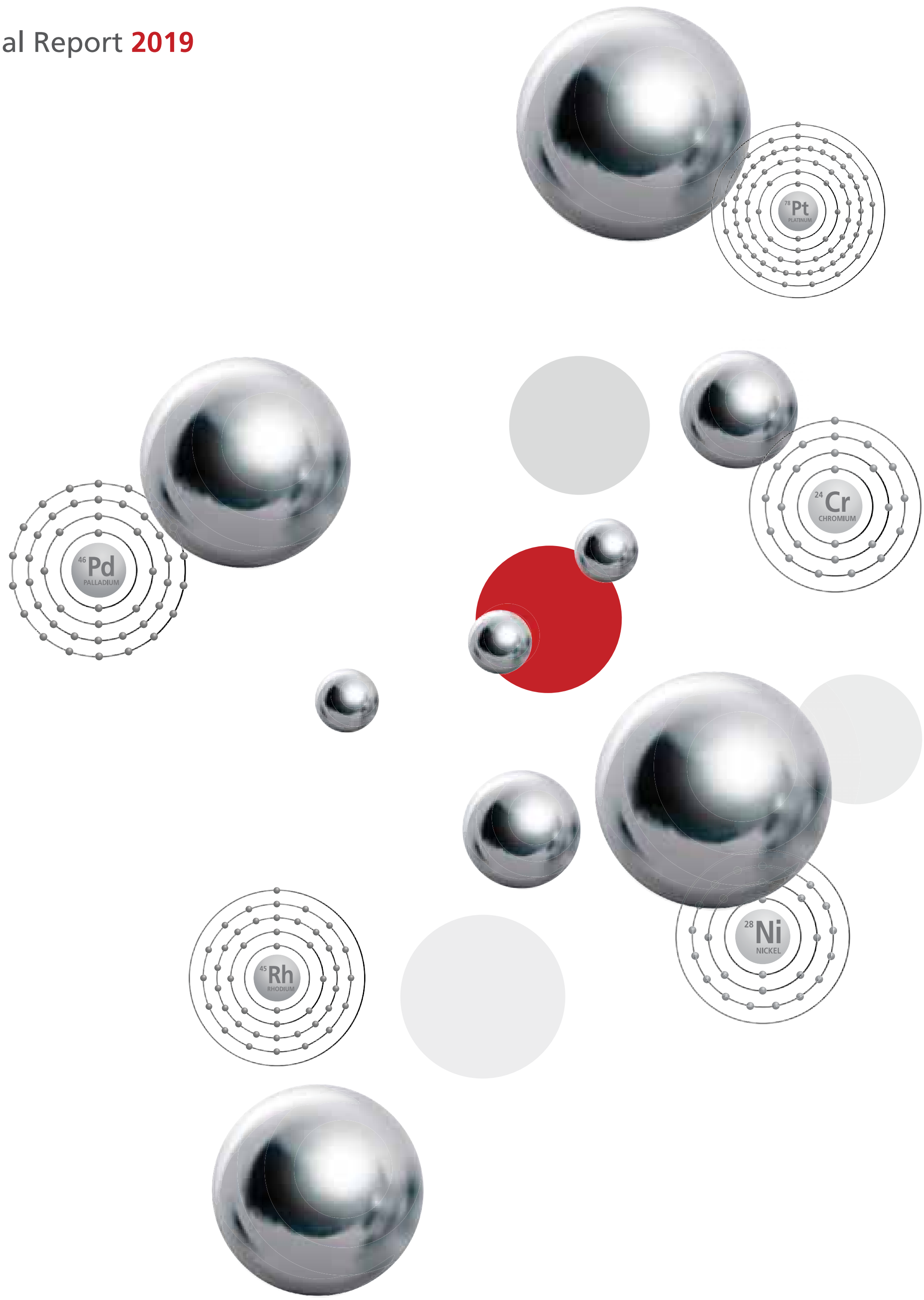
DISCOVER DEVELOP **DELIVER** DIVERSIFY

tharisa

Integrated Annual Report **2019**



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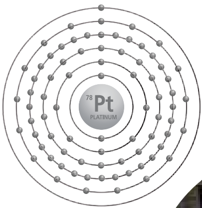
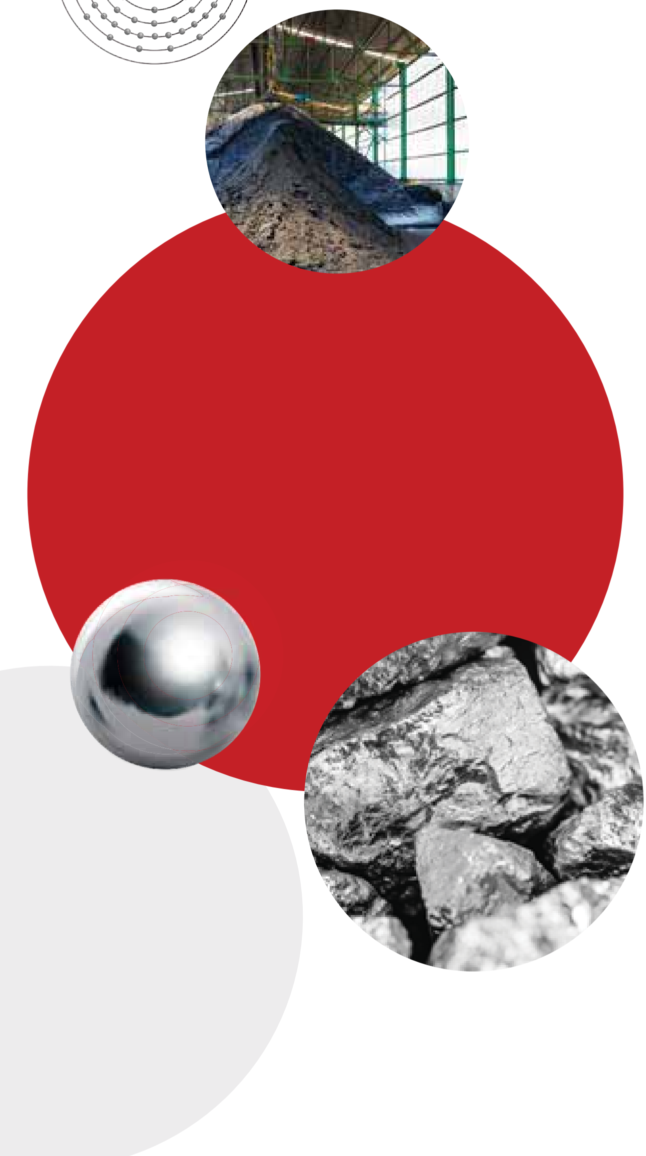
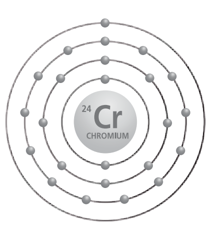




INTEGRATED CO-PRODUCER OF PGM AND CHROME CONCENTRATES

www.tharisa.com



GROUP PROFILE

Engineering the mining company of the future

THARISA IS AN INTEGRATED RESOURCE GROUP INCORPORATING EXPLORATION, MINING, PROCESSING, AND THE BENEFICIATION, MARKETING, SALES AND LOGISTICS OF PLATINUM GROUP METALS ('PGMS') 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

Strategic initiatives

Leading natural resources group – Globally significant, diversified low-cost operations

Innovation – Innovative research and development feeding organic growth

Optimisation initiatives – Maximise value extraction through process engineering

Leveraging existing platforms – Marketing, sales and logistics, expansion into multi-commodities, building geographic diversity

Capital discipline – Disciplined capital distribution with a dividend policy of distributing at least 15% of net profit after tax ('NPAT') and capital allocation to low-risk projects

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

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

Discover

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

Develop

Deliver

- Safe production, **strive for zero harm**
- **Integrated marketing, sales and logistics platforms**
- Disciplined capital allocation **= growth + dividends**
- Cash **generative through commodity cycles**
- **Maximise value** of the commodities we produce

Diversify

- Into a **multi-asset, multi-commodity, multi-jurisdictional** business
- Using **technology** as our catalyst

INVESTMENT CASE

Positioned for value creation

The Tharisa Mine produced 139.7 koz of PGMs and 1.29 Mt of chrome concentrates in FY2019 and has provided FY2020 production guidance of between 155 koz and 165 koz of PGMs (on a 5PGE + Au basis) and 1.45 Mt to 1.55 Mt of 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.

- Tharisa is the only JSE and LSE listed co-producer of PGM and chrome concentrates
- It is the sixth largest South African PGM producer
- South Africa's fourth largest chrome producer and the largest producer from a single resource
- One of the world's largest producers of speciality grade chrome concentrates
- In FY2019, Tharisa's production accounted for 11.3% of Chinese chrome ore concentrate imports from South Africa
- Developing PGM and chrome projects in Zimbabwe and fine chrome recovery project in South Africa

Marketing and sales
The majority of PGM concentrate is sold to Impala Platinum under an offtake agreement, and also to Sibanye-Stillwater 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.

Speciality chrome concentrates, which include chemical and foundry grades, are sold into European and Asian markets. Production of speciality grade chrome concentrates made up 24.2% of the year's total chrome production.

Extraction and beneficiation
The Group's key differentiators are its 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, the world's largest PGM deposit, taps into one of the world's largest single chrome resources of 890.7 Mt.

The Tharisa Mine has a 14-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 lowest 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.

GROUP STRATEGY

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

We meet 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 making low-risk entry options in two projects – Karo Holdings and Salene Chrome. Both are highly prospective opportunities on the mineral-rich Great Dyke in Zimbabwe.

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 investment and development of new projects.

Tharisa is cash flow positive, which has allowed it to maintain its returns to shareholders. The company has a dividend policy of distributing a minimum of 15% of consolidated net profit after tax. It declared an interim dividend of US 0.50 cent per share in FY2019. A final dividend of US 0.25 cent per share was proposed, resulting in a proposed total dividend of US 0.75 cent per share for FY2019.

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 boundaries 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 48.8% in 2014 to 82.1% in 2019 and chrome recoveries of 62.0%.

At Tharisa Minerals, the Vision 2020 projects aim to deliver 200 kozpa of PGMs and 2.0 Mtpa of chrome concentrates in 2020, on an annualised basis.

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.

DIVERSIFY

Strategically adding development projects to the portfolio that will ensure diversification while maintaining the focus on being a mechanised, low cost miner and beneficiator of metals.

We will use technology as our enabler and as our differentiator.

TOTAL PROPOSED DIVIDEND FOR THE YEAR

US 0.75 cent per share

COMPETITIVE STRENGTHS

- **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

- Exploring large-scale **Karo Platinum** resource
- **Salene Chrome** offers rapid path to production

- 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 a **dividend policy** of distributing 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

ESG HIGHLIGHTS

Letter from the Chairman of the SHE Committee and Lead independent non-executive director, David Salter

2019 was an important year for Tharisa, as the business grew and we delivered a solid safety performance and continued to make real advances in ingraining sustainability in our operations. Key to this is the evolving manner in which we monitor, control and report on our activities that impact and benefit all elements of society that we work with and the environment.

Sustainability

"Progressed development of a framework to evaluate and verify the benefits of our actions, in collaboration with others."

Tharisa believes that sustainability should function as a type of blueprint for shared value. Sustainability enables Tharisa to create value for all of its stakeholders including employees, investors, contractors, suppliers, the communities in which it operates, and the governments, municipalities and provincial authorities which host our operations.

One of the necessities of a modern mining company is its social licence to operate. We are proud of our relationships and commitments to our stakeholders and certainly believe in a life-long partnership. This, I believe, is one of the reasons why we have been successful in maintaining our social licence, no matter how tough the circumstances. We believe in effective stakeholder relationships based on shared value and mutual benefit.

At the highest level, Tharisa has built its sustainability strategy around the Equator Principles. We have also embraced the Ten Principles of the UN Global Compact ('UNGC'). The Equator Principles comprise a risk management framework, adopted by financial institutions, for determining, assessing and managing the environmental and social risks facing projects. The Principles provide a minimum standard for due diligence to support responsible risk decision making.

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

In future, Tharisa will not only continue to exceed its obligations to create social capital as enshrined in South Africa's MPRDA, but will also strive to replicate this approach in ways that create positive socioeconomic and environmental impacts in all the territories in which we operate.

Much work remains to be done, but we will continue to minimise our environmental impact by reducing water and energy consumption, investigating the use of renewable energy solutions and creating further efficiencies in mining, processing and logistics. We also remain committed to continuing our work in close partnership with communities and host governments to entrench shared value, while delivering zero harm for our people.

David Salter

Highlights

- Total Tharisa operations achieved four years fatality free
- Tharisa Minerals achieved 5 000 fatality-free production shifts at its process plant operations and three million fatality-free shifts for the total Tharisa Minerals operations
- Tharisa Minerals is committed to the Minerals Council's Khumbul'ekaya "remember home" safety initiative which aims to ensure that the mining industry becomes fatality free
- Enrolment for adult education and training ('AET') has grown from 82 learners to 224, including community members
- Tharisa Minerals trained 20 interns and graduates from local communities specialising in mining, metallurgy and engineering
- New environmental protection initiatives including launch of innovative soil remediation and bee conservation projects

SCOPE AND BOUNDARY

Tharisa is pleased to present this, its sixth Integrated Annual Report, since listing on the JSE and the fourth since the standard listing of its depositary interests on the LSE. This Integrated 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 2019.

Approach

The approach in this Integrated Annual Report is to inform investors and stakeholders of the fundamentals of Tharisa's operating context and business model, risks and strategic approach to value creation to enable them to make a more informed assessment of Tharisa, its prospects and the sustainable value it creates. The Integrated 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 Integrated Annual Report. The Audit Committee recommended the 2019 Integrated 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 99 to 137 of this Integrated 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 150 to 156.

GROUP STATISTICS

		2019	2018	2017	2016	2015
Reef mined	kt	**4 627.1**	4 875.0	5 025.1	4 837.2	4 183.2
Stripping ratio	m^3 waste: m^3 reef	**8.3**	7.9	7.5	7.3	10.7
Reef milled	kt	**4 836.0***	5 105.3	4 916.2	4 656.3	4 400.4
PGM flotation feed	kt	**3 605.9**	3 718.1	3 599.2	3 575.6	3 446.2
PGM rougher feed grade	g/t	**1.47**	1.51	1.56	1.65	1.62
PGM recovery	%	**82.1**	84.1	79.7	69.9	65.8
PGM ounces produced	5PGE + Au koz	**139.7**	152.2	143.6	132.6	118.0
Average PGM basket price	US$/oz	**1 081**	923	786	736	885
Average PGM basket price	ZAR/oz	**15 531**	12 038	10 492	10 881	10 593
Cr_2O_3 ROM grade	%	**18.1**	18.2	17.8	18.0	18.3
Chrome recovery	%	**62.0**	66.0	64.1	62.7	58.0
Chrome yield	%	**26.7**	28.4	27.1	26.7	25.5
Chrome concentrates produced	kt	**1 290.0**	1 448.0	1 331.2	1 243.7	1 122.2
Metallurgical grade	kt	**977.9**	1 080.3	1 008.1	974.3	1 009.4
Speciality grades	kt	**312.1**	367.7	323.1	269.4	112.8
Third-party chrome production	kt	**241.1**	221.8	20.0	–	–
Chrome concentrates sold (including third party)	kt	**1 408.0**	1 644.3	1 317.3	1 196.2	1 124.4
Metallurgical grade chrome concentrate contract price	US$/t CIF China	**162**	186	200	120	158
Metallurgical grade chrome concentrate contract price	ZAR/t CIF China	**2 322**	2 415	2 667	1 751	1 903
Average exchange rate	ZAR:US$	**14.4**	13.1	13.4	14.8	12.0
Group revenue	US$ million	**342.9**	406.3	349.4	219.6	246.8
Gross profit	US$ million	**60.4**	108.5	122.7	54.5	43.1
Net profit for the year	US$ million	**8.4**	51.0	67.7	15.8	6.0
EBITDA	US$ million	**51.6**	101.9	115.6	43.0	29.0
Headline profit	US$ million	**12.8**	49.1	57.8	14.3	4.7
Headline earnings per share	US cents	**5**	19	22	6	2
Gross profit margin	%	**17.7**	26.7	35.1	24.8	17.5
Net cash flows from operating activities	US$ million	**69.9**	89.8	75.7	22.2	41.4
Net debt	US$ million	**12.0**	10.6	(0.1)	41.4	40.7
Capital expenditure	US$ million	**43.9**	48.2	26.4	12.3	24.6
On-mine lost-time injury frequency rate**		**0.27**	0.18	0.07	0.36	0.06
On-mine employees including contractors		**2 826**	2 430	2 256	2 187	2 000
Other Group employees		**129**	86	75	52	59

* *Includes the processing of 99.0 kt of commissioning tails through the processing plants*
** *Per 200 000 man hours worked*

FINANCIAL AND NON-FINANCIAL HIGHLIGHTS

REEF MINED

4.63 Mt

down 5.3%

(2018: 4.88 Mt)

PGM PRODUCTION (5PGE + Au)

139.7 koz

down 8.2%

(2018: 152.2 koz)

CHROME CONCENTRATE PRODUCTION

1.29 Mt

down 10.9%

(2018: 1.45 Mt)

REVENUE

US$342.9 m

down 15.6%

(2018: US$406.3 m)

OPERATING PROFIT

US$24.2 m

down 66.6%

(2018: US$72.5 m)

EBITDA

US$51.6 m

down 49.4%

(2018: US$101.9 m)

PROFIT BEFORE TAX

US$11.2 m

down 82.8%

(2018: US$65.0 m)

EARNINGS AND HEADLINE EARNINGS PER SHARE

US 4 c/5 c

down 78.9%/73.7%

(2018: US 19 cents/US 19 cents)

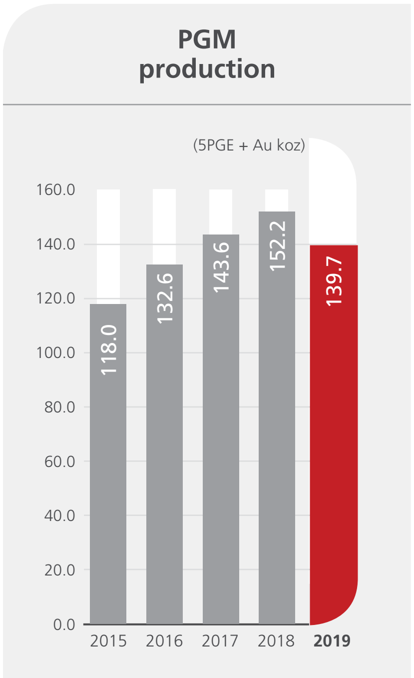
PROPOSED TOTAL DIVIDEND*

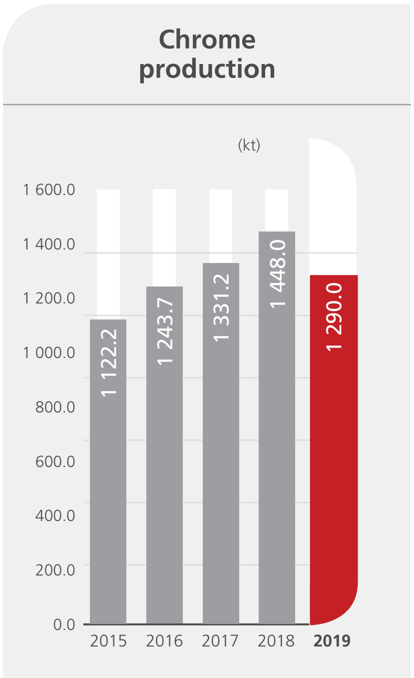
US 0.75 cent

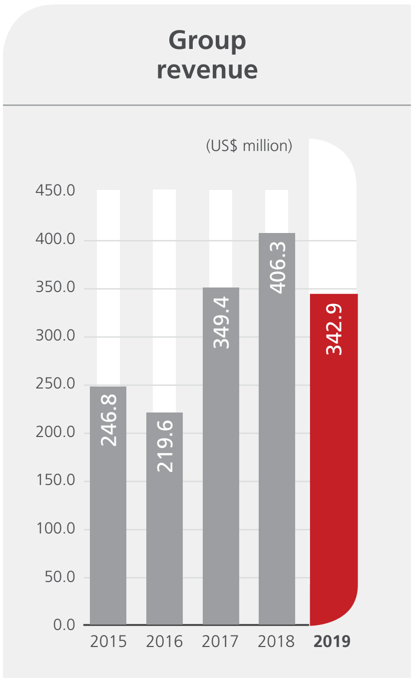
23.7% of NPAT

(2018: US 4 cents)

** Includes interim dividend of US$0.5 cent*







SAFETY AWARDS*

2

(2018: 2)

NUMBER OF FATALITIES

0

(2018: 0)

NUMBER OF EMPLOYEES WHO ATTENDED WELLNESS DAY

414

(2018: 400)

NUMBER OF PERMANENT EMPLOYEES*

1 747

(2018: 1 672)

NUMBER OF PERMANENT CONTRACTORS*

1 079

(2018: 758)

FEMALE EMPLOYEES*

21%

(2018: 20%)

TOTAL SPENT ON TRAINING

US$3.5 m

(2018: US$3.3 m)

EMPLOYEES AWARDED STUDY ASSISTANCE*

20

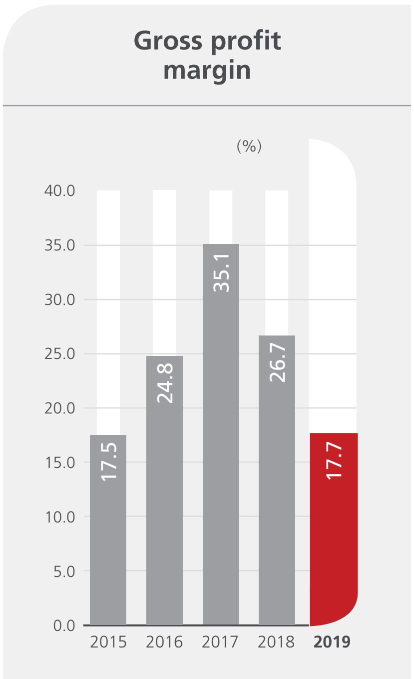
(2018: 9)

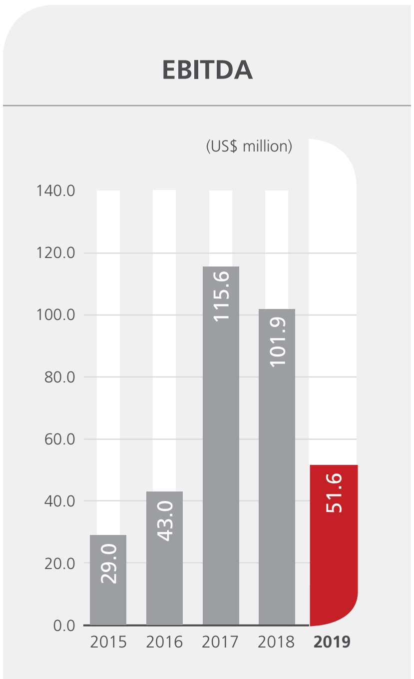
INTERNS AND GRADUATES*

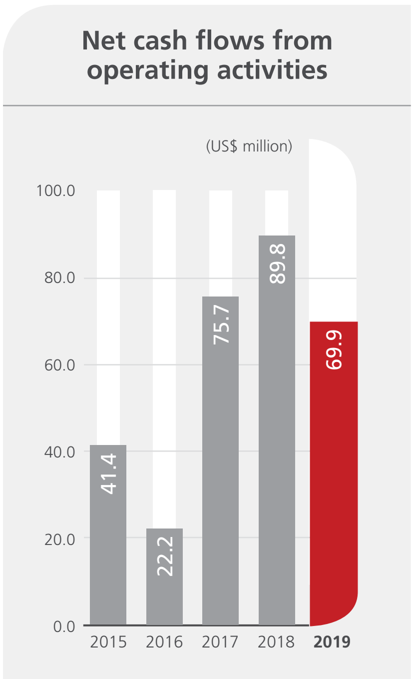
20

(2018: 21)

** Data is applicable to Tharisa Minerals*







GROUP STRUCTURE AND OVERVIEW

INVESTMENT HOLDING COMPANY

Tharisa plc (Cyprus)

Operating/producing companies

1 Tharisa Minerals (South Africa) **74%**

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.

BEE shareholders

2 Thari Resources (South Africa) **20%**

3 The Tharisa Community Trust (South Africa) **6%**

4 Arxo Metals (South Africa) **100%**

Arxo Metals produces specialised higher margin chemical and foundry grade chrome concentrates, operates Sibanye-Stillwater'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

5 Arxo Resources (Cyprus) **100%**

Arxo Resources markets and sells metallurgical and chemical grade chrome concentrate to customers primarily in Asia.

6 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 Sibanye-Stillwater's K3 UG2 chrome plant. These products are transported to customers in South Africa and international customers via port facilities in Richards Bay and Durban.

Exploration and growth projects

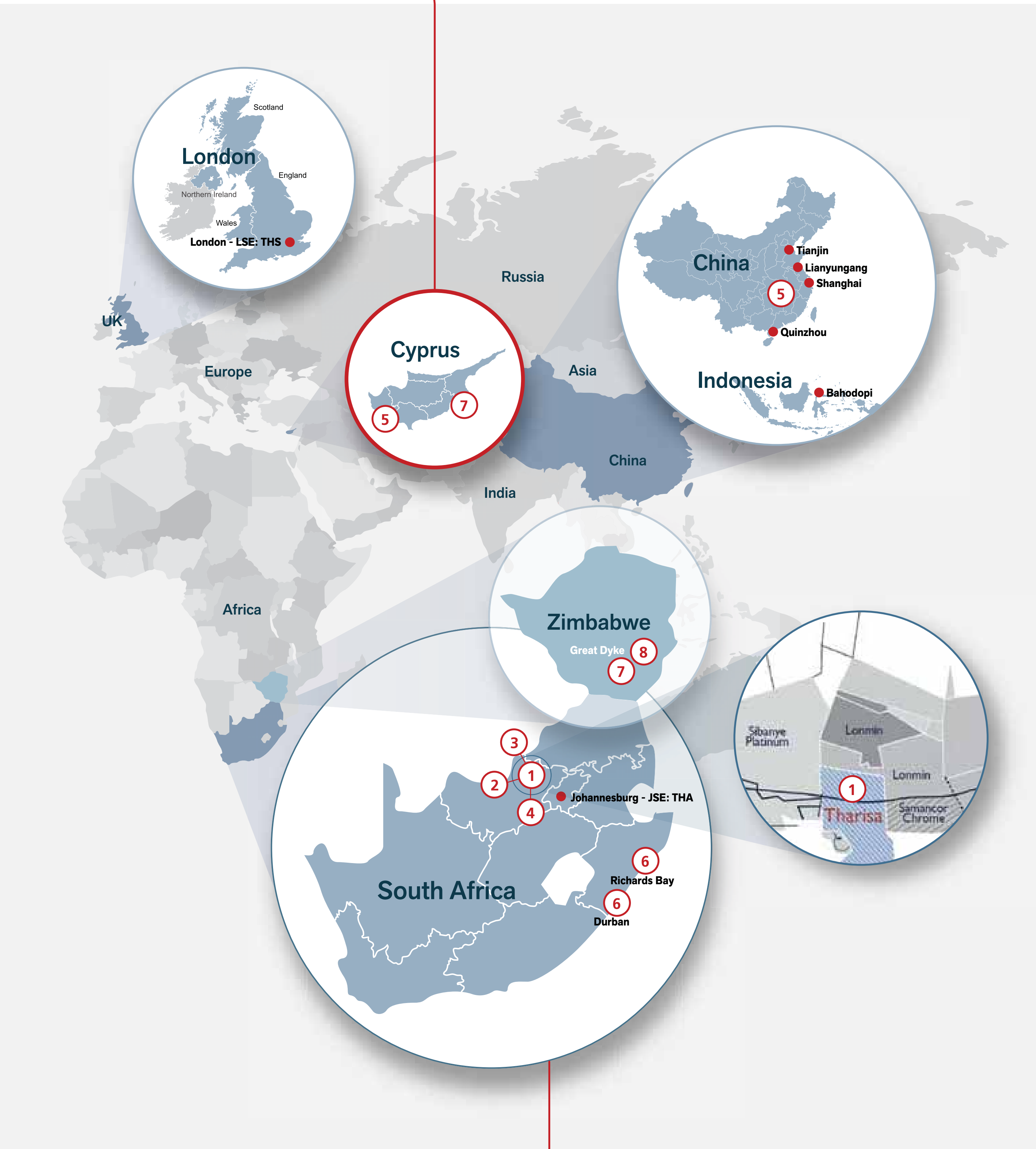
7 Karo Mining Holdings (Cyprus) **26.8%**

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 PGM mining complex.

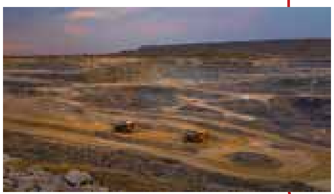
Karo Power, an indirect subsidiary of Karo Holdings, will develop the planned solar generation plant.

8 Salene Chrome (Zimbabwe) **Option for 90%**

Tharisa is undertaking the exploration programme for chrome adjacent to the Great Dyke in Zimbabwe.


London
Scotland
England
Northern Ireland
Wales
London - LSE: THS
UK
Europe
Russia
Cyprus
5
7
Asia
China
Tianjin
Lianyungang
Shanghai
5
Quinzhou
Indonesia
Bahodopi
China
India
Africa
Zimbabwe
Great Dyke
8
7
3
2
1
4
Johannesburg - JSE: THA
6
Richards Bay
6
Durban
South Africa
Sibanye Platinum
Lonmin
Lonmin
1
Tharisa
Samancor Chrome

GROUP HISTORY

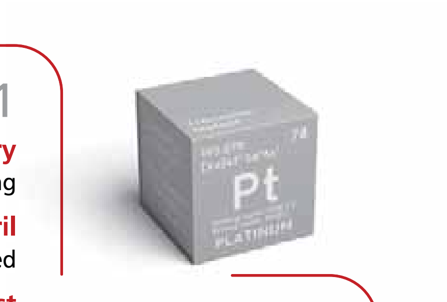
2012

February
Secured project finance facility of ZAR1 billion

May
First bulk rail shipment

July
Tharisa Minerals water use licence granted

December
Voyager Plant is commissioned at 300 ktpm capacity



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 registered

November
Tharisa Community Trust acquires 6% of Tharisa Minerals


2009

March
Acquired 74% shareholding in Tharisa Minerals

November
Commenced production of first chrome concentrate

2008

February
Tharisa Limited incorporated

September
Mining rights for Tharisa Mine granted

October
Commenced trial mining

December
US$65 million seed capital raised

tharisa

2006

February
Prospecting rights granted

March
Tharisa Minerals incorporated

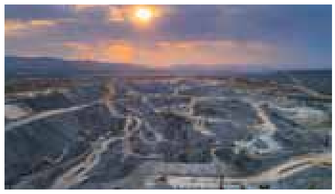
2013

July
Challenger Plant is commissioned

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

September
Commissioning of high energy PGM flotation circuit

2014



2016

March
Annualised steady state of mining and PGM production

June
Listed on the LSE

November
Project completion achieved
Maiden distribution to shareholders

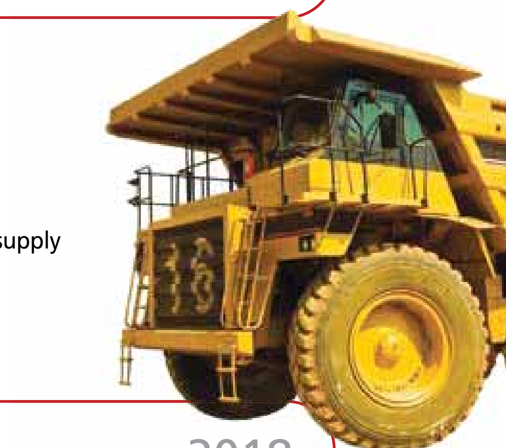
2017

May
Agreement entered into for the purchase of mining fleet and transfer of employees from mining contractor to move to an owner-operated mining model

August
Entered into strategic cooperation 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

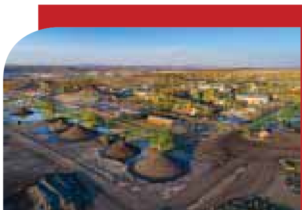


2018

March
Maiden interim dividend declared

June
Shareholding acquired in Karo Holdings

September
Record operational year
Salene Chrome's shareholder grants call option for 90% shareholding



2019

Approval of Vulcan Plant, a groundbreaking use of existing technologies in fine chrome recovery

Secondary listing on A2X

Achieved three million fatality-free shifts

CHAIRMAN'S REVIEW

Dear Stakeholder

The year under review was an important one in Tharisa's strategic development, as we progressed our plans to create a platform for both our organic and long-term growth following on from Tharisa's acquisition of advanced exploration assets outside of South Africa.

In 2018 we announced our investment in Karo Mining and Salene Chrome, establishing a presence on the highly prospective Great Dyke of Zimbabwe, the world's second largest (PGM) and chrome geological formation.

The acquisition of Karo Mining and Salene Chrome is a strategic step in diversifying Tharisa's geographic presence, and a compelling development in the Company's continued growth and success. Based on preliminary exploration results, Karo Platinum represents a massive untapped palladium and platinum resource in close proximity to existing producing PGM mines, with the potential to become one of the world's next generation low-cost PGM mines, with a potential prill split favouring metals in demand. We see immense promise given its large scale and shallow resource.

The addition of these key assets into the Tharisa portfolio is in line with our stated intent of discovering next generation low-cost, large-scale operations through exploration of multi-commodities that provide us with geographic diversification. It will also contribute to our plans to develop our Company into a globally significant low-cost producer of strategic commodities. We will achieve this as we deliver growth from an established platform that maximises value extraction.

Our Group's vision proven through the Tharisa Minerals model is based on approaching mining and processing differently. We have always looked for ways to operate more innovatively, and to realise opportunities and value in areas where others have not. This approach has enabled us to establish a track record of creating value, delivering projects of real scale and international significance.

We broke through convention by successfully mining the full suite of the MG Chromitite Layers of the Bushveld Complex's South-Western Limb ore bodies. To do this, we built on our collective prior experience as an early pioneer in UG2 mining and developed mining and processing solutions which brought these assets to account to create shareholder value through co-production of PGM and chrome concentrates.

The success to date of Tharisa Mine, which owns one of the world's single largest chrome resources, demonstrates that the heritage of innovation has allowed us to reduce project risk and deliver value. We are now well placed to bring this experience to bear as we develop our next generation of projects, from the innovative Vulcan Plant to Karo Platinum. This approach will also allow us to operate effectively in new jurisdictions and develop high-value assets in these territories. We are confident that our presence in Zimbabwe will help us reach a new scale and impact as we work to set Tharisa apart from its peers.

Tharisa has also demonstrated its ability to balance the complex needs of, and relationships with, a diverse range of stakeholders including investors, government, our exceptional staff, communities, suppliers and customers. This has created a strong reputation as an ethical operator as we have built our business in South Africa over the last decade.

We look forward to working closely with the government in Zimbabwe. We will leverage our extensive experience in South Africa to deliver wider stakeholder value, job creation and investment in Zimbabwe. We will comply with the regulations governing mining, the environment and investment in this key mining jurisdiction and have already created a strong and effective working relationship with the people of Zimbabwe and their government.

We will continue to create value from our stated intent – to discover, develop, deliver and now diversify our quality assets to create stakeholder value. This clear strategy is backed by our culture of innovation, skilled and resilient people and an approach to operating sustainably and with the highest ethical standards that has made Tharisa an investment and partner of choice.

Loucas Pouroulis
Executive Chairman

CHIEF EXECUTIVE OFFICER'S REVIEW

The year under review saw Tharisa position itself to deliver on our strategy to increase production of both PGM and chrome concentrates from the Tharisa Mine. At the same time, we have also made significant progress with our exploration assets in Zimbabwe.

We are immensely proud that we came through the year safely. I am pleased to report on another fatality free year, in which we achieved three million fatality free shifts. As members of the Minerals Council, we are participating in the Council's recently launched "Khumbul'ekaya" "remember home" safety initiative to ensure that our industry becomes fatality free.

FY2019 saw curtailed production at the Tharisa Mine, as we embedded our owner-miner approach at the asset and redesigned the mining operation with investment in training and machinery to support the long-term production goals.

Despite the curtailed operational output, which effectively saw Tharisa run at 85% production efficiency, we managed to generate cash at the Tharisa Mine, which is testimony to both the engineering and operational skills, as well as the co-product business model, coupled with the owner-mining operating model utilising a high skill set.

In Zimbabwe our efforts to develop a significant new PGM and chrome complex were given a major boost with the granting of Special Economic Zone status post financial year end. This will add momentum to our strategy as we now have the key fiscal framework in place to guide development of the project. We have also progressed studies on the Salene Chrome asset after receiving approvals from the Environmental Management Authority ('EMA').

Tharisa has set itself high performance targets and Vision 2020 is one of these. It is the drive to attain the maximum value out of the non-renewable resource that we mine that delivers these ambitions. We have spent the last 15 months reconfiguring the open pit to allow us to access more ore. The pit progressed well in finalising hauling access, ensuring smoother transport routes that lead to longer benches, allowing more controlled blasting, all with the aim of achieving the economies of scale and mining efficiencies required to attain Vision 2020. The Vision 2020 target envisages production of 2 million tonnes of chrome concentrate and 200 000 ounces of PGMs on an annualised basis.

At the same time, we are acutely aware of our responsibilities towards our social licence to operate and in particular the environmental, social and governance requirements that investors are increasingly focused on. At Tharisa, we not only comply with our international sustainable development framework, but we endeavour to exceed these where we can and will continue to look for innovative ways that will help us create a mining company which is operationally, technically and socially fit for the future.

Long-term shareholders that believe in impact investing as much as we do, ensure that the social licence under which we operate is maintained and endorsed by all stakeholders. We have included more information on our approach to sustainability in this report on page 44.

Mining plays a major role in the economies of the countries we operate in. In South Africa, mining accounts for 7.7% of total GDP. Significantly, manganese, iron ore and chrome are the only commodities that have seen real production growth over the last 15 years. South Africa hosts the world's largest chrome resources and the country remains the major supplier of chrome to the global ferrochrome industry. I firmly believe mining could play an even bigger role in South Africa, but the backlogs in critical infrastructure across the country and the mining value chain are hindering expansions by the chrome and other bulk miners, and thus the advantage to access competitively priced logistics and electricity to access downstream opportunities.

Challenges remain for mining companies, and these are more pronounced in emerging markets. In South Africa, the precarious situation facing the state-owned electricity provider, Eskom, not just operationally, but also financially, is having a stunting effect on the revival of the economy. Tharisa is a relatively modest user of power and given the modular nature of our processing plants, we have ensured we have been able to reduce our electricity demand at times when other users required power more urgently during times of load shedding. We have installed stand-by generator capacity that can sustain level 4 load shedding allowing us to continue operations.

CHIEF EXECUTIVE OFFICER'S REVIEW CONTINUED

In Zimbabwe, we have taken a proactive approach and are looking at developing two large scale solar power plants as part of our investment drive into the country. The aim is not to generate the power exclusively for our mining operations, but to feed it directly into the grid to benefit the country.

The mining industry's evolving technical parameters, and the requirements of investors who focus increasingly on sustainability and climate change, means that change in the industry will continue to be at the rapid pace we have seen in recent years. Mining is changing, and at Tharisa we are nimble and flexible enough to lead this change and be at the forefront of it. In South Africa, the change has only been too evident, where the decline of deep level mining and the focus on lower cost opencast mechanised mining has had a profound effect on production of certain commodities, most notably gold. However, as evidenced in one of our primary commodities, chrome, production has increased over time.

Opencast mining means grade profiles that were previously uneconomical have become more viable, but, while mining is one part, processing needs to be considered as part of the economic viability of an integrated mining complex.

Tharisa has always been at the forefront of innovation in methods of extracting maximum value out of the ore body we mine. We pushed the limits of PGM recoveries, and we achieved a step change in chrome recovery at the Tharisa Mine. Not content with this progress, our research team in Arxo Metals has proven our proprietary fine chrome recovery technology in a demonstration scale environment. This led to the Company approving an investment of US$54 million on constructing our new Vulcan Plant, which will increase production of chrome concentrate by some 25%, while lowering unit costs.

We firmly believe that technology and technological innovation are major enablers of our success. Although the concepts of mining and technology may seem inherently opposed to some, we have been advancing and sometimes leapfrogging existing status quos. Technology is central to our strategic drive and will be key to our future as we further explore vertical integration.

A critical aspect of Tharisa's approach has been to create value throughout the commodity value chain – with an important contribution to the business made by our processing, logistics and marketing operations.

The innovative, modern approach Tharisa has taken when developing its projects, is one of our key successes. I am confident that our growth ambitions, fulfilled by both external options and our innovative approach to organic growth via our chrome and platinum recovery projects, will be successful. Our established reputation as an ethical operator with a strong social conscience has guided our approach, and we will continue to add value to all our stakeholders as we deepen our commitment to the critical areas of ESG impacting our business, ultimately ensuring that we are well placed to achieving our ultimate goal of *"Engineering the mining company of the future"*.

I would like to thank the Board, management, employees, customers, suppliers and partners who have worked with us and I look forward to our continued partnership in the years ahead.

Phoevos Pouroulis
Chief Executive Officer

CHIEF FINANCE OFFICER'S REVIEW

With an operating environment of volatile commodity prices, and the requirement for sustaining investment in both the mining fleet and processing optimisation at the Tharisa Mine, together with investment in external growth opportunities, a strong focus during this year remained on the determination and implementation of the Company's capital requirements. We matched these requirements with the internally generated cash and external forms of capital available to the Company. Critical in this process is an understanding of capital markets trends, the changing nature of the Company and the capital sources available in its lifecycle.

Tharisa's growth has been measured by, and aligned with, the above financial strategy, creating a business that is cash generative, with a development pipeline that sees both internal growth projects and external diversification projects being implemented within managed risk and return parameters.

Balancing the above growth aspirations is the commitment to capital discipline and to provide returns to shareholders. Tharisa has a stated dividend policy of returning a minimum of 15% of consolidated NPAT to shareholders. The Board has proposed paying a dividend for the third successive year, comprising the interim dividend of US 0.5 cent per share and a US 0.25 cent per share final dividend, being 23.7% of NPAT. This dividend demonstrates our commitment to capital discipline notwithstanding the capital opportunities being pursued, including as part of Vision 2020.

The financial results of the Group once again benefited from the co-product business model for both PGMs and chrome concentrates, with prices for our key commodities reflecting vastly opposing trends. The PGM basket price on a 6E basis increased by 17.1% to US$1 081/oz (2018: US$923/oz), as palladium (16.7%) and rhodium (9.8%) showed robust price increases based on strong market fundamentals. The metallurgical grade chrome concentrate price, however, decreased by 12.9% to US$162/t (2018: US$186/t).

The Group's commodities are priced in US$ and the base cost currency for the Group's South African mining operation, is mainly in ZAR. The ZAR exchange rate remained volatile on the back of global markets suffering from 'trade wars', a weak South African economy and a possible sovereign downgrade by Moody's to sub-investment grade, with the ZAR depreciating on average against the US$ by 9.9% to ZAR14.4 (2018: ZAR13.1).

Group revenue totalled US$342.9 million (2018: US$406.3 million), of which US$130.1 million (2018: US$117.4 million) was derived from the sales of PGM concentrate and US$177.9 million (2018: US$250.4 million) derived from the sale of chrome concentrates. The agency and trading segment contributed US$34.9 million (2018: US$38.5 million). Overall, revenue decreased by 15.6%, as a result of lower sales volumes and a decrease in the chrome price compared to FY2018.

As a co-producer of PGMs and chrome concentrates, the shared costs of production for segmental reporting purposes are based on the relative contribution to revenue on an ex-works basis, allocated 55% to the PGM segment and 45% to the chrome segment. This is in accordance with the accounting policy of the Group and IFRS. The comparable period allocations were equally to the PGM and chrome segments. The change to the basis of allocation of the shared costs is, in effect, a 10% increase in respect of the allocation to the PGM segment and a 10% decrease in respect of the allocation to the chrome segment.

Gross profit amounted to US$60.4 million (2018: US$108.5 million) with a gross profit margin of 17.7% (2018: 26.7%). The major factors contributing to the reduced gross margin were the lower production levels, with the embedded fixed cost component and an increase in

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

	30 September 2019				30 September 2018			
US$ million	PGM	Chrome	Agency and trading	Total	PGM	Chrome	Agency and trading	Total
Revenue	130.1	177.9	34.9	342.9	117.4	250.4	38.5	406.3
Cost of sales	101.7	148.1	32.7	282.5	88.2	174.7	34.9	297.8
Manufacturing	100.8	88.9	17.0	206.7	87.8	106.5	21.6	215.9
Selling costs	0.9	41.3	10.0	52.2	0.4	48.4	9.7	58.5
Freight services	–	17.9	5.7	23.6	–	19.8	3.6	23.4
Gross profit	28.4	29.8	2.2	60.4	29.2	75.7	3.6	108.5
Gross profit margin	21.8%	16.9%	6.3%	17.7%	24.9%	30.2%	9.4%	26.7%
Sales volumes	134.7 koz	1 200.5 kt	207.5 kt		152.2 koz	1 429.6 kt	216.6 kt	

CHIEF FINANCE OFFICER'S REVIEW CONTINUED

the stripping ratio moving 0.7% more waste while producing 5.1% fewer ROM tonnes.

Overall inflationary pressures in South Africa as measured by the PPI were well contained at 4.1% (2018: 6.2%), there were, however, a number of above inflation pricing pressures such as diesel and electricity. Diesel consumption comprises 14.3% of the on-mine cost of production, with an increase in the average price per litre of diesel from ZAR12.7 to ZAR14.25. Electricity costs, while not being a significant input cost at 6.4% of the on-mine cost of production, increased by 6.8% per kilowatt hour.

On a unit cost basis, the reef mining cost per tonne increased by 17.6% from US$21.0/t to US$24.7/t. This cost per reef tonne was incurred on a stripping ratio of 8.3 (m^3 waste: m^3 reef). On a per cube mined basis i.e. including both waste and reef, the cost increased by 11.0% from US$8.2/$m^3$ to US$9.1/$m^3$ (the prior year stripping ratio was 7.9).

Selling costs incurred with the transport of the metallurgical grade chrome concentrate from the mine to the customer at China main ports increased marginally by 1.6% from US$62.0/t to US$63.0/t.

Administrative expenses decreased from US$39.2 million to US$37.3 million. After accounting for administrative expenses, the Group achieved an operating profit of US$24.2 million (2018: US$72.5 million).

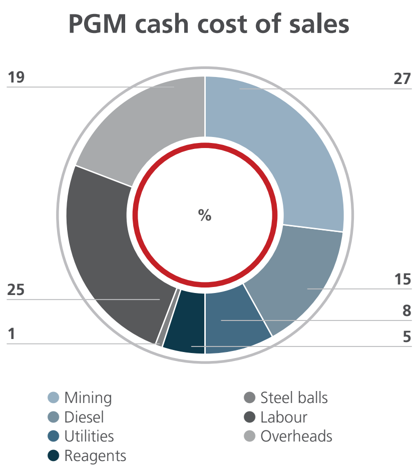
The consolidated cash cost per tonne milled (i.e. including mining but excluding transport and freight) increased by 11.7% from US$37.5/t to US$41.9/t.

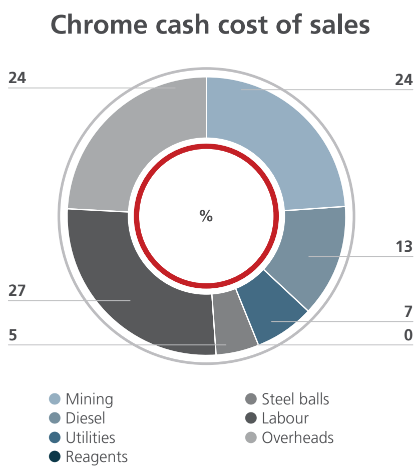
EBITDA amounted to US$51.6 million (2018: US$101.9 million).

Finance costs (totalling US$8.8 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$11.2 million compared to the comparable period of US$65.0 million.

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





The tax charge amounted to US$2.8 million, an effective rate of 24.9%. The cash tax paid amounted to US$4.4 million. The Group has fully utilised its tax losses, however, at the year end, the Group had unredeemed capex for tax purposes available for offset against taxable mining income of US$100.2 million. The net deferred tax liability amounted to US$25.0 million.

Basic earnings per share for the year amounted to US 4 cents (2018: US 19 cents) with headline earnings per share of US 5 cents (2018: US 19 cents). Diluted earnings per share were US 4 cents (2018: US 18 cents), with diluted headline earnings per share of US 5 cents (2018: US 19 cents).

The total debt amounted to US$71.2 million, resulting in a debt-to-total equity ratio of 24.7% and a net debt-to-total equity ratio of 4.2%.

The current capex spend focused on stay in business capex, additions to optimise the mining 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$43.9 million of which US$27.5 million related to additions to the mining fleet.

The depreciation charge amounted to US$27.2 million (2018: US$29.9 million).

In FY2018 Tharisa acquired 26.8% of the shares in Karo Holdings for a total cash consideration of US$4.5 million. An amount of US$2.5 million was paid to Leto Settlement in the prior financial year, with an amount of US$2.0 million paid during the period under review. This investment is equity accounted.

The Company has an option to acquire a shareholding in Salene Chrome. 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$69.9 million (2018: US$89.8 million) and after taking into account the capex, a free cash flow of US$26.0 million (2018: US$49.3 million). Cash on hand amounted to US$59.2 million (2018: US$66.8 million).

There is continued focus on working capital management, with the current ratio at 1.6 times.

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 22).

Dividend

In accordance with Tharisa's dividend policy of distributing at least 15% of annual NPAT, the Board has proposed a final dividend of US 0.25 cent per ordinary share subject to the necessary shareholder approval. The Company declared an interim cash dividend during the year of US 0.5 cent per share.

Michael Jones
Chief Finance Officer

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.

According to statistics published by South Africa's Minerals Council, of which Tharisa is a member, South Africa hosts 70% of the world's chrome resources and 80% of the world's PGM reserves.

The US dollar PGM basket price continued to improve in the year under review, with a strong performance from all PGMs, but driven mainly by a continued strong performance in palladium and rhodium prices, resulting in an average contained metal basket price received of US$1 081, an improvement of over 17.1% versus the 2018 price of US$923.

The price of 42% metallurgical grade chrome concentrate declined in the year, from a high of US$190/t to a low of US$142/t, with an average price received by Tharisa for the year under review of US$162/t, a decline of 12.9% compared to the previous year.

Tharisa is the fourth largest primary producer of chrome concentrates and the sixth largest producer of PGMs in South Africa, accounting for around 9% of South African chrome production.

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

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

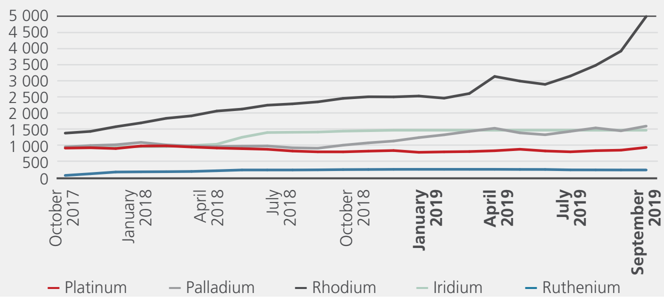
PGM market

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, responsible for roughly 70% of the total refined platinum production in 2019.

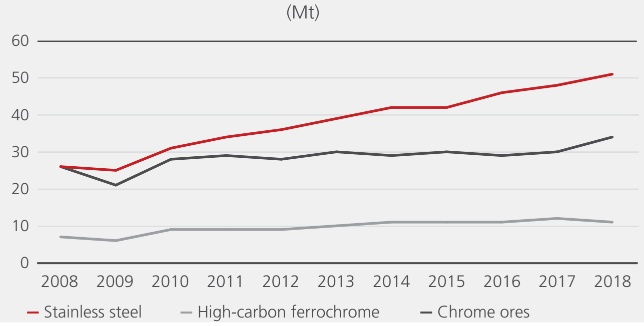
The South African Minerals Council states that in 2018, South Africa accounted for 4 318 koz out of a total world primary production of 5 959 koz. Tharisa's production means the Company contributes roughly 3% of South Africa's primary PGM production. Tharisa's prill split also contains a higher content of rhodium and ruthenium than other Bushveld Complex concentrates. The increased demand for palladium, rhodium and ruthenium is likely to continue as structural demand changes take place in autocatalytic demand from India, China and Europe as a result of tightening emission standards. Further advances in the deployment of fuel cell technology, influenced by the pressure to reduce carbon footprints, should be supportive for continued platinum demand.

PGM prices



Source: JPM

Global production



Source: ISSF

Chrome market

South Africa hosts the largest chromite reserves in the world with annual production, measured both in local sales and export sales making up two-thirds of the world's total production. Of the total sales of over 21 Mt annually in 2018, just under half was exported (46.1%), with the remainder supplying mainly the local ferrochrome industry. Of South Africa's exports, over 90% were destined for China, with Indonesia becoming increasingly important in the downstream chrome industry. China is heavily reliant on imports of chrome ores and concentrates to supply its ferrochrome and stainless steel manufacturing industries. A study released by PwC, "SA Mine 2018" stated that chrome was one of only three commodities in South Africa, the others being iron ore and manganese, which showed production growth over the past 15 years.

Chrome end uses

Chrome ore demand is driven by ferrochrome use, with more than 90% of chrome ore being used for metallurgical purposes. Approximately 4% of demand is derived from the 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 in the stainless steel industry have an impact on both the ferrochrome and chrome ore industries.

93%

Metallurgical grade
- Cr_2O_3 – 30% to 45%
- SO_2 – <4%
- Chrome is the key ingredient for stainless steel

2%

Foundry grade
- Cr_2O_3 – >46%
- SO_2 – <1%
- High-thermal conductivity and low-thermal expansion
- Moulds for metal castings

4%

Chemical grade
- Cr_2O_3 – 45% to 47%
- SO_2 – <1.2%
- Used to produce sodium dichromate

<1%

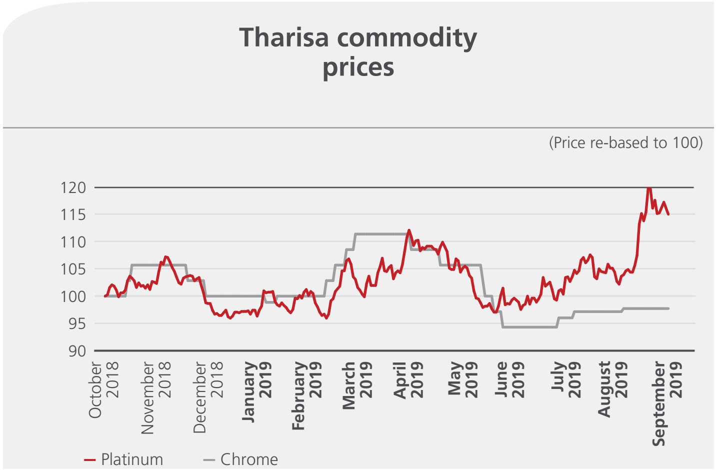
Refractory grade
- Cr_2O_3 – 46%
- SiO_2 – <1.2%
- 98% <2 mm
- Refractory bricks for furnace linings

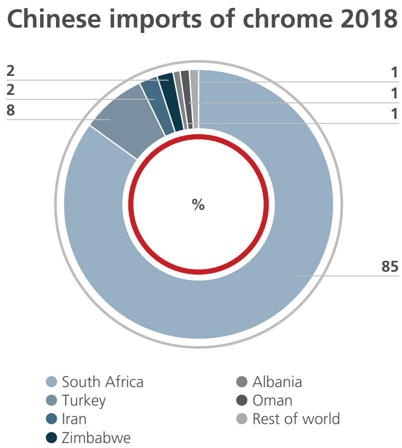
MARKET REVIEW CONTINUED

To produce one tonne of stainless steel

CHROME ORE	FERROCHROME	STAINLESS STEEL
0.6 tonnes	0.25 tonne	1 tonne

Prices for metallurgical grade chrome concentrate ranged from US$190/t to a low of US$142/t for the year under review as trade war pressures had a marked impact on a commodity where demand remained strong, when measured against stainless steel demand. The product has seen compound annual growth rates of 5.84% since 1950 according to The International Stainless Steel Forum ('ISSF'), with production of 50.7 Mt in 2018. The ISSF stated most recently that it sees demand year-on-year changes forecast at 2.4% for 2019 and at 4.4% for 2020.





HOW THARISA CREATES VALUE

Business model

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

The Group incorporates exploration, 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 and exploration rights
- 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 – capital markets

Innovation

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

1 Mineral extraction

- Mining of five MG Chromitite Layers
- Owner model
- Exploration for the future

2 Beneficiation

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

3 Research and development

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

4 Marketing and sales

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

5 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

Services

- Marketing and sales
- Logistics

Waste

- Process tailings
- Waste rock

Please see next page for continuation of How we create value

HOW THARISA CREATES VALUE

Business model continued

Outcomes

People

- Employment: **more than 500 people from local community**
- **A total of 20 interns and graduates** enrolled in intern programme
- Skills development: **US$3.5 million spent on training**
- Low LTIFR: **0.27 per 200 000 man hours worked**
- **Four years** fatality free

For more on our people go to page 47.

Assets and infrastructure

- Production of saleable product: **4.8 Mt reef milled with 139.7 koz PGMs** and **1.29 Mt chrome concentrates produced**
- Depletion of resources: **4.6 Mt reef mined**
- **Responsible management and efficient use**

For more on assets and infrastructure go to page 36.

Financial

- Operating profit: **US$24.2 million**
- Cash generated from operations: **US$69.9 million**
- Social upliftment: **US$0.2 million spent on CSI**
- Direct and indirect taxes and royalties: **US$56.7 million**
- Total dividend: **US 0.75 cent per share**

For more on financials go to page 98.

Innovation

- Process **improvements**
- Operates across the value chain – **from mine to end customer**
- Large-scale open pit resource for **extraction of five MG Chromitite Layers**

Stakeholders

- Wages, salaries, bonus schemes and share award plans: **US$36.7 million**
- Shareholder returns ('HEPS'): **US 5 cent per share**
- Community upliftment: **US$0.3 million spent on education**
- Customers – **quality of products, consistent deliveries**

For more on stakeholders go to pages 28 and 47.

Environment

- Total energy consumption: **175 329 MWh**
- Cumulative rehabilitation provision: **US$13.1 million**
- Total water consumption: **4 082 908 m^3**
- Total CO_2 emissions (Scope 3): **2 235 100 tCO_2e**

For more on environmental management go to page 52.

Our full value chain

1. Tharisa Minerals

Resource
- 890.7 Mt resources at 1.49 g/t 5PGE + Au and 20.3% Cr_2O_3

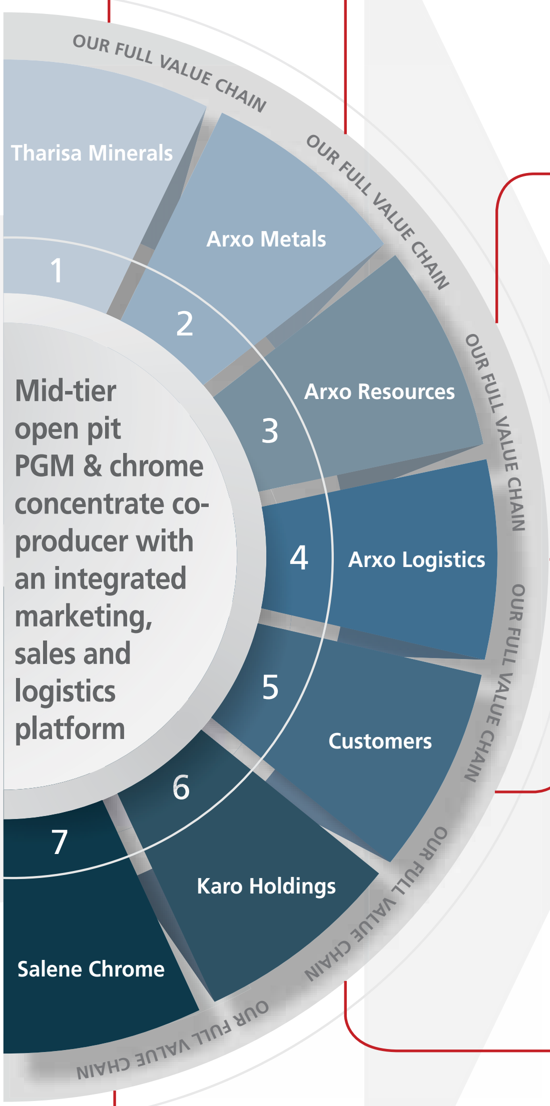
Mining
- 14-year open pit LOM
- 40-year underground extension
- Mined 4.6 Mt of ROM reef

Processing
- 4.8 Mt nameplate design capacity
- Production of 139.7 koz of PGMs
- 1.29 Mt of chrome concentrates

Large scale
- One of the world's largest single chrome resources

Mechanised
- Mechanised open pit mining with a skilled labour force

Derisked
- In production
- Major capex complete



2. Arxo Metals

Beneficiation
- Production of speciality grade chrome concentrates

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

Third party
- Improving quality of K3 UG2 chrome plant production

3. Arxo Resources

Marketing and sales
- Significant trader of chrome concentrates
- Global reach for speciality chrome concentrates
- Third-party trading

4. Arxo Logistics

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

5. Customers
- PGM offtake agreement – Impala Platinum and cooperation agreement with Sibanye-Stillwater
- Speciality chrome offtake/joint marketing agreement
- Metallurgical chrome agency agreement – Noble Group
- Strategic volume off-take chrome agreement – Tisco
- Relationships with stainless steel and ferrochrome producers and global commodity traders

6. Karo Holdings
- Development of highly prospective integrated PGM mining complex
- Replication of phased development and innovative approach

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

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 within the community. The Group's stakeholder engagement strategy aims to maintain 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 integrated 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

- AET, 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

CUSTOMERS

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

GOVERNMENT

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

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 rail siding

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

ANALYSTS

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

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 which the Group is currently unaware of.

Material risks are considered and reported on, 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. They are 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	• Disruptions to operations pending root cause investigations • Potential section 54 and section 55 instructions from the DMRE in terms of the South African Mine Health Safety Act	• Strive for zero harm working environment • Comprehensive training on standard operating procedures • Implement culture of safety risk intolerance • Transparent and open relationships with DMRE inspectorate • Key performance indicator in Group cash bonus scheme to incentivise safe behaviour • Ensuring Zimbabwe operations align with Group safety standards
Political uncertainty		
South Africa – the burgeoning unemployment, increasing government debt and negligible GDP growth have been aggravated by political uncertainty Negative business confidence	• Unattractive investment destination(s) for international investors • Potential for sovereign credit rating downgrade • Political/civil unrest adversely impacting mine production	• State President Cyril Ramaphosa has shown commitment and intent in ensuring South Africa remains politically stable and that the economy advances • 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
Zimbabwe – international sanctions still apply and may affect the stability of the economy Hyperinflation and exclusion of foreign currencies as legal tender Negative business confidence Lack of currency liquidity		• The President's willingness to attract international investment by his declaration that "Zimbabwe is open for business" • Investor-friendly laws and dispensations • Lifting of certain indigenisation requirements • Establishment and awarding of Special Economic Zones to assist capital flows and investment

Risk	Impact	Mitigation
Regulatory compliance		
Tharisa Minerals' right to mine is dependent on strict adherence to various legal and legislative requirements 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 DMRE to ensure compliance The Group is required to comply with a range of health and safety laws and regulations in connection with its mining, processing and mine logistics activities. Regular inspections are conducted by the DMRE 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	• Cost of compliance to changes in the Mining Charter • Non-compliance resulting in potential legal sanction including fines, penalties and risks to the right to mine via a forfeiture or cancellation • Capital raising hindered	• Ensure compliance with current MPRDA and applicable legislation • Mining Charter has been published and provides certainty • 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
Non-compliance with the Mines and Minerals Act of Zimbabwe and mining regulations promulgated under such Act		• Ensure compliance with all relevant Zimbabwean legislation including the Mines and Minerals Act, Mining regulations promulgated under section 403 of the Mines and Minerals Act, the Labour Act, Exchange Control regulations and other laws and enactments governing investment
Production/location concentration		
Tharisa currently owns and operates one producing asset, located in South Africa 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	• 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 main commodities	• Third-party operations such as the operations of 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		
The Group's revenues, profitability and future rate of growth depend on the prices of PGMs and chrome The state of the world's economies impact demand and market prices for commodities 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	• 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$. The Group's current operations are predominately based in South Africa, with a ZAR cost base while the majority of the revenue stream is in US$, exposing the Group to the volatility and movement in the currencies • Risk of competitor product dumping and undercutting market prices	• 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 margin speciality grade chrome concentrates comprising 25% of Group chrome concentrate production
Financing and liquidity		
The activities of the Group expose it to a variety of financial risks including market, commodity prices, credit, foreign exchange and interest rate risks Relatively low share liquidity	• Significant changes in the financial assumptions made by the Group could impact 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	• Positioned as a low-cost producer of both PGM and chrome concentrates • Production of higher value-add speciality 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 and an additional listing on A2X in South Africa provide additional trading platforms and increased liquidity • Marketing and roadshow efforts have enhanced the Group's profile and investor awareness

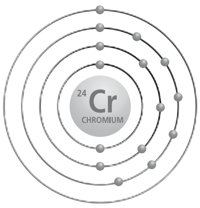
Risk	Impact	Mitigation
Market/customer concentration		
The bulk of Tharisa's chrome production is exported to China. This gives the Group a significant exposure to a single market in respect of chrome. For PGMs, we rely on Impala Platinum for the offtake of at least 80% of our PGM production.	• Customer base largely located in China, with accompanying exposure to Chinese markets	• No reliance on a dominant customer within that market • Tharisa has strategically diversified its production through the increase of speciality 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	• 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	• 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 • In Zimbabwe, we are fully compliant with all relevant legislation governing the environment, including the Environmental Management Act, and legislation covering air quality, emissions, land-use planning, soil conservation/soil improvement, waste management, hazardous substances, hazardous waste, water quality standards and biodiversity
Climate change as defined in global or regional climate patterns	• Impact on climatic working conditions for employees possibly resulting in adverse health outcomes • Impact on seasonal weather patterns having an effect on operational availability or causing possible disruptions	• Creating awareness of climate change and the impact on the individual and how individuals can contribute to mitigating this risk as individuals or as a collective • Use of new technologies and renewable energies, making older equipment more energy efficient, or changing management practices or consumer behaviour
Local stakeholders		
Tharisa Minerals' neighbours are impacted by its operations in terms of dust, noise, water and security The perceptions of stakeholders, including different sections of the community and various levels of government, are varied and multi-layered Consultations with Zimbabwean stakeholders have taken place in line with legislated requirements	• 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	• 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 DMRE • Positive engagements with the local community with focus on sustainable community projects • Focus on recruiting from local communities as much as possible if there is a skills match

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	• Production interruptions • Failure to meet delivery commitments	• 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 • Generators installed at the processing plants to mitigate load shedding
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	• Labour disruptions in South Africa 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	• Recognition agreement with the relevant trade union • 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 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 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	• Sub-optimal quantity and quality of reef results in poor processing plant recoveries, which impacts 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	• Owner mining model enables in-house management and control of all mining activities, with a 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

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	• 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	• 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
Cybersecurity		
The Group performance may be materially and adversely impacted by a cyber attack on its IT system	• 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	• 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 is implementing 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



Tharisa's operational performance in FY2019, despite a decline from record levels in FY2018, delivered strong production numbers at a time when the focus was on redeveloping the open pit to a more efficient model. The Tharisa processing plants continued to deliver industry leading recoveries, while the marketing and logistics businesses have benefited from the development of the third-party business.

Operational review

REEF MINED

4.63 Mt

down 5.1%

(2018: 4.88 Mt)

PGM PRODUCTION (5PGE + Au)

139.7 koz

down 8.2%

(2018: 152.2 koz)

CHROME CONCENTRATE PRODUCTION

1.29 Mt

down 10.9%

(2018: 1.45 Mt)

CHROME CONCENTRATE SALES

1.40 Mt

down 15.1%

(2018: 1.65 Mt)

PRODUCTION STATISTICS		FY2019	FY2018
LTIFR	per 200 000 hours	0.27	0.18
Reef mined (ROM)	kt	4 627.1	4 875.0
Stripping ratio	m^3 waste: m^3 reef	8.3	7.9
Rougher PGM grade	g/t	1.47	1.51
PGM recovery	%	82.1	84.1
PGM production	5PGE + Au koz	139.7	152.2
ROM chrome feed grade	% Cr_2O_3	18.1	18.2
Chrome recovery	%	62.0	66.0
Chrome yield	%	26.7	28.4
Chrome concentrate production	kt	1 290.0	1 448.0
– Metallurgical grade	kt	977.9	1 080.3
– Speciality grade	kt	312.1	367.7
Third party	kt	241.1	221.8

Tharisa Minerals

Tharisa Minerals is 74% owned by Tharisa and is uniquely positioned as the world's only co-producer 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 – home 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.

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.

Safety

Tharisa acknowledges that the safety of its people is critical to its success. The LTIFR for FY2019 was 0.27 (2018: 0.18) per 200 000 man hours worked. The mine achieved three million fatality-free shifts.

Refer to the Safety and Health section of the sustainability report on page 44.

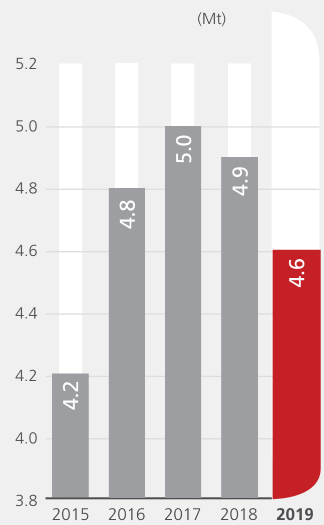
Mining operations

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 MG Chromitite Layers which outcrop with a strike length of approximately 5 km.

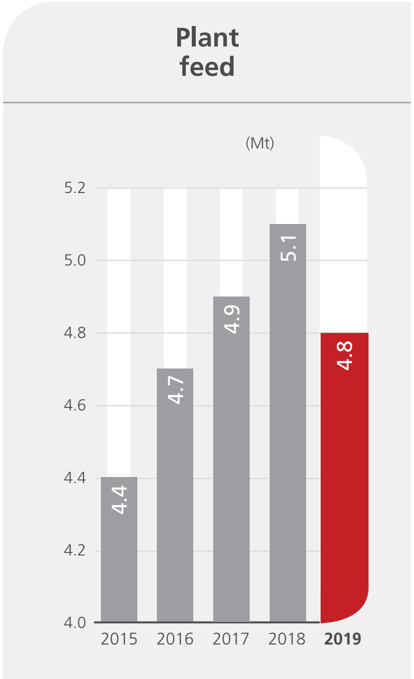
The Tharisa Mine is a 14-year open pit operation with a projected 40-year underground life of mine extension. The mining operation, which is divided into the east pit and west pit, extracts reef from five MG Chromitite Layers.

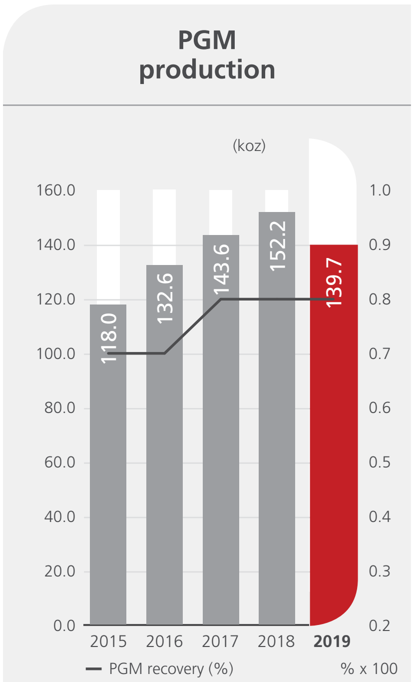
Refer to the Mineral Resource and Mineral Reserve statement on page 62.

Mining



OPERATIONAL REVIEW CONTINUED





The change in operating model from contractor to owner-operator mining was implemented in FY2018. This change represented a logical progression given the long life of the open pit, allowing Tharisa Minerals to take direct control of its mining operations, thereby controlling the reef grades and the delivery of improved quality ore to the processing plants and optimising the feed, throughout and within the plants. FY2019 saw Tharisa Minerals invest heavily in new equipment and machinery including a new Caterpillar 6050 face shovel.

Tharisa Minerals' mining division mined 4.6 Mt of ROM for FY2019, a 5.1% decrease year on year. A total of 11.1 Mm^3 of waste rock was mined for the year, as the stripping ratio improved to 8.3 on a m^3:m^3 basis, representing a 5.1% increase from the previous year. Mining for the year needs to be viewed in the context of Tharisa focusing on the development areas in its open pit; a redesign that saw over 1.7 Mm^3 of previously mined material moved, with the aim of creating smoother benches and thus better drilling, blasting and hauling continuity. Hauling continuity was enhanced by access roads that previously ran north-south now running parallel to the pit as the pit advances. Capital investment into machinery increased to US$27.5 million as fleet replacement accelerated.

Processing

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.

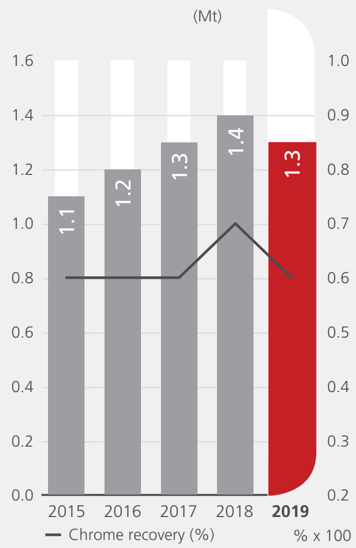
Tharisa Minerals' two independent processing plants are designed specifically to treat the MG Chromitite Layers of the Bushveld Complex. The smaller 1.2 Mtpa Genesis Plant, with the 100 ktpm chrome circuit, was commissioned in August 2011 with the PGM circuit being commissioned in December 2011. The larger 3.6 Mtpa Voyager Plant was commissioned in December 2012. Both plants operate at above nameplate capacity and milled collectively 4.8 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).

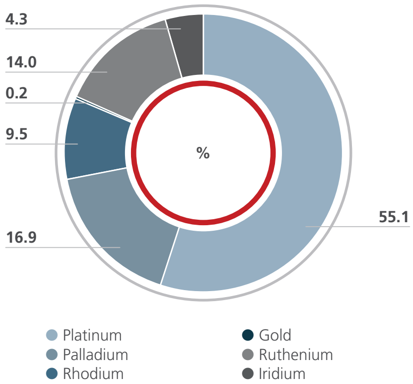
Using off the shelf technology, the processing circuits are uniquely engineered to deliver both PGM and chrome concentrates. This innovative approach to production has made Tharisa a world-class PGM and chrome co-producer.

The PGM rougher feed grade was marginally lower for the year at 1.47 g/t, while the Cr_2O_3 ROM feed grade was virtually unchanged at 18.1% for the year.

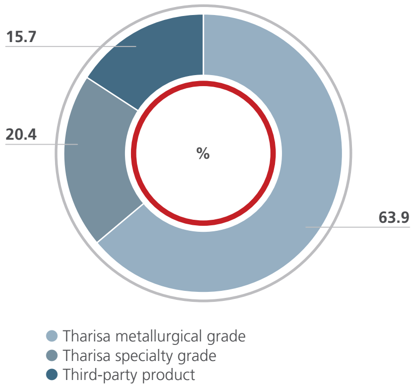
Chrome production



Prill split for FY2019



Tharisa chrome production split for FY2019



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	FY2019 US$/oz	FY2018 US$/oz	Change %
Platinum	878	909	(3.4)
Palladium	1 490	996	40.6
Rhodium	2 531	1 957	29.3
Ruthenium	235	207	13.5
Iridium	1 317	1 156	13.9

Source: Johnson Matthey

Metallurgical grade chrome concentrate: The typical metallurgical grade produced by Tharisa is 40.0% to a 42.0% chrome (as Cr_2O_3) with the silica (SiO_2) lower than 5.0%.

Chemical grade chrome concentrate: The typical chemical grade produced by Tharisa is 44.0% to 46.0% Cr_2O_3 with the SiO_2 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% Cr_2O_3 with the SiO_2 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	FY2019 US$/t	FY2018 US$/t	Change %
42% metallurgical grade	162	186	(12.9)

OPERATIONAL REVIEW CONTINUED

Tharisa targets recoveries of 80.0% for PGMs and 65.0% for chrome. In FY2019 PGM recoveries were 82.1% while chrome recoveries were 62.0%.

During the year, the Group produced PGM concentrates containing 139.7 koz of contained PGMs (5PGE + Au) and chrome concentrates of 1.29 Mt with 312.1 kt being speciality grade concentrates. Third-party chrome concentrate produced was 241.1 kt.

Speciality 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 fellow subsidiary Arxo Metals, was commissioned in July 2013 and produces chemical and foundry grade chrome concentrates.

Production of speciality grade concentrates accounted for 24.2% of Tharisa's chrome production in FY2019, and will be maintained at current levels to ensure that it maintains a strategic market share.

Vision 2020

The Vision 2020 projects are targeting an increase in Tharisa's production to 200 kozpa of PGMs and 2.0 Mt of chrome concentrates in 2020 on an annualised basis. The FY2020 production guidance for the Tharisa Mine is 155 koz to 165 koz of PGMs and 1.45 Mt to 1.55 Mt of chrome concentrates.

Crusher circuit at the Genesis Plant

The additional crusher circuit at the Genesis Plant aims to increase the Genesis Plant throughput by 15% or about 180 ktpa, targeting an increase in the higher value speciality 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. The project is being implemented via a staged approach.

Vulcan Plant

Tharisa's R&D team has developed the Vulcan process to extract the fine chrome from current in-line tailings from the combined feed of the Genesis and Voyager Plants. The primary aim of the Vulcan Plant is to increase chrome recovery from the current 65% target to 82% at the Tharisa Mine, capable of adding an additional 400 ktpa (ca. 30% of current production) of chrome concentrate output. Vulcan will use a proprietary process using existing technologies to improve chrome recoveries with the process having been rigorously tested and proven through pilot plant test work and the operation of a production scale demonstration plant. The total capital cost of US$54.2 million includes contingency and owner's cost.

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 17.1% to US$1 081/oz in FY2019.

Chrome concentrate sales totalled 1.4 Mt, 314.7 kt of which was Tharisa's higher margin speciality chemical and foundry grade chrome concentrates. The bulk of the Tharisa sales are derived from metallurgical grade chrome concentrate, sales of which included 207.5 kt of third-party chrome concentrates.

Speciality grade chrome concentrates produced within the Group 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, but overall lower than in the previous year, with prices received ranging between US$190/t and US$142/t with the average price for metallurgical grade chrome concentrate on a CIF main ports China basis decreasing in US dollar terms to US$162/t from US$186/t for the previous year.

The production of the higher value speciality chrome concentrates, which typically command a premium of greater than US$50/t provided additional margin.

The Group 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, Arxo Resources 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.

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 speciality grade chrome concentrates, namely chemical and foundry grade concentrates. Speciality grade concentrates carry more stringent specifications and therefore fetch a higher selling price. Arxo Metals has an offtake agreement for the sale of its concentrates to customers in the chemical and foundry industries globally. Arxo Metals accounted for 64.3 kt of chemical grade chrome concentrate (2018: 81.9 t) and 15.5 kt of foundry grade chrome concentrate (2018: 26.0 kt) in FY2019. The decrease in production was driven both by the overall reduction in mining and milling, as well as a reduced demand for the product in the chosen markets.

In August 2017, Arxo Metals entered into an agreement with Western Platinum, a subsidiary of Lonmin (subsequently acquired by Sibanye-Stillwater), 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 from the K3 UG2 chrome plant using innovative processing already in use at our operations. The chrome production for FY2019 from K3 UG2 chrome plant was 241.1 kt, up from 221.8 kt in FY2018.

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.

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 FY2019, Arxo Resources sold 1.1 Mt (2018: 1.3 Mt) metallurgical grade chrome concentrates, of which 0.9 Mt was produced by 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.

OPERATIONAL REVIEW CONTINUED

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 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 1.1 Mt (2018: 1.3 Mt) of chrome concentrate in FY2019 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 renewable power generation capacity made available to the Zimbabwe power grid.

Karo Platinum, an indirect 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 ROM ore to Karo Refining. Karo Refining, a subsidiary of Karo Holdings, will build, own and operate the concentrators and smelters, as well as the base metal and PGM refinery.

Most recently Karo Platinum completed 238 boreholes, comprising 32 400 m drilled. Drilling has focused on the western boundary of the Great Dyke, with average depths of 50 m to 150 m below surface targeted. Various approvals have been received. Significantly, the Zimbabwe Special Economic Zones Authority has declared a portion of Selous measuring 50 667 hectares as a special economic zone. The zone is located on certain pieces of land covered by special mining grants issued to a subsidiary of Karo Holdings.

Karo Holdings, through its subsidiary, Karo Power, has agreed to identify and establish a 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.

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 the year under review, Salene Chrome completed 78 boreholes or 3 000 m of drilling, the ultimate aim being the mining of surface chrome and gravity separation with lumpy product being sold to local offtakers.

Outlook

We believe the fundamentals for PGMs and chrome remain solid. Our speciality chrome products are in demand and given the premium pricing of this product, we benefit from stronger margins.

With our solid foundation, we believe the planned organic and external growth opportunities are well suited to advancing our portfolio.

Tharisa's FY2020 production guidance is 155 koz to 165 koz PGMs (5PGE + Au basis) and 1.45 Mt to 1.55 Mt of chrome concentrates.

SUSTAINABILITY

Safety and health

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 continued to deliver a solid safety performance which compared well with the Company's key industry peers. In recognition of these achievements, the Mine Health and Safety Committee ('MHSC') presented Tharisa Minerals an award for 5 000 fatality-free production shifts at its process plant operations and three million fatality-free shifts for the total Tharisa operations. Tharisa Minerals' mining division achieved two million fatality-free shifts on the 28 September 2019 and the total Tharisa operations achieved four years fatality free on the same day.

Tharisa is pleased to report that there have been no fatalities during FY2016, FY2017, FY2018 and FY2019. We endeavour to replicate this performance at our Zimbabwe operations.

Tharisa became a member of the Minerals Council in 2018 and as an active participant in all their structures, joined the Council's recently launched the Khumbul'ekaya "remember home" safety initiative to ensure that our industry becomes fatality free.

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 ('SHE') 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 2019, Tharisa Minerals achieved 29 175 020 fatality-free hours and 3 294 453 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 continuous risk assessments with the identification of appropriate control measures to mitigate these risks. Measures can include standards and procedures updates, operating checklists, 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 SHE 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.

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 through state funded and medical aid funded resources to eligible persons and the programme is managed through our wellness service provider.

SAFETY

0
NUMBER OF FATALITIES

0.00
FATALITY FREQUENCY RATE ('FIFR')

5
SAFETY MILESTONES

11
NUMBER OF MEDICAL TREATMENT CASES

2
SAFETY AWARDS

9
NUMBER OF LOST-TIME INJURIES ('LTI')

0.00
TARGET LTIFR

HEALTH

4 660

NUMBER OF EMPLOYEES AND CONTRACTORS VOLUNTARILY TESTED FOR HIV/AIDS

536

NUMBER OF EMPLOYEES WHO TESTED POSITIVE FOR HIV/AIDS

12%

HIV/AIDS PREVALENCE RATE AMONG EMPLOYEES AND CONTRACTORS

5 784

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

5 784

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

414

NUMBER OF EMPLOYEES WHO ATTENDED WELLNESS DAYS

Data is applicable to Tharisa Minerals for FY2019

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

The HIV prevalence rate among Tharisa Minerals' own employees is 13%. The prevalence rate, including contractors, is 12%. 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 AIDS Day at which VCT engagements are undertaken. Through these processes, 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 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 25 active peer educators and 43 trained peer educators. In 2019, 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. Tharisa Minerals also initiated an alcohol and drug support group where employees and community members can receive the necessary support in order to overcome their addictions.

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 Hz, 3 000 Hz and 4 000 Hz in one or both ears by December 2016. This milestone is monitored during annual medical examinations. High-noise zone areas 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.

All cases of noise induced hearing loss have been reported to the DMRE as per the legislated requirements.

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.

Tuberculosis

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 aim 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.

Where 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.

SUSTAINABILITY CONTINUED

Safety and health continued

To further prevent the spread of TB, contact screening is being done on employees who may have been exposed to the disease by being in contact with other employees working in the same homogenous exposure group as themselves.

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

HIV

As legislated, HIV screening at Tharisa Minerals 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 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. Tharisa Minerals has a Wellness Clinic, which will make the Employee Assistance Programme ('EAP') programme more accessible to both employees and community members.

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 occupational exposure limits ('OEL') of 0.05 mg/m^3 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 March 2019, where employees were encouraged to participate in an education programme. Other campaigns and interventions successfully held in the year under review include:

Sexually transmitted infection ('STI') awareness presentation – February 2019
Community STI awareness – February 2019
Community TB campaign – March 2019
Wellness Days – September 2019

An innovative approach to safety performance

Over the last three years, Tharisa has evolved its safety culture from one of compliance to one that places the individual at the heart of safety, as part of a system which sees safety driven by values. This innovative approach differs from industry norms in that it allows individuals to own their safety programme.

Tharisa Minerals' core values – care, safety, empowerment, integrity and innovation have supported this success. By placing people at the heart of the safety management system, the value of care is brought into effect to support safety performance.

This approach has paid off with one of the lowest LTIFRs in the South African mining industry. Tharisa Minerals was recognised with the 2019 Chrome Dinner Safety Award, and Tharisa Minerals' soccer team won the most organised team at the South African Mining Soccer Association awards, a strong indication of the teamwork, camaraderie and focus that the Tharisa Mine's people bring to their work and safety in particular.

Human resources

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.

Subsequent to the announcement that Tharisa Minerals was to implement its vision of becoming an owner miner in FY2018, the employees were transferred to Tharisa Minerals' business as from 1 May 2017 and 1 October 2017. The departmental goals mentioned above were further rolled out and cascaded down to the entire workforce, including the mining divisions, through workshops. This approach aids in the alignment of the workforce to the vision, culture and values of Tharisa Minerals. As emanated from the concluded wage negotiations post-2018 financial year, the Harmonisation Task Team consisting of management and majority trade union stakeholders concluded terms of reference with an objective to harmonise the conditions of employment. The next round of wage negotiations will be held in the 2020 financial year.

Human Resources Development ('HRD')

Built on the solid foundation of accreditation by the Mining Qualifications Authority ('MQA'), 41 of the 43 registered mineral processing learners have passed their examinations and obtained an NQF Level 2 qualification. As part of the quest for zero paper usage, the training centre has added standard operating procedures ('SOPs') for all occupations to the CBT grid. Re-certification of ISO 9001:2015 has also been achieved by the training centre.

The subscription to the notion of being a "learning organisation" is demonstrated by 67% of Tharisa Minerals employees having approved individual development plans. A total of 239 mining employees were trained on the A-B-C of Mining, blasting ticket, trackless mining machinery skills programme and original equipment manufacturer technical competency. Educational assistance is also given to employees. The organisation's culture is maintained through structured interventions like "Care and Growth" and "Grow to Care".

Enrolment for AET has grown from 82 learners to 224. The table below shows the AET enrolment statistics for both own employees and community members in FY2019:

AET level	Enrolments	Completed
Level 1	50	9
Level 2	46	9
Level 3	71	11
Level 4 (NQF level 1)	57	13

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$3.5 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 monthly to the skills development levy.

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 historically disadvantaged South Africans ('HDSAs')

HUMAN RESOURCES

91%
HDSA

100%
HDSA MANAGEMENT
(TOP MANAGEMENT PETERSON GRADE F)

44%
HDSA MANAGEMENT
(SENIOR MANAGEMENT PETERSON GRADE E)

1 747
NUMBER OF PERMANENT EMPLOYEES

1 079
NUMBER OF PERMANENT CONTRACTORS

0
LOST DAYS TO LABOUR ACTION

21%
WOMEN

51.3%
AMCU

9.7%
NUM

SUSTAINABILITY CONTINUED

Human resources continued

into the mining and minerals industry. Tharisa Minerals' learnership programmes comply with the 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 22 learners in the learnership programme during FY2019.

Internships and bursary plans

The internship and bursary plan supports the skills development plan and provides opportunities for entry into 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 internship opportunities 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 ZAR7 000 per month, per student, in line with the regulations stipulated by the MQA.

In FY2019, Tharisa Minerals had 20 interns and graduates from local communities specialising in the following disciplines:

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

During FY2019, 20 vacation students from various tertiary institutions completed their vacation work requirements at the Tharisa Mine.

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 FY2019 there were three bursaries awarded, and 20 employees studying at different institutions in South Africa.

Training centre

As a centre of excellence, the training centre facilitates skills development via 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.

Social development

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 areas of operation. Tharisa Minerals is committed to community initiatives through its SLP in South Africa, which addresses job creation, poverty alleviation, basic infrastructure, education and development needs. We have also begun the process of assessing the potential requirements of host communities around our operations in Zimbabwe.

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 in greater depth with these communities.

Within Ward 32, the municipal area in which Tharisa 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 surrounds the mine. This resulted in a more inclusive engagement forum, which meets quarterly to address the issues that impact both Tharisa Mine and the communities.

Monthly meetings are held with the ward committee to address issues affecting both 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.

Tharisa Minerals has an established engagement forum, which liaises with the steering committee for the local community neighbouring 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 SLP to address job creation, poverty alleviation, basic infrastructure and education and development needs.

Tharisa Minerals also supports informal enterprise development through engagement forums in the community.

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 Tharisa Mine is located.

TRAINING AND DEVELOPMENT

5 343
EMPLOYEES AND CONTRACTORS RECEIVED INDUCTION

224
NUMBER OF EMPLOYEES AND COMMUNITY MEMBERS ON AET PROGRAMMES

24
INTERNS AND GRADUATES

20
EMPLOYEES AWARDED STUDY ASSISTANCE

US$3.48 m
TOTAL SPEND ON TRAINING

SUSTAINABILITY CONTINUED

Social development continued

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 FY2019, 36 community members completed AET modules training provided by Tharisa Minerals. This training was at no cost to the beneficiaries. Other development interventions include the award of 22 engineering learnerships (2018: 4). 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 FY2019, 12 of 20 interns and graduates were from the North West province, the province where Tharisa Mine is located.

Being a mechanised operation, 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

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 includes 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 and operates 24 hours a day, seven days a week, 365 days a year.

Recruitment policy

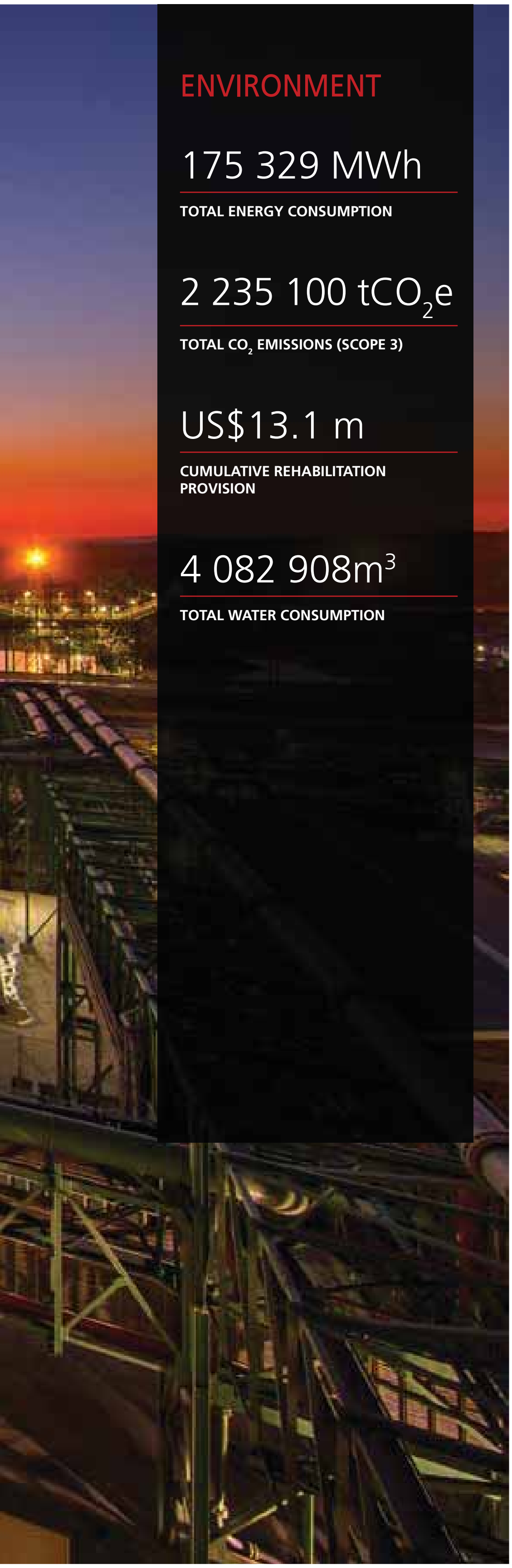
Tharisa has a robust recruitment policy in place to ensure that potential employees are screened ahead of joining the Group. The recruitment process ensures that suitable candidates are selected. Candidates are asked to grant their permission to conduct the necessary background checks during the screening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

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.

SUSTAINABILITY CONTINUED

Environment



ENVIRONMENT

175 329 MWh

TOTAL ENERGY CONSUMPTION

2 235 100 tCO_2e

TOTAL CO_2 EMISSIONS (SCOPE 3)

US$13.1 m

CUMULATIVE REHABILITATION PROVISION

4 082 908m^3

TOTAL WATER CONSUMPTION

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 changing energy and water costs 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 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').

In Zimbabwe, we are fully compliant with all relevant legislation governing the environment, including the Environmental Management Act of 2007, and all relevant legislation covering air quality, emissions, land-use planning, soil conservation/soil improvement, waste management, hazardous substances, hazardous waste, water quality standards and biodiversity.

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 provisions 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.

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 Group Chief Technical Officer and the Group Chief Operating Officer. The SHE policy is reviewed annually and was revised and signed off by the Chief Technical Officer and union representatives on 26 August 2019. 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, ZAR12.1 million was spent on environmental management including, among others, pollution control and prevention and environmental operational expenditure (2018: ZAR9.0 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 operation is 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. Tharisa Mine has undertaken to educate the community and employees on the importance of conserving water as a natural resource 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 (strictly for agricultural usage), a portion from Randwater 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 Tharisa's IWUL and regular reporting of the quality and quantities of the mine's water is submitted monthly, (when necessary), quarterly and annually, respectively, to the Department of Water and Sanitation ('DWS').

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 the DWS in September 2017 and although constant liaison is being maintained with DWS in this regard, the approval thereof is still outstanding. Tharisa Minerals is optimistic that its application will be approved soon.

Tharisa Mine provides water for the nearby community of Mmaditlhokwa 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	FY2019	FY2018
Explosives (t)	10 597	11 878

SUSTAINABILITY CONTINUED

Environment continued

Energy

A consistent supply of electricity is critical for efficient operations. Electricity is sourced from the existing Eskom supply. From 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 2018. Fuels consumed in operations include diesel, acetylene and liquid petroleum gas ('LPG'). Diesel is the most used fuel at 28.7 million litres in FY2019 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 175 329.7 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 FY2018 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.

The GHG inventory for FY2018 is provided in the infographic below. The assessment for FY2019 will be conducted from December 2019.

Emission sources: FY2018

DIRECT EMISSIONS

Direct emissions relate to fuel combustion emissions. The direct emissions of Tharisa Mine are relatively small, as most of the fuel purchases are undertaken by contractors

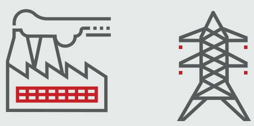
Fuel combustion

Scope 1
84 000
tCO_2e

INDIRECT EMISSIONS

Electricity indirect emissions are related to the electricity consumption at the mine.
It is relatively high due to the predominantly coal-fired and emissions intensive electricity grid in South Africa

Purchased electricity

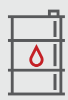


Scope 2
156 200
tCO_2e

Indirect emissions relate to emissions upstream and downstream in Tharisa Mine's value chain. Much of Tharisa's operations were contracted out and thus most of Tharisa's emissions are indirect

Other indirect emissions

Processing of sold product



Fuel and energy related activities

Downstream transportation

Scope 3
2 235 100
tCO_2e

Tharisa Minerals' direct (Scope 1) emissions for FY2018 amounted to 84 000 tCO_2e. Diesel purchased and consumed directly by the mine decreased by 5% in FY2018 when compared to FY2017.

Energy indirect (Scope 2) emissions amounted to 156 200 tCO_2e. Electricity consumption reduced by 4% between FY2017 and FY2018. This change is related to the increasing levels of renewable energy being fed into the national grid, which subsequently reduces the carbon intensity of the grid electricity and hence results in decrease in the grid emission factor.

Overall, Tharisa Mine's Scope 3 emissions increased by 13% to 2 235 100 tCO2e in FY2018 compared to FY2017 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 89% of Scope 3 emissions.

Carbon tax

South Africa is a significant global emitter of GHG, with an ongoing reliance on fossil fuels. The country is therefore required to honour international emission reduction commitments and reduce its GHG emissions in line with the National Development Plan ('NDP') policy framework.

As part of these commitments, the South African Carbon Tax Act was passed in Parliament on February 19, 2019. The Act includes a ZAR120 per tonne carbon tax for primary GHG emitters, a carbon tax on liquid fuels, economic incentives for energy efficiency and carbon offsets to reduce the tax burden and it will be introduced in a phased approach.

Investor sentiment around the impact of the tax has been largely muted for Phase One, owing to carbon allowances and offsets, which will result in an effective tax rate of between ZAR6 and ZAR48 per tonne. Phase Two, from 2022 onwards, will see a higher tax as the programme aligns with global rates.

Tharisa commissioned a report from advisory firm Deloitte to fully understand the possible impact of carbon tax on the business. The key finding is that:

> "Tharisa Minerals will not have a carbon tax liability, as all emissions from diesel consumption will be paid as part of the fuel levy paid at the pump."

There are no processes or fugitive emissions source codes that describe the primary processing of PGMs or chrome that takes place at Tharisa.

As a result, Tharisa Minerals will have a purely administrative burden in respect of carbon tax. Tharisa Minerals, will however, be required to register, licence and submit an annual return, based on the South African Revenue Service rules. It is important to note that some of the legislation governing these areas is still in draft form and may change.

Air quality

Dust originating from 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 through the use of water bowsers reduces fugitive dust levels from the respective crushers, conveyors and transfer points. In addition, Tharisa Minerals applies a dust suppressant on its access roads to further reduce the mine's dependence on water for dust suppression.

An additional water bowser was acquired to cater for dust suppression at the tailings facility. Dust suppression trials were undertaken in 2019 to determine a solution best suited for managing finer dust particles at the tailings.

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 of in tailings dams. These dams

SUSTAINABILITY CONTINUED

Environment continued

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		FY2019	FY2019
Waste rock	Mm^3	11.1	10.8
Tailings	Mm^3	3.5	2.1
Domestic waste	t	697.6	525.9
Hazardous waste: used oil	kℓ	330	82.7
Hazardous waste: other	t	258.9	271

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.

Case study: Environmental education

The 22 May was proclaimed the International Day for Biological Diversity. The 2019 theme was "Our Biodiversity, Our Food, Our Health". The theme aimed to spread awareness on biodiversity as the foundation for our food and health. The theme also celebrated the diversity provided by our natural systems for human existence and wellbeing.

From individual species through to entire ecosystems, biological diversity is vital for human health and wellbeing. The quality of the water we drink, the food we eat and the air we breathe all depend on keeping the natural world in good health.

To increase understanding and awareness of biodiversity issues, Tharisa Minerals' environmental department in collaboration with the SLPs, celebrated the day in Machadam Secondary School raising awareness among grade 11 and 12 learners. Some of the topics covered were the meaning of biodiversity, the importance of biodiversity, threats faced by biodiversity as well as the role each one of us can play in protecting biodiversity. Tharisa Minerals also donated biodiversity banners, food and back-packs to learners.

Case study: Bee project

Tharisa Minerals has adopted an innovative approach to reducing its workforce's interaction with bee populations around the Tharisa Mine.

Recognising the critical importance of bees to the local ecosystem, the Tharisa Minerals safety team created a three-phase solution which prevents the workforce from encountering potentially dangerous bees, and stops the bees being removed in a manner which may impact the local ecology.

The Tharisa Minerals safety team first created "lure boxes" to attract local bee populations. The boxes are then removed by trained Tharisa safety teams and relocated to local communities who have been trained in the responsible keeping and farming of bees.

The community members benefit from the raw honey that the bees produce, and the bees are also used by local farmers to promote pollination. This solution clearly demonstrates Tharisa's philosophy of shared value and mutual benefit.

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 DMRE.

The total cumulative mine closure and environmental rehabilitation provision is US$13.1 million (2018: US$12.6 million), refer to note 26 of consolidated annual financial statements, available on www.tharisa.com.

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 DMRE 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 DMRE by February 2020.

Case study: Bio remediation soil project

Many mining processes produce hydrocarbon waste which can have a negative impact on soil and natural vegetation.

In 2017, Tharisa Minerals launched a hydrocarbon waste clean-up programme to rehabilitate areas affected by hydrocarbon waste as the first step in returning the soil to its intended state.

Tharisa Minerals then created a bio remediation bay, which facilitates a four-stage soil rehabilitation process: 1) all carbon contaminated oil is brought to the bay; 2) an oxidiser is added to break down hydrocarbon chains in the oil; 3) microbials, or good bacteria are added to "eat" hydrocarbon chains; and 4) a nutrient blend is added to return the soil to a usable state.

This process allows soil which would have been treated as waste to be used as it was intended – to support natural vegetation, to be used for crops by local communities or for remediation in Tharisa Mine's open pit if needed.

Furthermore, secondary contamination and the mine's carbon footprint are reduced, and local communities are able to benefit from employment and skills training as they are trained to work on the bio remediation bay.

MINERAL RESOURCE AND MINERAL RESERVE STATEMENT

Introduction
The Mineral Resource and Mineral Reserve of Tharisa Minerals was prepared under the guidance of the Competent Person ('CP') 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 2019.

The previous declaration of the Mineral Resource and Mineral Reserve was dated September 2018. The current Mineral Resource declaration relies on the geological model and resource model of April 2019 for the MG Chromitite Layers, the June 2018 model for the UG1 chromitite layer and the end of FY2019 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 was obtained from observation in the operating pits and resource drilling. The Mineral Resource and Mineral Reserve information in the tables on the following pages are based on information compiled by the CP.

Definitions
The declaration of the Mineral Resource and Reserve was 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 Person
Ken Lomberg of Pivot Mining Consultants Proprietary Limited (previously Coffey Mining South Africa Proprietary Limited), is the CP 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 Lomberg is a geologist with 34 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 Studies, who is the CP 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 Lomberg and Jaco Lotheringen that the information disclosed is in compliance with the SAMREC Code (2016) 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 Department of Mineral Resources and Energy ('DMRE') (then the Department of Minerals and Energy ('DME') in terms of 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
Geology and mineralisation
The Tharisa Mine is situated on the southwestern 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 is on the property, striking roughly east to west with a gentle change in strike to northwest-southeast 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.

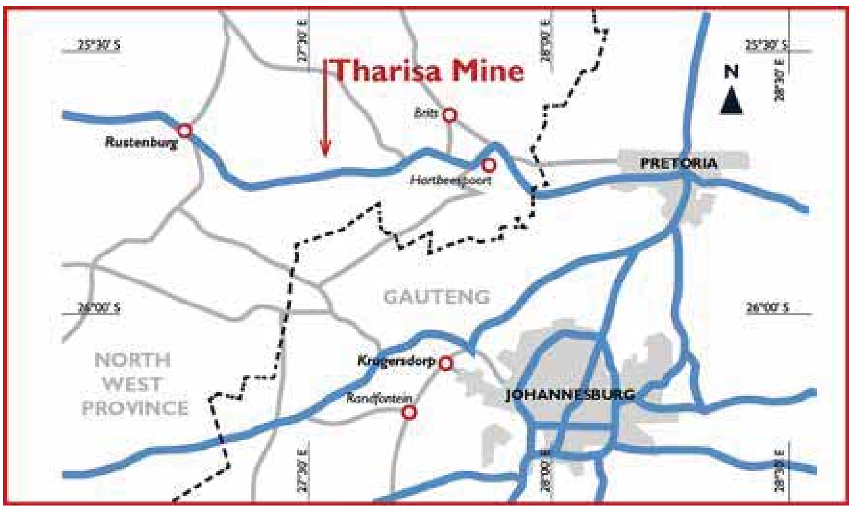


Figure 1: Location of the Tharisa Mine

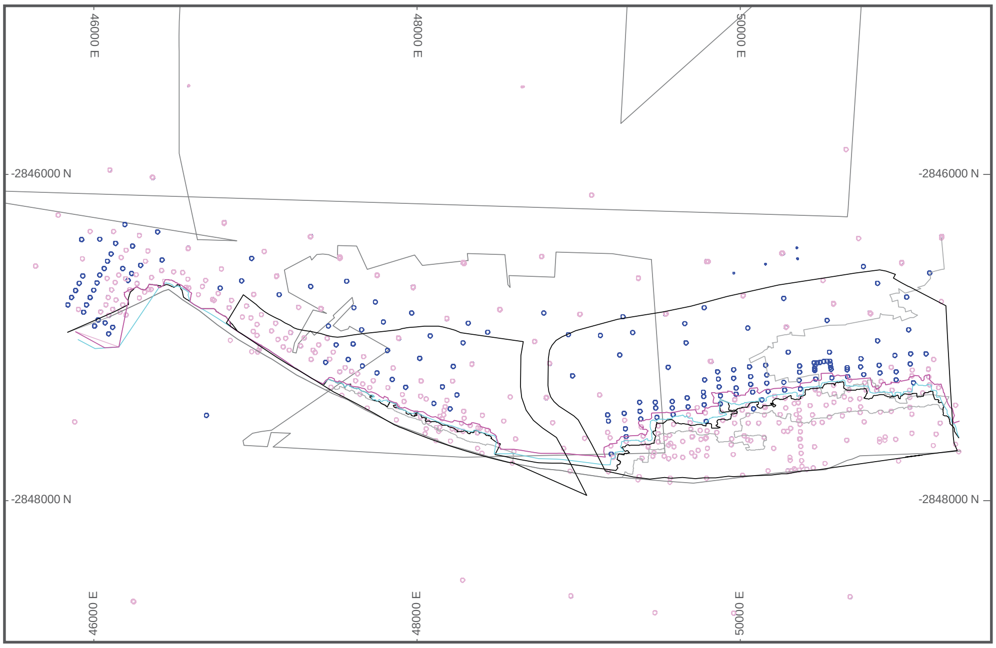


Figure 2: Image of the Tharisa Mine plan showing borehole locations and the extent of the open pits.

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 northwest-southeast 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 northwest-southeast 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 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 and the rest of the critical zone below. No new major structural features were 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 Mineral Resource estimate was limited to the area within the planned pit perimeter.

The previous declaration of the Mineral Resource and Mineral Reserve was dated September 2018. The current Mineral Resource declaration relies on the geological model and resource model of April 2019 for the MG Chromitite Layers, the geological and resource model of June 2018 for the UG1 Chromitite Layer and the end of FY2019 mining faces. An additional 84 diamond drill boreholes, since the 2016 estimation, were included in the updated Mineral Resource and Mineral 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 and 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. 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 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 2019 is reported inclusive of Mineral Reserve. The drilling which was located ahead of the open pit mining faces has allowed the CP to declare additional Measured Mineral Resources. As the drilling has not occurred beyond the previously declared Indicated Mineral Resource, the Indicated Mineral Resource was reduced. Additional drilling further downdip is expected to allow the extension of the Indicated Mineral Resource downdip.

MINERAL RESOURCE AND MINERAL RESERVE STATEMENT CONTINUED

As a result of the additional information, the boundary was moved northwards and downdip increasing the reported Measured Mineral Resource. The Indicated Mineral Resource was decreased as no additional information was obtained ahead of this boundary. Additional work was undertaken on the MG0 Chromitite Layer which resulted in a redefinition of the MG0 package into three identified units. These were reclassified as Indicated Mineral Resource. Work on the area in the far west was largely responsible for the increase in the reported tonnage of the Mineral Resource.

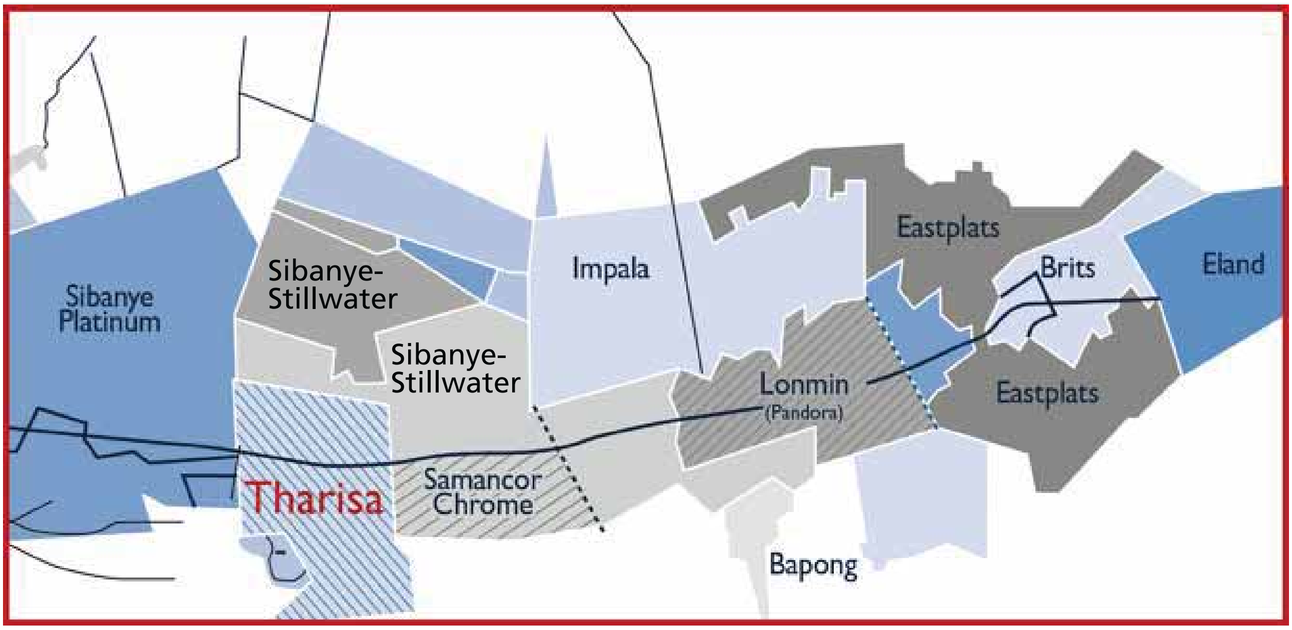


Figure 3: Map of the location of the Tharisa Mine

Mineral Resource estimate

2019	Unit	Measured	Indicated	Inferred	Total
Tonnes	Mt	111.51	87.99	691.20	**890.70**
6PGE + Au grade	g/t	1.73	1.48	1.52	**1.54**
5PGE + Au grade	g/t	1.67	1.37	1.47	**1.49**
3PGE + Au grade	g/t	1.29	1.06	1.12	**1.14**
Cr_2O_3 grade	%	22.40	21.72	19.79	**20.31**
Contained 6PGE + Au	Moz	6.18	4.18	33.86	**44.22**
Contained 5PGE + Au	Moz	5.99	3.87	32.67	**42.54**
Contained 3PGE + Au	Moz	4.61	3.00	24.92	**32.53**
Contained Cr_2O_3	Mt	24.98	19.11	136.79	**180.88**

2018	Unit	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_2O_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_2O_3	Mt	14.88	25.36	137.84	**173.06**

Mineral Reserve declaration

The Mineral Reserve estimate for September 2019 was based on a revised, updated LOM for the open pit and the underground mining areas. This re-estimation was underpinned by an updated mining model and incorporates the current economic conditions, current on-mine mining methodology and survey depletion. Appropriate technical aspects were considered in the mine design and schedule as basis for the Mineral Reserve estimate, including economic pit limits, underground target layers, 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 losses, mining dilution and metallurgical recovery. The variance between the 2018 and 2019 Mineral Reserve estimation is due to:

- depletion
- updated LOM pit design
- geological structural updates
- revised underground design aligned with the open pit limits
- updated geotechnical parameters.

The LOM plan was designed to extract the MG Chromitite Layers, firstly from open pit mining to a maximum depth of 220 m and subsequently from underground extraction (MG2 and MG4 Chromitite Layers) by means of a bord and pillar mining method.

The Mineral Reserve tonnage increased by 4.9% as a result of increasing the open pit and underground mining areas, geological structure changes, mining depletion and treatment with a decrease in PGM (3PGE + Au) and Cr_2O_3 grades by 2.8% and 1.6% respectively. All previous Inferred Mineral Resources within the open pit economic limit were upgraded due to infill drilling. No Inferred Mineral Resources are included in the open pit LOM. 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 14-year LOM schedule targets an average of 5.69 Mtpa before tapering down in the last two years when the open pit transitions to underground mining. The final ore from the open pit is produced in 2033. The open pit LOM reduced by one year due to mining depletion and an increased ore production rate.

The Mineral Reserve declared for the underground project was derived from the Measured and 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 pre-feasibility study was completed in 2013 with an update of the study during 2019 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, constrained by the Mineral Resource classification. However, the underground LOM can be expected to extend to a maximum depth of 700 m, pending further fieldwork and study work.

OPEN PIT 2019	Unit	Proved	Probable	Total
Tonnes	Mt	64.5	7.8	**72.4**
5PGE + Au grade	g/t	1.35	1.09	**1.32**
3PGE + Au grade	g/t	1.03	0.82	**1.01**
Cr_2O_3 grade	%	18.9	15.2	**18.5**
Contained 3PGE + Au(1)	Moz	2.1	0.2	**2.4**
Contained Cr_2O_3 (2)	Mt	12.2	1.2	**13.4**

OPEN PIT 2018	Unit	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_2O_3 grade	%	19.2	18.3	**18.9**
Contained 3PGE + Au	Moz	1.6	0.9	**2.5**

MINERAL RESOURCE AND MINERAL RESERVE STATEMENT CONTINUED

Contained Cr_2O_3	Mt	9.2	4.8	**14.0**

UNDERGROUND 2019	**Unit**	**Proved**	**Probable**	**Total**
Tonnes	Mt	8.1	17.1	**25.1**
5PGE + Au grade	g/t	1.57	1.62	**1.60**
3PGE + Au grade	g/t	1.23	1.24	**1.24**
Cr_2O_3 grade	%	19.3	20.6	**20.1**
Contained 3PGE + Au(1)	Moz	0.3	0.7	**1.0**
Contained Cr_2O_3 (2)	Mt	1.6	3.5	**5.1**

UNDERGROUND 2018	**Unit**	**Proved**	**Probable**	**Total**
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_2O_3 grade	%	–	19.3	**19.3**
Contained 3PGE + Au	Moz	–	0.7	**0.7**
Contained Cr_2O_3	Mt	–	3.6	**3.6**

TOTAL OPEN PIT AND UNDERGROUND 2019	**Unit**	**Proved**	**Probable**	**Total**
Tonnes	Mt	72.6	24.9	**97.5**
5PGE + Au grade	g/t	1.38	1.15	**1.40**
3PGE + Au grade	g/t	1.06	0.87	**1.07**
Cr_2O_3 grade	%	18.9	15.8	**18.9**
Contained 3PGE + Au(1)	Moz	2.5	0.9	**3.4**
Contained Cr_2O_3 (2)	Mt	13.7	4.7	**18.4**

TOTAL OPEN PIT AND UNDERGROUND 2018	**Unit**	**Proved**	**Probable**	**Total**
Tonnes	Mt	47.7	45.2	**92.9**
5PGE + Au grade	g/t	1.25	1.40	**1.41**
3PGE + Au grade	g/t	0.96	1.07	**1.09**
Cr_2O_3 grade	%	17.3	18.4	**19.0**
Contained 3PGE + Au	Moz	2.2	1.6	**3.2**
Contained Cr_2O_3	Mt	9.2	8.5	**17.6**

(1) The contained metal is stated on a ROM basis. Plant recovery to convert to a saleable concentrate range from 81.3% to 85.7%
(2) The contained Cr_2O_3 is stated on a ROM basis. Plant yield to convert to a saleable product range from 37.3% to 40.9%

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 could add significant value to the appropriate understanding of the systematic contribution of process plant recoveries and dilution and losses on the mining operations related to plant feed grades, mining methodology and equipment allocation to sustain cost-effective production performance.

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 can 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 value and extended life strategy, sustained low cost and efficient mining with specific focus on waste backfill and processing recoveries are critical to creating sustained value from the open pit operation.

Reporting codes and compliance
The Mineral Resource and Mineral Reserve estimates for Tharisa Minerals is stated 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, was based on the Group's environmental policy, considering the current technological, environmental and regulatory requirements. Details of the Group's environmental liability and funding can be found in note 26 of the annual financial statements.

BOARD OF DIRECTORS

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

LOUCAS POUROULIS – 81

Chairman

Appointed:
27 October 2010

Mining and Metallurgical Engineering (Hons) (National Technical University, Athens, Greece)

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.

PHOEVOS POUROULIS – 45

Chief Executive Officer (CEO)

Appointed:
27 October 2010

Bachelor of Science and Business Administration (Boston University, USA)

I I I I

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 17 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').

MICHAEL JONES – 57

Chief Finance Officer (CFO)

Appointed:
30 January 2013

Bachelor of Accounting (University of KwaZulu-Natal, Pietermaritzburg, South Africa), CA (SA); Member of the South African Institute of Chartered Accountants

I I I

Michael Jones is the Chief Finance Officer of the Group and is responsible for the overall financial operation, funding and the financial reporting management of the Group. Michael has more than eleven 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.

DAVID SALTER – 61

Lead independent non-executive director

Appointed:
27 October 2010

Bachelor of Science Engineering (Hons); PhD in Mineral Technology (Imperial College, London); Fellow of the South African Institute of Mining and Metallurgy (FSAIMM)

C C C

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 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.

ANTONIOS DJAKOURIS – 72

Independent non-executive director

Appointed:
11 October 2011

Chartered Accountant and Fellow of the Institute of Chartered Accountants in England and Wales

C C C

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.

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

GOVERNANCE
6

OMAR KAMAL – 48

Independent non-executive director

Appointed:
11 June 2014

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)

Omar Kamal has more than 25 years' international experience in banking, investment management, strategic advisory services and high-growth entrepreneurship. He has served at high-growth companies and multibillion-dollar corporates in various executive capacities.

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, Crowdemotion, and Arab Bank Switzerland as 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 and a Board member of the London Stars Chapter in the UK.

CAROL BELL – 61

Independent non-executive director

Appointed:
22 March 2016

Master of Arts in Natural Sciences (University of Cambridge); PhD Archaeology (University College, London)

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 TransGlobe Energy and Bonheur. She is also a non-executive director of the BlackRock Energy and Resources Income Trust and serves on the Board of the Development Bank of Wales and The Football Association 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 – 74

Independent non-executive director

Appointed:
1 June 2017

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')

C

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) (1998 to 2010) 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 KA KI CHENG – 51

Non-executive director

Appointed:
1 February 2017

Bachelor of Arts (Economics) (York University, Ontario, Canada)

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 Limited (Hong Kong Stock: 659). Before joining the NWS Holdings Limited group, Joanna worked at audit firms in Canada and Hong Kong.

Joanna will be retiring by rotation at the conclusion of the AGM and will not be available for re-election. The Board thanks Joanna for the contribution she has made to the Company since her appointment as non-executive director on 1 February 2017.

ZHONG LIANG HONG – 55

Non-executive director

Appointed:
1 April 2018

Bachelor (Ferrous Metallurgy) (Shanghai Metallurgy Technology Academy)

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 the requirements of the South African Code of Corporate Practices and Conduct laid out in King IV. Tharisa also has a secondary standard listing of its depositary interests on the London Stock Exchange ('LSE') and is subject to the LSE Listing Rules and Disclosure and Transparency Rules applicable to a secondary standard listing. In addition, Tharisa listed on the A2X exchange in South Africa with effect from 6 February 2019. Tharisa's primary listing on the JSE and secondary standard listing on the main board of the LSE remain unaffected by the secondary listing on A2X. The A2X is a licensed stock exchange authorised to provide a secondary listing venue for companies and is regulated by the South African Financial Sector Conduct Authority in terms of the Financial Markets Act 19 of 2012. The listing on A2X provides an opportunity to improve liquidity and attract new investors through the lower trading costs offered by this trading platform. There are no additional regulatory requirements or ongoing obligations to comply with.

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 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 are 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 set out in King IV. The Company's disclosure on its application of King IV principles is set out on pages 76 to 85.

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 (CEO)
Michael Jones (CFO)

Independent non-executive directors

David Salter (Lead Independent Director)
Antonios Djakouris
Omar Kamal
Carol Bell
Roger Davey

Non-executive directors

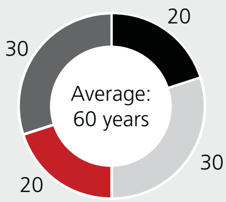
Joanna Cheng
Zhong Liang Hong

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.

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.

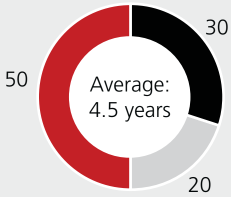
The Nomination Committee identifies suitable candidates for appointment as directors. Directors are required to be individuals of calibre and credibility with the necessary skills and experience to bring judgement, independent of management, on issues of strategy, performance, resources, diversity, standards 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.

AGE
(%)



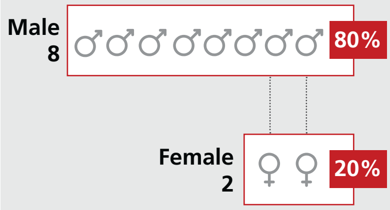
■ 41 to 50 years ■ 61 to 70 years
■ 51 to 60 years ■ 71 to 80 years

TENURE
(%)

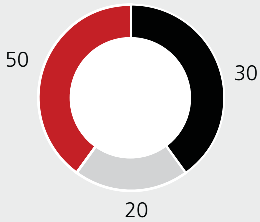


■ 0 to 3 years ■ 5 to 8 years
■ 3 to 5 years

GENDER



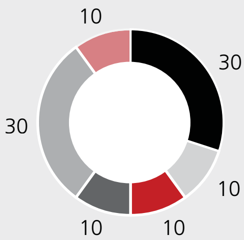
INDEPENDENCE
(%)



■ Executive ■ Independent non-executive directors*
■ Non-executive directors

* *Includes a lead independent non-executive director*

NATIONALITIES
(%)



■ Cyprus ■ Peoples Republic of China
■ South Africa ■ United Kingdom
■ Canada ■ Jordan

EXPERIENCE

- 5 **Mining and metallurgy**
- 1 **Energy, oil and gas**
- 5 **Finance**
- 6 **Strategy and risk**
- 3 **Commodity markets**
- 1 **Information technology**

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

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.

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. The Board will also 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. Whenever practically and commercially possible, the Board gives 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. The Board 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.

CORPORATE GOVERNANCE CONTINUED

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 and based on good communication. This approach has been 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 Company Secretary, the Assistant Company Secretary 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 CEO. 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 CEO
The Board's authority conferred on management is delegated through the CEO and the authority and accountability of management is accordingly considered to be the authority and accountability of the CEO.

The CEO 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 CEO 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 CEO.

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 CEO and leads the non-executive directors in the appraisal of the Executive Chairman and CEO. 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.

Role of the non-executive directors
The role of non-executive directors is to bring independent judgement and to challenge executive directors in a constructive manner, without becoming involved in the day-to-day running of the business.

The key responsibilities of non-executive directors include oversight to the board on issues relating to:

- strategic direction, by providing an objective, informed and creative insight based on own experience, to act as a constructive critic in assessing the strategic objectives devised by the CEO and to ensure that the necessary financial and human resources are in place for the Company to meet its objectives
- monitoring performance of executive management with regard to the progress made towards achieving the Company's strategy and objectives and, in doing so, playing an important role in key executive appointments, removals where necessary, and succession planning
- remuneration, through the work of the Remuneration Committee, by objectively and independently determining appropriate levels of remuneration of executive directors
- risk and strategic risk in particular, through the work of the Risk Committee, by reviewing the risk philosophy, strategy and policies as recommended by executive management, ensuring compliance with such policies, and with the overall risk profile of the Company
- integrity of financial information, through the work of the Audit Committee, by ensuring that the Company accounts properly to its shareholders by presenting a true and fair reflection of its actions and financial performance and that the necessary internal control systems are implemented and monitored on a regular basis
- standards of conduct.

Tharisa's 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 CEO 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 typically involves 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 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. No new directors had been appointed during the financial year under review.

In accordance with the Company's Articles of Association, one-third of non-executive directors must retire from office at each AGM. Executive directors are not subject to retirement by rotation. The non-executive directors retiring at each AGM are 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. Omar Kamal, Carol Bell and Joanna Cheng will be retiring by rotation at the upcoming AGM. Both Omar and Carol will be available for re-election. Joanna will not be available for re-election. The Board thanks Joanna for the contribution she has made to the Company since her appointment as non-executive director on 1 February 2017. A brief curriculum vitae of each director standing for election or re-election appears on pages 64 and 65.

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 Omar Kamal and Carol Bell be 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 receive notice and packs for committee meetings and are welcome to join meetings of Board committees of which they are not members. Terms of reference of the various committees are compliant with the

CORPORATE GOVERNANCE CONTINUED

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.

The Company's Board committees are constituted as follows:

	Chairman	Members	By standing 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	
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 committee's members have the appropriate mix of qualifications and experience in order to fulfil their responsibilities appropriately. The Group's independent external auditor, independent internal auditors, CFO and CEO 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.

The Audit Committee is satisfied as to the appropriateness of the expertise of Michael Jones, the CFO. The appropriateness of the expertise and experience of the CFO 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 four 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. The Risk Committee 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 CEO 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 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 once 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 CEO and CFO 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, CEO, CFO and other members of the executive management of the Company and its subsidiaries, with reference to local and international benchmarks. As far as the remuneration of the Executive Chairman and the CEO is concerned, the committee considers and if appropriate, recommends the remuneration of the Executive Chairman and the CEO to the Board for final approval.

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 86 to 93 of this Integrated 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 CEO and Chief Operating Officer attend the meeting by invitation.

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

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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, includes 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 five times during the year under review.

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	4	1	3	2	4	1	5
Loucas Pouroulis	4	–	1	–	2	–	–	3
Phoevos Pouroulis	4	4[#]	–	3[#]	2	4[#]	1	5
Michael Jones	4	4[#]	–	3[#]	2	1[#]	–	5[#]
David Salter	4	4	1	3	2	4	1	5
Antonios Djakouris	4	4	1	3	2	4	1	2[#]
Omar Kamal	4	4	1[#]	–	2	2[#]	1	2[#]
Carol Bell	4	4	–	3	1	4	1	5
Joanna Cheng	4	–	–	–	2	–	–	1[#]
Roger Davey	4	3[#]	1[#]	3	2	4	–	5
Zhong Liang Hong	2	–	–	–	1	–	–	–

[#] *By invitation*

Group Company Secretary

The role of the Group Company Secretary 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 her statutory duties, the Company Secretary provides 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.

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 acts as the Assistant Company Secretary and holds a Bachelor of Law 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 a company secretary and legal adviser to companies listed on the LSE and Cyprus Stock Exchange. 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.

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

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, CEO, CFO, the Company Secretary 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 October 2019.

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.

Share dealing and insider trading

All directors of the Company and its major subsidiaries, senior executives, the Company Secretaries and employees and advisers 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 pre-approved 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.

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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 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 transactions 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.

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, as 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 Tharisa's equal employment opportunity policies.

Human Rights, modern slavery and human trafficking

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.

Modern slavery encapsulates slavery, servitude and forced or compulsory labour. 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.

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 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 CEO and CFO, 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 South African and international conferences and conducts roadshows in South Africa and 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	
1. Leadership The governing body should lead ethically and effectively	**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. 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. 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. 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. **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. 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. 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. **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. 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.

Principle	Summary of how Tharisa applies the King IV Principles
Leadership, ethics and corporate citizenship continued	
1. Leadership continued The governing body should lead ethically and effectively	**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. **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 societies in which it operates.
2. Organisational ethics The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture	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. 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.
3. Responsible corporate citizenship The governing body should ensure that the organisation is, and is seen to be, a responsible corporate citizen	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. The Board focuses on these matters through its Risk, Safety, Health and Environment and Social and Ethics Committees. 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 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: • 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 CONTINUED

Principle	Summary of how Tharisa applies the King IV Principles
Strategy, performance and reporting	
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	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. 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 CEO 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: • 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.
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	The Company has controls to ensure the integrity of the Integrated Annual Report. It is reviewed by the finance team, CFO, CEO, the 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. The Board Charter sets out the Board's responsibilities in relation to reporting and the following are matters reserved for the Board: • 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	
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	The Board is committed to the highest standards of corporate governance and believes that accountability, integrity, fairness, transparency and integrated thinking are essential to the Group's long-term sustainability and to its ongoing ability to create value for investors and other stakeholders. 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. 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. The number of meetings of the Board and its committees held and attendance thereat is set out in the Integrated Annual Report. The Board is satisfied that it has fulfilled its responsibilities in accordance with the Board Charter during the financial year.

Principle	Summary of how Tharisa applies the King IV Principles
Governing structures and delegation continued	
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	**Composition** The unitary Board, which both leads and controls the Company, comprises three executive directors, being the Executive Chairman, CEO and CFO, 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. **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 high 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. 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. 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. **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. **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. 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.

KING IV APPLICATION CONTINUED

Principle	Summary of how Tharisa applies the King IV Principles
Governing structures and delegation continued	
7. Composition of the governing body continued 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	**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. **Induction and mentorship** 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. All directors, new and existing, have access to the Company Secretaries for guidance as to the manner in which their responsibilities should be discharged in the best interests of the Group. 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. **Conflicts of interests** 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. **Independence** 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. **Lead independent non-executive director** The Lead independent non-executive 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 CEO and leads the non-executive directors in the appraisal of the Executive Chairman and CEO. 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.

Principle	Summary of how Tharisa applies the King IV Principles
Governing structures and delegation continued	
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	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. 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. Details of the various Board committees, their composition, role and responsibilities are set out in the Integrated Annual Report.
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	The Board and its committees conduct annual or bi-annual self-evaluation of the performance of the Board, its committees, the Executive Chairman, CEO, CFO, Company Secretary 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 Company Secretary, coordinates the evaluation process.
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	CEO The Board's authority conferred on management is delegated through the CEO and the authority and accountability of management is accordingly considered to be the authority and accountability of the CEO. The CEO 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. In addition to the CEO's responsibilities relating to the development and implementation of the Group strategy, he is responsible for: • 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. The CEO 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.

KING IV APPLICATION CONTINUED

Principle	Summary of how Tharisa applies the King IV Principles
Governing structures and delegation continued	
10. Appointment and delegation to management continued 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	The non-executive directors monitor and evaluate the CEO 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 CEO. The Board and Nomination Committee oversee succession planning of the CEO and other senior executives and officers. The roles of the Executive Chairman and the CEO are not fulfilled by the same person and there is a clear distinction between the roles and responsibilities of the Chairman and the CEO, as set out in the Board Charter. **Subsidiary companies and delegation of authority** 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. 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. **Company Secretaries** The role of the Company Secretaries is, *inter alia*, 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. The appointment and removal of the Company Secretaries are matters reserved for the Board as a whole. 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.

Principle	Summary of how Tharisa applies the King IV Principles
Governance functional areas	
11. Risk governance The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives	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. 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 provide assurance to the Board regarding the efficacy of the risk management process, after consultation with the internal and external auditors, where applicable.
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	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.
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	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 dealing 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.

KING IV APPLICATION CONTINUED

Principle	Summary of how Tharisa applies the King IV Principles
Governance functional areas continued	
14. Remuneration governance	**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. 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. 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. 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. Guaranteed cost-to-company remuneration consists of a cash component plus certain benefits. 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. **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. The remuneration policy is published in the remuneration policy and remuneration implementation report, which forms part of the Integrated Annual Report, and is subject to non-binding advisory votes by shareholders at the AGM.
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	The Audit Committee oversees the combined assurance framework and receives regular reports on assurance matters from the external auditor, internal auditors and executive management. 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. 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. The Risk Committee and the Audit Committee provide assurance to the Board regarding the efficacy of the risk management process, after consultation with the internal and external auditors, where applicable.

Principle	Summary of how Tharisa applies the King IV Principles
Stakeholder relationships	
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	The Board has delegated authority to management to proactively deal with stakeholder relationships. 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. The Board and management are striving to achieve the appropriate balance between various stakeholder groupings, in the best interests of the Company. 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. Senior management ensures that timely, relevant and accurate information is provided to all stakeholders to maintain their trust and confidence in the Group. The CEO and CFO, (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, Integrated 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. 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.

REMUNERATION REPORT

The Remuneration Committee has engaged a global consulting firm to assess the Group's existing executive remuneration structure and long-term incentive scheme and to assist the Committee in designing long-term incentive programmes that adequately motivate and retain key employees, while strengthening the relationship between rewards and employee performance, in line with best practice.

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, CEO, CFO 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 macroeconomic climate and the Group's business objectives, among 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 and 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. At the AGM held on 23 January 2019, the resolutions to approve the Group remuneration policy and the remuneration implementation report were passed, with both resolutions receiving 89.9% support. The Remuneration Committee and the Board were grateful for this strong level of support from shareholders. During the financial year, the committee considered the views expressed by those shareholders who voted against the resolutions, recognising the varying expectations of investors based in different markets. As part of this process, independent advisory firm Korn Ferry was engaged to review the remuneration policy, with a particular focus on the extent of compliance with market practice for UK-listed companies, taking into account the views of institutional investors and proxy advisers. The review included a detailed assessment of the current long-term incentive scheme and identified a number of areas where amendments could be made to ensure the scheme is fully aligned with good practice in the markets in which Tharisa operates and is listed.

Following consideration of the findings of the review by the Remuneration Committee and the Board, Korn Ferry has been engaged to assist with the design of a new long-term incentive arrangement which supports Tharisa's strategic objectives while reflecting the expectations of leading institutional investors. This project is ongoing and we expect to consult with major shareholders on any resulting proposals during the course of the financial year. Full details of our final conclusions and any related changes to the remuneration policy will be included in next year's annual report.

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 2018 Integrated Annual Report, received the support of 89.94% of votes exercised at the AGM held on 23 January 2019. Shareholders are thanked for their continued support of the Group remuneration policy. Shareholders' contributions on the remuneration policy, including high level interactions on an individual basis with

some of the major shareholders, 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 29 January 2020. 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 51% of Tharisa Minerals' eligible employees are members of the Association of Mineworkers and Construction Union of South Africa ('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 allowances are negotiated on a collective basis.

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 skills.

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

REMUNERATION REPORT CONTINUED

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 key performance indicator ('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.

A new bonus scheme was implemented at the Tharisa Mine during 2019, applicable to employees working in various mining disciplines (drilling, blasting, loading and hauling, and engineering). The main purpose for establishing this new scheme was to pay bonuses based on individualised targets and performance, rather than on generic principles. This has a positive impact on individual performance. The bonuses are paid weekly and bonus calculations are based on individual performance per shift or per day, ensuring that employees are motivated to perform on a daily basis.

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 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 represent 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 prorated 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 issued 5 000 000 new ordinary shares into the treasury share account and transferred 5 707 893 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, 266 610 322 shares have voting rights and 3 389 678 were held in treasury at 30 September 2019.

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 CEO and CFO 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 AGMs 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.

Following a benchmarking exercise comparing the Company's non-executive directors' fees with those of mid-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 2020 financial year as follows:

US$	FY2020	FY2019
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 REPORT CONTINUED

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. 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, and the third tranche of the Conditional Awards vested on 30 June 2019. All the tranches of the 2016 award have now vested.

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
  - 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 and second tranches of both the Conditional Awards and Appreciation Rights vested on 30 June 2018 and 30 June 2019 respectively.

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 determined that only 50% of the first tranches of both the Conditional Awards and Appreciation Rights vested on 30 June 2019. The remaining 50% was forfeited as a consequence of the production and EBITDA metrics not having been met.

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 2019**	Total 2018
L Pouroulis	717	–	–	472	89	**1 278**	1 278
P Pouroulis	476	8	41	395	73	**993**	1 135
M Jones	397	–	35	311	57	**800**	976

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 2019**	Total 2018
JD Salter	43	18	25	18	25	[48]	**177**	182
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**	43
RO Davey	43	–	–	18	18	–	**79**	79
ZL Hong	43	–	–	–	–	–	**43**	21

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 FY2019 nor were any payments made to any former directors.

REMUNERATION REPORT CONTINUED

Executive directors' interests in the Tharisa Share Award Plan

Conditional awards

Director and offer date	Opening balance of unvested awards	Market value at date of award ZAR	As at 30 September 2019 Allocated	Value at date of award ZAR	Vested	Vesting price ZAR	Forfeited	Total unvested
L Pouroulis								
30 June 2016	134 102	10.14			134 102	21.75		–
30 June 2017	214 392	17.53			107 196	21.75		107 196
30 June 2018	264 138	17.96			44 023	21.75	44 023	176 092
30 June 2019	–	–	325 530	20.08	–	–	–	325 530
Total	612 632		325 530		285 321		44 023	608 818
P Pouroulis								
30 June 2016	111 751	10.14			111 751	21.75		–
30 June 2017	188 588	17.53			94 294	21.75		94 294
30 June 2018	239 592	17.96			39 932	21.75	39 932	159 728
30 June 2019	–	–	359 568	20.08	–	–	–	359 568
Total	539 931		359 568		245 977		39 932	613 590
M Jones								
30 June 2016	100 576	10.14			100 576	21.75		–
30 June 2017	158 808	17.53			79 404	21.75		79 404
30 June 2018	193 476	17.96			32 246	21.75	32 246	128 984
30 June 2019	–	–	196 164	20.08	–	–	–	196 164
Total	452 860		196 164		212 226		32 246	404 552

Appreciation rights

			As at 30 September 2019							
Director and offer date	Unvested balance	Market value at date of award ZAR	Allocated	Value at date of award	Vested	Exercised	Total vested but not exercised	Forfeited	Lapsed	Total unvested
L Pouroulis										
9 April 2014		38.00							80 526	
30 June 2015		6.44					79 192			
30 June 2016		10.14					402 306			
30 June 2017	160 794	17.53			160 794		321 588			
30 June 2018	264 138	17.96			66 035		66 035	66 034		132 069
30 June 2019	–	–	325 530	20.08	–		–	–		325 530
Total	424 932		325 530		226 829		869 121	66 034	80 526	457 599
P Pouroulis										
9 April 2014		38.00							67 105	
30 June 2015		6.44					65 993			
30 June 2016		10.14					335 255			
30 June 2017	141 441	17.53			141 441		282 882			
30 June 2018	239 592	17.96			59 898		59 898	59 898		119 796
30 June 2019	–	–	359 568	20.08	–		–	–	–	359 568
Total	381 033		359 568		201 339		744 028	59 898	67 105	479 364
M Jones										
9 April 2014		38.00							60 394	
30 June 2015		6.44					59 394			
30 June 2016		10.14					301 730			
30 June 2017	119 106	17.53			119 106		238 212			
30 June 2018	193 476	17.96			48 369		48 369	48 369		96 738
30 June 2019	–	–	196 164	20.08	–		–	–	–	196 164
Total	312 582		196 164		167 475		647 705	48 369	60 394	292 902

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 2019.

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 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 98 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 2 cents per share was proposed by the Board on 27 November 2018, approved by shareholders on 23 January 2019 and paid on 27 February 2019.

The following dividends were declared in respect of the year ended 30 September 2019:

- An interim dividend of US 0.5 cent per share was declared by the Board on 14 May 2019 and paid on 19 June 2019.
- A final ordinary dividend of US 0.25 cent per share was proposed by the Board on 26 November 2019, and is subject to shareholder approval at the AGM.

The total dividend for FY2019 is therefore US 0.75 cent per share, equating to 23.7% of its consolidated net profit after tax (2018: US 4 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 8 August 2019, the Company issued 5 000 000 shares in treasury shares. Of the 270 000 000 shares in issue at 8 August 2019, 5 989 654 shares were in treasury to satisfy the Company's obligations relating to the vesting of the Conditional Awards of the Tharisa Share Award Plan ('TSAP') on 30 June 2019 and to make provision for the potential requirement to allot shares on participants in the TSAP exercising vested Appreciation Rights, and 264 010 346 had voting rights.

During the financial year, the Company transferred 5 707 893 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, 266 610 322 shares had voting rights and 3 389 678 were held in treasury at 30 September 2019. At 30 September 2019, the issued and fully paid ordinary share comprised 270 000 000 ordinary shares.

Main risks

The main financial risks faced by the Group are disclosed in notes 3 and 33 of the consolidated annual financial statements which are available on the Company's website, www.tharisa.com.

Future developments

During FY2018, 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. Tharisa is on track to achieve its Vision 2020 targets of 2 Mt chrome concentrate and 200 koz of PGMs on an annualised basis by the end of calendar year 2020. Tharisa's FY2020 production guidance is 155 koz to 165 koz PGMs (6E basis) and 1.45 Mt to 1.55 Mt of chrome concentrates.

Branches

The Group did not operate any branches during the financial year ended 30 September 2019.

Members of the Board of Directors

The members of the Board as at 30 September 2019 and at the date of this report are:

- Loucas Christos Pouroulis (Executive Chairman)
- Phoevos Pouroulis (CEO)
- Michael Gifford Jones (CFO)
- 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)

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

There has been no change in the allocation of responsibilities and the composition of the Board between 30 September 2018 and 30 September 2019.

Group Company Secretary
Sanet Findlay serves as the Company Secretary and Lysandros Lysandrides as the Assistant Company Secretary.

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:

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

Lysandros Lysandrides
26 Vyronos Avenue
1096, Nicosia
Cyprus

Events after the reporting period
Events after the reporting period are disclosed in note 38 of the consolidated 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 has expressed its willingness to continue in office and its reappointment will be proposed at the AGM.

On behalf of the Board

Phoevos Pouroulis
Michael Jones
Cyprus

26 November 2019

REPORT OF THE AUDIT COMMITTEE

The Audit Committee is pleased to present its report for the 2019 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 integrated 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 integrated annual report, reporting process and governance and financial information included in the integrated annual report for accuracy and recommended to the Board that the annual financial statements and the financial information included in the integrated annual report be approved.

External audit

During the year under review, 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. All non-audit services provided by the external auditor are preapproved 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 of Cyprus ('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 2018 Transparency Report which contains the ISQC1 information as specified by the JSE
- 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 29 January 2020.

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 external consultants for more specialised work, and findings are reported to the committee. This 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 FY2020 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, and the internal audit plan for FY2020. 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 2019
- the integrated annual report for the year ended 30 September 2019 and
- the notice of the annual general meeting to be held on 29 January 2020.

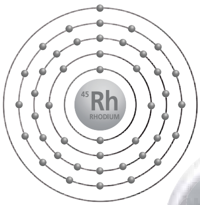
For more information on the composition and responsibilities of the Audit Committee, please refer to page 70.

A Djakouris
Chairman of the Audit Committee

26 November 2019

FINANCIAL REVIEW

INTEGRATED CO-PRODUCER OF PGM AND CHROME CONCENTRATES



FINANCIAL REVIEW CONTINUED

Preparation and approval of condensed consolidated financial statements

The condensed consolidated financial statements for the year ended 30 September 2019 have been extracted from the audited financial statements of the Group, but have not been audited. The auditor's report on the audited 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 financial statements and full audit report.

These condensed consolidated financial statements and the audited 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 consolidated 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 consolidated annual financial statements have been approved by the Board on 26 November 2019.

Condensed consolidated statement of profit or loss and other comprehensive income

for the year ended 30 September 2019

	Notes	2019 US$'000	2018 US$'000
Revenue	5	**342 885**	406 268
Cost of sales	6	**(282 461)**	(297 782)
Gross profit		**60 424**	108 486
Other income		**687**	2 432
Net foreign exchange gain		**354**	852
Administrative expenses	7	**(37 252)**	(39 232)
Results from operating activities		**24 213**	72 538
Finance income		**1 437**	1 279
Finance costs		**(8 812)**	(10 189)
Changes in fair value of financial assets at fair value through profit or loss		**312**	1 262
Changes in fair value of financial liabilities at fair value through profit or loss		**(4 343)**	155
Share of loss of investment accounted for using the equity method		**(1 652)**	(62)
Profit before tax		**11 155**	64 983
Tax	8	**(2 779)**	(14 011)
Profit for the year		**8 376**	50 972
Other comprehensive income			
Items that may be classified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations, net of tax		**(13 985)**	(10 663)
Other comprehensive income, net of tax		**(13 985)**	(10 663)
Total comprehensive income for the year		**(5 609)**	40 309
Profit for the year attributable to:			
Owners of the Company		**10 616**	48 433
Non-controlling interest		**(2 240)**	2 539
		8 376	50 972
Total comprehensive income for the year attributable to:			
Owners of the Company		**1 835**	41 790
Non-controlling interest		**(7 444)**	(1 481)
		(5 609)	40 309
Earnings per share			
Basic earnings per share (US$ cents)	9	**4**	19
Diluted earnings per share (US$ cents)	9	**4**	18

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

FINANCIAL REVIEW CONTINUED

Condensed consolidated statement of financial position

as at 30 September 2019

	Notes	2019 US$'000	2018 US$'000
Assets			
Non-current assets			
Property, plant and equipment	10	263 980	264 311
Goodwill		750	804
Investment accounted for using the equity method	11	8 781	4 438
Other financial assets	12	6 080	5 012
Deferred tax assets	13	1 013	1 880
Total non-current assets		280 604	276 445
Current assets			
Inventories	14	36 334	23 043
Trade and other receivables	15	73 857	86 202
Contract assets		1 039	2 229
Other financial assets	12	1 390	986
Current taxation		926	228
Cash and cash equivalents	16	59 201	66 791
Total current assets		172 747	179 479
Total assets		453 351	455 924
Equity and liabilities			
Share capital and premium	17	285 193	280 806
Other reserve	17	47 245	47 245
Foreign currency translation reserve	17	(88 985)	(80 204)
Retained earnings	17	79 318	77 025
Equity attributable to owners of the Company		322 771	324 872
Non-controlling interests	17	(33 982)	(26 538)
Total equity		288 789	298 334
Non-current liabilities			
Provisions	18	13 101	12 634
Borrowings	19	19 903	27 281
Deferred tax liabilities	13	25 984	29 892
Total non-current liabilities		58 988	69 807
Current liabilities			
Borrowings	19	51 313	50 138
Other financial liabilities		2 384	1 000
Current taxation		60	1 013
Trade and other payables	20	50 778	33 403
Contract liabilities		1 039	2 229
Total current liabilities		105 574	87 783
Total liabilities		164 562	157 590
Total equity and liabilities		453 351	455 924

The consolidated financial statements were authorised for issue by the Board of Directors on 26 November 2019.

Phoevos Pouroulis
Director

Michael Jones
Director

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

Condensed consolidated statement of changes in equity

for the year ended 30 September 2019

		Attributable to owners of the Company							
	Note	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	Non-controlling interest US$'000	Total equity US$'000
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
Other comprehensive income:									
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	26	–	–	–	–	(18 214)	(18 214)	–	(18 214)
Issue of ordinary shares	17	1	463	–	–	–	464	–	464
Equity-settled share- based payments		–	–	–	–	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

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

FINANCIAL REVIEW CONTINUED

Condensed consolidated statement of changes in equity continued

for the year ended 30 September 2019

		Attributable to owners of the Company							
	Note	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	Non-controlling interest US$'000	Total equity US$'000
Balance at 1 October 2018		261	280 545	47 245	(80 204)	77 025	324 872	(26 538)	298 334
Total comprehensive income for the year									
Profit for the year		–	–	–	–	10 616	10 616	(2 240)	8 376
Other comprehensive income:									
Foreign currency translation differences		–	–	–	(8 781)	–	(8 781)	(5 204)	(13 985)
Total comprehensive income for the year		**–**	**–**	**–**	**(8 781)**	**10 616**	**1 835**	**(7 444)**	**(5 609)**
Transactions with owners of the Company									
Contributions by and distributions to owners									
Dividends paid	26	–	–	–	–	(6 594)	(6 594)	–	(6 594)
Issue of ordinary shares	17	6	4 381	–	–	–	4 387	–	4 387
Equity-settled share-based payments		–	–	–	–	(859)	(859)	–	(859)
Deferred tax on equity-settled share-based payments	13	–	–	–	–	(870)	(870)	–	(870)
Contributions by owners of the Company		**6**	**4 381**	**–**	**–**	**(8 323)**	**(3 936)**	**–**	**(3 936)**
Total transactions with owners of the Company		**6**	**4 381**	**–**	**–**	**(8 323)**	**(3 936)**	**–**	**(3 936)**
Balance at 30 September 2019		**267**	**284 926**	**47 245**	**(88 985)**	**79 318**	**322 771**	**(33 982)**	**288 789**

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

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

Condensed consolidated statement of cash flows

for the year ended 30 September 2019

	Notes	2019 US$'000	2018 US$'000
Cash flows from operating activities			
Profit for the year		8 376	50 972
Adjustments for:			
Depreciation of property, plant and equipment	10	27 236	29 858
Loss on disposal of property, plant and equipment	7	33	37
Gain on bargain purchase		–	(1 884)
Share of loss of investment accounted for using the equity method	11	1 652	62
Impairment loss and net realisable value write down of inventory	14	114	117
Impairment and write off of property, plant and equipment	10	4 141	3 897
Changes in fair value of financial assets at fair value through profit or loss		(312)	(1 262)
Changes in fair value of financial liabilities at fair value through profit or loss		4 343	(155)
Net foreign exchange gain		(354)	(852)
Interest income		(1 437)	(1 279)
Interest expense		8 812	10 189
Tax		2 779	14 011
Equity-settled share based payments		3 583	4 019
		58 996	107 730
Changes in:			
Inventories		(15 207)	(2 456)
Trade and other receivables and contract assets		8 607	(18 639)
Trade and other payables and contract liabilities		21 734	2 979
Provisions		250	5 614
Cash from operations		74 350	95 228
Income tax paid		(4 408)	(5 457)
Net cash flows from operating activities		69 942	89 771
Cash flows from investing activities			
Interest received		1 333	1 172
Additions to property, plant and equipment	10	(43 881)	(40 454)
Net cash outflow from business combination		–	(21 840)
Proceeds from disposal of property, plant and equipment		403	119
Additions to investments accounted for using the equity method	11	(7 995)	(2 500)
Additions to other financial assets		(2 277)	(4 008)
Refund of long-term deposits		–	7 110
Net cash flows used in investing activities		(52 417)	(60 401)
Cash flows from financing activities			
Net (payment of)/proceeds from bank credit facilities	19	(14 347)	114
Advances received	19	28 476	68 220
Repayment of borrowings	19	(19 024)	(48 503)
Lease payments	19	(6 647)	(6 463)
Dividends	26	(6 594)	(18 214)
Interest paid		(4 665)	(6 619)
Net cash flows used in financing activities		(22 801)	(11 465)
Net (decrease)/increase in cash and cash equivalents		(5 276)	17 905
Cash and cash equivalents at the beginning of the year		66 791	49 742
Effect of exchange rate fluctuations on cash held		(2 314)	(856)
Cash and cash equivalents at the end of the year	16	59 201	66 791

The notes 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 2019

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 2019 comprise the Company and its subsidiaries (together referred to as 'the Group'). The Group is primarily involved in platinum group metals ('PGM') and chrome mining, processing, trading and the associated logistics. The Company is listed on the main board of the Johannesburg Stock Exchange and has a secondary standard listing on the main board of the London Stock Exchange and a secondary listing on the A2X Exchange in South Africa.

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 2018. These condensed consolidated financial statements do not include all the information required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards ('IFRS'). The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 30 September 2019, 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 2019.

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 2019.

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.

Standards and interpretations adopted in the current year

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

The Group has adopted the following new and/or revised standards and interpretations which became effective for the year ended 30 September 2019:

IFRIC 22 *Foreign Currency Transaction and Advance Consideration*
IFRS 2 *Classification and Measurement of Share-Based Payment Transactions (Amendment)*

Standards and interpretations issued but not yet effective

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

IFRIC 23 *Uncertainty over Income Tax Treatment* (effective for reporting periods beginning on or after 1 January 2019)
IAS 23 *Borrowing Costs* (Amendment) (effective for reporting periods beginning on or after 1 January 2019
IFRS 3 *Business Combinations* (Amendment) (effective for reporting periods beginning on or after 1 January 2020
IAS 1 and IAS 8 *Definition of material* (Amendment) effective for reporting periods beginning on or after 1 January 2020)

The Group will adopt these standards and interpretations as they become effective.

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended 30 September 2019.

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
2019				
Revenue	**130 064**	**177 881**	**34 940**	**342 885**
Cost of sales				
Manufacturing costs	**(100 735)**	**(88 861)**	**(17 061)**	**(206 657)**
Selling costs	**(899)**	**(41 302)**	**(10 012)**	**(52 213)**
Freight services	**–**	**(17 910)**	**(5 681)**	**(23 591)**
	(101 634)	**(148 073)**	**(32 754)**	**(282 461)**
Gross profit	**28 430**	**29 808**	**2 186**	**60 424**
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

FINANCIAL REVIEW CONTINUED

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

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 2019, the relative sales value of PGM concentrate increased compared to the relative sales value of chrome concentrates and consequently the allocation basis of shared costs was amended to 55.0% for PGM concentrate and 45.0% for chrome concentrates. Shared costs were allocated equally in the comparative year.

Cost of sales includes a charge for the write off/impairment of property, plant and equipment totalling US$4.1 million (2018: US$3.6 million) which mainly relates to mining equipment. The write off/impairment has been allocated to the PGM and chrome segments in accordance with the allocation basis of shared costs as described in the preceding paragraph.

Geographical information

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

- the Group's revenue from external customers and
- 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
2019				
South Africa	**130 064**	**40 320**	**695**	**171 079**
China	–	**53 070**	**3 558**	**56 628**
Singapore	–	**10 046**	**30 182**	**40 228**
Hong Kong	–	**67 106**	–	**67 106**
Other countries	–	**7 339**	**505**	**7 844**
	130 064	**177 881**	**34 940**	**342 885**

	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

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

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

4. OPERATING SEGMENTS continued

Revenue from external customers continued

	2019		2018	
	Segment	US$'000	Segment	US$'000
Customer 1	**PGM**	**110 209**	PGM	101 560
Customer 2	**Chrome**	**42 582**	Chrome	62 583
Customer 3	**Chrome**	**41 858**	Chrome	46 186
Customer 4	**Chrome**	**39 769**	Chrome	24 372

	2019 US$'000	2108 US$'000
Specified non-current assets		
South Africa	**264 627**	264 933
Zimbabwe	**8 781**	4 438
Cyprus	**103**	73
	273 511	269 444

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
2019				
Revenue recognised at a point in time				
Variable revenue based on initial results	**118 188**	**118 604**	**28 891**	**265 683**
Quantity adjustments	**1 788**	**1 048**	**64**	**2 900**
Revenue based on fixed selling prices	**–**	**40 319**	**304**	**40 623**
Revenue recognised over time				
Freight services	**–**	**17 910**	**5 681**	**23 591**
Revenue from contracts with customers	**119 976**	**177 881**	**34 940**	**332 797**
Fair value adjustments	**10 088**	**–**	**–**	**10 088**
Total revenue	**130 064**	**177 881**	**34 940**	**342 885**
2018				
Revenue recognised at a point in time				
Variable revenue based on initial results	110 619	169 092	33 957	313 668
Quantity adjustments	254	(1 041)	42	(745)
Revenue based on fixed selling prices	–	62 464	915	63 379
Revenue recognised over time				
Freight services	–	19 836	3 622	23 458
Revenue from contracts with customers	110 873	250 351	38 536	399 760
Fair value adjustments	6 508	–	–	6 508
Total revenue	117 381	250 351	38 536	406 268

During the year ended 30 September 2019, revenue from freight services of US$2.2 million was recognised which was classified as a contract liability at 30 September 2018.

FINANCIAL REVIEW CONTINUED

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

5. REVENUE continued

	2019 US$'000	2018 US$'000
Variable revenue recognised:		
PGM revenue recognised in preceding year based on initial results	**(29 352)**	(28 994)
PGM revenue based on final results	**28 957**	30 823
PGM revenue adjustment recognised in current year	**(395)**	1 829
Chrome revenue recognised in preceding year based on initial results	**(45 805)**	(41 197)
Chrome revenue based on final results	**45 618**	41 177
Chrome revenue adjustment recognised in current year	**(187)**	(20)

The period ended 30 September 2019 includes PGM revenue of US$39.9 million and chrome revenue of US$37.7 million that was based on provisional results as final prices and surveys were not yet available at the date of this report.

6. COST OF SALES

	2019 US$'000	2018 US$'000
Mining	**109 526**	105 376
Salaries and wages	**13 906**	15 124
Utilities	**11 586**	10 319
Diesel*	**640**	650
Materials and consumables	**12 335**	11 174
Re-agents	**4 267**	4 471
Steel balls	**5 168**	6 715
Overhead	**3 067**	4 117
State royalties	**4 267**	2 916
Depreciation – property, plant and equipment	**26 420**	29 008
Cost of commodities	**22 391**	18 644
Impairment and write off of property, plant and equipment	**4 141**	3 630
Change in inventories – finished products and ore stockpile	**(11 057)**	3 781
Total cost of sales excluding selling costs	**206 657**	215 925
Selling costs	**52 213**	58 453
Freight services	**23 591**	23 404
Cost of sales	**282 461**	297 782

** Not related to mining activities.*

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

7. ADMINISTRATIVE EXPENSES

	2019 US$'000	2018 US$'000
Directors and staff costs		
Non-executive directors	**629**	612
Employees: salaries	**15 234**	15 459
bonuses	**1 518**	3 262
pension fund, medical aid and other contributions	**1 836**	1 707
	19 217	21 040
Audit – external audit services	**353**	490
Audit – other services*	**6**	90
Consulting	**2 678**	2 376
Corporate and social investment	**198**	157
Depreciation	**816**	850
Discount facility and related fees	**759**	701
Equity-settled share-based payment expense	**3 583**	4 019
Internal audit	**60**	206
Listing fees and investor relations	**180**	461
Health and safety	**1 132**	1 019
Impairment and write off of property, plant and equipment	**–**	267
Insurance	**743**	697
Legal and professional	**600**	634
Loss on disposal of property, plant and equipment	**33**	37
Office administration, rent and utilities	**985**	1 296
Research and development	**351**	235
Security	**1 443**	1 776
Telecommunications and IT-related	**2 331**	1 374
Training	**505**	504
Travelling and accommodation	**702**	410
Sundry	**577**	593
	37 252	39 232

	2019	2018
Number of employees	**1 872**	1 758

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

FINANCIAL REVIEW CONTINUED

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

8. TAX

	2019 US$'000	2018 US$'000
Corporate income tax for the year		
Cyprus	**1 243**	2 913
South Africa	**1 488**	3 002
	2 731	5 915
Special contribution for defence in Cyprus	**3**	5
Deferred tax		
Originating and reversal of temporary differences (note 13)	**45**	7 933
Dividend withholding tax	**–**	158
Tax charge	**2 779**	14 011

Reconciliation between tax charge and accounting profit at applicable tax rates:

	2019 US$'000	2018 US$'000
Profit before tax	**11 155**	64 983
Add share of loss of investment accounted for using the equity method	**1 652**	62
Tharisa plc and subsidiary companies' profit before tax	**12 807**	65 045
Notional tax on profit before tax, calculated at the Cypriot income tax rate of 12.5% (2018: 12.5%)	**1 601**	8 131
Tax effects of:		
Different tax rates from the standard Cypriot income tax rate	**860**	4 978
Tax exempt income		
Gain on bargain purchase	**–**	(230)
Interest received	**(2)**	(12)
Non-deductible expenses		
Investment related	**146**	856
Interest paid	**8**	5
Capital expenses	**76**	63
Other	**13**	152
Recognition of deemed interest income for tax purposes	**77**	68
Tax charge	**2 779**	14 011

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 2019 was 24.9% (2018: 21.6%).

At 30 September 2019, the Group's unredeemed capital balance available for offset against future mining taxable income in South Africa amounted to US$100.2 million (2018: US$111.1 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.

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

9. EARNINGS PER SHARE

Basic and diluted earnings per share

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

	2019	2018
Profit for the year attributable to ordinary shareholders (US$'000)	**10 616**	48 433
Weighted average number of issued ordinary shares for basic earnings per share ('000)	**263 131**	260 329
Weighted average number of issued ordinary shares for diluted earnings per share ('000)	**264 877**	264 531
Earnings per share		
Basic (US$ cents)	**4**	19
Diluted (US$ cents)	**4**	18

	2019	2018
Headline and diluted headline earnings per share		
Headline earnings for the year attributable to ordinary shareholders (US$'000)	**12 840**	49 134
Weighted average number of issued ordinary shares for basic headline earnings per share ('000)	**263 131**	260 329
Weighted average number of issued ordinary shares for diluted headline earnings per share ('000)	**264 877**	264 531
Headline earnings per share		
Basic (US$ cents)	**5**	19
Diluted (US$ cents)	**5**	19

Reconciliation of profit to headline earnings

	Gross US$'000	Tax US$'000	Non-controlling interest US$'000	2018 Net US$'000	2018 Net US$'000
Profit attributable to ordinary shareholders	–	–	–	**10 616**	48 433
Adjustments:					
Gain on bargain purchase	–	–	–	–	(1 394)
Impairment of property, plant and equipment	4 140	(1 159)	(775)	2 206	2 076
Loss on disposal of property, plant and equipment	33	(9)	(6)	18	19
Headline earnings				**12 840**	49 134

FINANCIAL REVIEW CONTINUED

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

10. PROPERTY, PLANT AND EQUIPMENT

30 September 2019	Freehold land and buildings US$'000	Mining assets and infrastructure US$'000	Mining fleet US$'000	Right-of-use asset: mining fleet US$'000
Cost				
Balance at 30 September 2018	14 861	276 345	36 872	14 182
Additions	918	12 620	27 474	–
Lease agreements entered into	–	–	–	5 854
Transfers	–	3 528	1 622	(1 622)
Disposals	–	(86)	(1 278)	–
Re–measurement	–	407	–	2
Impairment and write offs	–	(26)	(2 781)	(733)
Exchange differences on translation	(1 048)	(19 442)	(3 824)	(1 140)
Balance at 30 September 2019	**14 731**	**273 346**	**58 085**	**16 543**
Accumulated depreciation				
Balance at 30 September 2018	740	72 390	8 274	2 732
Charge for the year	185	12 691	8 763	3 273
Transfers	–	–	682	(682)
Disposals	–	(39)	(889)	–
Impairment	–	(16)	955	(346)
Exchange differences on translation	(60)	(5 543)	(1 066)	(303)
Balance at 30 September 2019	**865**	**79 483**	**16 719**	**4 674**

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

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	Total US$'000
651	7 223	771	2 296	353 201
715	2 061	93	–	43 881
–	–	–	70	5 924
–	(3 528)	–	–	–
–	(2)	(3)	–	(1 369)
–	–	–	–	409
–	(26)	(7)	(77)	(3 650)
(82)	(390)	(47)	(181)	(26 154)
1 284	**5 338**	**807**	**2 108**	**372 242**
341	3 340	541	532	88 890
85	1 732	86	421	27 236
(1)	1	–	–	–
–	(2)	(3)	–	(933)
–	(25)	(5)	(72)	491
(27)	(305)	(33)	(85)	(7 422)
398	**4 741**	**586**	**796**	**108 262**

FINANCIAL REVIEW CONTINUED

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

10. PROPERTY, PLANT AND EQUIPMENT continued

30 September 2018	Freehold land and buildings US$'000	Mining assets and infrastructure US$'000	Mining fleet US$'000	Right-of-use asset: mining fleet US$'000
Cost				
Balance at 1 October 2017	15 354	266 019	7 030	–
Additions	150	21 429	16 473	6 910
Business combination	–	1 886	21 466	6 527
Transfers	–	–	(2 203)	2 203
Disposals	–	–	(145)	–
Impairment	–	(266)	(2 539)	(159)
Exchange differences on translation	(643)	(12 723)	(3 210)	(1 299)
Balance at 30 September 2018	14 861	276 345	36 872	14 182
Accumulated depreciation				
Balance at 1 October 2017	592	59 337	299	–
Charge for the year	188	16 761	7 700	2 963
Transfers	–	–	(80)	80
Disposals	–	–	–	–
Impairment	–	–	1 020	(88)
Exchange differences on translation	(40)	(3 708)	(665)	(223)
Balance at 30 September 2018	740	72 390	8 274	2 732

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

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	1 503	–	296 838
88	2 167	147	791	–	48 155
–	–	–	–	–	29 879
–	(15)	(114)	129	–	–
–	(97)	(29)	–	–	(271)
–	(1)	–	–	–	(2 965)
(31)	(373)	(29)	(127)	–	(18 435)
651	7 223	771	2 296	–	353 201
289	1 914	518	164	–	63 113
69	1 712	93	372	–	29 858
–	(6)	(23)	29	–	–
–	(87)	(28)	–	–	(115)
–	–	–	–	–	932
(17)	(193)	(19)	(33)	–	(4 898)
341	3 340	541	532	–	88 890

FINANCIAL REVIEW CONTINUED

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

10. PROPERTY, PLANT AND EQUIPMENT continued

	2019 US$'000	2018 US$'000
Net book value		
Freehold land and buildings	**13 866**	14 121
Mining assets and infrastructure	**193 863**	203 955
Mining fleet	**41 366**	28 598
Right-of-use mining fleet	**11 869**	11 450
Motor vehicles	**886**	310
Computer equipment and software	**597**	3 883
Office equipment and furniture, community and site office improvements	**221**	230
Right-of-use buildings and premises	**1 312**	1 764
	263 980	264 311

Included in additions to mining assets and infrastructure are additions to the deferred stripping asset of US$0.2 million (2018: US$1.3 million).

The estimated economically recoverable proved and probable mineral reserve was reassessed at 1 October 2018 which gave rise to a change in accounting estimate. The remaining reserve that management had previously assessed was 97.0 Mt (at 1 October 2017) and at 1 October 2018 was assessed to be 92.9 Mt.

As a result, and taking into account depletion of the reserve during the year ended 30 September 2018 (4.9 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$0.1 million. The change in estimate was recognised prospectively.

Included in mining assets and infrastructure are projects under construction of US$14.8 million (2018: US$20.5 million).

Freehold land and buildings comprise 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 2019, the Group's capital commitments for contracts to purchase property, plant and equipment amounted to US$17.9 million (2018: US$6.0 million).

Securities

At 30 September 2019, the majority of the Group's mining fleet was pledged as security against the equipment loan facility.

Impairment

During the year ended 30 September 2019, the Group impaired and scrapped individual assets totalling US$4.1 million (2018: US$3.9 million). The impairment during year relates to yellow fleet equipment identified as no longer fit for use and premature component failures.

The impairment during the previous year relates to costs that were capitalised to the construction of a plant and to yellow fleet equipment identified as no longer fit for use. The Group decided not to proceed with the construction of the plant.

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

11. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

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

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 functional and presentation currency of Karo Holdings and its subsidiaries is the US dollar. The table below details Karo Holdings' interest in subsidiaries as at 30 September 2019 and 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 is required to be transferred to an investment entity owned by the Republic of Zimbabwe, the communities and employees.*

** *In terms of the Investment Project Framework Agreement, 25% of the shareholding in this company is required to be transferred to an investment entity owned by the Republic of Zimbabwe, the communities and employees.*

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. 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.

	2019 US$'000	2018 US$'000
Investment in Karo Holdings		
Opening balance	4 438	–
Shares acquired	–	4 500
Loan receivable	5 995	–
Share of total comprehensive loss	(1 652)	(62)
	8 781	4 438
Total share of comprehensive loss from joint venture	(1 652)	(62)

FINANCIAL REVIEW CONTINUED

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

11. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD continued

Summarised consolidated financial information of Karo Holdings	2019 US$'000	2018 US$'000
Summarised statement of financial position		
Non-current assets	574	122
Current assets	27	3
Non-current liabilities	(5 995)	(264)
Current liabilities	(1 000)	(91)
Net deficit (100%)	(6 394)	(230)
Summarised statement of comprehensive income		
Operating expenses	(6 106)	(290)
Tax	(60)	60
Total comprehensive loss	(6 166)	(230)
Carrying amount of investment in joint venture		
Opening carrying amount	4 438	–
Group's share of net deficit (26.8%)	(1 652)	(62)
Loan receivable	5 995	–
Purchase consideration	–	4 500
Carrying amount	8 781	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. At 30 September 2019, US$6.0 million had been advanced to Karo Holdings. The loan is unsecured, subordinated in favour of other creditors and no fixed repayment terms exist.

12. OTHER FINANCIAL ASSETS

	Fair value hierarchy	2019 US$'000	2018 US$'000
Non-current assets:			
Investments in money markets, current accounts, cash funds and income funds	Level 2	6 080	5 012
Current assets:			
Investments in equity instruments	Level 1	23	40
Forward exchange contracts	Level 2	–	804
Prepaid investment in Salene Chrome Zimbabwe (Private) Limited	Amortised cost	1 367	142
		1 390	986

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

12. OTHER FINANCIAL ASSETS continued

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$4.8 million (2018: US$3.8 million) is managed by Centriq Insurance Company Limited ('Centriq'). The investment serves as security for the guarantee issued by Centriq to the DMRE 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$1.3 million (2018: US$1.2 million) managed by Stanlib Collective Investments. The investment is ceded to Lombard Insurance Group ('Lombard') against a ZAR12.0 million (2018: 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 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. At 30 September 2018 the net exposure of these contracts was US$28.6 million with various expiries no later than 20 December 2018.

Prepaid investment 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 (refer to note 22). Salene has been awarded special grants under the Zimbabwe Mines and Minerals Act covering an area of approximately 9 500 hectares (95 km²) on the eastern and western sides 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, the call option has not yet been exercised.

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 that the fair value as at 30 September 2019 may only be possible to be determined once the initial exploration programme has been completed. At 30 September 2019, the Group has invested US$1.4 million (2018: US$0.1 million) in Salene which represents the costs of exploration activities. The exploration costs incurred will be capitalised to the cost of investment upon the exercise of the call option.

FINANCIAL REVIEW CONTINUED

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

13. DEFERRED TAX

	2019 US$'000	2018 US$'000
Deferred tax assets	1 013	1 880
Deferred tax liabilities	(25 984)	(29 892)
Net deferred tax liability	(24 971)	(28 012)
Deferred tax assets		
Property, plant and equipment	(7)	(35)
Unrealised foreign currency exchange losses	–	610
Accrued leave	188	165
Share-based payments	741	1 040
Other	91	100
	1 013	1 880
Deferred tax liabilities		
Property, plant and equipment	(34 153)	(63 212)
Tax losses not utilised	3 144	28 755
Provisions	4 567	3 573
Share-based payments	393	782
Other	65	210
	(25 984)	(29 892)
Reconciliation of deferred tax liability		
Balance at the beginning of the year	(28 012)	(21 864)
Temporary differences recognised in profit or loss and equity in relation to:		
Capital allowances on property, plant and equipment	(3 722)	(8 470)
Provisions	472	440
Tax losses utilised/available for future set off against profits	2 062	(79)
Currency losses	2 722	–
Share-based payments	(962)	–
Other	744	482
	1 316	(7 627)
Exchange differences	1 725	1 479
Balance at the end of the year	(24 971)	(28 012)
Amounts recognised in:		
Profit or loss (refer to note 8)	(45)	(7 933)
Equity		
Share-based payments	(870)	306
Foreign currency translation reserve: tax impact of currency movements relating to intergroup funding arrangements	2 231	–
	1 316	(7 627)

Deferred tax assets and deferred tax liabilities are not offset unless the Group has a legally enforceable right to offset such assets and liabilities.

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

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

	2019 US$'000	2018 US$'000
Finished products	16 436	7 199
Ore stockpile	3 158	1 338
Consumables	16 854	14 623
	36 448	23 160
Impairment of consumables	(114)	(117)
Total carrying amount	36 334	23 043

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 balance of the impaired consumables is allocated 55.0% and 45.0% respectively to the PGM and chrome operating segments) (2018: allocated equally to the PGM and chrome operating segments).

PGM finished products were written down to the net realisable value during the year ended 30 September 2019. The net realisable write down amounted to US$0.2 million (2018: no net realisable value write down) and is allocated to the PGM segment.

Inventories serve as collateral for the bank credit facilities, refer to note 19.

15. TRADE AND OTHER RECEIVABLES

	2019 US$'000	2018 US$'000
Trade receivables	26 119	38 645
PGM receivable	33 686	25 355
Total trade receivables	59 805	64 000
Other receivables – related parties (note 22)	342	417
Deposits, prepayments and other receivables	3 757	1 000
Accrued income	1 659	5 088
Value added tax receivable (VAT)	8 294	14 577
Provision for royalty tax	–	1 120
	73 857	86 202

FINANCIAL REVIEW CONTINUED

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

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 (2018: 0 to 120 days). No impairment of trade receivables was recognised during the year ended 30 September 2019 (2018: 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.

	2019 US$'000	2018 US$'000
Current	**58 714**	61 674
Less than 90 days past due but not impaired	**164**	2 143
Greater than 90 days past due but not impaired	**927**	183
	59 805	64 000

Included in VAT is an amount of US$5.4 million (ZAR82.3 million) (2018: US$10.0 million (ZAR141.3 million)) that relates to diesel rebates receivable from the South African Revenue Service ('SARS') in respect of the mining operations. SARS has rejected the Group's claim to the refund. The Group is strongly of the view that it fully complied with all the regulations to be entitled to this refund. The Group's recourse is to appeal to the High Court of South Africa before May 2020.

Based on current observable data, available credit quality information of clients and client's past default experience, management believes that no impairment allowance (2018: 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

	2019 US$'000	2018 US$'000
Bank balances	**55 409**	55 433
Short-term bank deposits	**3 792**	11 358
	59 201	66 791

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 2019, an amount of US$1.3 million (2018: 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 (2018: US$0.3 million) was provided as security against certain credit facilities of the Group.

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

17. SHARE CAPITAL AND RESERVES

Share capital	2019		2018	
	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	**265 000 000**	**265**	261 000 000	261
Issued to treasury shares	**5 000 000**	**5**	4 000 000	4
Balance at the end of the year	**270 000 000**	**270**	265 000 000	265
Treasury shares				
Balance at the beginning of the year	**4 097 571**	**4**	987 274	1
Issued	**5 000 000**	**5**	4 000 000	4
Transferred as part of management share award plans	**(5 707 893)**	**(6)**	(889 703)	(1)
Balance at the end of the year	**3 389 678**	**3**	4 097 571	4
Issued and fully paid	**266 610 322**	**267**	260 902 429	261

Share premium	2019		2018	
	Number of Shares	US$'000	Number of Shares	US$'000
Balance at the beginning of the year	**260 902 429**	**280 545**	260 012 726	280 082
Shares issued	**5 707 893**	**4 381**	889 703	463
Balance at the end of the year	**266 610 322**	**284 926**	260 902 429	280 545
Total share capital and premium		**285 193**		280 806

Share capital

Allotments during the year were in respect of 5 000 000 (2018: 4 000 000) ordinary shares issued as treasury shares to satisfy the vesting of conditional awards and potential future settlement of appreciation rights of the participants' of the Tharisa Share Award Plan.

During the year ended 30 September 2019, 5 707 893 (2018: 889 703) 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 2019, 3 389 678 (2018: 4 097 571) ordinary shares were held in treasury.

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 years ended 30 September 2019 and 30 September 2018, the increases in the share premium account related to the issue and allotment of ordinary shares granted in terms of the Share Award Plan.

FINANCIAL REVIEW CONTINUED

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

17. SHARE CAPITAL AND RESERVES continued

Other reserve

Other reserve represents the excess of the issue price of the Company's ordinary shares over the sum of their nominal value and share premium arising from such issuance, as registered with the Registrar of Companies in Cyprus.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations with a functional currency other than US dollar and foreign currency differences relating to translation of intergroup loans and funding arrangements which are considered to be part of the Company's net investment in a foreign operation.

Retained earnings

The retained earnings includes the accumulated retained profits and losses of the Group and the share-based payment reserve. Retained earnings are distributable for dividend purposes.

18. PROVISIONS

	2019			2018		
Provision for rehabilitation	Restoration US$'000	Decommis-sioning US$'000	Total provision US$'000	Restoration US$'000	Decommis-sioning US$'000	Total provision US$'000
Opening balance	5 921	6 713	12 634	3 962	2 961	6 923
Recognised in profit and loss	415	–	415	1 693	–	1 693
(Reversal of)/capitalised to mining assets and infrastructure	–	(166)	(166)	–	3 922	3 922
Business combination	–	–	–	76	57	133
Unwinding of discount	536	604	1 140	529	212	741
Exchange differences	(448)	(474)	(922)	(339)	(439)	(778)
Closing balance	6 424	6 677	13 101	5 921	6 713	12 634

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

18. PROVISIONS continued

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 DMRE published rates.

The table below illustrates the movement in the provision as a result of mining operations and changes in variables. During the year ended 30 September 2018, the Group adopted commercial rates in comparison to the previously used DMRE rates.

2019	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
Provision for restoration	**5 921**	**3 057**	**(2 106)**	**–**	**(448)**	**6 424**
Provision for decommissioning	**6 713**	**162**	**276**	**–**	**(474)**	**6 677**
	12 634	**3 219**	**(1 830)**	**–**	**(922)**	**13 101**
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

19. BORROWINGS

	2019 US$'000	2018 US$'000
Non-current		
Facilities	**4 279**	13 711
Equipment loan facility	**7 901**	1 931
Finance leases	**5 873**	7 505
Loan	**1 850**	4 134
	19 903	27 281
Current		
Facilities	**25 000**	9 104
Equipment loan facility	**3 698**	5 564
Finance leases	**5 707**	4 299
Loan	**2 008**	1 928
Bank credit facilities	**14 900**	29 243
	51 313	50 138

FINANCIAL REVIEW CONTINUED

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

19. BORROWINGS continued

Facilities

Effective 28 March 2018, the Group concluded the US$52.8 million (ZAR800 million) facilities which comprise:
- a three-year senior secured amortising term loan of US$26.4 million (ZAR400 million) ('term loan'),
- a three-year secured committed revolving facility of US$19.8 million (ZAR300 million) ('revolving facility'); and
- an overdraft facility of US$6.6 million (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 twelve 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 twelve 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; and
- EBITDA to interest of greater than 3.0 times.

During the year ended 30 September 2019, the EBITDA to interest financial covenant was reduced from greater than 4.0 times to greater than 3.0 times.

At 30 September 2019, 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 2019 amounted to US$9.9 million (ZAR150 million).

Equipment loan facility

During the year ended 30 September 2018, Tharisa Minerals Proprietary Limited entered into an equipment loan facility of US$25 million with Caterpillar Financial Services Corporation for the funding of certain Caterpillar mining equipment. The funding was partially utilised for the purchase of existing mining equipment acquired from MCC, as well as replacement parts and new mining equipment. The loan is structured in three tranches and repayment of each tranche varies between twenty-four and forty-eight equal monthly instalments, payable in arrears. Interest is calculated on the three-month US$ 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 2019, 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$0.1 million (2018: US$0.2 million) and US$0.1 million (2018: US$0.1 million) were included in cost of sales and administrative expenses respectively for the year ended 30 September 2019.

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 2019, the remaining term of these leases varies 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 fourteen and thirty-six 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.

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

19. BORROWINGS continued

	2019 US$'000	2018 US$'000
Minimum lease payments due:		
Within one year	**6 682**	5 284
Two to five years	**6 491**	8 930
	13 173	14 214
Less future finance charges	**(1 593)**	(2 410)
Present value of minimum lease payments due	**11 580**	11 804
Present value of minimum lease payments due:		
Within one year	**5 687**	4 293
Two to five years	**5 893**	7 511
	11 580	11 804

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 thirty-six 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 pre-shipment finance and 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 varied between US Libor plus 1.6% pa and US Libor plus 3.0% pa (2018: US Libor plus 1.6% pa).

	Facilities US$'000	Equipment loan facility US$'000	Finance leases US$'000	Bank credit facilities US$'000	Loan US$'000	Total borrowings US$'000
Balance 30 September 2018	22 815	7 495	11 804	29 243	6 062	77 419
Changes from financing cash flows						
Advances: bank credit facilities	–	–	–	151 626	–	151 626
Repayment: bank credit facilities	–	–	–	(165 973)	–	(165 973)
Net repayment of bank credit facilities	–	–	–	(14 347)	–	(14 347)
Advances received	17 426	11 050	–	–	–	28 476
Repayment of borrowings	(9 294)	(7 831)	–	–	(1 899)	(19 024)
Lease payments	–	–	(6 647)	–	–	(6 647)
Repayment of interest	(2 549)	(602)	–	(524)	(570)	(4 245)
Changes from financing cash flows	5 583	2 617	(6 647)	(14 871)	(2 469)	(15 787)
Foreign currency translation differences	(1 986)	(764)	(821)	–	(305)	(3 876)
Liability–related changes						
Lease agreements entered into	–	–	5 924	–	–	5 924
Interest expense	2 867	759	1 320	528	570	6 044
Revaluation of foreign denominated loan	–	1 492	–	–	–	1 492
Total liability-related changes	2 867	2 251	7 244	528	570	13 460
Balance at 30 September 2019	29 279	11 599	11 580	14 900	3 858	71 216
Non-current borrowings	4 279	7 901	5 873	–	1 850	19 903
Current borrowings	25 000	3 698	5 707	14 900	2 008	51 313
Total borrowings	29 279	11 599	11 580	14 900	3 858	71 216

FINANCIAL REVIEW CONTINUED

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

19. BORROWINGS continued

	Facilities US$'000	Equipment loan facility US$'000	Finance leases US$'000	Bank credit facilities US$'000
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	–	–	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

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

Loan US$'000	Secured bank borrowings US$'000	Guardrisk loan US$'000	Bridge loan US$'000	Total borrowings US$'000
–	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

FINANCIAL REVIEW CONTINUED

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

20. TRADE AND OTHER PAYABLES

	2019 US$'000	2018 US$'000
Trade payables	**34 381**	18 363
Accrued expenses	**11 670**	8 314
Leave pay accrual	**3 990**	3 738
Value added tax payable	**436**	794
Other payables – related parties (note 22)	**27**	2 175
Other payables	**274**	19
	50 778	33 403

The amounts above are payable within one year from the reporting period. The amounts reflected above approximate fair value.

21. FINANCIAL RISK MANAGEMENT

	Fair value level	2019 US$'000	2018 US$'000
30 September 2018			
Financial assets measured at fair value			
Investments in equity instruments	Level 1	**23**	40
Investments in money markets, current accounts, cash funds and income funds	Level 2	**6 080**	5 012
Forward exchange contracts	Level 2	**–**	804
Trade and other receivables measured at fair value			
PGM receivable	Level 2	**33 686**	25 355
Financial liabilities measured at fair value			
Discount facility	Level 2	**2 085**	1 000
Forward exchange contracts	Level 2	**299**	–
Financial assets at amortised cost			
Prepaid investment in Salene Chrome (Private) Limited		**1 367**	142
Trade and other receivables		**26 119**	38 645
Contract assets		**1 039**	2 229
Cash and cash equivalents		**59 201**	66 791
Financial liabilities at amortised cost			
Borrowings		**71 216**	77 419
Contract liabilities		**1 039**	2 229
Trade and other payables		**34 381**	18 363

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.

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

21. FINANCIAL RISK MANAGEMENT continued

Fair value hierarchy

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

Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments (highest level).

Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation methodologies in which all significant inputs are directly or indirectly based on observable market data.

Level 3: fair values measured using valuation methodologies in which any significant inputs are not based on observable market data.

22. 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, joint ventures, 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.

	2019 US$'000	2018 US$'000
Trade and other receivables (note 15)		
The Tharisa Community Trust	4	1
Rocasize Proprietary Limited	13	71
Karo Mining Holdings Limited	–	20
Karo Zimbabwe Holdings (Private) Limited	26	254
Karo Platinum (Private) Limited	18	40
Karo Power Generation (Private) Limited	2	–
Salene Chrome Zimbabwe (Private) Limited	264	12
Salene Technologies Proprietary Limited	–	4
Salene Mining Proprietary Limited	15	15
	342	417
Trade and other payables (note 20)		
The Leto Settlement	–	2 000
Karo Mining Holdings Limited	5	–
Karo Platinum (Private) Limited	21	–
Rocasize Proprietary Limited	1	31
	27	2 031
Amounts due to directors		
A Djakouris	–	22
JD Salter	–	31
OM Kamal	–	16
C Bell	–	25
R Davey	–	20
J Ka Ki Chen	–	11
ZL Hong	–	19
	–	144
Total other payables	27	2 175
Acquisition of 26.8% of Karo Mining Holdings Limited from:		
The Leto Settlement	–	4 500

FINANCIAL REVIEW CONTINUED

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

22. RELATED PARTY TRANSACTIONS AND BALANCES continued

Transactions and balances with related parties: (continued):

	2019 US$'000	2018 US$'000
Loan receivable		
Karo Mining Holdings Limited	5 995	–
Cost of sales		
Rocasize Proprietary Limited	393	234
Other income		
Karo Zimbabwe Holdings (Private) Limited	42	–
Karo Platinum (Private) Limited	37	–
Karo Power Generation (Private) Limited	3	–
Rocasize Proprietary Limited	9	–
Salene Chrome Proprietary Limited	2	–
Consulting fees received		
Rocasize Proprietary Limited	15	32
Salene Chrome Proprietary Limited	43	–
Karo Platinum (Private) Limited	189	–
Karo Power Generation (Private) Limited	59	–
Karo Zimbabwe Holdings (Private) Limited	213	128
Consulting fees paid		
Rocasize Proprietary Limited	–	234
Salene Mining Proprietary Limited	–	17
Donations paid		
The Music for the Children Foundation	12	4
Interest expense		
Arti Trust	–	514
Ditodi Trust	–	47
Makhaye Trust	–	47
The Phax Trust	–	93
The Rowad Trust	–	47
MJ Jacquet-Briner	–	47
	–	795

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

22. RELATED PARTY TRANSACTIONS AND BALANCES continued

Compensation to key management:

2019	**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**
Non-executive directors	629	–	–	–	–	629
Executive directors	1 590	8	1 178	76	219	3 071
Other key management	1 196	29	907	129	190	2 451
	3 415	37	2 085	205	409	6 151

2018	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
Non-executive directors	612	–	–	–	–	612
Executive 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

Awards to key management in the period under review are as follows:

2019 Ordinary shares	**Opening balance**	**Inclusion of additional employee**	**Allocated**	**Vested**	**Forfeited**	**Total**
LTIP – executive directors	1 605 423	–	881 262	(743 524)	(116 201)	1 626 960
LTIP – key management	1 099 439	286 656	587 838	(619 289)	(108 398)	1 246 246
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

2019 Ordinary shares	**Opening balance**	**Inclusion of additional employee**	**Allocated**	**Vested**	**Forfeited**	**Total**
SARS – executive directors	1 118 547	–	881 262	(595 643)	(174 302)	1 229 864
SARS – key management	765 744	221 868	587 838	(499 821)	(162 597)	913 032
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

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

Relationships between parties

The Tharisa Community Trust and Rocasize Proprietary Limited

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

Arti Trust, Phax Trust and Rowad Trust

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

Ditodi Trust and Makhaye Trust

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

The Music for the Children Foundation

A director of the Company is a Trustee of the non-profit organisation.

FINANCIAL REVIEW CONTINUED

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

22. RELATED PARTY TRANSACTIONS AND BALANCES continued

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

Salene Mining Proprietary Limited

A director of the Company is a director.

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

The Company owns 26.8% of the issued share capital of Karo Mining Holdings Limited. Karo Mining Holdings Limited owns 100% of the issued share capital of Karo Zimbabwe Holdings (Private) Limited, Karo Platinum (Private) Limited and Karo Power Generation (Private) Limited.

23. CONTINGENT LIABILITIES

As at 30 September 2019, there is no litigation (2018: no litigation), current or pending, which is considered likely to have a material adverse effect on the Group. Refer to note 24 for guarantees.

24. CAPITAL COMMITMENTS AND GUARANTEES

	2019 US$'000	2018 US$'000
Capital commitments		
Authorised and contracted	**17 062**	4 929
Authorised and not contracted	**805**	1 091
	17 867	6 020

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 dollar were converted at the closing rates of exchange ruling at 30 September 2019.

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 16.

Guarantees

The Company issued a guarantee to Absa Bank Limited and Nedbank Limited amounting to US$52.8 million (ZAR800 million) (2018: 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 US$1.3 million (ZAR19.4 million) (2018: 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 (2018: US$12.5 million) and US$20.0 million (2018: US$20.0 million) 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 US$0.8 million (ZAR12.0 million) (2018: ZAR12.0 million).

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2019

24. CAPITAL COMMITMENTS AND GUARANTEES continued

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 2019, US$6.0 million has been paid up. The remaining US$4.0 million needs to be paid up by 14 February 2021.

25. EVENTS AFTER THE REPORTING PERIOD

Effective 1 October 2019, the Company acquired 100.0% of the issued share capital of a company that manufactures equipment used in the mining industry for a total purchase consideration of US$2.6 million (ZAR40.0 million). Of the total purchase consideration, US$1.8 million (ZAR27.5 million) was settled in cash on the effective acquisition date while US$0.8 million (ZAR12.5 million) will be settled in cash after one year from the acquisition date. Settlement of the US$0.8 million is subject to the Company achieving certain profit targets which represents a contingent consideration. The Company has recognised the total contingent consideration as a liability at 1 October 2019.

The following summarises the initial fair value of the Company's assets and liabilities at the acquisition date:

	Fair value recognised on acquisition US$'000
Assets	
Property, plant and equipment	1 420
Deferred tax	39
Inventories	580
Trade and other receivables	332
Cash and cash equivalents	116
	2 487
Liabilities	
Borrowings	(660)
Other financial liabilities	(22)
Trade and other payables	(189)
	(871)
Total identifiable net assets at fair value	1 616
Goodwill arising on acquisition	1 022
Purchase consideration	2 638

The purchase consideration was funded by existing cash resources of the Group. The transaction cost is anticipated to be US$0.1 million.

Management is currently in the process of finalising the fair value of the Company's assets and liabilities. The goodwill recognised is attributed to existing relationships with customers, industry knowledge and technical expertise relating to the manufacture of the mining equipment.

On 26 November 2019, the Board proposed a final dividend of US 0.25 cent 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.

26. DIVIDENDS

During the year ended 30 September 2019, the Company declared and paid a final dividend of US2 cents per share in respect of the year ended 30 September 2018. In addition, an interim dividend of US0.5 cent per share was declared and paid in respect of the financial year ended 30 September 2019.

During the year ended 30 September 2018, a final dividend of US5 cents per share was declared and paid in respect of the financial year ended 30 September 2017. In addition, an interim dividend of US2 cents per share was declared and paid in respect of the financial year ended 30 September 2018.

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
A2X share code	THA
Sector	General mining
Issued share capital as at 30 September 2019	270 000 000
Issued share capital (excluding treasury shares) as at 30 September 2019	266 610 322

	JSE	LSE
Market capitalisation as at 30 September 2019	ZAR5.75 billion	GBP313.2 million
Closing share price as at 30 September 2019	ZAR21.30	116.00p
12-month high	ZAR22.00	121.50p
12-month low	ZAR16.00	94.00p

Shareholder analysis

Analysis of shareholders as at 30 September 2019

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	846	886 305	0.33	0.33
Holding 10 001 to 100 000 shares	89	2 981 444	1.10	1.12
Holding 100 001 to 1 000 000 shares	43	13 136 191	4.86	4.93
Holding 1 000 001 to 5 000 000 shares	8	19 862 150	7.36	7.45
Holding 5 000 001 to 100 000 000 shares	9	120 117 226	44.49	45.05
Holding > 100 000 000 shares	1	109 627 006	40.60	41.12
Treasury shares	–	3 389 678	1.26	–
Total	996	270 000 000	100.00	100.0

Major shareholders	Number of shares	Percentage of issued share capital	Percentage of voting rights
Shareholders holding 10% or more			
Medway Developments Limited	109 627 006	40.60	41.12
Rance Holdings Limited	40 548 241	15.02	15.21
Shareholders holding 5% or more			
Fujian Wuhang Stainless Steel Co. Limited	19 419 920	7.19	7.28
Maaden Invest Limited	11 587 917	4.29	4.35

Public and non-public shareholders	Number of shareholders	Number of shares	Percentage of issued share capital	Percentage of voting rights
Public	979	107 098 098	39.67	40.17
Non-public				
Directors and associates of the Company and its subsidiaries	15	9 336 977	3.46	3.50
Persons interested (other than directors), directly or indirectly, in 10% or more	2	150 175 247	55.62	56.33
Total	996	266 610 322	98.74	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:

	2019				2018			
	Beneficial		Non-beneficial		Beneficial		Non-beneficial	
Director	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
Loucas Pouroulis	630 711	–	–	10 000	272 952	–	–	10 000
Phoevos Pouroulis	546 384	6 918 432	–	–	240 871	6 918 132	–	–
Michael Jones	474 172	–	–	–	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	1 725 767	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 2019 and the date of issue of this Integrated 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
A2X share code: THA
ISIN: CY0103562118
LEI: 213800WW4YWMVVZIJM90
('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, 29 January 2020 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 Integrated 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 AGM, 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. Requests of this nature are to be 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, 6 December 2019
Last day to trade to be eligible to vote	Tuesday, 21 January 2020
Record date to be eligible to vote at the AGM	Friday, 24 January 2020
Last day for lodging forms of instruction (by 08:00 UK time)	Friday, 24 January 2020
Last day for lodging forms of proxy (by 10:00 SA time)	Monday, 27 January 2020
Annual general meeting (10:00 SA time (UTC +2))	Wednesday, 29 January 2020

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, 24 January 2020.

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 2019, including the management report and the report of the independent auditor, such annual financial statements having been approved by the Board on 26 November 2019.

Additional information in respect of ordinary resolution number 1

The condensed consolidated financial statements for the year ended 30 September 2019 are included in the Integrated 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 2019, 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 Company Secretary 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 2020, to hold office until conclusion of the next AGM of the Company, and that the remuneration for the financial year ending 30 September 2020 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.

3. Ordinary resolution number 3 (comprising ordinary resolutions numbers 3.1 and 3.2)

Re-election of directors retiring by rotation

3.1 "RESOLVED THAT Omar Kamal, 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."

3.2 "RESOLVED THAT Carol Bell, who retires in accordance with the Company's Articles of Association and who, being eligible, offers herself for re-election, be re-elected as a director of the Company."

Additional information in respect of ordinary resolutions numbers 3.1 and 3.2

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. Omar Kamal, Carol Bell and Joanna Cheng are retiring by rotation. Joanna Cheng is not available for re-election.

A brief curriculum vitae in respect of the directors referred to in ordinary resolutions numbers 3.1 and 3.2 above appears on pages 64 and 65 of the Integrated Annual Report of which this notice of AGM forms part and the Board recommends to shareholders the re-election of the retiring directors as set out in ordinary resolutions numbers 3.1 and 3.2.

The percentage of voting rights required for ordinary resolutions numbers 3.1 and 3.2 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.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

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 27 000 000 (twenty seven million) ordinary shares, being 10% of the number of listed equity securities in issue at the date of this notice, being 270 000 000 (two hundred and seventy 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. This is 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.

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 27 000 000 (twenty seven million) ordinary shares, representing 10% of the number of listed equity securities in issue as at the date of this notice, being 270 000 000 (two hundred and seventy 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."

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. 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.

Any issue of shares for cash will be subject to approval by 90% of the Board members.

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.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

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 86 to 93 of the Integrated 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 86 to 93 of the Integrated 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.

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 books operated by the JSE and LSE 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 and/or discount at which such ordinary shares may be acquired shall not exceed the lesser 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 media 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."

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. Repurchased shares may be held in treasury for a period not exceeding a maximum of two calendar years from the repurchase date. 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.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

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 Integrated Annual Report of which this notice of AGM forms part:
- Major shareholders – refer to page 138 of the Integrated Annual Report
- Share capital of Tharisa – refer to pages 125 and 126 of the Integrated 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 64 of this Integrated 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, 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.

9. Ordinary resolution number 8

Final dividend
"RESOLVED THAT a final cash dividend in the amount of US 0.25 cent per ordinary share is declared for the financial year ending 30 September 2019, 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, 14 February 2020."

Additional information in respect of ordinary resolution number 8
The Board has proposed a final cash dividend of US 0.25 cent per ordinary shares for the financial year ended 30 September 2019.

If approved by shareholders, the recommended final dividend will be paid on Wednesday, 26 February 2020. Shareholders on the principal Cyprus register will be paid in US dollar, shareholders whose shares are held through Central Securities Depositary Participants ('CSDPs') and brokers and are traded on the JSE will be paid in South African rand ('ZAR') and holders of depositary 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 26 November 2019, 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 0.25 cent per share. Shareholders who are South African tax resident companies are exempt from dividend tax and will receive the dividend of US 0.25 cent per share. This does not constitute legal or tax advice and is based on taxation law and practice in South Africa. Shareholders should consult their brokers, financial and/or tax advisers with regard to how they will be impacted by the payment of the dividend.

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

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

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

The timetable for the dividend declaration is as follows:

Declaration and currency conversion date	Tuesday, 26 November 2019
Currency conversion rates announced	Thursday, 30 January 2020
Last day to trade cum dividend rights on the JSE	Tuesday, 11 February 2020
Last day to trade cum dividend rights on the LSE	Wednesday, 12 February 2020
Shares will trade ex dividend rights on the JSE	Wednesday, 12 February 2020
Shares will trade ex dividend rights on the LSE	Thursday, 13 February 2020
Record date for payment on both JSE and LSE	Friday, 14 February 2020
Dividend payment date	Wednesday, 26 February 2020

No dematerialisation or rematerialisation of shares within Strate will be permitted between Wednesday, 12 February 2020 and Friday, 14 February 2020, both days inclusive. No transfers between registers will be permitted between Thursday, 30 January 2020 and Friday, 14 February 2020, 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.

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 Company Secretary 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.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

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, 24 January 2020.

Depositary 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 depositary 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, 24 January 2020. 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, 27 January 2020, 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
Company Secretary

10 December 2019

GLOSSARY

In this Integrated 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 *Government Gazette* 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_2O_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
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 (CP) 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
Cr_2O_3	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
DMRE	the South African Department of Mineral Resources and Energy
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

GLOSSARY CONTINUED

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
foundry grade	concentrate saleable chromium-rich product typically more than 45% Cr_2O_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 Sibanye-Stillwater'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
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
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
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_2O_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

GLOSSARY CONTINUED

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
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 pre-feasibility 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 *Government Gazette* 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 DMRE 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
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 DMRE in terms of the MPRDA
Pt	Platinum
reef	in the context of this Integrated 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 or TSAP	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
Sibanye-Stillwater	Sibanye Gold Limited (Registration number 2002/031431/06), a public company duly incorporated and registered in South Africa
SiO_2	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

GLOSSARY CONTINUED

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 depositary 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
tCO_2e	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
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
USA	the United States 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
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

Tharisa plc
(Incorporated in the Republic of Cyprus with limited liability)
(Registration number: HE223412)
JSE share code: THA
LSE share code: THS
A2X share code: THA
ISIN: CY0103562118
LEI: 213800WW4YWMVVZIJM90
('Tharisa' or the 'Company')

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, 29 January 2020 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 number 1 is non-binding and does not require a minimum threshold			
Ordinary resolutions numbers 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: Reappointment of external auditor			
Ordinary resolution number 3.1: Re-election of Omar Kamal as a director			
Ordinary resolution number 3.2: Re-election of Carol Bell as a director			
Special business			
Ordinary resolutions numbers 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 number 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 number 1 requires support of at least 75% of the votes exercised to be adopted			
Ordinary resolutions numbers 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 number 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 2020

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, 27 January 2020, being no later than 48 hours before the AGM to be held at 10:00 SA time on Wednesday, 29 January 2020, 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, 24 January 2020.
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
A2X share code: THA
ISIN: CY0103562118
LEI: 213800WW4YWMVVZIJM90

Registered address
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8011 Paphos
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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)

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Email: secretarial@tharisa.com

Assistant Company Secretary
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Computershare Investor Services Proprietary Limited
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15 Biermann Avenue
Rosebank 2196
South Africa

Computershare Investor Services PLC
Registration number: 3498808
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England, United Kingdom

JSE sponsor
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Auditors
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