxy for a shareholder, has been reasonably verified. The Company will regard presentation of an original of a meeting participant's valid driver's licence, identity document or passport to be satisfactory identification.

Voting
On a show of hands every shareholder present in person or by proxy and if a member is a body corporate, its representative, shall have one vote and on a poll every shareholder present in person or by proxy and if the person is a body corporate, its representative, shall have one vote for every share held or represented by him/her.

Proxies
A form of proxy is attached for completion by registered certificated shareholders and dematerialised shareholders with own name registration who are unable to attend the Annual General Meeting in person. Forms of proxy must be completed and returned to the Company's transfer secretaries, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg 2196, (postal address: PO Box 61051, Marshalltown 2107), by no later than 09:00 on Wednesday, 15 August 2018. Registered certificated shareholders and dematerialised shareholders with own name registration who complete and lodge forms of proxy will nevertheless be entitled to attend and vote in person at the Annual General Meeting to the exclusion of their appointed proxy/(ies) should such shareholders wish to do so.

Each shareholder holding certificated shares and each shareholder of the Company who has dematerialised his/her shares and has elected own name registration is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak and vote in his/her stead.

Shares held by a share trust or scheme will not have their votes at the Annual General Meeting taken into account for purposes of the resolutions proposed in terms of the JSE Listings Requirements.

Shares held as treasury shares will not have their votes taken into account at the Annual General Meeting.

The Company may provide for any shareholders' meeting to be conducted by electronic communication, or for one or more shareholders, or proxies for shareholders to participate in any shareholders' meeting by electronic communication.

By order of the Board

AJ Rich on behalf of STATUCOR (PTY) LTD
Company Secretary

29 June 2018

REGISTERED OFFICE
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Cape Town 7500
Telephone: +27 21 937 2000
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TRANSFER SECRETARIES
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PO Box 61051
Marshalltown 2107
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ANNEXURE 1: AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Trans Hex Group Limited

Opinion

The summary consolidated financial statements of Trans Hex Group Limited, set out on pages 9 to 22 of the Notice of the Annual General Meeting, which comprise the summary consolidated statement of financial position as at 31 March 2018, the summary consolidated income statement, the summary consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Trans Hex Group Limited for the year ended 31 March 2018.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Limited's ("**JSE**") requirements for summary financial statements, as set out in Note 17 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 20 June 2018. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's Responsibility for the Summary Consolidated Financial Statements

The Directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE's requirements for summary financial statements, set out in Note 17 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.
Director: H Zeelie
Registered Auditor

Stellenbosch
20 June 2018

HEADLINES

SALE OF THE LOWER ORANGE RIVER ("LOR") OPERATIONS

The Board of Directors of the Company approved the sale of the LOR operations on 27 March 2018. Consequently, the assets and liabilities relating to these operations have been presented as a disposal group held-for-sale in terms of IFRS 5. The results of the LOR operations for the year ended 31 March 2018 are presented as discontinued operations as this represents a separate major line of business.

ACQUISITION OF AN ADDITIONAL 27,2% INTEREST IN WEST COAST RESOURCES (PTY) LTD

On 1 February 2018, the Group acquired a further 27,2% equity interest in West Coast Resources (Pty) Ltd, thereby increasing its interest to 67,2% and obtaining control of West Coast Resources (Pty) Ltd. Up to this date, the 40% investment in West Coast Resources (Pty) Ltd was accounted for as an investment in an associate under the equity method.

It should be noted that the consolidation of West Coast Resources (Pty) Ltd from 1 February 2018, and the re-presentation of the results of the LOR operations as discontinued operations, impacted the comparability of the results for the year ended 31 March 2018 with the results for the year ended 31 March 2017.

- Group net profit from continuing operations amounted to R26,2 million (2017: loss of R65,2 million).
- Group net loss from discontinued operations, including retrenchment costs of R99,3 million, amounted to R213,0 million (2017: loss of R117,4 million).
- Group net loss for the year amounted to R186,8 million (2017: loss of R182,6 million).
- The Group's net cash position at the end of the year was R79,4 million (2017: R225,4 million).
- Loss per share amounted to 175,6 cents (2017: loss of 173,5 cents) and headline loss per share amounted to 216,5 cents (2017: loss of 114,6 cents).
- Net asset value per share amounted to 218,0 cents (2017: 337,0 cents).

SUMMARY CONSOLIDATED INCOME STATEMENT

	Notes	2018 R'000	2017 R'000
Continuing operations			
Sales revenue		**192 542**	91 068
Cost of goods sold		**(172 205)**	(100 285)
Gross profit/(loss)		**20 337**	(9 217)
Share of results and impairment of associated companies	1	**38 662**	(18 959)
Royalties		**(1 005)**	(389)
Selling and administration costs		**(61 192)**	(88 802)
Mining loss		**(3 198)**	(117 367)
Exploration costs		**(6 574)**	(2 947)
Other gains – net	2	**45 724**	18 775
Finance income		**25 020**	29 222
Finance costs		**(32 981)**	(591)
Profit/(loss) before income tax		**27 991**	(72 908)
Income tax		**(1 745)**	7 733
Profit/(loss) for the year from continuing operations		**26 246**	(65 175)
Discontinued operations			
Loss for the year from discontinued operations	3	**(213 033)**	(117 442)
Loss for the year		**(186 787)**	(182 617)
Attributable to:			
Continuing operations		**26 246**	(65 175)
Owners of the parent		**24 777**	(66 044)
Non-controlling interest		**1 469**	869
Discontinued operations			
Owners of the parent		**(213 033)**	(117 442)
		(186 787)	(182 617)
Earnings/(loss) per share – basic and diluted (cents)			
Continuing operations		**23,1**	(62,4)
Discontinued operations		**(198,7)**	(111,1)
Total		**(175,6)**	(173,5)
Shares in issue adjusted for treasury shares ('000)		**115 136**	105 699
Headline loss	4		
Continuing operations		**(9 361)**	(23 499)
Discontinued operations		**(222 781)**	(97 702)
Total		**(232 142)**	(121 201)
Headline loss per share (cents)			
Continuing operations		**(8,7)**	(22,2)
Discontinued operations		**(207,8)**	(92,4)
Total		**(216,5)**	(114,6)
Average ZAR/US$ exchange rate		**12,19**	14,02

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2018 R'000	2017 R'000
Loss for the year	**(186 787)**	(182 617)
Other comprehensive profit/(loss) net of tax:	**(4 376)**	3 896
Items that will not be reclassified to profit or loss		
Re-measurements of post-employment benefit obligations	**320**	–
Before-tax amount	**320**	–
Tax expense	**–**	–
Items that may be subsequently reclassified to profit or loss		
Translation differences on foreign subsidiaries before and after tax	**232**	5 108
Recycling of foreign currency translation differences on repayment of long-term receivables from foreign operations	**(4 928)**	(1 212)
Total comprehensive loss for the year	**(191 163)**	(178 721)
Attributable to:		
Continuing operations	**21 870**	(61 279)
Owners of the parent	**20 401**	(62 148)
Non-controlling interest	**1 469**	869
Discontinued operations		
Owners of the parent	**(213 033)**	(117 442)
	(191 163)	(178 721)

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2018 R'000	2017 R'000
ASSETS			
Non-current assets		**772 044**	316 064
Property, plant and equipment	5	**498 669**	51 439
Investment in associates	6	**75 458**	195 822
Investments held by environmental trust		**70 459**	65 803
Other financial assets		**127 458**	3 000
Current assets		**172 287**	364 705
Inventories	7	**74 522**	59 276
Trade and other receivables		**18 398**	80 026
Current income tax		**3**	3
Cash and cash equivalents		**79 364**	225 400
Assets of a disposal group classified as held-for-sale	8	**36 308**	–
Total assets		**980 639**	680 769
EQUITY AND LIABILITIES			
Capital and reserves		**182 145**	356 375
Non-controlling interest		**69 654**	–
Non-current liabilities		**338 213**	119 464
Borrowings	9	**111 813**	–
Deferred income tax liabilities		**33 943**	–
Provisions	10	**192 457**	119 464
Current liabilities		**291 024**	204 930
Trade and other payables		**63 243**	123 391
Interest in joint ventures	3	**69 595**	81 539
Borrowings	9	**158 186**	–
Liabilities of a disposal group classified as held-for-sale	8	**99 603**	–
Total equity and liabilities		**980 639**	680 769
Net asset value per share (cents)		**218**	337

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	2018 R'000	2017 R'000
Balance at 1 April	**356 375**	535 096
Shares issued during the year	**18 402**	–
Total comprehensive loss for the year	**(191 163)**	(178 721)
Acquisition of subsidiary	**68 185**	–
Balance at end of year	**251 799**	356 375

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	2018 R'000	2017 R'000
Cash utilised in operations	**(226 734)**	(120 788)
Movements in working capital	**(37 730)**	12 402
Income tax (paid)/received	**(3)**	468
Net cash utilised in operating activities	**(264 467)**	(107 918)
Cash flows from investment activities	**36 385**	(17 306)
Property, plant and equipment		
Proceeds from disposal	**15 087**	–
Replacement	**–**	(32 147)
Additional	**(6 579)**	(6 196)
Proceeds from repayment of loan to Trans Hex Angola	**20 160**	18 886
Loan to associate	**(8 903)**	(27 010)
Dividends received	**10 716**	11 594
Interest received	**5 904**	17 567
Cash flows from financing activities	**83 992**	(3)
Proceeds from borrowings	**95 000**	–
Repayment of borrowings	**(6 848)**	–
Interest paid	**(4 160)**	(3)
Net decrease in cash and cash equivalents	**(144 090)**	(125 227)
Cash and cash equivalents at beginning of year	**225 400**	353 499
Effects of exchange rates on cash and cash equivalents	**(1 946)**	(2 872)
Cash and cash equivalents at end of year	**79 364**	225 400

NOTES TO THE SUMMARY CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2018 R'000	2017 R'000
1. SHARE OF RESULTS OF ASSOCIATED COMPANIES		
Consists of the following categories:		
Somiluana – Sociedade Mineira, S.A.	**47 503**	52 296
The 33% investment in Somiluana is accounted for as an investment in an associate under the equity method.		
West Coast Resources (Pty) Ltd		
On 1 February 2018, West Coast Resources (Pty) Ltd became a subsidiary of the Group. Up to this date, the 40% investment in West Coast Resources (Pty) Ltd was accounted for as an investment in an associate under the equity method. Included in the prior year results is an amount of R43 million, representing the Group's share of an impairment charge to mining rights after tax.		
Share of results and impairment of associate	**(8 841)**	(71 255)
Share of results of associate	**(8 841)**	(27 837)
Impairment charge to mining rights, after tax	**–**	(43 418)
	38 662	(18 959)
2. OTHER GAINS – NET		
Other gains – net consist of the following categories:		
Loss on scrapping of property, plant and equipment	**(1 357)**	–
Net foreign exchange gains	**4 371**	8 944
Gain on bargain purchase with acquisition of subsidiary	**38 142**	–
Loss on re-measurement to fair value with acquisition of subsidiary	**(7 575)**	–
Commission on third-party sale of diamonds	**12 143**	9 831
	45 724	18 775

	2018 R'000	2017 R'000

3. DISCONTINUED OPERATIONS

Angola

On 5 October 2011, the Angolan Ministry of Geology, Mines and Industry revoked the mining rights of the Luarica and Fucaúma joint ventures as no mining activities had been performed at the sites for a period of three years as a result of the projects being placed under care and maintenance.

The prescription of unclaimed debts of R2,3 million (2017: R28,9 million) is included below.

Angolan joint ventures	**2018 R'000**	**2017 R'000**
Balance at beginning of year	**81 539**	120 650
Share of profit	**(2 314)**	(28 912)
Foreign exchange profits	**(9 630)**	(10 199)
Closing balance at end of year	**69 595**	81 539
Profit for the year	**2 314**	28 912

Lower Orange River operations

In line with the Company's strategy of responsibly managing the Lower Orange River ("**LOR**") operations in the final years of their viable economic life cycles, these operations were gradually downscaled. Production was finally halted on 31 October 2017 following the successful conclusion of a formal consultation process with the National Union of Mineworkers.

The results of these operations were as follows:

	2018 R'000	**2017 R'000**
Revenue	**205 874**	449 115
Cost of goods sold	**(426 109)**	(531 370)
Gross loss	**(220 235)**	(82 255)
Royalties	**(1 029)**	(2 280)
Mining loss	**(221 264)**	(84 535)
Other gains – net	**9 748**	–
Finance costs	**(3 831)**	(4 800)
Impairment of assets*	**–**	(27 417)
Loss before income tax	**(215 347)**	(116 752)
Income tax	**–**	(29 602)
Loss for the year	**(215 347)**	(146 354)
Total	**(213 033)**	(117 442)

* *During the previous year, the recoverable amount of the mining areas, each considered a separate cash-generating unit ("**CGU**"), was calculated based on value-in-use calculations. The impairment loss was limited to the fair value less costs to sell of the individual assets comprising these CGUs.*

	2018 R'000	2017 R'000

4. RECONCILIATION OF HEADLINE EARNINGS

	2018 R'000	2017 R'000
Continuing operations		
Profit/(loss) for the year	**24 777**	(66 044)
Gain on bargain purchase with acquisition of subsidiary	**(38 142)**	–
Loss on re-measurement to fair value with acquisition of subsidiary	**7 575**	–
Loss on sale of assets	**1 357**	–
Foreign currency translation differences on repayment of long-term receivables from foreign operations recycled to profit or loss	**(4 928)**	(1 212)
Taxation impact	**–**	339
Impairment of assets acquired by associate	**–**	43 418
Headline loss	**(9 361)**	(23 499)
Discontinued operations		
Loss for the year	**(213 033)**	(117 442)
Profit on sale of assets	**(9 748)**	–
Impairment of assets	**–**	27 417
Taxation impact	**–**	(7 677)
Headline earnings	**(222 781)**	(97 702)

5. PROPERTY, PLANT AND EQUIPMENT

On 1 February 2018, the Group acquired a further 27,2% of the equity and voting interest in West Coast Resources (Pty) Ltd, thereby increasing its interest to 67,2%. Furthermore, the LOR operations were classified as discontinued operations.

Reconciliation of carrying value at the beginning and end of the year:

	Land and buildings R'000	Mining rights R'000	Mining plant and equipment R'000	Total R'000
2018				
Opening balance	**2 981**	**–**	**48 458**	**51 439**
Additions	**568**	**–**	**6 011**	**6 579**
Acquired as part of a business combination	**41 117**	**313 455**	**153 022**	**507 594**
Classified as held-for-sale	**–**	**–**	**(33 064)**	**(33 064)**
Transfers	**392**	**–**	**(392)**	**–**
Disposals	**–**	**–**	**(6 697)**	**(6 697)**
Depreciation charge	**(503)**	**(7 994)**	**(18 685)**	**(27 182)**
Closing balance	**44 555**	**305 461**	**148 653**	**498 669**
2017				
Opening balance	8 115	–	74 840	82 955
Additions	453	–	37 890	38 343
Impairment of assets	–	–	(27 417)	(27 417)
Exchange rate differences	–	–	(2)	(2)
Depreciation charge	(5 587)	–	(36 853)	(42 440)
Closing balance	2 981	–	48 458	51 439

	2018 R'000	2017 R'000
6. INVESTMENT IN ASSOCIATES		
Loan to associate: Somiluana – Sociedade Mineira, S.A.	**7 945**	29 840
Balance at beginning of year	**29 840**	52 912
Repayment of loan amount	**(20 159)**	(18 886)
Foreign exchange (profits)/losses	**(1 736)**	(4 186)
The loan to Somiluana represents a portion of the exploration costs previously incurred by the Group which is recoverable from the mining company. In terms of the Somiluana mining contract, the Group has a contractual right to be reimbursed for the exploration costs incurred and as at 31 March 2018, the loan outstanding by Somiluana amounted to US$20,1 million. During the 2011 financial year, an amount of US$10,5 million was recognised as a loan receivable by the Group. This represented the recoverable amount of the loan receivable from Somiluana when the entity was formed on 12 May 2010.		
To date, US$9,8 million has been paid back and as at 31 March 2018, the recognised portion of the loan receivable by the Group amounted to US$0,7 million, translated to R7,9 million.		
Investment in associate: Somiluana – Sociedade Mineira, S.A.	**67 513**	38 820
Balance at beginning of year	**38 820**	–
Share of results of associated company	**47 503**	52 296
Dividends paid	**(10 716)**	(11 594)
Foreign exchange differences	**(8 094)**	(1 882)
The 33% investment in Somiluana is accounted for as an investment in an associate under the equity method.		
Loan to associate: West Coast Resources (Pty) Ltd	**–**	28 677
Balance at beginning of year	**–**	–
Loan advances during the year	**–**	27 010
Capitalised interest	**–**	1 667
Investment in associate: West Coast Resources (Pty) Ltd	**–**	98 485
Balance at beginning of year	**–**	166 865
Share of results of associated company	**–**	(71 255)
Capitalised interest	**–**	2 875
On 1 February 2018, the Group increased its interest in West Coast Resources (Pty) Ltd to 67,2%. At year-end the results of West Coast Resources (Pty) Ltd have therefore been consolidated and no current year numbers are disclosed under the Investments in Associates Note.		
	75 458	195 822

	2018 R'000	2017 R'000
7. INVENTORIES		
Diamonds	**61 622**	55 068
Consumables	**12 900**	4 208
	74 522	59 276

The carrying value of diamond inventories included above, carried at net realisable value, amounted to R4 081 444 (2017: R33 167 323).

Cost of inventories included in cost of goods sold amounted to R163 million (2017: R90 million).

8. ASSETS AND LIABILITIES OF A DISPOSAL GROUP HELD-FOR-SALE

The Board of Directors of the Company approved the sale of the LOR operations on 27 March 2018 for a total consideration of R72 million. Consequently, the assets and liabilities relating to these operations have been presented as a disposal group held-for-sale. The results for the year ended are presented as discontinued operations as this represents a separate major line of business.

	2018 R'000	2017 R'000
Assets of a disposal group classified as held-for-sale:		
Property, plant and equipment	**33 064**	–
Consumables	**3 244**	–
	36 308	–
Liabilities of a disposal group classified as held-for-sale:		
Rehabilitation liabilities – LOR operations	**99 603**	–

9. BORROWINGS

	2018 R'000	2017 R'000
Non-current		
Loan secured by a second mortgage bond to the value of R38 775 000 over certain immovable properties and a general notarial bond over certain movable assets to the value of R173 383 700. The loan carries interest at the prime overdraft rate plus 0,4% compounded monthly and is repayable in 66 monthly instalments, the first of which was paid on 1 September 2016. The total amount, inclusive of capitalised interest, available under this loan is R189 010 000.	**146 178**	–
Less: Portion of loan repayable within one year, included in current liabilities	**(34 365)**	–
	111 813	–
Current		
Revolving loan facilities secured by a special notarial bond to the value of R264 000 000 over certain movable assets, cession of certain book debts, shares and claims. The loans carry interest at the rate of 2% per month. The total amount available under the facility is R148 000 000.	**123 821**	–
Portion of non-current liabilities repayable within one year, included in current liabilities	**34 365**	–
	158 186	–

10. PROVISIONS

	2018 R'000	2017 R'000
Provision for post-employment medical benefits	**11 017**	11 071
Provision for long-service awards	**3 016**	13 917
Provision for rehabilitation liabilities	**178 424**	94 476
	192 457	119 464

11. BUSINESS COMBINATIONS

On 1 February 2018, the Group acquired a further 27,2% of the equity and voting interest in West Coast Resources (Pty) Ltd, thereby increasing its interest to 67,2%. The purchase consideration was discharged by the issue of 9 436 838 ordinary shares of no par value for a total consideration of R18,4 million, based on the ruling market price on that day of R1,95 per share.

The fair value exercise over the opening balance sheet of West Coast Resources (Pty) Ltd remains provisional at 31 March 2018 as permitted by IFRS 3 as the fair value of the acquired assets and liabilities is still being finalised. This is expected to be finalised during the next year.

The following table summarises the provisional purchase price allocation for the acquisition, and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

Recognised amounts of identifiable assets acquired and liabilities assumed at book value:

	2018 R'000	2017 R'000
Total assets	**744 180**	–
Property, plant and equipment	**194 139**	–
Mining rights	**313 455**	–
Other financial assets	**123 016**	–
Inventories	**107 829**	–
Trade and other receivables	**5 603**	–
Cash and cash equivalents	**138**	–
Total liabilities	**536 300**	–
Provisions	**166 890**	–
Deferred income tax liabilities	**32 201**	–
Borrowings	**202 934**	–
Trade and other payables	**134 275**	–
Total identifiable net assets	**207 880**	–

	2018 R'000	2017 R'000
11. BUSINESS COMBINATIONS CONTINUED		
Net asset value purchased (67,2%)	**139 695**	–
Fair value of consideration transferred	**(18 402)**	–
Previously held equity	**(83 151)**	–
Provisional gain on bargain purchase	**38 142**	–

The value of the previously held interest is based on the proportional share of the provisional fair value of total identifiable net assets. The provisional gain on business combination arises due to the decrease in the Company share price from the agreed consideration share price of R4,14 to the closing date share price of R1,95.

	2018 R'000	2017 R'000
Acquisition-related costs were charged to administrative expenses in the consolidated income statement of the Group.	**1 017**	–

From the date of acquisition, West Coast Resources (Pty) Ltd contributed R123 million of revenue and a profit after tax of R4 million to the net profit of the Group. If the business combination had taken place at the beginning of the year, revenue from continuing operations would have been R372 million and the net loss after tax of the Group would have been R231 million.

12. CAPITAL COMMITMENTS

	2018 R'000	2017 R'000
(including amounts authorised, but not yet contracted)	**12 247**	36 291

These commitments will be financed from the Group's own resources or with borrowed funds.

13. FAIR VALUE ESTIMATION

Items carried at fair value are classified according to the fair value hierarchy, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Financial assets are classified as Level 1 according to the fair value hierarchy. Investments held by the environmental trust are the only financial assets carried at fair value. However, this fund consists primarily of cash and cash equivalents with the largest driver of the growth in the trust fund being attributable to interest received.

The nominal value less impairment provisions of trade receivables, cash and cash equivalents, trade payables, other financial assets and borrowings are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available for the Group for similar financial instruments.

14. SEGMENT INFORMATION

Operating segments

	CONTINUING			DISCONTINUED		
	South Africa	Angola	Total	South Africa	Angola	Total
2018						
Carats sold	78 185	–	78 185	16 698	–	16 698
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue	192 542	–	192 542	205 874	–	205 874
Cost of goods sold	(172 205)	–	(172 205)	(426 109)	–	(426 109)
Gross profit/(loss)	20 337	–	20 337	(220 235)	–	(220 235)
Share of results and impairment of associated companies	(8 841)	47 503	38 662	–	–	–
Royalties	(1 005)	–	(1 005)	(1 029)	–	(1 029)
Selling and administration costs	(50 007)	(11 185)	(61 192)	–	–	–
Mining (loss)/profit	(39 516)	36 318	(3 198)	(221 264)	–	(221 264)
Exploration costs	(6 574)	–	(6 574)	–	–	–
Other gains/(losses) – net	47 466	(1 742)	45 724	9 748	–	9 748
Profit for the year from discontinued operations	–	–	–	–	2 314	2 314
Finance income	25 020	–	25 020	–	–	–
Finance costs	(32 981)	–	(32 981)	(3 831)	–	(3 831)
(Loss)/profit before income tax	(6 585)	34 576	27 991	(215 347)	2 314	(213 033)
Depreciation included in the above	(16 319)	(3)	(16 322)	(10 860)	–	(10 860)
Net assets/(liabilities)	302 742	81 947	384 689	(63 295)	(69 595)	(132 890)
Capital expenditure	2 111	–	2 111	4 468	–	4 468
Net asset value per share (cents)	262	71	333	(55)	(60)	(115)

14. SEGMENT INFORMATION CONTINUED

Operating segments

	CONTINUING			DISCONTINUED		
	South Africa	Angola	Total	South Africa	Angola	Total
2017						
Carats sold	10 304	–	10 304	29 883	–	29 883
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue	91 068	–	91 068	449 115	–	449 115
Cost of goods sold	(100 285)	–	(100 285)	(531 370)	–	(531 370)
Gross loss	(9 217)	–	(9 217)	(82 255)	–	(82 255)
Share of results and impairment of associated companies	(71 254)	52 295	(18 959)	–	–	–
Royalties	(389)	–	(389)	(2 280)	–	(2 280)
Selling and administration costs	(68 520)	(20 282)	(88 802)	–	–	–
Mining (loss)/profit	(149 380)	32 013	(117 367)	(84 535)	–	(84 535)
Exploration costs	(2 947)	–	(2 947)	–	–	–
Other gains/(losses) – net	19 046	(271)	18 775	–	–	–
Profit for the year from discontinued operations	–	–	–	–	28 912	28 912
Finance income	29 133	89	29 222	–	–	–
Finance costs	(591)	–	(591)	(4 800)	–	(4 800)
Impairment of assets	–	–	–	(27 417)	–	(27 417)
(Loss)/profit before income tax	(104 739)	31 831	(72 908)	(116 752)	28 912	(87 840)
Depreciation included in the above	(1 796)	(5)	(1 801)	(40 639)	–	(40 639)
Net assets/(liabilities)	388 763	85 438	474 201	(36 287)	(81 539)	(117 826)
Capital expenditure	880	–	880	37 463	–	37 463
Net asset value per share (cents)	367	81	448	(34)	(77)	(111)

Revenue from transactions with certain customers can amount to 10% or more of total revenue. During the year under review no individual customer was responsible for aggregate sales in excess of 10% of revenue (2017: R82,3 million).

15. CONTINGENT LIABILITIES

The Group is subject to claims which arise in the ordinary course of business. The Group has provided performance guarantees to banks and other third parties amounting to R8 million (2017: R135 million).

16. EVENTS AFTER THE REPORTING PERIOD

Post year-end, Trans Hex Operations (Pty) Ltd ("**THO**"), a wholly owned subsidiary of Trans Hex, entered into an agreement with Lower Orange River Diamonds (Pty) Ltd ("**LOR Diamonds**"), in terms of which THO has agreed to, *inter alia*, dispose of the business conducted by THO, as a going concern, relating to and in connection with the exploration, prospecting, mining for, recovery, treatment, production and disposal of diamonds in respect of the LOR operations, consisting of certain assets, liabilities and the transfer of employees; and cede and transfer the mining right associated with the LOR operations, to LOR Diamonds, for a total cash consideration of R72 million.

Details of the above transaction were released on SENS on 18 April 2018 and are available on Trans Hex's website at www.transhex.co.za. The transaction is subject to, *inter alia*, shareholder approval and a circular containing the full details thereof is expected to be distributed to shareholders by 3 August 2018.

17. ACCOUNTING POLICIES

The summary consolidated financial statements are prepared in accordance with the JSE Limited Listings Requirements ("**Listings Requirements**") for preliminary reports and the requirements of the Companies Act, No. 71 of 2008, applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts; the measurement and recognition requirements of International Financial Reporting Standards ("**IFRS**"); the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee; Financial Pronouncements as issued by the Financial Reporting Standards Council; and to also, as a minimum, contain the information required by IAS 34, "Interim Financial Reporting".

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

18. PREPARATION OF FINANCIAL STATEMENTS

The preparation of the summary consolidated financial statements was supervised by the Financial Director, IP Hestermann CA(SA).

OVERVIEW

In this commentary, results are compared with the 12 months of the 2017 financial year (in brackets).

On 1 February 2018, West Coast Resources (Pty) Ltd became a subsidiary of the Group. Up to this date, the 40% investment in West Coast Resources (Pty) Ltd was accounted for as an investment in an associate under the equity method.

In line with the Company's strategy of responsibly managing the LOR operations in the final years of their viable economic life cycles, these operations were gradually downscaled. Production was finally halted on 31 October 2017 following the successful conclusion of a formal consultation process with the National Union of Mineworkers. These operations are disclosed as discontinued operations.

Sales revenue from continuing operations amounted to R192,5 million compared to R91,1 million during the previous corresponding period.

The cost of goods sold increased to R172,2 million compared to R100,3 million during the 2017 financial year.

Gross profit amounted to R20,3 million compared to a gross loss of R9,2 million during the corresponding period.

Share of results from associated companies amounted to R38,7 million (2017: loss of R19,0 million), to which Somiluana contributed a profit of R47,5 million and West Coast Resources (Pty) Ltd a loss of R8,8 million.

Selling and administration costs reduced to R61,2 million (2017: R88,8 million).

Loss before tax from the South African continuing operations amounted to R6,6 million (2017: loss of R104,7 million).

Profit from the Angolan continuing operations amounted to R34,6 million (2017: profit of R31,8 million), consisting of Somiluana's equity-accounted profit of R47,5 million less Angolan head office costs of R12,9 million.

The Group reports an after-tax profit for the year from continuing operations of R26,2 million (2017: loss of R65,2 million).

Loss from the discontinued operations amounted to R213,0 million (2017: R117,4 million), consisting of profit from the Luarica and Fucaúma operations of R2,3 million (2017: profit of R28,9 million) less loss from the LOR operations of R215,3 million (2017: loss of R146,4 million).

The Group therefore reports a loss for the year of R186,8 million (2017: loss of R182,6 million).

Cash and cash equivalents at the end of the year amounted to R79,4 million (2017: R225,4 million).

MINERAL RESOURCES AND MINERAL RESERVES

The total carats in reserve at Baken Mine decreased by 99,8%, or 73 965 carats, year-on-year, mainly as a result of financial factors, including an unfavourable ZAR/US$ exchange rate, lower diamond prices and an increase in operating unit cost. The total carat resource also decreased by 6,0%, primarily due to depletion through mining activities. Indicated resources decreased by 8,1% and inferred resources by 4,6%, i.e. a decrease of 44 081 carats in total.

The total carat resource at Bloeddrif Mine decreased by 0,2%, or 447 carats, due to depletion through mining.

The total carat resource at West Coast Resources (Pty) Ltd decreased by 3,2%, primarily due to depletion through mining activities. The indicated and inferred diamond resource carats decreased by 8,9% and 1,4% respectively, i.e. a decrease of 166 174 carats in total.

Total carats in reserve at Somiluana Mine decreased by 11,2% due to depletion through mining activities and a 10% decrease in diamond prices. Indicated resources decreased by 1,3%. New resource blocks were delineated during the 2017/18 resource review, based on an increased confidence of the geological model and grades based on actual mining.

The Competent Person for Trans Hex, Mr SBE Damons, has reviewed and approved the information contained in this announcement as it pertains to mineral resources and mineral reserves. Mr Damons is an employee of Trans Hex and serves as the Company's Mineral Resource Manager.

OPERATING PERFORMANCE

Detailed project information (unaudited)

	2018				2017			
	Average grade*	**Carats produced**	**Average carats per stone**	**Average price per carat achieved (US$)**	Average grade*	Carats produced	Average carats per stone	Average price per carat achieved (US$)
South Africa								
West Coast Resources	**27,84**	**173 920**	**0,23**	**153**	14,47	80 506	0,27	166
Baken	**2,43**	**13 944**	**1,17**	**946**	2,19	24 024	1,29	1 015
Bloeddrif	**2,60**	**620**	**1,52**	**877**	0,62	2 641	2,07	1 892
Shallow Water	**–**	**9 012**	**0,24**	**431**	–	9 867	0,30	596
Angola								
Somiluana	**44,78**	**136 402**	**0,66**	**504**	46,38	137 219	0,64	500

* *Note:*
1. Calculated per 100 m^3 for South Africa and Angola, and per 100 tons for West Coast Resources (Pty) Ltd.
2. Average grade in South Africa is calculated excluding shallow water production.

West Coast Resources operations

On 1 February 2018, the Group increased its interest in West Coast Resources (Pty) Ltd to 67,2%.

Operational and infrastructure improvements are continuing in order to further expand the operational footprint.

During the period, production amounted to 173 920 carats compared to 80 506 carats in 2017.

Sales amounted to R302,5 million at an average price of US$153 per carat (2017: sales of R172,1 million at an average price of US$166 per carat).

The average grade increased by 92,4% to 27,84 carats/100 tons compared to 14,47 carats/100 tons in 2017 due to process improvements allowing for greater gravel control and higher than estimated grades achieved. The average stone size amounted to 0,23 carats per stone (2017: 0,27 carats per stone).

Lower Orange River operations

In line with the Company's strategy to responsibly manage these ageing assets in the final years of their economic life cycles, operations at Bloeddrif and Baken ceased during the period under review and the mines were placed under care and maintenance in May 2017 and October 2017 respectively.

Angolan operations

Production at Somiluana Mine, in which Trans Hex holds a 33% stake, amounted to 136 402 carats (2017: 137 219 carats). Total sales amounted to US$66,3 million at an average price of US$504 per carat (2017: sales of US$69,7 million at an average price of US$500 per carat). Repayments of US$1,6 million (2017: US$1,3 million) were made to Trans Hex against the outstanding investment amount and the Group received US$825 000 (2017: US$825 000) in dividends.

Operations during the year focused exclusively on diamond-bearing calonda formation gravels and 66% of production originated from the Nzagi Valley, 28% from the Landamona Valley, 2% from the Lulau area and the balance from test blocks as well as Liziria and Terrace formation.

Somiluana Mine is still pursuing an aggressive drilling programme in order to identify new resources in calonda formation gravels, as well as terraces and floodplains.

During the year under review, Somiluana Mine purchased mining equipment and started to implement other projects geared towards accelerating drilling programmes of identified target areas and increasing its gravel treatment and diamond recovery capacities. A second drill rig was acquired and commissioned in February 2018.

OUTLOOK

West Coast Resources operations

Prospecting will continue to target high-priority areas that may identify additional resources for mining.

Mining activities will remain focused on the Langklip area and on other sections of the Koingnaas area.

Production for the 2019 financial year is expected to be in the order of 240 000 carats, compared to 2018 financial year actual production of 173 920 carats.

Shallow water operations

Production from the Shallow water operations for the 2019 financial year is expected to be in the order of 10 000 carats, compared to 2018 financial year actual production of 9 012 carats.

Lower Orange River operations

Post financial year-end, THO, a wholly owned subsidiary of Trans Hex, entered into an agreement with LOR Diamonds, in terms of which THO has agreed to, *inter alia*, dispose of the business conducted by THO, as a going concern, relating to and in connection with the exploration, prospecting, mining for, recovery, treatment, production and disposal of diamonds in respect of the LOR operations, consisting of certain assets, liabilities and the transfer of employees; and cede and transfer the mining right associated with the LOR operations, to LOR Diamonds, for a total cash consideration of R72 million.

Details of the above transaction were released on SENS on 18 April 2018 and are available on Trans Hex's website at www.transhex.co.za. The transaction is subject to, *inter alia*, shareholder approval and a circular containing the full details thereof is expected to be distributed to shareholders by 3 August 2018.

Angolan operations

During the 2019 financial year, mining operations will continue on the east bank of the Luana River at Nzagi, in the south-west at Lulau, and at other areas currently being evaluated.

Production results and geological work through drilling and bulk sampling indicate that carat production for the 2019 financial year is expected to be in the order of 145 000 carats.

Market

Towards the middle of the 2017 calendar year, a shortage of stock in Indian factories spurred market strength. Trading slowed down towards the end of the calendar year, but rebounded at the start of 2018, highlighted by strong premiums in the secondary market.

Following positive sales for diamond jewellery during the United States of America's holiday season, the need for the industry to restock led to strong rough prices overall, a trend that is set to continue as the market remains solid in the short term.

New business

The Group is actively evaluating potential new diamond properties and pursuing opportunities to expand its diamond-marketing activities.

ANNEXURE 2: DIRECTORS' BIOGRAPHIES

Marco Wentzel (39)
Non-executive Director (appointed April 2016) and Chairman of the Board
Representation on Trans Hex committee: Human Resources and Social & Ethics

Mr Wentzel is also Chairman of West Coast Resources (Pty) Ltd and holds directorships at JSE-listed Stellar Capital Partners Ltd, AltX-listed Mettle Investments Ltd, Advantage Wealth (Pty) Ltd, Quantech (Pty) Ltd, Truckworx SA (Pty) Ltd and Brinmar (Pty) Ltd.

Athol Rhoda (58)
CTA (UCT), LLM International Taxation (UCT), CA(SA)
Independent Non-executive Director (appointed May 2017)
Representation on Trans Hex committees: Audit and Risk, Human Resources and Social & Ethics

Mr Rhoda is a qualified Chartered Accountant (CA)SA with considerable experience in financial services and the mining industry. He previously served in various senior positions in multinationals, including De Beers, AngloGold and the Standard Bank Group.

Piet Viljoen (55)
BComm Hons, CFA
Non-executive Director (appointed April 2016)
Representation on Trans Hex committees: Audit and Risk, Human Resources and Social & Ethics

Mr Viljoen is the Chairman of Regarding Capital Management (Pty) Ltd and Executive Chairman of RECM and Calibre Ltd. He founded Regarding Capital Management (Pty) Ltd in 2003 and has over 25 years of industry experience. He started out as a lecturer at the University of Pretoria, and then joined the Reserve Bank as an economic analyst. He became a portfolio manager at Allan Gray Investment Counsel in 1991 and in 1995 he moved to Investec Asset Management.

Albertus Marais (34)
BAcc LLB (Stell), PGDA (UCT), Adv Cert Taxation (UP), MComm Taxation (UCT), CA(SA)
Independent Non-executive Director (appointed August 2017)
Representation on Trans Hex committees: Audit and Risk, Human Resources and Social & Ethics

Mr Marais is a director at AJM Tax where he consults on tax-related matters. He is an admitted advocate of the High Court of South Africa and is a candidate for the LLD degree at Stellenbosch University.

James Gurney (47)
BSc Hons Geochemistry (UCT)
Alternate Director (appointed June 2017)

Mr Gurney is the co-founder and CEO of the MS Group of Companies and has over 20 years' experience as a consultant to diamond exploration and development projects.

ANNEXURE 3: REMUNERATION REPORT

PART 1:

BACKGROUND STATEMENT

INTRODUCTION

This Remuneration Report provides an overview of the remuneration of all Group employees as well as disclosing Executive Director remuneration. The remuneration paid to Executive and Non-executive Directors for the 2018 financial year is detailed on pages 31 and 32.

The Board, through the Human Resources and Social & Ethics Committee ("**HRSE Committee**"), is ultimately responsible for establishing and implementing a remuneration policy. The HRSE Committee is responsible for appointing competent individuals as senior managers and ensuring that the Group's leadership delivers on the Group's strategic targets for fair remuneration.

The Group's Remuneration Policy is aimed at supporting its strategic goal of attracting, retaining, incentivising and rewarding employees, managers and Directors, thereby ensuring their interests align with those of shareholders.

As Trans Hex comes out of its current phase of regeneration, it is envisaged that the Remuneration Policy will adapt and change accordingly. During the course of the 2019 financial year, the HRSE Committee will continue to monitor the appropriateness of the Remuneration Policy and how it is applied. As a responsible corporate citizen, Trans Hex strives to improve employment conditions across the business and implement initiatives that will over time realise the concept of fair and reasonable remuneration. This includes the promotion of employment equity and diversity in the workplace, skills development and remuneration benchmarking to ensure internal equity and equal pay for work of equal value.

Key factors

The key factors that influenced the implementation of the Remuneration Policy in the 2018 financial year are:

– The Group is a listed diamond-mining company operating in the small-cap sector of the market.

– Whilst the Company's Head Office is based in Cape Town, its mining operations are situated in remote geographical locations.

– The Company must compete in the broader mining industry for the attraction and retention of core skills, such as artisans, engineers and management.

– The Company strives to comply with all statutory and regulatory requirements and is committed to applying best practice guidelines in all aspects of remuneration and benefits.

– The Company aims to offer remuneration packages that, at all employment levels, are market competitive, fair, reasonable and defensible in all aspects.

Approval of the Remuneration Policy and Implementation Report

At the 2017 Annual General Meeting, 99% of shareholders voted in favour of the Group's Remuneration Policy.

The latest Remuneration Policy, which is outlined in Part 2 of this Report, will be proposed to shareholders for a non-binding advisory vote at the Company's Annual General Meeting. The application of the Remuneration Policy, which details how the Group has implemented its Remuneration Policy during the year, is covered in Part 3 of this Report. In accordance with King IV, the Implementation Report will also be tabled for shareholder approval by way of a non-binding advisory vote at the Annual General Meeting.

In accordance with King IV, in the event that either the Remuneration Policy or the Implementation Report receives 25% or more dissenting votes, management will seek to engage directly with these shareholders to:

– ascertain the reasons for the dissenting votes; and

– address legitimate and reasonable objections or concerns by clarifying or amending the Remuneration Policy, its implementation or processes, or reviewing the remuneration governance, or taking other steps to resolve the concerns.

The steps taken to address legitimate and reasonable concerns will be disclosed in the following year's Report.

HRSE Committee's key focus areas and decisions

During the 2018 financial year, the Committee's key focus areas were:

– reviewing employee, senior management and executive salaries;

– reviewing management's and executives' bonuses;

– reviewing Directors' fees; and

– reviewing the Remuneration Policy.

Key decisions made during the year under review were:

– approving annual increases and adjustments for employees, senior management and executives; and

– approving management's and executives' bonuses.

Amendments to the Remuneration Policy

During the 2018 reporting period, the HRSE Committee approved the following amendments to the Remuneration Policy:

1. Change to severance pay parameters
2. Employees covered by collective bargaining
   The closure of the Lower Orange River operations resulted in the retrenchment of all employees covered by collective bargaining.
3. Executive bonuses
   A new profit-sharing bonus scheme was approved by the Board and replaced the old short-term executive cash bonus scheme in its entirety.

PART 2:

REMUNERATION POLICY

The HRSE Committee is responsible for the Remuneration Policy and practices.

INTRODUCTION

Trans Hex aims to attract, retain, incentivise and reward top quality staff at all levels, with particular emphasis on scarce or critical skills.

The Remuneration Policy is designed to support this strategic goal in a way that aligns the interests of employees, managers, executives and Directors with those of shareholders.

The Remuneration Policy is not intended to be a "one-size-fits-all" statement of rules and procedures, but rather to serve as the basis for a flexible approach that tailors itself to the variable and changing needs of a dynamic organisation over time.

There are, however, a number of key principles that form the foundations of the Remuneration Policy:

– Trans Hex is a listed diamond-mining company, operating in the small-cap sector of the market.
– Whilst the Company's Head Office is located in Cape Town, its mining operations are situated in remote geographical locations.
– The Company must compete in the broader mining industry for the attraction and retention of core skills, such as artisans, engineers and management.
– The Company strives to comply with all statutory and regulatory requirements and is committed to applying best practice guidelines in all aspects of remuneration and benefits.
– The Company aims to offer remuneration packages that, at all employment levels, are market competitive, fair, reasonable and defensible in all respects.

Key features of the remuneration system

Trans Hex uses the Paterson grading system of job evaluation.

Contracts of employment are prepared in compliance with employment legislation. As a general principle, employment contracts are concluded on a permanent basis (i.e. for an indefinite period), except where business needs and prevailing circumstances dictate the use of either fixed-term or short-term temporary contracts. The notice period for the termination of employment contracts is typically one month, but for critical positions this can be extended by mutual agreement to a maximum of six months.

Job grades, salary scales and employee benefit costs are benchmarked against appropriate mining industry standards and reviewed annually, taking account of the changing size, structure, financial performance and general circumstances of the Company.

The HRSE Committee approves all salary increases, for all categories of staff, in advance each year. Any material changes to allowances, benefits, bonus schemes, or any other aspect of Remuneration Policy are approved by the HRSE Committee prior to implementation.

The Company provides a market-competitive basic salary plus compulsory medical aid and retirement fund membership at all job levels.

Severance payments upon termination of service are governed by legislation, by union agreement, individual contract, and Company policy and practice. In the case of retrenchment, the Company's standard policy at all job levels is to pay the contractual notice period (if not worked) and severance pay equal to:

– in respect of service up to 31 January 2018: three weeks' remuneration per year of service with the Company; and
– in respect of service after 31 January 2018: the minimum remuneration stipulated in Section 41(2) of the Basic Conditions of Employment Act (currently one week's pay per year of service).

The Company does not provide any special retirement benefits other than the standard benefits available to employees as members of either the Trans Hex Provident Fund or the Trans Hex Retirement Fund.

The terms of service of the Executive Directors are linked to their terms of service as employees. Their remuneration consists only of remuneration as employees and they receive no additional remuneration as Directors.

All components of the Company's remuneration system are subject to regular internal and external audits.

Employees covered by collective bargaining

At the date of amendment of this Policy, the Company has no employees covered by collective bargaining agreements.

Non-union staff and management

Staff at Head Office and all members of management throughout the Company are treated individually, in accordance with their contracts of employment and the remuneration and benefit schemes and practices applicable to their job grades.

Salaries are reviewed annually, effective on 1 April. The HRSE Committee determines the extent of any general cost-of-living increase as well as any additional provision for individual adjustments based on performance, retention and market-matching criteria.

All staff members have detailed job profiles which stipulate the key performance areas of their positions and serve as the basis for performance management and the determination of any applicable performance-linked salary increases and/or bonuses.

Details of the remuneration packages paid to the Chief Executive Officer ("**CEO**"), other Executive Directors and prescribed officers are disclosed in the Integrated Annual Report.

Staff bonuses
Employees who are not members of executive management receive a guaranteed 13th cheque annually.

Management performance bonuses
Members of management, excluding executives, participate in a non-guaranteed discretionary bonus scheme whereby a bonus pool is approved by the HRSE Committee and apportioned by the CEO according to performance and retention criteria. The average bonus pool allocated under this scheme amounts to 15% of the total annual basic salaries of qualifying managers.

Executive bonuses
The Board has approved the adoption of a new profit-sharing bonus scheme for executives and senior managers, with effect from the 2018 financial year.

The new scheme replaces the old short-term executive cash bonus scheme in its entirety.

The participants in the scheme will be the senior managers and executives of the Group, as listed and signed off from time to time by the CEO, the Chairman of the HRSE Committee and the Chairman of the Board.

A bonus pool will be calculated each year when the Group's annual financial statements are prepared and approved.

The bonus pool will be uncapped and equal to 5% of Group profit before tax.

The bonus pool will be allocated amongst the participating executives by the CEO, in accordance with fair and objective rules and criteria, subject to ratification by the HRSE Committee.

Bonuses will be paid upon publication of the Group's annual financial results.

The scheme will be reviewed by the HRSE Committee annually.

Details of performance bonuses paid to the CEO, other Executive Directors and prescribed officers are disclosed in the Integrated Annual Report.

Long-term executive retention scheme
The Company does not have a share option scheme and does not issue shares to its executives or Directors.

Prior to the 2018 financial year, the Company operated a share appreciation entitlement scheme, details of which are outlined below.

The Board has however resolved to terminate the scheme and, accordingly, no further awards of entitlements have been made to executives since 2016.

All entitlements awarded previously that have not yet vested or been exercised will be allowed to run their course and the participants will be free to exercise their remaining entitlements, subject to the existing scheme rules.

Details of the scheme
The Company operated a share appreciation entitlement scheme, the aims of which were to promote the long-term retention of a critical nucleus of Company executives and senior management, to motivate them in their job performance and to align their interests with those of shareholders.

The target group for this scheme was defined as all senior managers and executives in job grade E1 and above.

The HRSE Committee made an initial allocation of share appreciation entitlements ("**SAEs**") to participating employees upon the introduction of the scheme in 2006 and has since used best practice allocation and grant policies to determine annual allocation amounts.

Prior to 2015
All SAEs were issued at a specified grant price, being the average closing price of one Trans Hex Group Limited ("**THG**") share recorded on the JSE Limited ("**JSE**") on the five trading days preceding the date on which they were granted, with 20% vesting on each of the first to the fifth anniversaries of the date on which they were issued.

Vested entitlements may be exercised at any time on or after the date on which they vested, provided that entitlements not exercised within ten years from the date of grant will lapse. On exercise, the participating employee will receive, in respect of each entitlement exercised, the difference (in cash, less income tax) between the closing price of one THG share recorded on the JSE on the day preceding his request to exercise and the grant price of the entitlements exercised.

Effective from 2015

All SAEs were issued at a specified price, the "grant price", being the volume-weighted average price of one THG share recorded on the JSE for the 30 trading days preceding the date on which they were granted.

One-sixth (1/6th) of each award of SAEs vest on the third anniversary of the date on which they were issued, two-sixths (2/6th) on the fourth anniversary and three-sixths (3/6th) on the fifth anniversary.

Vested entitlements may be exercised at any time on or after the date on which they vested, provided that entitlements not exercised within five years from the date of grant, plus 90 trading days, will lapse.

On exercise, the participating employee will receive, in respect of each entitlement exercised, the difference (in cash, less income tax) between:

A. the "exercise price", i.e. the volume-weighted average price of one THG share recorded on the JSE for the 30 trading days preceding his request to exercise; and
B. the "strike price", i.e. the price calculated as at market close on the day preceding his request to exercise, by way of an XIRR function based on the grant price of the entitlements exercised, the value of dividends per share declared since the grant date, and a cost of capital ("**hurdle rate**") of 15% per annum.

Details of the number and value of SAEs issued are disclosed in the Integrated Annual Report.

Non-executive Directors

Non-executive Directors are appointed on a three-year rotation basis.

Each Non-executive Director is paid a fixed annual retainer for services as a Director, with the Chairmen of the Board and its subcommittees receiving a premium in recognition of their roles and added responsibilities. In addition, a fixed fee is paid for attendance and service at each Board meeting and each subcommittee meeting.

Alternate Directors are not paid unless serving in office or attending meetings in the place of a Director. Non-executive Directors who attend subcommittee meetings by invitation are not paid for such attendance.

Non-executive Directors' remuneration is reviewed annually by the HRSE Committee. Fees applicable for the next financial year are submitted to shareholders for approval at the Annual General Meeting. The amounts paid to individual Directors are disclosed in the Integrated Annual Report.

PART 3

IMPLEMENTATION REPORT

The HRSE Committee confirms that the Trans Hex remuneration structure with its policies and procedures have been consistently applied in the year under review.

Salary increases

In respect of the 2018 financial year, the HRSE Committee approved annual salary increases for all employees at Trans Hex's South African operations, as follows:

- Employees covered by collective bargaining with the National Union of Mineworkers: An across-the-board increase of 7,0% on monthly basic salaries, effective from 1 April 2017. The minimum basic monthly salary at Trans Hex's South African mining operations was raised to R11 598 with effect from 1 April 2017 and the minimum guaranteed remuneration package increased to R17 598 per month (including fixed allowances, annual bonus and Company contributions to medical aid and retirement funds).
- Staff at Head Office, excluding members of management and executives: An increase of 6,0% on guaranteed monthly remuneration, effective from 1 April 2017.
- D-band staff/managers: An increase of 6,0% on guaranteed monthly remuneration, effective from 1 April 2017.
- Executives: An increase of 6,0% on guaranteed monthly remuneration, effective from 1 April 2017.

Short-term incentive schemes

In respect of the 2018 financial year, the HRSE Committee resolved not to pay any short-term management and executive bonuses.

Long-term incentive scheme

The Company does not have a share option scheme and does not issue shares to its executives or Directors.

Prior to the 2018 financial year, the Company operated a share appreciation entitlement scheme, details of which are outlined in the Company's Remuneration Policy.

The Board resolved to terminate the scheme and, accordingly, no further awards of entitlements have been made to executives.

Directors' remuneration

Fees payable to Non-executive Directors are approved by shareholders annually at the Annual General Meeting. In respect of the reporting period, the following fees were approved:

Designation	Fees for the year ended 31 March 2018
Annual retainer:	
Non-executive Director	R95 400
Chairman of the Human Resources and Social & Ethics Committee	R143 100
Chairman of the Audit and Risk Committee	R166 925
Chairman of the Board	R609 180
Fee per meeting:	
Board meeting	R19 080
Audit and Risk Committee meeting	R17 175
Human Resources and Social & Ethics Committee meeting	R11 450

Note: If the same person is Chairman of both Board subcommittees, then the annual retainer amount will be R214 625.

The Directors' and prescribed officers' remuneration for the year ended 31 March was as follows:

	Consolidated						
	Salaries and fees R'000	Retirement contribution R'000	Performance bonus R'000	Share appreciation units exercised R'000	Loss of office R'000	Other benefits* R'000	Total R'000
2018							
Executives							
L Delport	3 948	515	–	–	–	1 076	5 539
IP Hestermann	2 185	125	–	–	1 609	1 026	4 945
GM van Heerden	1 698	195	–	–	1 932	501	4 326
Subtotal	7 831	835	–	–	3 541	2 603	14 810
Non-executives							
QJ George	273	–	–	–	–	–	273
AJ Marais	56	–	–	–	–	–	56
AG Rhoda	426	–	–	–	–	–	426
PG Viljoen	328	–	–	–	–	–	328
MVZ Wentzel	842	–	–	–	–	–	842
Subtotal	1 925	–	–	–	–	–	1 925
Total paid	9 756	835	–	–	3 541	2 603	16 735
Company							1 925
Subsidiaries							14 810
							16 735

** Other benefits mainly comprise car allowances, leave encashments and medical aid contributions.*

	Consolidated						
	Salaries and fees R'000	Retirement contribution R'000	Performance bonus R'000	Share appreciation units exercised R'000	Loss of office R'000	Other benefits* R'000	Total R'000
2017							
Executives							
L Delport	3 487	787	1 866	–	–	443	6 583
IP Hestermann	2 041	459	993	880	–	311	4 684
GM van Heerden	1 776	406	780	250	–	315	3 527
Subtotal	7 304	1 652	3 639	1 130	–	1 069	14 794
Non-executives							
T de Bruyn	27	–	–	–	–	–	27
QJ George	180	–	–	–	–	–	180
BP Lekubo	212	–	–	–	–	–	212
AR Martin	436	–	–	–	–	–	436
LC van Schalkwyk	216	–	–	–	–	–	216
BR van Rooyen	414	–	–	–	–	–	414
PG Viljoen	197	–	–	–	–	–	197
MVZ Wentzel	180	–	–	–	–	–	180
Subtotal	1 862	–	–	–	–	–	1 862
Total paid	9 166	1 652	3 639	1 130	–	1 069	16 656
Company							1 862
Subsidiaries							14 794
							16 656

** Other benefits mainly comprise car allowances, leave encashments and medical aid contributions.*

Directors' shareholdings

As at 31 March, the Directors held, directly or indirectly, interest in the issued capital of the Company as reflected in the table below:

	Direct beneficial	**Indirect beneficial**	**Shares held by associates**	**Total**
2018				
L Delport	**150 000**	**–**	**–**	**150 000**
PG Viljoen*	**–**	**36 474 981**	**–**	**36 474 981**
MVZ Wentzel^	**–**	**–**	**27 100 400**	**27 100 400**
2017				
L Delport	150 000	–	–	150 000
PG Viljoen*	–	27 038 143	–	27 038 143
MVZ Wentzel^	–	–	27 038 143	27 038 143

* *Mr Viljoen holds an indirect interest of 50% in RECM and Calibre Ltd, a major shareholder in the Group.*

^ *Metcap 14 (Pty) Ltd, a major shareholder in the Group, is ultimately controlled by a trust of which Mr Wentzel's wife, Mrs Clare Wiese Wentzel, is a trustee and beneficiary.*

There has been no change in the Directors' interest set out above between the end of the financial year and the date of approval of the financial statements.

ANNEXURE 4: MAJOR SHAREHOLDERS AS AT 30 MARCH 2018

Trans Hex's ordinary shares are quoted on the JSE and trades on the JSE's Basic Resources – Mining sector under the share code: TSX.

According to information available to the Directors, shareholders beneficially holding (either directly or via nominee companies) in excess of 3% of the issued share capital, were as follows:

Shareholder	Number of shares	%
RECM and Calibre Ltd	36 474 981	31,58
Cream Magenta 140 (Pty) Ltd	27 100 400	23,47
Metcap 14 (Pty) Ltd	27 100 400	23,47
Investec	5 828 274	5,05
Total	96 504 055	83,57

According to information available to the Directors, shareholders (by group) holding in excess of 3% of the issued share capital, were as follows:

Shareholder	Number of shares	%
RECM and Calibre Ltd	36 474 981	31,58
Cream Magenta 140 (Pty) Ltd	27 100 400	23,47
Metcap 14 (Pty) Ltd	27 100 400	23,47
Investec Asset Management	9 094 021	7,87
Total	90 409 940	85,27

ANNEXURE 5: MATERIAL CHANGES

The Directors report that, other than the facts and developments reported on in the Integrated Annual Report, there have been no material changes in the affairs, financial or trading position of the Company since the signature date of the Integrated Annual Report and the distribution thereof.

ANNEXURE 6: SHARE CAPITAL OF THE COMPANY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

When any company in Trans Hex purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable additional costs (net of income taxes) is deducted from equity attributable to Trans Hex's equity holders until the shares are cancelled, reissued or disposed of. When such shares are subsequently sold or reissued, any consideration received, net of any directly attributable additional transaction costs and the related income tax effects, is included in equity attributable to Trans Hex's shareholders.

	Company		Consolidated	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
STATED CAPITAL				
Authorised				
300 000 000 ordinary shares of no par value				
Issued				
115 488 113 fully paid ordinary shares of no par value (2017: 106 051 275 fully paid ordinary shares of no par value)				
Opening balance	**208 092**	208 092	**208 092**	208 092
Consideration received for shares issued	**18 402**	–	**18 402**	–
Closing balance	**226 494**	208 092	**226 494**	208 092
Treasury shares held by the Group	**–**	–	**(1 816)**	(1 816)
	226 494	208 092	**224 678**	206 276

FORM OF PROXY

TRANS HEX GROUP

(Registration number: 1963/007579/06)
Share code: TSX
ISIN: ZAE000018552
("**Trans Hex**" or the "**Company**")

For completion by shareholders who have not dematerialised their shares or who have dematerialised their shares but with own name registration.

For use at the Annual General Meeting of Trans Hex to be held at the Company's registered offices, 405 Voortrekker Road, Parow, Cape Town on **Friday, 17 August 2018, at 09:00**.

I/We ______________________________ (name in block letters)

of ______________________________ (address)

being the holder/(s) of ______________________________ ordinary shares

hereby appoint:

1. ______________________________ or failing him/her

2. ______________________________ or failing him/her

3. the Chairman of the meeting, as my/our proxy to vote for me/us at the Annual General Meeting for purposes of considering and, if deemed fit, adopting, with or without modification, the ordinary, non-binding advisory and special resolutions to be proposed thereat and in each adjournment or postponement thereof and to vote for/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name in accordance with the following instructions (see "Notes to Proxy Forms"):

	For	Against	Abstain
Ordinary resolution number 1.1: Re-electing a Director – Mr Athol Rhoda			
Ordinary resolution number 1.2: Re-electing a Director – Mr Piet Viljoen			
Ordinary resolution number 2: Ratifying the appointment of a Director – Mr Albertus Marais			
Ordinary resolution number 3: Re-appointing external auditors PricewaterhouseCoopers Inc.			
Ordinary resolution number 4.1: Appointing Audit and Risk Committee member Mr Athol Rhoda			
Ordinary resolution number 4.2: Appointing Audit and Risk Committee member Mr Albertus Marais			
Ordinary resolution number 4.3: Appointing Audit and Risk Committee member Mr Piet Viljoen			
Ordinary resolution number 5: Approving control of authorised but unissued ordinary shares			
Ordinary resolution number 6: Approving signature of documents			
Ordinary resolution number 7: Approving the general authority to issue shares for cash			
Non-binding advisory resolution number 1: Approving the Company's Remuneration Policy			
Non-binding advisory resolution number 2: Approving the Remuneration Implementation Report			
Special resolution number 1: Approving Non-executive Directors' remuneration for the year ending 31 March 2019			
Special resolution number 2: Approving the general authority to repurchase issued shares			
Special resolution number 3: Approving the general authority to provide financial assistance to related and inter-related companies and corporations			

Please indicate your voting instruction by way of inserting the number of shares or by a cross in the space provided.

Signed at ______________________ on this the __________ day of ______________________ 2018.

Signature/(s) ______________________________

Assisted by (where applicable) (state capacity and full name)

____

Each shareholder holding certificated shares and each shareholder of the Company who has dematerialised its shares and has elected own name registration is entitled to appoint one or more proxy/(ies) (who need not be shareholder/[s] of the Company) to attend, speak and vote in his/her stead at the Annual General Meeting.

NOTES TO PROXY FORMS

Dematerialised shareholders other than with "own name" registration

Shareholders who have dematerialised their shares through a Central Securities Depository Participant ("**CSDP**") or broker and who have not elected own name registration in the sub-register maintained by a CSDP and who wish to attend the Annual General Meeting, should instruct their CSDP or broker to issue them with the necessary authority to attend, or if they do not wish to attend the Annual General Meeting, they may provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP or broker. They should not fill in this proxy form.

1. A shareholder may insert the name of a proxy or the name of two alternative proxies of the entitled shareholder's choice in the space/(s) provided, with or without deleting "the Chairman of the meeting", but any such deletion must be initialled by the shareholder. The person whose name appears first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. Shareholders must insert an "X" in the relevant box provided according to how they wish their votes to be cast. However, if shareholders wish to cast their votes in respect of a lesser number of shares than they own in the Company they must insert the number of shares held in respect of which they wish to vote or abstain from voting. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of the shareholder's votes exercisable at the Annual General Meeting. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.

3. Forms of proxy must be received by the transfer secretaries by no later than 09:00 on **Wednesday, 15 August 2018**, or handed to the Chairman of the Annual General Meeting before the appointed proxy exercises any of the relevant shareholder's rights.

   Computershare Investor Services (Pty) Ltd
   Rosebank Towers
   15 Biermann Avenue
   Rosebank 2196
   PO Box 61051
   Marshalltown 2107

4. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of proxy.

5. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person at the Annual General Meeting to the exclusion of any proxy appointed in terms of this form of proxy.

6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the Chairman of the Annual General Meeting.

7. Any alteration or correction made to this form of proxy must be initialled by the signatory/(ies).

8. Subject to any rights of cancellation/revocation by any shareholder/(s), this proxy remains valid only for one year or until the end of the Annual General Meeting held on **Friday, 17 August 2018, at 09:00**, or any postponement thereof – whichever occurs first.

9. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of Trans Hex.

10. The Chairman of the Annual General Meeting may accept any form of proxy which is completed, other than in accordance with these notes, if the Chairman is satisfied as to the manner in which the shareholder wishes to vote.

Please note that in terms of Section 58 of the Companies Act, No. 71 of 2008:

- The appointment of a proxy is revocable unless the proxy appointment expressly states otherwise. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy; and delivering a copy of the revocation instrument to the proxy, and to the Company. The revocation will take effect on the later of (i) the date stated in the revocation instrument; or (ii) the date on which the revocation instrument was delivered to the proxy and the Company.
- A proxy may delegate his/her authority to act on a member's behalf to another person, subject to any restriction set out in this proxy form.
- A proxy form must be delivered to the transfer secretaries of the Company, namely Computershare Investor Services (Pty) Ltd, or handed to the Chairman of the Annual General Meeting, before a proxy exercises any of a shareholder's rights as a shareholder at the Annual General Meeting.
- The appointment of a proxy is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder.
- If the instrument appointing a proxy/(ies) has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Memorandum of Incorporation to be delivered by the Company to the shareholder must be delivered by the Company to (a) the shareholder, or (b) the proxy/(ies), if the shareholder has (i) directed the Company to do so in writing, and (ii) paid any reasonable fee charged by the Company for doing so.

REGISTERED OFFICE
405 Voortrekker Road, Parow 7500
PO Box 723, Parow 7499

JSE SPONSOR
One Capital
www.onecapital.co.za

TRANSFER SECRETARIES
Computershare Investor Services (Pty) Ltd
www.computershare.com/za/

COMPANY SECRETARY
Statucor (Pty) Ltd
www.statucor.co.za

DIRECTORATE
MVZ Wentzel (Chairman), AG Rhoda, PG Viljoen, AJ Marais, JL Gurney (Alternate), L Delport (Chief Executive Officer), IP Hestermann (Financial Director)

www.transhex.co.za

TRANS HEX GROUP