



tharisa

**Reviewed Condensed
Consolidated Interim
Financial Statements
for the six months
ended 31 March 2014**

SALIENT FEATURES

- Continued **excellent safety performance** with a Lost Time Injury Frequency Rate of 0.15 per 200,000 man hours
- **Revenue increased** by **22.6%** to US\$126.1 million notwithstanding lower commodity prices
- **PGM production** (5PGE + Au) **increased** to 38,400oz (2013: 28,000oz)
- Metallurgical grade chrome concentrate production of 500,000t (2013: 584,700t)
- Foundry and chemical grade chrome concentrates production of 69,400t (2013: nil)
- **Operating profit increased** by **19.2%** to US\$7.4 million
- Basic and diluted loss per share of US\$3.71
- Headline loss per share of US\$3.70
- **Net cash generated** from operations of **US\$28.8 million**

SUBSEQUENT EVENTS

- Listing on the JSE on 10 April 2014
- Capital raised of US\$47.9 million (ZAR500.0 million)
- Pro forma cash on hand of US\$50.7 million
- **Pro forma earnings and headline earnings per share US\$0.4 cents**
- First phase magnetic separation test units installed and high energy flotation cells commissioned

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 March 2014

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COMMENTARY

Dear Shareholder

Our concerted focus on safety resulted in the Tharisa Mine achieving a Lost Time Injury Frequency Rate (LTIFR) of 0.15 per 200,000 man hours worked, which ranks amongst the lowest LTIFRs in the PGM and chrome industries in South Africa.

The Group continued the ramp-up of production at the Tharisa Mine with increased revenue and operating profit being recorded during the six month period under review. The increased revenue was achieved notwithstanding lower commodity prices, through increased PGM production and the commencement of production of premium chemical and foundry grade chrome concentrates.

The six months under review pre-dates the listing of the Company on the Johannesburg Stock Exchange.

OPERATIONAL OVERVIEW

THARISA MINERALS

During the period the open pit mining footprint was increased in order to expose the multiple middle-group (MG) layers, such that the blend of run of mine feed stock into the Genesis and Voyager Plants could be optimised to enhance the PGM recoveries and chrome concentrate yields. 1,957,800t of reef was mined, an increase of 31.7% over the comparable period, equating to 81.6% of plant nameplate capacity. The PGM plant feed grade was 1.68g/t and the chrome feed grade was 20.1% as planned.

Unseasonal heavy rains restricted access to the deeper levels in the open pits. In order to maintain plant throughput, weathered ore from the shallower sections of the pits was mined and ore stockpiles drawn down to supplement fresh ore.

Pre-stripping was accelerated to increase mine flexibility and availability of ore from each of the MG layers. As a consequence, the stripping ratio for the period averaged 9.2 (on a cube for cube basis) against the life of mine average of 8.5. The cost of this pre-stripping has been capitalised to property, plant and equipment.

Plant availability, which is planned at 95%, averaged 90% due to equipment failures on the Genesis and Voyager Plants. Plant redundancy limited total plant downtime. To ensure similar equipment failures



will not disrupt production in future, long lead spares have been ordered. In line with the transition from a development asset to an operating asset, a preventative maintenance programme has been implemented.

Production of PGM concentrate (5PGE + Au) totalled 38,400oz, an increase of 21.7% over the comparable period. PGM recoveries averaged 48% for the period, below the planned average of 61% due to the processing of more weathered ore than planned and sub-optimal blending of feedstock to the Genesis and Voyager Plants. The PGM concentrate is sold to Impala Refinery Services Limited ("Impala") in terms of the off-take agreement. The average PGM metal basket price declined by approximately 5% over the comparable period.

Production of chrome concentrates totalled 569,400t with the inclusion for the first time of 69,400t of premium chemical and foundry grade concentrates. Chrome yield averaged 30% against the planned yield of 34.4%.

COMMENTARY

ARXO LOGISTICS

During the period, the bulk of the metallurgical grade chrome concentrates was sold on a CIF basis to main ports in China, with the logistics chain managed by Arxo Logistics. The chrome is shipped either in bulk from the Richards Bay dry bulk terminal or via containers from Johannesburg and transported by road to Durban from where it is shipped. The economies of scale and in-house expertise have ensured that our transport costs, a major cost of the Group, remain competitive. Approximately 40.6% of the chrome concentrate export sales were shipped in bulk with the balance shipped via containers. The premium foundry and chemical grade products are sold primarily on an ex works basis and the logistics managed by the off-taker.

The PGM concentrate is transported by road from the Tharisa Mine to the Impala refinery in terms of the off-take agreement.

ARXO RESOURCES

Chrome concentrate sales undertaken by Arxo Resources mainly into the Chinese markets totalled 564,000t. The commodity prices have remained under pressure with the average contract price being approximately 14% lower than the average price for the comparable period.

Subsequent to the financial year end, Arxo Resources entered into a marketing arrangement with Noble Resources International Pte Limited in relation to the sale of 50,000t of metallurgical chrome concentrate, which equates to one third of the steady state production of the Tharisa Mine.

GROUP OPERATING AND FINANCIAL PERFORMANCE

Group revenue totalled US\$126.1 million, an increase of 22.6% relative to the comparable period. The increase in revenue, notwithstanding lower commodity prices, is as a result of an increase in PGM production as well as increased revenue from the introduction of premium foundry and chemical grade products. The gross profit margin reduced to 16.0% with a gross profit of US\$20.2 million from the comparable period gross profit margin of 21.1%.

This was mainly attributed to an increase in the mining costs due to the operations being ramped up towards steady state and higher engineering costs being incurred due to post-commissioning engineering optimisation including accelerated mill re-linings, equipment repairs and maintenance costs.

After accounting for administration expenses the Group achieved an operating profit of US\$7.4 million, an increase of 19.2% over the comparable period.

Finance costs relate principally to the senior debt facility secured by Tharisa Minerals. Debt repayments (capital and interest) effected on this facility during the period amounted to US\$15.3 million.

Changes in fair value of financial liabilities incurred a non-recurring charge of US\$30.6 million and relate to the fair value adjustment arising from the internal rate of return of 25% that was payable to the preference shareholders. These preference shares were subsequently converted into ordinary shares (refer to section on subsequent events).

After accounting for the above financing costs, the Group incurred an increased loss before taxation of US\$31.1 million compared to the prior period loss of US\$22.1 million.

Foreign currency differences which are applicable where the Company has funded the underlying subsidiaries with US\$ funding and the reporting currency of the underlying subsidiary is not in US\$, amounted to US\$8.9 million against the comparable period charge of US\$20.9 million.

Total comprehensive income remained substantially unchanged at US\$37.1 million.

The Group generated net cash from operations of US\$28.8 million, a significant turnaround from the comparable period when cash used in operations totalled US\$32.6 million. Overall there was a net decrease in cash of US\$11.2 million against the net decrease in cash over the comparable period of US\$28.7 million, leaving cash on hand of US\$14.1 million. This cash on hand excludes the required senior debt facility debt service reserve account obligations in terms of which the funds held on long term deposits increased by US\$8.2 million to US\$15.9 million.

SUBSEQUENT EVENTS

On 10 April 2014, the Company listed its ordinary share capital in the “General Mining” sector of the Main Board of the Johannesburg Stock Exchange. In terms of a private placement undertaken at the time of the listing, the Company raised US\$47.9 million (ZAR500.0 million) through the issue of new ordinary shares at an issue price of ZAR38 per share. As a consequence of the listing, the issued preference shares of the Company were converted into new ordinary shares.

Pro forma financial statements are set out in the supplementary information. The pro forma financial position taking into account the subsequent events increases the net tangible asset value per share from a negative US\$14.71 to a positive US\$0.96 and changes the headline loss per share from US\$3.70 to headline earnings per share of US\$0.4 cents. Pro forma cash on hand totals US\$50.7 million.

The majority of the private placement proceeds, after listing costs and fees, have been allocated to capital projects, the purchase of long lead item spares and to working capital. The capital projects currently being undertaken are focused on optimising chrome yield and PGM recovery. The magnetic separation project to recover chrome fines has commenced with the installation of two production scale magnetic separation units. To enhance PGM recovery, three high energy flotation cells have been commissioned on the cleaner flotation circuit while the remaining four planned high energy flotation cells will be installed on the rougher and recleaner circuits by the end of the current quarter.

OUTLOOK

The economic demand fundamentals for both PGMs and chrome remain sound underpinned by supply constraints providing a platform for more favourable commodity prices. Since 31 March 2014, the PGM basket price and chrome concentrate prices have increased and continue to show signs of strengthening.

The capital projects being undertaken by the Group are being implemented as planned.

The production outlook for the current financial year is between 80,000oz and 90,000oz of PGMs (5PGE + Au) and between 1,150,000t and 1,300,000t of chrome concentrates.

The Group remains on track to achieve steady state annualised production during the 2016 financial year.

On behalf of the Board

Phoevos Pouroulis
Chief Executive Officer

Michael Jones
Chief Finance Officer

11 June 2014

Preparation of condensed consolidated interim financial statements

The condensed consolidated interim financial statements as set out within this report have been prepared and presented in accordance with International Accounting Standard, (IAS) 34 *Interim Financial Reporting*. Their preparation was supervised by the Chief Finance Officer, Michael Jones, a Chartered Accountant (SA).

The condensed consolidated interim financial statements were published on 17 June 2014.

INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL STATEMENTS

To the shareholders of Tharisa plc

We have reviewed the condensed consolidated financial statements of Tharisa plc from page 8 to 24, contained in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 31 March 2014 and the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes.

Directors' responsibility for the interim financial statements

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with the International Accounting Standard, (IAS) 34 Interim Financial Reporting, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Tharisa plc for the six months ended 31 March 2014 are not prepared, in all material respects, in accordance with the International Accounting Standard, (IAS) 34 Interim Financial Reporting.

Other matters

The salient features, commentary and supplementary information set out on pages 2, 4 to 6 and 26 to 32 respectively, do not form part of the condensed consolidated interim financial statements and are presented as additional information. We have not audited this information and accordingly we do not express an opinion thereon.

Michael M. Antoniadis, FCA

Certified Public Accountant and Registered Auditor for and on behalf of

KPMG Limited

Certified Public Accountants and Registered Auditors

14 Esperidon Street
1087, Nicosia
Cyprus

11 June 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Note | Six months ended 31 March | |
|---|------|---------------------------|------------------|
| | | 2014 US\$'000 | 2013 US\$'000 |
| Revenue | 4 | 126,138 | 102,864 |
| Cost of sales | 4 | (105,908) | (81,161) |
| Gross profit | | 20,230 | 21,703 |
| Other income | | 27 | 29 |
| Administrative expenses | | (12,817) | (15,488) |
| Results from operating activities | | 7,440 | 6,244 |
| Finance income | | 330 | 357 |
| Finance costs | | (8,284) | (7,785) |
| Changes in fair value of financial liabilities at fair value through profit or loss | | (30,635) | (20,920) |
| Net finance costs | | (38,589) | (28,348) |
| Loss before tax | | (31,149) | (22,104) |
| Income tax credit | 6 | 2,911 | 5,478 |
| Loss for the period | | (28,238) | (16,626) |
| 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) | (20,936) |
| Other comprehensive income for the period, net of tax | | (8,876) | (20,936) |
| Total comprehensive income for the period | | (37,114) | (37,562) |
| Loss for the period attributable to: | | | |
| Owners of the Company | | (28,422) | (18,153) |
| Non-controlling interests | | 184 | 1,527 |
| Loss for the period | | (28,238) | (16,626) |
| Total comprehensive income for the period attributable to: | | | |
| Owners of the Company | | (35,247) | (33,253) |
| Non-controlling interests | | (1,867) | (4,309) |
| Total comprehensive income for the period | | (37,114) | (37,562) |
| Loss per share | | | |
| Basic and diluted loss per share | 5 | (3.71) | (2.37) |

The notes on pages 13 to 24 form part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | 31 March 2014 US\$'000 | 30 Sept 2013 US\$'000 |
|---|------|---------------------------|--------------------------|
| ASSETS | | | |
| Property, plant and equipment | 7 | 261,286 | 269,130 |
| Goodwill | 8 | 1,327 | 1,427 |
| Deferred tax assets | | 23,221 | 20,623 |
| Long term deposits | 9 | 15,867 | 7,708 |
| Other financial assets | 10 | 4,250 | 3,774 |
| Non-current assets | | 305,951 | 302,662 |
| Inventories | 11 | 17,757 | 24,043 |
| Trade and other receivables | | 23,103 | 29,123 |
| Other financial assets | 10 | 98 | 311 |
| Current tax asset | | 39 | - |
| Cash and cash equivalents | | 14,093 | 28,017 |
| Current assets | | 55,090 | 81,494 |
| Total assets | | 361,041 | 384,156 |
| EQUITY | | | |
| Ordinary share capital | 12 | 6 | 6 |
| Share premium | | 113,342 | 113,342 |
| Other reserve | | 47,245 | 47,245 |
| Foreign currency translation reserve | | (36,995) | (30,170) |
| Accumulated losses | | (196,281) | (167,859) |
| Equity attributable to owners of the Company | | (72,683) | (37,436) |
| Non-controlling interests | | (18,072) | (16,205) |
| Total equity | | (90,755) | (53,641) |
| LIABILITIES | | | |
| Provisions | 14 | 4,170 | 4,738 |
| Borrowings | 15 | 69,928 | 84,855 |
| Non-current liabilities | | 74,098 | 89,593 |
| Convertible redeemable preference shares | 13 | 290,926 | 260,291 |
| Class B preference shares | 13 | 12,221 | 12,171 |
| Borrowings | 15 | 38,896 | 44,645 |
| Current taxation | | 451 | 294 |
| Trade and other payables | | 35,204 | 30,803 |
| Current liabilities | | 377,698 | 348,204 |
| Total liabilities | | 451,796 | 437,797 |
| Total equity and liabilities | | 361,041 | 384,156 |

The condensed consolidated interim financial statements were approved by the Board of Directors on 11 June 2014

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | | | | | | |
|---|---------------------------------------|---------------|---------------|--------------------------------------|--------------------|----------|---------------------------|--------------|
| | Ordinary share capital | Share premium | Other reserve | Foreign currency translation reserve | Accumulated losses | Total | Non-controlling interests | Total equity |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Balance at 1 October 2013 | 6 | 113,342 | 47,245 | (30,170) | (167,859) | (37,436) | (16,205) | (53,641) |
| Total comprehensive income for the period | | | | | | | | |
| Loss for the period | - | - | - | - | (28,422) | (28,422) | 184 | (28,238) |
| Other comprehensive income | - | - | - | (6,825) | - | (6,825) | (2,051) | (8,876) |
| Total comprehensive income for the period | - | - | - | (6,825) | (28,422) | (35,247) | (1,867) | (37,114) |
| Transactions with owners of the Company recognised directly in equity | | | | | | | | |
| Contributions by owners of the Company | - | - | - | - | - | - | - | - |
| Total contributions by owners of the Company | - | - | - | - | - | - | - | - |
| Total transactions with owners of the Company | - | - | - | - | - | - | - | - |
| Balance at 31 March 2014 | 6 | 113,342 | 47,245 | (36,995) | (196,281) | (72,683) | (18,072) | (90,755) |

The notes on pages 13 to 24 form part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | | | | | | |
|---|---------------------------------------|---------------|---------------|--------------------------------------|--------------------|----------|---------------------------|--------------|
| | Ordinary share capital | Share premium | Other reserve | Foreign currency translation reserve | Accumulated losses | Total | Non-controlling interests | Total equity |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Balance at 1 October 2012 | 6 | 113,342 | 47,245 | (2,528) | (119,512) | 38,553 | (5,970) | 32,583 |
| Total comprehensive income for the period | | | | | | | | |
| Loss for the period | - | - | - | - | (18,153) | (18,153) | 1,527 | (16,626) |
| Other comprehensive income | - | - | - | (15,100) | - | (15,100) | (5,836) | (20,936) |
| Total comprehensive income for the period | - | - | - | (15,100) | (18,153) | (33,253) | (4,309) | (37,562) |
| Transactions with owners of the Company recognised directly in equity | | | | | | | | |
| Contributions by owners of the Company | - | - | - | - | - | - | - | - |
| Total contributions by owners of the Company | - | - | - | - | - | - | - | - |
| Total transactions with owners of the Company | - | - | - | - | - | - | - | - |
| Balance at 31 March 2013 | 6 | 113,342 | 47,245 | (17,628) | (137,665) | 5,300 | (10,279) | (4,979) |

The notes on pages 13 to 24 form part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Note | Six months ended 31 March | |
|---|-------|---------------------------|------------------|
| | | 2014 US\$'000 | 2013 US\$'000 |
| Cash flows from operating activities | | | |
| Loss for the period | | (28,238) | (16,626) |
| Adjustments for: | | | |
| Impairment loss on property, plant and equipment | 7(b) | - | 835 |
| Allowance for credit losses on trade and other receivables | 16(a) | - | 245 |
| Amounts written off directly in profit or loss | 16(a) | - | 58 |
| Impairment of goodwill | | 36 | - |
| Depreciation | | 5,448 | 7,077 |
| Impairment loss on inventory | 11 | 1,729 | - |
| Changes in fair value of financial assets at fair value through profit or loss | | 1,018 | 24 |
| Changes in fair value of financial liabilities at fair value through profit or loss | | 30,635 | 20,920 |
| Interest income | | (207) | (358) |
| Interest expense | | 7,214 | 7,153 |
| Income tax | | (2,911) | (5,478) |
| | | 14,724 | 13,850 |
| Changes in: | | | |
| Inventories | | 4,185 | (73) |
| Trade and other receivables | | 6,020 | (34,692) |
| Trade and other payables | | 4,402 | (5,372) |
| Provisions | | (32) | (6,175) |
| Cash from/(used in) operations | | 29,299 | (32,462) |
| Income tax paid | | (489) | (123) |
| Net cash from/(used in) operating activities | | 28,810 | (32,585) |
| Cash flows from investing activities | | | |
| Interest received | | 207 | 254 |
| Additions to long term deposits | | (8,159) | - |
| Additions to property, plant and equipment | 7(a) | (10,189) | (17,226) |
| Additions and disposals of investments | | (557) | (199) |
| Net cash used in investing activities | | (18,698) | (17,171) |
| Cash flows from financing activities | | | |
| (Repayments)/proceeds of bank and other credit facilities | | (5,825) | 21,171 |
| Repayment of borrowings | | (15,288) | - |
| Interest paid | | (175) | (123) |
| Net cash (used in)/from financing activities | | (21,288) | 21,048 |
| Net decrease in cash and cash equivalents | | (11,176) | (28,708) |
| Cash and cash equivalents at the beginning of the period | | 28,017 | 52,805 |
| Effect of exchange rate fluctuations on cash held | | (2,748) | (344) |
| Cash and cash equivalents at the end of the period | | 14,093 | 23,753 |

The notes on pages 13 to 24 form part of the condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Reporting entity

Tharisa plc (“the Company”) is a company domiciled in Cyprus. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 March 2014 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group is primarily involved in platinum group metals (“PGM”) and chrome mining and processing, the trading of the chrome concentrate and the associated logistics. The Group holds the mining rights to 5,590 hectares of the Bushveld Complex located on the farms Kafferskraal and Rooikoppies near Marikana in the North West Province of South Africa.

2. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard, IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 September 2013.

These condensed consolidated interim financial statements do not include all the information required for full annual financial statements, prepared in accordance with International Financial Reporting Standards.

These condensed consolidated interim financial statements were approved by the Board of Directors on 11 June 2014.

(b) Judgements and estimates

Preparing the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 September 2013.

(c) Going concern

At 31 March 2014, the Group’s current liabilities exceeded current assets by US\$322.6 million and its total liabilities exceeded total assets by US\$90.8 million. A significant portion of the Group’s current and total liabilities relate to convertible redeemable preference shares, Class B preference shares and loan from Langa Trust, the carrying amounts of which at 31 March 2014 amounted to US\$290.9 million, US\$12.2 million and US\$2.9 million respectively. The convertible redeemable preference shares were, subsequent to the reporting period as described in note 19, converted into ordinary shares on listing of the Company’s ordinary shares on the Johannesburg Stock Exchange (“JSE”). In addition, the capital subscription amount of the Class B preference shares was redeemed and the loan from the Langa Trust was partly repaid from the proceeds of the private placement undertaken in conjunction with the listing. Revised terms for the Class B preference shares and the loan from the Langa Trust have been agreed.

3. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 September 2013. Additionally during the period, the Group has met IFRIC 20 criteria for the first time in relation to recognising stripping costs in non-current assets.

4. Segment reporting

Throughout the period, the Group had two reportable segments, the chrome segment and the PGM segment. Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenue, cost of sales and gross profit or loss, as included in the internal management reports that are reviewed by the Group's senior executive management. Segment revenue, cost of sales and gross profit or loss are used to measure performance as management believes that such information is the most relevant in evaluating the results of each segment.

Six months ended 31 March 2014

| | Chrome US\$'000 | PGM US\$'000 | Total US\$'000 |
|---------------------|--------------------|-----------------|-------------------|
| Revenue | 90,340 | 35,798 | 126,138 |
| Cost of sales | (81,201) | (24,707) | (105,908) |
| Gross profit | 9,139 | 11,091 | 20,230 |

Six months ended 31 March 2013

| | Chrome US\$'000 | PGM US\$'000 | Total US\$'000 |
|---------------------|--------------------|-----------------|-------------------|
| Revenue | 76,250 | 26,614 | 102,864 |
| Cost of sales | (57,697) | (23,464) | (81,161) |
| Gross profit | 18,553 | 3,150 | 21,703 |

Geographical information

The following tables set out information about the geographical location (i) of the Group's revenue from external customers and (ii) the Group's property, plant and equipment and goodwill ("specified non-current assets"). The geographical location analysis of revenue from external customers is based on the country of establishment of each customer. The geographical location of the specified non-current assets is based on the physical location of the asset in the case of property, plant and equipment and the location of the operation to which they are allocated in the case of goodwill.

| | Six months ended | |
|-------------------------------------|------------------|---------------|
| | 31 March 2014 | 31 March 2013 |
| (i) Revenue from external customers | US\$'000 | US\$'000 |
| China | 36,172 | 41,215 |
| South Africa | 43,030 | 27,764 |
| Hong Kong | 16,795 | 26,558 |
| Singapore | 25,763 | 7,327 |
| Other countries | 4,378 | - |
| | 126,138 | 102,864 |

| | Six months ended | |
|-----------------------------------|------------------|--------------|
| | 31 March 2014 | 30 Sept 2013 |
| (ii) Specified non-current assets | US\$'000 | US\$'000 |
| South Africa | 262,543 | 270,441 |
| Cyprus | 27 | 61 |
| China | 43 | 55 |
| | 262,613 | 270,557 |

5. Loss per share

The calculation of basic loss per share was based on the loss attributable to the owners of the Company and the weighted average number of shares outstanding during each period.

| | 31 March 2014 | 31 March 2013 |
|--|---------------|---------------|
| Loss for the period attributable to the owners of the Company (US\$'000) | (28,422) | (18,153) |
| Weighted average number of ordinary shares outstanding during the period | 7,662,320 | 7,662,320 |
| Basic and diluted loss per share (US\$) | (3.71) | (2.37) |
| Headline loss per share (US\$) | (3.70) | (2.29) |

The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares issued during the period multiplied by a time-weighting factor and increased by the weighted average number of shares attributable to the holders of the Company's convertible redeemable preference shares as detailed below:

| | 31 March 2014 | 31 March 2013 |
|---|---------------|---------------|
| Issued ordinary shares at beginning and end of period | 6,169,900 | 6,169,900 |
| Weighted number of convertible redeemable preference shares | 1,492,420 | 1,492,420 |
| Weighted average number of shares for determination of loss per share | 7,662,320 | 7,662,320 |

The Company's convertible redeemable preference shares are potential dilutive shares, but were anti-dilutive during the reporting period. Accordingly, diluted loss per share is the same as basic loss per share for the reporting period.

| Reconciliation of losses to headline losses | 31 March 2014 | 31 March 2013 |
|---|----------------------|---------------|
| | US\$'000 | US\$'000 |
| Loss for the period | (28,422) | (18,153) |
| Adjustments: | | |
| Impairment of goodwill | 36 | - |
| Impairment loss of property, plant and equipment – mining assets and infrastructure | - | 835 |
| Tax effect on impairment of property, plant and equipment | - | (234) |
| Total headline losses | (28,386) | (17,552) |

6. Income tax credit

Income tax credit is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The Group's consolidated effective tax rate for the six months ended 31 March 2014 and 2013 was 9.3% and 26% respectively.

The change in the effective tax rate for the six months ended 31 March 2014 was mainly attributable to the deferred tax credit on the taxable losses of subsidiaries operating in tax jurisdictions with higher tax rates.

7. Property, plant and equipment

(a) Acquisitions and disposals

During the six months ended 31 March 2014 and 2013 the Group acquired assets with a cost, excluding capitalised borrowing costs, of US\$10.2 million and US\$17.2 million respectively.

There has been no disposal of assets during the six months ended 31 March 2014 and 2013, thus no gain or loss on disposal has been recognised in profit or loss.

(b) Impairment losses

During the six months ended 31 March 2014 and 2013, the Group recognised impairment losses of US\$nil and US\$0.8 million respectively, on the carrying amount of mining assets and infrastructure. The impairment loss resulted from assets damaged in mining operations and is recognised in cost of sales in the condensed consolidated statement of profit or loss and other comprehensive income.

(c) Capital commitments

At 31 March 2014 and 30 September 2013, the Group's capital commitments for contracts to purchase property, plant and equipment amounted to US\$4.2 million and US\$10.7 million respectively.

(d) Securities

At 31 March 2014 and 30 September 2013 an amount of US\$256.6 million and US\$264.4 million of the carrying amount of the Group's property, plant and equipment was pledged as security against secured bank borrowing (see note 15).

(e) Deferred stripping costs

At 31 March 2014 the Group recognised for the first time stripping costs in non-current assets as a result of meeting the criteria set out by IFRIC 20.

8. Goodwill

(a) Impairment test for goodwill

Impairment losses were recognised in relation to goodwill which arose from the acquisition of Arxo Logistics (Pty) Ltd and Braeston Corporate Consulting Services (Pty) Ltd, as follows:

| | Six months ended | |
|--|------------------|---------------|
| | 31 March 2014 | 31 March 2013 |
| | US\$'000 | US\$'000 |
| Arxo Logistics (Pty) Ltd (note 8(a)(i)) | 27 | - |
| Braeston Corporate Consulting Services (Pty) Ltd (note 8(a)(ii)) | 9 | - |
| Impairment loss | 36 | - |

(i) Impairment assessment – Arxo Logistics (Pty) Ltd

At 31 March 2014, the recoverable amount of goodwill that arose from the acquisition of Arxo Logistics (Pty) Ltd Cash Generating Unit (“CGU”) exceeded its carrying amount after impairment losses and thus no further impairment was recognised. The recoverable amount is determined based on value-in-use calculation. This calculation uses cash flow projections approved by management covering a fifty four year period. The growth rates used do not exceed the long term average growth rates for the business in which the CGU operates. The cash flows are discounted using a nominal discount rate of 13.83%. The discount rate used is a pre-tax nominal rate and reflects specific risks relating to the relevant segment.

(ii) Impairment assessment – Braeston Corporate Consulting Services (Pty) Ltd

At 31 March 2014, the recoverable amount of goodwill that arose from the acquisition of Braeston Corporate Consulting Services (Pty) Ltd Cash Generating Unit (“CGU”) exceeded its carrying amount after impairment losses and thus no further impairment was recognised. The recoverable amount is determined based on value-in-use calculation. This calculation uses cash flow projections approved by management covering a fifty four year period. The growth rates used do not exceed the long term average growth rates for the business in which the CGU operates. The cash flows are discounted using a nominal discount rate of 13.83%. The discount rate used is a pre-tax nominal rate and reflects specific risks relating to the relevant segment.

9. Long term deposits

As at 31 March 2014 and 30 September 2013, the amounts of US\$15.9 million and US\$7.7 million respectively are restricted and designated as a “debt service reserve account” as required by the terms of the secured bank borrowings (note 15). As at 31 March 2014 and 30 September 2013, long term deposits of US\$8.5 million and US\$nil respectively were deposited in a one month notice account with interest of 0.01% p.a and US\$7.4 million and US\$7.7 million was deposited in a one month notice account with interest of 0.003% p.a and nil respectively.

10. Other financial assets

| | 31 March 2014 | 30 Sept 2013 |
|---|---------------|--------------|
| | US\$'000 | US\$'000 |
| <i>Non-current:</i> | | |
| Investments in cash funds and income funds (note 10(a)) | 4,149 | 3,656 |
| Interest rate caps (note 10(b)) | 101 | 118 |
| | 4,250 | 3,774 |
| <i>Current:</i> | | |
| Investments at fair value through profit or loss | 86 | 86 |
| Discount facility (note 10(c)) | 12 | 225 |
| | 98 | 311 |

- (a) The investment in cash funds and income funds is provided to Lombard Insurance Group as collateral against the guarantee issued by Lombard Insurance Group to the Department of Mineral Resources of South Africa in the amount of South African Rand (“ZAR”) 78 million. The balance is unsecured and is considered as level 1 in the fair value hierarchy and held at fair value through profit or loss (designated).
- (b) Interest rate caps were obtained from a consortium of financial institutions, against the floating 3 month Johannesburg Interbank Agreed Rate (“JIBAR”) on 25% of the secured bank borrowing. The interest rate caps have a strike rate of 7.5% and terminate on 31 March 2017. The balance is considered as level 2 in the fair value hierarchy and held at fair value through profit or loss (held for trading).
- (c) Discount facility relates to fair value adjustments on the limited recourse disclosed receivables discounting facility (“Discount facility”) with certain banks in terms of which 98% of the receivables from the sale of platinum, palladium and gold (included in PGM) is sold at an effective finance cost of JIBAR (3 month) + 2%. The facility is for an amount of ZAR300 million. The balance is considered as level 2 in the fair value hierarchy and held at fair value through profit or loss (designated). During the six months ended 31 March 2014, the negative change in the fair value of US\$0.2 million arose as a consequence of the embedded derivative and has been included in “finance costs” in profit or loss.

11. Inventories

| | 31 March 2014 | 30 Sept 2013 |
|-------------------|---------------|---------------|
| | US\$'000 | US\$'000 |
| Finished products | 6,674 | 13,037 |
| In progress metal | 5,562 | 1,247 |
| Ore stockpile | 2,284 | 6,841 |
| Consumables | 3,237 | 2,918 |
| | 17,757 | 24,043 |

During the six months ended 31 March 2014, the Group wrote down its inventories by US\$1.7 million. The write down is included in cost of sales in the condensed consolidated statement of profit or loss and other comprehensive income. There was no inventory write down recognised during the six months ended 31 March 2013.

12. Ordinary share capital

The Company did not issue any ordinary share capital and did not declare or pay any dividends during the six months ended 31 March 2014 and 2013.

13. Redeemable preference shares

| | 31 March 2014 | 30 Sept 2013 |
|---|---------------|--------------|
| | US\$'000 | US\$'000 |
| Convertible redeemable preference shares of the Company | 290,926 | 260,291 |
| Class B preference shares of a subsidiary | 12,221 | 12,171 |

There have been no changes in the terms of the convertible redeemable preference shares of the Company and Class B preference shares of a subsidiary and remain the same as those disclosed in the Group's consolidated financial statements as at and for the year ended 30 September 2013.

Convertible redeemable preference shares of the Company are stated at fair value. The fair value is measured using a probability weighted expected return method as set out in note 16(c)(iii). Subsequent to the period end, the convertible redeemable preference shares were converted to ordinary shares following the listing of the Company's ordinary shares on the JSE as set out in note 19.

The Class B preference shares are stated at amortised cost at ZAR prime rate plus 2%, compounded monthly. Subsequent to the period end, the capital subscription amount of the Class B preference shares was redeemed in May 2014 as set out in note 19.

14. Provisions

The Group has a legal obligation to rehabilitate the site where the Group's mine is located, once the mining operations cease which would be when the current mine life of the project expires.

The provision for future rehabilitation at 31 March 2014 and 30 September 2013 amounted to US\$4.2 million and US\$4.7 million respectively. During the six months ended 31 March 2014 and 31 March 2013, the provision for future rehabilitation capitalised to inventories was US\$0.4 million and US\$3.7 million respectively and to mining assets and infrastructure US\$0.2 million and US\$1.7 million respectively. The amounts recognised in profit or loss for the same periods amounted to US\$0.2 million and US\$0.2 million respectively.

An insurance company provided a guarantee to the Department of Mineral Resources of South Africa to satisfy the requirements of the Mineral and Petroleum Resources Development Act with respect to environmental rehabilitation, and the Group ceded its investments in interest bearing debt instruments of US\$4.1 million and US\$3.7 million as at 31 March 2014 and 30 September 2013 respectively, to the insurance company to support this guarantee.

The interest rate used for estimating future costs is the long term risk free rate as indicated by the R186 government bond of South Africa, which was 8.4% and 7.92% as at 31 March 2014 and 30 September 2013 respectively. The net present value of the current rehabilitation estimate is based on the average of the long term inflation target range of the South African Reserve Bank of between 3% and 6%, as at 31 March 2014 and 30 September 2013.

15. Borrowings

| | 31 March 2014 | 30 Sept 2013 |
|---|---------------|---------------|
| | US\$'000 | US\$'000 |
| <i>Non-current:</i> | | |
| Secured bank borrowing | 68,562 | 82,876 |
| Other borrowings – loan payable to third parties | 1,366 | 1,979 |
| | 69,928 | 84,855 |
| <i>Current:</i> | | |
| Secured bank borrowing | 27,930 | 27,811 |
| Other borrowings – loans payable to third parties | 1,292 | 1,354 |
| Other borrowings – bank and other credit facility | 6,786 | 12,610 |
| Other borrowings – loan payable to Langa Trust | 2,888 | 2,870 |
| | 38,896 | 44,645 |

There have been no changes in the terms, securities and financial covenants of the above borrowing facilities during the six months ended 31 March 2014, compared to those disclosed in the Group's consolidated financial statements as at and for the year ended 30 September 2013.

16. Financial risk management

The aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the Group's consolidated financial statements as at and for the year ended 30 September 2013.

(a) Credit risk

The Group establishes an allowance for credit losses that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

The movement in allowance for credit losses during the period under review was as follows:

| | 31 March 2014 | 31 March 2013 |
|--|---------------|---------------|
| | US\$'000 | US\$'000 |
| Balance 1 October | - | 163 |
| Amounts written off during the period | - | (154) |
| Allowance for credit losses recognised in profit or loss | - | 245 |
| Exchange differences | - | (9) |
| Balance 31 March | - | 245 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The allowance for credit losses is used to record credit losses unless the Group is satisfied that no recovery of the amount owing is possible, at that point the amount considered irrecoverable is written off against the financial asset directly. During the six months ended 31 March 2014 and 2013, the Group wrote off directly in profit or loss, an amount of US\$nil and US\$0.1 million respectively, which represent amounts for which the Group is satisfied that no recovery is possible.

Based on past experience, the Group believes that no further allowance for credit losses is necessary as the amounts that have not been provided for relate to counterparties that have a good trade record with the Group.

(b) Fair values

The Board of Directors considers that the fair values of significant financial assets and financial liabilities approximate to their carrying values at each reporting date.

Financial instruments carried at fair value:

The following table presents the carrying values of financial instruments measured at fair value at the end of each reporting period across the three levels of the fair value hierarchy defined in IFRS 13, Fair Value Measurement, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement.

| | Level 1 US\$'000 | Level 2 US\$'000 | Level 3 US\$'000 |
|--|---------------------|---------------------|---------------------|
| 31 March 2014 | | | |
| <i>Assets</i> | | | |
| Investments in cash funds and income funds | 4,149 | - | - |
| Interest rate caps | - | 101 | - |
| Discount facility | - | 12 | - |
| Investments at fair value through profit or loss | 86 | - | - |
| | 4,235 | 113 | - |
| <i>Liabilities</i> | | | |
| Convertible redeemable preference shares | - | - | 290,926 |
| | Level 1 US\$'000 | Level 2 US\$'000 | Level 3 US\$'000 |
| 30 September 2013 | | | |
| <i>Assets</i> | | | |
| Investments in cash funds and income funds | 3,656 | - | - |
| Interest rate caps | - | 118 | - |
| Discount facility | - | 225 | - |
| Investments at fair value through profit or loss | 86 | - | - |
| | 3,742 | 343 | - |
| <i>Liabilities</i> | | | |
| Convertible redeemable preference shares | - | - | 260,291 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The movement of Level 3 fair value measurements is as follows:

| | Six months ended | |
|---|-------------------------|----------------------|
| | 31 March 2014 | 31 March 2013 |
| | US\$'000 | US\$'000 |
| <i>Convertible redeemable preference shares</i> | | |
| At the beginning of the period | 260,291 | 212,791 |
| Changes in fair value of financial liabilities at fair value through profit or loss | 30,635 | 19,950 |
| At the end of the period | 290,926 | 232,741 |
| Total gains or losses for the period included in profit or loss | 30,635 | 19,950 |
| <i>Class B preference shares</i> | | |
| At the beginning of the period | - | 12,548 |
| Changes in fair value of financial liabilities at fair value through profit or loss | - | 778 |
| Derecognition from fair value basis to amortised cost upon term changes | - | (13,326) |
| At the end of the period | - | - |
| Total gains or losses for the period included in profit or loss | - | 778 |
| <i>Borrowings – loan from Langa Trust</i> | | |
| At the beginning of the period | - | 2,935 |
| Changes in fair value of financial liabilities at fair value through profit or loss | - | 192 |
| Derecognition from fair value basis to amortised cost upon term changes | - | (3,127) |
| At the end of the period | - | - |
| Total gains or losses for the period included in profit or loss | - | 192 |

(c) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments.

(i) Investments in cash funds and income funds, investments at fair value through profit or loss and interest rate caps

Fair values are based on quoted market prices at the end of the reporting period without any deduction for transaction costs.

(ii) Discount facility

The fair values are calculated by multiplying the actual metal quantities per discounted invoice with the difference between the hedged metal price per discounted invoice and the average spot metal price translated to ZAR using the average monthly rate.

(iii) Convertible redeemable preference shares

The estimate of the fair value of the convertible redeemable preference shares as at 31 March 2014 and 30 September 2013 is measured using the probability weighted expected return method, which values the financial liabilities based on the likelihood and expected settlement values of the respective expected settlement scenarios, discounted to their present value at the valuation date. Estimation of the settlement values of the financial liabilities requires an estimation of the equity value of the Group using discounted cash flow techniques. Estimated future cash flows of the Group are based on management's best estimates and the discount rates used are market related rates reflecting the risks specific to the respective operations of the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The underlying assumptions in the fair value measurements include a nominal discount rate of 13.83% and 11.53% as at 31 March 2014 and 30 September 2013 respectively, which is a pre-tax nominal rate and reflects specific risks relevant to the operations of the Group, a risk free rate of 8.45% and 2.14% as at 31 March 2014 and 30 September 2013 respectively, which is the average yield of the 10 year South African Government bond and 10 year US treasury bond respectively, and an inflation rate of 5.4% and 2.1% as at 31 March 2014 and 30 September 2013 respectively, which is the South African inflation rate and projected long term US inflation treasury rate respectively. The Board of Directors is of the opinion that the use of the equivalent South African rates as at 31 March 2014 is more relevant to the operations of the Group, since the Group's mining activities are concentrated in South Africa.

No sensitivity analysis is presented as at 31 March 2014 and 30 September 2013, as changes in the assumptions would have no effect on the fair value of the convertible redeemable preference shares, as the fair value of the instruments is limited as per their terms to a minimum return by applying an IRR of 25%.

17. Related party transactions

(a) Parent and ultimate controlling party

At 31 March 2014, the Board of Directors considers the parent and ultimate controlling party of the Group to be Medway Developments Limited and Mr Adonis Pouroulis respectively.

(b) Transactions with related parties

Significant transactions carried out at arm's length with related parties during the six months ended 31 March 2014 and 2013 were as follows:

| | 31 March 2014 US\$'000 | 31 March 2013 US\$'000 |
|---------------------------|---------------------------|---------------------------|
| Revenue | | |
| Rocasize (Pty) Ltd | 10 | - |
| Kameni (Pty) Ltd | 4 | - |
| | 14 | - |
| Finance expense | | |
| Langa Trust | 150 | 159 |
| Arti Trust | 338 | 358 |
| Ditodi Trust | 25 | 27 |
| Makhaye Trust | 25 | 27 |
| The Phax Trust | 51 | 54 |
| The Rowad Trust | 25 | 27 |
| Moira June Jacquet-Briner | 25 | 27 |
| | 639 | 679 |
| Donation | | |
| Rocasize (Pty) Ltd | 288 | - |

18. Mine resource and reserve statement

The Group owns and operates the mining rights to 5,590 hectares of the Bushveld Complex located on the farms Kafferskraal and Rooikoppies near Marikana in the North West Province of South Africa. The proven and probable open pit and underground mine reserve as at 31 December 2013 certified by independent experts amounted to 125.9 million tonnes. This reserve as at 31 March 2014, due to normal mining operations, has been reduced by approximately 0.9 million tonnes.

19. Subsequent events

On 10 April 2014 the Company listed its ordinary share capital on the JSE. The following significant changes were made to its share capital structure:

- (i) The issue of an additional 154,247,500 ordinary shares as a bonus issue of 25 ordinary shares for each share held.
- (ii) The issue of 13,157,895 new ordinary shares issued at a price of ZAR38 per share with a par value of US\$0.001 per share.
- (iii) The issue of 81,173,716 new ordinary shares to holders of the convertible redeemable preference shares of the Company on their conversion in terms of the Articles of Association.

On 4 April 2014, the Group entered into a marketing agreement with Noble Resources International Pte Limited to market, in all countries excluding South Africa, a minimum of 50,000 dry metric tonnes per month of the metallurgical grade chrome concentrate produced by Tharisa Minerals (Pty) Ltd.

During May 2014, the Group repaid US\$0.7 million of the amounts owing to the Langa Trust and redeemed the Class B preference share capital subscription of US\$6.8 million from the proceeds of the private placement undertaken in conjunction with the listing. Revised terms of the Class B preference shares and the loan from the Langa Trust have been agreed.

There were no other material subsequent events between the reporting date and the date of approval of these condensed consolidated interim financial statements.

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
S. Pittokopitis Business Centre
17 Neophytou Nicolaides and Kilkis Streets
8011, Paphos
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 | Pro forma | 2014 |
| | Before | adjustments | After |
| | transaction | | transaction |
| | US\$'000 | US\$'000 | 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 | | 254,253,702^e |
| 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.

Administration

Tharisa plc

Incorporated in the Republic of Cyprus with limited liability

Registration number: HE223412

JSE code: THA

ISIN: CY0103562118

Registered office:

Office 108 – 110

S. Pittokopitis Business Centre

17 Neophytou Nicolaides and

Kilkis Streets

8011 Paphos

Cyprus

Telephone: +357 26 257052

Transfer secretaries:

Computershare Investor Services (Pty) Ltd

70 Marshall Street, Johannesburg, 2001

PO Box 61051, Marshalltown, 2107

South Africa

Cymain Registrars Limited

26 Vyronos Avenue

1096 Nicosia

Cyprus

Sponsor:

Investec Bank Limited

Directors:

Executive Directors

Loucas Pouroulis Chairman

Phoevos Pouroulis Chief Executive Officer

Michael Jones Chief Finance Officer

Non-Executive Directors

David Salter

Antonios Djakouris

Ioannis Drapaniotis

Omar Kamal

Company secretaries:

Lysandros Lysandrides

Sanet de Witt

Tharisa plc
Office 108 – 110
S. Pittokopitis Business Centre
17 Neophytou Nicolaidis and
Kilkis Streets
8011 Paphos
Cyprus

Telephone: +357 26 257052

www.tharisa.com

