

Tharisa plc

(Incorporated in the Republic of Cyprus with limited liability)

(Registration number HE223412)

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('Tharisa' or the 'Company')

EXERCISE OF FARM-IN OPTION ASSUMING CONTROL OF THE KARO PGM PROJECT

Tharisa's PGM output to double on completion of Phase 1 of the Karo Project

Tharisa, the platinum group metals ('PGM') and chrome co-producer, announces it has exercised its farm-in option and acquired a controlling interest in Karo Mining Holdings Limited ('Karo Holdings') for a purchase consideration of USD27.0 million to be settled through the issue of 13.69 million new Tharisa shares ('the Acquisition') to The Leto Settlement ('Leto'), a related party, thereby increasing its shareholding in Karo Holdings from 26.8% to 66.3%. Leto will retain the balance of 33.7%.

The Karo Platinum Project ('Karo Project') is a long-life asset with an initial 20 year life of mine ('LOM') and project post tax net present value ('NPV') of USD770.4 million at spot PGM prices. It has initial probable reserves of 35.5 Mt at 2.31 g/t and 2.6 Moz (5PGE+Au) and a 3PGE+Au resource prill split favouring platinum (45.0%), palladium (42.0%) rhodium (4.0%) and gold (9.0%) with material base metal credits.

Further to an amendment ('the Amendment') to the Investment Project Framework Agreement entered into between the Republic of Zimbabwe ('ZWE') and Leto on 22 March 2018, the shareholding in Karo Platinum (Private) Limited ('Karo Platinum'), an indirect subsidiary of Karo Holdings, has been amended to 85% by Karo Zimbabwe Holdings (Private) Limited ('Karo Zimbabwe'), a wholly owned subsidiary of Karo Holdings, and 15% by the ZWE.

The Mining Lease area for the Karo Project covers an area of 23 903 ha and is located within the Great Dyke in the Mashonaland West District of Zimbabwe, approximately 80 km southwest of Harare and 35 km southeast of Chegutu. The Great Dyke is a PGM bearing geological feature that runs from a north to south direction. At approximately 550 km in length and up to 11 km wide, it is second to the Bushveld Complex of South Africa in terms of its PGM resource base.

The project, which is situated within a designated Special Economic Zone ('SEZ'), is located in the southern portion of the middle chamber of the Great Dyke and is supported by good infrastructure, including road and power access in the project area.

1. Deal highlights

- All share deal with Tharisa increasing its shareholding in Karo Holdings to 66.3% through a farm-in arrangement at a discount to the valuation derived by applying the agreed valuation metrics based on the economic milestones achieved
- The purchase consideration of USD27.0 million is being settled through the issue of 13.69 million new Tharisa shares representing 4.85% of Tharisa's existing issued and voting share capital

2. Project overview

- The Karo Project has been substantially de-risked with the completion of an implementation study that proves the robust economics of the first phase of the project while still presenting significant growth opportunities. Details pertaining to the results of the implementation study are set out in a presentation on the Tharisa website www.tharisa.com
- Strong fundamentals for the Karo Project:
 - Mining Lease over 23 903 ha valid for the life of the operations
 - Initial indicated and inferred open pit resource of 152.07 Mt at 2.04 g/t and 9.97 Moz (5PGE+Au)
 - Initial probable reserve of 35.14 Mt at 2.31 g/t and 2.6 Moz (5PGE+Au)
 - Resource 5PGE+Au prill split of 42.1% platinum, 39.5% palladium, 4.1% rhodium, 8.3% gold, 1.9% iridium and 4.2% ruthenium with valuable nickel and copper credits
 - Phase 1 open pit LOM of 20 years, producing 150 kozpa of PGM in concentrate
 - Calculated PGM recoveries of 82%
 - Peak funding of ~USD310 million, with capital estimated at USD250 million
 - Project post tax NPV_{12.9} of USD770.4. million at spot PGM prices
 - Project IRR of 47.6% and ROIC of 47%
 - 24 months development timeline
 - Access to local power and water infrastructure
- SEZ status valid till 2029 with tax benefits and investment incentives, with National Project Status application pending
- Project commenced including
 - ESIA finalised
 - Engineering consultants contracted for detailed engineering work
 - Procurement started on long lead items
 - Mining contract adjudicated

Phoevos Pouroulis, CEO of Tharisa, commented:

“The development of a strategically significant tier one, high-grade, high-return, low-cost PGM resource is a natural evolution for Tharisa as it fulfils its strategy of becoming an integrated diversified developer of new metal assets.

Tharisa will develop and deliver its next PGM mine, Karo Platinum, in a world-class geological district that is supported by a pro-mining environment. The Karo Project is strategically located within a Special Economic Zone with the Mining Lease valid for the life of mine.

The investment and development of the Karo Project will create noteworthy employment and upliftment opportunities for the communities within the project area, as well as the creation of an economic hub with significant multiplier effects. The Karo Project will provide all stakeholders with a secure, sustainable and value accretive future.

The long-life Karo Project, when added to the more than 60-year LOM of the Tharisa PGM and chrome operations in South Africa, sets the foundation for Tharisa's growth, particularly in the downstream value-enhancing beneficiation sector. The development of the Karo Project will significantly consolidate Tharisa as one of the world's most forward-thinking and low-cost producers of PGMs in Africa.

As always, we will follow the highest ESG standards as we produce the metals needed to support the rapid growth of the hydrogen economy that help reduce global dependency on fossil fuels and continue to play a vital role in reducing carbon and NOx emissions.

With the challenges and uncertainty to the supply chain of these vital precious metals, a new short dated source of primarily platinum and palladium metals is a significant risk mitigant for global users and provides security and certainty of supply”

3. Acquisition rationale

The transaction is in line with Tharisa's growth strategy, including geographic diversification, operating low-cost open pit operations with access to premium new world metals, replicating the Tharisa Mine model in a different jurisdiction, and maximising value for Tharisa with a low-entry cost, a short development timeline and limited capital requirements while exercising full control over the development.

4. Key project parameters

The mining plan will target mining 2.1 Mtpa of run of mine material for the Phase 1 operations, at a grade of 3.0 g/t (5PGE+Au). The mining operations will be undertaken by a mining contractor. An owner's mineral resource management team will be in place for oversight of the mining operations and grade control. The mining operations will see the development of four open pits being developed sequentially, up to a maximum pit depth of 100 m over a total strike length greater than 20 km.

The processing of the ROM will be through an MF2 PGM flotation circuit, processing 175 ktpm of ROM. The average annual production of PGMs in concentrate will be 150 kozpa (5PGE+Au). The processing plant has been designed using proven technology and beneficiation processes.

Bulk infrastructure solutions for the project have been secured.

5. Funding

The purchase consideration will be settled through the issues of new Tharisa shares which will rank pari passu with the existing shares in issue.

The 15% shareholding held by the ZWE in Karo Platinum is on a free funded carry basis.

The peak funding requirement is ~USD310 million. Karo Platinum is in advanced discussions with financiers specifically relating to export import finance including political and commercial guarantees to provide the senior debt funding for Karo Platinum. The necessary equity capital contribution for Karo Platinum will be mainly funded from internal cash flows and capital market facilities of the Company. The optimal funding solution is being finalised and further information will be released to the market in due course.

Karo Platinum, as a development phase mining asset, is not presently income producing.

6. ZWE option

The ZWE has an option to increase its shareholding in Karo Platinum by 11% exercisable after 24 months of signing of the Amendment dated 30 March 2022, but before 36 months, payable in cash at the current NPV of the Karo Project. The increase in the shareholding may, at the election of Karo Holdings, be affected either through a sale of shares in Karo Platinum by Karo Zimbabwe or by means of a share subscription by the ZWE. The NPV of the Karo Project has been calculated by Karo Holdings at USD770.4 million based on spot commodity prices and applying a discount rate of 12.9%. Based on this NPV, the option exercise price for the 11% shareholding would amount to USD84.7 million. The current market capitalisation of Tharisa amounts to USD556.1 million and the sale proceeds would equate to 15.2% of the market capitalisation. This shareholding will not be on a free funded carry basis. On exercise of the option an announcement will be made in terms of the JSE listings requirements.

7. Regulatory compliance

In terms of paragraph 10.1(b)(ii) of the JSE Limited ('JSE') Listings Requirements, Leto is a related party to Tharisa. This exercise of the farm-in option is classified as a small related party transaction in terms of paragraph 10.7 of the JSE Listings Requirements.

In terms of paragraph 10.7(b) of the JSE Listings Requirements, a fairness opinion is required to be provided by an independent professional expert with respect to a small related party transaction. Mazars Corporate Finance Proprietary Limited was appointed by Tharisa as the independent expert in relation to the Acquisition. The full text of the independent expert's fairness opinion, which concludes that the independent expert is of the opinion that the Acquisition is fair insofar as the shareholders of Tharisa are concerned, will be made available at the offices of Tharisa for inspection for a period of 28 days following the date of approval of the fairness opinion by the JSE.

8. Effective date of the Acquisition

The effective date of the acquisition is 30 March 2022.

9. Market Abuse Regulation

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulation. Upon the publication of this announcement via a regulatory information service, this inside information is now considered to be in the public domain.

Paphos, Cyprus

31 March 2022

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Investor relations contacts:

Ilja Graulich (Head of Investor Relations and Communications)

+27 11 996 3500

+27 83 604 0820

igraulich@tharisa.com

Financial PR contacts:

Bobby Morse / Ariadna Peretz / James Husband

+44 207 466 5000

tharisa@buchanan.uk.com

Broker contacts:

Peel Hunt LLP (UK Joint Broker)

Ross Allister / David McKeown / Alexander Allen

+44 207 7418 8900

BMO Capital Markets Limited (UK Joint Broker)

Thomas Rider / Pascal Lussier Duquette / Nick Macann

+44 207 236 1010

Berenberg (UK Joint Broker)

Matthew Armitt / Jennifer Lee / Detlir Elezi

+44 203 207 7800

Nedbank Limited (acting through its Corporate and Investment Banking division) (RSA Broker)

Carlyle Whittaker

+27 11 294 0061

About Tharisa

Tharisa is an integrated resource group critical to the energy transition and decarbonisation of economies. It incorporates mining, processing, exploration, and the beneficiation, marketing, sales, and logistics of PGMs and chrome concentrates, using innovation and technology as enablers. Its principal asset is the Tharisa Mine located in the south-western limb of the Bushveld Complex, South Africa. The mechanised mine has a 20-year open-pit life and the ability to extend operations underground by at least an additional 40 years. Tharisa also owns Salene Chrome, a development stage, low-cost, open-pit asset, located adjacent to the Great Dyke in Zimbabwe. The Company is committed to reducing its carbon emissions by 30% by 2030 and the development of a roadmap is continuing to be net carbon neutral by 2050. Tharisa plc is listed on the Johannesburg Stock Exchange (JSE: THA) and the Main Board of the London Stock Exchange (LSE: THS).

About Karo Mining Holdings

The Great Dyke of Zimbabwe contains the world's largest known platinum group metals and high-grade chrome deposits outside of South Africa.

Karo Holdings entered into an Investment Project Framework Agreement (the 'Investment Agreement') with the Republic of Zimbabwe on 22 March 2018 to establish a PGMs complex.

Karo Platinum, an indirect 50% held subsidiary of Karo Holdings applied for and was awarded PGM rights under a special grant (the 'License Area') under the Zimbabwe Mines and Minerals Act, covering an area of 23 903 ha. The License Area is situated on the Great Dyke in the Mashonaland West District of Zimbabwe. This area of land was released by Zimbabwe Platinum Mines Private Limited) from its mining lease area in support of the Government of Zimbabwe's efforts to enable participation by other investors in the platinum mining industry in Zimbabwe.

Karo Holdings has, over the past three years completed a number of studies, resulting in a comprehensive implementation study that delivered very favourable economic parameters with a quick route to production.

The Special Grant 6876 awarded to Karo Platinum was successfully converted to a Mining Lease on 12 March 2021 over the 23 903 ha with no conditions attached and valid for the life of mine of the project. The SEZ permits the import/export of capital without any trade barriers. Benefits beyond the expatriation of capital include a reduced tax rate of 15% (normally 24.72%), duty-free importation of raw materials and exchange control facilities. Moreover, the intention is for a fully functional SEZ to be developed to attract other investors. To ensure a smooth implementation, and that Tharisa is taking full advantage of the opportunity presented, Tharisa has also recruited a former Zimbabwe Investment Development Authority manager to join the Karo team.

An Environmental Permit was issued for the exploration phase on 3 September 2019 and expires on 2 September 2022. An Environmental Prospectus report was also compiled for the proposed opencast pits, processing facilities and supporting infrastructure, this was approved by EMA in August 2021. Specialist site investigations and comprehensive stakeholder consultations have been completed.