

Tharisa plc

(Incorporated in the Republic of Cyprus with limited liability)

(Registration number HE223412)

JSE share code: THA

LSE share code: THS

ISIN: CY0103562118

('Tharisa')

Acquisition of mining fleet and transfer of employees from existing mining contractor

Introduction

Further to the announcement on 4 April 2017 of Tharisa Minerals Proprietary Limited's (Tharisa Minerals) intention to transition to an owner mining model, shareholders are advised that Tharisa Minerals has entered into a binding term sheet with MCC Contracts Proprietary Limited (MCC) on 10 May 2017 in terms of which Tharisa Minerals will purchase, subject to the fulfilment of certain conditions precedent, certain of MCC's existing equipment, strategic components, site infrastructure and spare parts (Assets and Equipment), and transfer the employees currently deployed at its Tharisa Mine in South Africa (the Transaction).

Nature of the business carried on by MCC

MCC is currently the mining contractor at the Tharisa Mine and provides opencast contract mining services, including drilling, blasting, load hauling and rehabilitation. MCC's parent company, Extract Group Limited (Extract) has announced a strategic decision to align its capital allocation with the current mining environment and to review its business model.

Rationale for the Transaction

Tharisa Minerals, a profitable low cost producer of PGMs and chrome, owns a large scale open pit operation in South Africa with an open pit life of 18 years and a further 40 years of underground mine extension. With the long life of the open pit, Tharisa Minerals has been evaluating the benefits of transitioning from contract mining to an owner mining model.

Tharisa Minerals has, in the normal course of managing its mining operations, developed engineering and geological skills that are integral to in-house mining. With the long life of the open pit, Tharisa believes that the transition to an owner mining model is a logical progression in its development with

both cost and operational benefits. By taking direct control of its mining operations, Tharisa Minerals will be better placed to control the reef grades, thereby delivering improved quality ore to the processing plants and optimising the feed and recovery within the plants. This will further cement Tharisa Minerals' low-cost high margin position.

MCC's review of its business model has presented Tharisa Minerals with the opportunity to purchase MCC's existing on-site plant and equipment, as well as employ the employees currently in service at the Tharisa Mine, thereby enabling Tharisa Minerals to transition to an owner mining model with neither interruption nor delay.

Particulars of the proposed Transaction

In terms of the binding term sheet, Tharisa Minerals will purchase the Assets and Equipment from MCC for a purchase consideration of ZAR303.3 million (US\$22.3 million). The 153 'yellow fleet' machines being purchased include excavators, off highway dump trucks, articulated dump trucks and support vehicles, being substantially all of the equipment at the Tharisa Mine, as well as 17 additional machines from another MCC site. In addition, Tharisa will accept assignment in respect of leased equipment comprising drill rigs, excavators and off highway dump trucks and will continue to lease these 14 machines. The settlement amount for the leased equipment as at 1 June 2017 is approximately ZAR100.2 million (US\$7.3 million).

Approximately 900 on-site employees of MCC will be transferred to Tharisa in terms of Section 197 of the South African Labour Relations Act. Given the employees' existing roles on site, Tharisa Minerals envisages a smooth integration of these employees into the Tharisa Minerals workforce.

The purchase consideration for the Transaction will be settled through a cash payment of ZAR250.0 million (US\$18.3 million) within 30 days of the conditions precedent being fulfilled or waived, the cession of the lease obligations of approximately ZAR100.2 million (US\$7.3 million), the deduction of certain liabilities relating to the transfer of the employees such as the leave pay provision and the deduction of future costs that have been incorporated into the mining rate to date, such as future equipment demobilisation. The balance owing will be paid in cash in six equal monthly instalments.

The purchase consideration will be funded through a combination of a new bridge finance facility, OEM supplier finance, traditional banking facilities and available cash resources.

Tharisa Minerals is purchasing the mining fleet from its mining contractor and, as such, the operating costs post implementation of the Transaction are expected to be substantially the same as the current amount being paid to MCC for the outsourced mining. Accordingly there are no 'net profits' that can be attributed to the net assets that are the subject of the Transaction in terms of the requirements of the JSE Listings Requirements.

Conditions precedent to the Transaction

The Transaction is subject to the fulfilment or waiver, as the case may be, of, inter alia, the following conditions precedent on or before 30 September 2017:

- all and any approvals required in terms of the South African Competition Act No. 1998 from the Competition Authorities
- irrevocable undertakings to vote in favour of the Transaction from shareholders of Extract holding more than 50% of the voting rights to be exercised in a general meeting of Extract shareholders
- all MCC shareholder approvals required to authorise and give effect to the Transaction
- approval of the senior debt lenders of Tharisa Minerals
- approval of the terms and conditions of the leases by Tharisa Minerals.

The effective date of the Transaction will be the date immediately following the fulfilment or waiver, as applicable, of the conditions precedent, or such later date as may be agreed between the parties.

Categorisation

The acquisition of the MCC assets is categorised as a Category 2 Transaction in terms of Section 9.15 of the JSE Listings Requirements and accordingly will not require Tharisa shareholder approval.

Paphos, Cyprus

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JSE Sponsor

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