

Tharisa plc

(Incorporated in the Republic of Cyprus with limited liability)

(Registration number HE223412)

JSE share code: THA

LSE share code: THS

A2X share code: THA

ISIN: CY0103562118

LEI: 213800WW4YWMVVZIJM90

('Tharisa' or the 'Company')

Tharisa acquires a 100% shareholding in Salene Chrome Zimbabwe (Pvt) Limited with effect 31 March 2021

Tharisa, the leading integrated platinum and chrome producer with operations in South Africa, is pleased to announce the acquisition of Salene Chrome Zimbabwe (Pvt) Limited ('Salene Chrome') for USD3.0 million. Salene Chrome is a development stage, low cost, open pit asset, located in the Great Dyke in Zimbabwe. The acquisition provides geographic diversification with access to a premium chrome product, a short development timeline and a low capital requirement.

Shareholders are referred to the announcements wherein Tharisa advised that it had acquired an option to acquire a 90% shareholding in Salene Chrome at the par value thereof from Leto Settlement ('Leto'), a related party being an indirect material shareholder in Tharisa, published on 16 May 2018, the transaction status update announcement published on 21 August 2018, the amended terms of the acquisition announcement published on 18 September 2018 and the extension of the option to acquire the 90% shareholding in Salene Chrome to 31 March 2021 published on 20 January 2021.

Shareholders are now advised that the parties have negotiated a restructured agreement and that Tharisa has acquired a 100% shareholding in Salene Chrome from Leto ('the Acquisition'), by way of a sale and purchase agreement (the 'Acquisition Agreement') entered into between Tharisa and Leto, the effective date being 31 March 2021.

1. Salient terms of the original option agreement

The salient commercial terms of the original option agreement may be summarised as follows:

- Tharisa to acquire a 90% shareholding in Salene Chrome at par value (USD90)
- Salene Chrome East concessions only
- Tharisa to fund and undertake an initial exploration programme up to USD3.2 million
- Arxo Resources Limited ('Arxo'), a wholly owned trading subsidiary of Tharisa, to 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 to retain a 10% free carried shareholding in Salene Chrome
- Leto to be entitled to a 3% commission on the Cost, Insurance and Freight (CIF) sales value of the chrome concentrates and any other commodities sold

2. Salient terms of the Acquisition Agreement now concluded

The salient terms of the Acquisition Agreement may be summarised as follows:

- Tharisa acquires a 100% shareholding in Salene Chrome at a cash purchase consideration of USD3.0 million
- Inclusion of both the Salene Chrome East and Salene Chrome West concessions
- Arxo to be the sole off-taker/marketing agent for the chrome concentrates produced
- Commission payable to Leto, subject to profitability measures, capped at USD10.0 million

3. Acquisition rationale

The transaction is in line with Tharisa's growth strategy, including geographic diversification, operating low cost and open pit operations with access to a premium chrome product, replicating the Tharisa 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. Salene Chrome

The Great Dyke of Zimbabwe contains the world's largest known platinum group metals and high grade chrome deposits outside of South Africa. Salene Chrome was awarded a number of special grants in May 2018 on the eastern side of the Great Dyke of Zimbabwe ('Salene Chrome East'), allowing for the mining of various minerals. Salene Chrome subsequently had also applied for, and was granted a number of licenses to the western side of the Great Dyke ('Salene Chrome West'). Salene Chrome East covers 11 900 ha adjacent to the Great Dyke in Zimbabwe and Salene Chrome West covers 12 400 ha to the west of the Great Dyke. The Special Grants have been renewed for an additional two years with effect from 25 February 2021.

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. 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 Salene Chrome project is located in a Special Economic Zone, which permits the import/export of capital without any trade barriers. Benefits beyond the expatriation of capital include a reduced tax rate, duty-free importation of raw materials and exchange control facilities.

Certain geological exploration work has been undertaken over a seven kilometre strike from the south

of the Salene Chrome East special grant areas including trenching, pitting and drilling and limited trial mining (undertaken by Salene Chrome) as well as metallurgical test work and infrastructure planning, thereby de-risking the investment. Tharisa incurred an amount of USD2.0 million on the initial exploration programme. Based on the results of the exploration and metallurgical test work, an internal discounted cash flow model produced a net present value for Salene Chrome East of USD6.9 million premised on a life of open pit of seven years, annual chrome concentrate production of 80 kt, a medium term chrome concentrate price of USD252/t CIF China, capex spend of USD5.0 million and applying a discount rate of 11.8%. Salene Chrome, as an exploration stage asset, is not presently income producing.

Limited exploration work, including airborne geophysics, has to date been undertaken on the Salene Chrome West special grant area. Based on historical mining activity in the Salene Chrome West area, it is considered to be prospective for gold, copper and nickel.

The Environmental and Social Impact Assessment ('ESIA') for exploration, pilot mining and processing (up to 65 ktpm) was approved in September 2019, valid for 2 years. The necessary comprehensive baseline studies and community consultations were completed during the initial ESIA process.

5. Funding

Tharisa's purchase consideration of USD3.0 million will be funded from cash resources.

6. Board approval

The Tharisa Board has a New Business Committee ('Committee'), responsible for the investigation and assessment of new projects and business opportunities, particularly from a strategic, technical and operational point of view, and the identification of project related risks, and safety, health and environmental risks. The Committee is not authorised to approve individual projects or investments or commit Tharisa, but works with executive management to review and evaluate new business opportunities and initiatives and make recommendations to the Tharisa Board for approval. The Committee recommended the acquisition to the Tharisa Board and the acquisition was approved by the Board.

7. Regulatory compliance

In terms of paragraph 10.1(b)(ii) of the Johannesburg Stock Exchange (JSE) Listings Requirements, Leto is a related party to Tharisa. This Acquisition 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. Minxcon (Pty) Ltd 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, is available at the offices of Tharisa for inspection for a period of 28 days from the date hereof.

8. Effective Date of the Acquisition

The effective date of the acquisition is 31 March 2021.

9. Conditions precedent

The Acquisition is subject to approval by the Zimbabwean Reserve Bank of the transfer of shares to a non-Zimbabwean entity.

10. 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

5 May 2021

JSE Sponsor

Investec Bank Limited

Connect with us on [LinkedIn](#) and [Twitter](#) to get further news and updates about our business.

Investor relations contacts:

Ilja Graulich (Head of Investor Relations and Communications)

+27 11 996 3500

+27 83 604 0820

igrulich@tharisa.com

Financial PR contacts:

Bobby Morse / Augustine Chipungu / 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 Wyllie / 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 incorporating mining, processing, exploration and the beneficiation, marketing, sales and logistics of PGMs and chrome concentrates. Its principal asset is the Tharisa Mine located in the South-Western Limb of the Bushveld complex, South Africa. The mechanised mine has a 14-year open pit life of mine (LOM) and the ability to extend operations underground by at least 40 years. Tharisa is listed on the Johannesburg Stock Exchange (JSE: THA) and the Main Market of the London Stock Exchange (LSE: THS).