

tharisa

Integrated Annual Report **2018**

Discover Develop Deliver



GROUP PROFILE

Integrated co-producer of PGM and chrome concentrates

Discover

- **Large scale open pit resource mining** five MG chromitite layers
- **Long life**, low-cost co-producer of **PGM** and **chrome concentrates**
- Highly prospective **exploration projects in Zimbabwe**

Develop

- **Innovative approach** to viable mineral extraction and beneficiation
- **Independent processing plants** providing operational flexibility at the Tharisa Mine
- **Sustainable polymetallic** business model

Deliver

- Safe production, **strive for zero harm**
- **Integrated marketing, sales and logistics platforms**
- Disciplined capital allocation = **growth + dividends**
- Cash **generative through commodity cycles**

www.tharisa.com

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Introduction

Tharisa is an integrated resource group incorporating exploration, mining, processing, and the beneficiation, marketing, sales and logistics of platinum group metals ('PGM') and chrome concentrates. The Group is targeting production of 200 koz of PGMs and 2.0 Mt of chrome concentrates in 2020, on an annualised basis

Mission

To maximise shareholder returns through innovative exploitation of mineral resources in a responsible manner

Values

- The safety and health of our people is a core value
- We take responsibility for the effect that our operations may have on the environment
- We are committed to the upliftment of our local communities
- We conduct ourselves with integrity and honesty
- We strive to achieve superior returns for our shareholders
- We originate new opportunities and will continue to challenge convention through innovation

Strategic initiatives

- Discovering next generation low-cost, large-scale operations through exploration of multicommodities with geographic diversity
- Developing into a globally significant low-cost producer of strategic commodities
- Delivering from an established platform while maximising value extraction
- Disciplined capital distribution with an annual dividend policy of at least 15% of net profit after tax ('NPAT') and capital allocation to low-risk projects

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SCOPE AND BOUNDARY

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Tharisa is pleased to present this, its fifth Annual Report since listing on the JSE and the third since the standard listing of its depository interests on the LSE. This Annual Report presents the Group's operations in Cyprus and South Africa, its exploration activities in Zimbabwe as well as its governance, strategy, risks, opportunities and prospects. The report covers the financial year to 30 September 2018.

Approach

The approach in this Annual Report has been to explain to investors and stakeholders the fundamentals of Tharisa's operating context and business model, risks and strategic approach towards value creation to enable them to make a more informed assessment of Tharisa and its prospects and the sustainable value it creates. The Annual Report presents a concise view of the Company, its progress and strategy, with readers directed to relevant sections on the Group's website – www.tharisa.com – for additional disclosure. While written primarily to address the interests of providers of capital, this report also addresses matters considered important to a wide range of stakeholders.

Frameworks

Tharisa applies the principles of King IV to its decision making, strategy formulation and implementation and these principles have also been applied in compiling this report. The Company further adheres to the JSE Listings Requirements and complies with the LSE Listing Rules and Disclosure and Transparency Rules applicable to a standard listing.

Tharisa accepts that integrated reporting is a journey and in line with its commitment to the principles of integrated reporting, it has expanded on its broader social, environmental and economic performance as far as possible throughout this report. While the Company has been guided by the International Integrated Reporting Committee's Framework, it will only be fully applied to future reports.

In line with these frameworks, recommendations and what it considers to be best practice, this report contains a number of forward looking statements. Various factors, conditions and developments beyond the control of the Company and its management may cause the conditions predicted and implied in these forward looking statements to be materially different to those envisaged at the time of writing. Such variance between expectation and future realities may have a material impact on the Company's future performance and results.

Assurance

The Board acknowledges its responsibility for ensuring the integrity of this Annual Report. The Audit Committee recommended the 2018 Annual Report to the Board for approval, which approval the Board consented to give, believing that the report addresses all material issues and gives a balanced and truthful representation of the Company's performance.

The condensed consolidated financial statements on pages 98 to 147 of this Annual Report and the consolidated annual financial statements on the website have been prepared in accordance with IFRS as issued by the International Accounting Standards Board and the Cyprus Companies Law.

A glossary of abbreviations, definitions and technical terms appears on pages 160 to 166.

GROUP STATISTICS

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		2018	2017	2016	2015	2014
Reef mined	kt	4 875.0	5 025.1	4 837.2	4 183.2	3 908.5
Stripping ratio	m ³ waste: m ³ reef	7.9	7.5	7.3	10.7	10.6
Reef milled	kt	5 105.3	4 916.2	4 656.3	4 400.4	3 913.1
PGM flotation feed	kt	3 718.1	3 599.2	3 575.6	3 446.2	3 060.4
PGM rougher feed grade	g/t	1.51	1.56	1.65	1.62	1.63
PGM recovery	%	84.1	79.7	69.9	65.8	48.8
PGM ounces produced	5PGE + Au koz	152.2	143.6	132.6	118.0	78.2
Average PGM basket price	US\$/oz	923	786	736	885	1 103
Average PGM basket price	ZAR/oz	12 038	10 492	10 881	10 593	11 622
Cr ₂ O ₃ ROM grade	%	18.2	17.8	18.0	18.3	19.4
Chrome recovery	%	66.0	64.1	62.7	58.0	59.4
Chrome yield	%	28.4	27.1	26.7	25.5	27.7
Chrome concentrates produced	kt	1 448.0	1 331.2	1 243.7	1 122.2	1 085.2
Metallurgical grade	kt	1 080.3	1 008.1	974.3	1 009.4	937.0
Speciality grades	kt	367.7	323.1	269.4	112.8	148.2
Third-party chrome production	kt	221.8	20.0	–	–	–
Chrome concentrates sold (including third party)	kt	1 644.3	1 317.3	1 196.2	1 124.4	978.7
Metallurgical grade chrome concentrate contract price	US\$/t CIF China	186	200	120	158	158
Metallurgical grade chrome concentrate contract price	ZAR/t CIF China	2 415	2 667	1 751	1 903	1 676
Average exchange rate	ZAR:US\$	13.1	13.4	14.8	12.0	10.6
Group revenue	US\$ million	406.3	349.4	219.6	246.8	240.7
Gross profit	US\$ million	108.5	122.7	54.5	43.1	32.6
Net profit/(loss) for the year	US\$ million	51.0	67.7	15.8	6.0	(54.9)
EBITDA	US\$ million	101.9	115.6	43.0	29.0	16.5
Headline profit/(loss)	US\$ million	49.1	57.8	14.3	4.7	(48.9)
Headline earnings per share	US\$ cents	19	22	6	2	(20)
Gross profit margin	%	26.7	35.1	24.8	17.5	13.5
Net cash flows from/(used in) operating activities	US\$ million	89.8	75.7	22.2	41.4	22.4
Net debt	US\$ million	10.6	(0.1)	41.4	40.7	66.5
Capital expenditure	US\$ million	48.2	26.4	12.3	24.6	24.3
On-mine lost-time injury frequency rate*		0.18	0.07	0.36	0.06	0.14
On-mine employees including contractors		2 430	2 256	2 187	2 000	1 938
Other Group employees		86	75	52	59	66

* Per 200 000 man hours worked

FINANCIAL AND NON-FINANCIAL HIGHLIGHTS

REEF MINED

4.9 Mt

down 3.0%
(2017: 5.0 Mt)

PGM PRODUCTION (5PGE + Au)

152.2 koz

up 6.0%
(2017: 143.6 koz)

CHROME CONCENTRATE PRODUCTION

1.4 Mt

up 8.8%
(2017: 1.3 Mt)

REVENUE

US\$406.3 m

up 16.3%
(2017: US\$349.4 m)

OPERATING PROFIT

US\$72.5 m

down 26.3%
(2017: US\$98.4 m)

EBITDA

US\$101.9 m

down 11.8%
(2017: US\$115.6 m)

PROFIT BEFORE TAX

US\$65.0 m

down 28.6%
(2017: US\$91.0 m)

EARNINGS AND HEADLINE EARNINGS PER SHARE

US\$ 19 cents

down 13.6%
(2017: US\$ 22 cents)

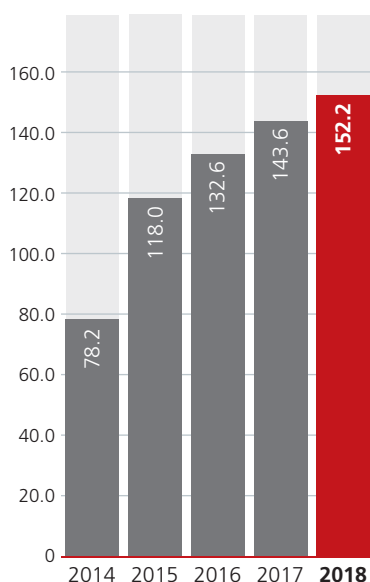
PROPOSED TOTAL DIVIDEND*

US\$ 4 cents

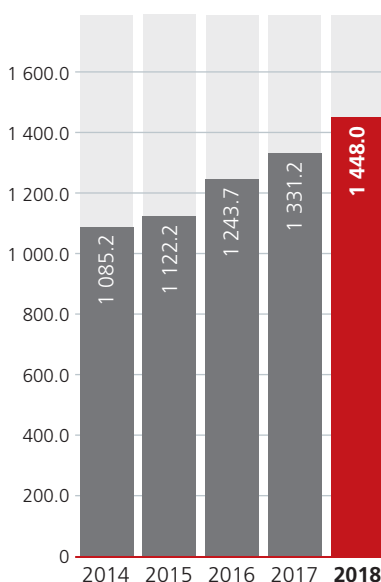
20.5% of NPAT
(2017: US\$ 5 cents)

* Includes interim dividend of US\$ 2 cents

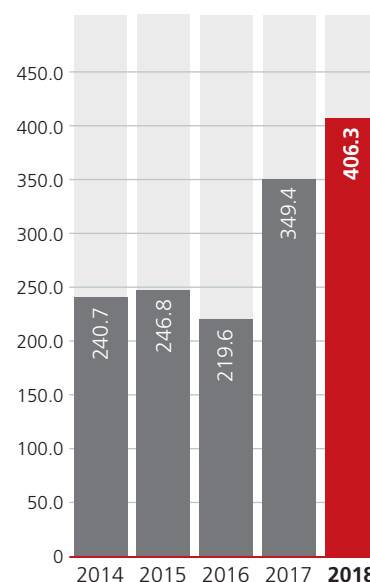
PGM PRODUCTION (5PGE + Au koz)



CHROME PRODUCTION (kt)



GROUP REVENUE (US\$ million)



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SAFETY AWARDS*

0

NUMBER OF FATALITIES

400

NUMBER OF EMPLOYEES WHO ATTENDED WELLNESS DAY

1 672

NUMBER OF PERMANENT EMPLOYEES*

758

NUMBER OF PERMANENT CONTRACTORS*

20%

FEMALE EMPLOYEES*

US\$3.3 m

TOTAL SPENT ON TRAINING

9

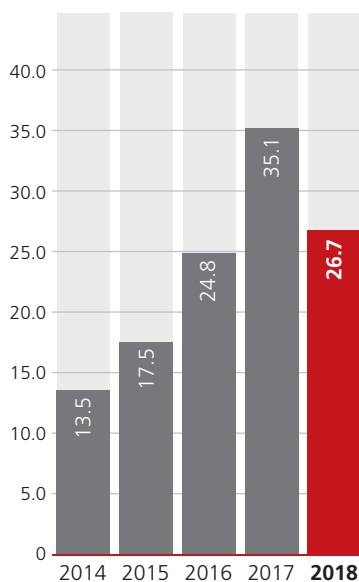
EMPLOYEES AWARDED STUDY ASSISTANCE*

21

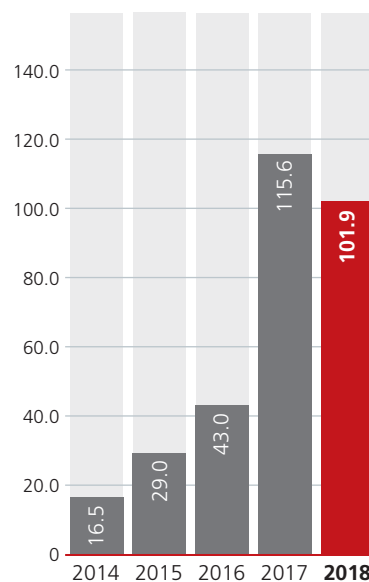
INTERNS AND GRADUATES*

* Data is applicable to Tharisa Minerals

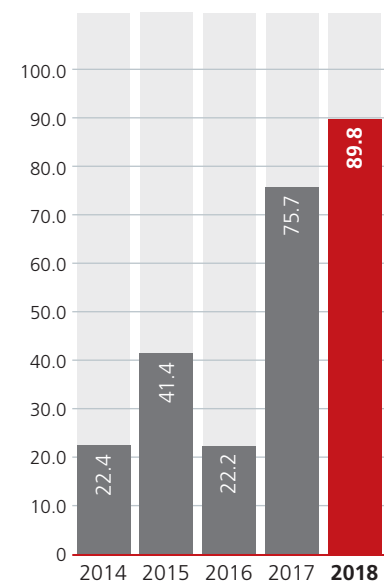
GROSS PROFIT MARGIN (%)



EBITDA (US\$ million)

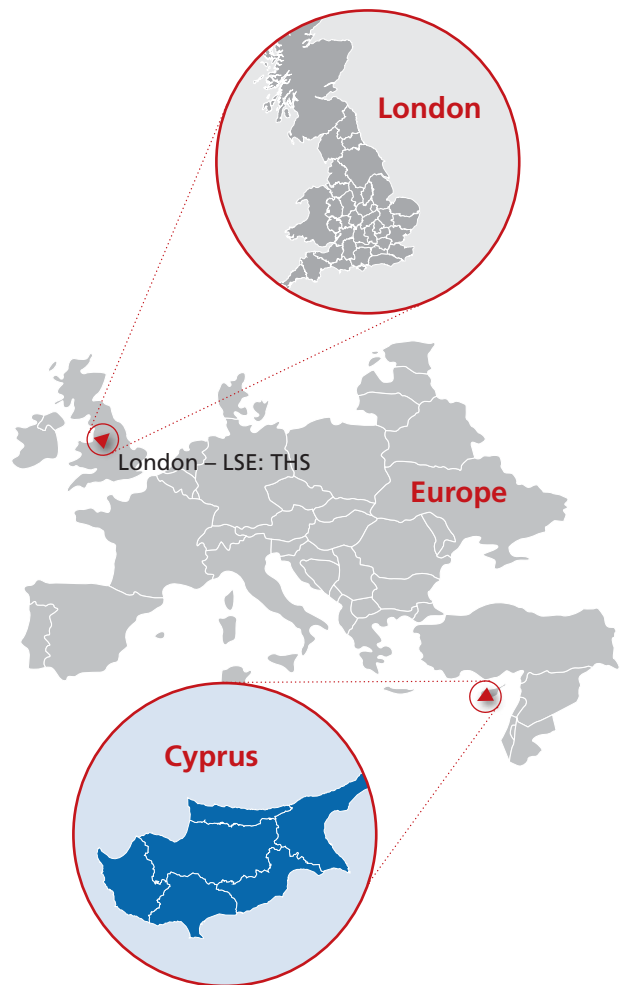
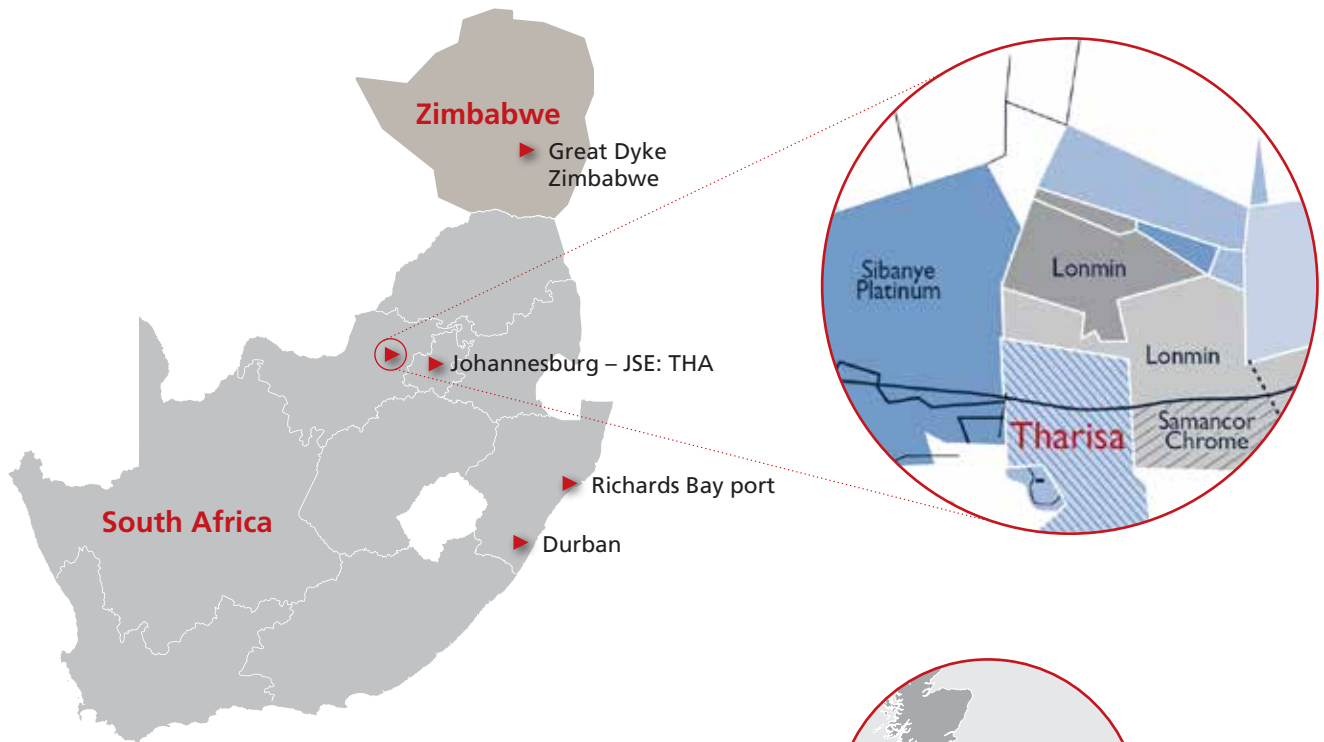


NET CASH FLOWS FROM OPERATING ACTIVITIES (US\$ million)



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GROUP STRUCTURE

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Investment holding company	Tharisa plc (Cyprus)	
Operating/producing companies	Tharisa Minerals (South Africa) 74%	BEE shareholders Thari Resources (South Africa) 20%
	Tharisa Minerals produces PGM concentrate and metallurgical and chemical grade chrome concentrates from a shallow open pit mine near Rustenburg, North West province. The Genesis and Voyager plants have a combined design capacity of 4.8 Mt of run of mine ('ROM') ore per annum.	The Tharisa Community Trust (South Africa) 6%
	Arxo Metals (South Africa) 100%	
	Arxo Metals produces specialised higher margin chemical and foundry grade chrome concentrates, operates Lonmin's K3 UG2 chrome plant in Rustenburg and is the Group's research and development arm. It also commissioned a 1 MW DC furnace to produce PGM rich metal alloys on a pilot scale. Arxo Metals conducts extensive research and development into technologies and beneficiation opportunities.	
Trading and service provider companies	Arxo Resources (Cyprus) 100%	
	Arxo Resources markets and sells metallurgical and chemical grade chrome concentrate to customers primarily in Asia.	
	Arxo Logistics (South Africa) 100%	
	Arxo Logistics manages the rail and road distribution of PGM concentrate and chrome concentrates produced by the Tharisa Mine and chrome concentrates from the Lonmin K3 UG2 chrome plant. These products are transported to international customers via port facilities in Richards Bay and Durban for shipment and to customers in South Africa.	
Exploration and growth projects	Karo Mining Holdings (Cyprus) 26.8%	
	Karo Holdings is establishing an integrated PGM mining and refining complex in Zimbabwe with a planned 300 MW solar power generation plant. The project is in the exploration stage.	
	Karo Platinum, an indirect subsidiary of Karo Holdings, has been awarded a Special Grant over 23 903 ha in the Great Dyke, to develop the PGM mining complex.	
	Karo Power, an indirect subsidiary of Karo Holdings, will develop the planned solar generation plant.	
	Salene Chrome Zimbabwe (Zimbabwe) Option for 90%	
	Tharisa is undertaking the exploration programme for illuvial chrome adjacent to the Great Dyke in Zimbabwe.	

GROUP HISTORY

2006

- February**
Prospecting rights granted
- March**
Tharisa Minerals incorporated

tharisa



2011

- January**
US\$95 million investment by Fujian Wuhang and HongKong HeYi Mining
- April**
US\$150 million prelisting capital raised
- August**
Genesis Plant is commissioned at 100 ktpm capacity
Tharisa Community Trust is registered
- November**
Tharisa Community Trust acquires 6% of Tharisa Minerals

2012

- February**
Secured project finance facility of ZAR1 billion
- May**
First bulk rail shipment
- July**
Improved PGM offtake agreement with Impala Platinum
Tharisa Minerals water use licence granted
- December**
Voyager Plant is commissioned at 300 ktpm capacity

2016

- March**
Annualised steady state of mining and PGM production
- June**
Listed on the LSE
- November**
Project completion achieved
Maiden distribution to shareholders

2017

- May**
Agreement entered into for the acquisition of mining fleet and transfer of employees from mining contractor to move to an owner-operated mining model
- August**
Enters into strategic cooperation with agreement with Tisco for chrome concentrate supply
Secured first third-party operating and trading agreement
- October**
Transaction for the acquisition of mining fleet effective
- November**
Increased dividend declared and an improved dividend policy

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2008

February

Tharisa Limited incorporated

September

Mining rights for Tharisa Mine granted

October

Commenced trial mining

December

US\$65 million seed capital raised

2009

March

Acquired 74% shareholding in Tharisa Minerals

November

Commenced production of first chrome concentrate



2013

July

Challenger Plant is commissioned

2014

April

Listed on JSE, capital raised of US\$47.9 million

September

Commissioning of high energy PGM flotation circuit



2018

March

Maiden interim dividend declared

June

Shareholding acquired in Karo Holdings

September

Record operational year
Salene Chrome granted call option for 90% shareholding

LEADERSHIP REVIEW



Loucas Pouroulis
Executive Chairman



Phoevos Pouroulis
Chief Executive Officer



Michael Jones
Chief Finance Officer



> Leadership review

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Dear Stakeholder

In compiling this report, we have been guided by materiality so that we report concisely on those issues most material to our stakeholders and our ongoing ability to create value. More detailed information is available on our website, www.tharisa.com.

FY2018 was a year of record production achieved with increased plant throughput and metal recovery. The prill split of the PGM concentrate, which favours palladium and rhodium, contributed to an overall increase in the PGM basket price despite the lacklustre pricing seen in platinum. Metallurgical chrome concentrate prices were muted. Against the backdrop of increased production volumes and prevailing commodity markets and notwithstanding material increases in both fuel prices and freight rates, we still generated strong cash flows from operations. Our mining operations took a major step forward, as we became owner operator of our mining fleet in the year under review. We also continued to effectively leverage the business model with third-party agency and trading activities. Our commitment to innovation is visible in the improvements we delivered in processing, and we added further value via our extensive research and development activities. We believe these strategic advances will lead to further improvements in production and provide a strong base for the Company to continue its growth.

Tharisa Minerals recorded production of 152.2 koz of contained PGMs and production of 1.4 Mt of chrome concentrates for the financial year. Of the chrome concentrates, 367.7 kt comprised higher value specialty grade products.

Tharisa is now firmly established as a trusted supplier of quality metallurgical chrome, specialty chrome and PGM concentrates. This allowed us to begin the implementation of our diversification strategy, and we have secured early mover optionality in two exploration projects on the mineral rich Great Dyke of Zimbabwe.

Our approach to growth has always been measured and deliberate. We believe this discipline has been central to the success of the Tharisa story, which has led us to become a low cost, highly integrated and innovative co-producer of PGMs and chrome.

During the year under review, the PGM basket price increased by US\$137/oz on the back of the rally in the rhodium, ruthenium, and iridium prices underpinned by strong palladium prices to average at US\$923/oz. Palladium, continued to trade at a premium to platinum on the back of growing deficit forecasts. The platinum price, however, remained subdued, trading at 10-year lows. Following the previous year where metallurgical chrome concentrates prices reached unprecedented highs of approximately US\$390/t, FY2018 saw chrome concentrate prices fall below US\$200/t. This was mainly due to increasing stock levels of chrome ores in Chinese main ports peaking at 3.8 Mt. The average metallurgical chrome contract price achieved was US\$186/t CIF China for FY2018.

Operating profit for the year amounted to US\$72.5 million (2017: US\$98.4 million), with a net profit after tax of US\$51.0 million (2017: US\$67.7 million) generating HEPS of US\$ 19 cents (2017: US\$ 22 cents). Importantly the Group generated net cash from operations of US\$89.8 million (2017: US\$75.7 million) and after taking into account the capex a free cash flow of US\$49.3 million (2017: US\$53.1 million).

It is the Group's policy to pay a minimum of 15% of its consolidated net profit after tax as a dividend. This year the Group paid its maiden interim dividend of US\$ 2 cents per share. The directors are pleased to announce that based on solid earnings and subject to the necessary shareholder approval, the Board has proposed a final dividend to shareholders of US\$ 2 cents per share, totalling US\$ 4 cents per share for FY2018 (2017: US\$5 cents), equating to 20.5% of its consolidated net profit after tax.

The dividend pay out takes into consideration various factors, including overall market and economic conditions, the Group's financial position, capital investment plans as well as earnings growth.

Safety

Safety is a core value and Tharisa continues to strive for zero harm at its operations. Tharisa achieved an LTIFR of 0.18 per 200 000 man hours worked at 30 September 2018 and was fatality free for the third year in succession. Tharisa continues to implement appropriate risk management processes, strategies, systems and training to promote a safe working environment for all.

In line with the Department of Mineral Resources' ('DMR') drive to minimise all injuries within the South African mining industry, the Group is committed to ensuring a safer workplace. To that end, it is pleasing to report that Tharisa Minerals was awarded a Best in Class safety award at MineSafe 2018 and in September 2018 the Tharisa operations achieved 4 000 fatality-free production shifts.

South Africa

South Africa's DMR, under the leadership of Honourable Minister Gwede Mantashe, issued a new Mining Charter in October 2018, aimed at promoting much needed investment in the resources sector by ensuring greater investor certainty. While Tharisa came into existence after new mining regulations were promulgated in 2004, we nevertheless welcome the new Mining Charter, as it sets guidelines and structures for future investments. Given our further 15-year open pit life with a potential further 40-year underground life at the Tharisa Mine, we are comfortable that this Mining Charter will bring the necessary certainty we, as long-term investors, require.

Tharisa joined South Africa's Minerals Council this year, an industry body aimed at promoting dialogue between the mining industry and government. We have joined the Platinum Leadership Forum, focusing on supporting and growing demand for the platinum

LEADERSHIP REVIEW CONTINUED

industry, and also proposed the formation of the Chrome Leadership Forum within the Minerals Council structures. Chrome continues to play a significant role in South Africa's economy, with the country producing 16.6 Mt or 54.7% of global supply, with exports generating more than ZAR12.6 billion in revenue for the national current account. Tharisa is the fourth largest primary producer of chrome in South Africa and accounts for 8.7% of South African chrome production. PGM exports account for ZAR85.1 billion for the current account and Tharisa is the seventh largest producer of PGMs in South Africa.

Operational overview

A number of milestones were achieved during the financial year including:

- 5.1 Mt ROM milled, an increase of 3.9%
- 84.1% overall PGM recovery, an increase of 5.5%
- 152.5 koz 5PGE + Au contained PGM production, up by 6.0%
- 66.0% chrome recovery, an increase of 3.0%
- 1.4 Mt production of chrome concentrates from the Tharisa operations, up by 8.8%
- 367.7 kt specialty grade chrome production, an increase of 13.8%
- exceeded targeted production at Lonmin K3 chrome plant by 10.9% at 221.8 kt
- 1.6 Mt of chrome concentrates sold, an increase of 24.8%

Mining

Tharisa's mining division mined 4.9 Mt of ROM for FY2018, a 3.0% decrease year on year. A total of 11.1 Mm³ of waste was moved for the year. While the stripping ratio of 7.9 on a m³:m³ basis remained below the LOM average of 9.5, it represented a 5.3% increase from the previous year. There was a reduction in year-on-year mining, mainly due to availability of equipment. This was as a result of an ongoing comprehensive maintenance plan to return the used mining fleet, purchased by Tharisa from the previous contractor, to OEM standards. The implementation of the necessary maintenance systems will see availability and utilisation increasing for FY2019, enabling the fleet to achieve the required mining rate

of 5.2 Mtpa. A key focus of the mining division is improving the efficiencies of the drill and blast operations, which is essential to achieving the required stripping ratio. This will ensure ongoing access to the reef horizons and maintaining the supply of ore to the processing plants. The introduction and implementation of systems and connectivity across the mining fleet coupled with state-of-the-art simulator operator training are key focus areas for the Tharisa mining division to achieve the same levels of integration and efficiency as has been achieved in the processing division. The mining operations are transitioning to a 24-hour four shift, operation thereby increasing mining capacity by approximately 15%.

Processing

Plant throughput for FY2018 at 5.1 Mt exceeded the nameplate capacity. This is attributable to consistent feed and preventative maintenance resulting in improved plant availability and utilisation. The further optimisation of the high energy PGM flotation circuit at the Genesis Plant further increased recoveries.

With a PGM rougher feed grade of 1.51 g/t and recoveries improving to 84.1% (against a target of 80%), PGM production (5PGE + Au) was 152.2 koz, an improvement of 6.0%. Chrome feed grade was 18.2% and with chrome recoveries improving to 66.0% (target 65%), chrome concentrate production increased by 8.8% to 1.4 Mt. The production of specialty grade chrome concentrates of 367.7 kt increased 13.8% and constitutes approximately 25.4% of total chrome concentrate production. Specialty grade chrome concentrates continue to command on average a US\$50/t premium on a CIF China equivalent basis over standard metallurgical grade chrome concentrates.

Arxo Metals surpassed its chrome concentrate production target at the Lonmin K3 chrome plant by 10.9%, to produce 221.8 kt of chrome concentrates mainly through applying the operational skills and standards deployed at the Tharisa processing division. Further upgrades are proposed

for the K3 plant in FY2019 which, if implemented, will see further improvements in chrome production.

Vision 2020

The Vision 2020 projects are targeting an increase in Tharisa Minerals' production to 200 kozpa of PGMs and 2.0 Mt of chrome concentrates by the end of 2020 on an annualised basis.

The optimisation projects and additional processing plants, together with improved mining grade, are planned to add 40 kozpa of PGMs and 500 ktpa of chrome concentrates to the Tharisa Mine's annual production guidance for FY2019 of 160 kozpa of PGMs and 1.5 Mt of chrome concentrates.

Upgrade of the crusher circuit at the Genesis Plant

The additional crusher circuit at the Genesis Plant was commissioned in Q1 FY2019. The US\$7.5 million project aims to increase the Genesis Plant throughput by 15% or about 180 ktpa, targeting an increase in the higher value specialty grade chrome concentrates by adding approximately 24 ktpa of chemical grade chrome concentrate, approximately 18 ktpa of foundry grade chrome concentrate and approximately 19 ktpa of metallurgical grade chrome concentrate.

PGM optimisation at the Voyager Plant

The addition of flotation capacity and the installation of high-energy mechanisms at the Voyager Plant is aimed at improving PGM recoveries and increasing PGM production by an estimated 14 kozpa. The project is being implemented in a staged approach. The first phase of the project, the increase in high-grade flotation capacity, has been commissioned. The second phase of the project will be implemented in FY2019.

Vulcan Fine Chrome Recovery Plant

The construction of the Vulcan Plant will facilitate additional recovery of fine chrome from tailings streams. This proprietary process has been developed by Arxo Metals and a demonstration scale plant has been commissioned at Tharisa Minerals and through systematic operation has proven the concept and

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process flow. The feasibility study based on the operation of the demonstration scale plant has been concluded. An engineering company has been awarded the FEED study.

Apollo PGM and Chrome Plant

A decision has been taken to suspend the Apollo Plant project. This is in light of the additional testwork and studies that indicate the potential for an additional PGM recovery circuit following the Vulcan Plant, which would yield a better investment return.

Exploration projects

Our exploration focus is on the Great Dyke in Zimbabwe, which, just like our existing operations in the Bushveld Complex in South Africa, represents a unique, resource rich geological formation. We believe that being an early mover in this territory positions us strategically to benefit from current reforms that are transforming the mining sector in Zimbabwe. Our approach in developing these exciting projects will be gradual, staged and measured, with the necessary protections and approvals in place before we commit capital.

Karo Mining Holdings

In June 2018, Tharisa acquired a 26.8% shareholding in Karo Mining Holdings at a low-cost entry point of US\$4.5 million.

Karo Mining Holdings has been awarded a Special Grant over an area covering 23 903 ha on the Great Dyke of Zimbabwe. In terms of the Investment Project Framework Agreement with the Government of Zimbabwe, the plan is to establish a vertically integrated PGM mining complex. Based on historic testwork, this area is purported to contain some 96 Moz of PGMs at an average grade of 3.2 g/t (3PGE + Au).

Salene Chrome Zimbabwe

Tharisa was granted a call option to acquire a 90% shareholding in Salene Chrome Zimbabwe, exercisable on completion of the exploration programme. Salene Chrome Zimbabwe was awarded three Special Grants covering an area of approximately 9 500 ha on the eastern side of the Great Dyke in Zimbabwe. The Special Grants entitle Salene Chrome Zimbabwe to mine the minerals thereon, including illuvial chrome, which are at surface chrome fines generated from seams as a result of weathering. Salene Chrome Zimbabwe has also been awarded three additional prospecting Special Grants on the western side of the Great Dyke, over an area of approximately 12 000 ha.

Research and development

Our approach to research and development is founded in our core value of innovation. We strive to push

through established boundaries and limitations within existing processing and product development, optimising processes and challenging convention. The successful commissioning and operation of our PGM DC smelter is a case in point. We have successfully produced 12 t of smelter matte and are in the process of commissioning our PGM converter to upgrade the matte to an alloy with a 6 to 10-fold upgrade in the PGM concentration per tonne. The development of this downstream beneficiation of our PGMs is part of our philosophy of capturing value and margin down the supply chain and ultimately being in control of metal flows through direct sales. On fulfilment of the current Tharisa Mineral's PGM offtake obligation, the intention would be to construct a larger smelter and refining complex to refine our PGMs to final concentrate or refined metal, subject to final viability.

The proprietary Vulcan process was developed in-house and has proven to be economically viable in the recovery of fine chrome particles that traditionally have not been recoverable within the chrome industry. FY2019 will see the commencement of the construction of the full scale 500 tph Vulcan Plant with an estimated completion in Q2 2020.

Commodity markets and sales

		30 September 2018	30 September 2017	Change %
PGM basket price	US\$/oz	923	786	17.4
PGM basket price	ZAR/oz	12 038	10 492	14.7
42% metallurgical grade chrome concentrate contract price	US\$/t	186	200	(7.0)
42% metallurgical grade chrome concentrate contract price	ZAR/t	2 415	2 667	(9.4)
Exchange rate	ZAR:US\$	13.1	13.4	(2.2)

Tharisa Minerals continues to supply the majority of its PGM concentrate to Impala Platinum in terms of its offtake agreement, with the balance of the

PGM concentrate processed in the 1MW research and development furnace that was recently commissioned and/or sold to Lonmin.

A total of 152.2 koz of contained PGMs (on a 5PGE + Au basis) was sold during the year. This is an increase of 6.1% over the previous year's sales of 143.5 koz of contained PGMs (on a 5PGE + Au basis).

LEADERSHIP REVIEW CONTINUED

The PGM prill split by mass is as follows:

	30 September 2018 %	30 September 2017 %
Platinum	54.9	55.2
Palladium	16.7	16.1
Rhodium	9.8	9.5
Gold	0.2	0.2
Ruthenium	14.0	14.3
Iridium	4.4	4.7

Tharisa Minerals is paid a variable percentage of the market value of the contained PGMs in terms of an agreed formula. The PGM basket price improved, with the average PGM basket price per ounce increasing by 17.4% to US\$923/oz (2017: US\$786/oz) for the financial year.

Tharisa's own chrome concentrate sales totalled 1.4 Mt, 371.9 kt of which was higher value-add specialty chemical and foundry grade chrome concentrates with the bulk of the sales being metallurgical grade chrome concentrate. The average price for metallurgical grade chrome concentrate on a CIF main ports China basis decreased to US\$186/t (2017: US\$200/t).

Third-party sales amounted to 216.6 kt for the year, resulting in Tharisa marketing and selling a total of 1.6 Mt of chrome concentrate products during the year.

Logistics

		30 September 2018	30 September 2017	Change %
Average transport cost per tonne of chrome concentrate – CIF China basis	US\$/t	62	52	19.2
Chrome concentrates shipped (including third-party materials)	kt	1 247.8	995.8	25.3

The chrome concentrates destined for main ports in China were shipped either in bulk from the Richards Bay Dry Bulk Terminal or via containers and transported from Johannesburg by road to Durban for shipment. The economies of scale and in-house expertise have ensured that our transport costs, a major cost of the Group, remain competitive.

Arxo Logistics has sufficient storage capacity at both the Richards Bay Dry Bulk Terminal and the Durban container port to manage Tharisa Minerals' full production capacity.

A total of 1.3 Mt (2017: 995.8 kt) of chrome concentrates was shipped by Arxo Logistics in FY2018, mostly to main ports in China. Of this, 99.6% was shipped in bulk, with bulk shipments being preferred by customers due to ease of handling and reduced port charges, as well as reduced levels of administration.

Arxo Logistics provided third-party logistics services during the period under review and is planning to expand this service offering in the year ahead.

Labour relations

Labour relations at the Tharisa Mine remained stable during the year. The establishment of the in-house Tharisa mining division saw the recognition of AMCU as the majority trade union representing employees at the Tharisa Mine. Tharisa Minerals and AMCU have concluded a two-year wage agreement, post year end.

Sustainability

Sustainability is at the heart of the business model. Tharisa is proud of its track record in minimising the environmental impact of its operations and, while striving to improve further, takes pride in the mature and mutually beneficial relationships with the communities that border the Tharisa Mine.

Tharisa Minerals not only understands its obligations to create social capital as enshrined in the MPRDA, but also strives to achieve these obligations in ways that create ongoing sustainable social capital. Its commitment to the neighbouring communities is evidenced in all aspects of the business, not only from the corporate social initiatives and local economic development plans, but also underpinned by equity ownership by the community in Tharisa Minerals.

Tharisa has policies in place to ensure that neither it nor its suppliers participate in any form of human rights violation, including human trafficking and modern slavery.

Tharisa acts ethically and with integrity in all business dealings and is committed to ensuring systems and controls are in place to safeguard against corruption.

Financial overview

The financial results of the Group benefited from the co-product business model with increased revenue from higher volume sales for both PGMs and chrome concentrates while the commodity prices reflected opposing trends. The PGM basket price increased by 17.4% to US\$923/oz (2017: US\$786/oz), benefiting from the prill split favouring palladium (at 16.7%) and rhodium (at 9.8%). The metallurgical grade chrome concentrate price decreased by 7.0% to US\$186/t (2017: US\$200/t) with specialty grade chrome

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concentrates comprising 25.6% of concentrate sales and continuing to trade at a premium of at least US\$50/t on a CIF equivalent basis to the metallurgical grade sales prices.

The Group commodities are priced in US\$ and the base cost currency for the Group mining operations, being South African, is mainly in ZAR. While the ZAR exchange rate was volatile over the financial year, on average the exchange rate strengthened by 2.2% at ZAR13.1 to the US\$ (2017: ZAR13.4 to the US\$).

The funding position of the Group was impacted by the leveraged purchase of the mining fleet with the transition to an owner-mining model effective 1 October 2017, with the overall gearing (total interest-bearing debt to total equity) of the Group at 25.8% (2017: 19.9%). With the strong net cash flows from operations the net debt to total equity was 3.3%.

Group revenue totalled US\$406.3 million (2017: US\$349.4 million) of which US\$117.4 million was derived from the sales of PGM concentrate and US\$250.4 million was derived from the sale of chrome concentrates. The agency and trading segment contributed US\$38.5 million. This is an increase in revenue of 16.3% relative to the prior year.

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

- unit sales of PGMs by 6.1% from 143.5 koz to 152.2 koz with an

increase in the PGM basket price by 17.4% from US\$786/oz to US\$923/oz

- unit sales of metallurgical grade chrome concentrates by 6.5% from 995.8 kt to 1 060.3 kt notwithstanding a decrease in the metallurgical grade chrome concentrate price of 7.0% from US\$200/t to US\$186/t
- unit sales of specialty grade chrome concentrates (25.4% of production) by 13.2% from 321.5 kt to 364.0 kt
- third-party trading and logistics businesses building on the existing platforms, which contributed US\$38.5 million to revenue.

Other income includes an amount of US\$1.9 million being non-recurring income relating to the gain on the bargain purchase of the mining fleet. Other than for this amount, there have been no other non-recurring or exceptional income sources during the period.

Gross profit amounted to US\$108.5 million (2017: US\$122.7 million) with a gross profit margin of 26.7% (2017: 35.1%).

The reduction in the gross profit margin may be attributed to a number of above inflation cost pressures and a change in the fixed cost element particularly within mining. The mining fleet has installed capacity to move the required waste (both overburden and interburden) and mine the required ROM to at least produce the market guidance production for FY2019 of 160.0 koz of PGMs and 1.5 Mt of chrome concentrates. This installed capacity has

an embedded fixed cost component, whereas with a mining contractor model, the costs were variable being based on the volumes moved. Diesel consumption comprises 13.7% of the on-mine cost of production and, with the increase in the average Brent crude price by US\$55.2/bbl to US\$78.9/bbl, the price per litre of diesel increased on average by 38.4% per litre. Overall inflationary pressures in South Africa as measured by the PPI averaged 6.2% (2017: 5.2%).

Furthermore, selling costs incurred with the transport of the metallurgical grade chrome concentrate from the mine to the customer at China main ports increased by 19.2% from US\$52.0/t to US\$62.0/t, the majority of this increase related to an increase in 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 50% to the PGM segment and 50% to the chrome segment. This is in accordance with the accounting policy of the Group and IFRS. The comparable period allocations were 35% to the PGM segment and 65% to the chrome segment. The change to the basis of allocation of the shared costs is, in effect, a 42.9% increase in respect of the allocation to the PGM segment and a 23.1% decrease in respect of the allocation to the chrome segment.

The segmental contribution to revenue and gross profit from the respective segments is summarised below:

US\$ million	30 September 2018				30 September 2017			
	PGM	Chrome	Agency and trading	Total	PGM	Chrome	Agency and trading	Total
Revenue	117.4	250.4	38.5	406.3	90.9	252.9	5.6	349.4
Cost of sales	88.2	174.7	34.9	297.8	54.7	166.7	5.3	226.7
Costs of sales excluding selling costs	87.8	106.5	21.6	215.9	54.3	107.6	4.2	166.1
Selling costs	0.4	48.4	9.7	58.5	0.4	44.8	1.1	46.3
Freight service	–	19.8	3.6	23.4	–	14.3	–	14.3
Gross profit contribution	29.2	75.7	3.6	108.5	36.2	86.2	0.3	122.7
Gross profit margin (%)	24.9	30.2	9.4	26.7	39.8	34.1	5.4	35.1
Sales volume	152.2 koz	1 429.6 kt			143.5 koz	1 317.3 kt		

LEADERSHIP REVIEW CONTINUED

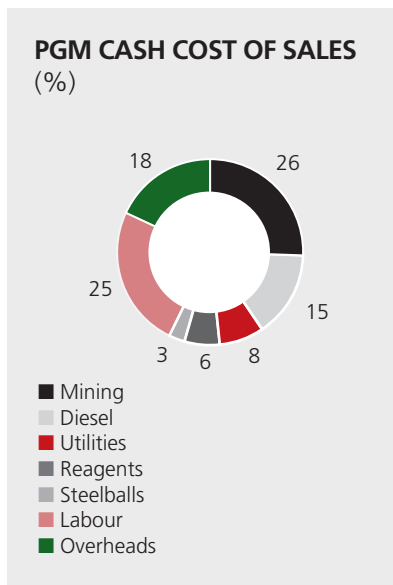
In addition to the inflationary pressures detailed above, the PGM segment gross profit margin of 24.9% (2017: 39.8%) was lower than the previous year, mainly due to the revised basis of allocating shared costs.

The chrome segment gross profit margin of 30.2% (2017: 34.1%) was lower than the year before largely due to the decrease in the chrome concentrate sales price and increased transport costs, notwithstanding benefiting from the reduction in the basis of allocation of the shared production costs. Freight costs for bulk shipments of chrome

concentrates, a significant component of the cost of chrome sales, increased by 38.4% from US\$13.8/t to US\$19.1/t resulting in the average transport cost per chrome tonne increasing from US\$52.0/t to US\$62.0/t.

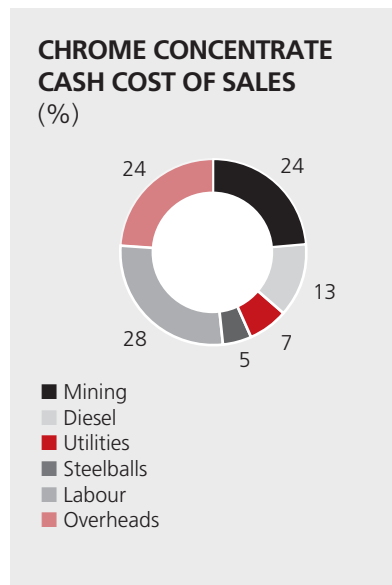
The agency and trading segment contributed US\$3.6 million to the Group gross profit at a margin of 9.4%.

The major constituents of the on-mine cash cost of sales of PGMs and chrome concentrate are depicted in the graphs below:



On a unit cost basis, the reef mining cost per tonne increased by 11.7% from US\$18.8/t to US\$21.0/t. This cost per reef tonne was incurred on a stripping ratio of 7.9 (m³ waste: m³ reef). On a per cube mined basis i.e. including both waste and reef, the cost increased by 3.8% from US\$7.9/m³ to US\$8.2/m³ (the prior year stripping ratio was 7.5).

Administrative expenses increased from US\$26.9 million to US\$39.2 million mainly due to an increase in employee costs which included certain bonus payments following the successful transition to an owner-mining model and costs associated with the employment of additional support staff (training, time and attendance, procurement, human resource and



safety) necessary as an owner miner. After accounting for administrative expenses, the Group achieved an operating profit of US\$72.5 million (2017: US\$98.4 million).

The consolidated cash cost per tonne milled (i.e. including mining but excluding transport and freight) increased by 7.4% from US\$34.9/t to US\$37.5/t.

EBITDA amounted to US\$101.9 million (2017: US\$115.6 million).

Finance costs (totalling US\$10.2 million) principally relate to the term loan and various OEM financing facilities due by Tharisa Minerals for the funding of mining fleet additions, the trade finance

facilities of Arxo Resources and the limited recourse discounting of the PGM receivables.

The Group generated a profit before tax of US\$65.0 million compared to the comparable period of US\$91.0 million.

The tax charge amounted to US\$14.0 million, an effective rate of 21.6%. The cash tax paid amounted to US\$5.5 million. The Group has fully utilised its tax losses however, as at the year end, the Group had unredeemed capex for tax purposes available for off-set against taxable mining income of US\$111.1 million. The net deferred tax liability amounted to US\$28.0 million.

Basic earnings per share for the year amounted to US\$19 cents (2017: US\$22 cents) with headline earnings per share of US\$19 cents (2017: US\$22 cents). Diluted earnings per share were US\$18 cents (2017: US\$22 cents), with diluted headline earnings per share of US\$19 cents (2017: US\$22 cents).

The Group successfully closed the refinancing of the senior debt facility and the bridge loan facility (utilised to part finance the purchase of the mining fleet) with a three-year secured term loan of ZAR400 million as well as securing corporate facilities in the amount of ZAR400 million.

Consequently, the amount held in the debt service reserve account is now available to the Group. The corporate facilities have not been drawn. In addition, US\$37 million of financing facilities from original equipment manufacturers and asset backed facilities were arranged of which US\$23.2 million was drawn at year end. Arxo Resources secured a US\$20 million trade finance facility to fund pre-shipment chrome concentrate sales pipelines. As at the year end the facility was not yet accessed.

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The total debt amounted to US\$77.4 million, resulting in a debt to total equity ratio of 26.0%. This exceeds the long-term targeted debt to equity ratio of 15% principally due to the leveraged purchase of the mining fleet. Tharisa had cash and cash equivalent of US\$66.8 million at year end resulting in a net debt to total equity ratio of 3.3%.

The current capex spend focused on stay in business capex, mining fleet additions to optimise the fleet and ongoing projects aimed at improving recoveries of both PGMs and chrome concentrates. Additions to property, plant and equipment for the year amounted to US\$48.2 million of which US\$23.4 million related to additions to the mining fleet including US\$6.9 million related to right of use (leased) assets. This is in addition to the US\$21.5 million paid for the acquisition of the mining fleet. The depreciation charge amounted to US\$29.9 million (2017: US\$16.9 million). The mining fleet was purchased from the mining contractor at a discount to the replacement value thereby having a favourable impact on the current depreciation charge.

The environmental rehabilitation provision was historically calculated based on the rates as prescribed by the DMR escalated by South African CPI. In the current year, the Group reviewed the basis of its estimates and judgements and the basis for the calculation of the environmental rehabilitation provision was amended to that of prevailing commercial rates.

The Company acquired a 26.8% shareholding in Karo Mining Holdings Limited for a cash consideration of US\$4.5 million. This investment is accounted for using the equity method.

The Company has an option to acquire a 90% shareholding in Salene Chrome Zimbabwe (Private) Limited. It has a commitment to fund the exploration spend of up to US\$3.2 million. This investment is accounted for as other financial asset at the cost of the exploration spend.

The Group generated net cash from operations of US\$89.8 million (2017: US\$75.7 million) and after taking into account the capex, a free cash flow of US\$49.3 million (2017: US\$53.1 million). Cash on hand amounted to US\$66.8 million (2017: US\$49.7 million).

There is continued focus on working capital management, with the current ratio at 2.0 times.

The Group has early adopted IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases*. The Group entered into a number of new lease agreements for the addition of mining fleet subsequent to 30 September 2017 and consequently decided to early adopt these standards. The early adoption resulted in negligible adjustments to retained earnings at 1 October 2017.

From time to time, the Group concludes transactions with related parties. These transactions are disclosed in the ensuing condensed consolidated annual financial statements (refer to note 23).

Dividend

In accordance with Tharisa's dividend policy of distributing at least 15% of annual net profit after tax, the Board has proposed a final dividend of US\$ 2 cents per ordinary share subject to the necessary shareholder approval. The Company declared its first interim cash dividend during the year of US\$ 2 cents per share.

Board appointment

Tharisa welcomed Zhong Liang Hong to the Board as a non-executive director with effect from 1 April 2018. Mr Hong represents Fujian Wuhang Stainless Steel Co., Limited and Huachuang Singapore Pte Limited, which respectively hold 7.44% and 1.98% of Tharisa's issued share capital with voting rights as at 30 September 2018.

Outlook

Our 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 maturation of the business beyond the development stage has positioned the Group to implement the next phase of growth. The focus is not only on continuous improvements in feed grade and recoveries, but on expanding the business into new jurisdictions.

The production outlook for FY2019 is 160 koz of PGMs and 1.5 Mt of chrome concentrates, of which 375 kt will be specialty grade chrome concentrates. Our vision for 2020 is to produce 200 koz of PGMs and 2.0 Mt of chrome from the Tharisa Mine, on an annualised basis.

The management team is positive about the prospects for the year ahead and believes that with the various expansion plans, a strong focus on our mining division delivering quality ROM and managing the extensive yellow fleet to OEM standards, economies of scale will be demonstrated through reduced unit costs and increasing operating margins.

Ultimately, our success is measured by our consistent operational and financial delivery, and we have again set ourselves robust targets in line with our drive to grow this business. We are confident of meeting these as we deliver against our Vision 2020 strategy.

We thank our Board, management, employees, customers, suppliers and partners who have assisted the Company during this profitable year.

MARKET REVIEW

South Africa is home to the world's largest PGM and chrome deposits; and its mining industry is therefore an essential component of the global commodity supply chain.

US dollar PGM basket prices improved during the year, backed by the rally in rhodium and ruthenium prices, despite the decline in the platinum price. 42% metallurgical grade chrome concentrate prices fluctuated during the year, reaching a high of US\$240/t and closed at US\$160/t.

Tharisa's co-producer business model allows the Group to benefit from higher pricing environments and conversely absorb the effects from price shocks.

Tharisa's market position

Tharisa is the only JSE and LSE listed co-producer of PGM and chrome concentrates. Chrome continues to play a significant role in South Africa's economy, with the country producing 16.6 Mt (54.7% of global supply), with exports generating more than ZAR12.6 billion in revenue for the national current account. PGM exports account for ZAR85.1 billion for the current account.

Tharisa is the fourth largest primary producer of chrome concentrates and the seventh largest producer of PGMs in South Africa, accounting for 8.7% of South African chrome production.

Tharisa remains one of the world's largest producers of specialty grade chrome concentrates.







PGM market

PGMs are vital industrial metals valued for their durability, resistance to corrosion and catalytic properties. The automotive industry is the world's largest consumer of PGMs, which are used in catalytic converters for vehicle exhaust systems. Other drivers of demand are jewellery, industrial uses and investment.

With its rich mineral wealth, South Africa is home to the world's largest PGM deposits and remains the world's principal producer, estimated to be responsible for 70.0% of the total refined platinum production in 2018.

According to the WPIC Q2 2018 report, South African refined platinum production is forecast to reduce by 1.1% from 2017, producing 4.3 Moz. Tharisa's prill split contains a higher content of rhodium and ruthenium than other Bushveld Complex concentrates. An increase in demand is likely to be seen in palladium and ruthenium. Further advances in the deployment of fuel cell technology in vehicles are likely to see a rise in platinum demand.

PGM end uses

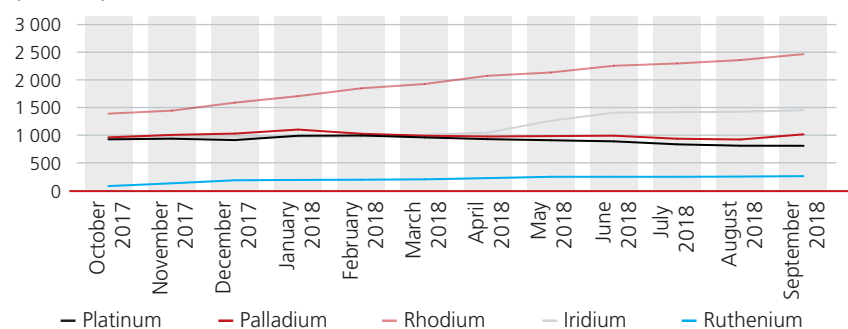
	<p>Platinum</p> <ul style="list-style-type: none"> > Automotive catalytic converters > Jewellery 		<p>Ruthenium</p> <ul style="list-style-type: none"> > Electrical contact > Chemical catalyst
	<p>Palladium</p> <ul style="list-style-type: none"> > Automotive catalytic converters > Jewellery 		<p>Iridium</p> <ul style="list-style-type: none"> > Corrosion resistance > Automotive spark plugs
	<p>Rhodium</p> <ul style="list-style-type: none"> > Automotive catalytic converters > Optic fibre coatings 		<p>Gold</p> <ul style="list-style-type: none"> > Jewellery > Coinage

PGM prices in FY2018

Johnson Matthey's monthly averages for platinum show that the metal ended FY2018 at US\$810.3, a decrease of 12.7% over the period, while palladium increased 5.8% to US\$1 017.0. Rhodium continued its rally during FY2018 by increasing a further 77.4% to US\$2 465.3. However, the best performing metal was ruthenium, recording a price of US\$261.8 at the period end, a 220.9% increase. Tharisa's basket price for FY2018 increased by 17.4% in US dollar terms and by 14.7% in ZAR terms.

		FY2018	FY2017	Change %
PGM basket price	US\$/oz	923	786	17.4
PGM basket price	ZAR/oz	12 038	10 492	14.7

PGM (US\$/oz)

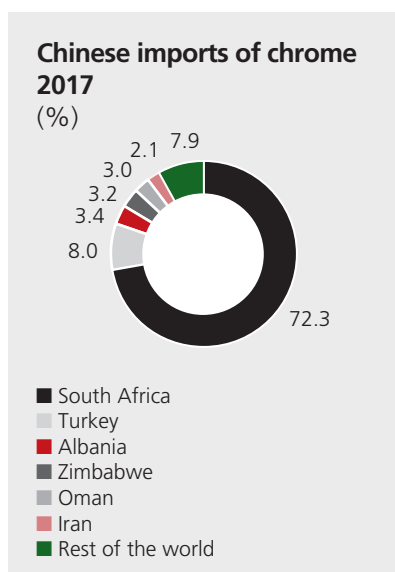


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Chrome market

South Africa hosts the largest chromite reserves in the world, accounting for approximately 72.0% of the world's chrome. In 2017, South Africa produced 16.6 Mt of chrome concentrates, equating to 54.7% of global production for the year. The annual South African production increased by 4.8% from 2016. The ICDA reports that South Africa produced 9.9 Mt of chrome concentrates in the first six months of 2018.

South Africa exported over 10.8 Mt of chrome ores in 2017, an increase of 27.6% from 2016. The balance of South Africa's production is sold locally as feedstock for the ferrochrome industry. Of South Africa's exports, 93.0% of these were destined for China. China is reliant on imports of chrome ores and concentrates to supply its ferrochrome and stainless steel manufacturing industries. Therefore, there is a high correlation between stainless steel production and ferrochrome demand, and between ferrochrome demand and the demand for chrome ores and concentrates.

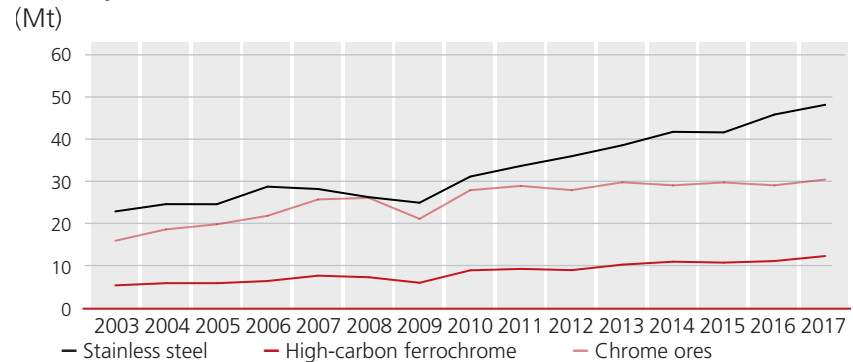


Chrome end uses

Chrome ore demand is driven by ferrochrome use, with more than 90.0% of chrome ore being used for metallurgical purposes. Approximately 5.0% of demand is derived from chemical industry and the balance from the foundry and refractory industries. The majority of metallurgical grade chrome concentrate is utilised in the production of ferrochrome. In turn, the largest consumer of ferrochrome is stainless steel. As such, the dynamics from the stainless steel industry have an impact on both the ferrochrome and chrome ore industries. In 2017, global stainless steel production increased by 5.0% year on year according to the International Stainless Steel Forum, in turn driving demand for ferrochrome and chrome ores.

93%	<p>Metallurgical grade</p> <ul style="list-style-type: none"> - Cr₂O₃ – 30% to 45% - SO₂ – <4% - Chrome is the key ingredient for stainless steel 	2%	<p>Foundry grade</p> <ul style="list-style-type: none"> - Cr₂O₃ – >46% - SO₂ – <1% - High-thermal conductivity and low-thermal expansion - Moulds for metal castings
5%	<p>Chemical grade</p> <ul style="list-style-type: none"> - Cr₂O₃ – 45% to 47% - SO₂ – <1.2% - Used to produce sodium dichromate 	<1%	<p>Refractory grade</p> <ul style="list-style-type: none"> - Cr₂O₃ – 46% - SiO₂ – <1.2% - 98% <2 mm - Refractory bricks for furnace linings

Global production



To produce one tonne of stainless steel



Chrome prices in FY2018

Prices for metallurgical grade chrome concentrate ranged from US\$156/t to highs of US\$240/t for the year under review. Chrome concentrate port stocks in China reached an all-time high during the financial year of 3.8 Mt at the end of August 2018. Domestic Chinese consumption equates to approximately 1.2 Mt per month, resulting in a supply of 12 weeks at the peak, assuming that all stocks were immediately available. This increase in inventory holding increased the volatility in pricing seen in the market. Subsequently, stocks at port have reduced to below 3.0 Mt.

The average metallurgical grade chrome contract price achieved was US\$186/t CIF China for FY2018.

INVESTMENT CASE

Positioned for value creation

The Tharisa Mine produced 152.2 koz of PGMs and 1.4 Mt of chrome concentrates in FY2018 and has provided FY2019 production guidance of 160 koz of PGMs and 1.5 Mt of chrome concentrates, of which 375 kt will be specialty grade chrome concentrates.

The Group is targeting annual production of 200 koz of PGMs and 2.0 Mt of chrome concentrates by 2020.

- Tharisa is the only JSE and LSE listed co-producer of PGM and chrome concentrates
- It is the seventh largest South African PGM producer
- South Africa's fourth largest chrome producer and the largest producer from a single resource
- In FY2018, Tharisa accounted for 10.4% of China's chrome ore and concentrate imports, and 14.4% of South Africa's chrome ore and concentrate exports to China
- One of the world's largest producers of specialty grade chrome concentrates

Extraction and beneficiation

The Group's key differentiators are that it has a large-scale open pit resource that allows for the extraction of five MG Chromitite Layers. The Tharisa Mine, located in the South African Bushveld Complex, which is the world's largest PGM deposit, taps into one of the world's largest single chrome resources of 860.7 Mt.

The Tharisa Mine has a 15 year life of mine ('LOM') and the ability to extend operations underground by a further 40 years. The open pit is planned with a strike length of 5 km and a high wall height of approximately 200 m.

The mechanised nature of the open pit operation has ensured that the operations remain within the lower cost quartile of PGM and chrome producers.

Tharisa Minerals has two independent processing plants with a combined 4.8 Mtpa nameplate capacity. The integrated process involves primary extraction of chrome followed by PGM flotation, then secondary chrome extraction from the tailings. The two plants offer operational flexibility, allowing one plant or a portion thereof to be shut down without impacting the entire operation.

Marketing and sales

The majority of PGM concentrate is sold to Impala Platinum under an offtake agreement as well as to Lonmin under a research and cooperation agreement.

The Group has a marketing platform for the sale of its metallurgical chrome concentrates to end-users, stainless steel producers and global commodity traders.

Metallurgical chrome concentrate is mainly shipped to China where it is consumed primarily by the stainless steel industry.

Specialty chrome concentrates, which include chemical and foundry grades, are sold into European and Asian markets. Production of specialty grade chrome concentrates made up 25.4% of the year's total chrome production.

HOW THARISA CREATES VALUE

Leadership review

Market review

Investment case and
competitive strengths**> How Tharisa creates value**

Stakeholder engagement

Group strategy

Principal business risks

Business model

Tharisa's vision is to become a leading natural resources company, generating value by becoming a globally significant low-cost producer of diversified strategic commodities.

The Group incorporates mining, processing, beneficiation, marketing, sales and logistics.

Tharisa Minerals is a low-cost producer of PGM and chrome concentrates, resulting in two distinct revenue streams from a single resource with costs shared between the commodities.

The Group continues to explore beneficiation opportunities through innovation and technology.

Inputs

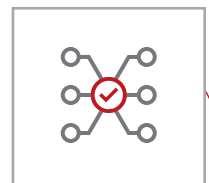
PEOPLE

- Skilled workforce
- Experienced entrepreneurial leadership
- Human resource development
- Fully committed to zero harm culture



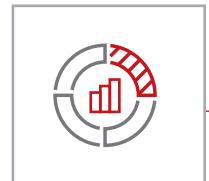
ASSETS AND INFRASTRUCTURE

- Mining right
- Significant resource
- Long-term open pit life of mine
- Processing plants
- Regulatory compliant
- Road and rail networks
- Port facilities



FINANCIAL

- Cash – operationally cash flow positive
- Capital expenditure – stay-in-business capex, mining fleet and optimisation projects
- Access to capital
- JSE and LSE listing – access to capital markets



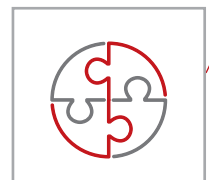
INNOVATION

- Optimisation – mining and processing
- Research and development
 - New technology
 - Development of niche products
 - Piloting PGM rich alloy technology



STAKEHOLDERS

- Employees
- Shareholders
- Communities
- Customers
- Suppliers
- Government
- Municipalities
- Regulators



ENVIRONMENT

- Resource management; i.e. energy use and water availability
- Land management, including biodiversity conservation, rehabilitation and closure planning
- Environmental compliance
- Managing and minimising waste streams



What we do

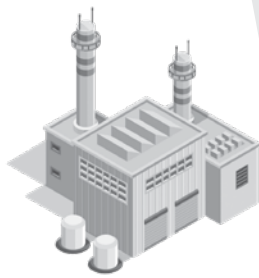
MINERAL EXTRACTION

- Mining of five MG Chromitite Layers
- Owner-mining model



BENEFICIATION

- Producing PGM and chrome concentrates, including
 - metallurgical grade
 - chemical grade
 - foundry grade



RESEARCH AND DEVELOPMENT

- Improving recoveries
- 1 MW DC furnace to pilot production of PGM rich alloys



MARKETING AND SALES

- Sales of PGM concentrate
- Marketing and sales of chrome concentrates to customers globally
- Agency agreement to third-party businesses



LOGISTICS

- Road transport of PGM concentrates
- Road and rail transport of chrome concentrates to port
- Shipment of product to customers



Outputs

PRODUCTS

- PGM concentrate
- Metallurgical grade chrome concentrate
- Chemical grade chrome concentrate
- Foundry grade chrome concentrate



For more on our products go to page 40.

SERVICES

- Marketing and sales
- Logistics



For more on our services go to page 42.

WASTE

- Process tailings
- Waste rock

For more on waste management go to page 55.

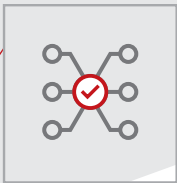
Outcomes



PEOPLE

- Employment: **more than 500** people from local community
- **Six interns** and **15 graduates** enrolled in intern programme
- Skills development: **US\$0.5 million** spent on training
- Low LTIFR: **0.18** per 200 000 man hours worked
- **Three years fatality free**

For more on our people go to pages 48 and 50.



ASSETS AND INFRASTRUCTURE

- Production of saleable product: **5.1 Mt** reef milled with **152.2 koz** PGMs and **1.4 Mt** chrome concentrates produced
- Depletion of resources: **4.9 Mt** reef mined
- Responsible management and efficient use

For more on assets and infrastructure go to page 36 to 43.



FINANCIAL

- Operating profit: **US\$72.5 million**
- Cash generated from operations: **US\$89.8 million**
- Social upliftment: **US\$2.1 million** spent on CSI
- Direct and indirect taxes and royalties: **US\$59.9 million**
- Total dividend: **US\$ 4 cents per share**

For more on financials go to page 14.



INNOVATION

- Process improvements
- **Exposure to both the PGM and chrome markets**
- Operates **across the value chain** – from mine to market
- Large-scale open pit resource for extraction of **five MG chromitite layers**



STAKEHOLDERS

- Wages, salaries, bonus schemes and share award plans: **US\$21.0 million**
- Shareholder returns ('HEPS'): **US\$ 19 cents per share**
- Community upliftment: **US\$0.3 million** spent on education
- Customers – **quality of products, consistent deliveries**

For more on stakeholders go to pages 26 and 27.



ENVIRONMENT

- Total energy consumption: **169 480 MWh**
- Cumulative rehabilitation spend: **US\$21.8 million**
- Total water consumption: **4 283 399 m³**
- Total CO₂ emissions (Scope 3): **2 068 500 tCO₂e**

For more on environmental management go to pages 51 to 56.



RESOURCES

- 860 Moz of chrome resources
- 1.5 Mt of chrome concentrates



MINING

- 15-year open pit LOM
- 40-year underground expansion
- Mined 4.9 Mt of ROM reef



PROCESSING

- 4.8 Mt nameplate design capacity
- Production of 152.2 koz of PGMs
- 1.4 Mt of chrome concentrates

THARISA MINERALS



LARGE SCALE

- One of the world's largest single chrome resources



MECHANISED

- Mechanised open pit mine with a skilled labour force



DERISKED

- In production
- Major contributor to FY2019 production of 160 koz of chrome concentrates
- 1.5 Mt of chrome resources

OUR FULL VALUE CHAIN

RESOURCE
 0.7 Mt resources at
 4 g/t 5PGE + Au
 and 20.1% Cr₂O₃

extension
 reef



ARXO METALS
 BENEFICIATION

- Production of specialty grade chrome concentrates

R&D

- New technology
- Development of niche products
- Piloting PGM rich alloy technology with 1 MW DC smelter

THIRD PARTY

- Improving quality of K3 UG2 chrome plant production

tharisa

MID-TIER OPEN PIT PGM AND CHROME CONCENTRATE CO-PRODUCER WITH AN INTEGRATED MARKETING, SALES AND LOGISTICS PLATFORM

ARXO RESOURCES
 MARKETING AND SALES

- Significant trader of chrome concentrates
- Global reach for specialty chrome concentrates
- Third-party trading

ARXO LOGISTICS
 LOGISTICS

- Road transport of PGMs
- Road/rail transport, warehouse and port facilities for bulk chrome concentrates

mining
 ce



D
 uction
 apex complete
 production of
 z PGMs and
 of chrome concentrate

CUSTOMERS

- PGM offtake agreement – Impala Platinum and cooperation agreement with Lonmin
- Specialty chrome offtake/joint marketing agreement
- Metallurgical chrome agency agreement – Noble Group
- Strategic chrome agreement – Tisco
- Relationships with stainless steel and ferrochrome producers and global commodity traders

KARO HOLDINGS

- Development of highly prospective integrated PGM mining complex
- Replication of phased development and innovative approach

SALENE CHROME

- Potential quick to market chrome business expansion
- Addition of higher grade chrome concentrate to the Tharisa basket of chrome products

OUR FULL VALUE CHAIN

COMPETITIVE STRENGTHS

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VISION

> **Shallow** and **large** scale **PGM** and **chrome** resource, one of the **world's single largest chrome resources**, enabling Tharisa to be a large scale producer for several decades

> Mining of **five MG Chromitite Layers** allowing for the **co-production** of PGM and chrome concentrates

> Extensive **research and development** programmes developing new **technologies** and beneficiation capabilities

> **Independent processing plants** providing operational flexibility

> **Direct relationships** with South African and international customers



> Capacity to produce metallurgical and higher margin chemical and foundry grade concentrates for **different markets**

> Positioned in the **lowest cost quartile** of the PGM and chrome concentrate cost curves, underpinned by **low-risk** mining and beneficiation processes

> **Profitable** through the cycle

> **Mechanised** operations and skilled labour force

> **Integrated** marketing, sales and logistics platforms

> Leverage existing platforms with **third-party** operations and trading

> Pioneering **innovative** and unique approach to viable mineral extraction and beneficiation

> Replication of phased development in **exploration** projects

> **Capital discipline** with an annual **dividend policy** of at least 15% of NPAT

> Derisked major **capex complete**

> Optimisation for **Vision 2020**

> Extensive industry and management experience with a **successful track record** of identifying, developing and operating open pit and underground mining operations



STAKEHOLDER ENGAGEMENT

Tharisa believes that stakeholder engagement is a business imperative and that strong lines of communication between stakeholders ensure the success of the Group and secure its place among the community. The Group's stakeholder engagement strategy aims to ensure that it maintains good working relations, manages social risk and develops solutions to social challenges faced by its stakeholders. Tharisa's stakeholder engagement framework will be further developed for the new jurisdictions that it is entering as those operations are established.

SHAREHOLDERS

- Interim and annual reporting
- Quarterly production updates
- Annual general meeting ('AGM')
- SENS/RNS announcements
- Annual Report
- Company website



EMPLOYEES

- Regular employee engagement forum meetings at the Tharisa Mine
- Tharisa newsletters and posters
- Tharisa induction and ongoing skills development training
- Company website
- Daily supervisor/manager interaction
- Ongoing safety training on the Tharisa Mine
- Tharisa wellness programmes and campaigns

LABOUR UNIONS

- Union recognition and negotiations at Tharisa Minerals
- Monthly liaison with shop stewards
- Regular contact with union leadership
- Tharisa Mine labour forum meets once a month



COMMUNITIES

- Adult education and training, leadership and bursaries
- Community forums
- Local upliftment and wellness programmes and projects
- Regular meetings with various community leadership structures
- CSI programmes
- Career-sharing information for pupils

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GOVERNMENT

- Monthly, quarterly and annual reports to the DMR
- Regular engagement with local and provincial government and municipalities
- Scheduled and unannounced site visits by regulators

CUSTOMERS

- Regular customer meetings
- Electronic and telephonic communication
- Customer site visits
- Commodity conferences



SUPPLIERS

- Procurement policies, tender process
- Verbal and electronic communication
- Contract terms negotiated and agreed
- Standard contract terms for suppliers of goods

SOUTH AFRICAN STATE-OWNED ENTITIES

- Regular face-to-face meetings
- Electronic communication
- Joint task team with Transnet to develop siding

ANALYSTS

- Roadshows and analyst briefings
- Interim and annual reporting
- Annual Report
- Company website
- SENS/RNS announcements

FINANCIERS

- Reporting on a monthly, bi-annual and annual basis
- Presentations and meetings with management
- Tharisa Mine site visits by debt providers at least twice a year
- Telephonic and electronic communication, particularly on working capital facilities
- Annual review of working capital facilities

GROUP STRATEGY

Tharisa's core strategy is to generate further value by becoming a globally significant low-cost producer of strategic commodities.

It supplies global demand for our products through integrated mining, processing, marketing, sales and logistics operations.

The Group's expansion strategy focuses on growth through value-accretive acquisitions and development of large-scale, low-cost projects that are in, or close to production.

DISCOVER

Tharisa seeks to grow and expand its business by investing in operations or projects, which demonstrate opportunities for value accretion. The Group proactively seeks out investment or acquisition opportunities in strategic commodities and in countries offering geographic diversity.

The Group gives preference to opportunities to develop large scale and low-cost projects that are in or close to production. Such opportunities must meet Tharisa's stringent investment criteria, including a minimum return on investment of 25%.

In FY2018, the Group diversified geographically by taking low-risk entry options in two projects – **Salene Chrome** and **Karo Holdings**. Both are highly prospective opportunities on the **mineral rich Great Dyke** in Zimbabwe.



DEVELOP



The Group has shown that it has the skills to develop a mine from exploration through to steady state operations. Its phased approach to development has derisked the current operations, allowing it to look beyond its borders for its next low-cost, large-scale operation. Its innovative approach has ensured continual improvement through increased volumes and recoveries at its operations.

PGM recoveries at the Tharisa Mine have improved from 43.7% in 2014 to 81.4% in 2018 and chrome recoveries have improved 11.1% over four years.

At Tharisa Minerals, the Vision 2020 projects will ensure that **Tharisa delivers 200.0 kozpa of PGMs and 2.0 Mtpa of chrome concentrates in 2020, on an annualised basis.**

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DELIVER



Tharisa continues to explore ways to expand its marketing and sales capabilities to enable the Group to capture additional margin by leveraging its existing capability, experience and relationships through third-party sales and logistics. Tharisa effectively competes with other commodity traders based on its tailored and high-quality service offering, market knowledge and strong customer relationships.



DISCIPLINE

With management of costs and improved efficiencies, Tharisa continues to be positioned in the lowest cost quartile for both PGM and chrome concentrates.

The Group subscribes to a capital allocation framework where potential projects are assessed against stringent investment criteria. The basis for the framework is investment in low-risk entry points and the staged capital and development of new projects.

The Group is **cash flow positive**, which has allowed it to **improve its returns to shareholders**. Tharisa has an annual dividend policy of a minimum of 15% of consolidated net profit after tax. It declared a maiden interim dividend of US\$ 2 cents per share in FY2018. A final dividend of US\$ 2 cents per share was proposed, resulting in a total dividend of US\$ 4 cents per share for the full year.

TOTAL PROPOSED DIVIDEND FOR THE YEAR

US\$ 4 cents per share

PRINCIPAL BUSINESS RISKS

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

Risk review

The risks that are material to Tharisa and its stakeholders are determined by an analysis of the Group's risks, the external environment and the Group's engagement with stakeholders.

Material risks may impact the achievement of the Group's strategy. 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.

Material risks are considered and reported on an ongoing basis by those members of the management team responsible for risk management. The Tharisa Risk Committee comprises all members of the Board.

Risks are identified in the Group risk register and are considered by management on a quarterly basis and reported to the Board at least twice a year.

Below are the material risks identified by management in consultation with stakeholders and with reference to the Group's business model and strategy.

Risk	Impact	Mitigation
Safety		
Keeping people safe is of paramount importance to Tharisa. Mining and processing safely is a key performance indicator for all executives and managers at Tharisa.	<ul style="list-style-type: none"> • Disruptions to operations pending root cause investigations • Potential section 54 and section 55 instructions from the DMR in terms of the South African Mine Health Safety Act 	<ul style="list-style-type: none"> • Strive for zero harm working environment • Comprehensive training on standard operating procedures • Implement culture of safety risk intolerance • Transparent and open relationships with DMR inspectorate • Key performance indicator in Group cash bonus scheme to incentivise safe behaviour
Political uncertainty		
<p>South Africa – the recent proposals concerning land expropriation without compensation coupled with burgeoning unemployment, increasing government debt and negligible GDP growth have led to a negative response to political certainty.</p> <p>Negative business confidence.</p> <p>Zimbabwe – international sanctions still exist and may affect the stability of the economy.</p> <p>Negative business confidence.</p> <p>Lack of currency liquidity.</p>	<ul style="list-style-type: none"> • Unattractive investment destination for international investors • Potential for sovereign credit rating downgrade • Political civil unrest adversely impacting on mine production 	<ul style="list-style-type: none"> • The political uncertainty has stabilised with the inauguration of Cyril Ramaphosa as president and the replacement of the boards of state-owned enterprises • Pledges by global concerns to invest in the country; which will serve to improve business confidence, unlock investment by local concerns and build GDP growth • National elections in 2019 which will instil fiscal discipline once there is election certainty • The political uncertainty and volatility in Zimbabwe has stabilised with the inauguration of President Mnangagwa • Lifting of certain indigenisation restrictions • The President's willingness to attract international investment by his declaration that "Zimbabwe is open for business" • Investor friendly laws and dispensations

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Risk	Impact	Mitigation
Regulatory compliance		
<p>Tharisa Minerals' right to mine is dependent on strict adherence to various legal and legislative requirements.</p> <p>Non-compliance with the MPRDA and/or Mining Charter and/or the Group's Social and Labour Plan. Routine audits are carried out by the DMR to ensure compliance.</p> <p>The Group is required to comply with a range of health and safety laws and regulations in connection with its mining, processing and on mine logistics activities. Regular inspections are conducted by the DMR to ensure compliance. Any perceived violation of the regulations could lead to a temporary shutdown of all or a portion of the Group's mining activities.</p>	<ul style="list-style-type: none"> • Cost of compliance to changes in the Mining Charter • Non-compliance resulting in potential legal sanction and risks to the right to mine • Capital raising hindered 	<ul style="list-style-type: none"> • Ensure compliance with current MPRDA and applicable legislation • Proposed amendment to the MPRDA has been abolished • Mining Charter has been published and is certain • Ensure compliance with the terms of the Mining Charter while making use of the phasing in period • Ensure compliance with the Group's Social and Labour Plan • Engagement with regulatory authorities and industry organisations • Ongoing communication and awareness with investors
Production/location concentration		
<p>Tharisa currently owns and operates a single asset in a single jurisdiction.</p> <p>The Group has made early entry investments into Zimbabwean exploration projects, however the Group is still exposed to the potential of political risk and instability within the country of its operation.</p>	<ul style="list-style-type: none"> • Exposure to potential macroeconomic, social and sociopolitical risks and instability • Sovereign ratings downgrades of the country of operation can limit the Group's ability to raise financing and increase the cost thereof • Exposure to only two commodities 	<ul style="list-style-type: none"> • Third-party operations such as the operations of Lonmin's K3 UG2 chrome plant, provides additional revenue from an alternate operation • Exploration projects in Zimbabwe provide geographic diversification as well as higher grade chrome products • Considering opportunities to diversify commodities as they arise

PRINCIPAL BUSINESS RISKS

CONTINUED

Risk	Impact	Mitigation
Global commodity prices and currency volatility		
<p>The Group's revenues, profitability and future rate of growth depend on the prices of PGMs and chrome.</p> <p>The state of the world's economies impact on demand and market prices for PGMs and chrome.</p> <p>Volatility in the ZAR:US\$ exchange rate affects the Group's profitability of which South Africa's technical recession, land reform uncertainty and effects of other emerging markets are contributing factors.</p>	<ul style="list-style-type: none"> • A downward pressure on the prices of PGMs and/or chrome may negatively affect the Group's profitability and cash flows • The Group's reporting currency is US dollar. The Group's current operations are predominately based in South Africa, with a ZAR cost base while the majority of the revenue stream is in US dollar, exposing the Group to the volatility and movement in the currencies • Risk of competitor product dumping and undercutting market prices 	<ul style="list-style-type: none"> • Monitor costs closely to ensure that the Group remains in the lowest cost quartile • Stringent cost control • Improved operating efficiencies and production driving down unit costs • Service providers appointed to manage the Group foreign exchange and PGM hedging policy • Production of higher value-add specialty grade chrome concentrates comprising 25% of Group chrome concentrate production
Financing and liquidity		
<p>The activities of the Group expose it to a variety of financial risks including market, commodity prices, credit, foreign exchange and interest rate risks.</p> <p>Static share price trading.</p>	<ul style="list-style-type: none"> • Significant changes in the financial assumptions made by the Group could impact on its ability to continue operating and jeopardise its ability to raise financing in the future • Adverse impact on the ability to raise capital for growth and acquisitions 	<ul style="list-style-type: none"> • Position as a low-cost producer of both PGM and chrome concentrates • Production of higher value-add specialty grade chrome concentrates • Leveraging third-party operations • Diversified customers and markets • Stable Group performance assisted by free cash flows generated from operating activities • Undrawn banking facilities • Trade finance facilities assist with working capital requirements • Secondary listing on the LSE provides an additional trading platform and increased liquidity • Marketing and roadshow efforts have enhanced the Group's profile and investor awareness

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Risk	Impact	Mitigation
Market/customer concentration		
The bulk of Tharisa's chrome production is exported to China. This gives the Group a significant exposure to a single market.	<ul style="list-style-type: none"> • Customer base largely located in China with accompanying exposure to Chinese markets 	<ul style="list-style-type: none"> • No reliance on a dominant customer within that market • Tharisa has strategically diversified its production through the increase of specialty grade chrome concentrates, which make up approximately 25% of Tharisa's total chrome production • Chemical and foundry grade chrome concentrates sold into diversified global markets • Exploration project in Zimbabwe is focusing on higher grade chrome products • PGM concentrate sold to leading precious metal refiners on a long-term offtake basis
Environment		
Tharisa is obliged in terms of its undertaking to stakeholders, including government, providers of capital and the community, to monitor, minimise and mitigate our impact on the physical environment and not to infringe on the rights to a safe and healthy environment. Non-compliance with this undertaking may infringe on the terms of the mining licence and the ability to continue mining.	<ul style="list-style-type: none"> • Harm to the environment • Increased costs of remediation and rehabilitation due to legislative changes • Potential legal sanction and class action suits • Poor image of mining companies 	<ul style="list-style-type: none"> • Conduct all mining and processing operations in an environmentally responsible manner • Compliance with applicable national and local laws and regulations • Monitor compliance against Equator Principles • Financial provision for rehabilitation and mine closure • Ongoing environmental impact monitoring
Local stakeholders		
Tharisa Minerals' neighbours are impacted by its operations in terms of dust, noise, water and security.	<ul style="list-style-type: none"> • Local stakeholder discontent has the potential to disrupt operations • Safety and health of community • Complaints to regulatory authorities and risk of intervention • Potential for adverse litigation • Poor image of mining companies 	<ul style="list-style-type: none"> • Ongoing environmental impact monitoring • Agreements concluded with local landowners • Partner with government and local municipality to develop identified land within the municipal spatial development area to which the community may be relocated • Ongoing discussions with the DMR • Positive engagements with the local community with focus on sustainable community projects
The perceptions of stakeholders, including different sections of the community and various levels of government, are varied and multi-layered.		

PRINCIPAL BUSINESS RISKS CONTINUED

Risk	Impact	Mitigation
Access to resources and infrastructure		
Tharisa's mining, processing and marketing operations rely on sustainable access to water, electricity and road and rail infrastructure.	<ul style="list-style-type: none"> • Production interruptions • Failure to meet delivery commitments 	<ul style="list-style-type: none"> • Two independent processing plants provide flexibility in times of electricity and water curtailments • Multi-modal transport optionality via bulk or containers, road and/or rail • Integrated agreement for rail transportation and port facilities concluded with Transnet • Improved water supply through application for a permanent conversion of temporary rights and transfer of water rights from Buffelspoort Dam • Open pit diesel powered mining fleet reduces reliance on electricity
Labour		
The consistent, assured availability of appropriately skilled human resources at economical rates is essential to the sustainability of Tharisa's operations. Similarly important is the efficiency and discipline of the Group's workforce.	<ul style="list-style-type: none"> • Labour disruptions remain a risk, particularly with the current political climate which may contribute to heightened labour and community unrest • Potential damage to property • Loss of production exacerbated by low ROM stockpiles ahead of the plants 	<ul style="list-style-type: none"> • Recognition agreement with the relevant trade union • Newly concluded two-year wage agreement with majority union provides certainty and stability • Monthly liaison with shop stewards and regular contact with regional leadership • Ongoing training programmes • Adequate insurance cover in the event of damage to property arising from unrest • All levels of employees incentivised through bonus and incentive schemes leading to improved productivity and employee retention
Management of resources and reserves		
Management and planning of the extraction of the multiple MG layers of reef is critical to its business model.	<ul style="list-style-type: none"> • Sub-optimal quantity and quality of reef results in poor processing plant recoveries, which impacts on production and financial performance • Sterilisation of resources reduces life of mine and inhibits mining flexibility • Loss of production as a result of low ROM stockpiles ahead of the plants 	<ul style="list-style-type: none"> • Owner mining model enables in-house management and control of all mining activities, with focus on correct mining practices with optimal quality and quantity of ROM • In-house mining skills • Accuracy and execution of mine plan • Mining employees managed on KPIs
Tharisa's success depends on it extracting the maximum value per tonne of reef while avoiding in pit dilution and undue sterilisation of the resource.		

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Risk	Impact	Mitigation
Unscheduled breakdowns		
The Group's performance is reliant on the consistent mining and production of PGM and chrome concentrates from the Tharisa Mine.	<ul style="list-style-type: none"> Any unscheduled breakdown leading to a prolonged reduction in mining and/or production may have a material impact on the Group's financial performance and results of operations Loss of production as a result of low ROM stockpiles ahead of the plants 	<ul style="list-style-type: none"> Optimisation of the existing mining fleet Developed engineering and geological skills that are integral to in-house mining Preventative maintenance programme for the fleet and plant Long lead item spares in stock Purchase of ROM from third parties to alleviate low ROM stockpiles
Cyber security		
The Group performance may be materially and adversely impacted by a cyber attack on its IT system	<ul style="list-style-type: none"> The processing plants at the mine are controlled by a supervisory control and data acquisition operating system and a cyber attack could potentially subject the Group to a ransomware demand and/or cause a shutdown of the processing operations until a back-up system is operational or a work-around solution is obtained 	<ul style="list-style-type: none"> The Group has carried out an audit of its potential exposure to a cyber attack in respect all its IT and has implemented mitigating measures which limit its exposure to internal and third-party access. The Group has implemented globally accepted best-in-class software and protocols to filter malicious and criminal content, as well as the latest antivirus and security programmes Insurance against cyber attack including back-up and restoration assistance Internal backups and scheduled backup tests for integrity and continuity

OPERATIONAL REVIEW

REEF MINED

4.9 Mt

down 3.0%
(2017: 5.0 Mt)

PGM PRODUCTION (5PGE + Au)

152.2 koz

up 6.0%
(2017: 143.6 koz)

CHROME CONCENTRATE PRODUCTION

1.4 Mt

up 8.8%
(2017: 1.3 Mt)

CHROME CONCENTRATE SALES

1.6 Mt

up 24.8%
(2017: 1.3 Mt)



> Operational review

Tharisa's strong operational performance in FY2018 was highlighted by achieving production records for all of its saleable products. The Tharisa Mine and processing plants continue to deliver while the marketing and logistics businesses have benefited from the development of the third-party business. Operational optimisation projects have improved recoveries and the expansion projects, originated through its research and development initiatives. The initiation of the prospective exploration projects located in Zimbabwe will see the Group replicate its phased project development approach in the Great Dyke.

Tharisa Minerals

Tharisa Minerals is 74% owned by Tharisa and is uniquely positioned as the world's only co-producers of both PGM and chrome concentrates. Tharisa Minerals' core asset is the Tharisa Mine, which is situated on South Africa's Western Limb of the Bushveld Complex – host to more than 70% of the world's platinum and chrome resources.

Tharisa Minerals mines and processes five MG Chromitite Layers. Through innovative engineering, the mined reef is processed at two independent integrated plants extracting both PGMs and chrome concentrates, thereby reducing unit costs and positioning Tharisa Minerals in the lowest cost quartile of operating costs in South Africa for both PGMs and chrome.

Production statistics

		FY2018	FY2017
LTIFR	per 200 000 hours	0.18	0.07
Mining production (ROM)	kt	4 875.0	5 025.1
Stripping ratio	m ³ waste: m ³ reef	7.9	7.5
Rougher PGM grade	g/t	1.51	1.56
PGM recovery	%	84.1	79.7
PGM production	5PGE + Au koz	152.2	143.6
ROM chrome feed grade	% Cr ₂ O ₃	18.2	17.8
Chrome recovery	%	66.0	64.1
Chrome yield	%	28.4	27.1
Chrome concentrate production	kt	1 448.0	1 331.2
Metallurgical grade	kt	1 080.3	1 008.1
Specialty grade	kt	367.7	323.1

Tharisa Minerals' low-unit costs and multiple polymetallic products have ensured that it was well placed to manage commodity price volatility and exchange rates.

Its dual revenue streams provide a natural hedge against different commodity cycles with the products being used in different applications. PGMs are primarily used in the automotive, technology and jewellery industries while chrome is primarily used in the manufacture of stainless steel. These benefits, together with record production, has resulted in Tharisa Minerals surpassing production guidance in FY2018.

Safety

Tharisa acknowledges that the safety of its people is critical to its success. The LTIFR for FY2018 was 0.18 (2017: 0.07) per 200 000 man hours worked. Tharisa Minerals was awarded the Best in Class at MineSafe 2018, and in September 2018, Tharisa Minerals achieved 4 000 fatality-free production shifts.

Refer to the Safety and Health section of the sustainability report on page 45.

Mining operations

Tharisa Minerals holds a Mining Right over 5 475 ha of land near the town of Rustenburg in the North West province of South Africa. The Mining Right was granted on 19 September 2008 for an initial period of 30 years, providing access to a MG chromitite outcrop with a strike length of approximately 5 km.

The Tharisa Mine is currently a 15-year open pit operation with a projected 40-year underground life of mine extension. The mining operation, which is divided into the east pit and west pit, extracts reef from five MG Chromitite Layers.

Refer to the Mineral Resource and Mineral Reserve statement on page 60.

The change in operating model from contractor mining was implemented in FY2018. The change was the logical progression given the long life of the open pit, allowing Tharisa to take direct control over its mining operations, thereby controlling the reef grades and the delivery of improved quality ore to the processing plants, optimising the feed, throughput and recovery within the plants.

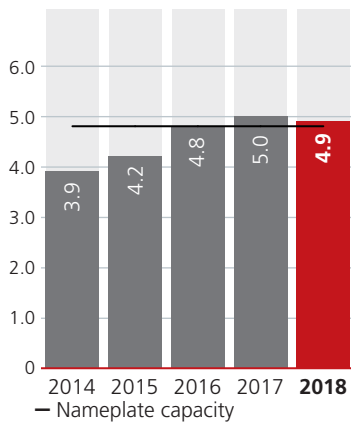
Tharisa's mining division mined 4.9 Mt of ROM for FY2018, a 3.0% decrease year on year. A total of 11.1 Mm³ of waste rock was mined for the year. While the stripping ratio of 7.9 on a m³:m³ basis remained below the LOM average of 9.5, it represented a 5.3% increase from the previous year. There was a reduction in year-on-year mining mainly due to availability of equipment. This was a result of an ongoing comprehensive maintenance plan to return the used mining fleet, purchased by Tharisa from the previous contractor, to OEM standards. The implementation of the necessary maintenance systems will see availability and utilisation increasing for FY2019, enabling the fleet to achieve the

OPERATIONAL REVIEW

CONTINUED

required mining rate of 5.2 Mtpa of ROM. A key focus of the mining division is improving the efficiencies of the drill and blast operations, which is essential to achieving the required stripping ratio. This will ensure ongoing access to the reef horizons and maintaining the supply of ore to the processing plants.

Mining (Mt)



Processing

Tharisa Minerals' two independent processing plants are designed specifically to treat the MG Chromitite Layers of the Bushveld Complex. The smaller 1.2 Mtpa Genesis Plant, with the 100 ktpm chrome circuit, was commissioned in August 2011 with the PGM circuit being commissioned in December 2011. The larger 3.6 Mtpa Voyager Plant was commissioned in December 2012, both plants operate at above nameplate capacity and milled collectively 5.1 Mt. The plants have a similar process flow that includes crushing and grinding, primary removal of chrome concentrate by spirals, followed by PGM flotation from the chrome tails and a second spiral recovery of chrome from the PGM tails.

Operating in parallel, the independent plants provide processing flexibility and production stability by allowing one plant to be shut down without hampering the production of the other. The modular design of the processing circuits allows sections of the plant to be stopped without affecting the rest of the operation (i.e. a crushing circuit

can be stopped independently of the comminution, spiral and flotation circuits).

Using off the shelf technology, the processing circuits are uniquely engineered to deliver both PGM and chrome concentrates. This innovative approach to production has made Tharisa a world-class PGM and chrome co-producer.

The PGM rougher feed grade was marginally lower for the year at 1.51 g/t, while the Cr₂O₃ ROM feed grade improved by 2.3% to 18.2% for the year. A portion of the historically mined lower grade PGM stockpiles were utilised during the year to feed the processing plants, resulting in the lower PGM rougher feed grade. There is continued focus to increase the ROM stockpile during FY2019 with the appropriate blend of reef horizons.

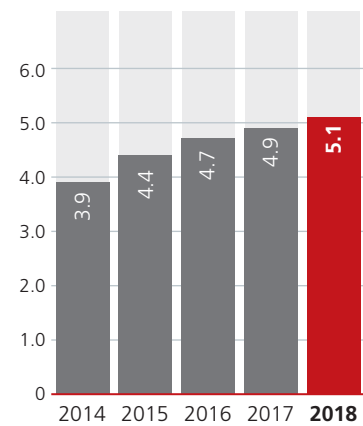
Tharisa targets recoveries of 80.0% for PGMs and 65.0% for chrome. In FY2018 PGM recoveries improved to 84.1% from 79.7% in FY2017 while chrome recoveries were up at 66.0% from 64.1% the previous year.

During the year, the Group produced PGM concentrates containing 152.2 koz of contained PGMs (5PGE + Au) and chrome concentrates of 1.4 Mt, an improvement of 6.0% and 8.8% respectively from FY2017. Of the chrome concentrates produced, 367.7 kt was specialty grade concentrates.

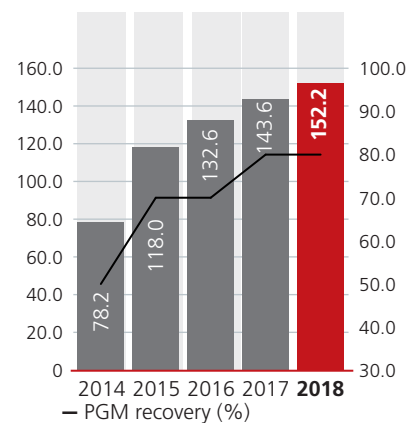
Specialty chrome recovery circuits are integrated into the feed circuit of the Genesis Plant, known as the Challenger Plant. The Challenger Plant, which is owned by subsidiary Arxo Metals, was commissioned in July 2013 and produces chemical and foundry grade chrome concentrates.

Production of specialty grade concentrates, which accounted for 24.3% of total chrome production in FY2017, increased to 25.4% of total production in FY2018. Production of specialty grades will be maintained at current levels to ensure that it maintains a strategic market share.

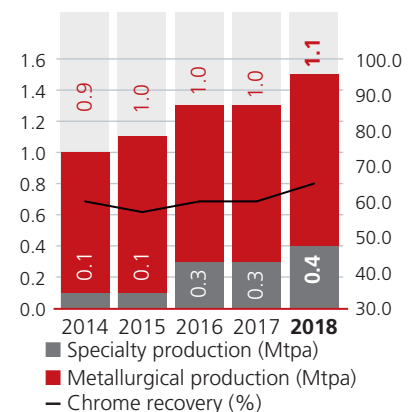
Plant feed (Mt)



PGM production (koz)



Chrome production (Mt)



> Operational review

Tharisa Minerals' Vision 2020

The Vision 2020 projects are targeting an increase in Tharisa Minerals' production to 200 kozpa of PGMs and 2.0 Mt of chrome concentrates by the end of 2020. The FY2019 production guidance for the Tharisa Mine is 160 koz of PGMs and 1.5 Mt of chrome concentrates.

The optimisation projects and additional processing plants, together with improved mining grade, are planned to add 40 kozpa of PGMs and 500 ktpa of chrome concentrates to the Tharisa Mine's FY2019 annual production.

Upgrade of the crusher circuit at the Genesis Plant

The additional crusher circuit at the Genesis Plant was commissioned in Q1 FY2019. The US\$7.5 million project aims to increase the Genesis Plant throughput by 15% or about 180 ktpa, targeting an increase in the higher value specialty grade chrome concentrates by adding approximately 24 ktpa of chemical grade chrome concentrate, approximately 18 ktpa of foundry grade chrome concentrate, and approximately 19 ktpa of metallurgical grade chrome concentrate.

PGM optimisation at the Voyager Plant

The addition of flotation capacity and the installation of high-energy mechanisms at the Voyager Plant is aimed at improving the PGM recoveries and increasing PGM production by an estimated 14 kozpa. The project is being implemented in a staged approach. The first phase of the project, the increase in high-grade flotation capacity, has been commissioned. The second phase of the project will be implemented in FY2019.

Vulcan Fine Chrome Recovery Plant

The construction of the Vulcan Plant will facilitate additional recovery of fine chrome from tailings streams. The proprietary process is being developed by Arxo Metals and a demonstration scale plant has been commissioned at Tharisa Minerals. The feasibility study based on the operation of the demonstration scale plant has been concluded. An engineering company has been awarded the plant FEED study.

Apollo PGM and Chrome Plant

A decision has been taken to suspend the development of the Apollo Plant. This is in light of additional testwork and studies that indicate the potential for an additional PGM recovery circuit following the Vulcan Plant, which would yield a better investment return.

Sales and marketing

The Group's market advantage is its exposure to both the PGM and chrome markets. This dual exposure gives the Group a hedge against volatility in either of the commodity prices.

Tharisa Minerals continues to supply the majority of its PGM concentrate to Impala Platinum in terms of its offtake agreement and is paid a variable percentage of the contained PGMs and base metals contained within each tonne of concentrate in terms of an agreed market formula.

The PGM basket price improved by 17.4% to US\$923/oz in FY2018.

The PGMs in the MG ore mined by Tharisa Minerals occur in the silicates and are not associated with the chromite, thus enabling the process to extract chrome before PGMs without sacrificing PGM recovery.

This lowers the chrome content in the PGM circuit and results in much lower chrome content in the PGM concentrate compared to typical UG2 operations. Base metal content in the MGs is also significantly lower than Merensky and UG2 ores, resulting in a low matte fall during smelting, reducing base metal refining requirements.

Chrome concentrate sales totalled 1.6 Mt, 364.0 kt of which was Tharisa's higher value-add specialty chemical and foundry grade chrome concentrates. The bulk of the Tharisa sales are derived from metallurgical grade chrome concentrate. The sales included 216.6 kt of third-party chrome concentrates, resulting in a total increase of chrome concentrates sold by 24.8% from FY2017.

Specialty grade chrome concentrates produced by Tharisa are sold in terms of an agency and offtake agreement. The chemical grade chrome concentrate is jointly marketed with Tharisa and an independent third party.

Spot metallurgical chrome concentrate prices were volatile during the financial year fluctuating between US\$156/t and US\$240/t with the average price for metallurgical grade chrome concentrate on a CIF main ports China basis decreasing in US dollar terms to US\$186/t from US\$200/t for the previous year.

The production of the higher value specialty chrome concentrates, which typically command a premium of greater than US\$50/t, provided a further buffer against fluctuations in the metallurgical grade chrome price.

Tharisa continued to deliver metallurgical grade chrome concentrate in terms of its five-year strategic cooperation agreement with Taiyuan Iron & Steel's ('Tisco's') joint venture company Shanxi Taigang Wanbang Furnace Charge Co. In terms of the agreement, which was effective as of September 2017, Tharisa Minerals will supply Tisco with a minimum of 240.0 ktpa of metallurgical grade chrome concentrate.

Metallurgical chrome production is shipped in bulk and containers via South African ports to major stainless steel and ferrochrome producers in China.

OPERATIONAL REVIEW

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Products

The Tharisa Mine produces the following products:

PGM concentrate: PGM concentrate is produced from both processing facilities. The concentrate produced from the Voyager Plant is a higher grade than the concentrate from the Genesis Plant due to the different chromitite reefs treated by the respective plants. The major component of the PGMs is platinum, followed by palladium and ruthenium.

Average market price	FY2018 US\$/oz	FY2017 US\$/oz	Change %
Platinum	909	960	(5.2)
Palladium	996	798	24.9
Rhodium	1 957	927	111.2
Ruthenium	207	52	297.2
Iridium	1 156	820	40.9

Source: Johnson Matthey

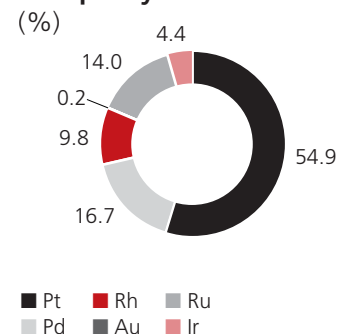
Metallurgical grade chrome concentrate: The typical metallurgical grade produced by Tharisa is 40.0% to a 42.0% chrome (as Cr₂O₃) with the silica (SiO₂) lower than 5.0%.

Chemical grade chrome concentrate: The typical chemical grade produced by Tharisa is 44.0% to 46.0% Cr₂O₃ with the SiO₂ lower than 1.0%. This is a higher value chromite product than the metallurgical grade chrome concentrate.

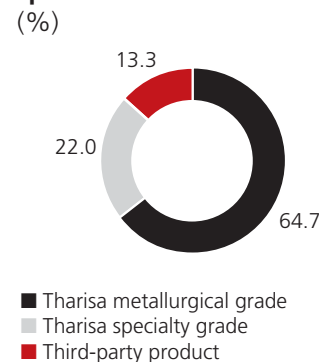
Foundry grade chrome concentrate: The typical foundry grade produced by Tharisa is 45.0% to 46.0% Cr₂O₃ with the SiO₂ lower than 1.0%. The American Foundryman Society Grain Fineness Number (AFS Number) is managed between 45 and 50. As with the chemical grade chromite, this is a higher value chrome concentrate than the metallurgical grade chrome concentrate.

Average chrome price	FY2018 US\$/t	FY2017 US\$/t	Change %
42% metallurgical grade	186	200	(7.0)

Prill split by mass for FY2018



Tharisa chrome production split for FY2018



 > Operational review

Arxo Metals

Arxo Metals owns the Challenger Plant, which is integrated into Tharisa Minerals' Genesis Plant. The Challenger Plant is dedicated to the production of specialty grade chrome concentrates, namely chemical and foundry grade concentrates. Specialty grade concentrates carry more stringent specifications and therefore fetch a higher selling price. Arxo Metals has an offtake agreement for the marketing and sales of its concentrates to customers in the chemical and foundry industries globally. Arxo Metals produced 81.9 kt of chemical grade chrome concentrate (2017: 65.7 kt) and 26.0 kt of foundry grade chrome concentrate (2017: 23.1 kt) in FY2018. The increased production was attributed to the consistent supply of the correct ore blend and optimisation of the feed circuit to maximise the amount of fines from the crushing plant that report to the Challenger Plant.

In August 2017, Arxo Metals entered into an agreement with Western Platinum, a subsidiary of Lonmin, on the operations of its K3 UG2 chrome plant and for the sales and marketing of the UG2 chrome concentrate produced. Arxo Metals unlocks greater value for Lonmin from the K3 UG2 chrome plant using innovative processing already in use at Tharisa's operations. The chrome production for FY2018 from the Lonmin K3 UG2 chrome plant was 221.8 kt, exceeding the target of 200.0 ktpa of chrome concentrates for the year by 10.9%.

Arxo Metals is also the beneficiation, research and development arm of the Group. Arxo Metals conducts extensive research into technologies and downstream beneficiation opportunities that have the potential to improve yields and recoveries at the Tharisa Mine. The creation of increased value PGM and chrome products through the expansion and optimisation of the Group's processing operations is its core focus.

Arxo Metals has commissioned a 1 MW DC furnace to produce PGM-rich alloys on a pilot scale. The furnace, operated by Tharisa Minerals, has produced its first PGM alloy, and is ramping up to full production.

The production of PGM rich alloys will further develop Tharisa's beneficiation capability and thereby the profitability of Tharisa's PGM segment.

Arxo Metals continues to evaluate low capital, low energy, value-adding beneficiation projects through in-house research and development.

Research and development

The development of innovative approaches to conventional mineral processing and of new technologies is what has allowed Tharisa to establish itself as a low-cost producer of strategic commodities.

There are three streams in terms of the R&D works that are being undertaken by the Group, these are:

- Development of our beneficiation capabilities
- Development of niche products from our mineral products
- Development of new markets and uses



OPERATIONAL REVIEW CONTINUED

Arxo Resources

Arxo Resources has the exclusive right to sell the metallurgical grade chrome concentrate produced by Tharisa Minerals to customers in China and other international markets. It has established a strong platform with global customers in China including stainless steel and ferrochrome producers as well as global commodity traders.

Arxo Resources has a marketing agreement with Noble, a global commodities trading company listed on the Singapore Stock Exchange, whereby Noble acts as an agent for the marketing of 600.0 ktpa of metallurgical grade chrome concentrate produced by Tharisa Minerals.

Arxo Resources also has a joint marketing agreement for Tharisa Minerals' chemical grade chrome concentrate production.

In FY2018, Arxo Resources sold 1.3 Mt (2017: 995.8 kt) metallurgical grade chrome concentrates, of which 1.1 Mt was Tharisa Minerals'.

The scale of Arxo Resources operations allows for direct access to market and price discovery. Its established contacts with customers also directly creates an excellent platform for additional sales of third-party products.

Arxo Logistics

Arxo Logistics provides an integrated logistics platform that reduces the risk and costs of transporting concentrates. It manages the road transportation of Tharisa's PGM concentrates to Impala Platinum and the long haul transportation of chrome concentrates from the Tharisa Mine and Lonmin's K3 UG2 chrome plant to international customers through bulk and container vessels. Exports take place via the Richards Bay Dry Bulk Terminal and the Durban container port on the South African coast.

Arxo Logistics has a good relationship with both South Africa's transport parastatals, Transnet and the port authorities. Arxo Logistics currently has the exclusive use of the Marikana railway siding for chrome exports.

Arxo Logistics shipped a total of 1.3 Mt (2017: 995.8 kt) of chrome concentrate in FY2018 mostly to main ports in China, including third-party materials. Of this, 99.6% was shipped in bulk with bulk shipments being preferred by customers due to ease of handling and reduced port charges, as well as reduced levels of administration.

The logistics arm of the Group has the necessary road and rail transport capacity, warehousing facilities and port facilities at the Richards Bay Dry Bulk Terminal and the Durban container port to manage Tharisa Minerals' full production capacity. It also serves as a platform from which the Group can provide services to additional third-party customers.

Arxo Logistics provided third-party logistics services during the year under review and is planning to expand this service offering in the year ahead.

Exploration projects

The Great Dyke in Zimbabwe is a geological feature of great significance as it hosts the world's second largest deposits of PGMs and chrome, outside of South Africa's Bushveld Complex. The Great Dyke is over 550 km long and up to 11 km wide. There are two mineralised horizons, namely the main sulphide zone ('MSZ') and the lower sulphide zone ('LSZ'). Current mining operations located on the Great Dyke exploit the MSZ, while the LSZ is largely under explored.

Karo Holdings

In June 2018, Tharisa acquired a 26.8% shareholding in Karo Holdings. Karo Holdings entered into an investment agreement with the Republic of Zimbabwe on 22 March 2018 in terms

of which Karo Holdings has undertaken to establish an integrated PGM mining complex. The project will include PGM mines, concentrators, smelters, a base metal and precious metals refinery, as well as power generation capacity for the operations with surplus energy capacity made available to the Zimbabwe power grid.

Karo Platinum, an indirect 50% held subsidiary of Karo Holdings applied for and was awarded PGM rights under a Special Grant under the Zimbabwe Mines and Minerals Act, covering an area of 23 903 ha. The licence area is situated on the Great Dyke in the Mashonaland West District of Zimbabwe. This area of land had been released by Zimbabwe Platinum Mines (Private) Limited from its mining lease area in support of the government of Zimbabwe's efforts to enable participation by other investors in the platinum mining industry in Zimbabwe. In terms of the Special Grant, Karo Platinum will be entitled to mine PGMs situated within the licence area. Karo Platinum will be responsible for the mine development and mining operations, which will deliver run of mine ore to Karo Refining. Karo Refining, 75% owned by Karo Holdings, will build, own and operate the concentrators and smelters, as well as the base metal and PGM refinery.

Karo Holdings, through its 75% held subsidiaries, Karo Coal and Karo Power respectively agreed to identify and establish a coal project with a focus on metallurgical coal and a power generation project. The project will include the phased development of a renewable energy source of 300 MW of solar power, to be fed into the national grid. Technical and financial partners have been identified for this project.

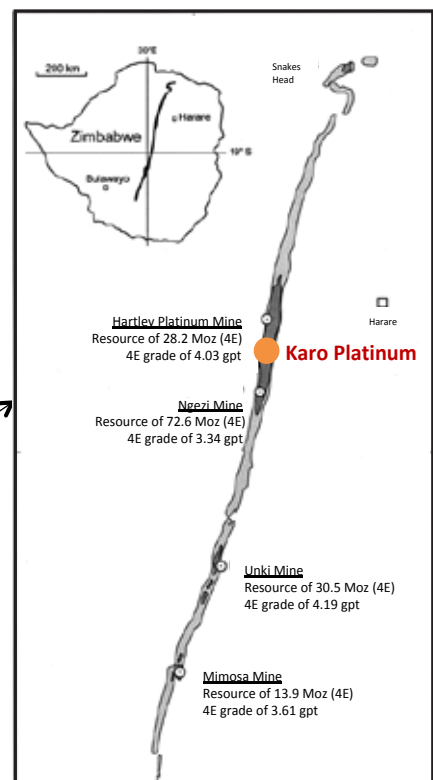
> Operational review

Salene Chrome

Tharisa was granted a call option to acquire a 90% shareholding in Salene Chrome, exercisable on completion of the exploration programme. Salene Chrome was awarded three Special Grants covering an area of approximately 9 500 ha on the eastern side of the Great Dyke in Zimbabwe. The Special Grants entitle Salene Chrome to mine the minerals thereon including illuvial chrome, being at surface chrome fines generated from seams as a result of weathering. In addition, Salene Chrome has been awarded three Prospecting Special Grants on the western side of the Great Dyke to undertake prospecting activities for all commodities including PGMs, gold and base metals. The western area is approximately 12 000 ha.



Location of Karo Platinum



Source: https://www.researchgate.net/figure/Generalized-geology-of-the-Great-Dyke-and-locations-of-platinum-mines-and-prospects_fig1_235917128 and Company Data

SUSTAINABILITY

Sustainability starts with a corporate value system that upholds responsibilities to the planet and to people. This corporate value system is based on a principled approach to doing business and is guided by the need to protect the environment, human rights and stakeholders that are affected by the Group's businesses.

Sustainability is a blueprint for shared value and it is through sustainability that Tharisa is able to create additional value for its investors and for all of its stakeholders including employees, contractors, suppliers, the communities in which it operates, and various levels of government.

On a broader basis, the Group subscribes to the Equator Principles and has embraced the Ten Principles of the UN Global Compact.

The Equator Principles are a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risks in projects. They are primarily intended to provide a minimum standard for due diligence to support responsible risk decision making.

The UN Global Compact is the world's largest corporate sustainability initiative. It is a call to companies to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption. The Ten Principles of the UN Global Compact aim to help advance societal goals.

The safety and health of the Group's employees is a core value. Tharisa Minerals is proud of its track record in minimising its environmental impact and, while it strives to improve further, it takes similar pride in its mature and mutually beneficial relationships with the communities that border the Tharisa Mine.

Tharisa not only understands its obligations to create social capital as enshrined in the MPRDA, but also strives to achieve these obligations in ways that create ongoing positive social impacts.



SAFETY AND HEALTH

> **Safety and health**

- Human resources
- Environment
- Social development
- Human rights

Tharisa’s business is reliant on a healthy, skilled, competent and committed workforce. The safety of the Group’s people is of the utmost importance to Tharisa and takes precedence over all production objectives. Tharisa aims to explore, mine, process, market and distribute its products to customers without harming anyone.

Tharisa Minerals’ safety performance compares well against those of its industry peers. In recognition of these achievements, Tharisa Minerals was awarded the Best in Class Safety award at MineSafe 2018. The Mine Health and Safety Committee (‘MHSC’) also presented Tharisa Minerals an award for 4 000 fatality-free production shifts at its process plant operations.

Tharisa is pleased to report that there were no fatalities during FY2016, FY2017 and FY2018. While open cast operations are considered safer than underground mining operations, Tharisa Minerals has taken extra care to ensure its processes and policies are adhered to and that employees are kept well informed of potential safety hazards through continual training. Focus continues to be placed on supervisory training and holding supervisors accountable for their actions. The quality of incident investigations is of utmost importance, ensuring that corrective and preventive actions focus on eliminating, redesigning and separating risks in line with the hierarchy of controls.

The Safety, Health and Environment committees at both the holding company and operating subsidiary levels are responsible for overseeing compliance with health and safety legislation and policies. All mining and processing employees, including contractors, receive safety training. Where injuries have occurred, Tharisa Minerals’ focus has been on completing effective investigations and root cause analysis to prevent repeat incidents from occurring.

At 30 September 2018, Tharisa Minerals achieved 20 401 196 fatality-free hours and 2 317 749 fatality-free shifts.

The Group employs a Safety Management System. The system requires a baseline risk assessment to identify the major risks at the operations. These risks are then examined further by conducting issue-based risk assessments and identifying appropriate control measures to mitigate the risks. Measures can include standards and procedures updates, as well as training lesson plans. To ensure compliance, a system of “over-inspection” by supervisors and safety staff is implemented. Further mitigation measures include visible felt leadership and ongoing training.

As required by South African regulations, Tharisa Minerals has established a mine Safety and Health Committee that approves and implements all mandatory safety training. Safety staff oversee inspections of work performance, site conditions and identify and allocate any necessary corrective actions.



SAFETY AND HEALTH

CONTINUED

HEALTH

3 509

NUMBER OF EMPLOYEES AND CONTRACTORS VOLUNTARILY TESTED FOR HIV/AIDS

392

NUMBER OF EMPLOYEES WHO TESTED POSITIVE FOR HIV/AIDS

10%

HIV/AIDS PREVALENCE RATE AMONG EMPLOYEES AND CONTRACTORS

6 768

NUMBER OF EMPLOYEES AND CONTRACTORS SCREENED FOR TB/SILICOSIS (VIA MEDICAL SURVEILLANCE PROGRAMME)

6 368

NUMBER OF EMPLOYEES AND CONTRACTORS WHO UNDERWENT HEARING TESTS (VIA MEDICAL SURVEILLANCE PROGRAMME)

400

NUMBER OF EMPLOYEES WHO ATTENDED WELLNESS DAYS

Data is applicable to Tharisa Minerals for FY2018

Medical surveillance programme includes initial, periodic and exit medicals for employees and contractors

Tharisa is committed to the health of its employees and has implemented a number of programmes to facilitate wellbeing among those who work for the Group. Chief among these programmes is the Tharisa Minerals' occupational health programme, which has as its key focus tuberculosis ('TB'), HIV/AIDS, dust exposure and noise-induced hearing loss. TB and HIV/AIDS are being addressed via a strong focus on prevention through education and awareness initiatives. Antiretroviral treatment ('ART') is offered to eligible persons and the programme is managed through our wellness service provider.

The HIV prevalence rate among Tharisa Minerals' own employees is 12%.

The prevalence rate including contractors is 10%. This information is derived from medical examinations which all employees undertake (initial, periodical and exit medicals) at which employees, including contractors, are encouraged to undergo voluntary counselling and testing ('VCT'). In addition, Tharisa Minerals employees attend a Wellness Day and a World HIV/AIDS day at which VCT engagements are undertaken. Through this process every employee that tests positive is provided counselling and is encouraged to participate in the ART programme.

The Tharisa Minerals Thusanang Wellness Programme has been running since December 2011 with the aid of Calibre Clinical Consultants ('Calibre'). "Thusanang" is a Setswana word meaning "helping each other". The programme was designed to provide support, counselling and training to employees, their families, and the community about their lifestyle, wellbeing and work environments. Campaigns have included cancer awareness presentations and World AIDS Day HIV awareness education and counselling.

The Tharisa Minerals' Peer Educator Programme was launched in September 2012. The course trains a group of employees who champion the programme and provide further wellness education to employees and the community. Tharisa Minerals has 28 peer educators. In 2018, the peer educators underwent refresher training.

The Tharisa Mine has also implemented random testing for drugs and compulsory testing for alcohol in a bid to ensure the safety of all of its employees. Employees who test positive are not permitted on site and are subject to disciplinary procedures. They are also offered counselling and/or rehabilitation.

Hearing

The MHSC 2025 Health and Safety Milestones stipulate that no employee's standard threshold shift ('STS') should exceed 25 dB from the baseline when averaged over 2 000, 3 000 and 4 000 Hz in one or both ears by December 2016. This milestone is monitored during annual medical examinations. High-noise zones have been identified and Tharisa Minerals ensures that personnel working in these high-risk areas are issued with personalised hearing protection. These high-noise zones are assessed and updated annually. The issuing of personalised hearing protection has been extended to the medium risk areas.

The MHSC has also set a December 2024 target where the total operational or process noise emitted by any equipment must be below 107 dB (A). Tharisa Minerals has achieved this target. Engineering staff continue to ensure that all new equipment meets this requirement.

> Safety and health

Human resources

Environment

Social development

Human rights

Tuberculosis ('TB')

Tharisa Minerals actively campaigns to increase awareness of TB and its symptoms. These campaigns encourage all employees, including contractors, to participate in screening.

The MHSC's 2025 milestones aims to reduce the rate of TB among mineworkers to the national incident rate or below.

Tharisa Minerals' interventions to address and reduce TB among its workforce include increased TB screening, TB awareness campaigns, questionnaires to identify symptoms and the enlisting of trade union involvement in and commitment to improving TB awareness and lowering incident rates among employees and their families.

TB screening is done on an *ad hoc* basis and during the occupational medical examinations. Sputum tests are conducted on employees who are potentially at risk of having TB.

Isolated cases of TB have been detected, however, the outcomes of the investigations have indicated that they were non-work-related cases. The individuals were treated and have all returned to their working environments.

All cases of TB have been reported to the Medical Bureau of Occupational Diseases, Compensation for Occupational Injuries and Diseases and the DMR as per the legislated requirements.

HIV

As legislated, HIV screening is voluntary. Tharisa Minerals actively campaigns to increase awareness of HIV, its cause, its symptoms and treatment. All employees, including contractors, are encouraged to participate in the screening.

All of the Tharisa Mine's employees are offered Haematocrit blood tests annually and all eligible employees are counselled and asked if they would like to join an ART programme, which is run and managed by a third-party service provider, Calibre. Tharisa Minerals, the Occupational Medical Practitioner and Calibre work together to increase the uptake of ART. These interventions include pre- and post-test counselling, awareness programmes, roadshows and are a focus of the Peer Educator Programme. HIV statistics are based on HIV testing done during medical examinations.

Furthermore, Tharisa Minerals has a Community Peer Educator who conducts home visits in the community and health campaigns are being conducted in the community by the service provider. The main objective is to help prevent HIV in our community as well as make an impact against the stigma attached to HIV. This is done through community outreach and the distribution of HIV and TB information as well as information on where to seek assistance. The Tharisa Mine also distributes condoms in the community shops and taverns.

Silicosis

In compliance with the MHSC 2025 Health and Safety Milestones, levels of respirable crystalline silica have to be reduced in 95% of all individuals (not averages) to below OEL of 0.05 mg/m³ by December 2024. Tharisa Minerals is using quality dust masks and compliance is monitored during visible field leadership and inspections. Tharisa Minerals complies with the 95% milestone as stipulated.

Wellness campaigns

A TB campaign awareness presentation was held in April 2018, where employees were encouraged to participate in an education programme. Other campaigns and interventions successfully held in the year under review include:

- cervical and prostate cancer screening – November 2017
- STI awareness presentation – February 2018
- community STI awareness – February 2018
- community health screening – March 2018
- community TB campaign – April 2018
- fun run and walk – April 2018
- Wellness Days – September 2018.

HUMAN RESOURCES

HUMAN RESOURCES

90%

HDSA

60%

HDSA MANAGEMENT
(TOP MANAGEMENT PATERSON
GRADE F)

44%

HDSA MANAGEMENT
(SENIOR MANAGEMENT
PATERSON GRADE E)

1 672

NUMBER OF PERMANENT
EMPLOYEES

758

NUMBER OF PERMANENT
CONTRACTORS

0

LOST DAYS TO LABOUR
ACTION

20%

WOMEN

65%

AMCU

19%

NUM

Synopsis of Tharisa Minerals' employees, permanent contractors, employment equity and union membership for FY2018

Tharisa's employees are the heart of its business and operations. Employees are vital to the Group's success and crucial to its future. Aligning individual growth to corporate growth fosters a positive environment in which all individuals seek to be part of the Group's success.

Employees

To ensure that Tharisa Minerals has the right people in the right roles doing the right work, employees are efficient, effective, engaged and attuned to the culture and values of the organisation. Various workshops have been held with the senior and middle management to discuss Tharisa's strategy. These meaningful engagements resulted in the formulation of departmental goals to assist the company in attaining planned volumes, and to increase recoveries of PGMs and chrome to 85% by 2020.

Subsequent to the announcement that Tharisa Minerals was to implement its vision of becoming an owner miner, the historic BMI and MCC employees situated at the Tharisa Mine were transferred to Tharisa Minerals' business as from 1 May 2017 and 1 October 2017, respectively. Post the transfer of employees, AMCU was recognised as the majority trade union in November 2017. Tharisa Minerals and AMCU have concluded a two-year wage agreement, post the financial year end.

Human Resources Development ('HRD')

In line with its vision to train and develop a world-class workforce, the Tharisa Minerals' Human Resources Development ('HRD') department has been accredited to provide industry and nationally recognised training by the Mine Qualification Authority ('MQA'), as well as ISO 9001:2015 certification. The training centre facilities have been upgraded to computer-based training ('CBT'). Employees' history of learning and competency status is monitored and evaluated on a constant basis.

Built on the previous years' successes, the SLP component of adult education and training ('AET') has grown from 64 learners to 82. Community members' stipends of ZAR5 000 are paid to learners who pass two mandatory learning areas for each level in line with the MQA guidelines.

The majority of the Tharisa Minerals' employees have approved individual development plans. Tharisa Minerals' culture, processes and procedures are maintained through structured interventions like the A – B – C of mining, mineral processing programmes and soft skill programmes such as "Care and Growth". Standard operating procedures ('SOPs') are conducted by CBT.

An integrated HRD programme has been formulated and implemented to maximise the productive potential of people employed at Tharisa Minerals through the following initiatives:

- the A – B – C of mining
- mineral processing skills programmes – including mathematics and science
- AET programmes
- soft skills
- engineering learnerships
- internships and bursaries.

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AET training

Tharisa promotes adult education training ('AET') to assist its employees in becoming literate and proficient in terms of language and numeracy. AET programmes have been implemented for employees within Paterson Grading A and B. AET classes provide employees with opportunities for either learning or improving their education levels up to AET level 4 (NQF level 1) and are compliant with the set standards of the MQA. Classes are available outside of working hours. The table below sets out the programmes facilitated in the AET trainings:

AET level	Courses	Duration
Level 1	Mother tongue, English and numeracy	One year
Level 2	English and mathematics	One year
Level 3	English and mathematics	One year
Level 4 (NQF level 1)	English and mathematics	One year

The table below states the AET enrolment statistics for both own employees and community members in FY2018:

AET level	Enrolments	Completed
Level 1	31	28
Level 2	26	24
Level 3	22	18
Level 4 (NQF level 1)	23	12

Skills programme

Tharisa Minerals is passionate about improving the skills and knowledge of its employees, and has consistently demonstrated compliance with legislation by submitting workplace skills plans and annual training reports timeously over the past two years. This year Tharisa Minerals spent 5.0% of its wage bill on training and development, an amount of US\$3.3 million. This spending included training in SOPs and is well above South Africa's regulatory requirement of 1.0% of a company's total salaries or wage bill to be paid to the skills development levy monthly.

Learnerships

The primary aim of the learnership programmes is to enable a learner to assume a higher level of responsibility in the workplace. These learnerships also tend to facilitate the entry of HDSAs into the mining and minerals industry. Tharisa Minerals' learnership programmes comply with the National Qualification Framework ('NQF') for the particular field of study. These learnerships are registered with the MQA and will be demand led, in that they will address the identified educational and workforce needs of the company. The current learnership programmes are provided to employees of Tharisa Minerals and members of the local community.

The learnership programme includes, but is not limited to:

- Mining programme – a learner miner will undergo training at the training centre and practical on the job training will be done at the mine to equip the learner to manage a production section. Depending on the competence of a learner, it takes a period of 12 months to qualify as a miner.
- Engineering programme – learners participating in the engineering programme are divided into electricians, fitters, boilermakers, millwrights, instrumentation and diesel mechanics. A competent engineering student takes a period of three years to complete their training as an artisan.

Tharisa Minerals had four learners in the learnership programme during FY2018.

TRAINING AND DEVELOPMENT

4 190
EMPLOYEES AND CONTRACTORS RECEIVED INDUCTION

82
NUMBER OF EMPLOYEES AND COMMUNITY MEMBERS ON AET PROGRAMMES

21
INTERNS AND GRADUATES

9
EMPLOYEES AWARDED STUDY ASSISTANCE

US\$3.3 m
TOTAL SPENT ON TRAINING

Data is applicable to Tharisa Minerals for FY2018

HUMAN RESOURCES CONTINUED

Internships and bursary plans

The internship and bursary plan supports the skills development plan and provides opportunities for entry to and development in the professional disciplines of engineering, mining, metallurgy and other professional fields.

Through its SLP, Tharisa Minerals has developed an internship and bursary plan which conforms to the skills development plan, and which focuses on building capacity in various skills and careers for HDSAs. Through offering the opportunity of internships to unemployed graduates, Tharisa Minerals increases these participants' chances of finding employment in the future.

The Tharisa Mine offers experiential training for students who are in the tertiary education system in the core mining disciplines. These internship students receive a stipend of ZAR6 500 per month, per student, in line with the regulations stipulated by the MQA.

In FY2018, Tharisa Minerals had six interns and 15 graduates from the local communities specialising in the following disciplines:

- mining
- metallurgy
- engineering (mechanical, electrical and chemical).

Tharisa Minerals' bursary scheme allows selected learners (excluding employees) to study full time. Employees wishing to further their studies do so on a part-time basis. In FY2018 there were two bursaries awarded, and nine employees studying at different institutions in South Africa.

Training centre

As a centre of excellence, the training centre facilitates skills development of a number of statutory and developmental training interventions. Full accreditation from the MQA was received and migration to ISO 9001:2015 was achieved in July and September 2018 respectively. As a result, most of the training interventions are sourced internally.

Black economic empowerment

Tharisa Minerals complies with the HDSA ownership criteria in the Mining Charter, through Thari Resources and the Tharisa Community Trust holding 20.0% and 6.0% unencumbered equity interests in Tharisa Minerals respectively.

Tharisa Minerals' compliance with the Mining Charter extends beyond the ownership criteria, to black representation in management, procurement from black-owned companies and a commitment to surrounding communities.

For further information on the SLP see page 58 and the employment equity statistics on page 48.



ENVIRONMENT

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Mining by its very nature has an impact on the environment. Tharisa aims to manage and mitigate its impacts in an environmentally responsible manner and to ensure the wellbeing of all stakeholders. Growing regulatory and social pressures, increasing demands for limited and threatened natural resources, and the changing costs of energy and water all highlight the business imperative of responsible environmental management.

Environmental management involves taking measures not only to address security of resource supply (through efficiency and recycling), but also to actively minimise the Group’s impacts on natural resources and on the communities around its operations. Taking such measures has direct benefits in terms of reduced costs and liabilities, enhanced resource security and improved security of its licence to operate.

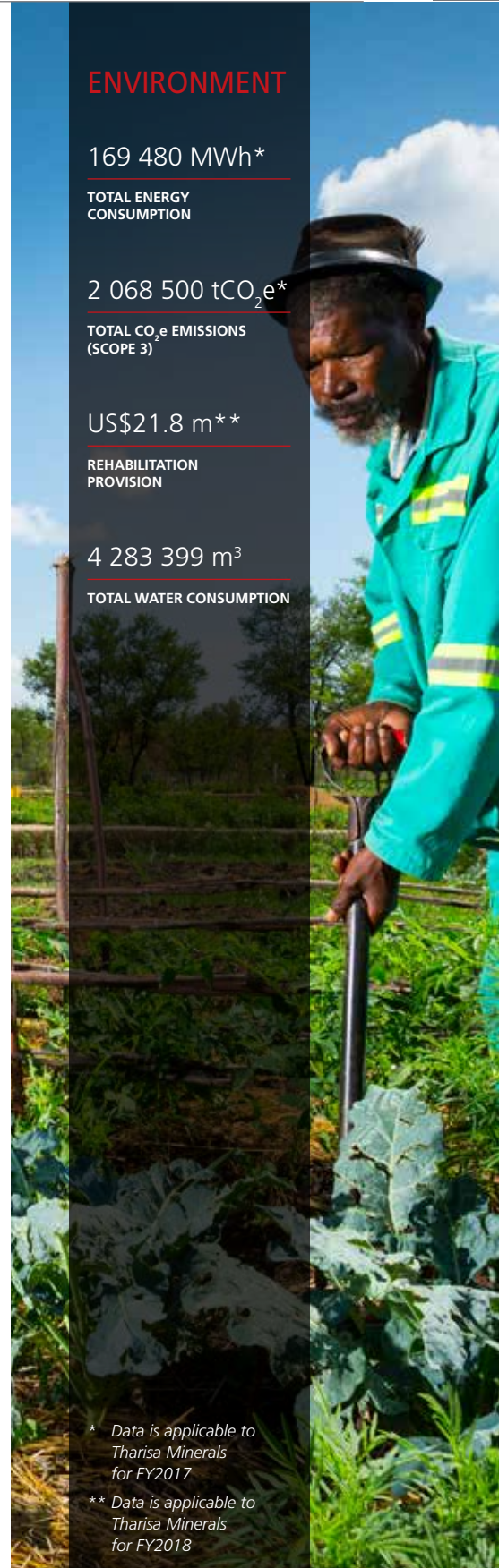
Tharisa Minerals’ Environmental Management Programme (‘EMP’) aims to minimise its impact on the natural environment and reduce its consumption of scarce natural resources. Tharisa believes that its commitment to responsible mining and beneficiation helps it achieve its strategic goals and also establishes a sustainable competitive advantage.

A precautionary approach is exercised in all processes and this includes the exploration, planning, licensing, construction, operation, closure and rehabilitation stages of all operations and projects.

Tharisa Minerals has the relevant and applicable environmental authorisations required for its licence to operate, including an approved Environmental Management Programme Report (‘EMPR’) in terms of Mineral and Petroleum Resources Development Act (No. 28 of 2002) (‘MPRDA’), a positive Record of Decisions in terms of National Environmental Management Act (No. 107 of 1998) (‘NEMA’) and an Integrated Water Use Licence (‘IWUL’) under the National Water Act (No. 36 of 1998) (‘NWA’).

Tharisa’s material environmental matters are:

- resource management, particularly energy use and water availability
- land management, including biodiversity conservation, rehabilitation and closure planning
- environmental compliance – ensuring that operations remain legally compliant with new and changing legislation
- managing and minimising waste streams
- implementation of the new regulations on financial provision for rehabilitation – ensuring compliance and appropriate funding mechanisms to provide adequately for concurrent rehabilitation, as well as rehabilitation at mine closure and post-closure stages, to be implemented by February 2020
- climate change and the effects thereof.



ENVIRONMENT

169 480 MWh*

TOTAL ENERGY CONSUMPTION

2 068 500 tCO₂e*

TOTAL CO₂e EMISSIONS (SCOPE 3)

US\$21.8 m**

REHABILITATION PROVISION

4 283 399 m³

TOTAL WATER CONSUMPTION

* Data is applicable to Tharisa Minerals for FY2017

** Data is applicable to Tharisa Minerals for FY2018

ENVIRONMENT CONTINUED

Water management remains a key challenge for Tharisa Minerals' operations. While water scarcity is not currently a challenge, it does pose a potential constraint on current production and future expansion, and water availability is a concern for local communities. The reliability of current water infrastructure and the long lead time in rolling out new infrastructure is a risk for current operations and future expansion plans. Tharisa Minerals is also dependent on a reliable and sufficient supply of energy. Interruptions to energy supply have the potential to affect production efficiencies and can impact the safety of workers.

The potential reputational and financial implications of non-compliance with the rapidly evolving environmental regulatory framework are significant as are the direct and indirect costs of ensuring compliance. Proposed legal developments, among others, that are likely to have a significant impact on the business include the Carbon Tax Bill, the Greenhouse Gas Reporting Regulations, company level carbon budgets and the revised financial provisions for rehabilitation and closure.

Climate change is recognised in the mining industry as one of the most material issues that can have potential impacts on its ability to achieve its milestones through its effect on energy prices, access to natural resources, weather-related production disruptions and related impacts on its value chain.

The Board ultimately holds responsibility for sustainable development and delegates the monitoring of this area to the SHE committees at both the Tharisa Group and the Tharisa Minerals Board level. The Environmental Coordinator, together with the SHE Manager, is responsible for managing and reporting on environmental performance, impacts and mitigation, as well as ensuring that

all operations are legally compliant with the applicable environmental legislation and associated regulations. This is further driven through the functional reporting structure where the SHE Manager reports to the Head: Sustainable Development, who has a direct reporting line to the Technical Director of Tharisa Minerals and the Group Chief Operating Officer. The SHE policy is reviewed annually, and was revised and signed off by the Technical Director and union representatives in September 2018. The policy is being effectively implemented at mine level. Employees and contractors receive environmental training at their initial induction and through regular refresher courses and job-specific training.

Tharisa Minerals monitors its environmental compliance on an ongoing basis, including the status of its EMPR, IWUL and environmental impact assessments ('EIAs'). In addition to internal operational compliance monitoring, external environmental compliance audits are conducted biennially (or as specified in the respective environmental authorisations) and as part of the Board's instruction to monitor compliance in areas of safety, occupational health and environmental management.

Environmental expenditure for measuring, monitoring and mitigating risks and impacts represents a sizeable proportion of the operations' operating and capital budgets. In the year under review, ZAR9.0 million was spent on environmental management, including among others, pollution control and prevention and environmental operational expenditure (2017: ZAR5.5 million).

There were no significant fines or non-monetary sanctions for non-compliance with laws and regulations in the year under review.

Water management

Water is used at the Tharisa Minerals operations for milling, beneficiation and for dust suppression during blasting, on haul roads and at ore transfer points. The operations are situated in a water scarce region of the North West province of South Africa, where water conservation is a priority for all the mining houses in the area. The Tharisa Mine has undertaken to educate the community and employees on the importance of conservation as source and security of supply is the mine's prioritised business risk. This is achieved through the use of posters and banners strategically placed inside the mine and in the neighbouring community of Mmaditlhokwa, which has assisted in creating a greater awareness of this invaluable resource.

Water for the Tharisa Mine operation is sourced from boreholes strategically drilled within the Mining Right area, the regional water utility, an allocation from the Buffelspoort Irrigation Scheme and water pumped from the open cast pits during mining.

All water is reused and recycled as far as practically possible to achieve effective and efficient utilisation of water resources based on reducing water demand, reusing process water and preventing any discharges to the environment. Dirty and clean water is separated and Tharisa Minerals implements a hierarchy of water use to ensure that "dirty" or process water is recycled for reuse in the operations before clean water is abstracted from the natural environment.

Water consumption is metered as required by the IWUL and regular reporting of the quality and quantities of the mine's water is submitted quarterly and annually, respectively, to the Department of Water and Sanitation ('DWS').

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The drought conditions experienced regionally have impacted the availability of water in surface impoundments at the operations. This has required Tharisa Minerals to be more reliant on groundwater and thus increased its borehole water consumption during the year under review.

Tharisa Minerals has submitted an application to amend its IWUL, which includes both minor amendments to the licence as well as new water uses. The final technical report in support of this amendment application was submitted to DWS in September 2017 and although constant liaison has been maintained with DWS in this regard, the approval thereof is still outstanding. Tharisa Minerals is optimistic that its application will be approved soon.

The Tharisa Mine provides water for the nearby communities by drilling and equipping boreholes to supply water for domestic purposes. The pumped water is then piped and purified using on-site purification systems located in the community.

Water quality is monitored to assess the impact on the receiving environment, to immediately warn management when mitigation action is required and to measure compliance with the IWUL conditions. Ground and surface water levels and quality are monitored regularly by biomonitoring of aquatic/riverine environments as appropriate and as stipulated in the IWUL conditions.

Materials

Measuring explosives used is important, as explosives contribute to greenhouse gas ('GHG') emissions. The following materials were consumed at Tharisa Minerals' operations during the year:

Consumed materials	FY2018	FY2017
Explosives (t)	11 878	21 740

Energy

A consistent supply of electricity is critical for efficient operations. Electricity is sourced from the existing Eskom supply. From the Tharisa Mine's on-site substation, power is distributed throughout the operations. The most significant impact electricity supply interruptions have on operations are on workplace safety, production efficiencies and diesel consumption with resulting emissions when generators are used to supply electricity to critical functions.

Tharisa Minerals' direct and indirect energy consumption has been calculated as part of its GHG inventory in December 2017. Fuels consumed in operations include diesel, acetylene and liquid petroleum gas ('LPG'). Diesel is the most used fuel at 27.7 million litre in FY2017 and accounts for 99% of carbon emissions from fuel use.

Tharisa Minerals' indirect energy consumption is from grid electricity. For the year under review, Tharisa Minerals used 169 480 MWh of electricity. Managing energy consumption also reduces GHG emissions since electricity for South African operations is generated mainly from fossil fuels and is included in Scope 2 emissions below.

Carbon emissions

The GHG inventory for Tharisa Minerals was calculated for the base year in December 2016. These calculations have been updated for the financial year 2017 and will be used to conduct energy optimisation studies and to set practical energy and emission targets to drive reductions in the operations. These calculations are based on the Greenhouse Gas Protocol – Corporate Standard (GHG Protocol), published by the World Resources Institute and World Business Council for Sustainable Development in March 2004.

GHG emissions are measured and reported in terms of Scope 1, Scope 2 and Scope 3 emissions. Direct GHG emissions (Scope 1) are emissions from sources that are owned or controlled by Tharisa Minerals. These include the emissions generated by the fuels that are purchased and subsequently combusted by the Tharisa Mine. Energy indirect GHG emissions (Scope 2) are from the consumption of grid electricity.

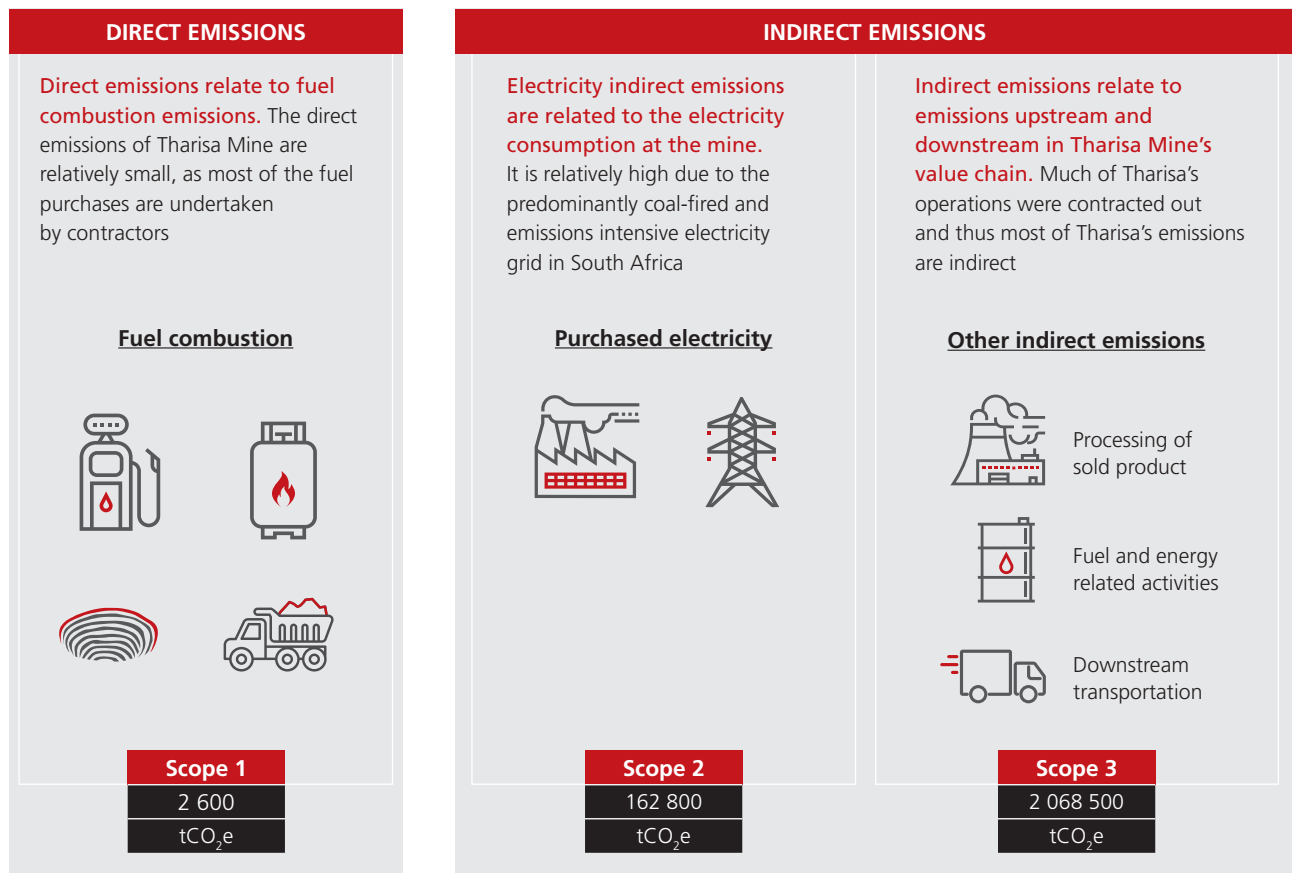
Other indirect GHG emissions (Scope 3) are the emissions (other than energy indirect GHG emissions) that are created as a result of Tharisa Minerals' activities, but occur at sources owned or controlled by another company. These emissions will include the emissions generated by the mining contractors on site, by the combustion of fuels that they purchase (emissions from explosives) and fuel consumption. Other indirect emissions can either occur upstream or downstream of business operations. Upstream emissions are typically related to purchased or acquired goods and services. Downstream indirect GHG emissions are those pertaining to sold goods and services.

ENVIRONMENT CONTINUED

The GHG inventory for FY2017 is provided in the infographic below. The assessment for FY2018 will be conducted in December 2018.

Greenhouse gases are released into the atmosphere through different sources. This is the second GHG inventory calculated by Tharisa Mine. The base year GHG inventory was calculated in FY2016.

Emission sources: FY2017



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Tharisa Minerals' direct (Scope 1) emissions for FY2017 amounted to 2 600 tCO₂e. Diesel purchased and consumed directly by the mine decreased by 33% in FY2017 when compared to FY2016.

Energy indirect (Scope 2) emissions amounted to 162 800 tCO₂e. Electricity consumption reduced by 40% between FY2016 and FY2017. The emissions from electricity consumption have reduced by 42% due to the change in the grid emission factor between these periods.

Overall, the Tharisa Mine's Scope 3 emissions increased by 6% in FY2017 compared to FY2016 levels due to an increase in the quantity of chrome produced in these respective years. The processing of sold products is the largest contributor to Tharisa Mine's Scope 3 emissions, comprising 88% of Scope 3 emissions.

Air quality

Dust originating from the mining and processing operations is rigorously and continuously monitored, both in terms of occupational health (dust that may contain silica and that is harmful to health) and fall-out dust (particulate matter/fugitive dust). Fugitive dust is monitored at various locations within the operation as well as specific sites in neighbouring areas, to ensure compliance with applicable legislation. A dust suppression spray system reduces fugitive dust levels from the respective crushers, conveyors and transfer points. Dust generated on unpaved roads is suppressed using water bowsers to wet the roads. In addition, Tharisa Minerals applies a dust suppressant on its access roads to further reduce the mine's dependence on water for dust suppression.

Waste management

Tharisa Minerals manages its activities to ensure compliance with the relevant waste legislation and to minimise its impact on the natural environment and surrounding communities. Tharisa Minerals' current activities and infrastructure do not trigger the requirements for a Waste Management Licence ('WML') as stipulated in the National Environmental Management Waste Act ('NEMWA'). However, for the planned expansion projects an application for a WML was submitted in September 2018 to the relevant regulatory authorities for the tyre storage facility, sewage treatment plant and waste rock dump as well as the tailings storage facility.

Domestic waste generated at the operations is disposed of in licensed municipal landfill sites. Hazardous waste such as used oil is recycled through specialist service providers while other hazardous waste such as oil contaminated material and used filters is sent to registered waste disposal facilities and safe disposal certificates are obtained.

Mineral waste produced by the operations includes tailings and waste rock. Waste rock is non-ore bearing rock removed in the mining process and is disposed of on waste rock dumps or used to backfill open pit workings to rehabilitate and minimise aesthetic impact. Tailings generally consist of finely milled waste material suspended in water and are disposed in tailings dams. These dams are lined appropriately to prevent pollution of groundwater. Groundwater around tailings disposal facilities is closely monitored and groundwater modelling assists in predicting the potential impact of tailings disposal on aquifers.

Ongoing monitoring of surface water runoff and groundwater in the vicinity of the infrastructure alerts operations to any negative impact from waste disposal. Tharisa Minerals has the relevant authorisations for the disposal and storage of both tailings and waste rock.

Waste inventories describing the source, volume, and type of waste generated by each process at the operation, as well as the disposal method are being managed and give management a better sense of volumes of waste generated on site to effectively manage the waste generated.

In the next financial year, the focus will be on operational efficiencies, which will include reducing the amount of waste produced as well as recycling wherever possible, including paper, oil and scrap metal.

Waste produced		FY2018
Waste rock	Mm ³	10.8
Tailings	Mm ³	2.1
Domestic waste	t	525.9
Hazardous waste: used oil	kℓ	82.7
Hazardous waste: other	t	271

ENVIRONMENT CONTINUED

Biodiversity

Mining has a direct impact on the physical environment and both mining and beneficiation can affect the biomes in their vicinity. Ensuring that the processes and controls are in place to safeguard the biodiversity in the biomes in which Tharisa Minerals operates is an important aspect of its sustainability model. Biodiversity Action Plans ('BAPs') are in place at the operations and were compiled as part of the initial EIA process. Tharisa Minerals is currently implementing the biodiversity management programmes. The BAPs include commitments to conserve protected areas such as wetlands, zones of endemism, archaeological and heritage sites and protected and endangered species.

The EIA and the EMP include land use planning that involves engagements with community forums, local municipalities and other affected stakeholders. Awareness training is planned for employees, contractors and communities regarding sensitive and endangered species around the operation.

The Tharisa Environmental Department organised an environmental education excursion for Retief Primary School, a local school, to visit the Pretoria Botanical Gardens to learn more about South Africa's biodiversity.

Tharisa Minerals – environmental education

Retief Primary School trip to the Pretoria National Botanical Garden

On 13 September 2018, Tharisa Minerals once again organised a trip for 49 learners to the Pretoria Botanical Gardens. This educational trip was designed for the Grade 7 learners from the Retief Primary School, from the local community. Tharisa's Environmental Awareness Campaign in conjunction with South African National Biodiversity Institutes Environmental Education programme was aimed at providing a platform for learners to gain more knowledge on biodiversity, conservation and sustainability. Learners embarked on a tour exposing them to four types of biomes, which included Grassland, Succulent Karoo, Forest and Fynbos. They were educated on the importance of the variety of biomes and the specific climatic conditions for each biome. In addition, learners were taught on the concepts of indigenous, alien and invasive species.

Environmental rehabilitation

Tharisa Minerals considers the impact of its operations on local landscapes at each stage of the mining cycle from initial exploration to construction, operation and eventual decommissioning and closure. Operations rehabilitate concurrently with ongoing mining activities wherever possible.

The cost of rehabilitation and closure is assessed annually by independent specialists in alignment with the requirements of relevant legislation, EMPR closure commitments and applicable good practice. Financial provision is then made in the form of a financial guarantee, which is submitted to the DMR.

The total cumulative mine closure and environmental rehabilitation provision (in terms of the DMR requirements) for FY2018 amounted to US\$21.8 million (2017: US\$13.7 million).

The regulations in terms of NEMA pertaining to financial provision for rehabilitation and closure for prospecting, exploration, mining or production operations were published in November 2015. These regulations have significant financial implications for the mining industry and the Mineral Council of South Africa is engaging with the DMR around this impact and the industry's concerns.

These regulations require mines to provide for ongoing expenses after mine closure and effectively freeze the existing provisions for rehabilitation and closure, requiring further provisions to be made from operating expenses. Assessments aligned to these regulations need to be completed and submitted to the DMR by February 2020.



SOCIAL DEVELOPMENT

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Tharisa is committed to the socioeconomic upliftment of the host communities in which it operates and strives to minimise potentially negative social impacts while promoting opportunities for the local communities in its area of operation. Tharisa Minerals is committed to community initiatives through its SLP, which address job creation, poverty alleviation, basic infrastructure, education and development needs.

Community

Tharisa Minerals is situated in the Bojanala District Municipality within the Rustenburg Local Municipality, close to the town of Marikana. The Tharisa Mine's immediate neighbour is the community of Mmaditlhokwa. Approximately one-third of employees at the Tharisa Mine are from this community.

Tharisa Minerals' strategy for social and economic advancement of host communities is informed by the local municipality's Integrated Development Plan, and is translated into action through local initiatives incorporated into the mine's SLP. Key municipal initiatives include local economic development projects, bursary awards to local qualifying Grade 12 students, internships, work integrated learning opportunities, and apprenticeship opportunities for youth.

Community relationships

Tharisa Minerals prefers to work directly with its host communities rather than through charitable organisations. In this way, Tharisa Minerals engages more immediately and intimately with these communities.

Within Ward 32, the municipal area in which the mine operates, there are a number of villages and smallholdings. This has resulted in a diverse range of stakeholders ranging from employee families to farmers. Tharisa Minerals has engaged with both the small farm owners and communities in a bid to address their diverse needs and cultures.

The small farm owners have formed a representative engagement structure while the broader community is represented by an elected ward committee, led by a ward councillor. In FY2018, this structure was expanded to include an additional three wards and tribal authority representation that surround the mine. This resulted in a more inclusive engagement forum, which meets quarterly to address the issues that impact both the Tharisa Mine and the communities.

Monthly meetings are held with the ward committee to address issues affecting both the Tharisa Mine and the surrounding communities.

Mine management is proactive in building and maintaining stakeholder relationships with the local communities and a dedicated management team has been mandated to monitor, measure and manage the social and economic impacts in terms of the SLPs and other CSI initiatives.

SOCIAL DEVELOPMENT

US\$2.2 m

TOTAL CSI/SLP SPEND

US\$70 400

BASIC NEEDS

US\$27 000

INFRASTRUCTURE DEVELOPMENT

US\$0.3 m

EDUCATION

Data is applicable to Tharisa Minerals for FY2018

SOCIAL DEVELOPMENT CONTINUED

Tharisa Minerals has an established engagement forum, which liaises with the steering committee for the local community neighbouring the Tharisa Mine. On a more formal level, Tharisa Minerals maintains its relationship with the community through a dedicated community liaison officer and via engagement forums, which include the local municipality.

SLP and CSI

Tharisa Minerals continues its commitment to community initiatives through its Social and Labour Plan to address job creation, poverty alleviation, basic infrastructure and education and development needs.

Consistent with its corporate and social responsibility, the Group established the Tharisa Community Trust, which holds a direct unencumbered 6.0% equity interest in Tharisa Minerals, for the benefit of the local community in which the Tharisa Mine is located.

Tharisa Minerals aims to recruit from the local communities and surrounding areas to the fullest extent possible. To this end, a number of programmes have been implemented to train the youth in the communities to provide them with the necessary skills to make them employable, not only by Tharisa Minerals, but also by other mines in the area.

During FY2018, 53 community members benefited from basic numeracy and literacy training provided by Tharisa Minerals. This training was at no cost to the beneficiaries. Other development interventions include the award of four engineering learnerships (2017: 5). The learnerships were awarded to members of the local community. On completion of their training, these learners will qualify as artisans. Interns are recently qualified graduates who require workplace experience prior to entering the job market. Although the interns are

sourced nationally, in FY2018, 13 of 21 interns and graduates were from the North West province, the province where the Tharisa Mine is located.

Being a mechanised operation, the Tharisa Mine is not labour intensive, making it impossible for Tharisa Minerals alone to meet the employment needs of its local communities. Tharisa Minerals, in collaboration with the local communities, has established a database of candidates from which participants are identified for recruitment and training interventions. Regular feedback is given at the inclusive stakeholder forum relating to recruitment.



HUMAN RIGHTS

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> Human rights

Tharisa is committed to the upholding of human rights. It is vehemently opposed to modern slavery and human trafficking and undertakes to ensure that none of its businesses are or ever will be involved in human rights violations. It endeavours to raise awareness of human rights among its staff, suppliers and the communities in which it operates.

While Tharisa does not consider there to be a risk of slavery or human trafficking within its operations or supply chain, it does proactively ensure that all of its suppliers comply with local and international legislation through risk identification, policies and due diligence processes carried out as part of its business supply chain management.

Supplier management

Tharisa's goods and service suppliers are closely managed by the Group through its financial and procurement departments. All new suppliers undergo a rigorous vetting process, which include bank and background checks before they are permitted to become an approved supplier or vendor. Tharisa maintains good relationships with its suppliers and encourages open dialogue so that any potential risks to either business can be identified as they arise.

Anti-corruption policy

Tharisa does not tolerate corruption, fraud and bribery and does not allow donations to any political parties by its operations. The Group's anti-corruption policy is built into its Code of Business Conduct and Ethics. It outlines potential risks, steps to mitigate the risk of bribery and corruption, and a reporting guideline. A detailed bribery risk assessment is performed regularly to determine whether further mitigation measures are needed to stamp out any unlawful behaviour. All employees, suppliers and other associated persons are made aware of these policies and procedures with regard to ethical behaviour, business conduct and transparency.

Whistleblower policy

The safety and ethics hotline was established with the aim to enhance an honest work ethic and simultaneously provide employees with a mechanism to bring any unethical business practices or safety concerns to the attention of management. The hotline allows employees to raise concerns about untoward conduct, the treatment of colleagues or practices within the business or supply chain, without fear of reprisal. It is overseen independently by whistleblowers and operates 24 hours a day, seven days a week, 365 days a year.

Recruitment policy

Tharisa has a robust recruitment policy in place to ensure that potential employees are screened ahead of joining the Group. The recruitment process ensures that suitable candidates are selected. Candidates will be asked their permission to conduct the necessary background checks during the screening process. This allows the Group to safeguard against human trafficking and ensures individuals are not being forced to work against their will.

Code of business conduct

The code reaffirms the high standards of business conduct required of the Group's employees, officers and directors. It was developed as part of Tharisa's continuing efforts to ensure that it complies with all applicable laws and that it has an effective programme to prevent and detect violations of law, and for the education and training of employees, officers and directors.



MINERAL RESOURCE AND MINERAL RESERVE STATEMENT

Introduction

The Mineral Resource and Mineral Reserve of Tharisa Minerals has been prepared under the guidance of the Competent Persons in accordance with the requirements of the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 ('SAMREC Code'). The estimates are as of 30 September 2018.

The previous declaration of the Mineral Resource and Reserve was dated September 2017. The current Mineral Resource declaration relies on the geological model and resource modelling of September 2016 for the MG Chromitite Layers (as there are no additional drill intersections) and the June 2018 modelling for the UG1 Chromitite Layer (45 additional drill intersections for 4 504 m) and the end of FY2018 mining faces. The Mineral Reserve declaration is based on the latest pit design and LOM schedule.

Overview

Since the commencement of operations at the Tharisa Mine, additional geological information has been obtained from observation in the operating pits and resource drilling. During FY2016, an additional 35 diamond drill boreholes were logged and sampled. This borehole information was included in the updated Mineral Resource and Reserve statement. These boreholes are located immediately ahead of the current highwall, along the full strike length of the mine. The results from the samples confirmed the geological assumptions as well as the grades of the various chromitite layers, providing additional confidence in the mining operations. Observations on the operation confirm the details observed from the drilling.

Over a period of three years, various drilling campaigns, 46 boreholes were drilled into the area underlain by the UG1 Chromitite Layer. This data was used to model the UG1 Chromitite Layer and declare a Mineral Resource in June 2018.

The Mineral Resource and Mineral Reserve information in the tables on the following pages is based on information compiled by the Competent Persons (as defined by the SAMREC Code).

Definitions

The declaration of the Mineral Resource and Reserve has been undertaken in terms of the guidelines of SAMREC Code (2016 Edition).

Location

The Tharisa Mine is located 35 km east of Rustenburg and 120 km northwest of Johannesburg in the North West province of South Africa.

Statement by Competent Persons

Ken Lomborg of Pivot Mining Consultants Proprietary Limited (previously Coffey Mining South Africa Proprietary Limited) who is the Competent Person for the Mineral Resource declaration, registered with the South African Council for Natural Scientific Professions (Private Bag X540, Silverton, 0127, Gauteng province, South Africa), registration number 400038/01. He holds a BSc (Hons) Geology, BCom and MEng (Mining Engineering). Mr Lomborg is a geologist with 32 years' experience, including the Mineral Resource estimation in respect of PGM and chromitite in the Bushveld Complex.

The Mineral Reserve declaration is by Jaco Lotheringen of Ukwazi Mining Solutions who is the Competent Person for the Mineral Reserve declaration. He holds a BEng (Mining). He is registered with the Engineering Council of South Africa (ECSA, Private Bag X691, Bruma, South Africa), registration number 20030022. He is a Principal Mining Engineer with appropriate experience in the estimation, assessment and evaluation of relevant Mineral Reserves based on the class of deposit and mining methodology.

The Company has written confirmation from Ken Lomborg and Jaco Lotheringen that the information disclosed is in compliance with the SAMREC Code and that they have consented to the inclusion of this information in the form and context in which it appears.

Mining Rights summary

Tharisa Minerals holds a Mining Right, granted by the DMR (then the DME) in terms of the MPRDA on 19 September 2008, for a period of 30 years, to various portions of the farm 342 JQ and the whole of the farm Rooikoppies 297 JQ. On 13 August 2009, the Mining Right was registered in the Mining and Petroleum Titles Registration Office, under Reference No 49/2009(MR).

In July 2011, an application was granted in terms of section 102 of the MPRDA, to amend the existing Mining Right by the addition of Portions 96, 183 and 286 of the property 342 JQ to the Mining Right 49/2009(MR).

 > Mineral Resource and
Mineral Reserve Statement

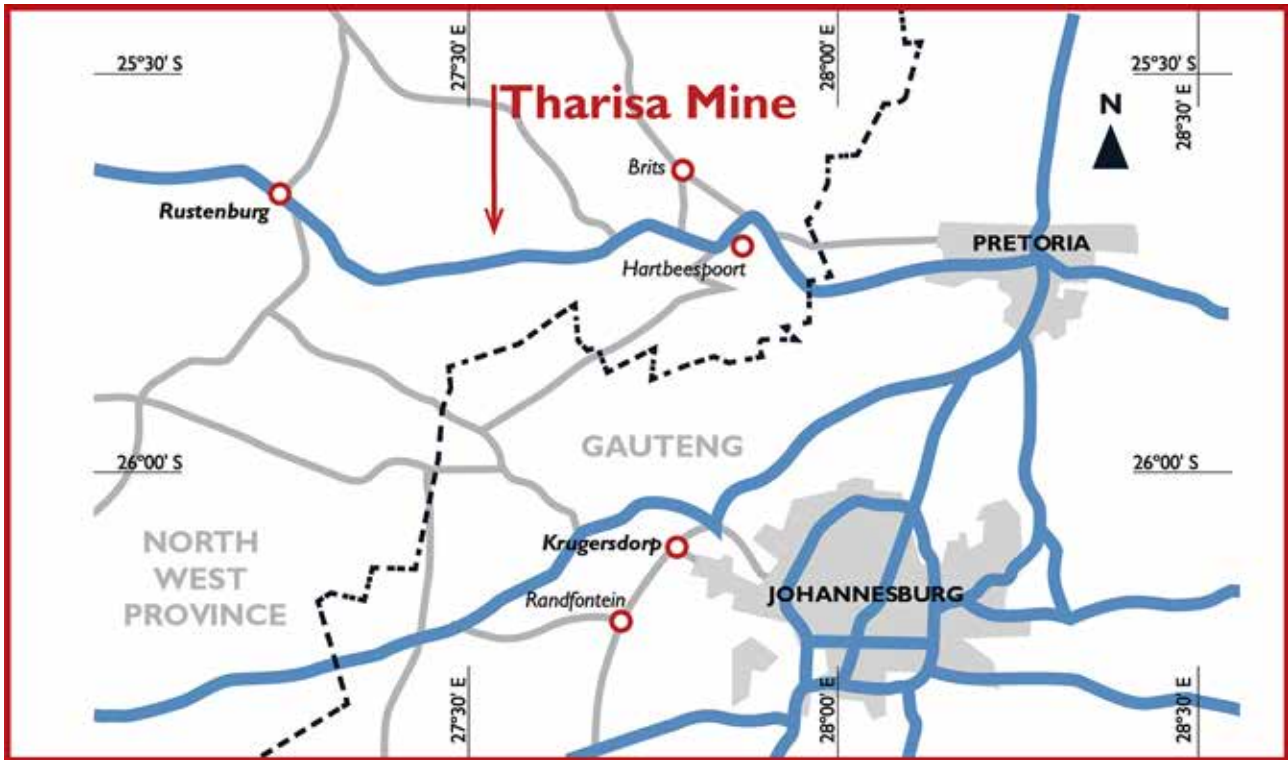


Figure 1: Location of the Tharisa Mine

Mineral Resource

Geology and mineralisation

The Tharisa Mine is situated on the south-western limb of the Bushveld Complex, and is underlain by the Middle Group ('MG') and Upper Group ('UG') Chromitite Layers straddling the boundary between the Marikana and Rustenburg facies. The MG Chromitite Layers outcrop on the property striking roughly east to west with a gentle change in strike to NW-SE in the far west. The layers dip at between 9° and 15° to the north. Towards the western extent of the outcrop, the dip is steeper. The stratigraphy typically narrows to the west and the dip steepens. The dip typically shallows out at depth across the extent of the mine area.

The MG Chromitite Layer package consists of five groups of chromitite layers, being the MG0 Chromitite Layer

at the bottom, followed by the MG1 Chromitite Layer, the MG2 Chromitite Layer (sub-divided into C, B and A chromitite layers), the MG3 Chromitite Layer and the MG4 Chromitite Layer (sub-divided into 4(0), 4 and 4A chromitite layers). The layers between the chromitite layers frequently include stringers or disseminations of chromite. The MG Chromitite Layers at the Tharisa Mine are a typical stack of tabular deposits.

The structural interpretation of the Tharisa Mine geology is based on the aeromagnetic data, the available drilling and observations in the operating open pits. The only significant fault is a steeply dipping NW-SE trending normal fault with a downthrow of less than 30 m to the east. This fault occurs only on the far north-eastern corner of the property and will have little effect

on mining of the MG Chromitite Layers on the mine. A NE-SW sub-vertical dyke of some 10 m thickness was exposed in the east pit. The dyke is not expected to have a major impact on mining. The only other major feature of interest is the Spruitfontein upfold or pothole which is located on the properties immediately west of the mine. It affects the UG2 Chromitite Layer as well as the rest of the critical zone below. No new major structural features have been exposed by the current mining operation.

The Mineral Resource estimate was completed over the Mining Right of Tharisa Minerals to a depth of 750 m for the MG Chromitite Layers. The UG1 Chromitite Layer Resource Estimate was limited to the area within the planned pit perimeter.

MINERAL RESOURCE AND MINERAL RESERVE STATEMENT CONTINUED



Figure 2: Image of the Tharisa Mine plan showing borehole locations and outcrop positions of UG1 and MG1 chromitite layers

The previous declaration of the Mineral Resource and Reserve was dated September 2017. The current Mineral Resource declaration relies on the geological model and resource modelling of September 2016 (as there are no additional drill intersections) for the MG Chromitite Layers and the geological model and resource modelling of May 2018 for the UG1 Chromitite Layer and the end of FY2018 mining faces.

In-pit drilling continues for the purposes of mining operations, mine planning and grade control. Additional resource drilling has been planned for the next financial year.

Prior to the estimation, the data was collated and verified with the necessary quality controls for logging, sampling and assays being used. The Mineral Resource estimate was undertaken on each chromitite layer and interburden

independently. Each element was estimated separately. Changes to the Mineral Resource declaration are due to the production during the previous financial year, a revision of the UG1 Chromitite Layer declaration and a revision of the Inferred Resource.

Tharisa Minerals Resource at 30 September 2018 is reported inclusive of Mineral Reserve.

 > Mineral Resource and
Mineral Reserve Statement

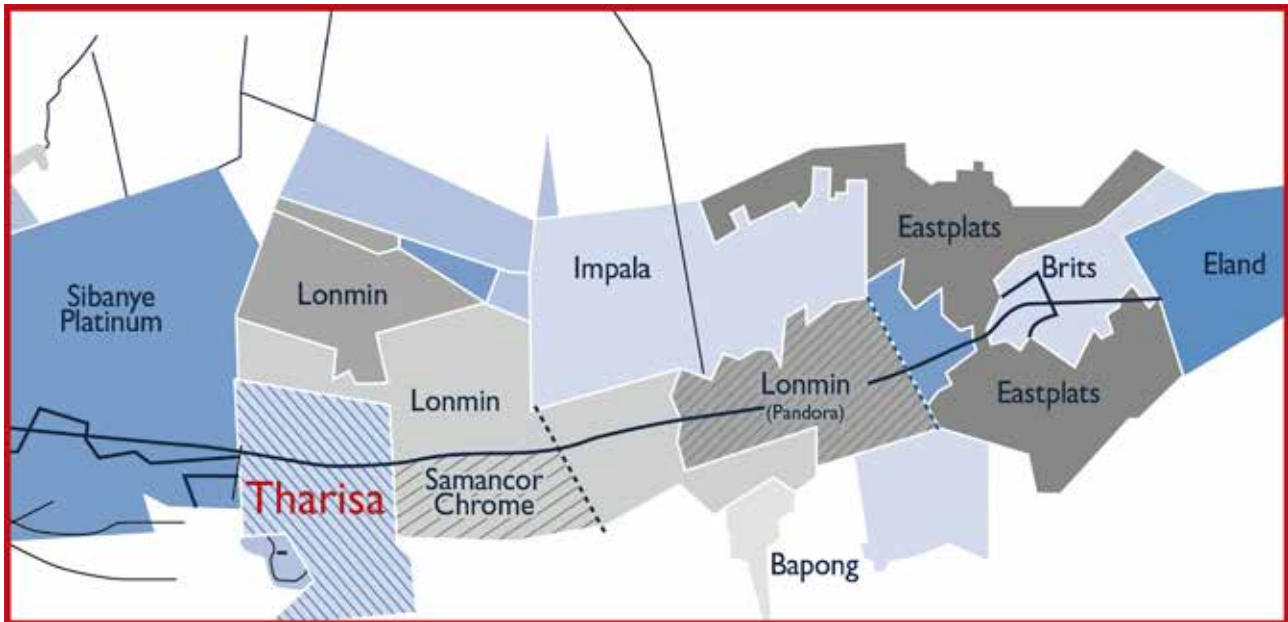


Figure 3: Map of the location of the Tharisa Mine

Mineral Resource estimate

2018		Measured	Indicated	Inferred	Total
Tonnes	Mt	62.82	112.35	685.49	860.66
6PGE + Au grade	g/t	1.78	1.70	1.55	1.59
5PGE + Au grade	g/t	1.73	1.65	1.50	1.54
3PGE + Au grade	g/t	1.32	1.25	1.14	1.17
Cr ₂ O ₃ grade	%	23.69	22.57	20.11	20.11
Contained 6PGE + Au	Moz	3.61	6.16	34.26	43.02
Contained 5PGE + Au	Moz	3.49	5.94	33.05	42.48
Contained 3PGE + Au	Moz	2.67	4.52	25.17	32.35
Contained Cr ₂ O ₃	Mt	14.88	25.36	137.84	173.06
2017					
Tonnes	Mt	67.94	114.47	685.07	867.48
6PGE + Au grade	g/t	1.79	1.68	1.55	1.59
5PGE + Au grade	g/t	1.73	1.62	1.50	1.53
3PGE + Au grade	g/t	1.33	1.23	1.14	1.17
Cr ₂ O ₃ grade	%	23.78	22.34	20.08	20.67
Contained 6PGE + Au	Moz	3.9	6.2	34.2	44.3
Contained 5PGE + Au	Moz	3.8	6.0	33.0	42.8
Contained 3PGE + Au	Moz	2.9	4.5	25.1	32.6
Contained Cr ₂ O ₃	Mt	16.16	25.58	137.59	179.32

MINERAL RESOURCE AND MINERAL RESERVE STATEMENT CONTINUED

Mineral Reserve declaration

The Mineral Reserve estimate for September 2018 was based on a revised, updated LOM. This re-estimation was underpinned by an updated mining model and incorporates the current economic conditions, current on-mine mining methodology and survey depletion. Various technical aspects were considered in the mine design and schedule including the determination of the economic pit limits, geotechnical parameters, mining methodology and sequence, pit access, ramp placement, equipment capability, production rates and practical mining considerations. The mining-related modifying factors applied included geological losses, mining loss, mining dilution and metallurgical recovery. The difference between the 2017 and 2018 Mineral Reserve estimation is due to depletion

from the previous declared Mineral Reserve.

The LOM plan was designed to extract the MG Chromitite Layers, firstly from open pit mining to a maximum depth of 200 m and subsequently from underground extraction (MG2 and MG4 Chromitite Layers) by means of a bord and pillar mining method.

The Mineral Reserve tonnage decreased by 5.2% as a result of depletion by mining and treatment. The contained chrome decreased by 5.4% and the contained PGMs (3PGE + Au) ounces by 5.4%. A small proportion (2.0%) of Inferred Mineral Resource (in the Far West pit) was included in the open pit LOM plan but was not considered as part of the Mineral Reserve estimate. The Inferred Mineral Resource was included in the underground section

of the mine plan, but not included as part of the Mineral Reserve estimate. If excluded from the underground mine plan, the underground project may not be feasible. The Mineral Reserve declared for the underground project was derived from the Indicated Mineral Resource portion that was included in the underground LOM plan. The underground section is planned to ramp up during the final phase of the open pit operation.

A feasibility study was completed in 2013 for the underground mining of the MG2 and MG4 Chromitite Layers from the limit of the open pit highwall. The Mineral Reserve for the underground section extends to a maximum depth of 270 m, however, the underground LOM can be expected to extend to a maximum depth of 700 m, pending further field work on study work.

Open pit 2018		Proved	Probable	Total
Tonnes	Mt	47.7	26.5	74.2
5PGE + Au grade	g/t	1.39	1.38	1.39
3PGE + Au grade	g/t	1.06	1.06	1.06
Cr ₂ O ₃ grade	%	19.2	18.3	18.9
Contained 3PGE + Au	Moz	1.6	0.9	2.5
Contained Cr ₂ O ₃	Mt	9.2	4.8	14.0
Open pit 2017				
Tonnes	Mt	51.8	26.6	78.3
5PGE + Au grade	g/t	1.39	1.38	1.39
3PGE + Au grade	g/t	1.07	1.06	1.06
Cr ₂ O ₃ grade	%	19.3	18.3	18.9
Contained 3PGE + Au	Moz	1.8	0.9	2.7
Contained Cr ₂ O ₃	Mt	10.0	4.8	14.8
Underground 2018				
Tonnes	Mt	–	18.7	18.7
5PGE + Au grade	g/t	–	1.52	1.52
3PGE + Au grade	g/t	–	1.17	1.17
Cr ₂ O ₃ grade	%	–	19.3	19.3
Contained 3PGE + Au	Moz	–	0.7	0.7
Contained Cr ₂ O ₃	Mt	–	3.6	3.6
Underground 2017				
Tonnes	Mt	–	18.7	18.7
5PGE + Au grade	g/t	–	1.52	1.52
3PGE + Au grade	g/t	–	1.17	1.17
Cr ₂ O ₃ grade	%	–	19.3	19.3
Contained 3PGE + Au	Moz	–	0.7	0.7
Contained Cr ₂ O ₃	Mt	–	3.6	3.6

**> Mineral Resource and
Mineral Reserve Statement**

Total open pit and underground 2018		Proved	Probable	Total
Tonnes	Mt	47.7	45.2	92.9
5PGE + Au grade	g/t	1.39	1.38	1.39
3PGE + Au grade	g/t	1.06	1.06	1.07
Cr ₂ O ₃ grade	%	19.2	18.3	18.9
Contained 3PGE + Au	Moz	1.6	1.6	3.2
Contained Cr ₂ O ₃	Mt	9.2	8.4	17.6
Total open pit and underground 2017				
Tonnes	Mt	51.8	45.3	97.0
5PGE + Au grade	g/t	1.39	1.38	1.39
3PGE + Au grade	g/t	1.07	1.06	1.06
Cr ₂ O ₃ grade	%	19.3	18.3	18.9
Contained 3PGE + Au	Moz	1.8	1.61	3.4
Contained Cr ₂ O ₃	Mt	10.0	8.5	18.4

Material risks

Year-on-year deferral of waste stripping could result in a substantial impact on the open pit Mineral Reserve and sustained delivery of chrome and PGM products.

An auditable reconciliation process is critical to be put in place during the next Mineral Reserve sign-off process to understand the impact of dilution on the mining operations, process plant performance and the amount of losses occurred during the mining process.

Current long-term PGM and chrome prices were adopted with a full optimisation process completed for the open pit area from which the economic pit limit was selected. Sustained low-commodity prices over the

long-term materially influence the overall value of the operation and could have a material impact on the size of the open pit portion of the Mineral Reserve.

Due to the selection of an ultimate pit with a value and extended life strategy, sustained low cost and efficient mining with specific focus on waste backfill and processing recoveries is critical to create sustained value from the open pit operation.

Reporting codes and compliance

The reporting of Mineral Resource and Mineral Reserve for Tharisa Minerals is declared in accordance with the principles and guidelines of the SAMREC Code. All the required regulatory permits have been obtained or applied











for. The directors are unaware of any legal proceedings or impediments to the continued operation of Tharisa Mine.

Environmental management and funding

Tharisa Minerals has obtained all environmental approvals and authorisations required for the operation of the Tharisa Mine.

The estimated long-term environmental provision, comprising rehabilitation and mine closure, is based on the Group's environmental policy, taking into account the current technological, environmental and regulatory requirements. Details of the Group's environmental liability and funding can be found in note 27 of the annual financial statements.

BOARD OF DIRECTORS

Board members					
Name	Loucas Pouroulis	Phoevos Pouroulis	Michael Jones	David Salter	Antonios Djakouris
Age	80	44	56	60	71
Appointed to the Board	27 October 2010	27 October 2010	30 January 2013	27 October 2010	11 October 2011
Role	Chairman	Chief Executive Officer	Chief Finance Officer	Lead independent non-executive director	Independent non-executive director
Qualifications	<i>Mining and Metallurgical Engineering (Hons) (National Technical University, Athens, Greece)</i>	<i>Bachelor of Science and Business Administration (Boston University, USA)</i>	<i>Bachelor of Accounting (University of KwaZulu-Natal, Pietermaritzburg, South Africa), CA(SA); Member of the South African Institute of Chartered Accountants</i>	<i>Bachelor of Science Engineering (Hons); PhD in Mineral Technology (Imperial College, London); Fellow of the South African Institute of Mining and Metallurgy (FSAIMM)</i>	<i>Chartered Accountant and Fellow of the Institute of Chartered Accountants in England and Wales</i>
Board committees					
Skills, expertise and experience	<p>Loucas Pouroulis is the Executive Chairman of the Group, with responsibility for the development of strategy and the identification of new opportunities for the Group. He began his career in Cyprus in 1962, and his initial post-graduate training took place in Germany, Sweden and Cyprus. Loucas is trained as a mining and metallurgical engineer and has more than 50 years' experience in mining exploration, project management, financing and production in open pit and underground mining operations, including PGM and gold mines. He immigrated to South Africa in 1964 and joined Anglo American, where he rose rapidly through the management ranks and received extensive training and experience. In 1971, Loucas began to pursue his own mining interests, initially focusing on gold mining opportunities considered uneconomical by the majors. By the 1990s, he had established Petra Diamonds and, since 2000, has established among others, Eland Platinum, Tharisa, Kameni, Keaton Energy, Salene Chrome and the Karo Mining Group.</p>	<p>Phoevos Pouroulis is the Chief Executive Officer of the Group, with responsibility for overall strategy and management. Phoevos has held various senior managerial and operational positions in his career spanning more than 16 years. He has extensive experience in project management, mining design, commissioning and mining operations, including coal, chrome and PGM mines, having been involved in South Africa's mining industry since 2003. He has served as Commercial Director for Chromex Mining and was a founding member of Keaton Energy. Phoevos is currently the President of the International Chromium Development Association ('ICDA').</p>	<p>Michael Jones is the Chief Finance Officer of the Group and is responsible for the overall financial operation and the financial reporting management of the Group. Michael has more than eight years' executive financial management experience in the mining sector. In addition, he has 19 years' experience in investment banking, focusing on mergers and acquisitions and capital raisings of both equity and debt.</p>	<p>David Salter has more than 30 years' experience in the development and management of mining companies, including both open pit and underground PGM mining operations. David's most recent public company roles were Chairman of Keaton Energy until its sale to Wescoal in 2017 and the managing director of Eland Platinum until its sale to Xstrata in 2007. He is a non-executive director of a number of unlisted mining companies.</p>	<p>Antonios Djakouris is a qualified Chartered Accountant and has over 30 years' experience as a manager and director, having served in the accounting profession and in a number of posts with the Bank of Cyprus, including internal audit, credit review and retail banking, and as Group General Manager in charge of operations. From 2003 to 2009, he directed the Bank of Cyprus group's overseas operations, including banks in the United Kingdom, Australia, Russia, Romania and Ukraine. Antonios currently serves in an honorary capacity on the Board and Executive Committee of the Cyprus Anti-Cancer Society, one of the largest charities in Cyprus.</p>

- Audit Committee
- Risk Committee
- Nomination Committee
- Remuneration Committee
- Safety, Health and Environment Committee
- Social and Ethics Committee
- New Business Committee
- C = Chairman
- I = By invitation

> Board of directors

- Corporate governance
- King IV application
- Remuneration report
- Directors' report
- Report of the Audit Committee



Omar Kamal	Carol Bell	Roger Davey	Joanna Ka Ki Cheng	Zhong Liang Hong
47	60	74	51	55
11 June 2014	22 March 2016	1 June 2017	1 February 2017	1 April 2018
Independent non-executive director	Independent non-executive director	Independent non-executive director	Non-executive director	Non-executive director
<i>Bachelor in Economics and Political Science (University of Jordan); PhD in Management (Finance and Banking) (Coventry University in collaboration with Harvard Islamic Finance Programme at Harvard University)</i>	<i>Master of Arts in Natural Sciences (University of Cambridge); PhD Archaeology (University College, London)</i>	<i>Master of Science in Mineral Production Management (Royal School of Mines, Imperial College, London); Master of Science in Water Resource Management and Water Environment (Bournemouth University); Associate of the Camborne School of Mines ('ACSM'); Chartered Engineer; European Engineer; Member of the Institute of Materials, Minerals and Mining ('IMMM')</i>	<i>Bachelor of Arts (Economics) (York University, Ontario, Canada)</i>	<i>Bachelor (Ferrous Metallurgy) (Shanghai Metallurgy Technology Academy)</i>



Omar Kamal has more than 20 years' experience in the field of banking, investment management, strategic advisory services and high-growth entrepreneurship. He has served at high-growth companies and multibillion corporates in various executive capacities. His regional and international experience extends over a wide array of sectors, including mining, real estate, finance, healthcare and education, across Asia, the Middle East and Europe.

Until August 2015, he was the co-Group CEO of a business group owned by a prominent family with global reach based in Geneva, Switzerland. Prior to that he was one of the initial founders and acted as the CIO of a regional bank in the Middle East, and before that, was a partner with Ernst & Young on the advisory and consulting side.

Omar continues to serve on the boards of a number of listed and unlisted companies, among others, Cambridge Scientific Innovation (CSI), Cybsafe and Arab Bank Switzerland at which he is the Chairman of the Fintech Committee. In the same context, Omar makes a personal strategic contribution towards digital innovation and transformation.

Omar is a member of the Young President Organisation, previously under the Alpine Chapter in Switzerland, and currently the London Stars Chapter in the United Kingdom.

Carol Bell has more than 35 years' experience in the energy and allied industries including a successful career as a Managing Director of Chase Manhattan Bank's Global Oil & Gas Group, Head of European Equity Research at JP Morgan and several years as an equity research analyst in the oil and gas sector at Credit Suisse First Boston and UBS Phillips & Drew. Carol began her career in corporate planning and business development at Charterhouse Petroleum and RTZ Oil and Gas.

Carol has broad public company experience and currently serves on the boards of Ophir Energy and Bonheur. She is also a non-executive director of the BlackRock Commodities Income Investment Trust and serves on the Board of the Development Bank of Wales. Carol is a trustee of the Renewable Energy Foundation (a UK think tank), the National Museum of Wales, the Wales Millennium Centre, the British School at Athens, and the Institute for Archaeometallurgical Studies. She is also a member of the Council of Cardiff University.

Roger Davey, a British national, has more than 30 years' operational experience at senior management and director level in the mining industry in South America, Africa and Europe. His experience at senior management level includes financing, feasibility studies, construction, development, commissioning and operational management of both underground and surface mining operations in gold and base metals.

Previous positions include being the Senior Mining Engineer at NM Rothschild (London) in the Mining and Metals project finance team, where he had responsibility for the assessment of the technical risk associated with current and prospective project loans; Director, Vice-President and General Manager of Minorco (AngloGold) subsidiaries in Argentina (1994 to 1997), where he was responsible for the development of the US\$270 million Cerro Vanguardia, open pit gold-silver mine in Patagonia; Operations Director of Greenwich Resources plc, London (1984 to 1992), with gold interests in Sudan, Egypt and Australia; Production Manager for Blue Circle Industries in Chile (1979 to 1984); and various production roles from graduate trainee to mine manager, in Gold Fields of South Africa (1971 to 1978).

Joanna Cheng, a Canadian national, is a Chartered Accountant and a member of the Institute of Chartered Accountants of Ontario, Canada. She has more than 20 years' experience in business development, investment and management and is the Director (Environment) of NWS Infrastructure Management Limited, a wholly owned subsidiary of NWS Holdings. Before joining the NWS Holdings Limited group, Joanna worked at audit firms in Canada and Hong Kong.

Zhong Liang Hong is a Chinese national with 33 years' experience in commodity trading. Representing Fujian Wuhang Stainless Steel Co. Limited and Huachuang Singapore Pte Limited, Zhong has a strong understanding of analysis and forecasting of commodity markets and end-user demand. He started his career in 1980 at the Baosteel Group. In 2001 he founded Shanghai Hongli Metal Material Co. Limited, and is still the Chairman of this company. In 2002 he expanded his business to import manganese into China and became the sole manganese agent in China acting for BHP Billiton.

CORPORATE GOVERNANCE

Introduction

Tharisa is incorporated in Cyprus and is therefore subject to Cyprus Companies Law. With a primary listing on the JSE under the general mining sector, Tharisa is subject to the JSE Listings Requirements and King IV. Tharisa also has a secondary, standard listing of its depositary interests on the LSE and is subject to the LSE Listing Rules and Disclosure and Transparency Rules applicable to a secondary standard listing. In addition, the Company has its registered office in Cyprus and is subject to Cyprus disclosure and transparency legislation, Cyprus market abuse legislation and the European Commission Market Abuse Regulation EU596/2014, and for such purposes considers Cyprus as its home state, where such term requires interpretation. The LSE Listing Rules invoke the application of certain provisions of the UK Disclosure and Transparency Rules where similar provisions do not exist under the national law of its home state. The Company has undertaken a review of its obligations in the home state and considers that the requirements under the UK Disclosure and Transparency Rules are met under corresponding national law, but nonetheless the Company aims to apply the relevant UK Disclosure and Transparency Rules applicable to the Company in circumstances where there may be a deemed discrepancy. For the purposes of the present corporate governance report a reference to Disclosure and Transparency Rules shall be a joint reference to applicable UK and Cyprus transparency rules. While the UK Corporate Governance Code published by the Financial Reporting Council does not apply to the Company, the Board recognises the importance of good governance and considers the principles and recommendations contained therein.

The Board is fully committed to the fact that accountability, integrity, fairness, transparency and integrated thinking is essential to the Group's long-term sustainability and to its ongoing ability to create value for investors and other stakeholders. It endorses and accepts full responsibility for the application of the principles necessary to ensure that effective corporate governance is practised consistently throughout the Group.

In discharging this responsibility, the Board strives to comply with the requirements of the South African Code of Corporate Practices and Conduct as set out in King IV, which is effective for financial years from April 2017. The Company's disclosure on its application of King IV principles is set out on pages 78 to 87.

The Board is of the opinion that the Company is compliant with the JSE Listings Requirements and King IV in all material respects, other than having an Executive Chairman and not having an in-house independent internal audit function.

The former has been mitigated by the appointment of David Salter as the lead independent director and the latter by the appointment of Deloitte as the internal auditor of the Group.

Board composition

Executive directors

Loucas Pouroulis (Executive Chairman)
Phoevos Pouroulis (Chief Executive Officer)
Michael Jones (Chief Finance Officer)

Independent non-executive directors

David Salter (lead independent director)
Antonios Djakouris
Omar Kamal
Carol Bell
Roger Davey

Non-executive directors

Joanna Cheng
Zhong Liang Hong

The Company has a unitary board, which both leads and controls the Company. It comprises three executive directors and seven non-executive directors. Five of the seven non-executive directors are independent of management.

The Board is structured in such a way that there is a clear balance of authority, ensuring that no one director has unfettered powers. The size of the Board is regulated by the Company's Articles of Association and directors are appointed through a formal process.

The Nomination Committee identifies suitable candidates for appointment as directors. Directors are required to be individuals of calibre and credibility with the necessary skills and experience to bring judgement, independent of management, on issues of strategy, performance, resources, diversity, standards of conduct and evaluation of performance. Merit, commitment, integrity and diversity are the core considerations in ensuring that the Board and its committees have an appropriate blend and balance of perspectives, knowledge and experience to discharge their duties effectively and competently, having regard to the strategic direction of the Group.

Board diversity

The Nomination Committee reviews and assesses the size, structure and composition of the Board on an ongoing basis to ensure it is appropriately diversified. In this assessment, it takes into account that the perspective of board members is influenced by a combination of three different sets of attributes, being experiential attributes such as education, functional experience, industry experience and accomplishments, demographic attributes such as gender, race, ethnicity, culture, religion and generational cohort, and personal attributes such as personality, interests and values. The Board recognises that having a blend of attributes across all facets of diversity will lead to more thorough and robust decision-making processes and direction and therefore strives to ensure its diverse composition.

Acknowledging the benefits that can be achieved through diversity, and specifically the meaningful participation of women who possess the appropriate skills and experience, as members of the Board, the Board will continue to focus on the long-term goal of improving gender representation at Board level. At present, the two female directors represent 20% of the total number of directors and 29% of the non-executive directors.

Similarly, recognising the value of ethnic and cultural diversity at Board level, the Board encourages the inclusion and consideration of prospective candidates with diverse backgrounds, a range of suitable skills, based on merit and against objective criteria, and with due regard for the benefits of diversity on the Board.

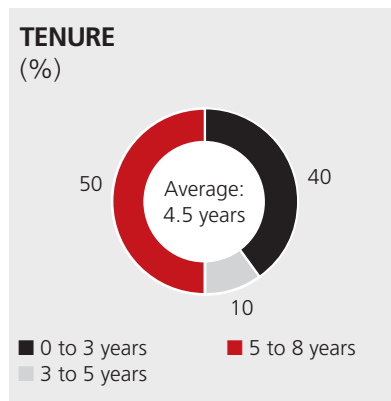
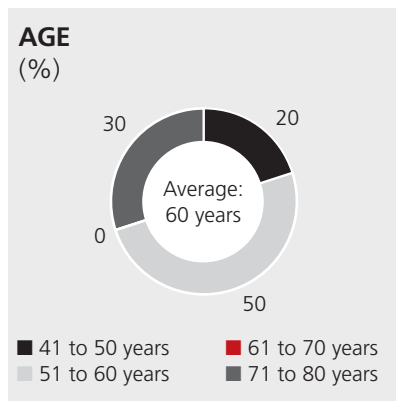
- Board of directors
- > **Corporate governance**
- King IV application
- Remuneration report
- Directors' report
- Report of the Audit Committee

In compliance with King IV, the JSE Listings Requirements and international best practice, the Nomination Committee and Board have adopted a Board level diversity policy, without introducing voluntary targets with regard to gender and racial diversification of the Board. The Nomination Committee and the Board believe that fixed targets will not necessarily result in the best candidates being identified for appointment to the Board, given that the achievement of specific targets would be dependent on a number of factors outside of the Board's control, including the frequency at which Board positions become vacant, the need to appoint additional Board members and the availability of

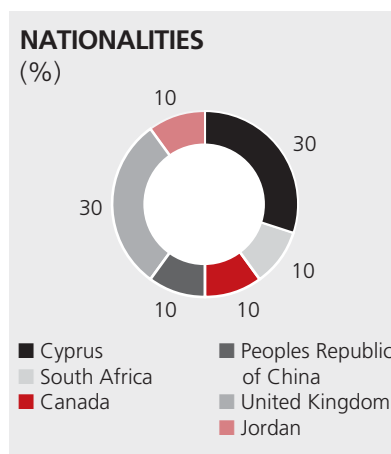
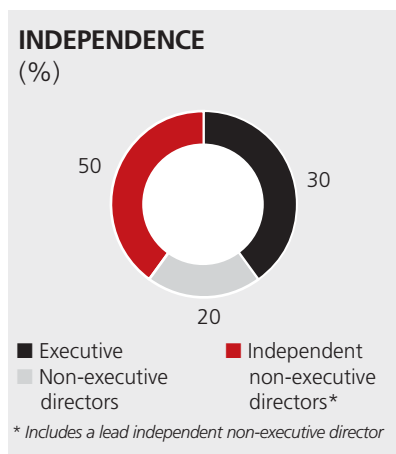
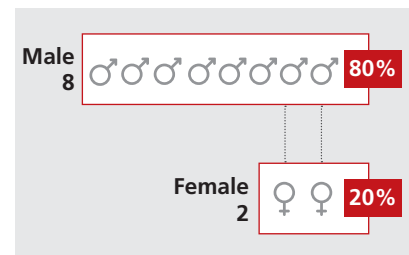
appropriately skilled candidates. It is, however, the objective to include diverse candidates in the process of identifying suitably qualified candidates for appointment as Board members and to pursue opportunities to increase the number of female and racially and ethnically diverse Board members over time, provided that it is consistent with the skills and diversity requirements of the Board. In identifying suitable candidates, the Nomination Committee considers diverse candidates with a range of suitable skills against objective criteria and with due regard for the benefits of diversity on the Board, and whenever practically and commercially possible, give preference to those candidates whose appointment will

contribute to the achievement of suitable diversity of the Board.

During the assessment process, the Nomination Committee also considers the relationship between executive and non-executive directors. The Board believes that there is an appropriate balance between executive and non-executive directors and is satisfied that the current members of the Board collectively possess the skills, knowledge and experience required to effectively discharge the responsibilities of the Board to achieve the Group's objectives, promote shareholder interests and to create value for stakeholders over the long term.



GENDER



EXPERIENCE

- 4 Mining
- 1 Energy, oil and gas
- 5 Finance
- 2 Strategy and risk
- 2 Commodity markets
- 1 Information technology

Please note that some Board members have skills and expertise in more than one area

Role and responsibilities of the Board

The Board is the ultimate governing authority, responsible for the Company's strategy, key policies, ethics and corporate governance, as well as approving the Company's financial objectives and targets. The Board recognises that strategy, performance, risk and sustainability are inseparable

and that the execution of strategy can have a material impact on the Company's creation of value and its various stakeholders. The Board is fundamentally important to the achievement of the Company's mission, financial objectives and fulfilment of its corporate responsibilities in a sustainable manner and provides effective leadership on an ethical foundation.

The Board is the ultimate custodian of the governance framework, which commits the Company and its representatives to act according to the highest standards of fairness, accountability, responsibility, transparency, ethics and sustainability. The Company's approach to corporate governance strives to be stakeholder inclusive, based on good

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communication, and is integrated into every aspect of the Company's business.

The Board ensures that the Group is, and is seen to be, a responsible corporate citizen, by having regard not only to the financial aspects of the business of the Group, but also the impact that the business operations have on the environment and the society in which it operates.

The Board has adopted a Board Charter setting out the role, functions, obligations, rights, responsibilities and powers of the Board and the policies and practices of the Board in respect of its duties, functions and responsibilities. The Board has also adopted terms of reference for each of its committees. The Board Charter and terms of reference are available on the Company's website.

The directors who are also members of the Executive Committee of the Company are involved in the day-to-day business activities of the Company and are responsible for ensuring that the decisions of the Executive Committee as approved by the Board, are implemented in accordance with the mandate given by the Board and Executive Committee.

All non-executive directors have unrestricted access to the Chairman, management, the Joint Company Secretaries, and the external and internal auditors. Directors are entitled to seek independent professional advice on any matter pertaining to the Company and the Group, at the Company's expense.

The Board considers and satisfies itself, on an annual basis, of the qualifications, experience and arm's length relationship between the Company Secretaries and the Board.

Board meetings are held on a regular basis, at least quarterly, and all directors participate in the key areas of decision-making.

Role of the Executive Chairman

There is a clear distinction between the roles of the Executive Chairman and the Chief Executive Officer. The Executive Chairman is responsible for ensuring the integrity and effectiveness

of the Board and its committees, which includes:

- providing overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions
- presiding over meetings of the Board and meetings of shareholders
- acting as facilitator at Board meetings to ensure that no director, or group of directors, dominate the discussion, that sufficient debate takes place, that the opinions of all directors relevant to the subject under discussion are solicited and expressed freely, that conflicts of interests are managed and that Board discussions lead to appropriate decisions
- actively participating in the selection of Board members and overseeing a formal succession plan for the Board and certain senior management appointments
- encouraging collegiality among Board members and management while at the same time maintaining an arm's length relationship
- mentoring to enhance directors' confidence, especially new or inexperienced directors and encouraging them to make an active contribution at meetings.

The Chairman's performance is appraised by the non-executive directors on an annual or such other basis as the Board may determine.

Role of the Chief Executive Officer

The Board's authority conferred on management is delegated through the Chief Executive Officer and the authority and accountability of management is accordingly considered to be the authority and accountability of the Chief Executive Officer.

The Chief Executive Officer provides executive leadership and is accountable to the Board for the implementation of strategies, objectives and decisions within the framework of the delegated authorities, values and policies of the Company, which includes:

- recommending or appointing the executive members and ensuring proper succession planning and performance appraisals
- developing the Company's strategy and vision for Board consideration and approval

- developing and recommending annual business plans and budgets that support the Company's long-term strategy to the Board
- monitoring and reporting to the Board on performance against and
- conforming with strategic imperatives
- ensuring that the Company has appropriate management structures and a management team to effectively carry out the Company's objectives, strategy and business plans
- ensuring that the assets of the Company are properly maintained and safeguarded and not unnecessarily placed at risk
- setting the tone from the top in providing ethical leadership and creating an ethical environment and not causing or permitting any decision, internal or external practice or activity by the Company that may be contrary to commonly accepted business practice, good corporate governance or professional ethics
- acting as the chief spokesperson of the Company.

The non-executive directors monitor and evaluate the Chief Executive Officer in achieving the approved targets and objectives and the results of such evaluation are considered by the Remuneration Committee to guide it in its appraisal of the performance and remuneration of the Chief Executive Officer.

Role of the lead independent director

The lead independent director chairs the Nomination Committee, Safety, Health and Environment Committee and Social and Ethics Committee, facilitates meetings of the non-executive directors and is a member of the Audit, Remuneration, Risk and New Business Committees. He acts as a sounding board to the Executive Chairman and the Chief Executive Officer and leads the non-executive directors in the appraisal of the Executive Chairman and Chief Executive Officer. He provides leadership and advice to the Board when the Executive Chairman has a conflict of interest, without detracting from the authority of the Executive Chairman.

He acts as an intermediary for the other Board members and shareholders with regard to concerns that have not been resolved through the normal channels.

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Role of the non-executive directors

The non-executive directors bring diverse experience and expertise to the Board. They are required to have a clear understanding of the Group's strategy and must be sufficiently familiar with the Group's businesses to be effective contributors to the development of the Group's strategy and identification and monitoring of risks faced by the Group. Non-executive directors are required to have sufficient time to perform their duties as directors and to make a meaningful contribution. They should be prepared to question and challenge the opinions of executive directors and provide fresh insight into the Group's strategic direction. Non-executive directors assess the performance of the Executive Chairman and Chief Executive Officer and serve on various Board committees. Non-executive directors meet without the presence of the executive directors at least twice a year.

Board appointments

Members of the Board are appointed by the Company's shareholders. The Board also has the power to appoint directors, subject to such appointments being approved by shareholders at the next annual general meeting ('AGM') following such appointment. Pursuant to the terms of the Board Charter, appointments to the Board are made on recommendation of the Nomination Committee. A formal policy detailing the procedures for appointments to the Board has been adopted by the Company.

Non-executive directors are required to be individuals of calibre and credibility, be independent of management and possess the necessary skills and expertise to bring judgement to bear on issues of strategy, performance, resources, diversity, standards of conduct and evaluation of performance.

Directors are required to conduct themselves, at all times, in a professional manner, having due regard to their fiduciary duties and responsibilities to the Company and to ensure that sufficient time is made available to devote to their duties as Board members. Directors are further required to be diligent in discharging their duties to the Company, seek to acquire sufficient knowledge of the business of the Company and endeavour to keep

abreast of changes and trends in the business environment and markets in which the Company operates, in order to be able to provide meaningful direction to the Company's business activities and operations.

Director induction

Upon appointment, all new directors are provided with induction materials to familiarise them with the Group's operations, business environment, executive management and to induct them in their fiduciary duties and responsibilities. The induction programme would typically involve an information pack comprising, *inter alia*, the Group structure, a list of the top shareholders, Board packs and minutes of previous Board meetings, annual and interim reports, Articles of Association, the Board Charter, committee terms of reference, information on directors and officers' insurance, a guide to the JSE Listings Requirements and a memorandum on dealings in securities, market abuse and insider trading. Periodic site visits are arranged for existing and new non-executive directors to improve their understanding of the Group's operations.

Retirement by rotation and re-election of directors

In accordance with the Company's Articles of Association, one-third of non-executive directors must retire from office at each AGM. The non-executive directors retiring at each AGM will be those directors who have been the longest serving since their last election. Retiring directors are eligible for re-election, and if so re-elected, are deemed to not have vacated their office. Executive directors are not subject to retirement by rotation. Accordingly, David Salter and Antonios Djakouris will be retiring by rotation at the upcoming AGM, and being eligible, will be available for re-election.

In terms of the Company's Articles of Association, any directors appointed by the Board during the course of the financial year, shall hold office only until the next AGM of the Company following their appointment and shall then retire and be eligible for election. Having been appointed during the financial year under review, Zhong Liang Hong has made himself available for election. A brief *curriculum vitae* of

each director standing for election or re-election appears on pages 66 and 67.

Board support for election or re-election is not automatic. The Nomination Committee assesses the composition of the Board and performance of individual Board members on an annual basis prior to recommending any directors for election or re-election by shareholders at the AGM. Upon recommendation by the Nomination Committee, the Board makes a determination as to whether it will endorse a director standing for election or re-election. Having assessed the performance of the directors standing for election, it is the recommendation of the Board that Zhong Liang Hong be elected, and David Salter and Antonios Djakouris re-elected.

Board meetings

The Board meets at least four times per year and at such other times as may be required. The Board met four times during the year under review.

Board committees

Certain responsibilities are reserved for the Board, while others are delegated to Board committees, each with formal mandates and terms of reference, without reducing the individual and collective responsibilities of Board members' overall fiduciary duties and responsibilities. The terms of reference of each Board committee determines, *inter alia*, the composition, purpose, scope of mandate, and powers and duties of the committee. Board committees provide feedback to the Board through reports by their respective chairmen and provide the Board with copies of minutes of committee meetings. All directors are welcome to join meetings of Board committees they are not members of. Terms of reference of the various committees are compliant with the provisions of the Company's Articles of Association and the JSE Listings Requirements. The terms of reference are reviewed on a regular basis and are available on the Company's website. All committees have satisfied their responsibilities in compliance with their respective terms of reference during the year under review.

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The Company's Board committees are constituted as follows:

	Chairman	Members	By invitation
Audit Committee	Antonios Djakouris	David Salter Omar Kamal Carol Bell	CFO CEO
Risk Committee	Antonios Djakouris	Loucas Pouroulis Phoevos Pouroulis Michael Jones David Salter Omar Kamal Carol Bell Joanna Cheng Roger Davey Zhong Liang Hong	COO Group Executive: Legal
Nomination Committee	David Salter	Loucas Pouroulis Antonios Djakouris	CEO
Remuneration Committee	Antonios Djakouris	David Salter Carol Bell Roger Davey	CEO CFO
Safety, Health and Environment Committee	David Salter	Antonios Djakouris Carol Bell Roger Davey	CEO COO
Social and Ethics Committee	David Salter	Antonios Djakouris Omar Kamal Carol Bell Phoevos Pouroulis	
New Business Committee	Roger Davey	David Salter Carol Bell Loucas Pouroulis Phoevos Pouroulis	CFO COO

Audit Committee

The Audit Committee, which must comprise at least three independent non-executive directors, is chaired by Antonios Djakouris, an independent non-executive director. Other members of the Audit Committee are David Salter, Omar Kamal and Carol Bell, all independent non-executive directors. The Board is satisfied that the members of the committee have the appropriate mix of qualifications and experience in order to fulfil their responsibilities appropriately. The Group's independent external auditor, independent internal auditors, Chief Finance Officer and Chief Executive Officer attend Committee meetings by invitation. The Audit Committee meets with the internal and external auditor, without any executive directors being present.

Both the internal and external auditors have unrestricted access to the Chairman of the Committee and to the Chairman of the Board.

The Audit Committee provides the Board with additional assurance regarding the quality and reliability of financial information used by the Board and the financial statements of the Group. The committee reviews the internal and financial control systems, accounting systems and reporting and internal audit functions. It liaises with the Group's external auditor and monitors compliance with legal requirements.

Furthermore, the Audit Committee assesses the performance of financial management, approves external audit fees and budgets, monitors non-audit services provided by the external auditor against an approved policy and ensures that management addresses any identified internal control weakness. In addition, the Audit Committee oversees the integrated reporting process, risk management systems, information

technology risks (as they relate to financial reporting), the Group's whistleblowing arrangements and policies and procedures for preventing corrupt behaviour and detecting fraud and bribery.

The committee has unrestricted access to all Company and Group information and may seek information from any employee. The committee may also consult external professional advisers in executing its duties.

The Chairman of the Audit Committee is required to report to the Board after each meeting of the Committee and the minutes of meetings of the Audit Committee are provided to the Board.

For more information on the activities of the committee during the year under review, refer to the Report of the Audit Committee on page 96.

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The Audit Committee is satisfied as to the appropriateness of the expertise of Michael Jones, the Chief Finance Officer. The appropriateness of the expertise and experience of the Chief Finance Officer is considered on an annual basis.

The Audit Committee meets as often as is deemed necessary, but is required to meet at least twice a year. The committee met six times during the year under review.

Risk Committee

Control of the complete process of risk management, the evaluation of its effectiveness and approval of recommended risk management and internal control strategies, systems and procedures are key Board responsibilities. For this reason, the Risk Committee comprises the entire Board and is chaired by Antonios Djakouris.

The Risk Committee reviews management reports on the adequacy and effectiveness of the Group's operational risk management functions, ensures compliance with the Group's risk management policies and reviews the adequacy of the Group's insurance coverage.

During the year under review, the committee conducted a high-level review of the residual risks identified by management following a facilitated risk assessment workshop and subsequent business risk reviews undertaken at operating subsidiary level. It continues to monitor progress made by risk owners in identifying mitigating factors, performing gap analyses and implementing additional mitigating measures where required. In addition, the Risk Committee identifies reviews and evaluates non-operational and strategic risks impacting on the Company and the Group on an ongoing basis. The Risk Committee meets as often as is deemed necessary and met twice during the year under review.

Nomination Committee

The Nomination Committee is chaired by David Salter, the lead independent director. Other members of the Nomination Committee are Antonios Djakouris, an independent non-executive director, and Loucas Pouroulis, the Executive Chairman. Loucas Pouroulis is entitled to participate and contribute to the Nomination

Committee, but is not entitled to vote on any matter before the Nomination Committee. In the event of a tied vote, David Salter has a casting vote. The Chief Executive Officer, Phoevos Pouroulis, attends meetings by invitation, if required.

The Nomination Committee ensures that the procedures for appointments to the Board are formal and transparent by making recommendations to the Board on all new Board appointments in accordance with the Company's policy for Board appointments. It does so by regularly evaluating the Board performance, undertaking performance appraisals of the Chairman and directors, evaluating the effectiveness of Board committees and making recommendations to the Board. The Nomination Committee also considers and approves the Board succession plans.

The work of the Nomination Committee during the year followed both its terms of reference and established good practice in corporate governance. The committee conducted a review of the structure, size and composition of the Board, with specific emphasis on skills, knowledge, independence and diversity of the Board members. The Nomination Committee recommended the appointment of Zhong Liang Hong to the Board.

The committee also considered the independence of non-executive directors. Consideration was given, among others, as to whether the individual non-executive directors are sufficiently independent of the Company so as to effectively carry out their responsibilities as directors, whether they are independent in judgement and character and that there are no conflicts of interest in the form of contracts, relationships, shareholding, remuneration, employment or related-party disclosures that could affect their independence.

The committee determined that David Salter, Antonios Djakouris, Omar Kamal, Carol Bell and Roger Davey are independent. Joanna Cheng and Zhong Liang Hong are not considered independent due to their association with significant shareholders.

The Nomination Committee met twice during the year under review.

Remuneration Committee

All members of the Remuneration Committee are independent non-executive directors. The committee is chaired by Antonios Djakouris and other members of the committee are David Salter, Carol Bell and Roger Davey. The Chief Executive Officer and Chief Finance Officer are invited to attend meetings of the committee to make presentations, except when their own remuneration is under consideration.

The Remuneration Committee considers the remuneration framework of the Executive Chairman, Chief Executive Officer, Chief Finance Officer and other members of the executive management of the Company and its subsidiaries, with reference to local and international benchmarks.

The committee also considers bonuses, which are discretionary and based upon general economic variables, the performance of the Company and each individual's performance against personalised key performance indicators, allocations in terms of the Group's incentive schemes and certain other employee benefits and schemes.

During the year, the committee reviewed various aspects of the Group's remuneration structure, including executive salaries, performance-based remuneration schemes and the Share Award Plan. The committee is satisfied with the prevailing policies, remuneration and structure.

The committee met three times during the year under review.

The remuneration report may be found on pages 88 to 93 of this Annual Report.

Safety, Health and Environment Committee

All members of the committee are independent non-executive directors. The committee is chaired by David Salter and other members are Antonios Djakouris, Carol Bell and Roger Davey. The Chief Executive Officer and Chief Operating Officer attend the meeting by invitation.

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The Safety, Health and Environment Committee develops and reviews the Group's framework, policies and guidelines on safety, health and environmental management, monitors key indicators on accidents and incidents and considers developments in relevant safety, health and environmental practices and regulations.

The committee met four times during the year under review.

Social and Ethics Committee

As required by the JSE Listings Requirements, the Board established a Social and Ethics Committee. The committee is chaired by David Salter and other members are Antonios Djakouris, Omar Kamal, Carol Bell and Phoevos Pouroulis.

The committee's objective is, *inter alia*, to assist the Board in ensuring that the Company and the other entities in the Group are and remain committed, socially responsible corporate citizens by creating a sustainable business and having regard to the Company's economic, social and environmental impact on the communities in which it operates, which among others, include public safety, HIV/Aids, environmental management, corporate social investment, consumer relationships, labour and employment, the promotion of equality and ethics management.

The committee has an independent role with accountability to both the Board and the Company's shareholders. The committee does not assume the functions of management of the Company. These functions remain the responsibility of the Company's executive directors, executive management and senior managers.

It is the committee's responsibility to monitor the Group's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to, among others, the following:

- (i) Social and economic development, focusing on:
 - the Company's standing in terms of the goals and purposes of the 10 United Nations Global Compact Principles, among others:
 - upholding and respecting human rights

- fair labour practices, which include the freedom of association, right to collective bargaining and the elimination of forced labour, child labour and discrimination
- promotion of greater responsibility toward the environment
- prevention of bribery and corruption
- the Organisation for Economic Co-operation and Development's recommendations regarding corruption
- the Equator Principles
- the Employment Equity Act and the Broad-Based Black Economic Empowerment Act, applicable to South African subsidiaries.

- (ii) Good corporate citizenship and the impact of the Group's activities and of its products or services on the environment, health and public safety and the Company's employment relationships and its contribution toward the educational development of its employees. In order to ensure that Tharisa is seen to be a responsible corporate citizen, the committee oversees and monitors, on an ongoing basis, the consequences of the Group's activities and outputs on:
 - the workplace, by ensuring employment equity, fair remuneration, safety, health, dignity and development of employees and the Group's standing in relation to the International Labour Organisation Protocol on decent work and working conditions
 - the economy, by working towards economic transformation
 - the prevention, detection and response to fraud and corruption
 - society, by upholding public health and safety, consumer protection, community development and protection of human rights
 - the environment, by ensuring the prevention of pollution, minimising waste disposal and protecting biodiversity.

- (iii) Ethical leadership and ethical behaviour, by reviewing the Company's Code of Ethics and making recommendations to the Board for approval, reviewing results of whistleblowing activities, reviewing significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the Company and ensuring that the Company's ethics performance is assessed, monitored, reported and disclosed.

The committee meets as often as it deems necessary but in any case at least once a year and at such other times as determined. The committee met once during the year under review.

New Business Committee

The New Business Committee is responsible for the investigation and assessment of new projects and business opportunities, particularly from a strategic, technical and operational point of view, and the identification of project-related risks, and safety, health and environmental risks. The committee is not authorised to approve individual projects or investments or commit the Company, but works with executive management to review and evaluate new business opportunities and initiatives and make recommendations to the Board for approval. The committee has the right of access to management and/or external consultants and the right to seek additional information or explanations.

The committee is chaired by Roger Davey and other members are David Salter, Carol Bell, Loucas Pouroulis and Phoevos Pouroulis. Michael Jones attends meetings as a permanent invitee.

Meetings of the committee will be held as often as necessary to undertake its role effectively. The committee met four times during the year under review.

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Attendance at meetings

Attendance at Board and committee meetings is set out below:

Director	Board	Audit Committee	Nomination Committee	Remuneration Committee	Risk Committee	SHE Committee	Social and Ethics Committee	New Business Committee
Number of meetings held	4	6	2	3	2	4	1	4
Loucas Pouroulis	4	–	1	–	2	–	–	4
Phoevos Pouroulis	4	6 [#]	–	3 [#]	2	4 [#]	–	4
Michael Jones	4	6 [#]	–	3 [#]	2	–	–	4 [#]
David Salter	4	6	2	3	2	4	1	4
Antonios Djakouris	4	6	2	3	2	4	1	3 [#]
Omar Kamal	4	6	–	–	2	1 [#]	1	2 [#]
Carol Bell	4	6	1 [#]	2	2	2	1	4
Joanna Cheng	4	–	–	–	2	–	–	1 [#]
Roger Davey	4	1 [#]	2 [#]	3	2	4	–	4
Zhong Liang Hong*	2	–	–	–	1	–	–	–

* Appointed 1 April 2018

[#] By invitation

Joint Group Company Secretaries

The role of the Joint Group Company Secretaries is, *inter alia*, to provide guidance and advice to the Board with respect to matters relating to the JSE Listings Requirements, the LSE Listings Rules, Disclosure and Transparency Rules, Cyprus Companies Law, King IV, market abuse laws and regulations and other corporate governance-related matters. In addition to their statutory duties, the Company Secretaries provide individual directors, the Board as a whole, and the various committees with guidance as to the manner in which their responsibilities should be discharged in the best interests of the Group.

The appointment and removal of the Company Secretaries are matters reserved for the Board as a whole.

Sanet Findlay is a full-time employee within the Group and based in South Africa. She holds a Bachelor of Science and a Bachelor of Law, a CIS professional post-graduate qualification: Company Secretarial and Governance Practice and is an Associate member of the Chartered Secretaries Southern Africa (2003). She has experience as a Group Company Secretary of JSE and LSE listed companies since 2009. She is not a director of Tharisa or any of its subsidiaries and maintains an arm's length relationship with the Board.

Lysandros Lysandrides holds a Bachelor of Laws and a post-graduate diploma in Legal Practice (UK). He is an associate member of the Institute of Chartered Secretaries and Administrators (UK), a Fellow of the Chartered Institute of Legal Executives (UK) and a registered practising Cyprus attorney at law. He has experience as Company Secretary and legal adviser to companies listed on the LSE and CSE. Lysandros is appointed as an external adviser to Tharisa and its Cyprus subsidiaries and maintains an arm's length relationship with the Board.

The Board formally assessed and considered the performance and qualifications of the Company Secretaries and is satisfied that the Company Secretaries are competent, suitably qualified and experienced.

Board evaluation

The Nomination Committee, under leadership of the lead independent director, conducts an evaluation of the performance of the Board, its committees, the Executive Chairman, Chief Executive Officer, Chief Finance Officer, the Joint Company Secretaries and the performance and contribution of the individual non-executive directors. The Board committees conduct a self-evaluation against their respective

terms of reference and each individual Board member is evaluated by fellow Board members using an evaluation questionnaire. The results of the evaluation process are considered by the Nomination Committee prior to their presentation to the Board. Results and any identified training requirements are discussed with individual directors if deemed necessary. Board evaluations are performed on an annual or bi-annual basis. An extensive evaluation was conducted during the year.

Conflicts of interest

Disclosure of other directorships, personal financial interests and any other conflicts of interest, and those of related persons, in any matter before the Board is a standing Board agenda item and a register is kept of all such disclosures. Directors recuse themselves from discussion on any matters in which they may have a conflict of interest. Non-executive directors are required to inform the Board of any proposed new directorships and the Board reserves the right to review such additional appointments to ensure that no conflict of interest would arise and to ensure that a director accepting a new appointment would be able to continue to fulfil his or her obligations as a member of the Board.

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Share dealing and insider trading

All directors of the Company and its major subsidiaries, senior executives, the Joint Company Secretaries and employees who, by virtue of their positions have access to financial and other price sensitive information, are regarded as insiders and are required, at all times, to obtain prior authorisation to deal in the Company's shares.

Directors of the Company and its major subsidiaries and senior executives are reminded of their obligation to inform all their associates, as defined by the JSE Listings Requirements, and investment managers of the fact that dealings by the directors and their associates in Tharisa shares have to be preapproved and/or disclosed to the Company within the stipulated timeframe to facilitate release of the required announcements in terms of the JSE Listings Requirements. A similar requirement exists under the European Union's Market Abuse Regulations for persons discharging managerial responsibilities and persons closely associated with them.

The Company's directors, executives and employees who are classified as insiders are not permitted to deal in the Company's shares during closed periods or when they are in possession of non-public information.

An appropriate communication is sent to all such employees alerting them that the Company is entering a closed period. Closed periods are observed as required by the JSE Listings Requirements, including the period from the end of the interim and annual financial reporting periods to the announcement of the financial results for the respective periods, and during periods that the Company is under a cautionary announcement. The EU Market Abuse Regulation stipulates for a closed period of 30 calendar days before announcement of the interim and/or annual results. The Company applies the longer duration in any given financial reporting period.

Succession planning

The Board, assisted by the Nomination Committee, is responsible for overseeing succession planning and ensuring that appropriate strategies are in place to

ensure the smooth continuation of roles and responsibilities of members of the Board and senior management.

Compliance

Compliance with financial reporting requirements and accounting standards falls within the ambit of the Audit Committee. The Group's statutory and regulatory compliance resides with the Legal, Risk and Compliance Officer and reports on compliance are presented to the Audit and Social and Ethics Committees. In addition to the formal authorisation processes required for dealings in the Company's shares, the Group has various policies and procedures in place governing the declaration of interests, accepting and granting of gifts and an approved delegation of authorities matrix which governs the delegation of authority and value limits within the Group and ensures that all transactions are approved appropriately.

No incidents of non-compliance were identified and no significant penalties or regulatory censures were imposed on the Company or any of its subsidiaries during the year under review.

The Board is satisfied that the Company complied with the requirements of the JSE Listings Requirements pursuant to the Company's primary listing on the JSE during the year under review. The Board also acknowledges the role and responsibilities of its JSE sponsor, Investec Bank Limited, and is of the opinion that the sponsor has discharged its responsibilities with due care during the period.

Information technology governance

The Board Charter commits the Board to assuming ultimate responsibility for ensuring that effective information technology ('IT') systems, internal control, auditing and compliance policies, procedures and processes are implemented in order to avoid or mitigate key IT-related business risks. The Board has delegated responsibility for the governing of IT to the Audit Committee. Assurance on the IT systems and processes is provided by the Group's internal auditors and findings are reported to the Audit Committee, which ensures that any and all material findings are addressed appropriately.

External audit

Ernst & Young Cyprus Limited acts as external auditor to the Group and its independence is reviewed by the Audit Committee on an annual basis. The appointment of the external auditor was approved at the AGM on 10 January 2018. The external auditor has unrestricted access to the Chairman of the Audit Committee.

Internal audit

The Company does not have an in-house independent internal audit function.

The Audit Committee reviews, on a regular basis, whether there is a need for an in-house internal audit function and makes the necessary recommendation to the Board. The Audit Committee is of the opinion that given the size and stage of development of the Company and the Group, an in-house internal audit function is not currently justified. The appointment of Deloitte as internal auditor for the Group is considered to sufficiently mitigate the risk of not having an in-house internal audit function.

Internal control systems

To meet the Company's responsibility to provide reliable financial information, the Company maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material losses, unauthorised acquisition, use or disposal and that transaction are properly authorised and recorded.

The systems include a documented organisational structure and division of responsibility, established policies and procedures, which are communicated throughout the Group, and the careful selection, training and development of people.

The Audit Committee monitors the operation of the internal control systems to determine whether there are deficiencies. Corrective actions are taken to address control deficiencies as they are identified. The Board, operating through the Audit Committee, oversees the financial reporting process and internal control systems.

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There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls.

Code of Business Ethics and Conduct

The Group's Code of Business Ethics and Conduct reaffirms the high standards of business conduct required of all employees, officers and directors of Tharisa. It forms part of the Company's continuing effort to ensure that it complies with all applicable laws, to ensure that it has an effective programme to prevent and detect violations of law, and for the education and training of employees, officers and directors. In most circumstances, the code sets standards that are higher than the law requires and adherence to the code aims to preserve the confidence and support of the public and Tharisa's shareholders.

Tharisa expects its employees, officers and directors to:

- act with honesty, integrity and fairness in all dealings, both internally and externally
- comply with all laws and regulations applicable to the Group
- comply with Group policies and procedures
- protect the health, safety and wellbeing of co-workers, suppliers and the communities in which the Group operates
- protect the environment by prudent use of resources such as water and energy and to limit waste disposal by recycling
- protect and not disclose Tharisa's confidential information
- avoid any potential conflicts of private interests with the interests of the Group, including but not limited to improper communications with competitors or suppliers regarding bids for contracts, having close relationships with contractors or suppliers, involvement with any other businesses that have interests adverse to Tharisa, interests in Tharisa or compete with Tharisa
- not give or accept gifts, gratuities, or hospitality from customers or suppliers of inappropriate value, that could incur obligations or that could influence judgement

- avoid any situations or relationships that could interfere with an individual's ability to make decisions in Tharisa's best interests
- to act in a courteous, dignified and respectful manner when dealing with co-workers and third parties and to refrain from discriminatory, harassing or bullying behaviour, whether expressed verbally, in gesture or through behaviour.

Furthermore, it is Tharisa's policy not to discriminate against any employee on the basis of race, religion, national origin, language, gender, sexual orientation, HIV status, age, political affiliation or physical or other disability. Tharisa desires to create a challenging and supportive environment where individual contributions and teamwork are highly valued. In order to establish such an environment, all individuals are expected to support this policy of non-discrimination and the equal employment opportunity policies.

Modern slavery and human trafficking

Tharisa has a zero tolerance approach to any form of modern slavery and is committed to ensuring that there is no slavery or human trafficking in its supply chain or in any part of its business. Modern slavery encapsulates slavery, servitude and forced or compulsory labour. Tharisa acts ethically and with integrity in all business dealings and has the necessary systems and controls in place to safeguard against any form of transgression of human rights. Tharisa will continue to raise awareness of human rights among its employees, suppliers and the communities in which it operates.

Anti-bribery and corruption policy

Tharisa is committed to doing business ethically. Tharisa does not tolerate corruption, fraud and bribery and does not allow donations to any political parties by any of its operations. The Group's anti-corruption policy is built into its Code of Business Ethics and Conduct and outlines potential risks, steps to mitigate the risk of bribery and corruption, together with a reporting guideline. All employees, suppliers and other associated persons are made aware of these policies and procedures with regard to ethical behaviour, business conduct and transparency.

Independent anonymous safety and ethics hotline

The Group has a zero tolerance approach to safety transgressions, theft, fraud, corruption, violation of the law and unethical business practices by employees or suppliers.

A 24-hour independent anonymous safety and ethics hotline monitored by an independent external party is fully operational and facilitates the reporting and resolution of safety and ethical violations. This confidential and anonymous hotline provides an impartial facility for employees, service providers, customers and other stakeholders to report any safety or ethics-related matter such as safety concerns, unsafe behaviour and practices, hazardous conditions, fraudulent activity, corruption, statutory malpractice, financial and accounting reporting irregularities and other deviations from safe and ethical behaviour. It is the duty of the Audit Committee to ensure that arrangements are in place for the independent investigation of such matters and appropriate follow-up action. No action will be taken against anyone reporting legitimate concerns, even if there is no proven unlawful conduct.

Investor relations

The Chief Executive Officer and Chief Finance Officer, supported by the Investor Relations function, interact with institutional investors on a regular basis on the performance of the Group through presentations and scheduled meetings. The Company also participates in selected international conferences and conducts roadshows internationally.

A wide range of information and documents, including copies of presentations given to investors, Annual Reports and notices of shareholder meetings, are made available on the Company's website www.tharisa.com on an ongoing basis.

Shareholders are encouraged to visit the investors' section of the website frequently to be kept informed of the corporate timetable, including dates for the AGMs, forms of proxy and relevant shareholder information relating thereto.

KING IV APPLICATION

Principle	Summary of how Tharisa applies the King IV Principles
Leadership, ethics and corporate citizenship	
<p>1. Leadership The governing body should lead ethically and effectively</p>	<p>Integrity The Board is guided in all matters by the Board Charter, which sets out its role and responsibilities. The Board subscribes to, and promotes the highest standards of integrity and good corporate governance, itself acting ethically and setting the tone for an ethical organisational culture. The Board's ethical approach is further strengthened by the diverse experience of its non-executive directors, the majority of whom are independent.</p> <p>Disclosure of other directorships, personal financial interests and any other conflicts of interest, and those of related persons, in any matter before the Board is a standing Board agenda item and a register is kept of all such disclosures. Directors recuse themselves from discussion on any matters in which they may have a conflict of interest.</p> <p>The values and principles of Tharisa are defined in the Company's Code of Business Ethics and Conduct, which seeks to ensure compliance with relevant legislation and regulations, in a manner that is beyond reproach.</p> <p>The Social and Ethics Committee assists the Board by monitoring ethical leadership and ethical behaviour, by reviewing the Company's Code of Ethics and making recommendations to the Board for approval, reviewing results of whistleblowing activities, reviewing significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the Company and ensuring that the Company's ethics performance is assessed, monitored, reported and disclosed.</p> <p>Competence Upon appointment, all new directors are provided with induction materials to familiarise them with the Group's operations, business environment and members of executive management. Periodic site visits are arranged for existing and new non-executive directors to improve their understanding of the Group's operations.</p> <p>Directors are required to be diligent in discharging their duties to the Company, seek to acquire sufficient knowledge of the business of the Company and endeavour to keep abreast of changes and trends in the business environment and markets in which the Company operates, in order to be able to provide meaningful direction to the Company's business activities and operations.</p> <p>The Nomination Committee, under leadership of the lead independent director, conducts an evaluation of the effectiveness and performance of the Board, its committees, and individual directors. Results and any identified training requirements are discussed with individual directors if deemed necessary.</p> <p>Responsibility The Board is responsible for control of the Company and the strategic direction of the Group. The Board exercises such control through the governance framework of the Board and its committees. The Board Charter contains a list of matters reserved for the Board.</p> <p>The non-executive directors bring diverse experience and expertise to the Board. They are required to have a clear understanding of the Group's strategy and must be sufficiently familiar with the Group's businesses to be effective contributors to the development of the Group's strategy and identification and monitoring of risks faced by the Group. Non-executive directors are required to have sufficient time to perform their duties as directors and to make a meaningful contribution. They should be prepared to question and challenge the opinions of executive directors and provide fresh insight into the Group's strategic direction.</p>

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Principle	Summary of how Tharisa applies the King IV Principles
Leadership, ethics and corporate citizenship continued	
<p>1. Leadership continued The governing body should lead ethically and effectively</p>	<p>Accountability Certain responsibilities are reserved for the Board, while others are delegated to Board committees, each with formal mandates and terms of reference. This delegation, however, does not reduce the individual and collective responsibilities of Board members' overall fiduciary duties and responsibilities.</p> <p>Fairness and transparency The Board is the ultimate custodian of the governance framework, which commits the Company and its representatives to act according to the highest standards of fairness, accountability, responsibility, transparency, ethics and sustainability. The Board ensures that the Group is, and is seen to be, a responsible corporate citizen, by having regard not only to the financial aspects of the business of the Group, but also the impact that the business operations have on the environment and the society in which it operates.</p>
<p>2. Organisational ethics The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture</p>	<p>The Board Charter outlines the Board's effective management of ethics. The Group's Code of Business Ethics and Conduct reaffirms the high standards of business conduct required of all employees, officers and directors of Tharisa. In most circumstances, the Code sets standards that are higher than the law requires.</p> <p>A 24-hour safety and ethics hotline, monitored by an independent external party, facilitates the detection and resolution of safety and ethics violations. This confidential and anonymous hotline provides an impartial facility for employees, service providers, customers and other stakeholders to report any safety or ethics-related matter such as safety concerns, unsafe behaviour and practices, hazardous conditions, fraudulent activity, corruption, statutory malpractice, financial and accounting reporting irregularities and other deviations from safe and ethical behaviour. The Audit Committee ensures that arrangements are in place for the independent investigation of such matters and appropriate follow-up action.</p>
<p>3. Responsible corporate citizenship The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen</p>	<p>The Board Charter outlines the Board's responsibilities in this regard. Tharisa is committed to the promotion of sound safety, health and environmental practices in order to protect, enhance and invest in the wellbeing of the economy, society and the environment.</p> <p>The Board focuses on these matters through its Risk, Safety, Health and Environment and Social and Ethics committees.</p> <p>The Social and Ethics Committee assists the Board by monitoring the Group's activities relating to good corporate citizenship and the impact of the Group's activities and of its products or services on the environment, health and public safety, the Company's employment relationships and its contribution toward the educational development of its employees. In order to ensure that Tharisa is seen to be a responsible corporate citizen, the committee oversees and monitors, on an ongoing basis, the consequences of the Group's activities and outputs on:</p> <ul style="list-style-type: none"> • the workplace, by ensuring employment equity, fair remuneration, safety, health, dignity and development of employees and the Group's standing in relation to the International Labour Organisation Protocol on decent work and working conditions • the economy, by working towards economic transformation • the prevention, detection and response to fraud and corruption • society, by upholding public health and safety, consumer protection, community development and protection of human rights and • the environment, by ensuring the prevention of pollution, minimising waste disposal and protecting biodiversity.

KING IV APPLICATION

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Principle	Summary of how Tharisa applies the King IV Principles
Strategy, performance and reporting	
<p>4. Strategy and performance The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation purpose</p>	<p>The Board recognises that strategy, risk, performance and sustainability are inseparable. The Board is responsible for aligning the strategic objectives, vision and mission of the Group with performance and sustainability considerations. The Board reviews and approves Group strategy, ensuring alignment with the purpose of the Company, key value drivers, sustainability and legitimate interests and expectations of stakeholders.</p> <p>In terms of the Board Charter, approval of the strategy, business plans and annual budgets and any subsequent material changes in strategic direction or material deviations in business plans and/or annual budgets are matters reserved for the Board.</p> <p>The Chief Executive Officer provides executive leadership and is accountable to the Board for the implementation of strategies, objectives and decisions within the framework of the delegated authorities, values and policies of the Company, which include:</p> <ul style="list-style-type: none"> • developing the Company's strategy and vision for Board consideration and approval • developing and recommending annual business plans and budgets that support the Company's long-term strategy to the Board • monitoring and reporting to the Board on performance against and conformance with strategic imperatives • ensuring that the Company has appropriate management structures and a management team to effectively carry out the Company's objectives, strategy and business plans.
<p>5. Reporting The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects</p>	<p>The Company has controls to ensure the integrity of the Annual Report. It is reviewed by the finance team, Chief Finance Officer, Chief Executive Officer, the Joint Company Secretaries, senior management, JSE sponsor, external auditor and the Audit Committee to ensure that the information is a true reflection of the Group's activities, prior to approval by the Board.</p> <p>The Board Charter sets out the Board's responsibilities in relation to reporting and the following are matters reserved for the Board:</p> <ul style="list-style-type: none"> • adoption of any material change to or departure from the accounting policies and practices of the Company and its subsidiaries • approval of annual financial statements and interim reports and of any ancillary documents related thereto.
Governing structures and delegation	
<p>6. Primary role and responsibilities of the governing body The governing body should serve as the focal point and custodian of corporate governance in the organisation</p>	<p>The Board is committed to the highest standards of corporate governance and believes that accountability, integrity, fairness, transparency and integrated thinking is essential to the Group's long-term sustainability and to its ongoing ability to create value for investors and other stakeholders.</p> <p>The Board is responsible for aligning the strategic objectives, vision and mission of the Group with performance and sustainability considerations. In terms of the Board Charter, approval of the strategy, business plans and annual budgets and any subsequent material changes in strategic direction or material deviations in business plans and/or annual budgets are matters reserved for the Board. The Board ensures that risks impacting the business are adequately examined and mitigated by management.</p> <p>The Board, its committees and individual directors have unrestricted access to all Company and Group information, the Company Secretaries, and may also consult external professional advisers in executing their duties.</p> <p>The number of meetings of the Board and its committees held and attendance thereat is set out in the Annual Report.</p> <p>The Board is satisfied that it has fulfilled its responsibilities in accordance with the Board Charter during the financial year.</p>

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Principle	Summary of how Tharisa applies the King IV Principles
Governing structures and delegation continued	
<p>7. Composition of the governing body The governing body should comprise an appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively</p>	<p>Composition The unitary Board, which both leads and controls the Company, comprises three executive directors, being the Executive Chairman, Chief Executive Officer and Chief Finance Officer, and seven non-executive directors. Five of the seven non-executive directors are independent of management. The Board is structured in such a way such that there is a clear balance of authority, ensuring that no one director has unfettered powers.</p> <p>Size and composition of the Board The size of the Board is regulated by the Company's Articles of Association and directors are appointed through a formal process. The Nomination Committee assists with the process by identifying suitable candidates for appointment as directors. Directors are required to be individuals of calibre and credibility with the necessary skills and experience to bring judgement, independent of management, on issues of strategy, performance, resources, diversity, standards of conduct and evaluation of performance.</p> <p>The Nomination Committee also assesses the structure and composition of the Board on an ongoing basis, taking into account the size of the Board and the knowledge, skills, experience and demographics of the directors to ensure it is appropriately diversified with regard to among others, gender, race, nationality, skills, geographic and industry experience, age, personalities and other characteristics of directors. Merit and diversity are the core considerations in ensuring that the Board and its committees have an appropriate blend of perspectives to effectively and competently discharge their duties having regard to the strategic direction of the Group. The Nomination Committee has adopted a Board level gender diversification policy without introducing a voluntary target. At present, the two female directors represent 20% of the total number of directors and 29% of the non-executive directors.</p> <p>The Nomination Committee also reviews and assesses the composition of the Board on an annual basis prior to recommending any individual director for election or re-election by shareholders at the AGM.</p> <p>Independence As part of the assessment process, the Nomination Committee considers the relationship between executive and non-executive directors and makes recommendations to the Board. The Board believes that there is an appropriate balance between executive and non-executive directors and is satisfied that the current members of the Board collectively possess the skills, knowledge and experience required to effectively discharge the responsibilities of the Board to achieve the Group's objectives, promote shareholder interests and to create value for stakeholders over the long term.</p> <p>Periodic rotation and nomination for re-election In accordance with the Company's Articles of Association, one-third of non-executive directors must retire from office at each AGM. Retiring directors are eligible for re-election. Executive directors are not subject to retirement by rotation.</p> <p>Board support for re-election is not automatic and directors who are seeking election or re-election are subject to a performance appraisal and the Board, upon recommendation by the Nomination Committee, makes a determination as to whether it will endorse a director standing for election or re-election.</p>

KING IV APPLICATION

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Principle	Summary of how Tharisa applies the King IV Principles
Governing structures and delegation continued	
<p>7. Composition of the governing body continued</p> <p>The governing body should comprise an appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively</p>	<p>Succession planning</p> <p>The Board, assisted by the Nomination Committee, is responsible for overseeing succession planning and ensuring that appropriate strategies are in place to ensure the smooth continuation of roles and responsibilities of members of the Board and senior management.</p> <p>Induction and mentorship</p> <p>Upon appointment, all new directors are provided with the necessary information to induct them in their fiduciary duties and responsibilities. In this respect, the induction programme typically includes Articles of Association, the Board Charter, committee terms of reference, information on directors and officers' insurance, a guide to the JSE Listings Requirements and a memorandum on dealings in securities, market abuse and insider trading.</p> <p>All directors, new and existing, have access to the Joint Company Secretaries for guidance as to the manner in which their responsibilities should be discharged in the best interests of the Group.</p> <p>It is the Executive Chairman's role to enhance directors' confidence, especially new or inexperienced directors and to encourage them to make an active contribution at meetings and to undergo training if required.</p> <p>Conflicts of interests</p> <p>Disclosure of other directorships, personal financial interests and any other conflicts of interest, and those of related persons, in any matter before the Board is a standing Board agenda item and a register is kept of all such disclosures. Directors recuse themselves from discussion on any matters in which they may have a conflict of interest. Non-executive directors are required to inform the Board of any proposed new directorships and the Board reserves the right to review such additional appointments to ensure that no conflict of interest would arise and to ensure that a director accepting a new appointment would be able to continue to fulfil his or her obligations as a member of the Board.</p> <p>Independence</p> <p>The Nomination Committee considers the independence of non-executive directors. Consideration is given, among others, as to whether the individual non-executive directors are sufficiently independent of the Company so as to effectively carry out their responsibilities as directors, whether they are independent in judgement and character and that there are no conflicts of interest in the form of contracts, relationships, shareholding, remuneration, employment or related-party disclosures that could affect their independence.</p> <p>Lead independent non-executive director</p> <p>The lead independent director chairs the Nomination Committee, Safety, Health and Environment Committee and Social and Ethics Committee, facilitates meetings of the non-executive directors and is a member of the Audit, Remuneration, Risk and Social and Ethics committees. He acts as a sounding board to the Executive Chairman and the Chief Executive Officer and leads the non-executive directors in the appraisal of the Executive Chairman and Chief Executive Officer. He provides leadership and advice to the Board when the Executive Chairman has a conflict of interest, without detracting from the authority of the Executive Chairman. He acts as an intermediary for the other Board members and shareholders with regard to concerns that have not been resolved through the normal channels.</p>

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Principle	Summary of how Tharisa applies the King IV Principles
Governing structures and delegation continued	
<p>8. Committees of the governing body The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties</p>	<p>The Board is assisted in fulfilling its duties by well-structured committees, namely the Audit Committee, Risk Committee, Remuneration Committee, Nomination Committee, Safety, Health and Environment Committee, Social and Ethics Committee and New Business Committee. These committees function according to the Board-approved terms of reference in executing their mandates for which the Board remains ultimately responsible. The terms of reference of all committees are available on the Company's website.</p> <p>The committees are appropriately constituted and all committees are empowered to obtain such external independent advice as may be required to enable them to discharge their duties. The majority of the directors on the committees are non-executive and independent.</p> <p>Details of the various Board committees, their composition, role and responsibilities are set out in the Annual Report.</p>
<p>9. Evaluation of performance of the governing body The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness</p>	<p>The Board and its committees conduct annual or bi-annual self-evaluation of the performance of the Board, its committees, the Executive Chairman, Chief Executive Officer, Chief Finance Officer, Joint Company Secretaries and individual directors. The results of the evaluations are reviewed and considered by the Nomination Committee, the Board and the respective committees. The lead independent director, assisted by the Joint Company Secretaries, coordinate the evaluation process.</p>
<p>10. Appointment and delegation to management The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities</p>	<p>Chief Executive Officer The Board's authority conferred on management is delegated through the Chief Executive Officer and the authority and accountability of management is accordingly considered to be the authority and accountability of the Chief Executive Officer. The Chief Executive Officer is the highest decision-making officer in the Group and is accountable to the Board for the successful implementation of the Group strategy and overall management of the Group.</p> <p>In addition to the Chief Executive Officer's responsibilities relating to the development and implementation of the Group strategy, he is responsible for:</p> <ul style="list-style-type: none"> • recommending or appointing the executive members and ensuring proper succession planning and performance appraisals • ensuring that the assets of the Company are properly maintained and safeguarded and not unnecessarily placed at risk • setting the tone from the top in providing ethical leadership and creating an ethical environment and not causing or permitting any decision, internal or external practice or activity by the Company that may be contrary to commonly accepted business practice, good corporate governance or professional ethics • acting as the chief spokesperson of the Company. <p>The Chief Executive Officer is not a member of any Board committees other than the Risk Committee, which comprises the whole Board, and the Social and Ethics Committee. He attends the Audit, Remuneration, Nomination Committee and Safety, Health and Environment Committee meetings as an invitee, if required.</p>

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APPLICATION CONTINUED

Principle	Summary of how Tharisa applies the King IV Principles
Governing structures and delegation continued	
<p>10. Appointment and delegation to management continued</p> <p>The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities</p>	<p>The non-executive directors monitor and evaluate the Chief Executive Officer in achieving the approved targets and objectives and the results of such evaluation are considered by the Remuneration Committee to guide it in its appraisal of the performance and remuneration of the Chief Executive Officer.</p> <p>The Board and Nomination Committee oversee succession planning of the Chief Executive Officer and other senior executives and officers.</p> <p>The roles of the Executive Chairman and the Chief Executive Officer are not fulfilled by the same person and there is a clear distinction between the roles and responsibilities of the Chairman and the Chief Executive Officer, as set out in the Board Charter.</p> <p>Subsidiary companies and delegation of authority</p> <p>While boards of subsidiary companies function independently, the Company requires decision-making involvement in a defined list of matters to ensure that material decisions are in the interest of the Group.</p> <p>The Group has approved delegation of authorities matrices in place, which govern the delegation of authority and value limits within the Group and ensure that all transactions are approved appropriately.</p> <p>Joint Company Secretaries</p> <p>The role of the Joint Group Company Secretaries is, <i>inter alia</i>, to provide guidance and advice to the Board with respect to statutory, regulatory and corporate governance-related matters. In addition to their statutory duties, the Company Secretaries provide individual directors, the Board as a whole, and the various committees with guidance as to the manner in which their responsibilities should be discharged in the best interests of the Group.</p> <p>The appointment and removal of the Company Secretaries are matters reserved for the Board as a whole.</p> <p>The Board formally assesses and considers the performance and qualifications of the Company Secretaries and is satisfied that the Company Secretaries are competent, suitably qualified and experienced, while maintaining an arm's length relationship with the Board.</p>

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<p>11. Risk governance The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives</p>	<p>The Board has delegated responsibility to monitor risk activities of the Company to the Risk Committee while remaining ultimately accountable. The Risk Committee comprises the full Board. The Board has delegated the responsibility to design, implement and monitor Tharisa's risk management plan to the senior management. The Board, through the Risk Committee, sets limits for the levels of risk tolerance and appetite and the implementation and management of the risk management plan is monitored by the Risk Committee. Management performs risk assessments on a continuous basis and provides regular feedback to the Risk Committee and the Board.</p> <p>A risk register is maintained by management and presented to the Risk Committee and the Board to ensure continuous monitoring of the management of risk. The Risk Committee and the Audit Committee provides assurance to the Board regarding the efficacy of the risk management process, after consultation with the internal and external auditors, where applicable.</p>
<p>12. Technology and information governance The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives</p>	<p>The Board Charter commits the Board to assuming ultimate responsibility for ensuring that effective IT systems, internal control, auditing and compliance policies, procedures and processes are implemented in order to avoid or mitigate key IT-related business risks. The Board has delegated responsibility for the governing of IT to the Audit Committee. Assurance on the IT systems and processes is provided by the Group's internal auditors and findings are reported to the Audit Committee, which ensures that any and all material findings are addressed appropriately.</p>
<p>13. Compliance governance The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen</p>	<p>Compliance with financial reporting requirements and accounting standards falls within the ambit of the Audit Committee.</p> <p>The Group's statutory and regulatory compliance resides with the Legal, Risk and Compliance Officer and reports on compliance are presented to the Audit and Social and Ethics Committees.</p> <p>In addition to the formal authorisation processes required for dealings in the Company's shares, the Group has various policies and procedures in place governing the declaration of interests, accepting and granting of gifts and approved delegation of authorities matrices, governing the delegation of authority and value limits within the Group.</p>

KING IV APPLICATION

CONTINUED

Principle	Summary of how Tharisa applies the King IV Principles
Governance functional areas continued	
<p>14. Remuneration governance</p>	<p>Remuneration policy The Remuneration Committee ensures that the policies around the remuneration of directors and executives are fair and effected responsibly. The remuneration policy applies to all employees who are permanently employed and is not applicable to employees of third-party contractors. The non-executive directors' fees are determined by the Board.</p> <p>The Group's remuneration policy reflects the dynamics of the market and the context in which the Group operates. The policy plays a vital role in attracting, motivating and retaining employees, management and directors with the necessary skills to effectively manage operations and grow the business, creating a strong performance-orientated environment and aligning employee and shareholders' interests. The Group regularly seeks and uses remuneration survey services.</p> <p>The Group aims to create and enforce a high-performance culture that motivates employees to achieve more than just satisfactory levels of performance by differentiating between excellent and mediocre performance. By ensuring that employees are recognised and rewarded for their performance in a fair and equitable manner, the Group strives to remunerate employees equitably according to the value they contribute to the Group.</p> <p>Basic remuneration packages and benefits are set at a competitive level by benchmarking prevailing market rates in the mining industry and are reviewed on an annual basis.</p> <p>Guaranteed cost-to-company remuneration consists of a cash component plus certain benefits.</p> <p>Short-term and long-term incentives are geared to a number of performance factors in the business and achievement of individual performance. The remuneration philosophy establishes accountability by linking total reward to business objectives in a fair and transparent manner in a bid to find a balance between shareholder return requirements, affordability and incentivisation.</p> <p>Remuneration Policy and Remuneration Implementation Report The Company provides full disclosure of remuneration of executive and non-executive directors as required by the JSE Listings Requirements and King IV.</p> <p>The remuneration policy is published in the Remuneration Policy and Remuneration Implementation Report, which forms part of the Annual Report, and are subject to non-binding advisory votes by shareholders at the AGM.</p>
<p>15. Assurance The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and of the organisation's external reports</p>	<p>The Audit Committee oversees the combined assurance framework and receives regular reports on assurance matters from the external auditor, internal auditors and executive management.</p> <p>The Audit Committee oversees the internal audit function, including reviewing the effectiveness of internal controls, approving the annual internal audit plans and fees, and recommending appointment of the internal auditors.</p> <p>The Audit Committee approves the non-audit services provided by the external auditors, recommends approval of the audit fees, considers the effectiveness and independence of the external auditor, and recommends the appointment/reappointment of the external auditor.</p> <p>The Risk Committee and the Audit Committee provides assurance to the Board regarding the efficacy of the risk management process, after consultation with the internal and external auditors, where applicable.</p>

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Principle	Summary of how Tharisa applies the King IV Principles
Stakeholder relationships	
<p>16. Stakeholder relationships In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time</p>	<p>The Board has delegated authority to management to proactively deal with stakeholder relationships.</p> <p>Stakeholder perceptions are closely managed through engagement on multiple levels, which allows management to manage and mitigate any potential issues, reducing the likelihood of reputational risk.</p> <p>The Board and management are striving to achieve the appropriate balance between various stakeholder groupings, in the best interests of the Company.</p> <p>The Cyprus Companies Law and the JSE Listings Requirements contain appropriate protection of shareholders and the Articles of Association do not remove such protection. Senior management and the investor relations team ensure that all shareholders are treated equitably.</p> <p>Senior management ensures that timely, relevant and accurate information is provided to all stakeholders to maintain their trust and confidence in the Group.</p> <p>The Chief Executive Officer and Chief Finance Officer, (supported by the Investor Relations Function) interact with institutional investors on a regular basis on the performance of the Group through presentations and scheduled meetings. The Company also participates in selected international conferences and conducts roadshows internationally.</p> <p>A wide range of information and documents, including copies of presentations given to investors, Annual Reports and notices of shareholder meetings, are made available on the Company's website www.tharisa.com on an ongoing basis. Shareholders are encouraged to visit the investors' section of the website frequently to be kept informed of relevant shareholder information.</p> <p>The Board encourages directors, shareholders and relevant stakeholders to attend the AGM and other shareholders' meetings. The AGM is also attended by the chairmen of the Audit, Remuneration and Social and Ethics committees and the designated partner responsible for the external audit.</p>

REMUNERATION REPORT

Background statement and governance

Remuneration committee

All members of the Remuneration Committee are independent non-executive directors. The committee is chaired by Antonios Djakouris and other members of the committee are David Salter, Carol Bell and Roger Davey.

The responsibilities and duties of the Remuneration Committee are governed by the terms of reference that incorporate best practice.

While the Group Remuneration Committee establishes, maintains, reviews and governs the Group's remuneration policy, it focuses mainly on the remuneration of executive directors, executives and senior management. The Remuneration Committee considers the remuneration framework of the Executive Chairman, Chief Executive Officer, Chief Finance Officer and other members of the executive management of the Company and its subsidiaries, with reference to international and local benchmarks.

The committee also considers the rules and performance requirements for the Group-wide cash bonus scheme, allocations in terms of the Group's long-term incentive schemes, discretionary bonuses and certain other employee benefits and schemes.

Both internal and external factors are taken into account in determining the remuneration framework, to ensure ongoing relevance and appropriateness in the context of the macro-economic climate and the Group's business objectives, amongst others:

- inflation
- commodity prices
- bargaining unit negotiations and settlements in the industry
- production
- position on the cost curve
- profitability and cash flows
- skills availability and retention
- individual productivity and key performance indicators.

The committee is satisfied with the prevailing policies and structure and no changes to the remuneration policy are proposed.

During the year, the committee

- reviewed various aspects of the Group's remuneration policy, structure, and performance-based remuneration schemes
- considered the fixed total guaranteed packages and variable short-term and long-term incentives of executive management against market data

of a comparator group comprising companies with a similar profile to Tharisa from an investor's point of view

- approved annual increases for all employment levels outside of the bargaining unit
- reviewed and approved targets for the cash bonus scheme
- reviewed and approved the vesting conditions for the awards made in terms of the Group's long-term incentive scheme
- approved new awards in terms of the incentive scheme.

Members of the committee are entitled to seek independent professional advice on any matter pertaining to the Company and the Group, at the Company's expense.

The terms of reference for the Remuneration Committee, as approved by the Board, are available on the Company's website.

The committee met three times during the year under review.

Non-binding advisory vote

In terms of King IV recommendations, and the JSE Listings Requirements, the Company's remuneration policy and the remuneration implementation report, as detailed in this report, must be tabled for two separate non-binding advisory votes at every AGM. The purpose of the non-binding advisory votes is to enable shareholders of the Company to express their views on the Group's remuneration policy, and on its implementation.

The remuneration policy, as described in the Company's 2017 Annual Report, received the support of 95.22% of votes exercised at the AGM held on 10 January 2018. Shareholders are thanked for their continued support of the Group remuneration policy. Shareholders' contributions on the remuneration policy have been considered and will continue to be assessed for incorporation into the remuneration policy where these contributions enhance and align with the Group's strategy.

Shareholders will again have the opportunity to vote on the remuneration policy and its implementation at the next AGM, scheduled to be held on 23 January 2019. It is the recommendation of the Remuneration Committee and the Board that the remuneration policy and implementation report be approved.

Group remuneration policy

Objective and philosophy

The objective of the Group's remuneration policy is to establish responsible, fair and equitable reward, which does not

discriminate on the basis of race, gender, sex, pregnancy, marital status, family responsibility, ethnic or social origin, colour, sexual orientation, age, disability, religion, HIV status, conscience, belief, political opinion, culture, language, birth or on any other arbitrary ground.

The Group's remuneration policy reflects the dynamics of the market and the context in which the Group operates. The policy plays a vital role in attracting, motivating and retaining high-calibre human resources with the necessary skills to effectively manage operations and grow the business, creating a strong performance-orientated environment and aligning employee interests with those of the Group's stakeholders in order to achieve the Group's strategic objectives and to promote an ethical culture and responsible citizenship among all Group companies and employees.

Furthermore, it aims to encourage and support a high performance and safety conscious culture while remaining flexible and adaptable to changes in the business and the market in which the Group operates. The Group regularly refers to independent remuneration surveys and benchmarks.

The remuneration policy applies to all employees who are permanently employed and is not applicable to employees of third-party contractors. The policy seeks to set out principles and practices around the management of employee remuneration.

Executive and employee remuneration comprises fixed and variable components, including:

- a fixed basic annual package, including benefits
- variable performance bonuses
- ownership of shares through participation in the long-term incentive scheme.

The Group aims to create and enforce a high-performance culture that motivates employees to achieve more than just satisfactory levels of performance by differentiating between excellent and mediocre performance. By ensuring that employees are recognised and rewarded for their performance in a fair and equitable manner, the Group strives to remunerate employees equitably according to the value they contribute to the Group.

Some 65% of Tharisa Minerals' eligible employees are members of AMCU. Tharisa Minerals has a recognition agreement with AMCU, which gives the union full organisational rights. Accordingly, all unionised employees' salary levels, annual increases and

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allowances are negotiated on a collective basis. Further information on labour relations can be found on pages 48 to 50.

Fixed remuneration

Guaranteed cost-to-company (fixed) remuneration packages and benefits (guaranteed pay) are determined per job grade, set at a competitive level by benchmarking prevailing market rates in the mining industry and are reviewed on an annual basis. The objective is to set levels of fixed remuneration for South African employees based on the 50th percentile for mining companies in South Africa and the 75th percentile for all companies nationally in South Africa, the purpose being to broaden the sample size and to include mining areas situated outside of the major mining economic hubs. The mining industry is, however, a very competitive market with a scarcity of appropriate skills and top-end salary scales are often paid to attract and retain critical skills. The guaranteed cost-to-company remuneration consists of a cash component (basic salary) plus certain benefits, which, depending on the employing company, include compulsory membership of the Group provident fund, which includes risk benefits such as life, disability, funeral and dread disease cover, and the Group's medical aid scheme. Various other allowances are paid at certain job levels or to certain job categories.

Salaries are reviewed annually, taking into consideration the economic environment, country inflation, overall business and financial performance of the Group, affordability, market trends, individual merit and scarcity of skill.

Variable remuneration

Short-term and long-term incentives are geared to a number of performance factors in the business and achievement of individual performance, and do not form part of guaranteed remuneration. The remuneration philosophy establishes accountability by linking total reward to business objectives and execution thereof, in a fair and transparent manner in a bid to find a balance between shareholder return requirements, affordability and incentivisation. Actual participation in both short-term and long-term incentive schemes remains subject to approval by the Remuneration Committee.

Short-term cash bonus scheme

The Group has implemented a short-term cash bonus scheme for all bands of employees. The primary purpose of the cash bonus scheme is to create a culture of zero tolerance concerning non-compliance with safety requirements in supporting injury free, sustainable operations. A further objective of the bonus scheme is

to reward superior performance, drive a culture of cost efficiency, and enhance teamwork and productivity.

Throughout all employee grades, the cash bonus is calculated at 15% of the individual employee's guaranteed annual remuneration package for on-target performance, capped at a maximum of 25% of the employee's guaranteed remuneration package for 'stretch' performance. These bonuses are not guaranteed, but are dependent on the achievement of safety standards and are payable only upon the achievement of production targets and personal performance standards. The quantum of bonuses is calculated in terms of a number of different bonus formulae, specific to an individual's area and band of employment. The bonus formulae include a number of factors, with varying weighting, among others:

- safety and fatality factors, which take into account the number of lost-time injuries (LTIs) and fatalities at the Tharisa Mine during the bonus period
- the value-added factor applicable to employees, which is a combined calculation of the performances of a number of measures relating to the mining and processing plants at the Tharisa Mine compared to budget, such as reef tonnes delivered to ROM pad, chrome feed grade and PGM feed grade, tonnes milled, plant running time, chrome recoveries, PGM recoveries with a different percentage being allocated to threshold, on-target and exceptional performance, and a zero percentage being applied for unacceptable performance
- the KPI factor, which is dependent on the individual's performance assessment for the applicable bonus period
- the profit factor, which is determined with reference to the achievement of a specified EBITDA for the applicable bonus period as determined by the Remuneration Committee
- the disciplinary factor, which is determined with reference to the aggregate number of written warnings received by an individual as a result of misconduct in terms of the Group's policies and procedures.

In addition to the fatality and safety factors, the bonus formula for executive management includes the performance factor applicable to executive management, which is dependent on:

- the executive's KPI factor
- the value-added factor for executive management, which is measured with respect to the achievement of annual Group consolidated EBITDA against budget for the bonus period, with a different percentage being allocated to on-target and exceptional performance,

and zero percentage being allocated for unacceptable performance.

The bonuses are payable bi-annually in arrears for executive management, quarterly in arrears for senior management, management and employees graded Paterson band E2 and above, and monthly in arrears for employees of bands E1 and below.

An employee will not be entitled to any bonus in the event that prior to the payment date, the employee had been suspended pending a disciplinary enquiry or had been given a final written warning in terms of the employer company's policies and procedure in the quarter applicable to the bonus.

If an employee ceases to be employed before the payment date of the cash bonus, the bonus will be forfeited.

However, if an employee's employment with any employer company terminates before the end of the quarter applicable to the bonus due to death, ill-health, injury or disability as established to the satisfaction of the Remuneration Committee, retirement, retrenchment, or such other reason provided for in the rules of the cash bonus scheme, such employee will qualify for a *pro rata* bonus, based on the number of days served in the relevant bonus period.

The Remuneration Committee reviews and approves targets to ensure that they are fair and transparent and that they support the aim to achieve maximum shareholder return.

Long-term incentives

The design and implementation of the Tharisa Share Award Plan was approved by shareholders on 13 March 2014.

The purpose of the Share Award Plan is:

- to act as a retention tool
- to incentivise selected employees within the Group by rewarding the long-term sustained performance required for the ongoing performance and growth of the Group
- to align management interests with those of shareholders.

This is achieved by attaching a number of performance conditions of different weighting to the vesting of the conditional awards and appreciation rights awarded to various employees at Paterson grade C5 and above, including:

- the achievement of certain minimum safety standards to reinforce the Tharisa Group's emphasis on safety and the strive for a zero harm work environment, the vesting of all tranches of the conditional awards and

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appreciation rights awarded in terms of the Share Award Plan being conditional upon there being no fatality at the Tharisa Mine during the vesting period

- continued employment in good standing
- the achievement of certain PGM and chrome concentrate production metrics
- the achievement of the individual key performance metrics set for the individual participant
- the achievement of certain financial metrics.

The number of awards and the performance conditions attached thereto are determined by the Remuneration Committee at the date of grant and included in the notice of the award.

Under the Share Award Plan, the following awards may be made:

- Conditional awards, which are conditional awards of a specified number of shares in the Company, contingent on the achievement of performance conditions established by the Remuneration Committee. The vesting dates for these awards are also established by the Remuneration Committee and vesting takes place in three equal tranches
- Appreciation rights, which are rights to receive such number of shares in the Company equal to the increase in the market price of such shares on the JSE between the date of grant and the date of exercise of the award. The award may be exercised between the vesting date as set by the Remuneration Committee and the fifth anniversary of the date of grant. Vesting of appreciation rights may also be contingent upon the achievement of performance conditions set by the Remuneration Committee and vesting takes place in two equal tranches.

The Share Award Plan makes provision for the partial vesting of awards in the event of a participant ceasing to be in the employ of the Group due to death, injury, disability, ill-health, redundancy or retirement and in the event of certain corporate actions, including an offer to acquire the entire share capital of the Company, a scheme of arrangement, restructuring and voluntary winding up of the Company. Provided that the performance and safety metrics are met, the vesting is *pro rated* based on the number of days served during the relevant vesting period under these circumstances. The Share Award Plan does not currently make provision for post-vesting forfeiture of vested conditional awards or appreciation rights.

The Share Award Plan also makes provision for individual participant and plan limits.

On an individual basis, the aggregate number of shares realisable by any individual participant may not exceed 1 273 903 shares, being 0.5% of the ordinary issued share capital at the date of approval of the Share Award Plan. Similarly, the aggregate number of shares that can be issued to all participants, is limited to 12 739 032 shares, being 5% of the ordinary issued share capital at the date of approval of the Share Award Plan.

Treasury shares

Vested awards may at the election of the Remuneration Committee be either share settled or cash settled as provided in the rules of the Share Award Plan. To date, the preferred approach has been to issue treasury shares to settle vested awards.

During the financial year, the Company transferred 889 703 ordinary shares from its treasury shares account to satisfy the vesting of the conditional awards and exercise of appreciation rights by the participants of the Share Award Plan. Following these transactions, 260 902 429 shares have voting rights and 4 097 571 were held in treasury at 30 September 2018.

Executive directors

Each director should be remunerated fairly and the remuneration paid to each director should take into account the individual director's level of responsibility, skills and experience. All executive directors have employment contracts, are remunerated in accordance with their function and position, and are not remunerated for their roles as directors.

Executive directors are subject to the Group's standard terms and conditions of employment with notice periods being six months. In line with the remuneration guidelines of King IV, no executives have extended employment contracts or special termination benefits. Should the Group elect to invoke the non-compete provisions of the employment contracts on termination, payments linked to the duration of the non-compete will be made.

The executive directors are eligible to participate in the short-term cash bonus scheme and long-term incentives in terms of the Share Award Plan.

Remuneration of key positions such as Chief Executive Officer and Chief Finance Officer is determined by making reference to remuneration surveys and benchmarking to peer companies in the mining sector for companies listed on the JSE and the LSE.

While ensuring that the total remuneration of executive management remains fair and reasonable in the context of the achievement of the Group's strategic objectives, the Remuneration Committee is committed to reviewing and monitoring the overall Group remuneration and wage gap.

There is currently no minimum shareholding requirement for executive directors and executive management.

Non-executive directors

Appointment of non-executive directors is governed by the Company's Articles of Association and the terms of appointment are set out in a formal letter of appointment. The initial term of appointment is three years and appointment can be extended thereafter. Continuation of appointment is conditional upon satisfactory performance, retirement by rotation and re-election at annual general meetings as required by the Articles of Association.

Appointment as a non-executive director may be terminated at any time by the Company in accordance with the Articles of Association and Cypriot Companies Law, or upon resignation. Upon termination of the appointment or resignation as a director for any reason, non-executive directors are not entitled to any damages for loss of office and no fee is payable in respect of any unexpired portion of the term.

Non-executive directors are entitled to receive fees for their time, responsibilities and services as non-executive directors. An annual fee is paid to all directors and additional fees are paid based on membership and chairmanship of Board committees. Non-executive directors' fees are determined by the Board and are payable quarterly in arrears. Non-executive directors are not entitled to bonuses or to participate in the Group's short-term and long-term incentives. The office as a non-executive director is not pensionable.

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Following a benchmarking exercise comparing the Company's non-executive directors' fees with those of medium cap resources companies listed on the JSE,

non-executive directors' fees paid to directors of LSE listed companies and taking into account the rates of inflation in the United Kingdom and Cyprus, the

Board agreed to maintain the non-executive directors' fees for the 2019 financial year as follows:

US\$	FY2019	FY2018
Annual fee	42 500	42 500
Committee chairman	25 000	25 000
Committee member	18 000	18 000

No changes to the remuneration policy are proposed.

Remuneration implementation report

Long-term incentives 2014 award

The first awards under the Share Award Plan were made on 9 April 2014, comprising both conditional awards and appreciation rights. These awards were conditional on the listing of the Company on the JSE and the participant remaining employed by the Group at the time of vesting. The conditional awards vested in three tranches on 19 June 2015, 14 June 2016 and 30 June 2017 respectively and the appreciation rights vested in two tranches on 19 June 2015, and 14 June 2016 respectively. The Company issued the requisite number of shares to satisfy its obligations under the Share Award Plan on 26 June 2015, 30 June 2016 and 13 July 2017 respectively. All the tranches of the 2014 award have vested.

2015 award

The second awards under the Share Award Plan were made on 30 June 2015, comprising both conditional awards and appreciation rights. The vesting of these awards was subject to:

- There being no fatality at the Tharisa Mine during the vesting period. In the event of a fatality occurring during a particular vesting period, the vesting for that tranche is forfeited.
- Subject to there being no fatality during a vesting period, the vesting of each tranche is subject to the following conditions, as determined on the date of the awards:
 - 33.34% of the vesting is conditional upon the participant's continued employment in good standing
 - 33.33% of the vesting is conditional on the achievement of certain PGM production metrics
 - 33.33% of the vesting is conditional on the achievement of certain chrome concentrate production metrics.

These performance conditions for the performance period, being 1 July to 30 June for each vesting period, were measured at each vesting date and applied to the tranche which was eligible for vesting at that date.

As a consequence of the fatality that occurred on 28 September 2015, the vesting of the first tranche of the 2015 awards granted on 30 June 2015 was forfeited.

The second tranche of the conditional awards vested on 30 June 2017 and the second and final tranche of the appreciation rights vested on the same date. The final tranche of the conditional awards vested on 30 June 2018. The Company issued the requisite number of shares to satisfy its obligations under the Share Award Plan on 13 July 2017 and 29 June 2018 respectively. All the tranches of the 2015 award have now vested.

2016 award

The third awards under the Share Award Plan were made on 30 June 2016, comprising both conditional awards and appreciation rights. The vesting of these awards for eligible and participating employees other than executive directors and members of the Group executive management is subject to:

- There being no fatality at the Tharisa Mine during the vesting period. In the event of a fatality occurring during a particular vesting period, the vesting for that tranche is forfeited.
- Subject to there being no fatality during a vesting period, the vesting of each tranche is subject to the following conditions, as determined on the date of the awards:
 - 33.34% of the vesting is conditional upon the participant's continued employment in good standing
 - 33.33% of the vesting is conditional on the achievement of certain PGM production metrics
 - 33.33% of the vesting is conditional on the achievement of certain chrome concentrate production metrics.

Vesting conditions for executive directors and members of the Group executive management are as follows:

- There being no fatality at the Tharisa Mine during the vesting period. In the event of a fatality occurring during a

particular vesting period, the vesting for that tranche is forfeited.

- Subject to there being no fatality during a vesting period, the vesting of each tranche is subject to the following conditions, as determined on the date of the awards:
 - 65.0% of the vesting is conditional upon the achievement of the individual key performance metrics set for the participant.
 - 17.5% of the vesting is conditional on the achievement of certain PGM production metrics.
 - 17.5% of the vesting is conditional on the achievement of certain chrome concentrate production metrics.

These performance conditions for the performance period, being 1 July to 30 June for each vesting period, are measured at each vesting date and applied to the tranche which was eligible for vesting at that date.

The first and second tranches of both the conditional awards and appreciation rights vested on 30 June 2017 and 30 June 2018 respectively. The Company issued the requisite number of shares to satisfy its obligations under the Share Award Plan on 13 July 2017 and 29 June 2018.

2017 award

The fourth awards under the Share Award Plan were made on 30 June 2017, comprising both conditional awards and appreciation rights. The vesting of these awards is subject to:

- There being no fatality at the Tharisa Mine during the vesting period. In the event of a fatality occurring during a particular vesting period, the vesting for that tranche is forfeited.
- Subject to there being no fatality during a vesting period, the vesting of each tranche is subject to the following conditions, as determined on the date of the awards:
 - 33.34% of the vesting is conditional upon the participant's continued employment in good standing

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- 33.33% of the vesting is conditional on the achievement of certain PGM production metrics
- 33.33% of the vesting is conditional on the achievement of certain chrome concentrate production metrics.

These performance conditions for the performance period, being 1 July to 30 June for each vesting period, are measured at each vesting date and applied to the tranche which was eligible for vesting at that date.

The first tranches of both the conditional awards and appreciation rights vested on 30 June 2018. The Company issued the requisite number of shares to satisfy its obligations under the Share Award Plan on 29 June 2018.

2018 award

The fifth awards under the Share Award Plan were made on 30 June 2018,

comprising both conditional awards and appreciation rights. The vesting of these awards is subject to:

- There being no fatality at the Tharisa Mine during the vesting period. In the event of a fatality occurring during a particular vesting period, the vesting for that tranche is forfeited.
- Subject to there being no fatality during a vesting period, the vesting of each tranche is subject to the following conditions, as determined on the date of the awards:
 - 33.33% of the vesting is conditional upon the participant's continued employment in good standing
 - 16.67% of the vesting is conditional on the achievement of certain PGM production metrics
 - 16.67% of the vesting is conditional on the achievement of certain chrome concentrate production metrics
 - 33.33% of the vesting is conditional on the achievement of certain

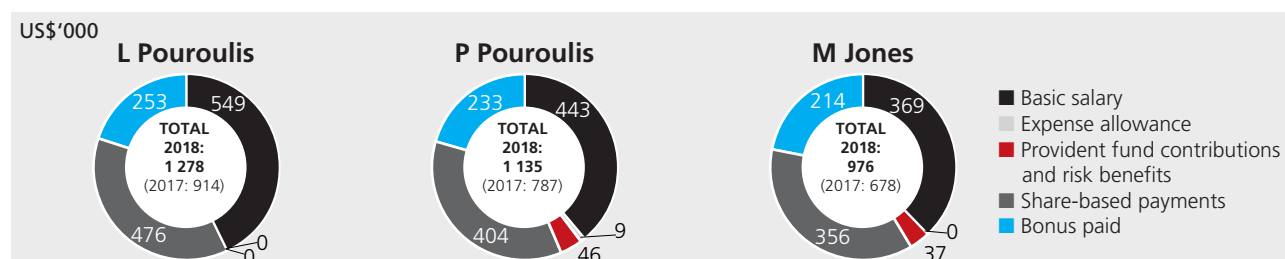
financial metrics (measured against budgeted EBITDA of Tharisa Minerals for employees in Paterson band D and lower, and measured against budgeted EBITDA of the Tharisa Group for executive directors, Group executive management and employees in Paterson band E and higher).

These performance conditions for the performance period, being 1 July to 30 June for each vesting period, are measured at each vesting date and applied to the tranche which was eligible for vesting at that date.

The Remuneration Committee will consider further awards on an annual basis in terms of the approved Share Award Plan.

Executive directors' remuneration

US\$'000	Basic salary	Expense allowance	Provident fund contributions and risk benefits	Share-based payments	Bonus paid	Total 2018	Total 2017
L Pouroulis	549	0	0	476	253	1 278	914
P Pouroulis	443	9	46	404	233	1 135	787
M Jones	369	0	37	356	214	976	678



Non-executive directors' fees for the year under review

US\$'000	Annual fee	Audit Committee	Nomination Committee	Remuneration Committee	SHE Committee	Other in Group companies	Total 2018	Total 2017
JD Salter	43	18	25	18	25	53	182	181
A Djakouris	43	25	18	25	18	–	129	129
OM Kamal	43	18	–	–	–	–	61	61
C Bell	43	18	–	18	18	–	97	97
J Ka Ki Cheng	43	–	–	–	–	–	43	28
RO Davey	43	–	–	18	18	–	79	26
ZL Hong*	21	–	–	–	–	–	21	–

* Appointed 1 April 2018

The Risk Committee comprises all members of the Board and does not carry a fee. The Social and Ethics and the New Business committees do not carry a fee.

Other disclosures

No payments were made in relation to loss of office during FY2018 nor were any payments made to any former directors.

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Executive directors' interests in the Tharisa Share Award Plan

Conditional awards

As at 30 September 2018

Director and offer date	Opening balance of unvested awards	Market value at date of award ZAR	Allocated	Value at date of award ZAR	Vested*	Vesting price ZAR	Forfeited	Total unvested
L Pouroulis								
30 June 2015	105 590	6.44			105 590	18.00		–
30 June 2016	268 204	10.14			134 102	18.00		134 102
30 June 2017	321 588	17.53			107 196	18.00		214 392
30 June 2018			264 138	17.96				264 138
Total	695 382		264 138		346 888			612 632
P Pouroulis								
30 June 2015	87 991	6.44			87 992	18.00		–
30 June 2016	223 503	10.14			111 752	18.00		111 751
30 June 2017	282 882	17.53			94 294	18.00		188 588
30 June 2018			239 592	17.96				239 592
Total	594 376		239 592		294 038			539 931
M Jones								
30 June 2015	79 193	6.44			79 792	18.00		–
30 June 2016	201 153	10.14			100 577	18.00		100 576
30 June 2017	238 212	17.53			79 404	18.00		158 808
30 June 2018			193 476	17.96				193 476
Total	518 558		193 476		259 173			452 860

* At 30 September 2018 these shares have not been transferred to the directors yet

Appreciation rights

As at 30 September 2018

Director and offer date	Opening balance of unvested awards	Market value at date of award ZAR	Allocated	Value at date of award ZAR	Vested	Exercised	Total vested but not exercised	Forfeited	Total unvested
L Pouroulis									
9 April 2014		38.00					80 526		
30 June 2015		6.44					79 192		
30 June 2016	201 153	10.14			201 153		402 306		
30 June 2017	321 588	17.53			160 794		160 794		160 794
30 June 2018			264 138	17.96					264 138
Total	522 741		264 138		361 947		722 818		424 932
P Pouroulis									
9 April 2014		38.00					67 105		
30 June 2015		6.44					65 993		
30 June 2016	167 627	10.14			167 627		335 255		
30 June 2017	282 882	17.53			141 441		141 441		141 441
30 June 2018			239 592	17.96					239 592
Total	450 509		239 592		309 068		609 794		381 033
M Jones									
9 April 2014		38.00					60 394		
30 June 2015		6.44					59 394		
30 June 2016	150 865	10.14			150 865		301 730		
30 June 2017	238 212	17.53			119 106		119 106		119 106
30 June 2018			193 476	17.96					193 476
Total	389 077		193 476		269 971		540 624		312 582

DIRECTORS' REPORT

The Board of Directors of Tharisa plc ('the Company') presents to the members its report together with the condensed consolidated financial statements of the Company and its subsidiaries (together with the Company, 'the Group') for the year ended 30 September 2018.

The Company is a Cypriot incorporated public company with a primary listing on the main board of the Johannesburg Stock Exchange and a secondary standard listing on the main board of the London Stock Exchange.

Principal activity

The principal activity of the Company is that of an investment holding company. Tharisa maintains a primary listing on the Johannesburg Stock Exchange under the general mining sector and a secondary, standard listing of its depositary interests on the London Stock Exchange. The Company has controlling interests in platinum group metals ('PGMs') and chrome mining, processing operations and associated sales and logistics operations. The Group holds a 74% shareholding in Tharisa Minerals Proprietary Limited ('Tharisa Minerals'). Tharisa Minerals owns and operates the Tharisa Mine, an open pit PGM and chrome mine located in the Bushveld Complex of South Africa.

Financial results

The results of the Group are disclosed in the condensed consolidated statement of profit or loss and other comprehensive income on page 101 of this report.

Dividends

It is the Group's policy to pay a minimum of 15% of its consolidated net profit after tax as a dividend.

A dividend of US\$ 5 cents per share, totalling US\$13.0 million was proposed by the Board on 30 November 2017, approved by shareholders on 10 January 2018 and paid on 14 February 2018.

The following dividends were declared in respect of the year ended 30 September 2018:

- An inaugural interim dividend of US\$ 2 cents per share was declared by the Board on 15 May 2018 and paid on 20 June 2018.
- A final ordinary dividend of US\$ 2 cents per share was proposed by the Board on 26 November 2018, and is subject to shareholder approval at the AGM.

The total dividend for FY2018 is therefore US\$ 4 cents per share, equating to 20.5% of its consolidated net profit after tax (2017: US\$ 5 cents per share).

Share capital and treasury shares

The authorised share capital of the Company comprises 10 000 million ordinary shares of US\$0.001 each and 1 051 convertible redeemable preference shares of US\$1 each.

On 29 June 2018, the Company issued 4 000 000 shares in treasury shares. Of the 265 000 000 shares in issue at 30 June 2018, 4 759 161 shares were held in treasury to satisfy the Company's obligations upon vesting of the conditional awards on 30 June 2018 and to make provision for the potential requirement to allot shares to participants exercising vested appreciation rights and 260 240 839 had voting rights.

During the financial year, the Company transferred 889 703 ordinary shares from its treasury shares account to satisfy the vesting of the conditional awards and exercise of appreciation rights by the participants of the Share Award Plan. Following these transactions, 260 902 429 shares had voting rights and 4 097 571 were held in treasury at 30 September 2018. At 30 September 2018, the issued and fully paid ordinary share comprised 265 000 000 ordinary shares.

Main risks

The main financial risks faced by the Group are disclosed in notes 3 and 35 of the consolidated annual financial statements which are available on the Company's website, www.tharisa.com.

Future developments

The Group introduced its Vision 2020 projects. These projects are targeting an increase in Tharisa Minerals' production to 200.0 kozpa of PGMs and 2.0 Mt of chrome concentrates by the end of 2020 on an annualised basis.

The optimisation projects and additional processing plants, together with improved mining grade, are planned to add 40 kozpa of PGMs and 500 ktpa of chrome concentrates to the Tharisa Minerals Mine's annual production guidance for FY2019 of 160 kozpa of PGMs and 1.5 Mt of chrome concentrates.

Upgrade of the crusher circuit at the Genesis Plant

The additional crusher circuit at the Genesis Plant was commissioned during October 2018. The US\$7.5 million project aims to increase the Genesis Plant throughput by 15% or about 180 ktpa, targeting an increase in the higher value specialty grade chrome concentrates by adding approximately 24 ktpa of chemical grade chrome concentrate and approximately 18 ktpa of foundry grade chrome concentrate and approximately 19 ktpa of metallurgical grade chrome concentrate.

PGM optimisation at the Voyager Plant

The addition of flotation capacity and the installation of high-energy mechanisms at the Voyager Plant is aimed at improving PGM recoveries and increasing PGM production by an estimated 14 kozpa. The project is being implemented in a staged approach. The first phase of the project, the increase in high grade flotation capacity, has been commissioned. The second phase of the project will be implemented during the 2019 financial year.

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Vulcan Fine Chrome Recovery Plant

The construction of the Vulcan Plant will facilitate additional recovery of fine chrome from tailings streams. This proprietary process has been developed by Arxo Metals and a demonstration scale plant has been commissioned at Tharisa Minerals and through systematic operation has proven the concept and process flow. The feasibility study based on the operation of the demonstration scale plant has been concluded.

Apollo PGM and Chrome Plant

A decision has been taken to suspend the Apollo Plant project. This is in light of the additional testwork and studies that indicated the potential for an additional PGM recovery circuit following the Vulcan Plant, which would yield a better investment return.

Exploration projects

Our exploration focus is on the Great Dyke in Zimbabwe, which, just like our existing operations in the Bushveld Complex in South Africa, represents a unique, resource rich geological formation. We believe that being an early mover in this territory positions the Group strategically for current transformation and reforms that are taking place in Zimbabwe. The Group's approach in developing these exciting projects will be staged and measured, with the necessary protections and approvals in place before the Group commits capital.

Karo Mining Holdings Limited

In June 2018, the Group acquired a 26.8% shareholding in Karo Mining Holdings Limited at a low-cost entry point of US\$4.5 million. Karo Mining Holdings Limited has been awarded a Special Grant over an area covering 23 903 ha on the Great Dyke of Zimbabwe. In terms of the Investment Project Framework Agreement with the Government of Zimbabwe, the plan is to establish a vertically integrated PGM mining complex. Based on historic testwork, this area is purported to contain some 96 Moz of PGMs at an average grade of 3.2 g/t (3PGE + Au).

Salene Chrome Zimbabwe (Private) Limited

The Group was granted a call option to acquire a 90% shareholding in Salene

Chrome Zimbabwe (Private) Limited (Salene Chrome), exercisable on completion of the exploration programme. Salene Chrome was awarded three Special Grants covering an area of approximately 9 500 ha on the eastern side of the Great Dyke in Zimbabwe. The Special Grants entitle Salene Chrome to mine the minerals thereon, including illuvial chrome, which are at surface chrome fines generated from seams as a result of weathering. Salene Chrome has also been awarded three additional Prospecting Special Grants on the western side of the Great Dyke. Tharisa has agreed to undertake and fund the initial exploration programme of Salene Chrome in an amount not exceeding US\$3.2 million.

Branches

The Group did not operate any branches during the financial year ended 30 September 2018.

Members of the Board of Directors

The members of the Board as at 30 September 2018 and at the date of this report are:

- 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)
- Joanna Ka Ki Cheng (non-executive director)
- Roger Owen Davey (independent non-executive director)
- Zhong Liang Hong (non-executive director)*

* Appointed on 1 April 2018

Biographical details of the members of the Board appear in the Board of Directors section of the Annual Report, which is available at www.tharisa.com.

There has been no significant change in the allocation of responsibilities and the composition of the Board between

30 September 2018 and the date of this report.

Joint Company Secretaries

Lysandros Lysandrides and Sanet Findlay serve as the Joint Company Secretaries. The Board formally assessed and considered the performance and qualifications of the Company Secretaries and is satisfied that they are competent, suitably qualified and experienced. They are not directors of the Company, nor are they related or connected to any of the directors and the Board is satisfied that they maintain an arm's length relationship with the Board. Their contact details are as follows:

Lysandros Lysandrides
26 Vyronos Avenue
1096, Nicosia
Cyprus

Sanet Findlay
2nd Floor, The Crossing
372 Main Road
Bryanston, 2191
South Africa

Events after the reporting period

Events after the reporting period are disclosed in note 39 of the consolidated annual financial statements, which are available on the Company's website.

Independent auditor

Ernst & Young Cyprus Limited, with Stavros Pantzaris being the designated registered auditor, was appointed as the independent external auditor of the Company and of the Group on 10 January 2018. Ernst & Young Cyprus Limited have expressed their willingness to continue in office and their re-appointment will be proposed at the AGM.

On behalf of the Board

Phoevos Pouroulis
Michael Jones
Cyprus

26 November 2018

REPORT OF THE AUDIT COMMITTEE

The Audit Committee is pleased to present its report for the 2018 financial year.

Composition

All members of the committee are independent non-executive directors. The committee is chaired by Antonios Djakouris and other members of the committee are David Salter, Omar Kamal and Carol Bell. The Board is satisfied that the members of the committee have the appropriate mix of qualifications and experience in order for the committee to fulfil its responsibilities appropriately.

The Group's independent external auditor, independent internal auditors, Chief Finance Officer and Chief Executive Officer attend committee meetings by invitation. The committee also meets with the internal and external auditors without any executive directors being present.

The committee met six times during the year under review and discharged its responsibilities in terms of the approved terms of reference, which is available on the Company's website.

Role

The committee is accountable to the Board and to shareholders. It provides the Board with additional assurance regarding the quality and reliability of the financial statements of the Group and financial information used by the Board. It however, does not relieve members of the Board of their fiduciary duties and responsibilities, and Board members must exercise due care and judgement so as to comply with their legal obligations. The committee has unrestricted access to all Company and Group information and may seek information from any employee. The committee may also consult external professional advisers in executing its duties.

The chairman of the committee reports to the Board after each meeting of the committee and the minutes of meetings of the committee are provided to the Board.

Activities of the committee during the year

Annual financial statements and Annual Report

The committee reviewed and monitored the integrity of financial reports,

including the interim financial statements and annual financial statements, and assessed the financial reporting process and controls, which it found to be effective. It reviewed the accounting policies and procedures adopted by the Group and ensured that financial statements were prepared based on appropriate accounting policies and in accordance with IFRS, the Cyprus Companies Law and the JSE Listings Requirements.

The committee also assessed and confirmed the appropriateness of the going concern assumption used in the annual financial statements, taking into account management budgets and forecasts.

The committee reviewed the annual report, reporting process and governance and financial information included in the annual report for accuracy and recommended to the Board that the annual financial statements and the financial information included in the annual report be approved.

New accounting standards

A number of new accounting standards have been issued, including IFRS 16: *Leases*, IFRS 9: *Financial Instruments* and IFRS 15: *Revenue*, which will be effective for financial years ending 30 September 2019. The committee assessed the impact of these new standards on the Group and agreed with management's proposal to early adopt the standards with effect from 1 October 2017.

External audit

During the year under review, the committee brought forward the tender process in terms of the mandatory external audit firm rotation as required by EU Audit Reform legislation, which is applicable to the Company as a consequence of its securities being listed on the LSE.

All four major audit firms, including the incumbent at the time, KPMG Limited Cyprus, were invited to submit proposals, and following a rigorous evaluation process, Ernst & Young Cyprus Limited ('EY Cyprus') was selected and recommended to the Board for appointment as external auditor. The Board recommended approval by shareholders of EY Cyprus as external auditor for the financial year ending 30 September 2018 and EY Cyprus

was subsequently so appointed at the annual general meeting held on 10 January 2018.

Following the appointment of EY Cyprus, the committee considered and approved the terms of engagement, scope of the external audit and audit fees.

It reviewed audit findings and management's response thereto and monitored and encouraged cooperation between external and internal auditors. It considered the nature and extent of the non-audit services that may be provided by the external auditor and preapproved the provision of non-audit services on the basis that the provision of these services does not affect the independence of the external auditor.

The committee also discussed with the external auditor their opinion of the level of ethical conduct of the Group, its executives and senior managers and held separate meetings with management and the external auditor. The external auditor's right to direct access to the Chairman of the Audit Committee and the Chairman of the Board was reiterated.

In addition, the committee evaluated the independence, effectiveness, expertise and performance of the external auditor. As part of this process, the committee considered and assessed the Partner Accreditation Pack provided by EY Cyprus in compliance with section 22 of the JSE Listings Requirements, which comprised the following documents:

- The most recent firm-wide control procedures review report for EY Cyprus as a firm (European Standards/ISQC1 inspection), issued by the Cyprus Public Audit Oversight Board ('CyPAOB')
- The most recent Association of Chartered Certified Accountants ('ACCA') and Institute of Certified Public Accountants ('ICPAC') inspection report of EY Cyprus as a firm (ISQC1 inspection) which also includes the engagement review inspection
- A summary of the outcome of the engagement partner's latest internal quality review
- A copy of the EY Cyprus 2017 Transparency Report which contains the ISQC1 information as specified by the JSE

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- The results of the Audit Quality Review Programme, together with the most recent independent regulatory inspection visits, combined with other ongoing monitoring procedures which provide EY Cyprus with a basis to conclude that its internal quality control systems are designed appropriately and are operating effectively, and that no systemic deficiencies have been identified
- A summary of legal and disciplinary proceedings against EY Cyprus which were concluded within the past seven years.

Based on the information provided in the Partner Accreditation Pack, the committee confirmed that EY Cyprus and the designated individual audit partner, Stavros Pantzaris, are accredited on the JSE's list of auditors and following an assessment of their suitability for appointment, it is the committee's recommendation that EY Cyprus, and Stavros Pantzaris as the designated audit partner, be reappointed as external auditor at the Company's AGM to be held on 23 January 2019.

Internal control, risk management and information technology

The committee is responsible for reviewing the effectiveness and adequacy of internal controls, including financial controls, risk management systems and information technology risks relating to financial reporting. It is also responsible for considering the major findings of any internal investigations into control weaknesses, fraud or misconduct, and management's response thereto.

The Board has delegated responsibility for IT governance to the committee. Assurance on the IT systems and processes is provided by the Group's internal auditors and findings are reported to the committee, which ensures that any and all material findings are addressed appropriately. The committee receives quarterly reports prepared by the Group IT Manager on and monitors the adequacy and effectiveness of the Group's information technology controls and risks.

Having considered, analysed, reviewed and debated information provided by management, internal auditors and

external auditor, the Committee considered that the internal controls of the Group were effective in all material aspects throughout the year under review.

Budget

The committee reviewed and recommended the FY2019 budget for approval by the Board.

Dividend

The committee reviewed and recommended the interim and final dividend proposals for approval by the Board.

Internal audit

The independent internal audit function is fulfilled by Deloitte.

During the year under review, the committee reviewed the effectiveness and adequacy of the internal control systems and reviewed and considered reports from the internal auditors. It monitored the status of implementation of recommendations on identified control weaknesses by management and discussed with the internal auditors their opinion of the level of ethical conduct of the Group, its executives and senior managers.

The committee also considered and approved the terms of engagement, scope of the internal audit workstreams and any deviations or changes thereto, the internal audit plan for FY2019 and the audit fees. It reviewed significant findings, management comments thereon and action plans. The committee discussed with the internal auditors their experiences and views on the level of access to required information and resources, and any difficulties encountered relating to their internal audit work, such as restrictions in the identification of risk areas and/or the scope of internal control workstreams and reiterated their right to direct access to the chairman of the Audit Committee and the Chairman of the Board.

Furthermore, the committee evaluated the independence, effectiveness and performance of the internal auditors and recommended Deloitte's continued employment as internal auditors of the Company and the Group.

Combined assurance

The committee considered the combined assurance received from management and the internal and external auditors, and is satisfied that the significant risks facing the Group were being appropriately addressed. To this end, the Audit Committee examined and encouraged the cooperation between the internal and external auditors.

Chief Finance Officer and finance function

The committee reviewed the performance, qualifications and expertise of Michael Jones, the Chief Finance Officer, and is satisfied as to his suitability to act as Chief Finance Officer of the Company and the Group. It also confirmed that the finance department as a whole was adequately resourced and experienced to execute the Group's finance function.

Other

During the year under review, the committee confirmed the adequacy of the Group's whistleblowing arrangements and policies and procedures for preventing corrupt behaviour and detecting fraud and bribery. It also conducted a self-evaluation to establish whether the committee operated effectively and identified areas for improvement.

The chairman of the Audit Committee reported to the Board after each meeting of the Audit Committee.

On recommendation of the Audit Committee, the Board approved:

- the annual financial statements for the year ended 30 September 2018
- the Annual Report for the year ended 30 September 2018 and
- the notice of the annual general meeting to be held on 23 January 2019.

For more information on the composition and responsibilities of the Audit Committee, please refer to page 72.

A Djakouris Chairman of the Audit Committee

26 November 2018

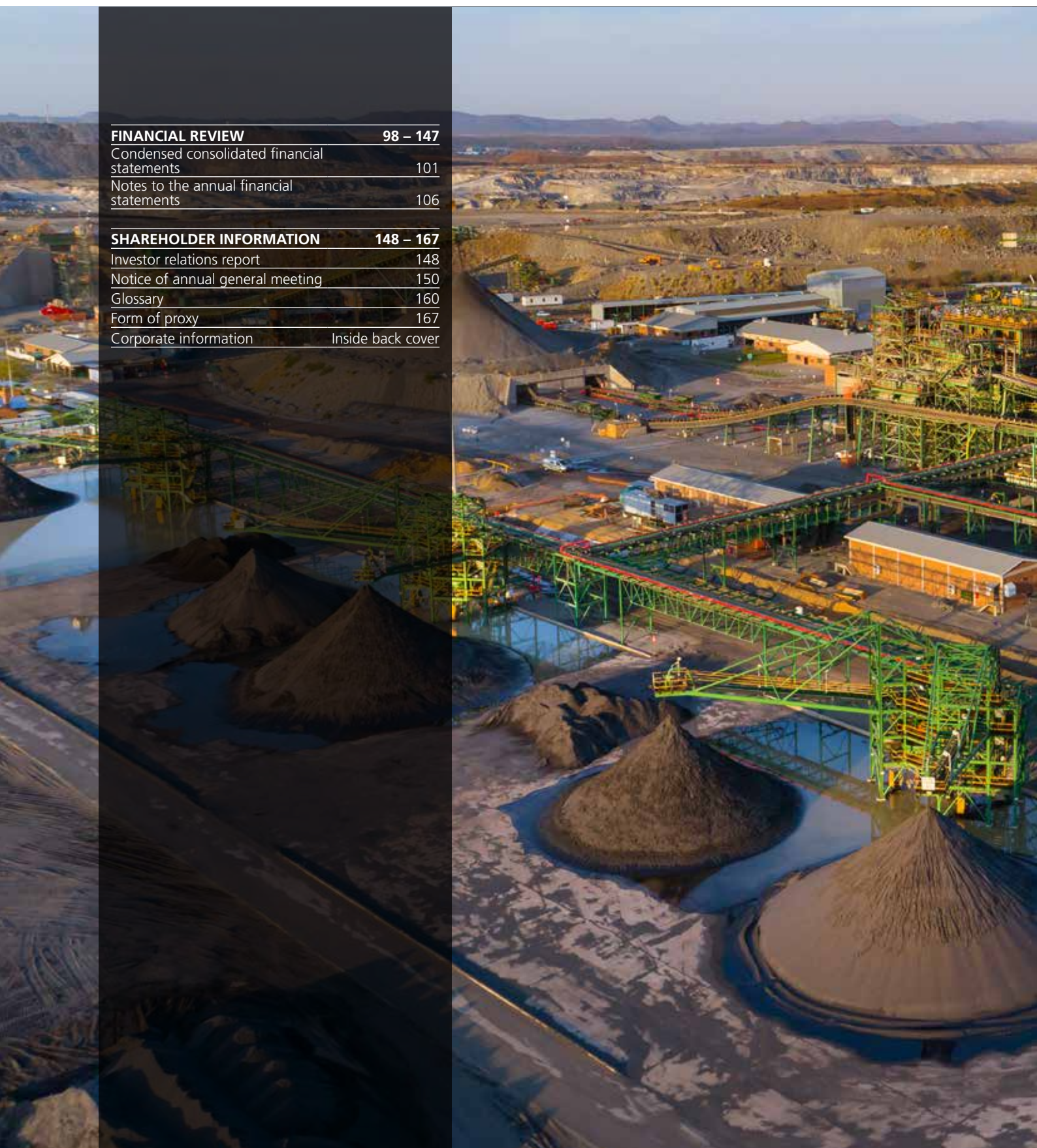
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Preparation and approval of condensed consolidated financial statements

The condensed consolidated financial statements for the year ended 30 September 2018 have been extracted from the audited annual financial statements of the Group, but have not been audited. The auditor's report on the audited annual financial statements does not report on all of the information contained herein. Shareholders are therefore advised that in order to obtain a full understanding of the financial position and results of the Group, these condensed consolidated financial statements should be read together with the full audited annual financial statements and full audit report.

These condensed consolidated financial statements and the audited annual financial statements, together with the audit report, are available on the Company's website, www.tharisa.com, and are available for inspection at the registered address of the Company.

The directors take full responsibility for the preparation of this report and the correct extraction of the financial information from the underlying financial statements.

The directors of the Company are responsible for the maintenance of adequate accounting records and the preparation of the financial statements and related information in a manner that fairly presents the state of affairs of the Company. These financial statements are prepared in accordance with International Financial Reporting Standards and incorporate full and responsible disclosure in line with the accounting policies of the Group, which are supported by prudent judgement.

The directors are also responsible for the maintenance of effective systems of internal control, which are based on established organisational structure and procedures. These systems are designed to provide reasonable assurance as to the reliability of the financial statements, and to prevent and detect material misstatement and loss.

The annual financial statements have been reported on without qualification by Ernst & Young Cyprus Limited.

The preparation of these condensed results was supervised by the Chief Finance Officer, Michael Jones, a Chartered Accountant (SA).

The condensed consolidated financial statements have been prepared on a going concern basis, as the directors believe that the Company and Group will continue to be in operation in the foreseeable future.

The annual financial statements have been approved by the Board on 26 November 2018.

> Condensed consolidated financial statements

Notes to the annual financial statements

Condensed consolidated statement of profit or loss and other comprehensive income

for the year ended 30 September 2018

	Notes	2018 US\$'000	2017 US\$'000
Revenue	5	406 268	349 443
Cost of sales	6	(297 782)	(226 789)
Gross profit		108 486	122 654
Other income		2 432	160
Net foreign exchange gain		852	2 458
Administrative expenses	7	(39 232)	(26 903)
Results from operating activities		72 538	98 369
Finance income		1 279	1 122
Finance costs		(10 189)	(7 689)
Changes in fair value of financial assets at fair value through profit or loss		1 262	(813)
Changes in fair value of financial liabilities at fair value through profit or loss		155	–
Share of loss of investment accounted for using the equity method		(62)	–
Profit before tax		64 983	90 989
Tax	8	(14 011)	(23 316)
Profit for the year		50 972	67 673
Other comprehensive income			
<i>Items that may be classified subsequently to profit or loss</i>			
Foreign currency translation differences for foreign operations, net of tax		(10 663)	(387)
Other comprehensive income, net of tax		(10 663)	(387)
Total comprehensive income for the year		40 309	67 286
Profit for the year attributable to:			
Owners of the Company		48 433	57 601
Non-controlling interest		2 539	10 072
		50 972	67 673
Total comprehensive income for the year attributable to:			
Owners of the Company		41 790	57 451
Non-controlling interest		(1 481)	9 835
		40 309	67 286
Earnings per share			
Basic earnings per share (US\$ cents)	9	19	22
Diluted earnings per share (US\$ cents)	9	18	22

The notes on pages 106 to 147 are an integral part of these condensed consolidated financial statements.

FINANCIAL REVIEW

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Condensed consolidated statement of financial position

as at 30 September 2018

	Notes	2018 US\$'000	2017 US\$'000
Assets			
Non-current assets			
Property, plant and equipment	10	264 311	232 559
Goodwill		804	838
Investment accounted for using the equity method	11	4 438	–
Long-term deposits		–	4 505
Other financial assets	12	5 012	3 767
Deferred tax assets	13	1 880	1 952
Total non-current assets		276 445	243 621
Current assets			
Inventories	14	23 043	20 802
Trade and other receivables	15	86 202	70 374
Contract assets		2 229	–
Other financial assets		986	49
Current taxation		228	132
Cash and cash equivalents	16	66 791	49 742
Total current assets		179 479	141 099
Total assets		455 924	384 720
Equity and liabilities			
Share capital and premium	17	280 806	280 342
Other reserve	17	47 245	47 245
Foreign currency translation reserve		(80 204)	(73 561)
Retained earnings		77 025	42 877
Equity attributable to owners of the Company		324 872	296 903
Non-controlling interests		(26 538)	(25 057)
Total equity		298 334	271 846
Non-current liabilities			
Provisions	18	12 634	6 923
Borrowings	19	27 281	4 375
Deferred tax liabilities	13	29 892	23 823
Total non-current liabilities		69 807	35 121
Current liabilities			
Borrowings	19	50 138	45 026
Other financial liabilities		1 000	599
Current taxation		1 013	212
Trade and other payables	20	33 403	31 916
Contract liabilities		2 229	–
Total current liabilities		87 783	77 753
Total liabilities		157 590	112 874
Total equity and liabilities		455 924	384 720

The condensed consolidated financial statements were authorised for issue by the Board of Directors on 26 November 2018.



Phoevos Pouroulis
Director



Michael Jones
Director

The notes on pages 106 to 147 are an integral part of these condensed consolidated financial statements.

> Condensed consolidated financial statements

Notes to the annual financial statements

Condensed consolidated statement of changes in equity

for the year ended 30 September 2018

	Notes	Attributable to owners of the Company					Total US\$'000	Non- controlling interest US\$'000	Total equity US\$'000
		Share capital US\$'000	Share premium US\$'000	Other reserve US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000			
Balance at 30 September 2016		257	456 181	47 245	(73 411)	(193 521)	236 751	(34 892)	201 859
Total comprehensive income for the year									
Profit for the year		-	-	-	-	57 601	57 601	10 072	67 673
<i>Other comprehensive income</i>									
Foreign currency translation differences		-	-	-	(150)	-	(150)	(237)	(387)
Total comprehensive income for the year		-	-	-	(150)	57 601	57 451	9 835	67 286
Transactions with owners of the Company									
<i>Contributions by and distributions to owners</i>									
Capital reduction	17	-	(179 175)	-	-	179 175	-	-	-
Capital distribution	27	-	-	-	-	(2 570)	(2 570)	-	(2 570)
Issue of ordinary shares	17	3	3 076	-	-	-	3 079	-	3 079
Equity-settled share-based payments	17	-	-	-	-	1 331	1 331	-	1 331
Deferred tax on equity-settled share-based payments	13	-	-	-	-	861	861	-	861
Contributions by owners of the Company		3	(176 099)	-	-	178 797	2 701	-	2 701
Total transactions with owners of the Company		3	(176 099)	-	-	178 797	2 701	-	2 701
Balance at 30 September 2017		260	280 082	47 245	(73 561)	42 877	296 903	(25 057)	271 846

The notes on pages 106 to 147 are an integral part of these condensed consolidated financial statements.

FINANCIAL REVIEW

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Condensed consolidated statement of changes in equity continued

for the year ended 30 September 2018

	Note	Attributable to owners of the Company						Non-controlling interest US\$'000	Total equity US\$'000
		Share capital US\$'000	Share premium US\$'000	Other reserve US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000	Total US\$'000		
Balance at 30 September 2017		260	280 082	47 245	(73 561)	42 877	296 903	(25 057)	271 846
Impact of adopting IFRS 16	3	–	–	–	–	(15)	(15)	–	(15)
Balance at 1 October 2017		260	280 082	47 245	(73 561)	42 862	296 888	(25 057)	271 831
Total comprehensive income for the year									
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)
Total comprehensive income for the year		–	–	–	(6 643)	48 433	41 790	(1 481)	40 309
Transactions with owners of the Company									
Contributions by and distributions to owners									
Dividends paid	27	–	–	–	–	(18 214)	(18 214)	–	(18 214)
Issue of ordinary shares	17	1	463	–	–	–	464	–	464
Equity-settled share-based payments	17	–	–	–	–	3 638	3 638	–	3 638
Deferred tax on equity-settled share-based payments	13	–	–	–	–	306	306	–	306
Contributions by owners of the Company		1	463	–	–	(14 270)	(13 806)	–	(13 806)
Total transactions with owners of the Company		1	463	–	–	(14 270)	(13 806)	–	(13 806)
Balance at 30 September 2018		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 on pages 106 to 147 are an integral part of these condensed consolidated financial statements.

> Condensed consolidated financial statements

Notes to the annual financial statements

Condensed consolidated statement of cash flows

for the year ended 30 September 2018

	Notes	2018 US\$'000	2017 US\$'000
Cash flows from operating activities			
Profit for the year		50 972	67 673
Adjustments for:			
Depreciation of property, plant and equipment	10	29 858	16 929
Loss on disposal of property, plant and equipment		37	196
Gain on bargain purchase	21	(1 884)	–
Share of loss of investment accounted for using the equity method	11	62	–
Impairment loss on goodwill		–	57
Impairment (reversal)/loss on inventory		(13)	24
Impairment and write off of property, plant and equipment	10	3 897	–
Changes in fair value of financial assets at fair value through profit or loss		(1 262)	813
Changes in fair value of financial liabilities at fair value through profit or loss		(155)	–
Interest income		(1 279)	(1 122)
Interest expense		10 189	7 689
Tax		14 011	23 316
Equity-settled share-based payments		4 019	4 342
		108 452	119 917
Changes in:			
Inventories		(2 326)	(5 063)
Trade and other receivables and contract assets		(19 491)	(21 839)
Trade and other payables and contract liabilities		2 979	(15 068)
Provisions		5 614	1 792
Cash from operations		95 228	79 739
Income tax paid		(5 457)	(3 990)
Net cash flows from operating activities		89 771	75 749
Cash flows from investing activities			
Interest received		1 172	708
Additions to property, plant and equipment	10	(40 454)	(26 398)
Net cash outflow from business combination	21	(21 840)	–
Proceeds from disposal of property, plant and equipment		119	–
Additions to investments accounted for using the equity method	11	(2 500)	–
Additions to other financial assets		(4 008)	(925)
Refund of long-term deposits		7 110	5 726
Net cash flows used in investing activities		(60 401)	(20 889)
Cash flows from financing activities			
Net proceeds from bank credit facilities	19	114	6 073
Advances received	19	68 220	–
Repayment of borrowings	19	(48 503)	(17 917)
Lease payments	19	(6 463)	–
Dividends and capital distribution paid	27	(18 214)	(2 570)
Interest paid		(6 619)	(6 371)
Net cash flows used in financing activities		(11 465)	(20 785)
Net increase in cash and cash equivalents		17 905	34 075
Cash and cash equivalents at the beginning of the year		49 742	15 826
Effect of exchange rate fluctuations on cash held		(856)	(159)
Cash and cash equivalents at the end of the year	16	66 791	49 742

The notes on pages 106 to 147 are an integral part of these condensed consolidated financial statements.

FINANCIAL REVIEW CONTINUED

Notes to the condensed consolidated financial statements

for the year ended 30 September 2018

1. Reporting entity

Tharisa plc ('the Company') is a company domiciled in Cyprus. These condensed consolidated financial statements of the Company for the year ended 30 September 2018 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 and has a secondary standard listing on the main board of the London Stock Exchange.

2. Basis of preparation

Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with the Listings Requirements of the Johannesburg Stock Exchange and as a minimum, contain the information required by International Accounting Standards 34: *Interim Financial Reporting*. 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 2017. These condensed consolidated financial statements do not include all the information required for full consolidated financial statements prepared in accordance with IFRS. The 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 and the Cyprus Companies Law, Cap.113.

These condensed consolidated financial statements were approved by the Board of Directors on 26 November 2018.

Use of estimates and judgements

Preparing the 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 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 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.

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 consolidated financial statements and the 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*. The nature and effect of these adoptions are disclosed in note 3.

Several other amendments and interpretations apply for the first time for the year ended 30 September 2018. Other than IAS 7 *Disclosure Initiative (amendment)* as disclosed in note 19, these did not have an impact on the condensed consolidated financial statements of the Group.

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3. Change in accounting policies

IFRS 9 *Financial Instruments*

The Group has early adopted all of the requirements of IFRS 9 *Financial Instruments* ('IFRS 9') as of 1 October 2017. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ('IAS 39'). IFRS 9 utilises a revised model for recognition and measurement of financial instruments and a single, forward looking expected loss impairment model. Most of the requirements of IAS 39 for classification and measurements of financial liabilities were carried forward in IFRS 9, therefore the Group's accounting policy with respect to financial liabilities remains unchanged. The Group applied IFRS 9 using the full retrospective method of adoption on initial date of application.

As a result of the early adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively for assets that were recognised at the date of application. The change did not impact the carrying value of any financial assets on transition date.

Classification

The Group classifies its financial instruments in the following categories:

- (i) At fair value through profit or loss
- (ii) At fair value through other comprehensive income
- (iii) At amortised cost.

The Group determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Group's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified at fair value through profit or loss, for other equity instruments, on the day of acquisition the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at fair value through other comprehensive income. Financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through profit or loss (such as derivatives) or the Group has designated to measure them at fair value through profit or loss.

The Group completed a detailed assessment of its financial assets and liabilities at 1 October 2017. The following table presents the original classification according to IAS 39 and the new classification according to IFRS 9:

Financial assets	Original classification IAS 39	New classification IFRS 9
Long-term deposits	Amortised cost	Amortised cost
Other financial assets		
Investments in money markets, current accounts, cash funds and income funds	Fair value through profit or loss	Fair value through profit or loss
Discount facility	Fair value through profit or loss	Fair value through profit or loss
Forward exchange contracts	Held for trading	Fair value through profit or loss
Investment in equity instruments	Held for trading	Fair value through profit or loss
Option to acquire shares	Fair value through profit or loss	Fair value through profit or loss
Trade and other receivables	Amortised cost	Amortised cost
Contract asset	Amortised cost	Amortised cost
PGM receivable	Held for trading	Fair value through profit or loss
Cash and cash equivalents	Amortised cost	Amortised cost
Financial liabilities	Original classification IAS 39	New classification IFRS 9
Borrowings	Amortised cost	Amortised cost
Discount facility	Fair value through profit or loss	Fair value through profit or loss
Trade and other payables	Amortised cost	Amortised cost
Contract liability	Amortised cost	Amortised cost

Upon adoption of IFRS 9, the Group made an irrevocable election to classify marketable securities at fair value through profit or loss.

FINANCIAL REVIEW CONTINUED

Notes to the condensed consolidated financial statements continued for the year ended 30 September 2018

3. Change in accounting policies continued

IFRS 9 Financial Instruments continued

Measurement: Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost less any impairment.

Measurement: Financial assets and liabilities at fair value through profit or loss

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest' ('SPPI') on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets and liabilities carried at fair value through profit or loss are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realised and unrealised gains or losses arising from changes in the fair value of the financial assets and liabilities held at fair value through profit or loss are included in the statement of profit or loss in the period in which they arise. Where management has designated to recognise a financial liability at fair value through profit or loss, any changes associated with the Group's own credit risk will be recognised in other comprehensive income.

Derecognition: Financial assets

The Group derecognises financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains or losses on derecognition are generally recognised in the statement of profit or loss. However, gains or losses on derecognition of financial assets classified as fair value through other comprehensive income remain within equity.

Derecognition: Financial liabilities

The Group derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Hedge accounting

The Group does not apply hedge accounting.

Impact of adopting IFRS 9 on the Group's consolidated financial statements

The adoption of IFRS 9 did not impact the carrying value of any financial assets on transition date, consequently adopting IFRS 9 did not result in a restatement of comparative results.

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3. Change in accounting policies continued

IFRS 15 Revenue from Contracts with Customers

The Group has early adopted all of the requirements of IFRS 15 *Revenue from Contracts with Customers* ('IFRS 15') with a date of initial application of 1 October 2017. IFRS 15 supersedes IAS 18 *Revenue and Related Interpretations* and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards of IFRS. The Group applied IFRS 15 using the modified retrospective method and therefore, comparative information has not been restated and continues to be presented in accordance with IAS 18. IFRS 15 was applied to all open contracts on date of initial application. As a result, the Group has changed its accounting policy for revenue recognition as detailed in the accounting policies.

Comparative accounting policy in terms of IAS 18

Revenue was measured at the fair value of the consideration received or receivable. Revenue from the sale of goods was recognised when significant risks and rewards of ownership had been transferred to the customer, recovery of the consideration was probable, the associated costs and possible return of goods could be estimated reliably, there was no continuing management involvement with the goods and the amount of revenue could be measured reliably.

Revenue from the sale of PGMs was initially recognised at the estimated fair value of the consideration receivable at the date of delivery. Adjustments to the sale price occurred based on movements in the metal market price and currency up to the date of final pricing. Final pricing was based on the monthly average market price in the month of settlement. The period between initial recognition and final pricing was typically three months. The revenue adjustment mechanism embedded within the sale arrangement had the characteristics of a commodity derivative. Accordingly the fair value of the final sale price adjustment was re-estimated continuously and changes in fair value were recognised as a re-estimated adjustment to revenue in profit or loss and trade receivables in the statement of financial position.

The Group entered into contracts for the sale of chrome concentrates. Revenue arising from chrome sales under these contracts was recognised when the price was determinable, the product had been delivered in accordance with the terms of the contract, the significant risks and rewards of ownership had been transferred to the customer, collection of the sale price was probable and associated costs could be reliably estimated. These criteria might vary per contract. As sales from chrome contracts were subject to a customer survey adjustment with regards to quality, sales were initially recorded on a provisional basis using management's best estimate of the chrome quality. Subsequent adjustments were recorded in revenue to take into account final adjustments, if different from the initial estimates.

Revenue from the rendering of services was recognised in proportion to the stage of completion of the work performed at the reporting date.

Accounting policy in terms of IFRS 15

Sales revenue is recognised on individual sales when control transfers to the customer. Control transfers to the customer upon satisfaction of performance obligations within each contract. In most instances, control passes and sales revenue is recognised when the product is delivered to the vessel or vehicle on which it will be transported once loaded, the destination port or the customer's premises. There may be circumstances when judgement is required based on the five indicators of control below:

- The customer has the significant risks and rewards of ownership and has the ability to direct the use of, and obtain substantially all of the remaining benefits from the good or service.
- The customer has a present obligation to pay in accordance with the terms of the sales contract. For shipments under the International Commercial Terms ('Incoterms') cost, insurance and freight ('CIF') this is generally when the ship is loaded, at which time the obligation for payment is for both product and freight.
- The customer has accepted the asset. Sales revenue may be subject to adjustment if the product specification does not conform to the terms specified in the sales contract but this does not impact the passing of control. Assay and specification adjustments have been immaterial historically.
- The customer has legal title to the asset. The Group usually retains legal title until payment is received for credit risk purposes only.
- The customer has physical possession of the asset. This indicator may be less important as the customer may obtain control of an asset prior to obtaining physical possession, which may be the case for goods in transit.

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Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2018

3. Change in accounting policies continued

IFRS 15 Revenue from Contracts with Customers continued

Accounting policy in terms of IFRS 15 continued

Revenue is presented net of value added tax, rebates and discounts and after eliminating intergroup sales. Multiple performance obligations exist which are described in the following paragraphs:

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations. The Board of Directors is of the view that the Group had three operating segments during the reporting period, the PGM segment, the chrome segment and the agency and trading segment.

The following is a description of the Group's current principal activities separated by reportable segment, from which the Group recognises its revenue.

PGM segment

The PGM segment principally generates revenue from the sale of PGM concentrate, which consists of the sale of platinum, palladium, rhodium, gold, ruthenium, iridium, nickel and copper. The Group enters into off-take agreements with customers for the supply of PGM concentrate. Revenue from the sale of PGM concentrate is recognised based on the quantity of PGM concentrate delivered, prevailing market prices and exchange rates, when delivered to the customers in terms of the off-take agreements. Revenue recognised includes variable consideration as revenue is subject to quantity adjustments, final pricing and currency adjustments after the beneficiation process is completed. Revenue recognised is adjusted for expected final adjustments based on finally determined quantity and spot rates, which are estimated based on prevailing market information and recognised as a separate component within revenue. Adjustments to the sale price occur based on movements in the metal market price and exchange rates up to the date of final pricing.

Any subsequent changes that arise due to differences between initial and final assay are still considered within the scope of IFRS 15 and are subject to the constraint on estimates of variable consideration. When considering the initial assay estimate, the Group has considered the requirements of IFRS 15 in relation to the constraint on estimates of variable consideration. It will only include amounts in the calculation of revenue where it is highly probable that a significant revenue reversal will not occur when the uncertainty relating to final quantity/assay/quality is subsequently resolved.

Consequently, at the time the concentrate passes to the customer, the Group will recognise a receivable as from that time it considers it has an unconditional right to consideration. This receivable is accounted for in accordance with IFRS 9.

The PGM commodity derivative is no longer separated from the host contract. This is because the existence of the provisional pricing features means the concentrate receivable fails to meet the requirements to be measured at amortised cost. Instead, the entire receivable is measured at fair value, with subsequent movements being recognised in profit or loss.

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3. Change in accounting policies continued

IFRS 15 Revenue from Contracts with Customers continued

Chrome segment

The Group currently produces two specifications of chrome concentrates, metallurgical chrome concentrate and specialty chrome concentrates. It generates revenue from the sale of these products. The chrome market is typically a 'spot' market. The Group enters into short-term sale contracts. The Group also enters into long-term volume off-take agreements for the supply of chrome concentrates.

Revenue arising from chrome concentrate sales under short-term sale contracts and off-take agreements is recognised when the chrome concentrate is delivered and a customer takes control of the chrome concentrate. Revenue is recognised based on the fixed sale price in terms of the contract, the quantity delivered and the quality as determined by an independent survey. Export sales may, as specified in the contract, be subject to a final survey upon arrival at destination port. Revenue recognised for export sales is adjusted for expected final adjustments, which are estimated based on historical data for similar transactions.

The majority of the Group's metallurgical chrome concentrate is exported. For these export sales, the point of revenue recognition is dependent on the contract sales terms, known as the CIF Incoterms. For the CIF Incoterms, the seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination. This means that the Group is responsible (acts as principal) for providing shipping services and, in some instances, insurance after the date at which control of goods passes to the customer at the loading port.

Consequently, the freight service on export commodity contracts with CIF Incoterms represents a separate performance obligation as defined under IFRS 15 and as such, a portion of the revenue earned under these contracts, representing the obligation to perform the freight service, is deferred and recognised when this obligation has been fulfilled, along with the associated costs.

Since separate performance conditions exist for export commodity contracts with CIF Incoterms, the Group allocates the transaction price to the separate performance conditions on a relative standalone selling price basis. Observable information with specific reference to sea freight costs is used for allocation of the transaction price.

Agency and trading segment

The Group operates a third-party chrome plant and markets and sells the chrome concentrate produced at this plant. The Group determines whether it acts as principal or agent by assessing whether the Group controls the transaction and what its performance obligations are. Considerations to determine control include whether the Group provides the performance obligation itself, the Group is primarily responsible for fulfilling the promise to provide the specified chrome concentrates, the Group has inventory risk before the specified products are transferred to the customer and the Group determines the selling price. In the absence of any of the aforementioned factors, control of the transaction may be doubtful and the Group would recognise the margin achieved in revenue as an agent.

Metallurgical and specialty chrome concentrates are produced at this plant. The Group enters into short-term contracts for the sale of these chrome concentrates. Revenue arising from short-term sale contracts is recognised when the chrome concentrate is delivered and a customer takes control of the chrome concentrates. This occurs in accordance with the terms of each contract. Delivery terms also vary between the sale of metallurgical chrome concentrate and specialty chrome concentrates. Sales from chrome concentrates are subject to surveys to determine the chrome quality and quantity. Revenue is recognised based on the fixed sale price in terms of the contract, the quantity delivered and the quality as determined by an independent survey. Export sales may, as specified in the contract, be subject to a final survey upon arrival at destination port. Revenue recognised for export sales is adjusted for expected final adjustments, which are estimated based on historical data for similar transactions.

FINANCIAL REVIEW

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Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2018

3. Change in accounting policies continued

IFRS 15 Revenue from Contracts with Customers continued

Agency and trading segment continued

The majority of the Group's metallurgical chrome concentrate produced at the third-party chrome plant is exported. For these export sales, the point of revenue recognition is dependent on the contract sales terms, known as the Incoterms. For the CIF Incoterms the seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination. This means that the Group is responsible (acts as principal) for providing shipping services and, in some instances, insurance after the date at which control of goods passes to the customer at the loading port.

Consequently, the freight service on export commodity contracts with CIF Incoterms represents a separate performance obligation as defined under IFRS 15 and as such, a portion of the revenue earned under these contracts, representing the obligation to perform the freight service, is deferred and recognised when this obligation has been fulfilled, along with the associated costs.

Since separate performance conditions exist for export commodity contracts with CIF Incoterms, the Group allocates the transaction price to the separate performance conditions on a relative standalone selling price basis. Observable information with specific reference to sea freight costs is used for allocation of the transaction price.

The Group also provides inland logistics services to customers. These services include long-term contracts and *ad hoc* logistic services. Revenue is recognised at a point in time as the performance obligation has been fulfilled which is the delivery of the specified goods. Any earned consideration, which is conditional, will be recognised as a contract asset rather than a trade and other receivable.

Revenue is also generated from consulting services rendered. These services include geological, marketing and administration services. Revenue is recognised over time, using an input method to measure progress towards complete customer satisfaction.

Contract balances

Timing of revenue recognition may differ from the timing of invoicing to customers. The Group records a receivable in the statement of financial position, when revenue is recognised prior to invoicing. Similarly, unearned revenue received (income received in advance), is disclosed as a current liability in the statement of financial position, if it will be earned within one year.

Payment terms and conditions vary by contract type and delivery method, although for local sales terms generally include a requirement of payment upon completion of delivery of the products. For export chrome concentrate transactions, payment terms vary from 30 to 90 days, however, the Group obtains a letter of credit from a reputable bank in most instances before shipment occurs.

In the instance where the timing of revenue recognition differs from the timing of invoicing, the Group has determined that due to the short-term nature, the contracts with customers generally do not include a significant financing component. The primary purpose of the Group's invoicing terms is to provide customers with simplified and predictable ways of purchasing products, not to receive financing from customers or to provide financing to customers. Similarly, due to the short-term nature of unearned revenue received, being less than 12 months. No financing component exists in line with the practical expedient.

Commissions recognised from costs to obtain a contract with a customer

The Group recognises the incremental costs, arising from the concluding of sale contracts, as expenses in cost of sales in the statement of profit or loss when incurred. Such commission fees relate to the chrome segment and are short-term in nature.

Impact of adopting IFRS 15 on the Group's consolidated financial statements

IFRS 15 requires the Group to recognise revenue for sales of products as it transfers control over those products to customers, which generally occurs on delivery and is determined by the agreed delivery terms. This is generally consistent with the timing of revenue recognition in accordance with the previous standard, IAS 18. No incremental costs have been capitalised on adoption of IFRS 15 because lead times for individual orders are less than one year and costs to fulfil contracts are already recognised as inventories. The Group has used the modified retrospective transition method, under which the effect of initially applying IFRS 15 is adjusted against the opening balance of equity at 1 October 2017.

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3. Change in accounting policies continued

IFRS 15 Revenue from Contracts with Customers continued

Impact of adopting IFRS 15 on the Group's consolidated financial statements continued

As stated in the new accounting policy, the freight service on export commodity contracts with CIF Incoterms represents a separate performance obligation as defined under the new standard, and a portion of the revenue earned under these contracts, representing the obligation to perform the freight service, is deferred and recognised over time as this obligation is fulfilled, along with the associated costs.

The impact of this transition difference is not considered material to the Group and hence comparative values have not been restated. If comparative values had been restated, the impact would have been to reduce revenue and cost of sales respectively for the year ended 30 September 2017 by US\$1.3 million with no impact on profit. Current assets and current liabilities as at 30 September 2017 would each have been higher by US\$1.3 million.

IFRS 16 Leases

The Group has early adopted all of the requirements of IFRS 16 *Leases* ('IFRS 16') effective 1 October 2017 (initial application). IFRS 16 replaces IAS 17 *Leases* ('IAS 17'). The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported in terms of IAS 17 and IFRIC 4: *Determining Whether an Arrangement Contains a Lease*. The Group recognised the cumulative effect of initial application of IFRS 16, in terms of the modified retrospective approach, in retained earnings at 1 October 2017. Contracts previously assessed not to be a lease in terms of IAS 17 were not reassessed. As a result, the Group has changed its accounting policy for leases as detailed in the accounting policies.

As a lessee

Comparative accounting policy in terms of IAS 17

In terms of IAS 17, the Group was required to classify its leases as either finance leases or operating leases and account for those two types of leases differently (both as a lessor or a lessee). A lease was classified as a finance lease if it transferred substantially all the risks and rewards incidental to ownership. A lease was classified as an operating lease if all the risks and rewards incidental to ownership did not substantially transfer.

Finance leases were recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor was included in the statement of financial position as a finance lease obligation. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating lease payments, in the event of the Group operating as lessee, were recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments were recognised as an operating lease asset. The liability was not discounted.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of identified assets for a specified period. The commencement date is the date on which a lessor makes an underlying asset available for use by the lessee.

The right-of-use assets are initially measured at cost, which comprises the amount of initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located, less any lease incentives.

FINANCIAL REVIEW CONTINUED

Notes to the condensed consolidated financial statements continued for the year ended 30 September 2018

3. Change in accounting policies continued

IFRS 16 Leases continued

Subsequent to initial measurement, the right-of-use assets are depreciated from the commencement date using the straight-line method over the shorter of the estimated useful lives of the right-of-use assets or the end of lease term. These are as follows:

Right-of-use asset	Depreciation term in years
Buildings and premises	Straight line over the respective lease terms, between three and five years
Mining fleet	Based on estimated production hours

After the commencement date, the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include the following:

- Fixed payments, less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- Lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option
- Payments of penalties for early terminating the lease, unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, an extension or a termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of vehicles that have a lease term of 12 months or less and leases of low-value assets such as computer equipment.

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3. Change in accounting policies continued

IFRS 16 Leases continued

As a lessor

In the event of lease contracts based on which the Group is acting as a lessor, each of its leases is classified as either an operating or finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. Indicators of a finance lease include whether the lease is for the major part of the economic life of the asset, whether the lease transfers ownership of the asset to the lessee by the end of the lease term and whether at inception date of the lease, the present value of the minimum lease payments amount to substantially all of the fair value of the leased asset.

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor, are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

Rental income is classified in other income.

Impact of adopting IFRS 16 on the Group's consolidated financial statements

The adoption of IFRS 16 resulted in the Group recognising a number of leases for buildings and premises on 1 October 2017. These were previously treated as operating leases in terms of IAS 17. On 1 October 2017, the previously recognised equalisation of operating lease liabilities in terms of IAS 17 was reversed from trade and other payables and the corresponding after tax impact on retained earnings corrected. Simultaneously the right-of-use assets and the corresponding lease liabilities were recognised while the after tax depreciation and finance charges were corrected to retained earnings.

The following table summarises the impact of adopting IFRS 16 on the Group's extracted consolidated statement of financial position at 1 October 2017:

		As previously reported	Adjustments at	
	Note	30 September 2017 US\$'000	1 October 2017 US\$'000	1 October 2017 US\$'000
Non-current assets				
Property, plant and equipment	10	232 559	1 166	233 725
Deferred tax asset	13	1 952	7	1 959
Equity and liabilities				
Retained earnings		42 877	(15)	42 862
Non-current liabilities				
Borrowings	19	4 375	1 014	5 389
Current liabilities				
Borrowings	19	45 026	191	45 217
Trade and other payables		31 916	(17)	31 899

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Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2018

4. Operating segments

For management purposes, the chief operating decision maker of the Group, being the executive directors of the Company and the executive directors of the subsidiaries, reports 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 maker 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 a chrome concentrate tonnes production and sales basis. Third-party logistics, third-party trading and third-party chrome operations 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.

	PGM US\$'000	Chrome US\$'000	Agency and trading US\$'000	Total US\$'000
2018				
Revenue	117 381	250 351	38 536	406 268
Cost of sales				
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)
Gross profit	29 237	75 687	3 562	108 486
2017				
Revenue	90 924	252 869	5 650	349 443
Cost of sales				
Manufacturing costs	(54 336)	(107 634)	(4 241)	(166 211)
Selling costs	(366)	(44 780)	(1 144)	(46 290)
Freight services	–	(14 288)	–	(14 288)
	(54 702)	(166 702)	(5 385)	(226 789)
Gross profit	36 222	86 167	265	122 654

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4. Operating segments continued

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 year ended 30 September 2018, the relative sales value of PGM concentrate increased compared to the relative sales value of chrome concentrates and consequently shared costs were allocated equally. The allocation basis of shared costs was 65.0% (chrome concentrates) and 35.0% (PGM concentrate) in the comparative period.

Cost of sales includes a charge for the write off/impairment of property, plant and equipment totalling US\$3.6 million (2017: no charge) which mainly relates to mining equipment. The write off/impairment has been allocated on an equal basis to the PGM and chrome segments.

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 and goodwill ('specified non-current assets').

The geographical location analysis of revenue from external customers is based on the country of establishment of each customer. The geographical location of the specified non-current assets is based on the physical location of the asset in the case of property, plant and equipment and the location of the operation to which they are allocated in the case of goodwill.

Revenue from external customers

	PGM US\$'000	Chrome US\$'000	Agency and trading US\$'000	Total US\$'000
2018				
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
2017				
South Africa	90 924	59 150	1 811	151 885
China	–	82 196	3 839	86 035
Singapore	–	13 961	–	13 961
Hong Kong	–	94 866	–	94 866
Other countries	–	2 696	–	2 696
	90 924	252 869	5 650	349 443

Revenue represents the sale 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.

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4. Operating segments continued

	2018		2017	
	Segment	US\$'000	Segment	US\$'000
Customer 1	PGM	101 560	PGM	88 118
Customer 2	Chrome	62 583	Chrome	60 370
Customer 3	Chrome	46 186	Chrome	43 676
			2018 US\$'000	2017 US\$'000
Specified non-current assets				
South Africa			264 933	233 394
Zimbabwe			4 438	–
Cyprus			73	3
			269 444	233 397

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

5. Revenue

	PGM US\$'000	Chrome US\$'000	Agency and trading US\$'000	Total US\$'000
2018				
Revenue				
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
Freight services	–	19 836	3 622	23 458
	110 873	250 351	38 536	399 760
Fair value adjustments	6 508	–	–	6 508
Total revenue	117 381	250 351	38 536	406 268
2017				
Total revenue	90 924	252 869	5 650	349 443

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5. Revenue continued

	2018 US\$'000	2017 US\$'000
Variable revenue recognised		
PGM revenue recognised in preceding year based on initial results	(28 994)	–
PGM revenue based on final results	30 823	–
PGM revenue adjustment recognised in current year	1 829	–
Chrome revenue recognised in preceding year based on initial results	(41 197)	–
Chrome revenue based on final results	41 177	–
Chrome revenue adjustment recognised in current year	(20)	–

The period ended 30 September 2018 includes PGM revenue of US\$42.5 million and chrome revenue of 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.

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6. Cost of sales

	2018 US\$'000	2017 US\$'000
Mining	105 376	96 005
Salaries and wages	15 124	12 467
Utilities	10 319	9 495
Diesel	650	705
Materials and consumables	11 174	8 274
Re-agents	4 471	3 653
Steel balls	6 715	6 757
Overhead	4 117	8 055
State royalties	2 916	1 665
Depreciation – property, plant and equipment	29 008	16 476
Cost of commodities	18 644	4 241
Impairment and write off of property, plant and equipment	3 630	–
Change in inventories – finished products and ore stockpile	3 781	(1 582)
Total cost of sales excluding selling costs	215 925	166 211
Selling costs	58 453	46 290
Freight services	23 404	14 288
Cost of sales	297 782	226 789

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7. Administrative expenses

	2018 US\$'000	2017 US\$'000
Directors' and staff costs		
Non-executive directors	612	536
Employees: salaries	15 459	9 213
bonuses	3 262	1 339
pension fund, medical aid and other contributions	1 707	1 405
	21 040	12 493
Audit – external audit services	490	429
Audit – other services*	90	–
Consulting	2 611	2 773
Corporate and social investment	157	73
Depreciation	850	453
Discount facility and related fees	701	516
Equity-settled share-based payment expense	4 019	4 342
Internal audit	206	–
Listing fees and investor relations	461	260
Health and safety	1 019	300
Impairment and write off of property, plant and equipment	267	–
Insurance	697	914
Legal and professional	634	873
Loss on disposal of property, plant and equipment	37	196
Office administration, rent and utilities	1 296	660
Security	1 776	828
Telecommunications and IT related	1 374	719
Training	504	313
Travelling and accommodation	410	358
Sundry	593	403
	39 232	26 903

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

	2018	2017
Number of employees	1 758	701

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8. Tax

	2018 US\$'000	2017 US\$'000
Corporate income tax for the year		
Cyprus	2 913	1 554
South Africa	3 002	2 596
	5 915	4 150
Special contribution for defence in Cyprus	5	4
Deferred tax		
Originating and reversal of temporary differences (note 13)	7 933	19 162
Dividend withholding tax	158	–
Tax charge	14 011	23 316
Reconciliation between tax charge and accounting profit at applicable tax rates		
Profit before tax	64 983	90 989
Notional tax on profit before taxation, calculated at the rates applicable in the jurisdictions concerned	10 181	23 165
Non-taxable income		
Profits on revaluation of intergroup US\$ denominated preference shares	–	(695)
Gain on bargain purchase	(516)	–
Intergroup dividends received	(4 300)	(2 423)
Interest received	(13)	(6)
Non-deductible expenses		
Losses on revaluation of intergroup US\$ denominated preference shares	4 070	–
Intergroup dividends paid	3 001	2 415
Investment related	877	526
Interest paid	10	51
Capital expenses	161	170
Other	472	73
Recognition of deemed interest income for tax purposes	68	40
Tax charge	14 011	23 316

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 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 year ended 30 September 2018 was 21.6% (2017: 25.6%).

At 30 September 2018, the Group's unredeemed capital balance available for offset against future mining taxable income in South Africa amounted to US\$111.1 million (2017: US\$99.6 million).

Special contribution for defence is provided in Cyprus on certain interest income at the rate of 30%. 100% of such interest income is treated as non-taxable in the computation of chargeable income for corporation tax purposes.

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.

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9. Earnings per share

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the following 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. Vested but unissued conditional awards ('LTIP') have been included in the calculation of dilutive weighted average number of issued ordinary shares. The average market value of the Company's shares for the purposes of calculating the potential dilutive effect of SARS was based on quoted market prices for the year during which the options were outstanding.

	2018	2017
Profit for the year attributable to ordinary shareholders (US\$'000)	48 433	57 601
Weighted average number of issued ordinary shares for basic earnings per share ('000)	260 329	257 393
Weighted average number of issued ordinary shares for diluted earnings per share ('000)	264 531	257 393
Earnings per share		
Basic (US\$ cents)	19	22
Diluted (US\$ cents)	18	22

Headline and diluted headline earnings per share

The calculation of basic and diluted headline earnings per share has been based on the following 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 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. Vested but unissued LTIP have been included in the calculation of dilutive weighted average number of issued ordinary shares.

	2018	2017
Headline earnings for the year attributable to ordinary shareholders (US\$'000)	49 134	57 799
Weighted average number of issued ordinary shares for basic headline earnings per share ('000)	260 329	257 393
Weighted average number of issued ordinary shares for diluted headline earnings per share ('000)	264 531	257 393
Headline earnings per share		
Basic (US\$ cents)	19	22
Diluted (US\$ cents)	19	22

	2018			Net US\$'000	2017 Net US\$'000
	Gross US\$'000	Tax US\$'000	Non- controlling interest US\$'000		
Reconciliation of profit to headline earnings					
Profit attributable to ordinary shareholders				48 433	57 601
Adjustments:					
Gain on bargain purchase	(1 884)	–	490	(1 394)	–
Impairment of property, plant and equipment	3 897	(1 091)	(730)	2 076	–
Impairment losses on goodwill	–	–	–	–	57
Loss on disposal of property, plant and equipment	36	(10)	(7)	19	141
Headline earnings				49 134	57 799

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10. Property, plant and equipment

	Freehold land and buildings US\$'000	Mining assets and infrastructure US\$'000	Mining fleet US\$'000
30 September 2018			
Cost			
Balance at 30 September 2017	15 354	266 019	7 030
Adoption of IFRS 16 (refer note 3)	–	–	–
Balance at 1 October 2017	15 354	266 019	7 030
Additions	150	21 429	16 473
Business combination (note 21)	–	1 886	21 466
Transfers	–	–	(2 203)
Disposals	–	–	(145)
Assets written off	–	(266)	(2 539)
Exchange differences on translation	(643)	(12 723)	(3 210)
Balance at 30 September 2018	14 861	276 345	36 872
Accumulated depreciation			
Balance at 30 September 2017	592	59 337	299
Adoption of IFRS 16	–	–	–
Balance at 1 October 2017	592	59 337	299
Charge for the year	188	16 761	7 700
Transfers	–	–	(80)
Disposals	–	–	–
Impairment/assets written off	–	–	1 020
Exchange differences on translation	(40)	(3 708)	(665)
Balance at 30 September 2018	740	72 390	8 274

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Right-of-use asset: mining fleet US\$'000	Motor vehicles US\$'000	Computer equipment and software US\$'000	Office equipment and furniture, community and site office improvements US\$'000	Right-of-use asset: buildings US\$'000	Leasehold improvements US\$'000	Total US\$'000
–	594	5 542	796	–	220	295 555
–	–	–	–	1 503	(220)	1 283
–	594	5 542	796	1 503	–	296 838
6 910	88	2 167	147	791	–	48 155
6 527	–	–	–	–	–	29 879
2 203	–	(15)	(114)	129	–	–
–	–	(97)	(29)	–	–	(271)
(159)	–	(1)	–	–	–	(2 965)
(1 299)	(31)	(373)	(29)	(127)	–	(18 435)
14 182	651	7 223	771	2 296	–	353 201
–	289	1 914	518	–	47	62 996
–	–	–	–	164	(47)	117
–	289	1 914	518	164	–	63 113
2 963	69	1 712	93	372	–	29 858
80	–	(6)	(23)	29	–	–
–	–	(87)	(28)	–	–	(115)
(88)	–	–	–	–	–	932
(223)	(17)	(193)	(19)	(33)	–	(4 898)
2 732	341	3 340	541	532	–	88 890

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10. Property, plant and equipment continued

	Freehold land and buildings US\$'000	Mining assets and infra- structure US\$'000	Mining fleet US\$'000	Leasehold improve- ments US\$'000	Computer equip- ment and software US\$'000	Motor vehicles US\$'000	Office equip- ment and furniture, community and site office improve- ments US\$'000	Total US\$'000
Balance 30 September 2016								
Opening balance	14 504	248 588	–	130	2 077	515	554	266 368
Additions	666	14 602	7 124	189	3 504	73	240	26 398
Disposals	–	(231)	–	(99)	(19)	–	–	(349)
Exchange differences	184	3 060	(94)	–	(20)	6	2	3 138
Balance at 30 September 2017								
	15 354	266 019	7 030	220	5 542	594	796	295 555
Accumulated depreciation								
Balance at 30 September 2016	414	43 429	–	127	1 203	198	463	45 834
Charge for the year	174	15 570	303	16	725	90	51	16 929
Disposals	–	(35)	–	(99)	(19)	–	–	(153)
Exchange differences	4	373	(4)	3	5	1	4	386
Balance at 30 September 2017								
	592	59 337	299	47	1 914	289	518	62 996

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10. Property, plant and equipment continued

	30 September 2018 US\$'000	30 September 2017 US\$'000
Net book value		
Freehold land and buildings	14 121	14 762
Mining assets and infrastructure	203 955	206 682
Mining fleet	28 598	6 731
Right-of-use mining fleet	11 450	–
Motor vehicles	310	305
Computer equipment and software	3 883	3 628
Office equipment and furniture, community and site office improvements	230	278
Right-of-use buildings and premises	1 764	–
Leasehold improvements	–	173
	264 311	232 559

Included in additions to mining assets and infrastructure are additions to the deferred stripping asset of US\$1.3 million (2017: no additions).

The estimated economically recoverable proved and probable mineral reserve was reassessed at 1 October 2017 which gave rise to a change in accounting estimate. The remaining reserve that management had previously assessed was 100.3 Mt (at 30 September 2016) and at 30 September 2017 was assessed to be 97.0 Mt.

As a result, and taking into account depletion of the reserve during the year ended 30 September 2017 (5.0 Mt), 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\$20.5 million (2017: US\$9.0 million).

Freehold land and buildings comprises various portions of the farms Elandsdrift 467 JQ, Buffelspoort 343 JQ and 342 JQ, North West province, South Africa. All land is freehold.

Property, plant and equipment, with the exception of motor vehicles, is insured at approximate cost of replacement. Motor vehicles are insured at market value. Land is not insured.

Capital commitments

At 30 September 2018, the Group's capital commitments for contracts to purchase property, plant and equipment amounted to US\$6.0 million (2017: US\$6.5 million).

Securities

At 30 September 2018, US\$11.4 million of the carrying amount of the Group's mining fleet was pledged as security against the equipment loan facility. At 30 September 2017, US\$213.5 million was secured against the secured bank borrowings. The secured bank borrowings was settled in full during the year ended 30 September 2018.

Assets written off/impairment

During the year ended 30 September 2018, the Group impaired and scrapped assets totalling US\$3.9 million. The impairment and assets written off relate to costs capitalised to the construction of a new plant and to yellow fleet equipment identified as no longer fit for use and premature component failures. The Group decided not to proceed with the construction of the new plant.

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11. Investment accounted for using the equity method

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.

Karo Holdings entered into an Investment Project Framework Agreement with the Republic of Zimbabwe in terms of which Karo Holdings, through any of its subsidiaries, 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 with surplus energy capacity made available to the Zimbabwe power grid (collectively referred to as 'the project').

Karo Holdings' principal place of business is in Cyprus. The table below details Karo Holdings' interest in subsidiaries as at 30 September 2018:

Company name	Effective interest	Country of incorporation and principal place of business	Principal activity
Karo Zimbabwe Holdings (Private) Limited	100%	Zimbabwe	Investment holding
Karo Platinum (Private) Limited*	100%	Zimbabwe	Platinum mining
Karo Coal Mines (Private) Limited**	100%	Zimbabwe	Coal
Karo Power Generation (Private) Limited**	100%	Zimbabwe	Power generation
Karo Refinery (Private) Limited**	100%	Zimbabwe	PGM smelting and refining

* In terms of the Investment Project Framework Agreement, 50% of the shareholding in this company will transfer to an investment entity wholly owned by the Republic of Zimbabwe.

** In terms of the Investment Project Framework Agreement, 25% of the shareholding in these companies will transfer to an investment entity wholly owned by the Republic of Zimbabwe.

The Group entered into a shareholders' agreement with Leto Settlement whereby management of the project will exclusively vest in the Company or any of its subsidiaries. Any decisions about the relevant activities require unanimous consent of the shareholders. The Group has determined that a joint arrangement exists and consequently has classified its investment in Karo Holdings as a joint venture. The Group accounts for joint ventures using the equity method in the consolidated financial statements.

	2018 US\$'000	2017 US\$'000
Investment in Karo Holdings		
Opening balance	–	–
Shares acquired	4 500	–
Share of total comprehensive loss	(62)	–
	4 438	–
Total share of comprehensive loss from joint venture	(62)	–

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11. Investment accounted for using the equity method continued

	2018 US\$'000	2017 US\$'000
Summarised consolidated financial information of Karo Holdings		
Summarised statement of financial position		
Non-current assets	122	–
Current assets	3	–
Non-current liabilities	(264)	–
Current liabilities	(91)	–
Net deficit (100%)	(230)	–
Summarised statement of comprehensive income		
Operating expenses	(290)	–
Tax	60	–
Total comprehensive loss	(230)	–
Carrying amount of investment in joint venture		
Group's share of net deficit (26.8%)	(62)	–
Purchase consideration	4 500	–
Carrying amount	4 438	–

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.

Unrecognised losses

The Group has not recognised any cumulative losses in relation to its interest in Karo Holdings.

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12. Other financial assets

	Fair value hierarchy	2018 US\$'000	2017 US\$'000
Non-current assets			
Investments in money markets, current accounts, cash funds and income funds	Level 2	5 012	3 767
Current assets			
Investments in equity instruments	Level 1	40	49
Forward exchange contracts	Level 2	804	–
Option to acquire shares in Salene Chrome Zimbabwe (Private) Limited	Level 3	142	–
		986	49

Investments in money markets, current accounts, cash funds and income funds – fair value through profit or loss

Investment in money market and current accounts totalling US\$3.8 million (2017: US\$2.6 million) is managed by Centriq Insurance Company Limited ('Centriq') (2017: Guardrisk Insurance Company Limited). The investment serves as security for the guarantee issued by Centriq (2017: Guardrisk Insurance Company Limited) to the Department of Mineral Resources ('DMR') for the rehabilitation provision. The guarantee issued by Centriq has a fixed cover period from 1 December 2014 to 30 November 2020.

Investment in cash funds and income funds of US\$1.2 million (2017: US\$1.2 million) managed by Stanlib Collective Investments. The investment is ceded to Lombard Insurance Group ('Lombard') against a ZAR12.0 million (2017: ZAR12.0 million) guarantee issued by Lombard on behalf of Arxo Logistics Proprietary Limited to Transnet Freight Rail, a division of Transnet SOC Limited.

The investments in cash funds and income funds are unsecured and held at fair value through profit or loss (designated). The underlying investments are in money market and other funds and the fair value has been determined by reference to their quoted prices.

Investments in equity instruments – fair value through profit or loss

Investments at fair value through profit or loss are valued based on quoted market prices at the end of the reporting period without any deduction for transaction costs. The investment represents shares in the Bank of Cyprus Public Co Limited.

Forward exchange contracts – fair value through profit or loss

The Group entered into a number of forward exchange contracts to hedge certain aspects of the foreign exchange risk associated to the conversion of the US\$ to the ZAR. The net exposure of these contracts is US\$28.6 million (2017: US\$36.2 million) with various expiries no later than 20 December 2018 (2017: no later than 30 November 2017).

Option to acquire shares in Salene Chrome Zimbabwe (Private) Limited

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 has been awarded three Special Grants under the Zimbabwe Mines and Minerals Act covering an area of approximately 9 500 hectares (95 km²) on the eastern side of the Great Dyke in Zimbabwe, which entitles it to mine the minerals thereon including illuvial chrome, being at surface chrome fines generated from seams as a result of weathering. 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 date of this report, 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 represents the aggregate of the initial exploration programme costs incurred to 30 September 2018.

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13. Deferred tax

	2018 US\$'000	2017 US\$'000
Deferred tax assets	1 880	1 952
Deferred tax liabilities	(29 892)	(23 823)
Net deferred tax liability	(28 012)	(21 871)
Deferred tax assets		
Property, plant and equipment	(35)	(54)
Unrealised foreign currency exchange losses	610	752
Accrued leave	165	164
Share-based payments	1 040	1 073
Other	100	17
	1 880	1 952
Deferred tax liabilities		
Property, plant and equipment	63 212	57 765
Tax losses not utilised	(28 755)	(30 065)
Accrued leave	(3 573)	(1 977)
Share-based payments	(782)	(809)
Other	(210)	(1 091)
	29 892	23 823
Reconciliation of deferred tax liability		
Balance at the beginning of the year	(21 871)	(3 878)
Adoption of IFRS 16 (refer note 3)	7	–
	(21 864)	(3 878)
Temporary differences recognised in profit or loss and equity in relation to:		
Capital allowances on property, plant and equipment	(8 470)	(2 731)
Provisions	440	649
Tax losses	(79)	(17 364)
Other	482	1 145
	(7 627)	(18 301)
Exchange differences	1 479	308
Balance at the end of the year	(28 012)	(21 871)
Amounts recognised in:		
Profit or loss (note 8)	(7 933)	(19 162)
Equity	306	861
	(7 627)	(18 301)

Deferred tax assets and deferred tax liabilities are not offset unless the Group has a legally enforceable right to offset such assets and liabilities.

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13. Deferred tax continued

All of the above amounts have used the currently enacted income taxation rates of the respective tax jurisdictions the Group operates in. South African taxation losses normally expire within 12 months of the respective entities not trading. The deductible temporary timing differences do not expire under current taxation legislation. Deferred tax assets have only been recognised in terms of these items when it is probable that taxable profit will be available in the immediate future against which the respective entities can utilise the benefits therefrom.

The estimates used to assess the recoverability of recognised deferred tax assets include a forecast of the future taxable income and future cash flow projections based on a three-year period. The Group did not have tax losses and temporary differences for which deferred tax was not recognised.

14. Inventories

	2018 US\$'000	2017 US\$'000
Finished products	7 199	6 620
Ore stockpile	1 338	5 807
Consumables	14 623	8 399
	23 160	20 826
Impairment of consumables	(117)	(24)
Total carrying amount	23 043	20 802

Inventories are stated at the lower of cost or net realisable value. The Group impaired certain consumables and spares as the operational use became doubtful with no anticipated recoverable amount or value in use. The impaired consumables are allocated equally to the PGM and chrome operating segments (2017: 35.0% and 65.0% respectively to the PGM and chrome operating segments). There were no write-downs to net realisable value during the year (2017: no write-downs).

15. Trade and other receivables

	2018 US\$'000	2017 US\$'000
Trade receivables	38 645	55 602
PGM receivable	25 355	–
Total trade receivables	64 000	55 602
Other receivables – related parties (note 23)	417	59
Deposits, prepayments and other receivables	1 000	1 081
Accrued income	5 088	3 167
Value added tax receivable ('VAT')	14 577	9 327
Provision for royalty tax	1 120	1 138
	86 202	70 374

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15. Trade and other receivables continued

Trade and other receivables of the Group are expected to be recoverable within one year from each reporting date. Trade receivables' terms vary from 0 to 120 days (2017: 0 to 120 days). No impairment of trade receivables was recognised during the year ended 30 September 2018 (2017: no impairment).

The Group applies a simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and credit rating if available, adjusted as appropriate for current observable data. The following table details the risk profile of trade receivables based on the Group's provision matrix.

	2018 US\$'000	2017 US\$'000
Current	61 674	43 677
Less than 90 days past due but not impaired	2 143	7 540
Greater than 90 days past due but not impaired	183	4 385
	64 000	55 602

Included in VAT is an amount of US\$10.0 million (ZAR141.3 million) (2017: US\$5.9 million (ZAR79.5 million)) that relates to diesel rebates receivable from the South African Revenue Service ('SARS') in respect of the mining operations. The Group received a letter of intent from SARS 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's intent not to pay out this claim. The Group will take the necessary legal action to recover the amount due.

Based on current observable data, available credit quality information of clients and clients' past default experience, management believes that no impairment allowance (2017: no impairment allowance) is required in respect of the trade and other receivables as balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

16. Cash and cash equivalents

	2018 US\$'000	2017 US\$'000
Bank balances	55 433	39 983
Short-term bank deposits	11 358	9 759
	66 791	49 742

The amounts reflected above approximate fair value.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are generally call deposit accounts and earn interest at the respective short-term deposit rates.

At 30 September 2018, an amount of US\$1.6 million (2017: US\$1.6 million) was provided as security for a bank guarantee issued in favour of a trade creditor of a subsidiary of the Group and US\$0.3 million (2017: US\$0.3 million) was provided as security against certain credit facilities of the Group.

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17. Share capital and reserves

Share capital

	30 September 2018		30 September 2017	
	Number of shares	US\$'000	Number of shares	US\$'000
Authorised – ordinary shares of US\$0.001 each				
As at 30 September	10 000 000 000	10 000	10 000 000 000	10 000
Authorised – convertible redeemable preference shares of US\$1 each				
As at 30 September	1 051	1	1 051	1
Issued				
Ordinary shares				
Balance at the beginning of the year	261 000 000	261	256 981 571	257
Issued as part of management share award plans	–	–	2 984 853	3
Issued to treasury shares	4 000 000	4	1 033 576	1
Balance at the end of the year	265 000 000	265	261 000 000	261
Treasury shares				
Balance at the beginning of the year	987 274	1	–	–
Issued	4 000 000	4	1 033 576	1
Transferred as part of management share award plans	(889 703)	(1)	(46 302)	–
Balance at the end of the year	4 097 571	4	987 274	1
Issued and fully paid	260 902 429	261	260 012 726	260

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17. Share capital and reserves continued

Share premium

	30 September 2018		30 September 2017	
	Number of shares	US\$'000	Number of shares	US\$'000
Balance at the beginning of the year	260 012 726	280 082	256 981 571	456 181
Capital reduction	–	–	–	(179 175)
Shares issued	889 703	463	3 031 155	3 076
Balance at the end of the year	260 902 429	280 545	260 012 726	280 082

Share capital

Allotments during the year were in respect of 4 000 000 (2017: 1 033 576) 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. Allotments during the previous year were in respect of the award of 2 984 853 ordinary shares granted in terms of the Share Award Plan (conditional awards) of the participants' of the Tharisa Share Award Plan.

During the year ended 30 September 2018, 889 703 (2017: 46 302) ordinary shares were transferred from treasury shares to satisfy the exercise of appreciation rights by the participants of the Tharisa Share Award Plan.

At 30 September 2018, 4 097 571 (2017: 987 274) ordinary shares were held in treasury.

All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares, other than treasury shares, are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share premium

The share premium represents the excess of the issue price of ordinary shares over their nominal value, to the extent that it is registered at the Registrar of Companies in Cyprus, less share issue costs. The share premium is not distributable for dividend purposes.

During the year ended 30 September 2017, the share premium account was reduced by US\$179.2 million with a corresponding increase in the retained earnings to reduce the accumulated losses to US\$nil. The required Court Order was obtained on 8 March 2017 and filed at the Registrar of Companies on 9 March 2017.

The distribution during the year ended 30 September 2017 of US\$2.6 million (US\$1 cent per share) was approved by way of a special resolution on 1 February 2017. The special resolution was ratified by the Court Order on 8 March 2017.

During the years ended 30 September 2018 and 30 September 2017, the increases in the share premium account related to the issue and allotment of ordinary shares granted in terms of the Share Award Plan.

Other reserve

Other reserve represents the discount between the fair value and the acquisition consideration paid at the time for the Company's 74.0% shareholding in Tharisa Minerals Proprietary Limited. The Company acquired the shares from its non-controlling shareholders and in accordance with the requirements of IAS 1, the gain on bargain purchase was recognised in equity.

Retained earnings

The retained earnings includes the accumulated retained profits or losses of the Group and the share-based payment reserve. Retained earnings are distributable for dividend purposes.

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18. Provisions

Provision for rehabilitation

	2018			2017		
	Restoration US\$'000	Decommissioning US\$'000	Total provision US\$'000	Restoration US\$'000	Decommissioning US\$'000	Total provision US\$'000
Opening balance	3 962	2 961	6 923	2 343	2 264	4 607
Recognised in profit or loss	1 693	–	1 693	1 340	–	1 340
Capitalised to mining assets and infrastructure	–	3 922	3 922	–	451	451
Business combination (note 21)	76	57	133	–	–	–
Unwinding of discount	529	212	741	269	225	494
Exchange differences	(339)	(439)	(778)	10	21	31
Closing balance	5 921	6 713	12 634	3 962	2 961	6 923

The Group has a legal obligation to rehabilitate the mining area, once the mining operations cease. The provision has been calculated based on total estimated rehabilitation costs, discounted back to their present values. The pre-tax discount rates are adjusted annually and reflect current market assessments. These costs are expected to be utilised mostly towards the end of the life of mine and associated infrastructure, which is currently estimated to be within 15 years. The provision is determined using commercial closure cost assessments and not the inflation adjusted Department of Mineral Resources published rates as were used during 2017.

The table below illustrates the movement in the provision as a result of mining operations, changes in variables and adopting commercial rates in comparison to the previously used Department of Mineral Resources rates.

	Opening balance US\$'000	Mining operations US\$'000	Changes in variables US\$'000	Commercial rates US\$'000	Exchange differences US\$'000	Closing balance US\$'000
30 September 2018						
Provision for restoration	3 962	1 839	882	(423)	(339)	5 921
Provision for decommissioning	2 961	(597)	368	4 420	(439)	6 713
	6 923	1 242	1 250	3 997	(778)	12 634

The current estimated rehabilitation cost to be incurred mostly at the end of the life of mine taking escalation factors into account is US\$21.8 million (2017: US\$13.7 million). The estimate was calculated by an independent external expert.

In determining the amounts attributable to the rehabilitation provisions at 30 September 2018, management used a discount rate of 9.4% (2017: 8.6%) which represents the rate associated to a 10-year and longer daily average yield based on South African government bonds (2017: R186 government bond of South Africa), estimated rehabilitation timing of 15 years (2017: 18 years) and an inflation rate of 6.3% (2017: 4.5%).

An insurance company has provided a guarantee to the Department of Mineral Resources to satisfy the legal requirements with respect to environmental rehabilitation and the Group has pledged as collateral its investments in interest-bearing debt instruments to the insurance company to support this guarantee.

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19. Borrowings

	2018 US\$'000	2017 US\$'000
Non-current		
Facilities	13 711	–
Equipment loan facility	1 931	–
Finance leases	7 505	1 497
Loan	4 134	–
Secured bank borrowings	–	2 878
	27 281	4 375
Current		
Facilities	9 104	–
Equipment loan facility	5 564	–
Finance leases	4 299	847
Loan	1 928	–
Bank credit facilities	29 243	29 072
Secured bank borrowings	–	14 876
Guardrisk loan	–	231
	50 138	45 026

Facilities

Effective 28 March 2018, the Group concluded the ZAR800 million facilities which comprises:

- a three-year senior secured amortising term loan of ZAR400 million ('term loan')
- a three-year secured committed revolving facility of ZAR300 million ('revolving facility')
- an overdraft facility of ZAR100 million ('overdraft').

The financing was obtained by Tharisa Minerals Proprietary Limited and guaranteed by the Company.

The term loan bears interest at the three-month JIBAR plus 320 basis points nominal annual compounded quarterly and is repayable in 12 equal consecutive quarterly instalments commencing on 30 June 2018. The revolving facility is available for three years and bears interest at the one-month JIBAR plus 340 basis points nominal annual compounded quarterly and is repayable in full at least once every 12 months. Interest is payable monthly in arrears. The overdraft facility is available for one year and bears interest at the South African prime rate payable monthly in arrears.

The facilities contains the following financial covenants for Tharisa Minerals Proprietary Limited:

- Debt to equity ratio of less than 0.67 times
- Net debt to EBITDA of less than 2.0 times
- EBITDA to interest of greater than 4.0 times.

At 30 September 2018, Tharisa Minerals Proprietary Limited complied with all financial covenants.

The term loan was utilised, *inter alia*, to settle the secured bank borrowings at 29 March 2018 and in part to settle the bridge loan at 31 March 2018. The unutilised facilities at 30 September 2018 amounted to ZAR400 million.

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19. Borrowings continued

Equipment loan facility

Tharisa Minerals Proprietary Limited entered into an equipment loan facility of US\$25 million with Caterpillar Financial Services Corporation for the funding of certain Caterpillar mining equipment. The funding was partially utilised for the purchase of existing mining equipment acquired from MCC Contracts Proprietary Limited as well as replacement parts and new mining equipment. The loan is structured in three tranches and repayment of each tranche varies between 24 and 48 equal monthly instalments, payable in arrears. Interest is calculated on the three month US\$ LIBOR plus between 350 and 400 basis points.

The equipment loan facility is secured by a first notarial bond over the equipment and is guaranteed by the Company.

The equipment loan facility contains the following Group financial covenants:

- Net debt to tangible net worth not higher than 1.4 times
- Net debt to EBITDA lower than 2.0 times
- EBITDA to interest greater than 4.0 times.

At 30 September 2018, the Group complied with all financial covenants.

Finance leases

The Group entered into a number of lease arrangements for the renting of office buildings, premises, computer equipment, vehicles and mining fleet. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of vehicles that have a lease term of 12 months or less and leases of low-value assets such as computer equipment.

Lease expenses of US\$0.2 million (2017: US\$nil) and US\$0.1 million (2017: US\$0.7 million) were included in cost of sales and administrative expenses respectively for the year ended 30 September 2018.

The duration of leases relating to buildings and premises are for a period of five years, payments are due at the beginning of the month escalating annually on average by 8.0%. At 30 September 2018, the remaining term of these leases vary between four and four and a half years. These leases are secured by cash deposits varying from one to three times the monthly lease payments.

The duration of leases relating to the mining fleet are for periods between 14 and 36 months and bear interest at interest rates between the South African prime interest rate and the South African prime interest rate plus 300 basis points. The leases are secured by the mining fleet leased.

	2018 US\$'000	2017 US\$'000
Minimum lease payments due:		
Within one year	5 284	1 046
Two to five years	8 930	1 620
	14 214	2 666
Less: Future finance charges	(2 410)	(322)
Present value of minimum lease payments due	11 804	2 344
Present value of minimum lease payments due:		
Within one year	4 293	847
Two to five years	7 511	1 497
	11 804	2 344

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19. Borrowings continued

Loan

A subsidiary of the Company, Arxo Metals Proprietary Limited, entered into a loan agreement with Rand York Minerals Proprietary Limited for the advance of ZAR90 million. The loan is repayable in 36 equal monthly instalments that commenced on 31 August 2018. The loan is unsecured and interest is calculated at the South African prime rate plus 100 basis points.

Bank credit facilities

The bank credit facilities relate to the discounting of the letters of credit by the Group's banks following performance of the letter of credit conditions by the Group, which results in funds being received in advance of the normal payment date. Interest on these facilities at the reporting date was US LIBOR plus 1.6% (2017: US LIBOR plus 1.6%) pa.

Secured bank borrowings

Effective 29 March 2018, the secured bank borrowings of ZAR1 billion obtained from a consortium of banks was prepaid and settled in full. The financing was obtained by Tharisa Minerals Proprietary Limited, a subsidiary of the Group, and was for a period of seven years repayable in 22 equal quarterly instalments with the first repayment date at 31 December 2013. The Group was required to maintain funds in a debt service reserve account, which was consequently released.

Guardrisk loan

The loan payable at 30 September 2017 was settled in full during the year ended 30 September 2018.

Bridge loan

During the year ended 30 September 2018, Tharisa Minerals Proprietary Limited concluded a bridge loan of ZAR250 million from Absa Bank Limited. The bridge loan part funded the acquisition of mining fleet and equipment of MCC Contracts Proprietary Limited (refer to note 21). The bridge loan was repayable by 31 March 2018 and carried interest at JIBAR plus 325 basis points. The bridge loan was repaid in full on 29 March 2018.

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19. Borrowings continued

	Facilities US\$'000	Equipment loan facility US\$'000	Finance leases US\$'000	Bank credit facilities US\$'000
Balance 30 September 2017	–	–	2 344	29 072
Adoption of IFRS 16 (refer note 3)	–	–	1 205	–
Balance at 1 October 2017	–	–	3 549	29 072
Changes from financing cash flows				
Advances: bank credit facilities	–	–	–	192 834
Repayment: bank credit facilities	–	–	–	(192 720)
Net repayment of bank credit facilities	–	–	–	114
Advances received	29 523	12 694	–	–
Repayment of borrowings	(5 099)	(5 295)	–	–
Lease payments	–	–	(6 463)	–
Repayment of interest	(1 464)	(528)	–	(395)
Changes from financing cash flows	22 960	6 871	(6 463)	(281)
Foreign currency translation differences	(1 865)	(612)	(982)	–
Liability-related changes				
Lease agreements entered into	–	–	7 656	–
Business combination (note 21)	–	–	7 003	–
Interest expense	1 720	708	1 086	452
Revaluation of foreign denominated loan	–	528	(45)	–
Total liability-related changes	1 720	1 236	15 700	452
Balance at 30 September 2018	22 815	7 495	11 804	29 243
Non-current borrowings	13 711	1 931	7 505	–
Current borrowings	9 104	5 564	4 299	29 243
Total borrowings	22 815	7 495	11 804	29 243

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Loan US\$'000	Secured bank borrowings US\$'000	Guardrisk loan US\$'000	Bridge loan US\$'000	Total borrowings US\$'000
–	17 754	231	–	49 401
–	–	–	–	1 205
–	17 754	231	–	50 606
–	–	–	–	192 834
–	–	–	–	(192 720)
–	–	–	–	114
6 883	–	–	19 120	68 220
(326)	(18 424)	(239)	(19 120)	(48 503)
–	–	–	–	(6 463)
(62)	(1 088)	(7)	(889)	(4 433)
6 495	(19 512)	(246)	(889)	(8 935)
(495)	661	8	–	(3 285)
–	–	–	–	7 656
–	–	–	–	7 003
62	1 097	7	889	6 021
–	–	–	–	483
62	1 097	7	889	21 163
6 062	–	–	–	77 419
4 134	–	–	–	27 281
1 928	–	–	–	50 138
6 062	–	–	–	77 419

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20. Trade and other payables

	2018 US\$'000	2017 US\$'000
Trade payables	18 363	14 958
Accrued expenses	8 314	9 922
Interest-bearing – accrued dividends	–	4 750
Leave pay accrual	3 738	1 932
Value added tax payable	794	192
Other payables – related parties (note 23)	2 175	123
Operating lease payable	–	18
Other payables	19	21
	33 403	31 916

The amounts above are payable within one year from the reporting period.

21. Business combination

Effective 1 October 2017, the acquisition of mining equipment, spares and consumables from MCC Contracts Proprietary Limited ('MCC'), the previous mining contractor of Tharisa Minerals Proprietary Limited, became unconditional. The transaction included the transfer of the employment of 876 personnel of MCC. In addition, Tharisa Minerals Proprietary Limited took cession and assignment of certain leases entered into by MCC.

The fair value of plant and equipment and inventories acquired was determined by an external independent valuator. The carrying values of trade and other receivables acquired and liabilities assumed were equal to their fair values on date of acquisition. The bargain purchase gain arose due to differences in the carrying values and fair values of plant and equipment.

The total cash consideration paid for the acquisition was ZAR279.5 million. No deferred consideration or contingent consideration exists.

The purchase consideration was funded by a bridge loan from Absa Bank Limited and an original equipment manufacturer finance facility from Caterpillar Financial Services Corporation (refer to note 19).

The fair values of the identifiable assets and liabilities of MCC as at the date of acquisition were:

	Fair value recognised on acquisition US\$'000
Assets	
Property, plant and equipment (note 10)	29 879
Inventories	1 051
Trade and other receivables	150
	31 080
Liabilities	
Borrowings (note 19)	(7 003)
Provisions (note 18)	(133)
Trade and other payables	(220)
	(7 356)
Total identifiable net assets at fair value	23 724
Bargain purchase arising on acquisition	(1 884)
Purchase consideration transferred	21 840
Net cash flow on acquisition	21 840

Transaction costs of US\$0.1 million relating to the acquisition were included in administrative expenses during the year ended 30 September 2018.

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22. Financial risk management

	Fair value level	2018 US\$'000	2017 US\$'000
30 September 2018			
Financial assets measured at fair value			
Investments in equity instruments	Level 1	40	49
Forward exchange contracts	Level 2	804	–
Investments in money markets, current accounts, cash funds and income funds	Level 2	5 012	3 767
Option to acquire shares in Salene Chrome Zimbabwe (Private) Limited	Level 3	142	–
Trade and other receivables measured at fair value			
PGM receivable	Level 2	25 355	17 254
Financial liabilities measured at fair value			
Discount facility	Level 2	1 000	449
Forward exchange contracts	Level 2	–	150
Financial assets at amortised cost			
Long-term deposits		–	4 505
Trade and other receivables		38 645	55 602
Contract assets		2 229	–
Cash and cash equivalents		66 791	49 742
Financial liabilities at amortised cost			
Borrowings		77 419	49 401
Contract liabilities		2 229	–
Trade and other payables		18 363	19 708

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

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 on observable market data.

Level 3 – fair values measured using valuation methodologies in which any significant inputs are not based on observable market data.

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23. 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 the year-end are unsecured and settlement occurs in cash. All intergroup transactions have been eliminated on consolidation.

	2018 US\$'000	2017 US\$'000
Transactions and balances with related parties:		
Trade and other receivables (note 15)		
The Tharisa Community Trust	1	5
Rocasize Proprietary Limited	71	54
Karo Mining Holdings Limited	20	–
Karo Zimbabwe Holdings (Private) Limited	254	–
Karo Platinum (Private) Limited	40	–
Salene Chrome Zimbabwe (Private) Limited	12	–
Salene Technologies Proprietary Limited	4	–
Salene Mining Proprietary Limited	15	–
	417	59
Trade and other payables (note 20)		
The Leto Settlement	2 000	–
Rocasize Proprietary Limited	31	–
	2 031	–
Amount due to directors		
A Djakouris	22	21
JD Salter	31	30
OM Kamal	16	16
C Bell	25	26
R Davey	20	19
J Ka Ki Chen	11	11
ZL Hong	19	–
	144	123
Total other payables	2 175	123
Interest-bearing – accrued dividends to related parties		
Arti Trust	–	2 486
Ditodi Trust	–	214
Makhaye Trust	–	214
The Phax Trust	–	425
The Rowad Trust	–	213
MJ Jacquet-Briner	–	213
	–	3 765
Acquisition of 26.8% of Karo Mining Holdings Limited from:		
The Leto Settlement	4 500	–

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23. Related-party transactions and balances continued

Transactions and balances with related parties continued

	2018 US\$'000	2017 US\$'000
Cost of sales		
Rocasize Proprietary Limited	234	–
Consulting fees received		
Rocasize Proprietary Limited	32	–
Karo Zimbabwe Holdings (Private) Limited	128	–
Consulting fees paid		
Rocasize Proprietary Limited	234	–
Salene Mining Proprietary Limited	17	–
Interest expense		
Langa Trust	–	3
Arti Trust	514	262
Ditodi Trust	47	27
Makhaye Trust	47	27
The Phax Trust	93	53
The Rowad Trust	47	27
MJ Jacquet-Briner	47	27
	795	426

Compensation to key management

	Salary and fees US\$'000	Expense allowances US\$'000	Share-based payments US\$'000	Provident fund and risk benefits US\$'000	Bonus US\$'000	Total US\$'000
2018						
Non-executive directors	612	–	–	–	–	612
Executives directors	1 361	9	760	83	700	2 913
Other key management	932	31	1 222	107	420	2 712
	2 905	40	1 982	190	1 120	6 237
2017						
Non-executive directors	536	–	–	–	–	536
Executives directors	1 333	9	821	73	143	2 379
Other key management	865	27	518	95	117	1 622
	2 734	36	1 339	168	260	4 537

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23. Related-party transactions and balances continued

Awards to the key management in the period under review are as follows:

	Opening balance	Allocated	Vested*	Forfeited	Total
2018 ordinary shares					
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
2017 ordinary shares					
LTIP – executive directors	1 723 522	842 682	(757 888)	–	1 808 316
LTIP – key management	1 115 106	564 792	(477 745)	–	1 202 153

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

	Opening balance	Allocated	Vested	Forfeited	Total
2018 ordinary shares					
SARs – executive directors	1 362 327	697 206	(940 986)	–	1 118 547
SARs – key management	924 136	483 348	(641 740)	–	765 744
2017 ordinary shares					
SARs – executive directors	1 243 870	842 682	(724 225)	–	1 362 327
SARs – key management	885 344	564 792	(526 000)	–	924 136

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.

Langa Trust, 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 Jaquet-Briner

MJ Jaquet-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 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 and Karo Platinum (Private) Limited

The Company owns 26.8% of the issued share capital of Karo Mining Holdings Limited. Karo Mining Holdings Limited owns 100% of the issued share capital of Karo Zimbabwe Holdings (Private) Limited and Karo Platinum (Private) Limited.

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24. Contingent liabilities

As at 30 September 2018, there is no litigation (2017: no litigation), current or pending, which is considered likely to have a material adverse effect on the Group.

25. Capital commitments and guarantees

	2018 US\$'000	2017 US\$'000
Capital commitments		
Authorised and contracted	4 929	6 455
Authorised and not contracted	1 091	25
	6 020	6 480

The above commitments are with respect to property, plant and equipment and are outstanding at the respective reporting period. All contracted amounts will be funded through existing funding mechanisms within the Group and cash generated from operations. Balances denominated in currencies other than the US\$ were converted at the closing rates of exchange ruling at 30 September 2018.

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

The Company issued a guarantee to Absa Bank Limited and Nedbank Limited amounting to ZAR800 million for the facilities entered into with Tharisa Minerals Proprietary Limited.

Tharisa Minerals Proprietary Limited entered into an equipment loan facility of US\$25.0 million with Caterpillar Financial Services Corporation. The equipment loan facility is secured by a first notarial bond over the equipment and is guaranteed by the Company.

The Company issued a guarantee to Absa Bank Limited which guarantees the payment of certain liabilities of Arxo Logistics Proprietary Limited to Transnet totalling ZAR19.4 million (2017: ZAR19.4 million).

The Company guarantees performance of payment due from time to time between a third-party supplier and Tharisa Minerals Proprietary Limited for the supply and sale of mining materials.

The Company issued guarantees limited to US\$12.5 million (2017: US\$12.5 million) and US\$20.0 million (2017: no guarantee) as securities for trade finance facilities provided by two banks to Arxo Resources Limited.

A guarantee was issued to Lombard Insurance Company Limited which guarantees the payment of certain liabilities of Arxo Logistics Proprietary Limited to Transnet totalling ZAR12.0 million (2017: ZAR12.0 million).

The Company and Arxo Metals Proprietary Limited jointly indemnify a third party for any claims which may result from negligence or breach in terms of the plant operating agreement between Arxo Metals Proprietary Limited and the third party.

The Company holds an indirect 100% equity interest in Tharisa Fujian Industrial Co., Limited, the registered capital of which is US\$10.0 million. Up to 30 September 2018, US\$6.5 million has been paid up. The remaining US\$3.5 million needs to be paid up by 14 February 2021.

26. Events after the reporting period

On 26 November 2018, the Board has proposed a final dividend of US\$ 2 cents per share, subject to the necessary shareholder approval at the Annual General Meeting.

The Board of Directors are not aware of any matter or circumstance arising since the end of the financial year that will impact these financial results.

27. Dividends and capital distribution

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

During the year ended 30 September 2018, an interim dividend of US\$ 2 cents per share was declared and paid. On 26 November 2018, the Board has proposed a final dividend of US\$ 2 cents per share with respect to the year ended 30 September 2018. The proposed dividend is subject to shareholder approval at the Annual General Meeting.

A capital distribution of US\$2.6 million (US\$ 1 cent per share) was declared as a reduction of share premium during the year ended 30 September 2017.

INVESTOR RELATIONS REPORT

Share information

Tharisa plc is listed on the Johannesburg Stock Exchange and the London Stock Exchange

Company	Tharisa plc
JSE share code	THA
LSE share code	THS
Sector	General mining
Issued share capital as at 30 September 2018	265 000 000
Issued share capital (excluding treasury shares) as at 30 September 2018	260 902 429

	JSE	LSE
Market capitalisation as at 30 September 2018	ZAR4.6 billion	GBP249.1 million
Closing share price as at 30 September 2018	ZAR17.50	94.00p
12-month high	ZAR23.40	142.50p
12-month low	ZAR16.00	87.00p

Shareholder analysis

Analysis of shareholders as at 30 September 2018

Analysis of ordinary shareholders	Number of shareholders	Number of shares	Percentage of issued share capital	Percentage of voting rights
Holding 1 to 10 000 shares	748	420 464	0.16	0.16
Holding 10 001 to 100 000 shares	94	3 074 582	1.16	1.18
Holding 100 001 to 1 000 000 shares	41	11 316 140	4.27	4.34
Holding 1 000 001 to 5 000 000 shares	11	25 520 281	9.63	9.78
Holding 5 000 001 to 100 000 000 shares	8	108 943 956	41.11	41.76
Holding > 100 000 000 shares	1	111 627 006	42.12	42.78
Treasury shares	–	4 097 571	1.55	–
Total	903	265 000 000	100.00	100.00

Major shareholders	Number of shares	Percentage of issued share capital	Percentage of voting rights
Shareholders holding 10% or more			
Medway Developments Limited	111 627 006	42.12	42.78
Rance Holdings Limited	40 548 241	15.30	15.54
Shareholders holding 5% or more			
Fujian Wuhang Stainless Steel Co., Limited	19 419 920	7.33	7.44
Maiden Invest Limited	14 985 577	5.65	5.74

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Public and non-public shareholders	Number of shareholders	Number of shares	Percentage of issued share capital	Percentage of voting rights
Public	886	100 553 040	37.94	38.54
Non-public				
Directors and associates of the Company and its subsidiaries	15	8 174 142	3.08	3.13
Persons interested (other than directors), directly or indirectly, in 10% or more	2	152 175 247	57.42	58.33
Total	903	260 902 429	98.45	100.00

Disclosure of directors' interests in the Company's share capital

The aggregate direct and indirect interests of the directors in the issued share capital of the Company are as follows:

Director	2018				2017			
	Beneficial		Non-beneficial		Beneficial		Non-beneficial	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
Loucas Pouroulis	272 952	–	–	10 000	272 952	–	–	10 000
Phoevos Pouroulis	240 871	6 918 432	–	–	240 871	6 918 132	–	–
Michael Jones	207 397	–	–	–	207 397	–	–	–
David Salter	–	–	–	–	–	–	–	–
Antonios Djakouris	43 250	–	–	–	43 250	–	–	–
Omar Kamal	–	–	–	–	–	–	–	–
Carol Bell	31 250	–	–	–	31 250	–	–	–
Roger Davey	–	–	–	–	–	–	–	–
Joanna Cheng	–	–	–	–	–	–	–	–
Zhong Liang Hong	–	–	–	–	–	–	–	–
Total	795 720	6 918 432	–	10 000	795 720	6 918 432	–	10 000

There have been no changes in directors' interests in the share capital between 30 September 2018 and the date of issue of this Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

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')

Notice is hereby given that the annual general meeting ('AGM') of shareholders of Tharisa will be held at 2nd Floor, The Crossing, 372 Main Road, Bryanston, South Africa on Wednesday, 23 January 2019 at 10:00 SA time (UTC +2) to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions as set out in this notice of AGM and to deal with such other business as may be dealt with at the AGM.

This notice of AGM, the Annual Report containing the condensed, consolidated financial statements and the audited annual financial statements together with all relevant reports, are available on the Company's website www.tharisa.com and available for inspection at the registered office of the Company.

Under the Companies Law, a member has the right to request an item to be included in the agenda for an annual general meeting, as well as to request that a specific resolution be tabled and resolved upon, provided that such request is accompanied by an adequate explanation and justification for its inclusion which the Company deems to be reasonable and within the best interests of the Company and its stakeholders as a whole and provided further that such member, or members acting collectively, hold in aggregate 5% of the ordinary share capital of the Company and that such request is received by the Company in writing or electronically, at least 42 days before the scheduled date of the AGM.

IDENTIFICATION

Shareholders are advised that any person attending or participating in an AGM of shareholders must present reasonably satisfactory identification before being entitled to participate in and vote at the AGM and the person presiding at the AGM must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or proxy for a shareholder) has been reasonably verified.

Forms of identification that will be accepted include original and valid identity documents, driver's licences or passports.

IMPORTANT DATES

Record date to receive notice of the AGM	Friday, 7 December 2018
Last day to trade to be eligible to vote	Tuesday, 15 January 2019
Record date to be eligible to vote at the AGM	Friday, 18 January 2019
Last day for lodging forms of instruction (by 08:00 UK time)	Friday, 18 January 2019
Last day for lodging forms of proxy (by 10:00 SA time)	Monday, 21 January 2019
Annual general meeting (10:00 SA time (UTC +2))	Wednesday, 23 January 2019

Accordingly, the date on which a person must be registered as a shareholder in the register of the Company to be entitled to attend and vote at the AGM will be Friday, 18 January 2019.

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RESOLUTIONS FOR CONSIDERATION AND ADOPTION

Ordinary business

1. Ordinary resolution number 1

Adoption of the annual financial statements

To receive the audited annual financial statements for the year ended 30 September 2018, including the management report and the report of the independent auditor, such annual financial statements having been approved by the Board on 26 November 2018.

Additional information in respect of ordinary resolution number 1

The condensed consolidated financial statements for the year ended 30 September 2018 are included in the Annual Report of which this notice of AGM forms part. The complete audited annual financial statements, together with the relevant reports for the year ended 30 September 2018, are available on the Company's website, www.tharisa.com. Copies of the audited financial statements, management report and report of the auditor are also available for collection at the registered office of the Company, and available for dispatch at the request of shareholders, free of charge and either in printed copy or in electronic (email) format, by contacting the Joint Company Secretaries at secretarial@tharisa.com.

This resolution is non-binding, therefore no minimum voting threshold is required for ordinary resolution number 1.

2. Ordinary resolution number 2

Reappointment of external auditor

"RESOLVED THAT Ernst & Young Cyprus Limited, with Stavros Pantzaris being the designated registered auditor, be reappointed as the independent external auditor of the Company and of the Group for the financial year ending 30 September 2019, to hold office until conclusion of the next AGM of the Company, and that the remuneration for the financial year ending 30 September 2019 be determined by the Audit Committee."

Additional information in respect of ordinary resolution number 2

In accordance with clause 195 of the Company's Articles of Association and sections 153 to 155 of the Companies Law, Ernst & Young Cyprus Limited is proposed to be reappointed as the external auditor of the Company, until the conclusion of the next AGM. The Audit Committee conducted an assessment of the performance and the independence of the external auditor and compliance with the JSE Listings Requirements and recommends the reappointment as independent auditor of the Company and the Group.

The percentage of voting rights required for ordinary resolution number 2 to be adopted is more than 50% in favour, of the voting rights exercised on this resolution by all shareholders present or represented by proxy and entitled to vote at the AGM.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

3. Ordinary resolution number 3 (comprising ordinary resolutions numbers 3.1, 3.2 and 3.3)

Election of directors appointed by the Board

3.1 "RESOLVED THAT Zhong Liang Hong, who retires in accordance with the Company's Articles of Association and who, being eligible, offers himself for election, be elected as a director of the Company."

Re-election of directors retiring by rotation

3.2 "RESOLVED THAT David Salter, who retires in accordance with the Company's Articles of Association and who, being eligible, offers himself for re-election, be re-elected as a director of the Company."

3.3 "RESOLVED THAT Antonios Djakouris, who retires in accordance with the Company's Articles of Association and who, being eligible, offers himself for re-election, be re-elected as a director of the Company."

Additional information in respect of ordinary resolutions numbers 3.1, 3.2 and 3.3

In terms of clause 110 of the Company's Articles of Association, one-third of the non-executive directors of the Company for the time being are required to retire from office at each AGM. The directors of the Company to retire in every year shall be those who have been longest serving since their last election. A retiring director shall be eligible for re-election.

In terms of clause 156 of the Company's Articles of Association, the Board has the power to appoint any person as an additional director to the Board, provided that a director so appointed shall hold office only until the next AGM of the Company and shall then be eligible for election. Zhong Liang Hong was appointed by the Board as an additional director on 1 April 2018, and is accordingly required to retire. Being eligible, he is offering himself for election.

A brief curriculum vitae in respect of the directors referred to in ordinary resolutions numbers 3.1, 3.2 and 3.3 above appears on pages 66 and 67 of the Annual Report of which this notice of AGM forms part and the Board recommends to shareholders the election and re-election of the retiring directors as set out in ordinary resolutions numbers 3.1, 3.2 and 3.3.

The percentage of voting rights required for ordinary resolutions numbers 3.1, 3.2 and 3.3 to be adopted is more than 50% in favour, of the voting rights exercised on such resolution by all shareholders present or represented by proxy and entitled to vote at the AGM.

Special business

4. Ordinary resolution number 4

General authority to directors to allot and issue ordinary shares

"RESOLVED THAT the authorised but unissued shares in the capital of the Company, limited to 26 500 000 (twenty-six million five hundred thousand) ordinary shares, being 10% of the number of listed equity securities in issue at the date of this notice, being 265 000 000 (two hundred and sixty-five million) ordinary shares (for which purposes any shares approved to be allotted and issued by the Company in terms of the Share Award Plan for the benefit of employees shall be excluded), be and are hereby placed under the control and authority of the directors and that they be and are hereby authorised to allot, issue and grant options over and otherwise dispose of such shares to such persons on such terms and conditions and at such times as they may from time to time and at their discretion deem fit, subject to the provisions of the Companies Law, as may be amended from time to time, the Company's Articles of Association, the JSE Listings Requirements and the LSE Listing Rules and Disclosure and Transparency Rules which may apply to the Company. Such authority shall be valid until the conclusion of the next AGM of the Company."

Additional information in respect of ordinary resolution number 4

The Board may only allot and issue shares or grant rights over shares if authorised to do so by the shareholders. This resolution seeks authority for the Board to allot, issue and deal in shares up to a maximum of 10% of the Company's issued share capital.

The percentage of votes required for ordinary resolution number 4 to be adopted is more than 50%, in favour, of the voting rights exercised on such resolution by all shareholders present or represented by proxy and entitled to vote at the AGM.

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5. Ordinary resolution number 5

Dis-application of pre-emption rights

"RESOLVED THAT, subject to the JSE Listings Requirements, the Board be and is hereby authorised to dis-apply the pre-emption rights, with respect to the authority conferred on the Board to issue and allot ordinary shares, up to a maximum of 10% of the Company's issued share capital. This authority will expire at the conclusion of the Company's next AGM."

Additional information in respect of ordinary resolution number 5

In terms of section 60B of the Companies Law, if the Board wishes to allot any unissued shares, grant rights over shares or sell treasury shares for cash (other than pursuant to an employee share scheme) it must first offer them to existing shareholders in proportion to their holdings. There may be circumstances, however, where the Board requires the flexibility to finance business opportunities through the issue or sale of shares or related securities without a pre-emptive offer to existing shareholders. This can only be done under the Companies Law if the shareholders have first waived their pre-emption rights. This resolution seeks authority for the Board to dis-apply pre-emption rights for shares up to a maximum of 10% of the Company's issued share capital. If granted, this authority will expire at the conclusion of the Company's next AGM.

The percentage of votes required for ordinary resolution number 5 to be adopted is more than 50%, in favour, of the voting rights exercised on such resolution by all shareholders present or represented by proxy and entitled to vote at the AGM.

6. Ordinary resolution number 6

General authority to issue shares for cash

"RESOLVED THAT, subject to ordinary resolutions numbers 4 and 5 being passed, the Board be authorised, by way of a general authority, to allot and issue shares (and/or any options or convertible securities) for cash to such persons on such terms and conditions as the Board may from time to time in its discretion deem fit, subject to the provisions of the Company's Articles of Association, the Companies Law, as may be amended from time to time, the JSE Listings Requirements and the LSE Listing Rules and Disclosure and Transparency Rules which may apply to the Company, and subject to the following limitations, namely that:

- (i) The equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue.
- (ii) Any such issue will only be made to "public shareholders" as defined in the JSE Listings Requirements and not to related parties, unless the JSE otherwise agrees.
- (iii) In respect of securities which are the subject of the general issue of shares for cash, such issue may not exceed 13 250 000 (thirteen million two hundred and fifty thousand) ordinary shares, representing 5% of the number of listed equity securities in issue as at the date of this notice, being 265 000 000 (two hundred and sixty-five million) ordinary shares, provided that:
 - any equity securities issued under this authority during the period must be deducted from the number above
 - in the event of a subdivision or consolidation of issued equity securities during the period contemplated above, the existing authority must be adjusted accordingly to represent the same allocation ratio
 - the calculation of the listed equity securities is a factual assessment of the listed equity securities as at the date of the notice of AGM, excluding treasury shares.
- (iv) This authority shall be valid until the Company's next AGM.
- (v) A SENS announcement giving full details of the issue will be published at the time of any issue representing, on a cumulative basis within the period of this authority, 5% or more of the number of ordinary shares in issue prior to the issue concerned.
- (vi) The maximum discount permitted at which equity securities may be issued is 10% of the weighted average traded price on the JSE of those shares measured over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities. The JSE should be consulted for a ruling if the Company's securities have not traded in such 30 business day period."

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Additional information in respect of ordinary resolution number 6

In accordance with the Company's Articles of Association, and the JSE Listings Requirements, the shareholders of the Company have to approve a general issue of shares for cash. The existing authority granted by the shareholders of the Company at the previous AGM held on 10 January 2018 expires at the AGM to be held on 23 January 2019, unless renewed. This authority will be subject to the Company's Articles of Association, the Companies Law and the JSE Listings Requirements. The Board considers it advantageous to renew this authority to enable the Company to take advantage of any business opportunity that may arise in the future.

This ordinary resolution number 6 is required, under the JSE Listings Requirements, to be passed by achieving a 75% majority of the voting rights exercised on this resolution by all shareholders present or represented by proxy and entitled to vote at the AGM.

7. Ordinary resolution number 7 (comprising ordinary resolutions numbers 7.1 and 7.2)

7.1 Approval of remuneration policy

"RESOLVED THAT the Group remuneration policy, as described in the Remuneration Report on pages 88 to 93 of the Annual Report of which this notice of AGM forms part, be approved by way of a non-binding advisory vote, as recommended in King IV."

Additional information in respect of ordinary resolution number 7.1

In terms of King IV recommendations and the JSE Listings Requirements, the Company's remuneration policy should be tabled for a non-binding advisory vote at every AGM.

The purpose of the non-binding advisory vote is to enable shareholders of the Company to express their views on the Group's remuneration policies. Accordingly, the shareholders of the Company are requested to endorse the Company's remuneration policy as recommended by King IV.

This resolution is non-binding, therefore no minimum voting threshold is required for ordinary resolution number 7.1.

7.2 Approval of Remuneration Implementation Report

"RESOLVED THAT the Group Remuneration Implementation Report, as described in the Remuneration Report on pages 88 to 93 of the Annual Report of which this notice of AGM forms part, be approved by way of a non-binding advisory vote."

Additional information in respect of ordinary resolution number 7.2

In terms of King IV recommendations and the JSE Listings Requirements, the Company's Remuneration Implementation Report should be tabled for a non-binding advisory vote at every AGM.

The purpose of the non-binding advisory vote is to enable shareholders of the Company to express their views on the Group's implementation of the remuneration policy. Accordingly, the shareholders of the Company are requested to endorse the Company's Remuneration Implementation Report.

This resolution is non-binding, therefore no minimum voting threshold is required for ordinary resolution number 7.2.

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8. Special resolution number 1

General authority to repurchase shares

"RESOLVED THAT the Company, and any of its subsidiaries, be authorised, by way of a general authority, in terms of the provisions of the JSE Listings Requirements, the Companies Law and as permitted by the Company's Articles of Association, to acquire, as a general repurchase, the issued ordinary shares of the Company, upon such terms and conditions and in such manner as the Board may from time to time determine, but subject to the applicable requirements of the Company's Articles of Association, the provisions of the Companies Law, the JSE Listings Requirements and the LSE Listing Rules and Disclosure and Transparency Rules, where applicable, and provided that:

- (i) The maximum number of ordinary shares to be acquired shall not exceed 10% of the Company's ordinary shares in issue at the date on which this special resolution number 1 is passed.
- (ii) The repurchase of shares will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited).
- (iii) The Company has been given authority to repurchase its shares by its Articles of Association.
- (iv) This general authority shall only be valid until the Company's next AGM, provided that it shall not extend beyond 12 months from the date of passing of this special resolution number 1.
- (v) In determining the price at which the Company's ordinary shares are acquired by the Company in terms of this general authority, the maximum premium at which such ordinary shares may be acquired shall not exceed the higher of:
 - 5% of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the five business days immediately preceding the date of the repurchase of such ordinary shares by the Company
 - the price quoted for the last independent trade of, or the highest current independent bid for any number of shares on the JSE where the purchase is carried out.
- (vi) At any point in time, the Company may only appoint one agent to effect any repurchases on the Company's behalf.
- (vii) A resolution has been passed by the Board confirming that the Board has authorised the repurchase and that the Company satisfied the net assets test contemplated under section 169A of the Companies Law.
- (viii) The Company may not repurchase ordinary shares during a prohibited period, as defined in the JSE Listings Requirements or any applicable EU Market Abuse Regulations, unless the Company has a repurchase programme in place where the dates and quantities of the ordinary shares to be traded during the relevant period are fixed and not subject to any variation and full details of the programme have been disclosed to the JSE in writing prior to the commencement of the prohibited period.
- (ix) A SENS announcement will be published giving such details as may be required in terms of the JSE Listings Requirements as soon as the Company has cumulatively repurchased 3% of the number of shares in issue at the date of the passing of this special resolution number 1 and for each 3% in aggregate of the initial number of shares acquired thereafter, and in the press when required in terms of the Companies Law.
- (x) The Board undertakes that it will not implement the proposed authority to repurchase shares, unless the directors are of the opinion that, for a period of 12 months after the date of the repurchase:
 - the Company and the Group will be able, in the ordinary course of business, to pay its debts
 - the assets of the Company and the Group, fairly valued in accordance with IFRS, will be in excess of the liabilities of the Company and the Group
 - the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes and
 - the working capital of the Company and the Group will be adequate for ordinary business purposes."

NOTICE OF ANNUAL GENERAL MEETING

 CONTINUED

Additional information in respect of special resolution number 1

Under section 57A of the Companies Law, the Board must obtain authorisation by special resolution from the shareholders before they can effect the purchase by the Company of any of its own shares. In certain circumstances it may be advantageous for the Company to purchase its own shares and this resolution seeks authority to do so. The Board will exercise this power only in accordance with the requirements of the Companies Law and the JSE Listings Requirements, and when, in view of market conditions prevailing at the time, it believes that the effect of such purchases will be to increase earnings per share and is in the best interests of the shareholders generally. Save to the extent purchased pursuant to the Companies Law, any shares purchased in this way will be cancelled and the number of shares in issue will be reduced accordingly.

The Company may hold in treasury any of its own shares that it purchases pursuant to the Companies Law and the authority conferred by this resolution. This gives the Company the ability to reissue treasury shares quickly and cost-effectively and provides the Company with greater flexibility in the management of its capital base. It also gives the Company the opportunity to satisfy awards under the Share Award Plan using treasury shares. Once held in treasury, the Company is not entitled to exercise any rights, including the right to attend and vote at meetings, in respect of the shares and no dividend or other distribution of the Company's assets may be made to the Company in respect of treasury shares.

In accordance with the Companies Law, this resolution specifies the maximum number of shares that may be acquired and the maximum and minimum prices at which shares may be bought. If granted, this authority will expire at the conclusion of the Company's next AGM, provided that it shall not extend beyond 12 months from the date of passing of this special resolution number 1.

Please refer to the additional disclosure of information contained in this notice of AGM, which disclosure is required in terms of the JSE Listings Requirements.

The percentage of the voting rights required for special resolution number 1 to be adopted is 75%, in favour, of the voting rights exercised on this resolution by all shareholders present or represented by proxy and entitled to vote at the AGM.

Additional disclosure requirements in terms of the JSE Listings Requirements

In compliance with the JSE Listings Requirements, the information listed below has been included in the Annual Report of which this notice of AGM forms part:

- Major shareholders – refer to page 148 of the Annual Report
- Share capital of Tharisa – refer to pages 94 and 148 of the Annual Report.

Material changes

Other than the facts and developments reported on in the Annual Report, there have been no material changes in the affairs or the financial position of the Company and its subsidiaries since the date of signature of the audit report and the date of this notice of AGM.

Directors' responsibility statement

The directors, whose names appear on page 68 of this Annual Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution number 1 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the proposed resolution contains all such information required by law and the JSE Listings Requirements.

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9. Ordinary resolution number 8

Final dividend

"RESOLVED THAT a final cash dividend in the amount of US\$ 2 cents per ordinary share is declared for the financial year ending 30 September 2018, such dividend being payable to shareholders registered on the register of members of the Company as of close of business on the record date, being Friday, 15 February 2019."

Additional information in respect of ordinary resolution number 8

The Board has proposed a final cash dividend of US\$ 2 cents per ordinary shares for the financial year ended 30 September 2018.

If approved by shareholders, the recommended final dividend will be paid on Wednesday, 27 February 2019. Shareholders on the principal Cyprus register will be paid in US dollar, shareholders whose shares are held through Central Securities Depository Participants ('CSDPs') and brokers and are traded on the JSE will be paid in South African rand ('ZAR') and holders of depository interests traded on the LSE will be paid in sterling ('GBP'). The currency equivalents of the dividend will be based on the weighted average of the South African Reserve Bank's daily rate at approximately 10:30 (UTC +2) on 28 November 2018, being the currency conversion date.

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\$ 2 cents per share. Shareholders who are South African tax resident companies are exempt from dividend tax and will receive the dividend of US\$ 2 cents 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 depository interest holders should note that information provided should not be regarded as tax advice.

The timetable for the dividend declaration is as follows:

Declaration and currency conversion date	Wednesday, 28 November 2018
Currency conversion rates announced	Thursday, 24 January 2019
Last day to trade <i>cum</i> dividend rights on the JSE	Tuesday, 12 February 2019
Last day to trade <i>cum</i> dividend rights on the LSE	Wednesday, 13 February 2019
Shares will trade <i>ex</i> dividend rights on the JSE	Wednesday, 13 February 2019
Shares will trade <i>ex</i> dividend rights on the LSE	Thursday, 14 February 2019
Record date for payment on both JSE and LSE	Friday, 15 February 2019
Dividend payment date	Wednesday, 27 February 2019

No dematerialisation or rematerialisation of shares within Strate will be permitted between Wednesday, 13 February 2019 and Friday, 15 February 2019, both days inclusive. No transfers between registers will be permitted between Thursday, 24 January 2019 and Friday, 15 February 2019, both days inclusive.

The percentage of the voting rights required for ordinary resolution number 8 to be adopted is 50%, in favour, of the voting rights exercised on this resolution by all shareholders present or represented by proxy and entitled to vote at the AGM. By virtue of Article 176 of the Articles of Association of the Company, shareholders are informed that they may vote to decrease the dividend declaration proposed by the Board but shall not be entitled to increase it.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

10. Ordinary resolution number 9

Directors' authority to implement ordinary and special resolutions

"RESOLVED THAT each and every director of the Company and/or the Joint Company Secretaries be and are hereby authorised to do all such things and sign all such documents as may be necessary for or incidental to the ordinary and special resolutions passed at the AGM."

Additional information in respect of ordinary resolution number 9

The percentage of voting rights required for ordinary resolution number 9 to be adopted is more than 50% in favour, of the voting rights exercised on this resolution by all shareholders present or represented by proxy and entitled to vote at the AGM.

PROXIES

An ordinary shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy or proxies to attend and act in his/her stead. A proxy need not be a member of the Company. For the convenience of registered members of the Company, a form of proxy is attached hereto.

In terms of section 128C of the Companies Law, shareholders and their proxies shall have the right to ask questions on the items to be discussed and resolutions proposed to be passed at the AGM. The Company shall endeavour to answer such questions, provided that they are relevant to the matters at hand, do not disrupt or delay proceedings, have not already been previously answered or contained in information readily available to shareholders elsewhere and the answers do not constitute sensitive information that may harm the Company or its business operations if disclosed.

Voting by shareholders whose shares are registered on the Cyprus principal register and the South African branch register ('JSE')

The attached form of proxy is only to be completed by those ordinary shareholders who:

- hold ordinary shares in certificated form or
- are recorded on the sub-register in 'own name' dematerialised form.

Ordinary shareholders who have dematerialised their ordinary shares through a CSDP or broker other than with 'own name' registration and who wish to attend the AGM, must instruct their CSDP or broker to provide them with the relevant letter of representation to attend the AGM in person or by proxy and vote. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of their custody agreement entered into between them and the CSDP or broker.

Unless shareholders advise, their CSDP or broker, in terms of their agreement, by the cut-off time stipulated therein, that they wish to attend the AGM or send a proxy to represent them, their CSDP or broker will assume that they do not wish to attend the AGM or send a proxy.

Shareholders who are unsure of their status or the action they should take, are advised to consult their CSDP, broker or financial adviser.

The attached form of proxy must be executed in terms of the Company's Articles of Association and in accordance with the relevant instructions set out on the form, and must be lodged with the Company's transfer secretaries not less than 48 hours before the time set down for the AGM. If required, additional forms of proxy may be obtained from the transfer secretaries or through the Company's website.

Voting by depositary interest holders ('LSE')

Holders of depositary interests will be sent a form of instruction separately to this Notice of AGM by the depositary, Computershare Investor Services PLC. On receipt, holders of depositary interests should complete the form of instruction in accordance with the instructions printed thereon to direct Computershare Company Nominees Limited as the custodian of their shares how to exercise their votes or (by following the instructions on the form of instruction) indicate that they intend to attend the AGM in person or by proxy. If a holder of depositary interests indicates, in this manner, that they intend to attend the AGM, Computershare Company Nominees Limited shall issue a letter of representation to the holder of depositary interests giving them authorisation to attend the AGM and vote. If any holder of depositary interests attends the AGM without a letter of representation they will only be allowed to enter the AGM as a guest and will not be allowed to vote. To be valid, the form of instruction must be completed in accordance with the instructions set out in the form and returned as soon as possible to the offices of the depositary at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, England so as to be received no later than 08:00 UTC on Friday, 18 January 2019.

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Depository interest holders who are CREST members and who wish to issue an instruction through the CREST electronic voting appointment service may do so by using the procedures described in the CREST manual (available from www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting services provider(s), who will be able to take the appropriate action on their behalf.

In order for instructions made using the CREST service to be valid, the appropriate CREST message (a CREST voting instruction) must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited ('EUI') and must contain the information required for such instructions, as described in the CREST manual (available via www.euroclear.com/CREST).

The message, regardless of whether it relates to the voting instruction or to an amendment to the instruction given to the depository must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) no later than 08:00 UTC on Friday, 18 January 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST voting instruction by the CREST applications host) from which the issuer's agent is able to retrieve the CREST voting instruction by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the transmission of CREST voting instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that the CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a CREST voting instruction is transmitted by means of the CREST service by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST voting instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

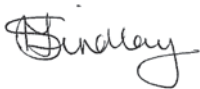
VOTING

In accordance with the Company's Articles of Association, all resolutions put to a vote at the AGM shall be decided on a poll. Every shareholder of the Company shall have one vote for every share held in the Company by such shareholder. If you are in any doubt as to what action you should take in respect of the resolutions provided for in this notice, please consult your CSDP, broker, banker, attorney, accountant or other professional adviser. An abstention from voting is not a vote and will accordingly not be counted in the calculation of votes for and against resolutions.

LODGEMENT OF FORMS OF PROXY AND LETTERS OF REPRESENTATION

Forms of proxy and letters of representation should be delivered or posted to the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa (PO Box 61051, Marshalltown, 2107, South Africa), or can be emailed to Computershare at proxy@computershare.co.za or to the Company at ir@tharisa.com, so as to be received by no later than 10:00 (SA time) on Monday, 21 January 2019, in accordance with clause 99 of the Company's Articles of Association. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the AGM, provided that he has obtained a letter of representation to attend and vote at the AGM from his CSDP or broker.

By order of the Board



Sanet Findlay
Joint Company Secretary

South Africa
4 December 2018



Lysandros Lysandrides
Joint Company Secretary

Cyprus

GLOSSARY

In this Annual Report, unless otherwise indicated, the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and *vice versa*, words denoting one gender include the other, and words denoting natural persons include juristic persons and associations of persons and *vice versa*.

4PGE or 3PGE + Au	Platinum Group Metals comprising platinum, palladium, rhodium and gold
5PGE + Au	Platinum Group Metals comprising platinum, palladium, rhodium, ruthenium, iridium and gold
6PGE + Au	5PGE plus osmium
AET	adult education and training
AGM	the Annual General Meeting of the Company
AMCU	the Association of Mineworkers and Construction Union of South Africa
Appreciation right	the award which takes the form of a right to call for shares of an aggregate market value or receive a cash amount equal to the increase (if any) between the date an award is granted and the exercise date of the market value of such number of shares as is specified in the notice of award and has vested
ART	antiretroviral treatment
Arxo Logistics	Arxo Logistics Proprietary Limited (Registration number 2009/006720/07), a private company duly registered and incorporated in South Africa, a wholly owned subsidiary of the Company
Arxo Metals	Arxo Metals Proprietary Limited (Registration number 2011/143342/07), a private company duly registered and incorporated in South Africa, an indirect wholly owned subsidiary of the Company
Arxo Resources	Arxo Resources Limited (Registration number HE221459), a public company duly registered and incorporated in Cyprus, a wholly owned subsidiary of the Company
Award	the award granted under the Share Award Plan in the form of a conditional award or an appreciation right
Au	gold
BAPS	biodiversity action plans
BEE	black economic empowerment, as defined in the MPRDA and "broad-based socioeconomic empowerment" as defined in the Mining Charter
BMI	BMI Drilling Proprietary Limited (Registration number 2010/001913/07)
Board	the Board of Directors of the Company
Bushveld Complex	a major intrusive igneous body in the northern part of South Africa, that has undergone remarkable magmatic differentiation, and the leading source of PGMs and chromium
Calibre	Calibre Clinical Consultants Proprietary Limited (Registration number 2005/005494/07), a private company duly registered and incorporated in South Africa
CBT	computer-based training
certificated shares	Shares which are held and represented by a share certificate or other tangible document of title, which shares have not been dematerialised in terms of the requirements of Strate
Challenger or Challenger Plant	the integrated beneficiation plant adjacent to the Genesis Plant for the production of chemical and foundry grade concentrate owned by Arxo Metals
Charter Scorecard	the Scorecard for the Mining Charter published pursuant to section 100(2)(a) of the MPRDA under <i>Government Gazette</i> No. 26661 of 13 August 2004, as amended by General Notice 1002 of 27 September 2018
chemical grade concentrate	the main ingredient in the production of chrome chemicals. The critical specifications are a minimum of 45% Cr ₂ O ₃ , and a maximum of 1.28% SiO ₂
chrome	used to reference any form of chromium, Cr or chrome concentrate
chrome concentrate	any combination of chemical, foundry and/or metallurgical grade concentrate with a predominance of metallurgical grade concentrate
chrome alloys	a chrome alloy produced directly through smelting using carbon as a reducing agent in the presence of fluxes, which alloy is used as primary raw material in the production of stainless steel
chromite	a hard, black, refractory chromium-spinel mineral consisting of varying proportions of the oxides of iron chromium, aluminium and magnesium
chromitite	a rock composed essentially of chromite, that typically occurs as layers or irregular masses exclusively associated with magmatic complexes. The bulk of the world's exploitable chromitite occurs almost exclusively in layered complexes

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chromitite layers	thick accumulations of chromite grains to form monomineralic bands or layers, which chromitite layers are typically greater than 30 cm thick
chromium or Cr	the element chromium (Cr) is classified as a metal and is situated between other metals such as vanadium (V), manganese (Mn) and molybdenum (Mo) in the periodic table of elements
CIF	cost, insurance and freight as defined in Incoterms 2010
cm	centimetres
Coffey	Coffey Mining (South Africa) Proprietary Limited (Registration number 2006/030152/07), a private company duly registered and incorporated in South Africa
Company, Tharisa	Tharisa plc, a company incorporated under the laws of Cyprus with registration number HE223412
Competent Person's Report or CPR	a report compiled by an independent Competent Person relating to the technical aspects of a mine that may include a techno-financial model
Conditional award	an award which takes the form of a contingent right to receive, at no or nominal cost, such number of ordinary shares or receive a cash amount as is specified in the notice of award and has vested
CSE	the Cyprus Stock Exchange
CSI	corporate social investment
Cr₂O₃	chromium (III) oxide
CREST	the relevant system (as defined in the Uncertificated Securities Regulations) in respect of which Euroclear UK & Ireland is the operator
CSDP Markets Act	a Central Securities Depository Participant as defined in section 1 of the Financial Markets Act
Cyprus	the Republic of Cyprus
Cyprus Companies Law	Companies Law, Chapter 113 of the laws of Cyprus, as amended, supplemented or otherwise modified from time to time
dematerialise, dematerialised or dematerialisation	the process by which physical share certificates are replaced with electronic records of ownership in accordance with the rules of Strate
dematerialised shares	shares which are held in electronic form as uncertificated securities in accordance with the requirements of Strate
Depositary	Computershare Investor Services PLC
Depositary interests or DI	the dematerialised depositary interests issued by the Depositary in respect of the underlying ordinary shares
Disclosure and Transparency Rules or DTR	the Disclosure and Transparency Rules made by the FCA under Part VI of the Financial Markets Act, 2000
DMR	the South African Department of Mineral Resources
DWS	Department of Water and Sanitation, South Africa
EIA	environmental impact assessment
EMP	the environmental management plan in terms of the MPRDA
EMPR	environmental management programme report
Eskom	Eskom Holdings SOC Limited
Equator Principles	the set of voluntary guidelines adopted and interpreted in accordance with International Finance Corporate Performance Standards and the World Bank's EHS guidelines, adopted by Equator Principle Financial Institutions, as updated from time to time
Euroclear UK & Ireland	Euroclear UK & Ireland Limited, the operator of CREST
the FCA	the Financial Conduct Authority of the United Kingdom
FCA	Free carrier – a trade term requiring the seller to deliver goods to the carrier or another person nominated by the buyer at the seller's premises or another named place. Costs for transportation and risk of loss transfer to the buyer after delivery to the carrier
FEED	front-end engineering and design
FIFR	fatality injury frequency rate

GLOSSARY CONTINUED

foundry grade	concentrate saleable chromium-rich product typically more than 45% Cr ₂ O ₃ less than 1% SiO ₂ and a specific particle size distribution
g/t	grammes per tonne
GBP	British pound, the lawful currency of the United Kingdom
Genesis or Genesis Plant	the 100 000 tpm nameplate capacity processing plant for the production of PGM and chrome concentrate, owned by Tharisa Minerals
GHG	greenhouse gas
Group	the Company including all its subsidiaries
HDSA	historically disadvantaged South Africans as defined in the MPRDA and the Mining Charter
HRD	human resources development
ICDA	the International Chromium Development Association
IDP	Individual development plans
IFRS	International Financial Reporting Standards
illuvial chrome	at surface chrome fines generated from seams as a result of weathering
Impala Platinum	Impala Platinum Limited, a subsidiary of Impala Platinum Holdings Limited (Registration number 1957/001979/06), a public company duly registered and incorporated in South Africa
Incoterms 2010	the Incoterms rules are a series of predefined commercial terms published by the International Chamber of Commerce that are widely used in international commercial transaction or procurement processes
Indicated Mineral Resource	an Indicated Mineral Resource is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics and mineral content can be estimated with a reasonable level of confidence. Designating a resource as "Indicated" is based on information from exploration, sampling and testing of material gathered from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological or grade continuity but are spaced close enough for continuity to be assumed
Inferred Mineral Resource	an Inferred Mineral Resource is that part of a Mineral Resource for which volume or tonnage, grade and mineral content can be estimated with only a low level of confidence. It is inferred from geological evidence and sample and assumed but not verified geologically or through analysis of grade continuity. Designating a Mineral Resource "Inferred" is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited in scope or of uncertain quality and reliability
Investec Bank	Investec Bank Limited (Registration number 1969/004763/06), a public company duly registered and incorporated in South Africa
Investment agreement	the Investment Project Framework Agreement entered into between Karo Holdings and the Republic of Zimbabwe on 22 March 2018
Ir	Iridium
IWUL	integrated water use licence
JSE or Johannesburg Stock Exchange	JSE Limited (Registration number 2005/022939/06), a public company duly registered and incorporated in South Africa and licensed in terms of the Financial Markets Act, No. 19 of 2012
JSE Listings Requirements	the Listings Requirements of the JSE, as amended from time to time
K3 UG2 chrome plant	the chrome concentrate recovery plant associated with WPL's K3 plant
Karo Holdings	Karo Mining Holdings Limited (Registration number HE380340), a public company duly registered and incorporated in Cyprus
Karo Platinum	Karo Platinum Mines (Private) Limited (Registration number 7178/2013), a private company duly registered and incorporated in Zimbabwe
King IV	the King IV Code on Corporate Governance 2016 (South Africa)
km	thousand metres

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koz	thousand ounces
kt	thousand tonnes
ktpm	thousand tonnes per month
Leto Settlement	a discretionary trust established in accordance with the trusts (Guernsey) Law 1989 by Artemis Trustees Limited, in its capacity as trustee of the Zeus Settlement, out of a portion of the trust assets of the Zeus Settlement, for the benefit of Adonis Pouroulis, his wife and children
Listing	the primary listing of Tharisa, a foreign registered company, in the "General Mining" sector of the Main Board of the JSE under the abbreviated name "Tharisa", JSE code "THA" and ISIN CY0103562118
Listing Rules	the Listing Rules made by the FCA under Part VI of the Financial Markets Act, 2000
LOM	life of mine, being the expected remaining years of production based on production rates and ore Mineral Reserves
London Stock Exchange or LSE	the London Stock Exchange plc
Lonmin	Lonmin plc (Registration number 103002), a public company duly incorporated and registered in England and Wales
LTI	lost-time injury resulting in the injured being unable to attend/return to work to perform the full duties of his/her regular work, as per advice of a suitably qualified medical professional, on the next calendar day after the injury
LTIFR	lost-time injury frequency rate, the number of lost-time injuries per 200 000 hours worked
MCC	MCC Contracts Proprietary Limited (Registration number 1983/008084), a subsidiary of Eqstra Holdings Limited, a company duly registered and incorporated in South Africa
Main Market	the Main Market of the LSE
Measured Mineral Resource	a Measured Mineral Resource is that part of a Mineral Resource for which the tonnage, densities, physical characteristics, grade and mineral content can be estimated with a high level of confidence. Describing a resource as "Measured" is based on detailed and reliable information from exploration, sampling and testing of material from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity
metallurgical grade concentrate	saleable chromium-rich product typically of 42% Cr ₂ O ₃
MG0	chromitite layer that consists of chromitite dissemination with more chromitite layers and stringers, that are developed in the footwall pyroxenite of the MG1 chromitite layer
MG1	chromitite layer that typically has a massive chromitite content with minor feldspathic pyroxenite partings or layering. In some areas the MG1 chromitite layer has developed into two chromitite layers separated by a feldspathic pyroxenite
MG2	chromitite layer that consists of three groupings of chromitite layers which from the base are the MG2A chromitite layer, MG2B chromitite layer and the MG2C chromitite layer. The partings are typically feldspathic pyroxenite. The parting between the MG2B chromitite layer and MG2C chromitite layer includes a platiniferous chromitite stringer
MG3	chromitite layer that is occasionally a massive chromitite layer but more often a very irregular assemblage of chromitite layers and stringers within a norite and/or anorthosite. The top of the package typically consists of thin chromitite stringers and dissemination of chromite in norite which develops into a massive layer at the base
MG4	the MG4 chromitite layer consists of a lower chromitite (MG4(0) chromitite layer) (approximately 0.6 m thick) immediately overlain by a norite (approximately 0.85 m thick) followed by the chromitite layer of the MG4 chromitite layer (approximately 1.8 m thick), overlain by another parting, of feldspathic pyroxenite composition, some 3.2 m thick and finally overlain by the chromitite of the MG4A chromitite layer (approximately 1.5 m thick)
MG4A	the MG4A chromitite layer consists of a number of chromitite layers within a pyroxenite host rock

GLOSSARY CONTINUED

MG Chromitite Layers	group of five chromite layers that are known in the lower and upper critical zone of the Bushveld Complex
MHSA	the Mine Health and Safety Act, 1996 of South Africa
MHSC	the Mine Health and Safety Council of South Africa
Mineral Reserve	the economically mineable material derived from a measured or indicated Mineral Resource or both, which includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a prefeasibility study for a project and a LOM plan for an operation must have been completed, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors)
Mineral Resource	a concentration or occurrence of material of economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a Mineral Resource are known, or estimated from specific geological evidence, sampling and knowledge interpreted from an appropriately constrained and portrayed geological model. Mineral Resources are subdivided, and must be so reported, in order of increasing confidence in respect of geoscientific evidence, into Inferred, Indicated or Measured categories
Mines and Minerals Act	the Mines and Minerals Act of Zimbabwe [Chapter 21:05]
Mining Charter	the Broad-based Socio-economic Empowerment Charter for the South African Mining Industry (together with the Charter Scorecard), published pursuant to section 100(2)(a) of the MPRDA under <i>Government Gazette</i> No. 26661 of 13 August 2004 and thereafter amended by General Notice 1002 of 27 September 2018
Mining Right	a new order Mining Right, granted by the DMR in terms of the MPRDA, which provides the holder thereof the required legal title to mine
MPRDA	the South African Mineral and Petroleum Resources Development Act, No. 28 of 2002, as amended
MQA	Mining Qualifications Authority of South Africa
Mt	million tonnes
MTC	medical treatment case
Mtpa	million tonnes per annum
MW	megawatt
MWh	megawatt hour
NEMA	National Environmental Management Act of 2008 of South Africa
NEMWA	National Environmental Management Waste Act of 2008 of South Africa
Noble	Noble Resources International PTE Limited, (Registration number 201115304N), a company duly registered and incorporated in Singapore
NQF	National Qualifications Framework of South Africa
NUM	the National Union of Mineworkers of South Africa
NWA	National Water Act of 1998 of South Africa
OEM	original equipment manufacturer
Official List	the official list of the FCA
oz	a troy ounce which is exactly 31.1034768 grams
ozpa	oz per annum
pa	per annum
Pd	Palladium
Pivot	Pivot Mining Consultants Proprietary Limited (Registration number 2006/030152/07), a private company duly registered and incorporated in South Africa
PGE	Platinum group elements
PGMs	platinum group metals being platinum, palladium, rhodium, ruthenium, iridium, and osmium

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PGM concentrate	the commercially acceptable flotation concentrate containing PGMs
PRC or China	the Peoples Republic of China
prill split	a breakdown by mass of the various PGM metals contained in PGM containing materials
Prospecting Right	a prospecting right granted by the DMR in terms of the MPRDA
Pt	Platinum
reef	in the context of this Annual Report, reef refers to any or all of the MG and UG chromitite layers
Rh	Rhodium
RNS	the Regulatory News Service of the LSE
ROM	run of mine, being the ore tonnage extracted to be processed
Ru	Ruthenium
Salene Chrome	Salene Chrome Zimbabwe (Private) Limited (Registration number 920/2015), formerly Maroon Blue Consultants (Private) Limited, a private company duly incorporated and registered in Zimbabwe
SAMREC Code	the South African Code for Reporting of Exploration Results, Mineral Resources and Reserves (prepared by the South African Mineral Resource Committee ('SAMREC') Working Group) (2016)
SAMVAL Code	the South African Code for the Reporting of Mineral Asset Valuation (2016) prepared by the South African Mineral Asset Valuation Committee ('SAMVAL') Working Group
SENS	the Stock Exchange News Service of the JSE
SETA	Sector Education Training Authority, South Africa
Share Award Plan	the Tharisa Share Award Plan approved by the shareholders
Shares	all the issued ordinary shares of the Company of nominal value of US\$0.001 each
SHE	safety, health and environment
SIB	stay in business capital expenditure
SiO₂	silicon dioxide
SLP	Social and Labour Plan aimed at promoting employment and advancement of the social and economic welfare of all South Africans while ensuring economic growth and socioeconomic development as stipulated in the MPRDA
SOP	standard operating procedures
South Africa or SA	the Republic of South Africa
Standard listing	a listing on the standard segment of the official list
Strate	Strate Limited (Registration number 1998/022242/06), a limited liability public company duly registered and incorporated in South Africa, which is a registered central securities depository and which is responsible for the electronic settlement system used by the JSE
stripping ratio	the ratio, measured in m ³ to m ³ at which waste and inter-burden are removed, relative to ore mined
STS	standard threshold shift
t	tonne
tCO₂e	tonnes of carbon dioxide equivalent
TB	tuberculosis
Tharisa	Tharisa plc (Registration number HE223412), a public company duly registered and incorporated in Cyprus
Tharisa Mine	Tharisa Minerals' wholly owned PGM and chrome mining and processing operations located in the magisterial district of Rustenburg (North West region), South Africa, situated in the Bushveld Complex
Tharisa Minerals	Tharisa Minerals Proprietary Limited (Registration number 2006/009544/07), a company duly registered and incorporated in South Africa, held 74% by Tharisa
The Disclosure and Transparency Law	Law 190(I)/2007, as amended (law providing for transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market), governed by the Cyprus Securities and Exchange Commission
Tisco	Taiyuan Iron and Steel's Joint Venture Company Shanxi Taigang Wanbang Furnace Charge Co. Limited
tpa	tonnes per annum

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tpm	tonnes per month
Transnet	Transnet SOC Limited
UG1	the Upper Group 1 chromitite layer that is a well developed and consistent marker in the critical zone of the Bushveld Complex that consists of a massive chromitite, chromitiferous pyroxenite, bands of anorthosite, chromitite and norites and stringers of chromitites
UG2	the Upper Group 2 chromitite layer of the Bushveld Complex that is well known and typically contains PGMs in a concentration that is sufficient for economic extraction
UG Chromitite Layers	the Upper Group chromitite layers of the Bushveld Complex
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UK Listing Authority or UKLA	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of admission to the official list
US	the United State of America
US\$	United States dollar, the lawful currency of the US
VCT	voluntary counselling and testing
Voyager or Voyager Plant	a 300 000 tpm nameplate capacity processing plant for the production of PGM and chrome concentrate, owned by Tharisa Minerals
Western Platinum or WPL	Western Platinum Limited (Registration number 1963/003589/06), a company duly registered and incorporated in South Africa and a subsidiary of Lonmin
WPIC	World Platinum Investment Council
ZAR or R or rand	South African rand, the lawful currency of South Africa
Zimbabwe	the Republic of Zimbabwe

FORM OF PROXY

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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')

This form of proxy relates to the annual general meeting ('AGM') of shareholders of the Company to be held at 2nd Floor, The Crossing, 372 Main Road, Bryanston, South Africa on Wednesday, 23 January 2019 at 10:00 SA time (UTC +2) and should be completed by registered certificated shareholders and shareholders who have dematerialised their shares with "own name" registration.

All other dematerialised shareholders holding shares other than with 'own name' registration who wish to attend the AGM must inform their CSDP or broker of their intention to attend the AGM and request their CSDP or broker to issue them with the relevant letter of representation to attend the AGM in person or by proxy and vote. Shareholders who do not wish to attend the AGM in person or by proxy must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These shareholders must not complete this form of proxy.

This form of proxy should be read with the notice of AGM. Please print clearly and refer to the notes at the end of this form for an explanation on the use of this form of proxy and the rights of the shareholder and the proxy.

I/We

of address

being the holder of

Tharisa shares, hereby appoint (see notes 1 and 3)

1. _____ or failing him/her
 2. _____ or failing him/her

the Chairman of the AGM, as my/our proxy to act for me/us and on my/our behalf at the AGM which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the resolutions and/or abstain from voting in respect of the Tharisa shares registered in my/our name(s), in accordance with the following instructions (see note 3):

	For	Against	Abstain
Ordinary business			
Ordinary resolution 1 is non-binding and does not require a minimum threshold			
Ordinary resolutions 2 and 3 require support of a simple majority (more than 50%) of the votes exercised in respect of each resolution adopted			
Ordinary resolution number 1: Adoption of annual financial statements			
Ordinary resolution number 2: Appointment of external auditor			
Ordinary resolution number 3.1: Election of Zhong Liang Hong as a director			
Ordinary resolution number 3.2: Re-election of David Salter as a director			
Ordinary resolution number 3.3: Re-election of Antonios Djakouris as a director			
Special business			
Ordinary resolutions 4 and 5 require support of a simple majority (more than 50%) of the votes exercised in respect of each resolution to be adopted			
Ordinary resolution 6 requires a 75% majority of the votes			
Ordinary resolutions 7.1 and 7.2 are non-binding and do not require a minimum threshold			
Special resolution 1 requires support of at least 75% of the votes exercised to be adopted			
Ordinary resolutions 8 and 9 require support of a simple majority (more than 50%) of the votes exercised in respect of each resolution to be adopted			
Ordinary resolution number 4: Control of authorised but unissued shares			
Ordinary resolution number 5: Dis-application of pre-emptive rights			
Ordinary resolution number 6: General authority to issue shares for cash			
Ordinary resolution number 7.1: Approval, through a non-binding advisory vote, of the Group remuneration policy			
Ordinary resolution number 7.2: Approval, through a non-binding advisory vote, of the Group Remuneration Implementation Report			
Special resolution number 1: General authority to repurchase shares			
Ordinary resolution number 8: Final dividend			
Ordinary resolution 9: Directors' authority to implement ordinary and special resolutions			

Please indicate with an "X" in the space provided above how you wish your votes to be cast.

Signed at _____ on _____ 2019

Signature _____

Assisted by (if applicable) (see note 7) _____

NOTES TO THE FORM OF PROXY

1. A registered shareholder may appoint an individual as a proxy, including an individual who is not a shareholder of the Company, to participate in, speak and vote at a shareholders' meeting on his/her behalf. Should this space be left blank, the proxy will be exercised by the Chairman of the meeting.
2. The person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
3. A proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this form of proxy.
4. A shareholder's instructions to the proxy must be indicated by the insertion of an "X", or the number of votes exercisable by that shareholder, in the appropriate box provided. The proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder at the AGM, but only as directed on this form of proxy.
5. If there is no clear indication as to the voting instructions to the proxy, the form of proxy will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's votes exercisable.
6. To be valid and counted, the completed form of proxy must be lodged with the transfer secretaries of the Company, namely Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa (PO Box 61051, Marshalltown, 2107, South Africa), so as to be received by them by no later than 10:00 SA time on Monday, 21 January 2019, being no later than 48 hours before the AGM to be held at 10:00 SA time on Wednesday, 23 January 2019, provided that the Chairman of the AGM may, in his discretion, accept proxies that have been delivered after the expiry of the aforementioned period up to and until the time of commencement of the AGM, at his sole discretion. Letters of instruction must be lodged with Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, United Kingdom, so as to be received by them by no later than 08:00 on Friday, 18 January 2019.
7. This form of proxy must be dated and signed by the shareholder appointing the proxy. The completion of blank spaces does not have to be initialled, but any alteration or correction made to this form of proxy must be initialled by the signatory/ies. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company or waived by the Chairman of the AGM. CSDPs or brokers registered in the Company's sub-register voting on instructions from beneficial owners of shares registered in the Company's sub-register, are requested to identify the beneficial owner in the sub-register on whose behalf they are voting and return a copy of the instruction from such owner to the Company's transfer secretaries, together with this form of proxy.
9. The Chairman of the meeting shall be entitled to decline or accept the authority of a person signing the form under a power of attorney or on behalf of a company, unless the power of attorney is deposited at the Company's transfer secretaries not later than 48 hours before the meeting.
10. The appointment of the proxy or proxies will be suspended at any time to the extent that the shareholder chooses to act directly and in person in the exercise of any of his/her rights as a shareholder at the AGM.
11. The appointment of the proxy is revocable unless expressly stated otherwise in this form of proxy. The proxy appointment may be revoked by cancelling it in writing, or making a later inconsistent appointment of a proxy and delivering a copy of the revocation instrument to the proxy and to the Company's transfer secretaries. Please note the revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder, as of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the Company's transfer secretaries and the proxy, as aforesaid.
12. The appointment of the proxy remains valid only until the end of the AGM or any adjournment or postponement thereof, unless it is revoked by the shareholder before then on the basis set out above.
13. Holders of depositary interests on the LSE must not complete this form of proxy. Holders of depositary interests will be sent a separate form of instruction by the depositary, Computershare Investor Services PLC. On receipt, holders of depositary interests should complete the form of instruction in accordance with the instructions printed thereon to direct Computershare Company Nominees Limited as the custodian of their shares how to exercise their votes.

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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8011 Paphos
Cyprus

Postal address

PO Box 62425
8064 Paphos
Cyprus

Website

www.tharisa.com

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)

Joint Company Secretaries

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Transfer Secretaries

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1096 Nicosia
Cyprus

Computershare Investor Services Proprietary Limited
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Rosebank Towers
15 Biermann Avenue
Rosebank 2196
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Computershare Investor Services PLC
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JSE sponsor

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