

Supplementary Information

PRO FORMA CONDENSED INTERIM FINANCIAL STATEMENTS
for the six months ended 31 March 2014

INDEPENDENT REPORTING ACCOUNTANTS' REASONABLE ASSURANCE REPORT ON THE PRO FORMA FINANCIAL INFORMATION

The Directors
Tharisa plc
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Cyprus

Report on the Compilation of Pro Forma Financial Information

We have completed our assurance engagement to report ("Report") on the compilation of pro forma earnings and diluted earnings, headline and diluted headline earnings, net asset value and net tangible asset value per share of Tharisa plc ("Tharisa plc" or "the Company"), pro forma consolidated statement of financial position of Tharisa plc, the pro forma consolidated statement of profit or loss and other comprehensive income of Tharisa plc and the related notes, including a reconciliation showing all of the pro forma adjustments to the share capital, reserves and other equity items relating to Tharisa plc, (collectively "Pro forma Financial Information"). The Pro forma Financial Information is set out on pages 29-32.

The Pro forma Financial Information has been compiled by the directors of Tharisa plc to illustrate the impact of the listing of the Company's shares on the Johannesburg Stock Exchange ("JSE") and the issue of bonus shares to ordinary shareholders of Tharisa plc prior to the listing, the private placement, the conversion of the redeemable preference shares to ordinary shares, as well as the part settlement of the Class B Preference shares and Langa Trust loan in Tharisa Minerals (Pty) Ltd from the proceeds of the private placement ("Transaction") on the Company's consolidated financial position and changes in equity as at 31 March 2014 and the Company's consolidated financial performance for the six months ended 31 March 2014.

As part of this process, the Company's consolidated statement of comprehensive income and consolidated statement of financial position have been extracted by the directors from the Company's interim condensed consolidated financial statements for the six months ended 31 March 2014 ("Published Financial Information"), on which a review report on the condensed interim consolidated financial statements has been published. In addition, the directors have calculated the earnings, diluted earnings, headline earnings and diluted headline earnings per share for the six months ended 31 March 2014, and also the net asset value and net tangible asset value per share as at 31 March 2014 based on financial information extracted from the Published Financial Information.

Directors' Responsibility for the Pro forma Financial Information

The directors of Tharisa plc are responsible for compiling the Pro forma Financial Information on the basis of the applicable criteria as detailed in paragraphs 8.15 to 8.33 of the Listings Requirements of the JSE Limited and the SAICA Guide on Pro forma Financial Information, revised and issued in September 2012 ("Applicable Criteria").

Reporting Accountants' responsibility

Our responsibility is to express an opinion about whether the Pro forma Financial Information has been compiled, in all material respects, by the directors on the basis of the Applicable Criteria, based on our procedures performed.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the reporting accountants' comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled, in all material respects, the Pro forma Financial Information on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any Published Financial Information used in compiling the Pro forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the Published Financial Information used in compiling the Pro forma Financial Information.

The purpose of Pro forma Financial Information included in this report is solely to illustrate the impact of the Transaction on the unadjusted Published Financial Information as if the Transaction had been undertaken on 1 October 2013 for purposes of the pro forma earnings, diluted earnings, headline and diluted headline earnings per share and the pro forma consolidated statement of comprehensive income and on 31 March 2014 for purposes of the net asset value and net tangible asset value per share and consolidated statement of financial position. Accordingly, we do not provide any assurance that the actual outcome of the Transaction, subsequent to its implementation, will be as presented in the Pro forma Financial Information.

A reasonable assurance engagement to report on whether the Pro forma Financial Information has been properly compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors in the compilation of the Pro forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Transaction and to obtain sufficient appropriate evidence about whether:

- The related Pro forma adjustments give appropriate effect to the Applicable Criteria; and
- The Pro forma Financial Information reflects the proper application of those pro forma adjustments to the unadjusted Published Financial Information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Company, the Transaction in respect of which the Pro forma Financial Information has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro forma Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria.

Yours faithfully

KPMG Inc.

Per Shaun van den Boogaard
Chartered Accountant (SA)
Director

11 June 2014

INTRODUCTORY STATEMENT

Tharisa plc was listed on the Johannesburg Stock Exchange on 10 April 2014. The pro forma financial information has been compiled to present the before and after effect of the issue of bonus shares to ordinary shareholders of Tharisa plc prior to the listing, the private placement, the conversion of the redeemable preference shares to ordinary shares, as well as the part settlement of the Class B Preference shares and Langa Trust loan in Tharisa Minerals (Pty) Ltd from the proceeds of the private placement ("the transaction").

The pro forma consolidated statement of financial position and statement of comprehensive income of the Group prior to and after the implementation of the transaction is set out below. The pro forma consolidated statement of financial position and statement of comprehensive income of the Group have been presented for illustrative purposes only and may, because of their nature, not give a fair reflection of the Company's results, financial position and changes in equity following the implementation of the transaction. It has been assumed for purposes of the pro forma financial effects that the transaction was implemented with effect from 1 October 2013 and 31 March 2014 for the statement of comprehensive income and statement of financial position purposes respectively.

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME INCLUDING NOTES

	Six months ended 31 March		
	2014	Pro forma adjustments US\$'000	2014
	Before transaction US\$'000		After transaction US\$'000
Revenue	126,138		126,138
Cost of sales	(105,908)		(105,908)
Gross profit	20,230		20,230
Other income	27		27
Administrative expenses	(12,817)	(1,558) ²	(14,375)
Results from operating activities	7,440		5,882
Finance income	330		330
Finance costs	(8,284)	385 ³	(7,899)
Changes in fair value of financial liabilities at fair value through profit or loss	(30,635)	30,635 ⁴	-
Net finance costs	(38,589)		(7,569)
Loss before tax	(31,149)		(1,687)
Income tax credit	2,911		2,911
(Loss)/profit for the period	(28,238)		1,224
Other comprehensive income			
Items that will never be classified to profit or loss	-		-
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations, net of tax	(8,876)		(8,876)
Other comprehensive income for the period, net of tax	(8,876)		(8,876)
Total comprehensive income for the period	(37,114)		(7,652)
(Loss)/profit for the period attributable to:			
Owners of the Company	(28,422)	29,362	940
Non-controlling interests	184	100	284
(Loss)/profit for the period	(28,238)		1,224
Total comprehensive income for the period attributable to:			
Owners of the Company	(35,247)	29,362	(5,885)
Non-controlling interests	(1,867)	100	(1,767)
Total comprehensive income for the period	(37,114)		(7,652)

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME INCLUDING NOTES

	Six months ended 31 March		
	2014 Before transaction US\$'000	Pro forma adjustments US\$'000	2014 After transaction US\$'000
Reconciliation to headline earnings			
(Loss)/profit for the period	(28,422)		940
Impairment of goodwill	36		36
Tax effect of goodwill impairment	-		-
Headline (loss)/earnings	(28,386)		976
Weighted average number of shares	7,662,320		254,253,702⁶
Profit /(loss) per share			
Basic and diluted (loss)/profit per share (US\$)	(3.71)		0.004
Headline (loss)/earnings per share (US\$)	(3.70)		0.004

Notes to the pro forma statement of profit or loss and other comprehensive income

1. The figures in the "Before transaction" column have been extracted without adjustment from the reviewed condensed consolidated interim financial statements of the Company as at 31 March 2014.
2. Transaction costs of approximately US\$1.6 million have been charged to the statement of profit or loss and other comprehensive income.
3. The finance costs on the capital subscription amount of the Class B preference shares and the Langa Trust loan, that has been part settled, have been reversed.
4. The fair value adjustment on the convertible redeemable preference shares has been reversed.
5. No interest benefit has been taken into account in regards to the cash received as the proceeds from the private placement will be applied to optimisation initiatives, for working capital funding of the product pipeline, purchase of long-lead items, strategic spares, further de-risking of the operation by building a run of mine stockpile and to settle unsecured debt funders of Tharisa Minerals (Pty) Ltd.
6. Shares in issue have been adjusted for the private placement undertaken by the Company on 10 April 2014, conversion of convertible redeemable preference shares and bonus issue, such that there are 254,253,702 shares in issue post the listing.

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION INCLUDING NOTES

	31 March 2014		31 March 2014
	Before transaction	Pro forma adjustments	After transaction
	US\$'000	US\$'000	US\$'000
ASSETS			
Property, plant and equipment	261,286		261,286
Goodwill	1,327		1,327
Deferred tax assets	23,221		23,221
Long term deposits	15,867		15,867
Other financial assets	4,250		4,250
Non-current assets	305,951		305,951
Inventories	17,757		17,757
Trade and other receivables	23,103		23,103
Other financial assets	98		98
Current tax asset	39		39
Cash and cash equivalents	14,093	36,596 ⁴	50,689
Current assets	55,090		91,686
Total assets	361,041		397,637
EQUITY			
Ordinary share capital	6	248 ²	254
Share premium	113,342	336,305 ^{2,3}	449,647
Other reserve	47,245		47,245
Foreign currency translation reserve	(36,995)		(36,995)
Accumulated losses	(196,281)	(1,558) ³	(197,839)
Equity attributable to owners of the Company	(72,683)		262,312
Non-controlling interests	(18,072)		(18,072)
Total equity	(90,755)		244,240
LIABILITIES			
Provisions	4,170		4,170
Borrowings	69,928		69,928
Non-current liabilities	74,098		74,098
Convertible redeemable preference shares	290,926	(290,926) ²	-
Class B preference shares	12,221	(6,811) ⁴	5,410
Borrowings	38,896	(662) ⁴	38,234
Current taxation	451		451
Trade and other payables	35,204		35,204
Current liabilities	377,698		79,299
Total liabilities	451,796		153,397
Total equity and liabilities	361,041		397,637
Shares in issue	6,169,900		254,253,702
Net asset value per share (US\$)	(14.71)		0.96
Tangible net asset value per share (US\$)	(14.92)		0.96

Notes to the pro forma statement of financial position

1. The figures in the “Before transaction” column have been extracted without adjustment from the reviewed condensed consolidated interim financial statements of the Company.
2. Share capital and share premium have been adjusted to include the effects of:
 - the issue of an additional 154,247,500 shares to existing shareholders in terms of the bonus issue;
 - the issue of 13,157,895 shares in terms of the private placement, issued at a price of ZAR38 (converted at a US\$/ZAR exchange rate of 1:10.5708). ZAR500 million was raised in the private placement before expenses (approximately US\$3.2 million) based on the spot exchange rate as at 31 March 2014 of US\$1/ZAR of 1:10.5708; and
 - the issue of 80,678,407 shares in terms of the conversion of the convertible redeemable preference shares.
3. Transaction costs of approximately US\$3.2 million have been taken into account against share premium and statement of profit or loss and other comprehensive income as applicable.
4. Cash and cash equivalents have been adjusted for the proceeds received from the private placement, transaction costs and the redemption of the capital subscription amounts of the Class B preference shares (US\$6.8 million) and the part payment of the Langa Trust loan (US\$0.7 million).
5. All adjustments are expected to have a continuing effect on the Company with the exception of the transaction costs.
6. Shares in issue have been adjusted for the private placement conversion of convertible redeemable preference shares and bonus issue, such that there are 254,253,702 shares in issue post the listing.