

**Tharisa plc**

(Incorporated in the Republic of Cyprus with limited liability)

(Registration number HE223412)

JSE share code: THA

LSE share code: THS

ISIN: CY0103562118

("Tharisa" or the "Company")

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 MARCH 2019****Salient features****REEF MINED**

2.22 Mt  
down 9.3%  
(2018: 2.45 Mt)

**PGM PRODUCTION (5PGE+AU)**

67.6 koz  
down 12.2%  
(2018: 77.0 koz)

**CHROME CONCENTRATE PRODUCTION**

614.1 kt  
down 16.2%  
(2018: 732.5 kt)

**REVENUE**

US\$166.5 m  
down 16.4%  
(2018: US\$199.2 m)

**OPERATING PROFIT**

US\$14.3 m  
down 64.6%  
(2018: US\$40.4 m)

**EBITDA**

US\$30.1 m  
down 44.4%  
(2018: US\$54.1 m)

**PROFIT BEFORE TAX**

US\$10.2 m  
down 72.6%  
(2018: US\$37.2 m)

**EARNINGS AND HEADLINE  
EARNINGS PER SHARE**

US\$ 4 cents  
down 60.0%  
(2018: US\$ 10 cents)

**INTERIM DIVIDEND**

US\$ 0.5 cents  
16.2% of NPAT

**Group statistics**

|                                                       | Unit              | H1 FY2019       | H1 FY2018 | Change % |
|-------------------------------------------------------|-------------------|-----------------|-----------|----------|
| Reef mined                                            | kt                | <b>2 223.5</b>  | 2 451.3   | (9.3)    |
| Stripping ratio                                       | m3 waste: m3 reef | <b>7.1</b>      | 8.1       | (12.3)   |
| Reef milled                                           | kt                | <b>2 337.5*</b> | 2 597.4   | (10.0)   |
| PGM flotation feed                                    | kt                | <b>1 751.6</b>  | 1 895.6   | (7.6)    |
| PGM rougher feed grade                                | g/t               | <b>1.49</b>     | 1.52      | (2.0)    |
| PGM recovery                                          | %                 | <b>80.7</b>     | 83.2      | (3.0)    |
| PGM ounces produced                                   | 5PGE+Au koz       | <b>67.6</b>     | 77.0      | (12.2)   |
| Average PGM basket price                              | US\$/oz           | <b>1 017</b>    | 909       | 11.9     |
| Average PGM basket price                              | ZAR/oz            | <b>14 382</b>   | 11 606    | 23.9     |
| Cr2O3 ROM grade                                       | %                 | <b>18.2</b>     | 18.1      | 0.6      |
| Chrome recovery                                       | %                 | <b>60.8</b>     | 65.9      | (7.7)    |
| Chrome yield                                          | %                 | <b>26.3</b>     | 28.2      | (6.7)    |
| Chrome concentrates produced (excluding third party)  | kt                | <b>614.1</b>    | 732.5     | (16.2)   |
| Metallurgical grade                                   | kt                | <b>466.0</b>    | 558.9     | (16.6)   |
| Specialty grades                                      | kt                | <b>148.1</b>    | 173.6     | (14.7)   |
| Third-party chrome production                         | kt                | <b>112.5</b>    | 106.2     | 5.9      |
| Chrome concentrates sold (including third party)      | kt                | <b>703.7</b>    | 811.2     | (13.3)   |
| Metallurgical grade chrome concentrate contract price | US\$/t CIF China  | <b>163</b>      | 193       | (15.5)   |
| Metallurgical grade chrome concentrate contract price | ZAR/t CIF China   | <b>2 289</b>    | 2 436     | (6.0)    |
| Average exchange rate                                 | ZAR:US\$          | <b>14.2</b>     | 12.8      | 10.9     |
| Group revenue                                         | US\$ million      | <b>166.5</b>    | 199.2     | (16.4)   |
| Gross profit                                          | US\$ million      | <b>32.1</b>     | 55.7      | (42.4)   |
| Net profit for the period                             | US\$ million      | <b>8.2</b>      | 28.4      | (71.1)   |
| EBITDA                                                | US\$ million      | <b>30.1</b>     | 54.1      | (44.4)   |
| Headline profit                                       | US\$ million      | <b>10.5</b>     | 25.7      | (59.1)   |
| Headline earnings per share                           | US\$ cents        | <b>4</b>        | 10        | (60.0)   |
| Earnings per share                                    | US\$ cents        | <b>4</b>        | 10        | (60.0)   |
| Interim dividend                                      | US\$ cents        | <b>0.5</b>      | 2         |          |
| Gross profit margin                                   | %                 | <b>19.3</b>     | 28.0      | (31.1)   |
| EBITDA margin                                         | %                 | <b>18.1</b>     | 27.2      | (33.5)   |
| Net cash flows from operating activities              | US\$ million      | <b>41.4</b>     | 49.2      | (15.9)   |
| Net debt                                              | US\$ million      | <b>7.9</b>      | 22.7      | (65.2)   |
| Capital expenditure                                   | US\$ million      | <b>24.3</b>     | 17.7      | 37.3     |

\* Includes the processing of 99.0 kt of commissioning tails.

## Management report

### Dear Stakeholder

Safety is a core value and Tharisa continues to strive for zero harm at its operations. Tharisa achieved a lost-time injury frequency rate ('LTIFR') of 0.24 per 200 000 man hours worked at 31 March 2019. This is among the lowest LTIFRs in the PGM and chrome industries in South Africa.

The Group reported revenue of US\$166.5 million and a profit before tax of US\$10.2 million for the interim period with net cash flows from operating activities of US\$41.1 million. Earnings per share amounted to US\$4 cents and an interim dividend of US\$0.5 cent a share was declared. These results were achieved against lower chrome concentrate prices and lower PGM and chrome sales volumes.

Key production statistics for the six months ended 31 March 2019:

- PGM recoveries decreased to 80.7% from 83.2%, remaining above the targeted 80.0%.
- PGM production at 67.6 koz, down 12.2% from 77.0 koz.
- Chrome recoveries declined to 60.8% from 65.9%.
- Chrome production at 614.1 kt, down 16.2% from 732.5 kt.

Tharisa's average PGM contained metal basket price benefited from the increases in palladium and rhodium prices, contributing to an increase of 11.9% to US\$1 017/oz from US\$909/oz in the comparable period.

Average contracted metallurgical grade chrome concentrate prices decreased to US\$163/t from US\$193/t reported in H1 FY2018. Current metallurgical chrome spot prices are trading at US\$170/t. Global growth in stainless steel production remains robust.

Specialty chrome concentrates, which comprise 24.1% of chrome concentrate production, are sold into the chemical and foundry markets globally and these grades continue to attract a significant premium above the metallurgical chrome concentrate price.

### Operational overview

|                                                               | Unit   | 31 March<br>2019 | 31 March<br>2018 | Change<br>% |
|---------------------------------------------------------------|--------|------------------|------------------|-------------|
| Reef mined                                                    | kt     | 2 223.5          | 2 451.3          | (9.3)       |
| Reef milled                                                   | kt     | 2 337.5          | 2 597.4          | (10.0)      |
| On-mine cash cost per tonne milled                            | US\$/t | 35.2             | 32.7             | 7.6         |
| Consolidated cash cost per tonne milled (excluding transport) | US\$/t | 39.1             | 36.4             | 7.4         |

### Mining

The Tharisa Mine is unique in that it mines multiple mineralised layers with defined PGM and chrome contents. The mine is a large-scale, highly mechanised open pit with a life of mine of up to 15 years and the potential to extend mine life by a further 40 years by mining underground.

During the six months under review, 2.2 Mt of ore was mined, with an average head grade of 1.49 g/t PGMs on a 5PGE+Au basis and 18.2% chrome reporting to the processing plants.

In the past six months, Tharisa focused on the pit redesign, which is opening up access to the full mining strike length and the maintenance of the correct multi-reef layer profile to ensure stable feed grades for processing. The pit redesign will achieve the following:

- The extension and widening of the East Pit to optimise logistics.
- Improve access to the East Pit from the north side with more regular backfill now possible on the south side as the pit advances to the north.
- Longer benches and thus better drilling, blasting and hauling continuity as access roads previously ran north to south are now running parallel to the pit as the pit advances.
- Longer benches will also ensure more optimal product mix and grade control to be delivered to both the Genesis and Voyager plants, which have a chrome and PGM bias respectively.

The Tharisa mining division moved an additional 1.3 Mm<sup>3</sup> of in-pit material over the six-month period as part of the pit redesign. While the stripping ratio was 7.1 on a m<sup>3</sup>:m<sup>3</sup> basis for the six months, if the additional material is included in the stripping ratio calculation, the stripping ratio tracked the LOM average of 9.5.

The transition to a 24-hour continuous operation in the East Pit was completed in the latter part of the six months after a slight delay, resulting in a mining capacity increase of 15%.

### Processing

Tharisa has two processing plants – the Genesis and Voyager standalone concentrator plants. The Genesis Plant incorporates the Challenger Plant on the feed circuit for the extraction of specialty grade chrome concentrates principally from natural fines.

During the six-month period, 2.3 Mt of reef was processed through the two plants, which included 99.0 kt of commissioning tailings. This material supplemented the reduced level of ROM material, however it negatively impacted the overall production and recoveries. For the six months, 67.6 koz of contained PGMs on a 5PGE+Au basis and 614.1 kt of chrome concentrates were produced. Of the 614.1 kt of chrome concentrates produced, 148.1 kt or 24.1% of the chrome concentrate production was specialty grade chrome concentrates. As a consequence of the pit redesign, the optimal reef mix was not mined and impacted on the PGM rougher feed grade which declined by 2.0% to 1.49 g/t with the Cr<sub>2</sub>O<sub>3</sub> ROM feed grade increasing marginally by 0.6% to 18.2% for the period.

While the processing operations are largely insulated from load shedding stage 1 to 3 in South Africa, the unprecedented stage 4 load shedding in March 2019 introduced instability into the processing plants and, at times, necessitated the stopping of certain processing circuits including the crusher circuits and part of the mill circuits, thereby impacting on overall production. Subsequently measures have been put in place to mitigate the risk of further load shedding and the impact on production with alternative standby diesel generator capacity.

Overall PGM recovery was 80.7% and the average chrome recovery was 60.8% for the six months, both being impacted from the processing of the commissioning tailings. In the second quarter, PGM and chrome recovery improved to 85.5% and 62.9% respectively.

## Vision 2020

The Vision 2020 projects are targeting an increase in Tharisa Minerals' production to 200 koz pa of PGMs and 2.0 Mt pa of chrome concentrates in 2020, on an annualised basis.

## Commodity markets and sales

|                                                           | Unit     | 31 March<br>2019 | 31 March<br>2018 | Change<br>% |
|-----------------------------------------------------------|----------|------------------|------------------|-------------|
| PGM basket price                                          | US\$/oz  | <b>1 017</b>     | 909              | 11.9        |
| PGM basket price                                          | ZAR/oz   | <b>14 382</b>    | 11 606           | 23.9        |
| 42% metallurgical grade chrome concentrate contract price | US\$/t   | <b>163</b>       | 193              | (15.5)      |
| 42% metallurgical grade chrome concentrate contract price | ZAR/t    | <b>2 289</b>     | 2 436            | (6.6)       |
| Exchange rate                                             | ZAR:US\$ | <b>14.2</b>      | 12.8             | 10.9        |

The PGM basket price has traded higher compared to H1 FY2018, with the average PGM contained metal basket price increasing 11.9% and ZAR basket price increasing 23.9% following the weakening of the South African rand ('ZAR') against the US\$.

PGM production continued to be sold to Impala Platinum under the offtake agreement as well as to Lonmin under a research and cooperation agreement. A total of 67.0 koz was sold during the period.

The Tharisa Mine's PGM prill split was as follows:

|           | 31 March<br>2019 | 31 March<br>2018 |
|-----------|------------------|------------------|
| Platinum  | <b>54.9</b>      | 56.4             |
| Palladium | <b>17.4</b>      | 16.3             |
| Rhodium   | <b>9.5</b>       | 9.2              |
| Gold      | <b>0.2</b>       | 0.2              |
| Ruthenium | <b>13.6</b>      | 13.5             |
| Iridium   | <b>4.4</b>       | 4.4              |

Contracted metallurgical grade chrome concentrate prices decreased over the period to an average US\$163/t from the average US\$193/t achieved in H1 FY2018. Spot metallurgical chrome prices as quoted by FerroAlloyNet traded between US\$155/t and US\$185/t during the period. This compares to the US\$162/t and US\$245/t range in the comparative six months.

The demand for chrome concentrate is driven by the increasing demand for stainless steel, which fundamentally remains robust. In CY2018, global stainless steel production increased by 5.5% year on year with Chinese production up 3.6% year on year to 26.7 Mt, according to the International Stainless Steel Forum. The fundamentals of the global stainless steel market remain sound further supporting strong demand for chrome units in the form of ferrochrome and chrome ores.

Chinese chrome port stocks were approximately 2.7 Mt at the end of April 2019. With domestic Chinese monthly requirements of approximately 1.2 Mt, this equates to 9 weeks' supply assuming all stocks are immediately available.

Tharisa's chrome concentrate sales for the period totalled 618.0 kt, a decrease of 14.8% compared to H1 FY2018 sales of 725.6 kt. Inventory levels totalled 62.6 kt as at end March 2019. Third-party sales totalled 85.7 kt, an increase of 0.1% from 85.6 kt.

Third-party sales comprise the sales of the UG2 chrome concentrate produced at Lonmin's K3 UG2 chrome plant, which is operated by Tharisa subsidiary Arxo Metals.

## Logistics

|                                                                          | Unit   | 31 March<br>2019 | 31 March<br>2018 | Change<br>% |
|--------------------------------------------------------------------------|--------|------------------|------------------|-------------|
| Average transport cost per tonne of chrome concentrate – CIF China basis | US\$/t | <b>62.8</b>      | 60.9             | 3.1         |
| Chrome concentrates shipped                                              | kt     | <b>461.2</b>     | 552.7            | (16.6)      |

The chrome concentrate destined for main ports in China 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 Tharisa's transport costs, a major cost to the Group, remained competitive.

China remains the main market for metallurgical chrome concentrates and the metallurgical grade chrome concentrates produced by the Tharisa Mine were predominantly sold on a CIF main ports China basis. Almost all material was shipped in bulk with a negligible quantity being shipped in containers.

Arxo Logistics has sufficient storage capacity at both the Richards Bay Dry Bulk Terminal and the Durban container port to manage the full production capacity of the Tharisa Mine and the third-party production.

## **Zimbabwe projects**

### **Karo Mining Holdings**

The Karo Platinum project has achieved several key milestones in the last few months, including approval of the Environmental Prospectus by the Environmental Management Agency ('EMA') of Zimbabwe. Stakeholder consultations have been concluded by the environmental consultant over the mining location and the final environmental impact assessment ('EIA') and management programme has been submitted to EMA for approval, post the interim reporting period.

Karo Platinum has also been awarded a development permit from the EMA, enabling Karo Platinum to initiate field work and the exploration drilling programme.

Drilling of 142 diamond core boreholes totalling over 25 100 m has been completed. The drilling campaign focuses on the western edge of the Great Dyke on the mining location, with boreholes targeting average depths of 50 m to 150 m below surface. The digital terrain mapping and high resolution airborne geophysical surveys have been completed. The quality assurance and quality control programmes are running concurrently with the drilling programme and adhere to industry best practice.

Core samples from approximately half of the boreholes are being prepared and assayed, to inform the resource declaration.

The shallow depth of the Main Sulphide Zone ('MSZ') of the Great Dyke allows for initial open-cast mining before developing the shallow underground workings. The results from the assay work and metallurgical test work will be used as the basis of the next phase of the project. Subsequent stages would include ongoing drilling, resource estimation and feasibility studies for the mine design, infrastructure and beneficiation plants.

### **Karo Power Generation**

Tharisa also has an option to participate in the other downstream projects associated with Karo through discounted farm-in arrangements at a later stage. These include the establishment of a number of solar power sites totalling 300 MW.

Karo Power have appointed a technical consultant to conduct the feasibility studies and an environmental consultant to submit the environmental prospectus to the EMA and to complete the necessary EIA on the identified sites. The environmental prospectus for the first site has been approved by EMA.

Karo Power had initial engagements with the Zimbabwean Energy Regulator ('ZERA') around the power purchase agreement and independent power producer ('IPP') licence. Substantive negotiations regarding the IPP and power purchase agreement will commence with ZERA in the third quarter of 2019.

### **Salene Chrome**

In the last quarter of 2018, Salene Chrome was awarded a development permit from EMA, while the EIA report is being finalised for submission. The development permit has enabled Salene Chrome to initiate field work and the exploration trenching programme.

The digital terrain mapping and high resolution airborne geophysical survey over the mining location have been completed. The geophysical data has been interpreted. The first 11 trenches have been completed, totalling over 4 000 m. The trenches have been rehabilitated and the next trenching and pitting targets are being identified.

The samples from the first trenches have been prepared and logged and sent for assay. The quality assurance and quality control programme is being carried out concurrently with the exploration programme and adheres to industry best practice.

## **FINANCIAL OVERVIEW**

The financial results of the Group were characterised by the pricing metrics for both commodities reflected opposing trends. The overall PGM basket price increased by 11.9% to US\$1 017/oz with the Group basket price benefiting from the prill split favouring palladium (at 17.4%) and rhodium (at 9.5%). There was pressure on the metallurgical grade chrome concentrate price which averaged US\$163/t (on a CIF main ports China basis) against the prior period average of US\$193/t (a decrease of 15.5%).

A weak domestic economy and emerging market contagion with uncertainty prior to the national elections held on 8 May 2019 was reflected in the weakening ZAR, being the base cost currency for the Group's mining operations in South Africa, from an average of ZAR12.8 to ZAR14.2 against the US\$, an average weakening of 10.9%. The country's foreign debt avoided a further credit downgrading with Moody's retaining an investment grade rating changing the outlook to "stable". The South African domestic interest rate (as measured by the repo rate) remained unchanged at 6.5%. The Group's commodities are priced in US\$ and the cost base is mainly in ZAR and therefore the Group is positioned as a rand hedge stock.

Group revenue totalled US\$166.5 million (2018: US\$199.2 million) of which US\$58.0 million was derived from the sale of PGM concentrate and US\$93.8 million was derived from the sale of chrome concentrates. The agency and trading segment contributed US\$14.7 million. This is a decrease in revenue relative to the comparable period of 16.4%. Specialty grade chrome concentrates, comprising 25.4% of overall chrome sales, continued to trade at a premium of approximately US\$50/t.

On a segmental basis, the movement in revenue is as a result of:

- A reduction in the unit sales of PGMs by 12.0% from 76.1 koz to 67.0 koz largely offset by the increase in the PGM basket price of 11.9% from US\$909/oz to US\$1 017/oz.
- A reduction in the unit sales of metallurgical grade chrome concentrate by 16.6% from 552.7 kt to 461.2 kt. The metallurgical grade chrome concentrate price decreased by 15.5% from US\$193/t to US\$163/t.
- A decrease in the unit sales of specialty grade chrome concentrates by 9.3% from 172.9 kt to 156.8 kt.
- Increase in third-party trading and logistics, which contributed US\$14.7 million to revenue.

Gross profit amounted to US\$32.1 million (2018: US\$55.7 million) with a gross profit margin of 19.3% (2018: 28.0%). The gross profit margin was also impacted by the reduced volumes of both commodities produced and sold with the fixed costs inherent to the operation impacting on the unit cost of sales. In addition, diesel cost, a significant component of the mining cost comprising approximately 14% of on-mine cash costs, increased at above inflation on average by 18.1% per litre from ZAR12.04/ℓ (US\$0.94/ℓ) to ZAR14.22/ℓ (US\$1.00/ℓ). Costs incurred with the transport of the metallurgical grade chrome concentrates from the mine to the customer increased marginally by 3.1% from US\$60.9/t to US\$62.8/t, the majority of this increase related to an increase in the freight costs.

As a co-producer of PGMs and chrome concentrates, the shared costs of production for segmental reporting purposes are based on the relative contribution to revenue on an ex-works basis, allocated 55% to the PGM segment and 45% to the chrome segment. This is in accordance with the accounting policy of the Group and IFRS. The comparable period was allocated 45% to the PGM segment and 55% to the chrome segment. The change to the basis of allocation of the shared costs is, in effect, a 22.2% increase in respect of the allocation to the PGM segment and a 18.2% decrease in respect of the allocation to the chrome segment.

The segmental cost of sales and gross profit contribution, as extracted from the condensed consolidated interim financial statements, is as follows:

|                                        | 31 March 2019   |                 |                    |               | 31 March 2018 |          |                    |         |
|----------------------------------------|-----------------|-----------------|--------------------|---------------|---------------|----------|--------------------|---------|
| US\$ millions                          | PGM             | Chrome          | Agency and trading | Total         | PGM           | Chrome   | Agency and trading | Total   |
| Revenue                                | <b>58.0</b>     | <b>93.8</b>     | <b>14.7</b>        | <b>166.5</b>  | 55.5          | 130.3    | 13.4               | 199.2   |
| Cost of sales                          |                 |                 |                    |               |               |          |                    |         |
| Costs of sales excluding selling costs | <b>(46.2)</b>   | <b>(44.2)</b>   | <b>(6.7)</b>       | <b>(97.1)</b> | (39.8)        | (56.3)   | (7.2)              | (103.3) |
| Selling costs                          | <b>(0.2)</b>    | <b>(20.7)</b>   | <b>(3.9)</b>       | <b>(24.8)</b> | (0.2)         | (24.4)   | (3.7)              | (28.3)  |
| Freight services                       | –               | <b>(9.8)</b>    | <b>(2.7)</b>       | <b>(12.5)</b> | –             | (10.4)   | (1.5)              | (11.9)  |
| Gross profit contribution              | <b>11.6</b>     | <b>19.1</b>     | <b>1.4</b>         | <b>32.1</b>   | 15.5          | 39.2     | 1.0                | 55.7    |
| Gross profit margin (%)                | <b>20.0</b>     | <b>20.4</b>     | <b>9.5</b>         | <b>19.3</b>   | 28.0          | 30.1     | 7.5                | 28.0    |
| Sales volume                           | <b>67.0 koz</b> | <b>618.0 kt</b> | <b>85.7 kt</b>     |               | 76.1 koz      | 725.6 kt | 85.6 kt            |         |

The PGM segment gross profit margin of 20.0% (2018: 28.0%) is lower than the previous year notwithstanding the increased revenue due, in part, to the revised basis of allocating shared costs.

The chrome segment gross profit margin of 20.4% (2018: 30.1%) is lower than the previous year following the weakening of the selling prices for the chrome concentrates notwithstanding benefiting from the revised basis of allocating shared costs.

The agency and trading segment contributed US\$1.4 million (2018: US\$1.0 million) to the Group gross profit at a margin of 9.5% (2018: 7.5%).

On a unit cost basis, the reef mining cost per tonne mined increased by 9.8% from US\$20.5/t to US\$22.5/t. This cost per reef tonne mined was incurred on a stripping ratio of 7.1 on a per cubic metre basis. On a per cube mined basis i.e. including both waste and reef, the cost increased from US\$7.9/m<sup>3</sup> to US\$9.6/m<sup>3</sup> (the prior period stripping ratio being 8.1 on a per cubic metre basis).

The consolidated cash cost per tonne milled (i.e. including mining and processing but excluding transport and freight) increased by 7.4% from US\$36.4/t to US\$39.1/t.

Administrative expenses decreased from US\$20.4 million to US\$16.3 million mainly in respect of salary costs, which included discretionary bonuses paid in the prior period and due to the benefit of the weakening of the exchange rate with the administration cost being mainly in ZAR. After accounting for the administrative expenses, the Group achieved an operating profit of US\$14.3 million (2018: US\$40.4 million).

EBITDA amounted to US\$30.1 million (2018: US\$54.1 million).

Finance costs (totalling US\$4.5 million) principally relate to the balances owing on the bank facilities and original equipment manufacturer finance for the purchase of the mining fleet, and the Group trade finance facilities.

The tax charge amounted to US\$2.1 million, an effective charge of 20.2%. The cash tax paid amounted to US\$2.9 million. The Group has fully utilised its tax losses. However, as at the period end, the Group had unredeemed capex for tax purposes of US\$104.9 million. The net deferred tax liability amounted to US\$24.8 million.

Foreign currency translation differences for foreign operations arising where the Company has funded the underlying subsidiaries with US\$ denominated funding and the reporting currency of the underlying subsidiary is not in US\$, amounted to an unfavourable US\$3.8 million following the weakening of the ZAR.

Basic and diluted earnings per share for the period amounted to US\$ 4 cents (2018: US\$ 10 cents) with headline earnings per share of US\$ 4 cents (2018: US\$ 10 cents).

Total debt amounted to US\$74.7 million, resulting in a debt-to-total equity ratio of 25.0%. This exceeds the long-term targeted debt-to-total equity ratio of 15% principally due to the leveraged purchase of the mining fleet. Group cash and cash equivalents amounted to US\$66.8 million resulting in a net debt-to-total equity ratio of 2.6%.

The capex spend for the period amounted to US\$24.3 million of which US\$20.7 million related to the mining fleet and US\$3.6 million related to the processing plants including optimisation initiatives. The depreciation charge amounted to US\$13.5 million. The mining fleet replacement programme has been accelerated to ensure the optimal mining fleet with the necessary availabilities with the installed capacity to meet the Vision 2020 mining targets is in place. For the second six months the budgeted capex spend on the mining fleet remains at a higher level than the normal sustaining capex at US\$14.0 million. Capex for the next six months on the processing plant and additional generators to further derisk the business operations from the risk of load shedding is budgeted at US\$15.6 million.

The Company committed to spend an amount of up to US\$3.2 million on exploration on the special grants held by Salene Chrome. As at 31 March 2019, US\$0.9 million had been incurred. The Company has an option to acquire a 90% shareholding in Salene Chrome. In addition, the Company undertook to provide funding of US\$8.0 million to Karo Mining Holdings, in which the Company has a 26.8% shareholding, to fund the exploration and development of its exploration rights and project obligations e.g. solar power. As at 31 March 2019, US\$2.7 million of this amount had been drawn down. The Company also paid the balance of US\$2.0 million for the purchase of its shareholding in Karo Mining Holdings.

The Group generated net cash from operations of US\$41.4 million (2018: US\$49.2 million) and after taking into account the capex, a free cash flow of US\$17.1 million. Cash on hand amounted to US\$66.8 million.

There is continued focus on working capital management with the current ratio at two times.

From time to time the Group concludes transactions with related parties. These transactions are concluded on an arms' length basis and are disclosed in the ensuing interim condensed consolidated financial statements (refer to note 16).

## INTERIM DIVIDEND

In accordance with its dividend policy of distributing at least 15% of annual net profit after tax and following the introduction of an interim dividend, the Board has declared an interim cash dividend of US\$ 0.5 cent per ordinary share. The interim dividend will be paid on Wednesday, 19 June 2019. Shareholders on the principal Cyprus register will be paid in US\$, shareholders whose shares are held through Central Securities Depository Participants ("CSDPs") and brokers and are traded on the JSE will be paid in ZAR and holders of depositary interests traded on the LSE will be paid in Sterling (GBP).

The timetable for the dividend declaration is as follows:

|                                                  |                         |
|--------------------------------------------------|-------------------------|
| Declaration and currency conversion date         | Tuesday, 14 May 2019    |
| Currency conversion rates announced              | Thursday, 16 May 2019   |
| Last day to trade cum dividend rights on the JSE | Tuesday, 4 June 2019    |
| Last day to trade cum dividend rights on the LSE | Wednesday, 5 June 2019  |
| Shares will trade ex dividend rights on the JSE  | Wednesday, 5 June 2019  |
| Shares will trade ex dividend rights on the LSE  | Thursday, 6 June 2019   |
| Record date for payment on both JSE and LSE      | Friday, 7 June 2019     |
| Dividend payment date                            | Wednesday, 19 June 2019 |

No dematerialisation or rematerialisation of shares within Strate will be permitted between Wednesday, 5 June 2019 and Friday, 7 June 2019, both days inclusive. No transfers between registers will be permitted between Thursday, 16 May 2019 and Friday, 7 June 2019, both days inclusive.

## Tax implications of the dividend

Shareholders are advised that the dividend declared will be paid out of income reserves and may therefore be subject to dividend withholding tax depending on the tax residency of the shareholder.

### South African tax residents

South African shareholders are advised that the dividend constitutes a foreign dividend. For individual South African tax resident shareholders, dividend withholding tax of 20% will be applied to the gross dividend of US\$ 0.5 cent per share. Therefore, the net dividend of US\$ 0.4 cent per share will be paid after US\$ 0.1 cent in terms of dividend withholding tax has been applied. Shareholders who are South African tax resident companies are exempt from dividend tax and will receive the dividend of US\$ 0.5 cent per share. This does not constitute legal or tax advice and is based on taxation law and practice in South Africa. Shareholders should consult their brokers, financial and/or tax advisers with regard to how they will be impacted by the payment of the dividend.

### UK tax residents

UK tax residents are advised that the dividend constitutes a foreign dividend and that they should consult their brokers, financial and/or tax advisers with regard to how they will be impacted by the payment of the dividend.

### Cyprus tax residents

Individual Cyprus tax residents are advised that the dividend constitutes a local dividend and that they should consult their brokers, financial and/or tax advisers with regard to how they will be impacted by the payment of the dividend.

Shareholders and depositary interest holders should note that information provided should not be regarded as tax advice.

## PRINCIPAL BUSINESS RISKS

Tharisa regards principal business risks as the issues that may, if they materialise, substantially affect the Group's ability to create and sustain value in the short, medium and long term.

These risks determine how the Group devises and implements its strategy since each risk has the potential to impact the Group's ability to achieve its strategic objectives. Each risk also carries with it challenges and opportunities. The Group's strategy takes into account known risks, but risks may exist of which the Group is currently unaware.

An overview of the risks, which could affect the Group's operational and financial performance, was included in the Group's 2018 Annual Report, which is available on <http://www.tharisa.com>. The following risks have been identified which may impact the Group over the next six months:

### Regulatory compliance

Tharisa Minerals' right to mine is dependent on strict adherence to legal and legislative requirements. There remains some uncertainty on the proposed amendments to the South African Mineral and Petroleum Resources Development Act ('MPRDA') and the accompanying Mining Charter. The Minerals Council of South Africa in March 2019 filed an application for judicial review and setting aside certain clauses of the 2018 Mining Charter.

### Unscheduled breakdowns

The Group's performance is reliant on consistent mining and the production of PGM and chrome concentrates from the Tharisa Mine. Any unscheduled breakdown leading to a prolonged reduction in either mining or production may have a material impact on the Group's financial performance and results. The Group has purchased additional mining fleet to optimise the fleet. Long lead items for the fleet and the plant are kept in stock and preventative maintenance programmes are in place for both the fleet and the plant.

### Global commodity prices and currency risk

The Group's revenues, profitability and future rate of growth depends on the prevailing market prices of PGMs and chrome. A sustained downward movement in the market price for PGMs and/or chrome may negatively affect the Group's profitability and cash flows. The Group's reporting currency is US\$. The Group's operations are predominantly based in South Africa with a ZAR cost base while the majority of the revenue stream is in US\$ exposing the Group to the volatility and movements in the ZAR. Fluctuations in the US\$ and ZAR may have a significant impact on the performance of the Group. To counter this, the Group continues to work on reducing costs and increasing operating efficiencies.

## Financing and liquidity

The activities of the Group expose it to a variety of financial risks including market, commodity prices, credit, foreign exchange and interest rate risks. The Group closely monitors and manages these risks. Cash forecasts are regularly updated and reviewed including sensitivity scenarios with reference to the above risks.

## OUTLOOK

Tharisa's business model is robust and cash generative throughout the commodity cycle. The unique co-product mix, coupled with an open-pit mine ensures we remain consistently at the low end of the production cost curve and, while we believe commodity prices will remain stable, we are well insulated against price volatility.

That said, fundamentals for the global stainless steel market support stable demand for chrome concentrates. Our specialty chrome products are in demand and given the premium pricing of this product, we benefit from strong margins.

The Group expects a strong operational performance for the remainder of the year with a focus on increasing its production through the continual improvement processes and delivery of the first of its Vision 2020 optimisation projects. The benefits of the pit redesign should become evident in the second half of the financial year and Tharisa is on track to achieve its FY2019 guidance of at least 150 koz PGMs and 1.4 Mt chrome concentrates, of which 350 kt will be specialty grade. The Vision 2020 projects aim to take production to 200 kozpa of PGMs and 2.0 Mtpa of chrome concentrates in 2020, on an annualised basis.

Our expansion plans and a strong focus on the performance of the mining division and our yellow fleet, will enhance economies of scale, reduce unit costs and improve operating margins.

Tharisa would like to thank its staff, management and directors for their continued support in achieving these interim results.

## STATEMENT BY THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY OFFICIALS RESPONSIBLE FOR THE PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ACCORDING TO THE CYPRUS SECURITIES AND EXCHANGE COMMISSION LEGISLATION

In accordance with sections 10(3)(c) and 10(7) of Law No. 190(I)/2007, as amended, providing for the transparency requirements of issuers whose securities are admitted to trading on a regulated market ('the Transparency Law'), we, the members of the Board of Directors of Tharisa plc, responsible for the preparation of the interim condensed consolidated financial statements of Tharisa plc for the period ended 31 March 2019, hereby declare that to the best of our knowledge:

(a) The interim condensed consolidated financial statements for the period ended 31 March 2019:

- Have been prepared in accordance with International Accounting Standard 34: Interim Financial Reporting and as stipulated for under section 10(4) of the Transparency Law.
- Give a true and fair view of the assets and liabilities, the financial position and profit or losses of Tharisa plc and its undertakings, as included in the interim condensed consolidated financial statements as a whole.

(b) The adoption of a going concern basis for the preparation of the financial statements continues to be appropriate based on the foregoing and having reviewed the forecast financial position of the Group.

(c) The interim management report provides a fair review of the information required by section 10(6) of the Transparency Law.

**Loucas Pouroulis**

*Executive Chairman*

**Phoevos Pouroulis**

*Chief Executive Officer*

**Michael Jones**

*Chief Finance Officer*

**David Salter**

*Lead independent non-executive director*

**Antonios Djakouris**

*Independent non-executive director*

**Omar Kamal**

*Independent non-executive director*

**Carol Bell**

*Independent non-executive director*

**Roger Davey**

*Independent non-executive director*

**Joanna Ka Ki Cheng**

*Non-executive director*

**Zhong Liang Hong**

*Non-executive director*

Paphos, Cyprus

14 May 2019



## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### **TO THE SHAREHOLDERS OF THARISA PLC**

#### **Introduction**

We have reviewed the interim condensed consolidated financial statements of Tharisa plc (the 'Company'), and its subsidiaries (collectively referred to as the 'Group') contained in the accompanying interim report, which comprise the interim condensed consolidated statement of financial position as at 31 March 2019 and the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

#### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements do not present fairly, in all material respects, the financial position of the entity as at 31 March 2019 and of its financial performance and its cash flows for the six-month period then ended in accordance with International Accounting Standard 34 Interim Financial Reporting.

Stavros **Pantzaris**

Certified Public Accountant and Registered Auditor

for and on behalf of

**Ernst & Young Cyprus Limited**

Certified Public Accountant and Registered Auditor

Nicosia

14 May 2019

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
for the six months ended 31 March 2019

|                                                                                     | Notes | Six months ended<br>31 March<br>2019<br>Reviewed<br>US\$'000 | Six months ended<br>31 March<br>2018<br>Reviewed<br>US\$'000 | Year ended<br>30 Sept<br>2018<br>Audited<br>US\$'000 |
|-------------------------------------------------------------------------------------|-------|--------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------|
| <b>Revenue</b>                                                                      | 5     | <b>166 519</b>                                               | 199 179                                                      | 406 268                                              |
| Cost of sales                                                                       | 6     | <b>(134 384)</b>                                             | (143 436)                                                    | (297 782)                                            |
| <b>Gross profit</b>                                                                 |       | <b>32 135</b>                                                | 55 743                                                       | 108 486                                              |
| Other income                                                                        |       | <b>478</b>                                                   | 2 072                                                        | 2 432                                                |
| Net foreign exchange (loss)/gain                                                    |       | <b>(2 030)</b>                                               | 3 004                                                        | 852                                                  |
| Administrative expenses                                                             | 7     | <b>(16 322)</b>                                              | (20 422)                                                     | (39 232)                                             |
| <b>Results from operating activities</b>                                            |       | <b>14 261</b>                                                | 40 397                                                       | 72 538                                               |
| Finance income                                                                      |       | <b>798</b>                                                   | 695                                                          | 1 279                                                |
| Finance costs                                                                       |       | <b>(4 475)</b>                                               | (5 130)                                                      | (10 189)                                             |
| Changes in fair value of financial assets at fair value through profit or loss      |       | <b>132</b>                                                   | 1 204                                                        | 1 262                                                |
| Changes in fair value of financial liabilities at fair value through profit or loss |       | <b>322</b>                                                   | –                                                            | 155                                                  |
| Share of loss of investment accounted for using the equity method                   |       | <b>(816)</b>                                                 | –                                                            | (62)                                                 |
| Profit before tax                                                                   |       | <b>10 222</b>                                                | 37 166                                                       | 64 983                                               |
| Tax                                                                                 | 8     | <b>(2 067)</b>                                               | (8 753)                                                      | (14 011)                                             |
| <b>Profit for the period/year</b>                                                   |       | <b>8 155</b>                                                 | 28 413                                                       | 50 972                                               |
| <b>Other comprehensive income</b>                                                   |       |                                                              |                                                              |                                                      |
| <i>Items that may be classified subsequently to profit or loss:</i>                 |       |                                                              |                                                              |                                                      |
| Foreign currency translation differences for foreign operations, net of tax         |       | <b>(3 772)</b>                                               | 35 422                                                       | (10 663)                                             |
| Other comprehensive income, net of tax                                              |       | <b>(3 772)</b>                                               | 35 422                                                       | (10 663)                                             |
| <b>Total comprehensive income for the period/year</b>                               |       | <b>4 383</b>                                                 | 63 835                                                       | 40 309                                               |
| Profit for the period/year attributable to:                                         |       |                                                              |                                                              |                                                      |
| Owners of the Company                                                               |       | <b>9 488</b>                                                 | 25 960                                                       | 48 433                                               |
| Non-controlling interest                                                            |       | <b>(1 333)</b>                                               | 2 453                                                        | 2 539                                                |
|                                                                                     |       | <b>8 155</b>                                                 | 28 413                                                       | 50 972                                               |
| Total comprehensive income for the period/year attributable to:                     |       |                                                              |                                                              |                                                      |
| Owners of the Company                                                               |       | <b>7 095</b>                                                 | 49 433                                                       | 41 790                                               |
| Non-controlling interest                                                            |       | <b>(2 712)</b>                                               | 14 402                                                       | (1 481)                                              |
|                                                                                     |       | <b>4 383</b>                                                 | 63 835                                                       | 40 309                                               |
| <b>Earnings per share</b>                                                           |       |                                                              |                                                              |                                                      |
| Basic earnings per share (US\$ cents)                                               | 9     | <b>4</b>                                                     | 10                                                           | 19                                                   |
| Diluted earnings per share (US\$ cents)                                             | 9     | <b>4</b>                                                     | 10                                                           | 18                                                   |

The notes are an integral part of these interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at 31 March 2019

|                                                  | Notes | 31 March<br>2019<br>Reviewed<br>US\$'000 | 31 March<br>2018<br>Reviewed<br>US\$'000 | 30 Sept<br>2018<br>Audited<br>US\$'000 |
|--------------------------------------------------|-------|------------------------------------------|------------------------------------------|----------------------------------------|
| <b>ASSETS</b>                                    |       |                                          |                                          |                                        |
| <b>Non-current assets</b>                        |       |                                          |                                          |                                        |
| Property, plant and equipment                    | 10    | 269 048                                  | 308 534                                  | 264 311                                |
| Goodwill                                         |       | 785                                      | 961                                      | 804                                    |
| Investment accounted for using the equity method | 11    | 3 622                                    | –                                        | 4 438                                  |
| Other financial assets                           |       | 6 141                                    | 5 791                                    | 5 012                                  |
| Deferred tax assets                              |       | 2 408                                    | 2 445                                    | 1 880                                  |
| <b>Total non-current assets</b>                  |       | <b>282 004</b>                           | 317 731                                  | 276 445                                |
| <b>Current assets</b>                            |       |                                          |                                          |                                        |
| Inventories                                      | 12    | 26 411                                   | 26 903                                   | 23 043                                 |
| Trade and other receivables                      |       | 66 727                                   | 78 173                                   | 86 202                                 |
| Contract assets                                  |       | 1 059                                    | –                                        | 2 229                                  |
| Other financial assets                           |       | 656                                      | 901                                      | 986                                    |
| Current taxation                                 |       | 597                                      | 108                                      | 228                                    |
| Cash and cash equivalents                        |       | 66 817                                   | 59 930                                   | 66 791                                 |
| <b>Total current assets</b>                      |       | <b>162 267</b>                           | 166 015                                  | 179 479                                |
| <b>Total assets</b>                              |       | <b>444 271</b>                           | 483 746                                  | 455 924                                |
| <b>Equity and liabilities</b>                    |       |                                          |                                          |                                        |
| Share capital and premium                        | 13    | 282 791                                  | 280 409                                  | 280 806                                |
| Other reserve                                    |       | 47 245                                   | 47 245                                   | 47 245                                 |
| Foreign currency translation reserve             |       | (82 597)                                 | (50 088)                                 | (80 204)                               |
| Retained earnings                                |       | 80 932                                   | 58 399                                   | 77 025                                 |
| Equity attributable to owners of the Company     |       | 328 371                                  | 335 965                                  | 324 872                                |
| Non-controlling interests                        |       | (29 250)                                 | (10 655)                                 | (26 538)                               |
| <b>Total equity</b>                              |       | <b>299 121</b>                           | 325 310                                  | 298 334                                |
| <b>Non-current liabilities</b>                   |       |                                          |                                          |                                        |
| Provisions                                       |       | 11 917                                   | 11 114                                   | 12 634                                 |
| Borrowings                                       | 14    | 28 164                                   | 35 053                                   | 27 281                                 |
| Deferred tax liabilities                         |       | 27 227                                   | 33 297                                   | 29 892                                 |
| <b>Total non-current liabilities</b>             |       | <b>67 308</b>                            | 79 464                                   | 69 807                                 |
| <b>Current liabilities</b>                       |       |                                          |                                          |                                        |
| Borrowings                                       | 14    | 46 538                                   | 42 119                                   | 50 138                                 |
| Other financial liabilities                      |       | 1 044                                    | –                                        | 1 000                                  |
| Current taxation                                 |       | 390                                      | 827                                      | 1 013                                  |
| Trade and other payables                         |       | 28 811                                   | 36 026                                   | 33 403                                 |
| Contract liabilities                             |       | 1 059                                    | –                                        | 2 229                                  |
| <b>Total current liabilities</b>                 |       | <b>77 842</b>                            | 78 972                                   | 87 783                                 |
| <b>Total liabilities</b>                         |       | <b>145 150</b>                           | 158 436                                  | 157 590                                |
| <b>Total equity and liabilities</b>              |       | <b>444 271</b>                           | 483 746                                  | 455 924                                |

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 14 May 2019.

**Phoevos Pouroulis**  
Director

**Michael Jones**  
Director

The notes are an integral part of these interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the six months ended 31 March 2019

Attributable to owners of the Company

|                                                      | Notes | Share capital<br>US\$'000 | Share premium<br>US\$'000 | Other reserve<br>US\$'000 | Foreign currency translation reserve<br>US\$'000 | Retained earnings<br>US\$'000 | Total<br>US\$'000 | Non-controlling interest<br>US\$'000 | Total equity<br>US\$'000 |
|------------------------------------------------------|-------|---------------------------|---------------------------|---------------------------|--------------------------------------------------|-------------------------------|-------------------|--------------------------------------|--------------------------|
| <b>Balance at 30 September 2018</b>                  |       | <b>261</b>                | <b>280 545</b>            | <b>47 245</b>             | <b>(80 204)</b>                                  | <b>77 025</b>                 | <b>324 872</b>    | <b>(26 538)</b>                      | <b>298 334</b>           |
| <b>Total comprehensive income for the period</b>     |       |                           |                           |                           |                                                  |                               |                   |                                      |                          |
| Profit for the period                                |       | –                         | –                         | –                         | –                                                | 9 488                         | 9 488             | (1 333)                              | 8 155                    |
| Other comprehensive income:                          |       |                           |                           |                           |                                                  |                               |                   |                                      |                          |
| Foreign currency translation differences             |       | –                         | –                         | –                         | (2 393)                                          | –                             | (2 393)           | (1 379)                              | (3 772)                  |
| <b>Total comprehensive income for the period</b>     |       | <b>–</b>                  | <b>–</b>                  | <b>–</b>                  | <b>(2 393)</b>                                   | <b>9 488</b>                  | <b>7 095</b>      | <b>(2 712)</b>                       | <b>4 383</b>             |
| <b>Transactions with owners of the Company</b>       |       |                           |                           |                           |                                                  |                               |                   |                                      |                          |
| <i>Contributions by and distributions to owners:</i> |       |                           |                           |                           |                                                  |                               |                   |                                      |                          |
| Issue of ordinary shares                             | 13    | 3                         | 1 982                     | –                         | –                                                | –                             | 1 985             | –                                    | 1 985                    |
| Dividends paid                                       | 20    | –                         | –                         | –                         | –                                                | (5 276)                       | (5 276)           | –                                    | (5 276)                  |
| Equity-settled share-based payments                  |       | –                         | –                         | –                         | –                                                | (975)                         | (975)             | –                                    | (975)                    |
| Deferred tax on equity-settled share-based payments  |       | –                         | –                         | –                         | –                                                | 670                           | 670               | –                                    | 670                      |
| <b>Contributions by owners of the Company</b>        |       | <b>3</b>                  | <b>1 982</b>              | <b>–</b>                  | <b>–</b>                                         | <b>(5 581)</b>                | <b>(3 596)</b>    | <b>–</b>                             | <b>(3 596)</b>           |
| <b>Total transactions with owners of the Company</b> |       | <b>3</b>                  | <b>1 982</b>              | <b>–</b>                  | <b>–</b>                                         | <b>(5 581)</b>                | <b>(3 596)</b>    | <b>–</b>                             | <b>(3 596)</b>           |
| <b>Balance at 31 March 2019 (reviewed)</b>           |       | <b>264</b>                | <b>282 527</b>            | <b>47 245</b>             | <b>(82 597)</b>                                  | <b>80 932</b>                 | <b>328 371</b>    | <b>(29 250)</b>                      | <b>299 121</b>           |

The notes are an integral part of these interim condensed consolidated financial statements.

Attributable to owners of the Company

|                                                      |    | Share<br>capital<br>US\$'000 | Share<br>premium<br>US\$'000 | Other<br>reserve<br>US\$'000 | Foreign<br>currency<br>translation<br>reserve<br>US\$'000 | Retained<br>earnings<br>US\$'000 | Total<br>US\$'000 | Non-<br>controlling<br>interest<br>US\$'000 | Total<br>equity<br>US\$'000 |
|------------------------------------------------------|----|------------------------------|------------------------------|------------------------------|-----------------------------------------------------------|----------------------------------|-------------------|---------------------------------------------|-----------------------------|
| Notes                                                |    |                              |                              |                              |                                                           |                                  |                   |                                             |                             |
| <b>Balance at 30 September 2017</b>                  |    | 260                          | 280 082                      | 47 245                       | (73 561)                                                  | 42 877                           | 296 903           | (25 057)                                    | 271 846                     |
| Impact of adopting IFRS 16                           |    | –                            | –                            | –                            | –                                                         | (15)                             | (15)              | –                                           | (15)                        |
| <b>Balance at 1 October 2017</b>                     |    | 260                          | 280 082                      | 47 245                       | (73 561)                                                  | 42 862                           | 296 888           | (25 057)                                    | 271 831                     |
| <b>Total comprehensive income for the period</b>     |    |                              |                              |                              |                                                           |                                  |                   |                                             |                             |
| Profit for the period                                |    | –                            | –                            | –                            | –                                                         | 25 960                           | 25 960            | 2 453                                       | 28 413                      |
| <i>Other comprehensive income:</i>                   |    |                              |                              |                              |                                                           |                                  |                   |                                             |                             |
| Foreign currency translation differences             |    | –                            | –                            | –                            | 23 473                                                    | –                                | 23 473            | 11 949                                      | 35 422                      |
| <b>Total comprehensive income for the period</b>     |    | –                            | –                            | –                            | 23 473                                                    | 25 960                           | 49 433            | 14 402                                      | 63 835                      |
| <b>Transactions with owners of the Company</b>       |    |                              |                              |                              |                                                           |                                  |                   |                                             |                             |
| <i>Contributions by and distributions to owners:</i> |    |                              |                              |                              |                                                           |                                  |                   |                                             |                             |
| Issue of ordinary shares*                            | 13 | –                            | 67                           | –                            | –                                                         | –                                | 67                | –                                           | 67                          |
| Dividends paid                                       | 20 | –                            | –                            | –                            | –                                                         | (13 010)                         | (13 010)          | –                                           | (13 010)                    |
| Equity-settled share-based payments                  |    | –                            | –                            | –                            | –                                                         | 2 072                            | 2 072             | –                                           | 2 072                       |
| Deferred tax on equity-settled share-based payments  |    | –                            | –                            | –                            | –                                                         | 515                              | 515               | –                                           | 515                         |
| <b>Contributions by owners of the Company</b>        |    | –                            | 67                           | –                            | –                                                         | (10 423)                         | (10 356)          | –                                           | (10 356)                    |
| <b>Total transactions with owners of the Company</b> |    | –                            | 67                           | –                            | –                                                         | (10 423)                         | (10 356)          | –                                           | (10 356)                    |
| <b>Balance at 31 March 2018 (reviewed)</b>           |    | 260                          | 280 149                      | 47 245                       | (50 088)                                                  | 58 399                           | 335 965           | (10 655)                                    | 325 310                     |

\*The value of the issue of ordinary share capital is less than the reporting amount and amounts to US\$182.

The notes are an integral part of these interim condensed consolidated financial statements.

Attributable to owners of the Company

|                                                        | Notes | Share capital<br>US\$'000 | Share premium<br>US\$'000 | Other reserve<br>US\$'000 | Foreign currency translation reserve<br>US\$'000 | Retained earnings<br>US\$'000 | Total<br>US\$'000 | Non-controlling interest<br>US\$'000 | Total equity<br>US\$'000 |
|--------------------------------------------------------|-------|---------------------------|---------------------------|---------------------------|--------------------------------------------------|-------------------------------|-------------------|--------------------------------------|--------------------------|
| <b>Balance at 30 September 2017</b>                    |       | 260                       | 280 082                   | 47 245                    | (73 561)                                         | 42 877                        | 296 903           | (25 057)                             | 271 846                  |
| Impact of adopting IFRS 16                             |       | –                         | –                         | –                         | –                                                | (15)                          | (15)              | –                                    | (15)                     |
| <b>Balance at 1 October 2017</b>                       |       | 260                       | 280 082                   | 47 245                    | (73 561)                                         | 42 862                        | 296 888           | (25 057)                             | 271 831                  |
| <b>Total comprehensive income for the year</b>         |       |                           |                           |                           |                                                  |                               |                   |                                      |                          |
| Profit for the year                                    |       | –                         | –                         | –                         | –                                                | 48 433                        | 48 433            | 2 539                                | 50 972                   |
| <i>Other comprehensive income:</i>                     |       |                           |                           |                           |                                                  |                               |                   |                                      |                          |
| Foreign currency translation differences               |       | –                         | –                         | –                         | (6 643)                                          | –                             | (6 643)           | (4 020)                              | (10 663)                 |
| <b>Total comprehensive income for the year</b>         |       | –                         | –                         | –                         | (6 643)                                          | 48 433                        | 41 790            | (1 481)                              | 40 309                   |
| <b>Transactions with owners of the Company</b>         |       |                           |                           |                           |                                                  |                               |                   |                                      |                          |
| <i>Contributions by and distributions to owners:</i>   |       |                           |                           |                           |                                                  |                               |                   |                                      |                          |
| Issue of ordinary shares                               | 13    | 1                         | 463                       | –                         | –                                                | –                             | 464               | –                                    | 464                      |
| Dividends paid                                         | 20    | –                         | –                         | –                         | –                                                | (18 214)                      | (18 214)          | –                                    | (18 214)                 |
| Equity-settled share-based payments                    |       | –                         | –                         | –                         | –                                                | 3 638                         | 3 638             | –                                    | 3 638                    |
| Deferred tax on of equity-settled share-based payments |       | –                         | –                         | –                         | –                                                | 306                           | 306               | –                                    | 306                      |
| <b>Contributions by owners of the Company</b>          |       | 1                         | 463                       | –                         | –                                                | (14 270)                      | (13 806)          | –                                    | (13 806)                 |
| <b>Total transactions with owners of the Company</b>   |       | 1                         | 463                       | –                         | –                                                | (14 270)                      | (13 806)          | –                                    | (13 806)                 |
| <b>Balance at 30 September 2018 (audited)</b>          |       | 261                       | 280 545                   | 47 245                    | (80 204)                                         | 77 025                        | 324 872           | (26 538)                             | 298 334                  |

Companies which do not distribute 70% of their profits after tax, as defined by the special contribution for the defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 17% will be payable on such deemed dividend to the extent that the ultimate shareholders at the end date of the period of two years from the end of the year of assessment to which the profits refer are both Cypriot tax residents and Cypriot domiciled entities. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the Company for the account of the shareholders. These provisions do not apply for ultimate beneficial owners that are non-Cypriot tax resident individuals. Retained earnings is the only reserve that is available for distribution.

The notes are an integral part of these interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the six months ended 31 March 2019

|                                                                                     | Notes | Six months ended<br>31 March<br>2019<br>Reviewed<br>US\$'000 | Six months ended<br>31 March<br>2018<br>Reviewed<br>US\$'000 | Year ended<br>30 Sept<br>2018<br>Audited<br>US\$'000 |
|-------------------------------------------------------------------------------------|-------|--------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------|
| <b>Cash flows from operating activities</b>                                         |       |                                                              |                                                              |                                                      |
| Profit for the period/year                                                          |       | <b>8 155</b>                                                 | 28 413                                                       | 50 972                                               |
| Adjustments for:                                                                    |       |                                                              |                                                              |                                                      |
| Depreciation of property, plant and equipment                                       | 10    | <b>13 517</b>                                                | 14 369                                                       | 29 858                                               |
| Loss on disposal of property, plant and equipment                                   |       | <b>15</b>                                                    | 13                                                           | 37                                                   |
| Gain on bargain purchase                                                            |       | <b>—</b>                                                     | (1 884)                                                      | (1 884)                                              |
| Share of loss of investment accounted for using the equity method                   | 11    | <b>816</b>                                                   | —                                                            | 62                                                   |
| Impairment loss/(reversal) and net realisable value write down of inventory         | 12    | <b>799</b>                                                   | (13)                                                         | 117                                                  |
| Impairment and write off of property, plant and equipment                           |       | <b>1 909</b>                                                 | 894                                                          | 3 897                                                |
| Changes in fair value of financial assets at fair value through profit or loss      |       | <b>(132)</b>                                                 | (1 204)                                                      | (1 262)                                              |
| Changes in fair value of financial liabilities at fair value through profit or loss |       | <b>(322)</b>                                                 | —                                                            | (155)                                                |
| Net foreign exchange loss/(profit)                                                  |       | <b>2 030</b>                                                 | (3 004)                                                      | (852)                                                |
| Interest income                                                                     |       | <b>(798)</b>                                                 | (695)                                                        | (1 279)                                              |
| Interest expense                                                                    |       | <b>4 475</b>                                                 | 5 130                                                        | 10 189                                               |
| Tax                                                                                 | 8     | <b>2 067</b>                                                 | 8 753                                                        | 14 011                                               |
| Equity-settled share-based payments                                                 |       | <b>1 047</b>                                                 | 1 978                                                        | 4 019                                                |
|                                                                                     |       | <b>33 578</b>                                                | 52 750                                                       | 107 730                                              |
| Changes in:                                                                         |       |                                                              |                                                              |                                                      |
| Inventories                                                                         |       | <b>(4 715)</b>                                               | (1 736)                                                      | (2 456)                                              |
| Trade and other receivables and contract assets                                     |       | <b>19 368</b>                                                | 576                                                          | (18 639)                                             |
| Trade and other payables and contract liabilities                                   |       | <b>(2 892)</b>                                               | (2 702)                                                      | 2 979                                                |
| Provisions                                                                          |       | <b>(1 027)</b>                                               | 2 454                                                        | 5 614                                                |
| Cash from operations                                                                |       | <b>44 312</b>                                                | 51 342                                                       | 95 228                                               |
| Income tax paid                                                                     |       | <b>(2 880)</b>                                               | (2 108)                                                      | (5 457)                                              |
| <b>Net cash flows from operating activities</b>                                     |       | <b>41 432</b>                                                | 49 234                                                       | 89 771                                               |
| <b>Cash flows from investing activities</b>                                         |       |                                                              |                                                              |                                                      |
| Interest received                                                                   |       | <b>746</b>                                                   | 636                                                          | 1 172                                                |
| Additions to property, plant and equipment                                          | 10    | <b>(24 348)</b>                                              | (17 670)                                                     | (40 454)                                             |
| Net cash outflow from business combination                                          |       | <b>—</b>                                                     | (21 840)                                                     | (21 840)                                             |
| Proceeds from disposal of property, plant and equipment                             |       | <b>42</b>                                                    | 55                                                           | 119                                                  |
| Additions to investments accounted for using the equity method                      |       | <b>(2 000)</b>                                               | —                                                            | (2 500)                                              |
| Additions to other financial assets                                                 |       | <b>(1 563)</b>                                               | (3 951)                                                      | (4 008)                                              |
| Refund of long-term deposits                                                        |       | <b>—</b>                                                     | 7 609                                                        | 7 110                                                |
| <b>Net cash flows used in investing activities</b>                                  |       | <b>(27 123)</b>                                              | (35 161)                                                     | (60 401)                                             |
| <b>Cash flows from financing activities</b>                                         |       |                                                              |                                                              |                                                      |
| Net (repayment)/proceeds from bank credit facilities                                | 14    | <b>(12 816)</b>                                              | (8 134)                                                      | 114                                                  |
| Advances received                                                                   | 14    | <b>19 673</b>                                                | 62 191                                                       | 68 220                                               |
| Repayment of borrowings                                                             | 14    | <b>(9 150)</b>                                               | (41 109)                                                     | (48 503)                                             |
| Lease payments                                                                      | 14    | <b>(3 101)</b>                                               | (4 608)                                                      | (6 463)                                              |
| Dividends paid                                                                      |       | <b>(5 276)</b>                                               | (13 010)                                                     | (18 214)                                             |
| Interest paid                                                                       |       | <b>(2 832)</b>                                               | (2 550)                                                      | (6 619)                                              |
| <b>Net cash flows used in financing activities</b>                                  |       | <b>(13 502)</b>                                              | (7 220)                                                      | (11 465)                                             |
| <b>Net increase in cash and cash equivalents</b>                                    |       | <b>807</b>                                                   | 6 853                                                        | 17 905                                               |
| Cash and cash equivalents at the beginning of the period/year                       |       | <b>66 791</b>                                                | 49 742                                                       | 49 742                                               |
| Effect of exchange rate fluctuations on cash held                                   |       | <b>(781)</b>                                                 | 3 335                                                        | (856)                                                |
| <b>Cash and cash equivalents at the end of the period/year</b>                      |       | <b>66 817</b>                                                | 59 930                                                       | 66 791                                               |

The notes are an integral part of these interim condensed consolidated financial statements.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
for the period ended 31 March 2019

**1. REPORTING ENTITY**

Tharisa plc (the 'Company') is a company domiciled in Cyprus. These interim condensed consolidated financial statements of the Company for the period ended 31 March 2019 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, processing, trading and the associated logistics. The Company is listed on the main board of the Johannesburg Stock Exchange with a secondary listing on the A2X Exchange as well as a secondary standard listing on the main board of the London Stock Exchange.

**2. BASIS OF PREPARATION**

**Statement of compliance**

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and the Listings Requirements of the Johannesburg Stock Exchange and the A2X Exchange. Selected explanatory notes are included to explain events and transactions that are significant to obtain an understanding of the changes in the financial position and performance of the Group since the last consolidated financial statements as at and for the year ended 30 September 2018. These interim condensed consolidated financial statements do not include all the information required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards ('IFRS'). The interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 30 September 2018, which have been prepared in accordance with IFRS.

These interim condensed consolidated financial statements were approved by the Board of Directors on 14 May 2019. These interim condensed consolidated financial statements for the six months ended 31 March 2019 have been reviewed by the Group's external auditors, not audited.

**Use of estimates and judgements**

Preparing the interim condensed consolidated 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 interim condensed consolidated 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 at and for the year ended 30 September 2018.

**Functional and presentation currency**

The interim condensed consolidated financial statements are presented in United States dollar (US\$) which is the Company's functional and presentation currency. Amounts are rounded to the nearest thousand.

The following US dollar: ZAR exchange rates were used when preparing the interim condensed consolidated financial statements:

- Closing rate: ZAR14.48 (31 March 2018: ZAR11.83 and 30 September 2018: ZAR14.14)
- Average rate: ZAR14.16 (31 March 2018: ZAR12.80 and 30 September 2018: ZAR13.08)

**Going concern**

After making enquiries which include reviews of current cash resources, forecasts and budgets, timing of cash flows, borrowing facilities and sensitivity analyses and considering the associated uncertainties to the Group's operations, the directors have a reasonable expectation that the Group has adequate financial resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the interim condensed consolidated financial statements.

**New and revised International Financial Reporting Standards and Interpretations**

The Group has early adopted IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases with effect from 1 October 2017 and the consolidated financial statements for the year ended 30 September 2018 have been prepared in accordance with these standards.

The Group has adopted the following new and/or revised standards and interpretations which became effective for the six months ended 31 March 2019:

- IFRS 2 Share-based Payment Transactions (amendment).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.

The adoption of these new/or revised standards and interpretations did not have a significant impact on the results of the Group.

A number of standards, amendments to standards and interpretations have been issued but are not yet effective for annual periods beginning on 1 October 2018. Other than IFRS 16 Leases, the Group has elected not to early adopt any of these standards, amendments to standards and interpretations.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended 30 September 2018.

**4. OPERATING SEGMENTS**

For management purposes, the chief operating decision makers of the Group, being the executive directors of the Company and the executive directors of the subsidiaries, report its results per segment. The Group currently has the following three segments:

- PGM segment
- Chrome segment
- Agency and trading segment



The operating results of each segment are monitored separately by the chief decision makers in order to assist them in making decisions regarding resource allocation as well as enabling them to evaluate performance. Segment performance is evaluated on a PGM ounce production and sales basis and on chrome concentrate tonnes production and sales basis. Third-party logistics, third-party trading, third-party chrome operations and external consulting services are evaluated individually but aggregated together as the agency and trading segment.

The Group's administrative costs, financing (including finance income and finance costs) and income taxes are managed on a group basis and are not allocated to a segment.

The accounting policies used by the Group in reporting segments internally are the same as those contained in the consolidated financial statements.

Due to the intrinsic nature of the Group's PGM and chrome concentrate production processes, assets are reported on a consolidated basis and cannot necessarily be allocated to a specific segment. Consequently, assets are not disclosed per segment in the following segmental information:

|                                                      | <b>PGM<br/>US\$'000</b> | <b>Chrome<br/>US\$'000</b> | <b>Agency and<br/>trading<br/>US\$'000</b> | <b>Total<br/>US\$'000</b> |
|------------------------------------------------------|-------------------------|----------------------------|--------------------------------------------|---------------------------|
| <b>Six months ended 31 March 2019<br/>(reviewed)</b> |                         |                            |                                            |                           |
| Revenue                                              | <b>57 960</b>           | <b>93 840</b>              | <b>14 719</b>                              | <b>166 519</b>            |
| <b>Cost of sales</b>                                 |                         |                            |                                            |                           |
| Manufacturing costs                                  | <b>(46 212)</b>         | <b>(44 239)</b>            | <b>(6 690)</b>                             | <b>(97 141)</b>           |
| Selling costs                                        | <b>(182)</b>            | <b>(20 643)</b>            | <b>(3 923)</b>                             | <b>(24 748)</b>           |
| Freight services                                     | <b>–</b>                | <b>(9 803)</b>             | <b>(2 692)</b>                             | <b>(12 495)</b>           |
|                                                      | <b>(46 394)</b>         | <b>(74 685)</b>            | <b>(13 305)</b>                            | <b>(134 384)</b>          |
| Gross profit                                         | <b>11 566</b>           | <b>19 155</b>              | <b>1 414</b>                               | <b>32 135</b>             |
| <b>Six months ended 31 March 2018<br/>(reviewed)</b> |                         |                            |                                            |                           |
| Revenue                                              | 55 458                  | 130 296                    | 13 425                                     | 199 179                   |
| <b>Cost of sales</b>                                 |                         |                            |                                            |                           |
| Manufacturing costs                                  | (39 711)                | (56 235)                   | (7 252)                                    | (103 198)                 |
| Selling costs                                        | (205)                   | (24 408)                   | (3 677)                                    | (28 290)                  |
| Freight services                                     | –                       | (10 419)                   | (1 529)                                    | (11 948)                  |
|                                                      | (39 916)                | (91 062)                   | (12 458)                                   | (143 436)                 |
| <b>Gross profit</b>                                  | <b>15 542</b>           | <b>39 234</b>              | <b>967</b>                                 | <b>55 743</b>             |
| <b>Year ended 30 Sept 2018<br/>(audited)</b>         |                         |                            |                                            |                           |
| Revenue                                              | 117 381                 | 250 351                    | 38 536                                     | 406 268                   |
| <b>Cost of sales</b>                                 |                         |                            |                                            |                           |
| Manufacturing costs                                  | (87 745)                | (106 485)                  | (21 695)                                   | (215 925)                 |
| Selling costs                                        | (399)                   | (48 343)                   | (9 711)                                    | (58 453)                  |
| Freight services                                     | –                       | (19 836)                   | (3 568)                                    | (23 404)                  |
|                                                      | (88 144)                | (174 664)                  | (34 974)                                   | (297 782)                 |
| <b>Gross profit</b>                                  | <b>29 237</b>           | <b>75 687</b>              | <b>3 562</b>                               | <b>108 486</b>            |

The shared costs relating to the manufacturing of PGM and chrome concentrates are allocated to the relevant operating segments based on the relative sales value per product on an ex-works basis. During the six months ended 31 March 2019, the relative sales value of PGM concentrate increased compared to the relative sales value of chrome concentrates and consequently the allocation basis of shared costs was amended to 55.0% for PGM concentrate and 45.0% for chrome concentrates. The allocation basis of shared costs was 45.0% (PGM concentrate) and 55.0% (chrome concentrates) in the comparative period while for the year ended 30 September 2018, shared costs were allocated equally.

Cost of sales includes a charge for the write off/impairment of property, plant and equipment totalling US\$1.9 million (six months ended 31 March 2018: US\$0.9 million and year ended 30 September 2018: US\$3.6 million) which mainly relates to mining equipment. The write off/impairment has been allocated to the PGM and chrome segments in accordance with the allocation basis of shared costs as described above.

## Geographical information

The following table sets out information about the geographical location of:

- The Group's revenue from external customers.
- The Group's property, plant and equipment, goodwill and the investment accounted for using the equity method ('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.

## Revenue from external customers

|                                                      | PGM<br>US\$'000 | Chrome<br>US\$'000 | Agency and<br>trading<br>US\$'000 | Total<br>US\$'000 |
|------------------------------------------------------|-----------------|--------------------|-----------------------------------|-------------------|
| <b>Six months ended 31 March 2019<br/>(reviewed)</b> |                 |                    |                                   |                   |
| South Africa                                         | 57 960          | 20 842             | 715                               | 79 517            |
| China                                                | –               | 29 482             | 286                               | 29 768            |
| Singapore                                            | –               | 6 163              | 13 352                            | 19 515            |
| Hong Kong                                            | –               | 37 353             | –                                 | 37 353            |
| Other countries                                      | –               | –                  | 366                               | 366               |
|                                                      | <b>57 960</b>   | <b>93 840</b>      | <b>14 719</b>                     | <b>166 519</b>    |
| <b>Six months ended 31 March 2018<br/>(reviewed)</b> |                 |                    |                                   |                   |
| South Africa                                         | 55 458          | 28 484             | 379                               | 84 321            |
| China                                                | –               | 42 518             | 4 800                             | 47 318            |
| Singapore                                            | –               | 532                | 1 656                             | 2 188             |
| Hong Kong                                            | –               | 58 762             | 6 590                             | 65 352            |
|                                                      | 55 458          | 130 296            | 13 425                            | 199 179           |
|                                                      | PGM<br>US\$'000 | Chrome<br>US\$'000 | Agency and<br>trading<br>US\$'000 | Total<br>US\$'000 |
| <b>Year ended 30 Sept 2018 (audited)</b>             |                 |                    |                                   |                   |
| South Africa                                         | 117 381         | 62 464             | 969                               | 180 814           |
| China                                                | –               | 86 866             | 9 894                             | 96 760            |
| Singapore                                            | –               | 10 942             | 17 088                            | 28 030            |
| Hong Kong                                            | –               | 89 733             | 9 453                             | 99 186            |
| Other countries                                      | –               | 346                | 1 132                             | 1 478             |
|                                                      | 117 381         | 250 351            | 38 536                            | 406 268           |

Revenue represents the sales value of goods supplied to customers, net of value added tax. The following table summarises sales to customers with whom transactions have individually exceeded 10.0% of the Group's revenues:

|            | <b>Six months ended<br/>31 March 2019<br/>Reviewed</b> |          | <b>Six months ended<br/>31 March 2018<br/>Reviewed</b> |          | <b>Year ended<br/>30 Sept 2018<br/>Audited</b> |          |
|------------|--------------------------------------------------------|----------|--------------------------------------------------------|----------|------------------------------------------------|----------|
|            | Segment                                                | US\$'000 | Segment                                                | US\$'000 | Segment                                        | US\$'000 |
| Customer 1 | PGM                                                    | 49 099   | PGM                                                    | 48 757   | PGM                                            | 101 560  |
| Customer 2 | Chrome                                                 | 21 328   | Chrome                                                 | 28 585   | Chrome                                         | 62 583   |
| Customer 3 | Chrome                                                 | 19 079   | Chrome                                                 | 22 659   | Chrome                                         | 46 186   |

|                                     | <b>31 March<br/>2019<br/>Reviewed<br/>US\$'000</b> | 31 March<br>2018<br>Reviewed<br>US\$'000 | 30 Sept<br>2018<br>Audited<br>US\$'000 |
|-------------------------------------|----------------------------------------------------|------------------------------------------|----------------------------------------|
| <b>Specified non-current assets</b> |                                                    |                                          |                                        |
| South Africa                        | <b>269 786</b>                                     | 309 451                                  | 265 042                                |
| Zimbabwe                            | <b>3 622</b>                                       | –                                        | 4 438                                  |
| Cyprus                              | <b>47</b>                                          | 44                                       | 73                                     |
|                                     | <b>273 455</b>                                     | 309 495                                  | 269 553                                |

Non-current assets includes property, plant and equipment, goodwill and the investment accounted for using the equity method.

## 5. REVENUE

|                                                      | <b>PGM<br/>US\$'000</b> | <b>Chrome<br/>US\$'000</b> | <b>Agency and<br/>trading<br/>US\$'000</b> | <b>Total<br/>US\$'000</b> |
|------------------------------------------------------|-------------------------|----------------------------|--------------------------------------------|---------------------------|
| <b>Six months ended 31 March 2019<br/>(reviewed)</b> |                         |                            |                                            |                           |
| Revenue recognised at a point in time                |                         |                            |                                            |                           |
| Variable revenue based on initial results            | <b>53 372</b>           | <b>63 223</b>              | <b>10 435</b>                              | <b>127 030</b>            |
| Quantity adjustments                                 | <b>263</b>              | <b>41</b>                  | <b>558</b>                                 | <b>862</b>                |
| Revenue based on fixed selling prices                | –                       | <b>20 773</b>              | <b>1 034</b>                               | <b>21 807</b>             |
| Revenue recognised over time                         |                         |                            |                                            |                           |
| Freight services*                                    | –                       | <b>9 803</b>               | <b>2 692</b>                               | <b>12 495</b>             |
| Revenue from contracts with customers                | <b>53 635</b>           | <b>93 840</b>              | <b>14 719</b>                              | <b>162 194</b>            |
| Fair value adjustments                               | <b>4 325</b>            | –                          | –                                          | <b>4 325</b>              |
| <b>Total revenue</b>                                 | <b>57 960</b>           | <b>93 840</b>              | <b>14 719</b>                              | <b>166 519</b>            |

|                                                      |               |                |               |                |
|------------------------------------------------------|---------------|----------------|---------------|----------------|
| <b>Six months ended 31 March 2018<br/>(reviewed)</b> |               |                |               |                |
| Revenue recognised at a point in time                |               |                |               |                |
| Variable revenue based on initial results            | 55 689        | 92 625         | 11 526        | 159 840        |
| Quantity adjustments                                 | (257)         | (1 231)        | (10)          | (1 498)        |
| Revenue based on fixed selling prices                | –             | 28 483         | 380           | 28 863         |
| Revenue recognised over time                         |               |                |               |                |
| Freight services                                     | –             | 10 419         | 1 529         | 11 948         |
| Revenue from contracts with customers                | 55 432        | 130 296        | 13 425        | 199 153        |
| Fair value adjustments                               | 26            | –              | –             | 26             |
| <b>Total revenue</b>                                 | <b>55 458</b> | <b>130 296</b> | <b>13 425</b> | <b>199 179</b> |

\* During the period 31 March 2019, revenue from freight services of US\$2.2 million was recognised which was classified as a contract liability at 30 September 2018.

|                                           | <b>PGM<br/>US\$'000</b> | <b>Chrome<br/>US\$'000</b> | <b>Agency and<br/>trading<br/>US\$'000</b> | <b>Total<br/>US\$'000</b> |
|-------------------------------------------|-------------------------|----------------------------|--------------------------------------------|---------------------------|
| <b>Year ended 30 Sept 2018 (audited)</b>  |                         |                            |                                            |                           |
| Revenue recognised at a point in time     |                         |                            |                                            |                           |
| Variable revenue based on initial results | 110 619                 | 169 092                    | 33 957                                     | 313 668                   |
| Quantity adjustments                      | 254                     | (1 041)                    | 42                                         | (745)                     |
| Revenue based on fixed selling prices     | –                       | 62 464                     | 915                                        | 63 379                    |
| Revenue recognised over time              |                         |                            |                                            |                           |
| Freight services                          | –                       | 19 836                     | 3 622                                      | 23 458                    |
| Revenue from contracts with customers     | 110 873                 | 250 351                    | 38 536                                     | 399 760                   |
| Fair value adjustments                    | 6 508                   | –                          | –                                          | 6 508                     |
| <b>Total revenue</b>                      | <b>117 381</b>          | <b>250 351</b>             | <b>38 536</b>                              | <b>406 268</b>            |

|                                                                             | <b>Six months<br/>ended<br/>31 March<br/>2019<br/>Reviewed<br/>US\$'000</b> | Six months<br>ended<br>31 March<br>2018<br>Reviewed<br>US\$'000 | Year<br>ended<br>30 Sept<br>2018<br>Audited<br>US\$'000 |
|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------------|
| <b>Variable revenue recognised</b>                                          |                                                                             |                                                                 |                                                         |
| PGM revenue recognised in preceding period/year based on initial results    | <b>(29 743)</b>                                                             | (28 994)                                                        | (28 994)                                                |
| PGM revenue based on final results                                          | <b>30 211</b>                                                               | 30 823                                                          | 30 823                                                  |
| PGM revenue adjustment recognised in current period/year                    | <b>468</b>                                                                  | 1 829                                                           | 1 829                                                   |
| Chrome revenue recognised in preceding period/year based on initial results | <b>(48 460)</b>                                                             | (41 197)                                                        | (41 197)                                                |
| Chrome revenue based on final results                                       | <b>48 682</b>                                                               | 41 177                                                          | 41 177                                                  |
| Chrome revenue adjustment recognised in current period/year                 | <b>222</b>                                                                  | (20)                                                            | (20)                                                    |

The six months ended 31 March 2019 includes PGM revenue of US\$31.3 million (six months ended 31 March 2018: US\$28.7 million and year ended 30 September 2018: US\$29.7 million) and chrome revenue of US\$31.0 million (six months ended 31 March 2018: US\$46.2 million and year ended 30 September 2018: US\$48.5 million) that was based on provisional results as final prices and surveys were not yet available at the date of this report.

## 6. COST OF SALES

|                                                             | <b>Six months<br/>ended<br/>31 March<br/>2019<br/>Reviewed<br/>US\$'000</b> | <b>Six months<br/>ended<br/>31 March<br/>2018<br/>Reviewed<br/>US\$'000</b> | <b>Year<br/>ended<br/>30 Sept<br/>2018<br/>Audited<br/>US\$'000</b> |
|-------------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------------------------------|
| Mining                                                      | 49 550                                                                      | 55 349                                                                      | 105 376                                                             |
| Salaries and wages                                          | 6 843                                                                       | 7 816                                                                       | 15 124                                                              |
| Utilities                                                   | 4 419                                                                       | 4 770                                                                       | 10 319                                                              |
| Diesel                                                      | 377                                                                         | 310                                                                         | 650                                                                 |
| Materials and consumables                                   | 5 774                                                                       | 5 605                                                                       | 11 174                                                              |
| Reagents                                                    | 2 123                                                                       | 2 287                                                                       | 4 471                                                               |
| Steel balls                                                 | 2 454                                                                       | 3 773                                                                       | 6 715                                                               |
| Overhead                                                    | 3 112                                                                       | 3 375                                                                       | 4 117                                                               |
| State royalties                                             | 1 277                                                                       | 1 595                                                                       | 2 916                                                               |
| Depreciation – property, plant and equipment                | 13 139                                                                      | 16 273                                                                      | 29 008                                                              |
| Cost of commodities                                         | 6 841                                                                       | 7 252                                                                       | 18 644                                                              |
| Impairment and write off of property, plant and equipment   | 1 909                                                                       | 894                                                                         | 3 630                                                               |
| Change in inventories – finished products and ore stockpile | (677)                                                                       | (6 101)                                                                     | 3 781                                                               |
| Total cost of sales excluding selling costs                 | 97 141                                                                      | 103 198                                                                     | 215 925                                                             |
| Selling costs                                               | 24 748                                                                      | 28 290                                                                      | 58 453                                                              |
| Freight services                                            | 12 495                                                                      | 11 948                                                                      | 23 404                                                              |
| <b>Cost of sales</b>                                        | <b>134 384</b>                                                              | <b>143 436</b>                                                              | <b>297 782</b>                                                      |

## 7. ADMINISTRATIVE EXPENSES

|                                                           | Six months<br>ended<br>31 March<br>2019<br>Reviewed<br>US\$'000 | Six months<br>ended<br>31 March<br>2018<br>Reviewed<br>US\$'000 | Year<br>ended<br>30 Sept<br>2018<br>Audited<br>US\$'000 |
|-----------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------------|
| Directors and staff costs                                 |                                                                 |                                                                 |                                                         |
| Non-executive directors                                   | 313                                                             | 295                                                             | 612                                                     |
| Employees: Salaries                                       | 6 310                                                           | 8 121                                                           | 15 459                                                  |
| Bonuses                                                   | 1 171                                                           | 2 650                                                           | 3 262                                                   |
| Pension fund, medical aid and other contributions         | 933                                                             | 843                                                             | 1 707                                                   |
|                                                           | <b>8 727</b>                                                    | 11 909                                                          | 21 040                                                  |
| Audit – external audit services                           | 143                                                             | 313                                                             | 490                                                     |
| Audit – other services*                                   | 5                                                               | –                                                               | 90                                                      |
| Consulting                                                | 932                                                             | 697                                                             | 2 611                                                   |
| Corporate and social investment                           | 55                                                              | 30                                                              | 157                                                     |
| Depreciation                                              | 378                                                             | 500                                                             | 850                                                     |
| Discount facility and related fees                        | 380                                                             | 432                                                             | 701                                                     |
| Equity-settled share-based payment expense                | 1 047                                                           | 1 978                                                           | 4 019                                                   |
| Internal audit                                            | 39                                                              | 39                                                              | 206                                                     |
| Listing fees and investor relations                       | 85                                                              | –                                                               | 461                                                     |
| Health and safety                                         | 495                                                             | 419                                                             | 1 019                                                   |
| Impairment and write off of property, plant and equipment | –                                                               | –                                                               | 267                                                     |
| Insurance                                                 | 380                                                             | 377                                                             | 697                                                     |
| Legal and professional                                    | 206                                                             | 236                                                             | 634                                                     |
| Loss on disposal of property, plant and equipment         | 16                                                              | 13                                                              | 37                                                      |
| Office administration, rent and utilities                 | 443                                                             | 315                                                             | 1 296                                                   |
| Security                                                  | 695                                                             | 1 193                                                           | 1 776                                                   |
| Telecommunications and IT related                         | 1 425                                                           | 793                                                             | 1 374                                                   |
| Training                                                  | 169                                                             | 150                                                             | 504                                                     |
| Travelling and accommodation                              | 397                                                             | 214                                                             | 410                                                     |
| Sundry                                                    | 305                                                             | 814                                                             | 593                                                     |
|                                                           | <b>16 322</b>                                                   | 20 422                                                          | 39 232                                                  |

\* Other services paid to the external auditor relates to tax and accounting services as approved by the Audit Committee.

|                     | 31 March<br>2019<br>Reviewed | 31 March<br>2018<br>Reviewed | 30 Sept<br>2018<br>Audited |
|---------------------|------------------------------|------------------------------|----------------------------|
| Number of employees | 1 787                        | 1 723                        | 1 758                      |

## 8. TAX

|                                                                                                                                    | Six months ended<br>31 March<br>2019<br>Reviewed<br>US\$'000 | Six months ended<br>31 March<br>2018<br>Reviewed<br>US\$'000 | Year ended<br>30 Sept<br>2018<br>Audited<br>US\$'000 |
|------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------|
| Corporate income tax for the period/year                                                                                           |                                                              |                                                              |                                                      |
| Cyprus                                                                                                                             | 1 089                                                        | 1 457                                                        | 2 913                                                |
| South Africa                                                                                                                       | 785                                                          | 1 300                                                        | 3 002                                                |
|                                                                                                                                    | 1 874                                                        | 2 757                                                        | 5 915                                                |
| Special contribution for defence in Cyprus                                                                                         | 3                                                            | 2                                                            | 5                                                    |
| Deferred tax                                                                                                                       |                                                              |                                                              |                                                      |
| Originating and reversal of temporary differences                                                                                  | 190                                                          | 5 836                                                        | 7 933                                                |
| Dividend withholding tax                                                                                                           | –                                                            | 158                                                          | 158                                                  |
| Tax charge                                                                                                                         | 2 067                                                        | 8 753                                                        | 14 011                                               |
| <b>Reconciliation between tax charge and accounting profit at applicable tax rates</b>                                             |                                                              |                                                              |                                                      |
| Profit before tax                                                                                                                  | 10 222                                                       | 37 166                                                       | 64 983                                               |
| Add share of loss of investment accounted for using the equity method                                                              | 816                                                          | –                                                            | 62                                                   |
| Tharisa plc and subsidiary companies' profit before tax                                                                            | 11 038                                                       | 37 166                                                       | 65 045                                               |
| Notional tax on profit before tax, calculated at the Cypriot income tax rate of 12.5% (31 March 2018 and 30 September 2018: 12.5%) | 1 380                                                        | 4 646                                                        | 8 131                                                |
| Tax effects of:                                                                                                                    |                                                              |                                                              |                                                      |
| Different tax rates from the standard Cypriot income tax rate                                                                      | 542                                                          | 3 485                                                        | 4 978                                                |
| Tax exempt income                                                                                                                  |                                                              |                                                              |                                                      |
| Gain on bargain purchase                                                                                                           | –                                                            | –                                                            | (230)                                                |
| Interest received                                                                                                                  | –                                                            | (8)                                                          | (12)                                                 |
| Other                                                                                                                              | (2)                                                          | –                                                            | –                                                    |
| Non-deductible expenses                                                                                                            |                                                              |                                                              |                                                      |
| Investment related                                                                                                                 | 78                                                           | 411                                                          | 856                                                  |
| Interest paid                                                                                                                      | 4                                                            | 2                                                            | 5                                                    |
| Capital expenses                                                                                                                   | 33                                                           | 58                                                           | 63                                                   |
| Other                                                                                                                              | –                                                            | 134                                                          | 152                                                  |
| Tax losses not recognised                                                                                                          | (3)                                                          | –                                                            | –                                                    |
| Recognition of deemed interest income for tax purposes                                                                             | 35                                                           | 25                                                           | 68                                                   |
| <b>Income tax charge for the period/year</b>                                                                                       | <b>2 067</b>                                                 | <b>8 753</b>                                                 | <b>14 011</b>                                        |

Tax is recognised 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 period/year.

Under certain conditions interest income may be subject to defence contribution at the rate of 30.0% in Cyprus. Such interest income is treated as non-taxable in the computation of corporation taxable income. In certain instances, dividends received from abroad may be subject to defence contribution at the rate of 17.0%.

The Group's consolidated effective tax rate for the six months ended 31 March 2019 was 20.2% (six months ended 31 March 2018: 23.6% and year ended 30 September 2018: 21.6%).

At 31 March 2019, the Group's unredeemed capital balance available for offset against future mining taxable income in South Africa amounted to US\$104.9 million (31 March 2018: US\$124.0 million and 30 September 2018: US\$111.1 million).

Other than Cyprus and South Africa, no provision for tax in other jurisdictions was made as these entities either sustained losses for taxation purposes or did not earn any assessable profits.

## 9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share and headline and diluted earnings per share have been based on the profit attributable to the ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding. Treasury shares are excluded from the weighted average number of ordinary shares outstanding. Vested share appreciation rights ("SARS") issued to employees at award prices lower than the current share price, results in a potential dilutive impact on the weighted average number of issued ordinary shares and have been included in the calculation of dilutive weighted average number of issued ordinary shares. Vested SARS issued to employees at award prices higher than the current share price, were excluded from the calculation of diluted weighted average number of issued ordinary shares because their effect would have been anti-dilutive.

### Basic and diluted earnings per share

|                                                                                         | Six months<br>ended<br>31 March<br>2019<br>Reviewed | Six months<br>ended<br>31 March<br>2018<br>Reviewed | Year<br>ended<br>30 Sept<br>2018<br>Audited |
|-----------------------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|---------------------------------------------|
| Profit for the year attributable to ordinary shareholders (US\$'000)                    | 9 488                                               | 25 960                                              | 48 433                                      |
| Number of shares in issue at the end of the period ('000)                               | 265 000                                             | 261 000                                             | 265 000                                     |
| Less: Treasury shares                                                                   | (1 196)                                             | (806)                                               | (4 098)                                     |
| Number of shares in issue at the end of the period ('000)                               | 263 804                                             | 260 194                                             | 260 902                                     |
| Weighted average number of issued ordinary shares for basic earnings per share ('000)   | 262 358                                             | 260 141                                             | 260 329                                     |
| Weighted average number of issued ordinary shares for diluted earnings per share ('000) | 264 171                                             | 261 782                                             | 264 531                                     |
| <b>Earnings per share</b>                                                               |                                                     |                                                     |                                             |
| Basic (US\$ cents)                                                                      | 4                                                   | 10                                                  | 19                                          |
| Diluted (US\$ cents)                                                                    | 4                                                   | 10                                                  | 18                                          |

### Headline and diluted headline earnings per share

|                                                                                                  | Six months<br>ended<br>31 March<br>2019<br>Reviewed | Six months<br>ended<br>31 March<br>2018<br>Reviewed | Year<br>ended<br>30 Sept<br>2018<br>Audited |
|--------------------------------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|---------------------------------------------|
| Headline earnings for the year attributable to ordinary shareholders (US\$'000)                  | 10 513                                              | 25 722                                              | 49 134                                      |
| Weighted average number of issued ordinary shares for basic headline earnings per share ('000)   | 262 358                                             | 260 141                                             | 260 329                                     |
| Weighted average number of issued ordinary shares for diluted headline earnings per share ('000) | 264 171                                             | 261 782                                             | 264 531                                     |
| <b>Headline earnings per share</b>                                                               |                                                     |                                                     |                                             |
| Basic (US\$ cents)                                                                               | 4                                                   | 10                                                  | 19                                          |
| Diluted (US\$ cents)                                                                             | 4                                                   | 10                                                  | 19                                          |

## Reconciliation of profit to headline earnings

|                                                                 | Six months ended 31 March 2019<br>(Reviewed) |                 |                                             |                 | Six months<br>ended<br>31 March<br>2018<br>Net<br>Reviewed<br>US\$'000 | Year<br>ended<br>30 Sept<br>2018<br>Net<br>Audited<br>US\$'000 |
|-----------------------------------------------------------------|----------------------------------------------|-----------------|---------------------------------------------|-----------------|------------------------------------------------------------------------|----------------------------------------------------------------|
|                                                                 | Gross<br>US\$'000                            | Tax<br>US\$'000 | Non-<br>controlling<br>interest<br>US\$'000 | Net<br>US\$'000 |                                                                        |                                                                |
| <b>Profit attributable to ordinary shareholders</b>             |                                              |                 |                                             | <b>9 488</b>    | 25 960                                                                 | 48 433                                                         |
| Adjustments:                                                    |                                              |                 |                                             |                 |                                                                        |                                                                |
| Gain on bargain purchase                                        | –                                            | –               | –                                           | –               | (1 394)                                                                | (1 394)                                                        |
| Impairment of property, plant and equipment                     | <b>1 909</b>                                 | <b>(535)</b>    | <b>(357)</b>                                | <b>1 017</b>    | 477                                                                    | 2 076                                                          |
| Exchange loss on net change in investment in foreign subsidiary | –                                            | –               | –                                           | –               | 672                                                                    | –                                                              |
| Loss on disposal of property, plant and equipment               | <b>15</b>                                    | <b>(4)</b>      | <b>(3)</b>                                  | <b>8</b>        | 7                                                                      | 19                                                             |
| <b>Headline earnings</b>                                        |                                              |                 |                                             | <b>10 513</b>   | 25 722                                                                 | 49 134                                                         |

## 10. PROPERTY, PLANT AND EQUIPMENT

|                                             | 31 March<br>2019<br>Reviewed<br>US\$'000 | 31 March<br>2018<br>Reviewed<br>US\$'000 | 30 Sept<br>2018<br>Audited<br>US\$'000 |
|---------------------------------------------|------------------------------------------|------------------------------------------|----------------------------------------|
| Cost                                        | <b>369 603</b>                           | 396 139                                  | 353 201                                |
| Accumulated depreciation                    | <b>(100 555)</b>                         | (87 605)                                 | (88 890)                               |
| <b>Net book value</b>                       | <b>269 048</b>                           | 308 534                                  | 264 311                                |
| <b>Reconciliation of net book value</b>     |                                          |                                          |                                        |
| Balance at the beginning of the period/year | <b>264 311</b>                           | 232 559                                  | 232 559                                |
| Adoption of IFRS 16                         | –                                        | 1 166                                    | 1 166                                  |
|                                             | <b>264 311</b>                           | 233 725                                  | 233 725                                |
| Recognition of right-of-use asset           | <b>2 220</b>                             | 5 214                                    | 7 701                                  |
| Additions                                   | <b>24 348</b>                            | 17 670                                   | 40 454                                 |
| Business combination                        | –                                        | 29 879                                   | 29 879                                 |
| Remeasurement                               | <b>17</b>                                | –                                        | –                                      |
| Disposal                                    | <b>(57)</b>                              | (68)                                     | (156)                                  |
| Depreciation                                | <b>(13 517)</b>                          | (14 369)                                 | (29 858)                               |
| Impairment and assets written off           | <b>(1 909)</b>                           | (894)                                    | (3 897)                                |
| Exchange adjustment on translation          | <b>(6 365)</b>                           | 37 377                                   | (13 537)                               |
|                                             | <b>269 048</b>                           | 308 534                                  | 264 311                                |

There were no additions to the deferred stripping asset during the six months ended 31 March 2019. During the six months ended 31 March 2018 and the year ended 30 September 2018, additions to property, plant and equipment includes additions to the deferred stripping asset of US\$1.0 million and US\$1.3 million respectively.

The estimated economically recoverable proved and probable mineral reserve was reassessed at 1 October 2018 which gave rise to a change in accounting estimate. The remaining reserve that management had previously assessed was 97.0 Mt (at 1 October 2017) and at 1 October 2018 was assessed to be 92.9 Mt. After taking into account depletion of the reserve during the year ended 30 September 2018 (4.9 Mt), the remaining reserve increased by 0.8 Mt at 1 October 2018.

As a result the expected useful life of the plant increased. The impact of the change on the actual depreciation expense, included in cost of sales, is a reduced depreciation charge of US\$0.2 million.

Included in mining assets and infrastructure are projects under construction of US\$21.4 million (31 March 2018: US\$25.3 million and 30 September 2018: US\$20.5 million).



## Securities

At 31 March 2019, US\$11.4 million of the carrying amount of the Group's mining fleet was pledged as security against the equipment loan facility (31 March 2018: US\$6.1 million and 30 September 2018: US\$11.4 million).

## Assets written off/impairment

During the six months ended 31 March 2019, the Group impaired and scrapped assets totalling US\$1.9 million (six months ended 31 March 2018: US\$0.9 million and year ended 30 September 2018: US\$3.9 million). The impairment and assets written off relate to mining fleet identified as no longer fit for use and premature component failures.

## 11. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

During the year ended 30 September 2018, the Group acquired 26.8% of the issued share capital of Karo Mining Holdings Limited ('Karo Holdings'), a company incorporated in Cyprus, for a total cash consideration of US\$4.5 million from the Leto Settlement, a related party.

|                                                                       | 31 March<br>2019<br>Reviewed<br>US\$'000 | 31 March<br>2018<br>Reviewed<br>US\$'000 | 30 Sept<br>2018<br>Audited<br>US\$'000 |
|-----------------------------------------------------------------------|------------------------------------------|------------------------------------------|----------------------------------------|
| <b>Investment in Karo Holdings</b>                                    |                                          |                                          |                                        |
| Opening balance                                                       | 4 438                                    | –                                        | –                                      |
| Shares acquired                                                       | –                                        | –                                        | 4 500                                  |
| Share of total comprehensive loss                                     | (816)                                    | –                                        | (62)                                   |
|                                                                       | 3 622                                    | –                                        | 4 438                                  |
| <b>Total share of comprehensive loss</b>                              | <b>(816)</b>                             | <b>–</b>                                 | <b>(62)</b>                            |
| <b>Summarised consolidated financial information of Karo Holdings</b> |                                          |                                          |                                        |
| <b>Summarised statement of financial position</b>                     |                                          |                                          |                                        |
| Non-current assets                                                    | 484                                      | –                                        | 122                                    |
| Current assets                                                        | 174                                      | –                                        | 3                                      |
| Non-current liabilities                                               | (2 250)                                  | –                                        | (264)                                  |
| Current liabilities                                                   | (1 684)                                  | –                                        | (91)                                   |
| <b>Net deficit (100%)</b>                                             | <b>(3 276)</b>                           | <b>–</b>                                 | <b>(230)</b>                           |
| <b>Summarised statement of comprehensive income</b>                   |                                          |                                          |                                        |
| Operating expenses                                                    | (2 986)                                  | –                                        | (290)                                  |
| Tax                                                                   | (60)                                     | –                                        | 60                                     |
| <b>Total comprehensive loss</b>                                       | <b>(3 046)</b>                           | <b>–</b>                                 | <b>(230)</b>                           |
| <b>Carrying amount of investment</b>                                  |                                          |                                          |                                        |
| Group's share of net deficit (26.8%)                                  | (878)                                    | –                                        | (62)                                   |
| Purchase consideration                                                | 4 500                                    | –                                        | 4 500                                  |
| Carrying amount                                                       | 3 622                                    | –                                        | 4 438                                  |

Karo Holdings entered into an Investment Project Framework Agreement with the Republic of Zimbabwe in terms of which Karo Holdings, through any of its Zimbabwean incorporated subsidiaries (refer to note 16), has undertaken to establish a platinum group metals mine, concentrators, smelters, a base metal and precious metals refinery as well as power generation capacity for the operations. The functional and presentation currency of Karo Holdings and its subsidiaries is US\$.

## Contingencies and commitments

The Group has undertaken to provide funding up to US\$8.0 million to Karo Holdings as a repayable debt facility. This will be utilised to undertake initial geological exploration and sampling work to determine a compliant mineral resource which will enhance the value of the investment in Karo Holdings.

## 12. INVENTORIES

|                                                      | 31 March<br>2019<br>Reviewed<br>US\$'000 | 31 March<br>2018<br>Reviewed<br>US\$'000 | 30 Sept<br>2018<br>Audited<br>US\$'000 |
|------------------------------------------------------|------------------------------------------|------------------------------------------|----------------------------------------|
| Finished products                                    | 8 808                                    | 8 853                                    | 7 199                                  |
| Ore stockpile                                        | 1 186                                    | 4 798                                    | 1 338                                  |
| Consumables                                          | 17 216                                   | 13 239                                   | 14 623                                 |
|                                                      | 27 210                                   | 26 890                                   | 23 160                                 |
| (Impairment)/impairment reversal of consumables      | (19)                                     | 13                                       | (117)                                  |
| Net realisable value write down of finished products | (780)                                    | –                                        | –                                      |
|                                                      | (799)                                    | 13                                       | (117)                                  |
| <b>Total carrying amount</b>                         | <b>26 411</b>                            | <b>26 903</b>                            | <b>23 043</b>                          |

Inventories are stated at the lower of cost or net realisable value. During the period ended 31 March 2019, the Group impaired certain consumables and spares as the operational use became doubtful with no anticipated recoverable amount or value in use. The impairment charge is allocated 55.0% to the PGM segment and 45.0% to the chrome segment (31 March 2018: impairment reversal allocated 45.0% to the PGM segment and 55.0% to the chrome segment and 30 September 2018: allocated equally between the PGM segment and chrome segment).

PGM finished products were written down to the net realisable value during the period ended 31 March 2019. The net realisable value write down amounted to US\$0.8 million (31 March 2018 and 30 September 2018: no net realisable write downs) and is allocated to the PGM segment.

## 13. SHARE CAPITAL AND PREMIUM

### Share capital and premium

The Company did not issue any ordinary shares during the period ended 31 March 2019 and 31 March 2018. Allotments during the year ended 30 September 2018 were in respect of 4 000 000 ordinary shares issued as treasury shares to satisfy the vesting of conditional awards and potential future settlement of appreciation rights of the participants' of the Tharisa Share Award Plan.

During the period ended 31 March 2019, 2 901 430 (period ended 31 March 2018: 181 074 and year ended 30 September 2018: 889 703) ordinary shares were transferred from treasury shares to satisfy the transfer of vested conditional awards and the exercise of appreciation rights by the participants of the Tharisa Share Award Plan.

At 31 March 2019, the Company had 265 000 000 (31 March 2018: 261 000 000 and 30 September 2018: 265 000 000) ordinary shares in issue of which 1 196 141 (31 March 2018: 806 200 and 30 September 2018: 4 097 571) were held in treasury.

## 14. BORROWINGS

|                                                     | 31 March<br>2019<br>Reviewed<br>US\$'000 | 31 March<br>2018<br>Reviewed<br>US\$'000 | 30 Sept<br>2018<br>Audited<br>US\$'000 |
|-----------------------------------------------------|------------------------------------------|------------------------------------------|----------------------------------------|
| <b>Non-current</b>                                  |                                          |                                          |                                        |
| Facilities                                          | 8 937                                    | 21 865                                   | 13 711                                 |
| Equipment loan facility                             | 9 742                                    | 4 114                                    | 1 931                                  |
| Finance leases                                      | 6 466                                    | 9 074                                    | 7 505                                  |
| Loan                                                | 3 019                                    | –                                        | 4 134                                  |
|                                                     | <b>28 164</b>                            | 35 053                                   | 27 281                                 |
| <b>Current</b>                                      |                                          |                                          |                                        |
| Facilities                                          | 17 212                                   | 10 860                                   | 9 104                                  |
| Equipment loan facility                             | 6 064                                    | 5 370                                    | 5 564                                  |
| Finance leases                                      | 4 841                                    | 4 951                                    | 4 299                                  |
| Loan                                                | 1 986                                    | –                                        | 1 928                                  |
| Bank credit facilities                              | 16 435                                   | 20 938                                   | 29 243                                 |
|                                                     | <b>46 538</b>                            | 42 119                                   | 50 138                                 |
| <b>Finance leases</b>                               |                                          |                                          |                                        |
| <b>Minimum lease payments due:</b>                  |                                          |                                          |                                        |
| Within one year                                     | 5 810                                    | 6 103                                    | 5 284                                  |
| Two to five years                                   | 7 759                                    | 10 190                                   | 8 930                                  |
|                                                     | <b>13 569</b>                            | 16 293                                   | 14 214                                 |
| Less: Future finance charges                        | (2 262)                                  | (2 268)                                  | (2 410)                                |
| Present value of minimum lease payments due         | <b>11 307</b>                            | 14 025                                   | 11 804                                 |
| <b>Present value of minimum lease payments due:</b> |                                          |                                          |                                        |
| Within one year                                     | 4 929                                    | 4 951                                    | 4 293                                  |
| Two to five years                                   | 6 378                                    | 9 074                                    | 7 511                                  |
|                                                     | <b>11 307</b>                            | 14 025                                   | 11 804                                 |

During the six months ended 31 March 2019, a financial covenant relating to the facilities of Tharisa Minerals Proprietary Limited was reset with the EBITDA to interest cover being reduced from greater than 4.0 times to greater than 3.0 times as at the 31 March 2019 and 30 September 2019 ratio measurement dates. All other financial covenants remained unchanged.

At 31 March 2019, 31 March 2018 and 30 September 2018 the Group complied with all financial covenants associated to the borrowings.

The Group had unutilised borrowing facilities of US\$19.3 million (ZAR280 million) available at 31 March 2019 (31 March 2018: US\$33.8 million (ZAR400 million) and 30 September 2018: US\$28.3 million (ZAR400 million)).

#### 14. BORROWINGS continued

|                                                    | 31 March 2019 (reviewed) |                                        | 31 March 2019 (reviewed)      |                                       | 31 March 2019 (reviewed) |                                 | 31 March 2018<br>Reviewed<br>US\$'000 | 30 Sept 2018<br>Audited<br>US\$'000 |
|----------------------------------------------------|--------------------------|----------------------------------------|-------------------------------|---------------------------------------|--------------------------|---------------------------------|---------------------------------------|-------------------------------------|
|                                                    | Facilities<br>US\$'000   | Equipment<br>loan facility<br>US\$'000 | Finance<br>leases<br>US\$'000 | Bank credit<br>facilities<br>US\$'000 | Loan<br>US\$'000         | Total<br>borrowings<br>US\$'000 |                                       |                                     |
| <b>Balance at the beginning of the period/year</b> | <b>22 815</b>            | <b>7 495</b>                           | <b>11 804</b>                 | <b>29 243</b>                         | <b>6 062</b>             | <b>77 419</b>                   | 49 401                                | 49 401                              |
| Adoption of IFRS 16                                | –                        | –                                      | –                             | –                                     | –                        | –                               | 1 205                                 | 1 205                               |
|                                                    | <b>22 815</b>            | <b>7 495</b>                           | <b>11 804</b>                 | <b>29 243</b>                         | <b>6 062</b>             | <b>77 419</b>                   | 50 606                                | 50 606                              |
| <b>Changes from financing cash flows</b>           |                          |                                        |                               |                                       |                          |                                 |                                       |                                     |
| Advances: bank credit facilities                   | –                        | –                                      | –                             | <b>75 569</b>                         | –                        | <b>75 569</b>                   | 90 243                                | 192 834                             |
| Repayment: bank credit facilities                  | –                        | –                                      | –                             | <b>(88 385)</b>                       | –                        | <b>(88 385)</b>                 | (98 377)                              | (192 720)                           |
| Net (repayment)/proceeds of bank credit facilities | –                        | –                                      | –                             | <b>(12 816)</b>                       | –                        | <b>(12 816)</b>                 | (8 134)                               | 114                                 |
| Advances received                                  | <b>8 476</b>             | <b>11 197</b>                          | –                             | –                                     | –                        | <b>19 673</b>                   | 62 191                                | 68 220                              |
| Repayment of borrowings                            | <b>(4 709)</b>           | <b>(3 504)</b>                         | –                             | –                                     | <b>(937)</b>             | <b>(9 150)</b>                  | (41 109)                              | (48 503)                            |
| Lease payments                                     | –                        | –                                      | <b>(3 101)</b>                | –                                     | –                        | <b>(3 101)</b>                  | (4 608)                               | (6 463)                             |
| Repayment of interest                              | <b>(1 371)</b>           | <b>(335)</b>                           | –                             | <b>(273)</b>                          | <b>(314)</b>             | <b>(2 293)</b>                  | (2 550)                               | (4 433)                             |
| <b>Changes from financing cash flows</b>           | <b>2 396</b>             | <b>7 358</b>                           | <b>(3 101)</b>                | <b>(13 089)</b>                       | <b>(1 251)</b>           | <b>(7 687)</b>                  | 5 790                                 | 8 935                               |
| <b>Foreign currency translation differences</b>    | <b>(615)</b>             | <b>(366)</b>                           | <b>(268)</b>                  | –                                     | <b>(120)</b>             | <b>(1 369)</b>                  | 5 545                                 | (3 285)                             |
| <b>Liability-related changes</b>                   |                          |                                        |                               |                                       |                          |                                 |                                       |                                     |
| Lease agreements entered into                      | –                        | –                                      | <b>2 237</b>                  | –                                     | –                        | <b>2 237</b>                    | 5 214                                 | 7 656                               |
| Business combination                               | –                        | –                                      | –                             | –                                     | –                        | –                               | 7 003                                 | 7 003                               |
| Interest expense                                   | <b>1 553</b>             | <b>414</b>                             | <b>644</b>                    | <b>281</b>                            | <b>314</b>               | <b>3 206</b>                    | 4 184                                 | 6 021                               |
| Revaluation of foreign denominated loan            | –                        | <b>905</b>                             | <b>(9)</b>                    | –                                     | –                        | <b>896</b>                      | (1 170)                               | 483                                 |
| <b>Total liability-related changes</b>             | <b>1 553</b>             | <b>1 319</b>                           | <b>2 872</b>                  | <b>281</b>                            | <b>314</b>               | <b>6 339</b>                    | 15 231                                | 21 163                              |
| <b>Balance at the end of the period/year</b>       | <b>26 149</b>            | <b>15 806</b>                          | <b>11 307</b>                 | <b>16 435</b>                         | <b>5 005</b>             | <b>74 702</b>                   | 77 172                                | 77 419                              |
| Non-current borrowings                             | <b>8 937</b>             | <b>9 742</b>                           | <b>6 466</b>                  | –                                     | <b>3 019</b>             | <b>28 164</b>                   | 35 053                                | 27 281                              |
| Current borrowings                                 | <b>17 212</b>            | <b>6 064</b>                           | <b>4 841</b>                  | <b>16 435</b>                         | <b>1 986</b>             | <b>46 538</b>                   | 42 119                                | 50 138                              |
| <b>Total borrowings</b>                            | <b>26 149</b>            | <b>15 806</b>                          | <b>11 307</b>                 | <b>16 435</b>                         | <b>5 005</b>             | <b>74 702</b>                   | 77 172                                | 77 419                              |

## 15. FINANCIAL RISK MANAGEMENT

|                                                                             | Fair<br>value<br>level | 31 March<br>2019<br>Reviewed<br>US\$'000 | 31 March<br>2018<br>Reviewed<br>US\$'000 | 30 Sept<br>2018<br>Audited<br>US\$'000 |
|-----------------------------------------------------------------------------|------------------------|------------------------------------------|------------------------------------------|----------------------------------------|
| <b>Financial assets measured at fair value</b>                              |                        |                                          |                                          |                                        |
| Investments in equity instruments                                           | Level 1                | 22                                       | 37                                       | 40                                     |
| Investments in money markets, current accounts, cash funds and income funds | Level 2                | 6 141                                    | 5 791                                    | 5 012                                  |
| Discount facility                                                           | Level 2                | –                                        | 676                                      | –                                      |
| Forward exchange contracts                                                  | Level 2                | –                                        | 188                                      | 804                                    |
| Option to acquire shares in Salene Chrome Zimbabwe (Private) Limited        | Level 3                | 634                                      | –                                        | 142                                    |
| <b>Trade and other receivables measured at fair value</b>                   |                        |                                          |                                          |                                        |
| PGM receivable                                                              | Level 2                | 24 326                                   | 18 261                                   | 25 355                                 |
| <b>Financial liabilities measured at fair value</b>                         |                        |                                          |                                          |                                        |
| Discount facility                                                           | Level 2                | 662                                      | –                                        | 1 000                                  |
| Forward exchange contracts                                                  | Level 2                | 382                                      | –                                        | –                                      |
| <b>Financial assets at amortised cost</b>                                   |                        |                                          |                                          |                                        |
| Trade receivables                                                           |                        | 24 997                                   | 44 634                                   | 38 645                                 |
| Contract assets                                                             |                        | 1 059                                    | –                                        | 2 229                                  |
| Cash and cash equivalents                                                   |                        | 66 817                                   | 59 930                                   | 66 791                                 |
| <b>Financial liabilities at amortised cost</b>                              |                        |                                          |                                          |                                        |
| Borrowings                                                                  |                        | 74 702                                   | 77 172                                   | 77 419                                 |
| Contract liabilities                                                        |                        | 1 059                                    | –                                        | 2 229                                  |
| Trade payables                                                              |                        | 14 003                                   | 30 131                                   | 18 363                                 |

There were no transfers between level 1 and level 2 fair value measurements during the reporting periods.

The Group considers that the fair values of the financial assets and financial liabilities approximate their carrying values at each reporting date.

### Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments (highest level).
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation methodologies in which all significant inputs are directly or indirectly based on observable market data.
- Level 3: fair values measured using valuation methodologies in which any significant inputs are not based on observable market data.

## 16. RELATED PARTY TRANSACTIONS AND BALANCES

In the normal course of the business, the Group enters into various transactions with related parties. Related party transactions exist between shareholders, directors, directors of subsidiaries and key management personnel. Outstanding balances at each reporting period are unsecured and settlement occurs in cash. All intergroup transactions have been eliminated on consolidation.

|  | <b>31 March<br/>2019<br/>Reviewed<br/>US\$'000</b> | 31 March<br>2018<br>Reviewed<br>US\$'000 | 30 Sept<br>2018<br>Audited<br>US\$'000 |
|--|----------------------------------------------------|------------------------------------------|----------------------------------------|
|--|----------------------------------------------------|------------------------------------------|----------------------------------------|

### Transactions and balances with related parties:

#### Other financial assets

|                                                                      |            |   |     |
|----------------------------------------------------------------------|------------|---|-----|
| Option to acquire shares in Salene Chrome Zimbabwe (Private) Limited | <b>634</b> | – | 142 |
|----------------------------------------------------------------------|------------|---|-----|

The Company has been granted a call option to acquire a 90.0% shareholding in Salene Chrome Zimbabwe (Private) Limited ('Salene') a company incorporated in Zimbabwe from the Leto Settlement, a related party. Salene holds certain special grants under the Zimbabwe Mines and Minerals Act which entitles it to prospect/mine the minerals thereon. The call option is exercisable upon completion of an initial exploration programme.

In consideration of the call option, the Group will undertake the initial exploration programme including the costs thereof up to an amount of US\$3.2 million. The decision to exercise the call option is at the Group's election.

At the reporting dates, insufficient information was available to accurately determine the fair value of the call option, more specifically the value of the net assets of the special grants or the profits attributable thereto. The Group believes this may only be possible once the initial exploration programme has been completed. As a result, the fair value at each reporting date represents the aggregate of the initial exploration programme costs.

|                                          | <b>31 March<br/>2019<br/>Reviewed<br/>US\$'000</b> | 31 March<br>2018<br>Reviewed<br>US\$'000 | 30 Sept<br>2018<br>Audited<br>US\$'000 |
|------------------------------------------|----------------------------------------------------|------------------------------------------|----------------------------------------|
| <b>Trade and other receivables</b>       |                                                    |                                          |                                        |
| The Tharisa Community Trust              | <b>5</b>                                           | 5                                        | 1                                      |
| Rocasize Proprietary Limited             | <b>61</b>                                          | 103                                      | 71                                     |
| Karo Mining Holdings Limited             | <b>61</b>                                          | –                                        | 20                                     |
| Karo Zimbabwe Holdings (Private) Limited | <b>505</b>                                         | –                                        | 254                                    |
| Karo Platinum (Private) Limited          | <b>1 998</b>                                       | –                                        | 40                                     |
| Karo Power Generation (Private) Limited  | <b>164</b>                                         | –                                        | –                                      |
| Salene Chrome Zimbabwe (Private) Limited | <b>265</b>                                         | –                                        | 12                                     |
| Salene Technologies Proprietary Limited  | <b>–</b>                                           | –                                        | 4                                      |
| Salene Mining Proprietary Limited        | <b>16</b>                                          | –                                        | 15                                     |
|                                          | <b>3 075</b>                                       | 108                                      | 417                                    |

|                                                                        | <b>31 March<br/>2019<br/>Reviewed<br/>US\$'000</b> | 31 March<br>2018<br>Reviewed<br>US\$'000 | 30 Sept<br>2018<br>Audited<br>US\$'000 |
|------------------------------------------------------------------------|----------------------------------------------------|------------------------------------------|----------------------------------------|
| <b>Trade and other payables</b>                                        |                                                    |                                          |                                        |
| The Leto Settlement                                                    | –                                                  | –                                        | 2 000                                  |
| The Tharisa Community Trust                                            | –                                                  | 5                                        | –                                      |
| Rocasize Proprietary Limited                                           | <b>1</b>                                           | 103                                      | 31                                     |
|                                                                        | <b>1</b>                                           | 108                                      | 2 031                                  |
| <b>Amounts due to directors</b>                                        |                                                    |                                          |                                        |
| A Djakouris                                                            | <b>22</b>                                          | 21                                       | 22                                     |
| JD Salter                                                              | <b>26</b>                                          | 24                                       | 31                                     |
| OM Kamal                                                               | <b>15</b>                                          | 14                                       | 16                                     |
| C Bell                                                                 | <b>24</b>                                          | 20                                       | 25                                     |
| R Davey                                                                | <b>19</b>                                          | 17                                       | 20                                     |
| J Ka Ki Chen                                                           | <b>11</b>                                          | 11                                       | 11                                     |
| ZL Hong                                                                | <b>11</b>                                          | –                                        | 19                                     |
|                                                                        | <b>128</b>                                         | 107                                      | 144                                    |
| <b>Total other payables</b>                                            | <b>129</b>                                         | 215                                      | 2 175                                  |
| <b>Interest-bearing – accrued dividends payable to related parties</b> |                                                    |                                          |                                        |
| Arti Trust                                                             | –                                                  | 2 852                                    | –                                      |
| Ditodi Trust                                                           | –                                                  | 245                                      | –                                      |
| Makhaye Trust                                                          | –                                                  | 245                                      | –                                      |
| The Phax Trust                                                         | –                                                  | 488                                      | –                                      |
| The Rowad Trust                                                        | –                                                  | 245                                      | –                                      |
| MJ Jacquet-Briner                                                      | –                                                  | 245                                      | –                                      |
|                                                                        | –                                                  | 4 320                                    | –                                      |

**Acquisition of 26.8% of Karo Mining Holdings Limited from:**

|                     |   |   |       |
|---------------------|---|---|-------|
| The Leto Settlement | – | – | 4 500 |
|---------------------|---|---|-------|

|  | <b>Six months ended<br/>31 March<br/>2019<br/>Reviewed<br/>US\$'000</b> | Six months ended<br>31 March<br>2018<br>Reviewed<br>US\$'000 | Year ended<br>30 Sept<br>2018<br>Audited<br>US\$'000 |
|--|-------------------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------|
|--|-------------------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------|

**Cost of sales**

|                              |            |     |     |
|------------------------------|------------|-----|-----|
| Rocasize Proprietary Limited | <b>155</b> | 101 | 234 |
|------------------------------|------------|-----|-----|

**Consulting fees received**

|                                          |            |    |     |
|------------------------------------------|------------|----|-----|
| Rocasize Proprietary Limited             | <b>16</b>  | 13 | 32  |
| Salene Chrome Zimbabwe (Private) Limited | <b>21</b>  | –  | –   |
| Karo Mining Holdings Limited             | <b>16</b>  | –  | –   |
| Karo Platinum (Private) Limited          | <b>181</b> | –  | –   |
| Karo Power Generation (Private) Limited  | <b>5</b>   | –  | –   |
| Karo Zimbabwe Holdings (Private) Limited | <b>229</b> | –  | 128 |

**Consulting fees paid**

|                                   |   |    |     |
|-----------------------------------|---|----|-----|
| Rocasize Proprietary Limited      | – | –  | 234 |
| Salene Mining Proprietary Limited | – | 15 | 17  |

**Interest expense**

|                   |   |     |     |
|-------------------|---|-----|-----|
| Arti Trust        | – | 135 | 514 |
| Ditodi Trust      | – | 14  | 47  |
| Makhaye Trust     | – | 14  | 47  |
| The Phax Trust    | – | 27  | 93  |
| The Rowad Trust   | – | 14  | 47  |
| MJ Jacquet-Briner | – | 14  | 47  |
|                   | – | 218 | 795 |

**Compensation to directors and key management**

| <b>Six months ended<br/>31 March 2019<br/>(reviewed)</b> | <b>Salary and<br/>fees<br/>US\$'000</b> | <b>Expense<br/>allowances<br/>US\$'000</b> | <b>Share-<br/>based<br/>payments<br/>US\$'000</b> | <b>Provident<br/>fund<br/>and risk<br/>benefits<br/>US\$'000</b> | <b>Bonus<br/>US\$'000</b> | <b>Total<br/>US\$'000</b> |
|----------------------------------------------------------|-----------------------------------------|--------------------------------------------|---------------------------------------------------|------------------------------------------------------------------|---------------------------|---------------------------|
| Non-executive directors                                  | <b>313</b>                              | –                                          | –                                                 | –                                                                | –                         | <b>313</b>                |
| Executive directors                                      | <b>800</b>                              | <b>4</b>                                   | <b>1 144</b>                                      | <b>38</b>                                                        | <b>145</b>                | <b>2 131</b>              |
| Other key management                                     | <b>459</b>                              | <b>14</b>                                  | <b>745</b>                                        | <b>49</b>                                                        | <b>93</b>                 | <b>1 360</b>              |
|                                                          | <b>1 572</b>                            | <b>18</b>                                  | <b>1 889</b>                                      | <b>87</b>                                                        | <b>238</b>                | <b>3 804</b>              |

| Six months ended<br>31 March 2018<br>(reviewed) | Salary and<br>fees<br>US\$'000 | Expense<br>allowances<br>US\$'000 | Share-<br>based<br>payments<br>US\$'000 | Provident<br>fund<br>and risk<br>benefits<br>US\$'000 | Bonus<br>US\$'000 | Total<br>US\$'000 |
|-------------------------------------------------|--------------------------------|-----------------------------------|-----------------------------------------|-------------------------------------------------------|-------------------|-------------------|
| Non-executive directors                         | 295                            | –                                 | –                                       | –                                                     | –                 | 295               |
| Executive directors                             | 703                            | 5                                 | –                                       | 27                                                    | 652               | 1 387             |
| Other key management                            | 489                            | 16                                | –                                       | 40                                                    | 366               | 911               |
|                                                 | 1 487                          | 21                                | –                                       | 67                                                    | 1 018             | 2 593             |



| Year ended<br>30 Sept 2018<br>(audited) | Salary and<br>fees<br>US\$'000 | Expense<br>allowances<br>US\$'000 | Share-<br>based<br>payments<br>US\$'000 | Provident<br>fund<br>and risk<br>benefits<br>US\$'000 | Bonus<br>US\$'000 | Total<br>US\$'000 |
|-----------------------------------------|--------------------------------|-----------------------------------|-----------------------------------------|-------------------------------------------------------|-------------------|-------------------|
| Non-executive<br>directors              | 612                            | –                                 | –                                       | –                                                     | –                 | 612               |
| Executive directors                     | 1 361                          | 9                                 | 760                                     | 83                                                    | 700               | 2 913             |
| Other key<br>management                 | 932                            | 31                                | 1 222                                   | 107                                                   | 420               | 2 712             |
|                                         | 2 905                          | 40                                | 1 982                                   | 190                                                   | 1 120             | 6 237             |

#### Awards to directors and key management

| <b>Six months ended 31<br/>March 2019 (reviewed)<br/>Ordinary shares</b> | <b>Opening<br/>balance</b> | <b>Allocated</b> | <b>Vested</b> | <b>Forfeited</b> | <b>Total</b>     |
|--------------------------------------------------------------------------|----------------------------|------------------|---------------|------------------|------------------|
| LTIP – executive directors                                               | <b>1 605 423</b>           | –                | –             | –                | <b>1 605 423</b> |
| LTIP – key management                                                    | <b>1 099 439</b>           | –                | –             | –                | <b>1 099 439</b> |

| Six months ended 31 March<br>2018 (reviewed)<br>Ordinary shares | Opening<br>balance | Allocated | Vested | Forfeited | Total     |
|-----------------------------------------------------------------|--------------------|-----------|--------|-----------|-----------|
| LTIP – executive directors                                      | 1 808 316          | –         | –      | –         | 1 808 316 |
| LTIP – key management                                           | 1 202 153          | –         | –      | –         | 1 202 153 |

| Year ended 30 Sept 2018<br>(audited)<br>Ordinary shares | Opening<br>balance | Allocated | Vested*   | Forfeited | Total     |
|---------------------------------------------------------|--------------------|-----------|-----------|-----------|-----------|
| LTIP – executive directors                              | 1 808 316          | 697 206   | (900 099) | –         | 1 605 423 |
| LTIP – key management                                   | 1 202 153          | 483 348   | (586 062) | –         | 1 099 439 |

| <b>Six months ended<br/>31 March 2019<br/>(reviewed)<br/>Ordinary shares</b> | <b>Opening<br/>balance</b> | <b>Allocated</b> | <b>Vested</b> | <b>Forfeited</b> | <b>Total</b> |
|------------------------------------------------------------------------------|----------------------------|------------------|---------------|------------------|--------------|
| SARS – executive directors                                                   | 1 118 547                  | –                | –             | –                | 1 118 547    |
| SARS – key management                                                        | 765 744                    | –                | –             | –                | 765 744      |

| Six months ended 31 March<br>2018 (reviewed)<br>Ordinary shares | Opening<br>balance | Allocated | Vested | Forfeited | Total     |
|-----------------------------------------------------------------|--------------------|-----------|--------|-----------|-----------|
| SARS – executive directors                                      | 1 362 327          | –         | –      | –         | 1 362 327 |
| SARS – key management                                           | 924 136            | –         | –      | –         | 924 136   |

\* At 30 September 2018 the vested shares had not yet been transferred to the respective employees.

| Year ended 30 Sept 2018<br>(audited)<br>Ordinary shares | Opening<br>balance | Allocated | Vested    | Forfeited | Total     |
|---------------------------------------------------------|--------------------|-----------|-----------|-----------|-----------|
| SARS – executive directors                              | 1 362 327          | 697 206   | (940 986) | –         | 1 118 547 |
| SARS – key management                                   | 924 136            | 483 348   | (641 740) | –         | 765 744   |

## Relationships between parties

### *The Tharisa Community Trust and Rocasize Proprietary Limited*

The Tharisa Community Trust is a shareholder of Tharisa Minerals Proprietary Limited and owns 100% of the issued ordinary share capital of Rocasize Proprietary Limited.

### *Arti Trust, Phax Trust and Rowad Trust*

A director of the Company is a beneficiary of these trusts.

### *Ditodi Trust and Makhaye Trust*

Certain of the non-controlling shareholders of Tharisa Minerals Proprietary Limited are beneficiaries of these trusts.

### *MJ Jacquet-Briner*

MJ Jacquet-Briner is a director of Tharisa Minerals Proprietary Limited and is a shareholder in the non-controlling interest of Tharisa Minerals Proprietary Limited.

### *The Leto Settlement*

The beneficial shareholder of Medway Developments Limited, a material shareholder in the Company.

### *Salene Chrome Zimbabwe (Private) Limited*

This company is a wholly owned subsidiary of the Leto Settlement, the beneficial shareholder of Medway Developments Limited, a material shareholder in the Company.

### *Salene Mining Proprietary Limited and Salene Technologies Proprietary Limited*

A director of the Company is a director of these entities.

### *Karo Mining Holdings Limited, Karo Zimbabwe Holdings (Private) Limited, Karo Platinum (Private) Limited and Karo Power Generation (Private) Limited*

The Company owns 26.8% of the issued share capital of Karo Mining Holdings Limited. The controlling shareholder of Karo Mining Holdings Limited is the Leto Settlement.

Karo Mining Holdings Limited owns 100% of the issued share capital of Karo Zimbabwe Holdings (Private) Limited, Karo Platinum (Private) Limited and Karo Power Generation (Private) Limited.

## 17. CONTINGENT LIABILITIES

At 31 March 2019, the Group had certain unresolved tax matters. Included in trade and other receivables is an amount of ZAR120.9 million (31 March 2018: ZAR104.4 million and 30 September 2018: ZAR141.3 million) that relates to diesel rebates receivable from the South African Revenue Service ('SARS') in respect of the mining operations. SARS is disputing the refundability of this amount. The Group is strongly of the view that it fully complies with all the regulations to be entitled to this refund and is opposing SARS' dispute. The Group will take the necessary action to recover the amount due.

As at 31 March 2019, there is no litigation (31 March 2018 and 30 September 2018: no litigation), current or pending, which is considered likely to have a material adverse effect on the Group.

## 18. CAPITAL COMMITMENTS AND GUARANTEES

|                               | <b>31 March<br/>2019<br/>Reviewed<br/>US\$'000</b> | 31 March<br>2018<br>Reviewed<br>US\$'000 | 30 Sept<br>2018<br>Audited<br>US\$'000 |
|-------------------------------|----------------------------------------------------|------------------------------------------|----------------------------------------|
| <b>Capital commitments</b>    |                                                    |                                          |                                        |
| Authorised and contracted     | <b>4 804</b>                                       | 10 841                                   | 4 929                                  |
| Authorised and not contracted | <b>1 284</b>                                       | 1 718                                    | 1 091                                  |
|                               | <b>6 088</b>                                       | 12 559                                   | 6 020                                  |

The commitments are with respect to property, plant and equipment and are outstanding at the respective reporting period.

The Company has made a commitment to Karo Mining Holdings Limited to fund the initial exploration programme, feasibility study and development of the projects in Zimbabwe not exceeding US\$8.0 million (refer to note 11).

Guarantees of ZAR266.1 million (31 March 2018: ZAR236.8 million and 30 September 2018: ZAR266.1 million) have been issued by third parties and financial institutions on behalf of the Group consisting mainly of guarantees issued to the Department of Mineral Resources in respect of future environmental rehabilitation amounting to ZAR234.7 million (31 March 2018: ZAR205.4 million and 30 September 2018: ZAR234.7 million).

**19. EVENTS AFTER THE REPORTING PERIOD**

The Board of Directors is not aware of any matter or circumstance arising since the end of the reporting period that will impact these interim consolidated financial statements.

**20. DIVIDENDS**

During the period ended 31 March 2019, the Company declared and paid a final dividend of US\$ 2 cents per share in respect of the financial year ended 30 September 2018.

The Company declared and paid an interim dividend of US\$ 2 cents per share during the year ended 30 September 2018.

During the period ended 31 March 2018, the Company declared and paid a final dividend of US\$ 5 cents per share in respect of the financial year ended 30 September 2017.

## **CORPORATE INFORMATION**

### **THARISA PLC**

Incorporated in the Republic of Cyprus with limited liability  
Registration number: HE223412  
JSE share code: THA  
LSE share code: THS  
ISIN: CY0103562118

### **REGISTERED ADDRESS**

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### **WEBSITE**

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### **DIRECTORS OF THARISA**

Loucas Christos Pouroulis (Executive Chairman)  
Phoevos Pouroulis (Chief Executive Officer)  
Michael Gifford Jones (Chief Finance Officer)  
John David Salter (Lead independent non-executive director)  
Antonios Djakouris (Independent non-executive director)  
Omar Marwan Kamal (Independent non-executive director)  
Carol Bell (Independent non-executive director)  
Roger Davey (Independent non-executive director)  
Joanna Ka Ki Cheng (Non-executive director)  
Zhong Liang Hong (Non-executive director)

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Computershare Investor Services PLC  
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Paphos, Cyprus  
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