

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')

Tharisa amends the terms of the acquisition of a 90% shareholding in Salene Chrome Zimbabwe (Pvt) Limited

1. Introduction

Shareholders are referred to the announcements wherein Tharisa advised that it had acquired a 90% shareholding in Salene Chrome Zimbabwe (Pvt) Limited ('Salene') at the par value thereof from Leto Settlement ('Leto'), a related party, published on 16 May 2018, as well as the transaction status update announcement published on 21 August 2018.

Shareholders are now advised that the parties have agreed to restructure the transaction, whereby Tharisa has been granted a call option to acquire a 90% shareholding in Salene at the par value of USD90, exercisable upon completion of an initial exploration programme. In consideration of the call option, Tharisa will undertake the initial exploration programme over the special grant areas held by Salene with a spend of USD3.2 million.

The amended structure should provide Tharisa with certainty on the extent of the mineralisation and the necessary techno-economic information on which to base an investment decision whilst retaining the economic benefits of the transaction.

The transaction is in line with the approved growth strategy of Tharisa, including increasing geographic diversification, operating low cost and open pit operations with access to a higher grade chrome product, replicating the Tharisa model in a different jurisdiction, and maximising value for Tharisa with limited down side risk and upfront risk to access resource potential.

2. Salient terms of the call option

The decision to exercise the call option is at Tharisa's election and will be subject to shareholder approval at that time. The exercise of the option will give Tharisa the rights over a potentially world class chrome opportunity with a low entry cost and full control over the development.

The salient terms of the call option provide that on exercise thereof:

- Tharisa will acquire a 90% shareholding in Salene
- Arxo Resources Limited ('Arxo'), the wholly owned trading subsidiary of Tharisa, will be the sole off-taker/marketing agent for the chrome concentrates produced, thereby leveraging existing platforms across borders and increasing chrome sector market share
- Leto will retain a 10% free carried shareholding in Salene
- Leto will be entitled to a 3% commission on the Cost, Insurance and Freight sales value of the chrome concentrates and any other commodities sold.

3. Exploration programme

The exploration programme will, on obtaining the necessary environmental permits, include trenching and/or pitting operations over the special grant areas to determine the extent of the mineralisation and the sampling thereof to confirm and delineate the illuvial chrome ore body and the *in situ* grade of the chrome content to enable a maiden resource indication. The exploration work will set the ground work to enable a fast track to production, subject to the outcome of the economic feasibility.

4. Salene

Salene was awarded three special grants (numbers 6797, 6798 and 6799) under the Zimbabwe Mines and Minerals Act covering an area of approximately 9 500 hectares (95 km²) on the eastern side of the Great Dyke in Zimbabwe on 15 May 2018. The special grants entitle Salene to mine the minerals thereon including illuvial chrome, being at surface chrome fines generated from seams as a result of weathering. An application has also been submitted for additional special grants on the western side of the Great Dyke.

A special grant is issued in terms of Chapter XIX of the Zimbabwe Mines and Minerals Act and authorises the holder thereof to carry out mining operations for a specified mineral or minerals (including chrome in this instance), over the specified area for a period of 24 months, with the right of annual renewal on the expiry of such period on 90 days prior application. Salene intends to apply for the consolidation of the special grant areas into a mining lease valid for the life of mine. The nature of the special grant areas allows for a project that is a scalable open pit operation which can be brought into production on a low risk and relatively low cost basis in a short time horizon. The Great Dyke of Zimbabwe contains the world's largest known platinum group metals and high grade

chrome deposits outside of South Africa. The Great Dyke region is known to contain illuvial chrome concentrations of up to 30% Cr₂O₃ at surface.

Based on available geological information and similar illuvial chrome mining activities in the region, Tharisa considers this to be a highly prospective opportunity to meaningfully expand its chrome mining interests.

While it is understood that certain geological exploration work has been undertaken on the special grant areas to date, there is insufficient information available to be able to accurately quantify the value of the net assets (being the special grants) or the profits attributable thereto.

Subsequent to the award of the special grants, the environmental prospectus was submitted and approved by the Environmental Management Agency of Zimbabwe. The Environmental Impact Assessment ('EIA') process has been initiated and consultants appointed. On approval of the EIA, Tharisa will commence the trenching programme to determine the extent of the mineralisation.

5. Regulatory

Written confirmation has been provided to the JSE Limited in terms of rule 10.7(b) of the JSE Listings Requirements, from Minxcon Proprietary Limited, an independent professional expert, that the terms of the proposed transaction with Leto are fair as far as the shareholders of Tharisa are concerned. The fairness opinion will lie for inspection at the registered office of Tharisa, Office 109 Sofoklis Pittokopitis Business Centre, 17 Neophytou Nicolaides and Kilkis Streets, 8011, Paphos, Republic of Cyprus for a period of 28 days from the date of this announcement and available on the Tharisa website - www.tharisa.com.

Paphos, Cyprus

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