

**TRANS HEX GROUP LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number: 1963/007579/06)

Share code: TSX

ISIN: ZAE000018552

(“**Trans Hex**” or the “**Company**”)

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**MANAGEMENT AND MINING SERVICES AGREEMENT AND  
RENEWAL OF CAUTIONARY ANNOUNCEMENT**

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Shareholders of Trans Hex (“**Shareholders**”) are referred to the cautionary announcement released on SENS on Friday, 10 May 2019 wherein Shareholders were advised of a potential transaction in respect of the Company’s West Coast Resources operations.

Shareholders are advised that Trans Hex Operations Proprietary Limited (“**THO**”), West Coast Resources Proprietary Limited (“**WCR**”), Trans Hex Diamante Beperk (“**THD**”) (all of which are subsidiaries of Trans Hex) and Kernel Resources Proprietary Limited (owned by Mr Christopher Kimber and Mrs Nathiera Kimber) (“**Kernel Resources**”), (collectively, the “**Parties**”) are in the process of negotiating the terms and conditions of the potential disposal of the shares held by THD in the issued share capital of WCR (“**WCR Shares**”), comprising 67.2% of the WCR Shares, to Kernel Resources (“**Proposed Transaction**”).

In anticipation thereof and to ensure undisturbed continuity of WCR’s Namaqualand operations (“**Namaqualand Operations**”), the Parties have entered into a management and mining services agreement (“**Agreement**”), whereby WCR has, subject to the fulfilment of suspensive conditions customary for an agreement of this nature, appointed Kernel Resources as an independent contractor to perform management and mining services (as further detailed below) in connection with the Namaqualand Operations (“**Appointment**”).

The Appointment is effective from 1 June 2019 (or if the date of fulfilment of the suspensive conditions (“**Fulfilment Date**”) occurs more than 10 business days after 1 June 2019, then the first day of the calendar month following the Fulfilment Date) and will terminate upon termination of the Agreement (“**Contract Term**”), which includes the instance of implementation of the Proposed Transaction.

In terms of the Agreement, Kernel Resources shall (at its own cost and risk and for its own account and benefit) conduct and be responsible for the conduct, and overall management, of all mining operations (as defined in the Mineral and Petroleum Resources Development Act, No. 28 of 2002) in relation to the areas comprising the mining and prospecting rights for diamonds granted, issued to and held by WCR in connection with the Namaqualand Operations (“**Mining Area**”) and rehabilitation of the Mining Area (collectively, the “**Services**”).

As consideration for the Services, Kernel Resources shall for the duration of the Contract Term be entitled to, subject to it having complied strictly and timeously with the terms and conditions of the Agreement, net sales proceeds of at least 90% derived from the sale of all diamonds mined or otherwise produced pursuant to the exploration for, mining, recovery, treatment, marketing and sale of diamonds or any other mineral discovered in, on and under the Mining Area.

Furthermore, for the duration of the Contract Term:

- THO will continue to provide the administrative and related support services to WCR in respect of the Namaqualand Operations ("**Head Office Services**"), unless Kernel Resources elects not to retain such services. As consideration for the Head Office Services, Kernel Resources shall, on behalf of and in the place and stead of WCR, pay THO a fixed monthly amount of R2 million (exclusive of VAT).
- The employees of THO seconded to WCR, in connection with the Namaqualand Operations, will continue to be engaged by WCR and render their services to WCR, unless Kernel Resources elects not to retain such employees. Kernel Resources shall, on behalf of and in the place and stead of WCR, pay to THO the total amount of the monthly interest accruing on the outstanding amount, from time to time, on all monies lent and advanced by THO to WCR on loan account (together with all interest accrued or accruing thereon), calculated at the prime overdraft rate.

Additionally, in terms of the Agreement and subject to the Proposed Transaction being implemented, THO has agreed that, in the event and to the extent that THO elects to dispose of its Block 6A, 7A and 8A marine concessions, Kernel Resources shall have the first right to acquire such marine concessions, subject to the terms and conditions thereof being agreed between THO and Kernel Resources.

Shareholders are advised to continue to exercise caution when dealing in the Company's securities until a detailed announcement regarding the Proposed Transaction is published.

Cape Town  
21 May 2019

Sponsor  
One Capital