



THARISA PLC

Incorporated in the Republic of Cyprus with limited liability

Registration number: HE223412

JSE share code: THA

LSE share code: THS

ISIN: CY0103562118

THARISA 2017

CONSOLIDATED ANNUAL RESULTS

HIGHLIGHTS

ROM MINED

UP 3.9%

5.0 Mt

(2016: 4.8 Mt)

PGM PRODUCTION

UP 8.3% (5PGE + Au)

143.6 koz

(2016: 132.6 koz)

CHROME CONCENTRATE

PRODUCTION

UP 7.0%

1.3 Mt

(2016: 1.2 Mt)

REVENUE

UP 59.1%

US\$349.4m

(2016: US\$219.6m)

OPERATING PROFIT

UP 198.4%

US\$95.9m

(2016: US\$32.1m)

EBITDA

UP 168.7%

US\$115.6m



(2016: US\$43.0m)

PROFIT BEFORE TAX

UP 314.2%

US\$91.0m

(2016: US\$22.0m)

HEADLINE EARNINGS

PER SHARE

UP 266.7%

US\$ 22 cents

(2016: US\$ 6 cents)

PROPOSED DIVIDEND OF

US\$ 5 CENT PER SHARE

(2016: US\$ 1 cents)

LEADERSHIP REVIEW

financial year ended 30 September 2017

Executive Chairman Loucas Pouroulis, Chief Executive Officer Phoevos Pouroulis and Chief Finance Officer Michael Jones.

Dear Stakeholder

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

FY2017 was a year of record production and profitability notwithstanding the muted PGM basket price and volatility of spot chrome concentrate prices. It was also a year of leveraging the business model with third party agency and trading activities.

Tharisa Minerals Proprietary Limited ("Tharisa Minerals") mined 5.0 Mt of ore during the year, exceeding the required mining call rate for the nameplate capacity of our processing plants. This resulted in PGM production



of 143.6 koz of contained PGMs and production of 1.3 Mt of chrome concentrates. Of the chrome concentrates, 323.1 kt comprised high value specialty grade products.

PGM prices remained muted during the year showing a marginal increase of US\$50 per PGM basket ounce despite the rally in the palladium price, which has recently surpassed and maintained levels above the prevailing platinum price. Tharisa witnessed history in the first half of FY2017 with record prices for metallurgical chrome concentrates being achieved at approximately US\$390/t. There was however limited liquidity and an underestimated global supply side response which displaced a large portion of South Africa's market share. Prices subsequently declined to levels as low as US\$130/t mainly on the back of accumulated inventory levels. Post the half-year Tharisa saw a recovery in the spot metallurgical grade chrome prices delivered to China due to increased demand for stainless steel and excess inventories being absorbed in the normal course. The average metallurgical chrome contract price achieved was US\$200/t CIF China for FY2017.

Operating profit for the year amounted to US\$95.9 million (2016: US\$32.1 million), with a net profit after tax of US\$67.7 million (US\$15.8 million) generating HEPS of US\$ 22 cents (US\$ 6 cents).

In the year under review, Tharisa initiated the transition to owner mining. Towards the latter part of the year, the business was further expanded to include third party plant operation and sales thereby improving profitably through further economies of scale.

It is the Group's policy to pay a minimum of 10% of its consolidated net profit after tax as a dividend, and the directors are pleased to announce that based on the improved earnings, subject to the necessary shareholder approvals, the Board has proposed a dividend to shareholders of US\$ 5 cents per share (2016: capital distribution of US\$ 1 cent) equating to 19.2% of its consolidated net profit after tax.

Furthermore, Tharisa is pleased to notify its shareholders that the dividend policy for FY2018 will be changed to provide for a payout of at least 15% of consolidated net profit after tax, an increase from the previous stated dividend policy of at least 10% of consolidated net profit after tax. The Company also intends to introduce the payment of an interim dividend.

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

SAFETY



Safety remains a priority at Tharisa which achieved a fatality free year and, at 30 September 2017, our LTIFR per 200 000 hours worked at the mine was 0.07.

Tharisa is pleased to advise that no safety related stoppages were incurred in the year highlighting our emphasis on safety as well as our improved relationship with the DMR inspectorate.

The Group continues to strive for a zero harm work environment and in line with the DMR's drive to minimise all injuries within the South African mining industry, the Group remains committed to ensuring a safer workplace. To that end it is pleasing to report that Tharisa Minerals was awarded three safety awards in 2017. These include the Best Safety Performance and Best Improved Performance awards at Mine Safe 2017, and an award from the Mine Health and Safety Council's for 2 000 fatality free production shifts.

OPERATIONAL OVERVIEW

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

- 5.0 Mt reef mined, an increase of 3.9%
- 4.9 Mt milled, an increase of 5.6%
- 143.6 koz 5PGE+Au contained PGM production, up by 8.3%
- 79.7% overall PGM recovery, an increase of 14.0%
- 1.3 Mt production of chrome concentrates, up by 7.0%
- 64.1% chrome recovery, an increase of 2.2%
- 323.1 kt specialty grade chrome production, an increase of 19.9%

MINING

Reef mined exceeded the volumes required to meet production targets in FY2017. Mining focused on extracting the optimal reef horizon mix for feed into the plants with particular attention on the feed grades. In addition, overburden exposed by the planned pit extension following the road diversion was mined. It is planned that the stripping ratio will normalise to above the LOM stripping ratio of 9.6 m³:m³ in FY2018 from the 7.5 m³:m³ achieved in the current year.

A total of 5.0 Mt of reef was mined ensuring a constant feed of material into the plants while increasing the run of mine (ROM) ore stockpile ahead of the plants to 307.7 kt thereby further derisking the operations. The intention is to increase the ROM ore stockpile to at least one month of plant throughput (400 kt). During the financial year Tharisa Minerals acquired a drilling sub-contractor's business to start in sourcing the drilling operations and, as an owner operator, focus on improving ROM grades and fragmentation.

Subsequent to the financial year end, Tharisa Minerals acquired the mining fleet from its mining contractor and successfully transitioned from a contractor mining model to an owner mining model.

PROCESSING

Plant throughput at 4.9 Mt, exceeded nameplate capacity for the first time and is attributable to consistent feed and preventative maintenance resulting in improved plant availability and utilisation. A high energy PGM flotation circuit was integrated into the Genesis Plant to further increase recoveries. The circuit was commissioned in August 2017 and followed the successful integration of a high energy PGM flotation circuit at the Voyager Plant.

With a PGM rougher feed grade of 1.56 g/t and recoveries improving to 79.7% (target of 80%), PGM production (5E + Au) at 143.6 koz improved 8.3%. Chrome feed grade was 17.8% and with chrome recoveries improving to 64.1% (target 65%), chrome concentrate production increased by 7.0% to 1.3 Mt. The production of specialty grade chrome concentrates of 323.1 kt increased 19.9% and constitutes approximately 24.3% of total chrome concentrate production. Specialty grade chrome concentrates continue to command on average a US\$50/t premium on a CIF China equivalent basis over standard metallurgical grade chrome concentrates.

Arxo Metals Proprietary Limited (“Arxo Metals”) entered into an operating, sales and marketing agreement with Western Platinum Limited, a subsidiary of Lonmin plc (“Lonmin”), to operate their K3 UG2 chrome concentrator plant. The handover date was 28 August 2017 and during the short time under the Group’s control 20 kt of chrome concentrate was produced.

Commodity markets and sales

		30 September 2017	30 September 2016	Change %
PGM basket price	US\$/oz	786	736	6.8
PGM basket price	ZAR/oz	10 492	10 881	(3.6)
42% metallurgical grade chrome concentrate contract price	US\$/tonne	200	120	66.7
42% metallurgical grade chrome concentrate contract price	ZAR/tonne	2 667	1 751	52.3
Exchange rate (average)	ZAR:US\$	13.4	14.8	9.5

Tharisa Minerals continues to supply the majority of its PGM concentrate to Impala Platinum in terms of its off-take agreement with the balance of the PGM concentrates to be processed in the 1MW research and development furnace that was recently commissioned by Arxo Metals and then sold to Lonmin.

A total of 143.5 koz of contained PGMs (on a 5PGE + Au basis) was sold during the year. This is an increase of 8.3% over the previous year’s sales of 132.9 koz of contained PGMs (on a 5PGE + Au basis).

The PGM prill split by mass is as follows:

	30 September 2017	30 September 2016
Platinum	55.2%	55.9%
Palladium	16.1%	16.1%
Rhodium	9.5%	9.4%
Gold	0.2%	0.2%
Ruthenium	14.3%	13.9%
Iridium	4.7%	4.5%

Tharisa Minerals is paid a variable percentage of the market value of the contained PGMs in terms of an agreed formula. The PGM basket price improved with the average PGM basket price per ounce increasing by 6.8% to US\$786/oz (2016: US\$736/oz) for the financial year.

Chrome concentrate sales totalled 1.3 Mt, 321.5 kt of which was higher value-add specialty chemical and foundry grade chrome concentrates with the bulk of the sales being metallurgical grade chrome concentrate. The average price for metallurgical grade chrome concentrate on a CIF main ports China basis increased to US\$200/t.

Chemical and foundry grade chrome concentrates produced by Tharisa Minerals and Arxo Metals are sold to Rand York Minerals in terms of an off-take agreement which provides for a joint marketing arrangement of the product.

LOGISTICS

		30 September 2017	30 September 2016	Change %
Average transport cost per tonne of chrome concentrate – CIF China basis	US\$/tonne	52	42	23.8
Chrome concentrates shipped	kt	995.8	923.1	7.9

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

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

A total of 995.8 kt (2016: 923.1 kt) of chrome concentrates was shipped by Arxo Logistics in FY2017 mostly to main ports in China. Of this, 98% was shipped in bulk, with bulk shipments being preferred by customers due to ease of handling and reduced port charges, as well as reduced levels of administration.



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

Negotiations regarding a planned public-private partnership for an on-site railway siding at the Tharisa Mine are continuing and final commercial terms are still to be agreed. This will not only improve efficiencies and costs, but will also improve safety and alleviate environmental impacts by reducing road freight haulage.

LABOUR RELATIONS

Labour relations at the Tharisa Mine remained stable during the year. Tharisa’s employees have traditionally been represented by the NUM with 56% of the employees in the bargaining unit represented by them. Post the year end, approximately 900 employees were transferred from the mine’s former contractor, bringing Tharisa Minerals’ total staff complement to approximately 1 700.

SUSTAINABILITY

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

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

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

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

Sustainability aspects	Tharisa’s sustainability framework
Environment	<ul style="list-style-type: none"> - EIAs, EMP and compliance reports - Environmental measures
Employees	<ul style="list-style-type: none"> - Gender equality (women represent 18% of workforce) - Health and safety policies and training - Trade union recognition
Social	<ul style="list-style-type: none"> - Community ownership in mine - Community forums - CSI

Human rights	<ul style="list-style-type: none"> - Policy on the human rights trafficking and modern slavery - Monitoring of suppliers
Anticorruption	<ul style="list-style-type: none"> - Policy on bribery and corruption - Ethics hotline

FINANCIAL OVERVIEW

The financial results of the Group were characterised by two key financial trends, the first being the volatility in the metallurgical grade chrome concentrate market with an average price per tonne of US\$200 being achieved (on a CIF main ports China basis) being a 66.7% increase compared to the prior period and secondly the strengthening of the ZAR by 9.5% impacting on the cost base of the Group which, other than for freight costs, is largely ZAR denominated.

Group revenue totalled US\$349.4 million (2016: US\$219.6 million), an increase of 59.1% relative to the prior year. The increase in revenue is mainly attributable to the chrome segment with the metallurgical grade chrome concentrate price increasing by 66.7% from an average of US\$120/t to US\$200/t, with the speciality grade chrome concentrates continuing to trade at a premium of at least US\$50/t on a CIF China equivalent basis.

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

- An increase in the unit sales of PGMs by 7.4% from 132.9 koz to 143.5 koz with an increase in the PGM basket price by 6.8% from US\$736/oz to US\$786/oz
- an increase in the unit sales of metallurgical grade chrome concentrates by 7.9% from 923.1 kt to 995.8 kt with an increase in the metallurgical grade chrome concentrate price of 66.7%
- an increase in the unit sales of speciality grade chrome concentrates (24.3% of production) by 17.9% from 272.7 kt to 321.5 kt
- the introduction of third party trading and logistics businesses building on the existing platforms which contributed US\$5.7 million to revenue

Gross profit amounted to US\$122.7 million (2016: US\$54.5 million) with a gross profit margin of 35.1% (2016: 24.8%).

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

<i>US\$ million</i>	30 September 2017			30 September 2016			Total
	PGM	Chrome	Agency and trading	PGM	Chrome	Total	
Revenue	90.9	252.9	5.6	349.4	81.5	138.1	219.6

Cost of sales	54.7	166.7	5.3	226.7	57.3	107.8	165.1
Cost of sales excluding selling costs	54.3	107.6	4.2	166.1	57.1	64.7	121.8
Selling costs	0.4	59.1	1.1	60.6	0.2	43.1	43.3
Gross profit contribution	36.2	86.2	0.3	122.7	24.2	30.3	54.5
Gross profit margin	39.8%	34.1%	5.4%	35.1%	29.7%	21.9%	24.8%
Sales volumes	143.5 koz	1 317.3 kt			132.9 koz	1 196.2 kt	

Shared costs of production are based on revenue contribution on an FCA basis, allocated 35% to the PGM segment and 65% to the chrome segment. The comparable period allocation was on an equal basis.

The PGM segment gross margin of 39.8% (2016: 29.7%) was higher than the previous year, mainly due to the revised basis of allocating shared costs. The gross margin also improved with a reduction in the overall unit cost of sales with increased units sold following improved recoveries being achieved.

The chrome segment gross margin of 34.1% (2016: 21.9%) was higher than the year before largely due to the increased chrome concentrate price notwithstanding the increased cost of sales based on the increased allocation of the shared production costs. Freight costs for bulk shipments of chrome concentrates, a significant component of the cost of chrome sales, increased by 40.0% from US\$10/t to US\$14/t, coupled with a 9.5% strengthening of the ZAR against the US\$, resulted in the average transport cost per chrome tonne increasing from US\$42 to US\$52.

On a unit cost basis, the mining cost per reef tonne mined increased by 11.9% from US\$16.8/t to US\$18.8/t. This cost per reef tonne was incurred on a stripping ratio of 7.5 (m³ waste : m³ reef). On a per cube mined basis i.e. including both waste and reef, the cost increased by 16.5% from US\$6.72/m³ to US\$7.83/m³ (the prior year stripping ratio was 7.3).

An above inflation increase was agreed with MCC Contracts Proprietary Limited ("MCC") for the mining contractor work due to historical under recoveries based on the mine plan. In addition, there was an appreciation in the ZAR of approximately 9.5%. During the transition to the owner mining model, additional costs were also incurred in anticipation of the transition such as employment of additional technical management and sourcing of supplementary mining equipment.

The consolidated cash cost per tonne milled (i.e. including mining but excluding transport and freight) increased by 9.4% from US\$31.9/t to US\$34.9/t.

After accounting for administrative expenses of US\$26.9 million (an increase of 18.1% over the comparable period), the Group achieved an operating profit of US\$95.9 million.

EBITDA amounted to US\$115.6 million (2016: US\$43.0 million).

Finance costs (totalling US\$7.7 million) principally relate to the balance owing on the senior debt facility due by Tharisa Minerals for the construction of the Voyager Plant and the trade finance facilities of Arxo Resources on



the discounting of the letters of credit on chrome concentrate contracted sales as well as the limited recourse discounting of the PGM receivables.

With the strong performance in the commodity markets during the financial year, the Group recorded a substantial improvement in profitability, generating a profit before tax of US\$91.0 million compared to the comparable period of US\$22.0 million.

The tax charge amounted to US\$23.3 million, an effective charge of 25.6%.

Foreign currency translation differences for foreign operations, arising where the Company has funded the underlying subsidiaries with US\$ denominated funding and the reporting currency of the underlying subsidiary is not in US\$ was nominal, against the prior year's gain of US\$4.2 million.

Basic and diluted profit per share for the year amounted to US\$ 22 cents (2016: US\$ 5 cents) with headline earnings per share of US\$ 22 cents (2016: US\$ 6 cents).

As approved by shareholders at the annual general meeting and following the obtaining of the requisite court approvals, the Company reduced its share premium account in the amount of US\$179.2 million and applied the reduction in the first instance to the revenue reserves of the Company and in the second instance by returning to shareholders, in cash, an amount of US\$2.6 million (US\$ 1 cent per share).

The total debt amounted to US\$54.2 million, resulting in a debt to total equity ratio of 19.9%. Offsetting the debt service reserve account amount of US\$4.5 million, resulted in a debt to equity ratio of 18.2%. The long-term targeted debt to equity ratio is 15%. Tharisa had cash and cash equivalent of US\$49.7 million at year end resulting in a nominal net debt to total equity ratio.

With effect from 1 October 2017, Tharisa Minerals purchased certain mining equipment from MCC Contracts and purchased additional mining equipment to supplement the fleet. The cash consideration paid for this fleet amounted to ZAR279 million (US\$20.6 million) and was debt funded through a bridge loan facility, original equipment manufacturer finance and asset backed finance. If the purchases had taken place on 30 September 2017, the pro forma total debt, offsetting the debt service reserve account, would have amounted to US\$70.2 million with a pro forma debt to total equity ratio of 25.8%.

The current capex spend focused on stay in business capex, mining fleet additions during the transition phase 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\$26.4 million of which US\$7.1 million related to additions to the mining fleet. The depreciation charge amounted to US\$16.9 million (2016: US\$10.3 million).

The Group generated net cash from operations of US\$73.2 million (2016: US\$22.2 million). Cash on hand amounted to US\$49.7 million. In addition, the Group held US\$4.5 million in a debt service reserve account.

OUTLOOK



The PGM basket price in US\$ has improved on the back of the rally in spot palladium and rhodium prices and with the recovery in chrome concentrate prices, underpinned by demand, the Group's margins remain robust. The free cash flow for FY2018 and EBITDA margins should grow considerably supported by solid operational performance and a more favourable commodity outlook.

The transition to owner mining has progressed well and the benefits of closer management of the in-pit grades and improved blending ahead of the plants are being realised.

The maturation of the business beyond the development stage has positioned the group for its next phase of growth. Not only is the focus on continuous improvements in feed grade and recoveries, but on expanding the business through the operation of third party plants and the marketing of these commodities.

The production outlook for FY2018 is 150 koz of PGMs and 1.4 Mt of chrome concentrates, of which 350 kt will be specialty grade chrome concentrates. Our vision for 2020 is to produce 200 koz of PGMs and 2 Mt of chrome.

The management team is positive about the prospects for the year ahead and believes that with the direct control of our mining operations and a strong focus on ROM quality further economies of scale will be demonstrated through reduced unit costs and increasing operating margins and profitability.

The achievement of our stated objectives has had a material boost in the morale within the Group and it is this commitment and dedication to achieving these goals that has made the difference in FY2017. We will continue to leverage off of this momentum and look to continue implementing our strategy as we move towards achieving our vision for 2020.

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2016

Preparation and approval of condensed consolidated financial statements

The condensed consolidated financial statements for the year ended 30 September 2017 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 the 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 judgements and estimates.

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 KPMG 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 28 November 2017.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 September 2017

	Notes	2017 US\$'000	2016 US\$'000
Revenue	4	349 443	219 653
Cost of sales	5	(226 789)	(165 177)
Gross profit		122 654	54 476
Other income		160	438
Administrative expenses	6	(26 903)	(22 775)
Results from operating activities		95 911	32 139
Finance income		3 580	770
Finance costs		(7 689)	(11 815)
Changes in fair value of financial assets at fair value through profit or loss		(813)	503
Changes in fair value of financial liabilities at fair value through profit or loss		-	368
Net finance costs		(4 922)	(10 174)
Profit before tax		90 989	21 965
Tax	7	(23 316)	(6 172)
Profit for the year		67 673	15 793

Other comprehensive income

Items that may be classified subsequently to profit or loss:

Foreign currency translation differences for foreign operations, net of tax		(387)	4 212
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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

for the year ended 30 September 2017

Other comprehensive income, net of tax	(387)	4 212
Total comprehensive income for the year	67 286	20 005
Profit for the year attributable to:		
Owners of the company	57 601	13 809
Non-controlling interest	10 072	1 984
	67 673	15 793
Total comprehensive income for the year attributable to:		
Owners of the company	57 451	17 103
Non-controlling interest	9 835	2 902
	67 286	20 005
Earnings per share		
Basic and diluted earnings per share (US\$ cents)	8	22
		5

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2017

	Note	2017	2016
	s	US\$'000	US\$'000
Assets			
Non-current assets			
Property, plant and equipment	9	232 559	220 534
Goodwill		838	883
Long term deposits	10	4 505	9 846
Other financial assets		3 767	2 585
Deferred tax assets	11	1 952	1 397
Total non-current assets		243 621	235 245
Current assets			
Inventories	12	20 802	15 767
Trade and other receivables	13	70 374	51 184
Other financial assets		49	1 176
Current taxation		132	134
Cash and cash equivalents	14	49 742	15 826
Total current assets		141 099	84 087
Total assets		384 720	319 332
Equity and liabilities			
Share capital	15	260	257
Share premium	15	280 082	456 181
Other reserve		47 245	47 245
Foreign currency translation reserve		(73 561)	(73 411)
Retained earnings		42 877	(193 521)
Equity attributable to owners of the Company		296 903	236 751

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2017

Non-controlling interests		(25 057)	(34 892)
Total equity		271 846	201 859
Non-current liabilities			
Provisions		6 923	4 607
Borrowings	16	4 375	24 008
Deferred tax liabilities		23 823	5 275
Total non-current liabilities		35 121	33 890
Current liabilities			
Borrowings	16	45 026	38 408
Other financial liabilities		599	-
Current taxation		212	54
Trade and other payables		31 916	45 121
Total current liabilities		77 753	83 583
Total liabilities		112 874	117 473
Total equity and liabilities		384 720	319 332

The consolidated financial statements were authorised for issue by the Board of Directors on 28 November 2017.

Phoevos Pouroulis
Director

Michael Jones
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2017

Attributable to owners of the Company

	Share capital	Share premium	Other reserve	Foreign currency translation reserve	Retained earnings	Total	Non- controlling interest	Total equity
Note	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 30 September 2015	256	452 512	47 245	(76 705)	(206 566)	216 742	(37 794)	178 948
Total comprehensive income for the year								
Profit for the year	-	-	-	-	13 809	13 809	1 984	15 793
<i>Other comprehensive income:</i>								
Foreign currency translation differences	-	-	-	3 294	-	3 294	918	4 212
Total comprehensive income for the year	-	-	-	3 294	13 809	17 103	2 902	20 005

Transactions with owners of the Company

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2017

Contributions by and distributions to owners

Equity-settled share based payments	-	-	-	-	(1 045)	(1 045)	-	(1 045)	
Issue of ordinary shares	15	1	3 669	-	-	281	3 951	-	3 951
Contributions by owners of the Company		1	3 669	-	-	(764)	2 906	-	2 906
Total transactions with owners of the Company		1	3 669	-	-	(764)	2 906	-	2 906
Balance at 30 September 2016		257	456 181	47 245	(73 411)	(193 521)	236 751	(34 892)	201 859

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2017

	Attributable to owners of the Company								Total equity
	Notes	Share capital	Share premium	Other reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Balance at 30 September 2016		257	456 181	47 245	(73 411)	(193 521)	236 751	(34 892)	201 859
Total comprehensive income for the year									
Profit for the year		-	-	-	-	57 601	57 601	10 072	67 673
<i>Other comprehensive income:</i>									
Foreign currency translation differences		-	-	-	(150)	-	(150)	(237)	(387)
Total comprehensive income for the year		-	-	-	(150)	57 601	57 451	9 835	67 286

Transactions with owners of the Company

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2017

Contributions by and distributions to owners

Capital reduction	15	-	(179 175)	-	-	179 175	-	-	-
Capital distribution	15	-	-	-	-	(2 570)	(2 570)	-	(2 570)
Equity-settled share based payments		-	-	-	-	2 192	2 192	-	2 192
Issue of ordinary shares	15	3	3 076	-	-	-	3 079	-	3 079
Contributions by owners of the Company		3	(176 099)	-	-	178 797	2 701	-	2 701
Total transactions with owners of the Company		3	176 099)	-	-	178 797	2 701	-	2 701
Balance at 30 September 2017		260	280 082	47 245	(73 561)	42 877	296 903	(25 057)	271 846

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.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 September 2017

		2017	2016
	<i>Notes</i>	US\$'000	US\$'000
Cash flows from operating activities			
Profit for the year		67 673	15 793
Adjustments for:			
Depreciation of property, plant and equipment	9	16 929	10 167
Loss on disposal of property, plant and equipment	6	196	584
Impairment losses on goodwill		57	51
Impairment losses on inventory	12	24	15
Impairment losses on other financial assets		-	12
Changes in fair value of financial assets at fair value through profit or loss		813	(503)
Changes in fair value of financial liabilities at fair value through profit or loss		-	(368)
Interest income		(1 122)	(770)
Interest expense		7 689	10 287
Tax	7	23 316	6 172
Equity-settled share based payments		4 342	2 542
		119 917	43 982
Changes in:			
Inventories		(5 063)	(4 634)
Trade and other receivables		(21 839)	(12 657)
Trade and other payables		(15 068)	(4 100)
Provisions		1 792	71
Cash from operations		79 739	22 662
Capital reduction		(2 570)	-

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 September 2017

Income tax paid		(3 990)	(472)
Net cash flows from operating activities		73 179	22 190
Cash flows from investing activities			
Interest received		708	892
Additions to property, plant and equipment	9	(26 398)	(12 307)
Proceeds from disposal of property, plant and equipment		-	124
Additions of other financial assets		(925)	(700)
Net cash flows used in investing activities		(26 615)	(11 991)
Cash flows from financing activities			
Refund of long term deposits		5 726	1 369
Proceeds from bank credit facilities		6 073	1 648
Net proceeds under obligations under new loan		-	2 310
Repayment of secured bank borrowings and loan to third party		(17 917)	(19 166)
Interest paid		(6 371)	(4 371)
Net cash flows used in financing activities		(12 489)	(18 210)
Net increase in cash and cash equivalents		34 075	(8 011)
Cash and cash equivalents at the beginning of the year		15 826	24 265
Effect of exchange rate fluctuations on cash held		(159)	(428)
Cash and cash equivalents at the end of the year	14	49 742	15 826

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 2017 comprise the Company and its subsidiaries (together referred to as the Group). The Group is primarily involved in platinum group metals (PGM) and chrome mining, processing, trading and the associated logistics. The Company is listed on the main board of the Johannesburg Stock Exchange and has a secondary standard listing on the main board of the London Stock Exchange.

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards, IAS34 Interim Financial Reporting, the Listings Requirements of the Johannesburg Stock Exchange and the Cyprus Companies Law, Cap. 113. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last consolidated financial statements at and for the year ended 30 September 2016. These condensed consolidated financial statements do not include all the information required for full consolidated financial statements prepared in accordance with IFRS.

These condensed consolidated financial statements were approved by the Board of Directors on 28 November 2017.

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 2016.

Functional and presentation currency

The condensed consolidated financial statements are presented in United States Dollars (US\$) which is the Company's functional currency and 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, which assumes that the Group will be able to meet its liabilities as they fall due for the foreseeable future.

New and revised International Financial Reporting Standards and Interpretations

The Group has not early adopted any standards and interpretations, which are not yet effective for the financial year ended 30 September 2017.

2. BASIS OF PREPARATION (continued)

New and revised International Financial Reporting Standards and Interpretations (continued)

The following Standards and Interpretations have been issued but are not yet effective for annual periods beginning on or after 1 October 2016. Those that are relevant to the Group are presented below.

IFRIC 23 – Uncertainty over Income Tax Treatment

IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018)

IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019)

IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2018)

The Group will adopt these Standards and Interpretations for the financial year ending 30 September 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated financial statement are the same as those applied by the Group in its audited consolidated financial statements at and for the year ended 30 September 2017.

4. OPERATING SEGMENTS

Segmental performance is measured based on segment revenue, cost of sales and gross profit or loss, as included in the internal management reports that are reviewed by the Group's management.

	PGM	Chrome	Agency and trading	Total
	US\$'000	US\$'000	US\$'000	US\$'000
2017				
Revenue	90 924	252 869	5 650	349 443

Cost of sales

Cost of sales excluding selling costs	(54 336)	(107 634)	(4 241)	(166 211)
Selling costs	(366)	(59 068)	(1 144)	(60 578)
	(54 702)	(166 702)	(5 385)	(226 789)
Gross profit	36 222	86 167	265	122 654

2016

Revenue	81 514	138 139	-	219 653
Cost of sales				
Cost of sales excluding selling costs	(57 135)	(64 710)	-	(121 845)
Selling costs	(218)	(43 114)	-	(43 332)
	(57 353)	(107 824)	-	(165 177)
Gross profit	24 161	30 315	-	54 476

4. OPERATING SEGMENTS (continued)

The shared costs relating to the manufacturing of the PGM and the 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 2017, the relative sales value of chrome concentrates increased compared to the relative sales value of PGM concentrate and consequently the allocation basis of shared costs was amended to 65.0% (chrome concentrates) and 35.0% (PGM concentrate) respectively. The shared costs were allocated equally between the PGM and chrome segments in the comparative period.

During the year the Group entered into an agreement to operate a chrome plant owned by a third party and also to market and sell the chrome concentrate produced from this plant. The Group also intends to further expand its third-party logistics offering and third-party trading operations in the year ahead. These transactions are reported separately and are included in the Agency and trading segment.

Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers.

The geographical location analysis of revenue from external customers is based on the country of establishment of each customer.

	2017	2016
	US\$'000	US\$'000
China	86 035	37 392
South Africa	151 886	110 698
Singapore	13 961	13 670
Hong Kong	94 866	55 045
South Korea	-	1 523
Other countries	2 695	1 325
	349 443	219 653

5. COST OF SALES

	2017	2016
	US\$'000	US\$'000
Mining	96 005	77 773
Salaries and wages	12 467	9 248
Utilities	9 495	7 885
Diesel	705	114
Materials and consumables	8 274	7 406
Re-agents	3 653	3 327
Steel balls	6 757	4 864
Overhead	8 055	5 854
State royalties	1 665	832
Depreciation – property, plant and equipment	16 476	9 847
Agency and trading	4 241	-
Change in inventories – finished products and ore stockpile	(1 582)	(5 305)
Total cost of sales excluding selling costs	166 211	121 845
Selling costs	60 578	43 332
Cost of sales	226 789	165 177

6. ADMINISTRATIVE EXPENSES

	2017	2016
	US\$'000	US\$'000
Directors and staff costs		
Non-Executive Directors	536	499
Employees: salaries	9 213	7 328
bonuses	1 339	649
pension fund and medical aid contributions	1 405	2 249
	12 493	10 725
Audit – external audit services	429	384
Consulting	2 773	1 737
Corporate and social investment	73	108
Depreciation	453	320
Discount facility and related fees	516	457
Equity-settled share based payment expense	4 342	2 542
Listing fees	260	942
Health and safety	300	236
Impairment losses	-	63
Insurance	914	781
Legal and professional	873	186
Loss on disposal of property, plant and equipment	196	584
Rent and utilities	660	697
Security	828	930
Telecommunications and IT related	719	645
Training	313	465
Travelling and accommodation	358	285
Sundry	403	688
	26 903	22 775

7. TAX

	2017	2016
	US\$'000	US\$'000
Corporate income tax for the year		
Cyprus	1 554	309
South Africa	2 596	128
	4 150	437
Special contribution for defence in Cyprus	4	4
Deferred tax		
Originating and reversal of temporary differences	19 162	5 731
Tax charge	23 316	6 172

The Group's consolidated effective tax rate for the year ended 30 September 2017 was 25.6% (2016: 28.1%). The corporation tax rate is 12.5% in Cyprus, 0% in Guernsey and 28.0% in South Africa.

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.

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.

8. EARNINGS PER SHARE

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to the ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding.

	2017	2016
Profit for the year attributable to ordinary shareholders (US\$'000)	57 601	13 809
Weighted average number of ordinary shares at 30 September ('000)	257 393	256 178
Basic and diluted earnings per share (US\$ cents)	22	5

LTIP and SARS awards were excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been anti-dilutive. 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.

Headline and diluted headline earnings per share

The calculation of headline and diluted headline earnings per share has been based on the following headline earnings attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding.

	2017	2016
Headline earnings for the year attributable to ordinary shareholders (US\$'000)	57 799	14 281
Weighted average number of ordinary shares at 30 September ('000)	257 393	256 178

Headline and diluted headline earnings per share (US\$ cents)	22	6
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Reconciliation of profit to headline earnings

	2017		2016	
	Gross	Net	Gross	Net
	US\$'000	US\$'000	US\$'000	US\$'000
Profit attributable to ordinary shareholders		57 601		13 809
Adjustments:				
Impairment losses on goodwill	57	57	51	51
Loss on disposal of property, plant and equipment	196	141	584	421
Headline earnings		57 799		14 281

9. PROPERTY, PLANT AND EQUIPMENT

	30 September 2017 US\$'000	30 September 2016 US\$'000
Total cost	295 555	266 368
Total accumulated depreciation	(62 996)	(45 834)
Net book value	232 559	220 534
Reconciliation of net book value		
Opening net book value	220 534	214 518
Additions	26 398	12 307
Disposals	(196)	(708)
Depreciation	(16 929)	(10 167)
Exchange adjustment on translation	2 752	4 584
Closing net book value	232 559	220 534

There were no additions to the deferred stripping asset (2016: US\$2.4 million) during the year ended 30 September 2017. The deferred stripping asset is included in mining assets and infrastructure.

During the year the Group acquired mining fleet of US\$1.2 million (2016: equipment of US\$0.6 million) under a finance lease. The leased equipment secures lease obligations. At 30 September 2017 the carrying amount of the leased equipment amounted to US\$1.1 million.

Tharisa Minerals Proprietary Limited acquired the assets of a sub-contractor, BMI Drilling Proprietary Limited, during the year. The total consideration for the assets was ZAR24.1 million and these are included in additions.

Included in mining assets and infrastructure are projects under construction of US\$9.0 million (2016: US\$13.4 million).

The estimated economically recoverable proved and probable mineral reserve was reassessed during the year which gave rise to a change in accounting estimate. The remaining reserve that management had previously assessed was 106.4 Mt at 31 December 2015 and at 1 October 2016 was assessed to be 100.3 Mt. As a result, the expected useful life of the plant decreased. The effect of the change on the actual depreciation expense, included in cost of sales, is an additional US\$0.4 million. The change was recognised prospectively.

Freehold land and buildings comprises various portions of the farms Elandsdrift 467 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.

At 30 September 2017, an amount of US\$213.5 million (2016: US\$200.8 million) of the carrying amount of the Group's tangible property, plant and equipment is pledged as security against bank and third party borrowings (note 16).

At 30 September 2017, the Group's capital commitments for contracts to purchase property, plant and equipment amounted to US\$6.5 million (2016: US\$1.8 million).

10. LONG-TERM DEPOSITS

	2017	2016
	US\$'000	US\$'000
Long-term deposits	4 505	9 846

The long-term deposits represent restricted cash which is designated as a “debt service reserve account” as required by the terms of the Common Terms Agreement for the senior debt facility of Tharisa Minerals Proprietary Limited as disclosed in note 16.

Effective 31 March 2017, the Common Terms Agreement was amended by reducing the amount of restricted cash required as a debt service reserve account. The released funds were utilised as a mandatory prepayment on the outstanding capital, reducing the repayment term of the senior debt facility (refer to note 16).

The long-term deposits are deposited with major financial institutions of high-quality credit standing predominantly within South Africa and Hong Kong of which US\$2.2 million (2016: US\$6.6 million) bears interest at 5.5% pa (2016: 5.6% pa) and US\$2.3 million (2016: US\$3.3 million) bears interest at 0.01% pa (2016: 0.01% pa).

11. DEFERRED TAX

	2017	2016
	US\$'000	US\$'000
Deferred tax assets	1 952	1 397
Deferred tax liabilities	(23 823)	(5 275)
Net deferred tax liability	(21 871)	(3 878)

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

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.

12. INVENTORIES

	2017	2016
	US\$'000	US\$'000
Finished products	6 620	6 116
Ore stockpile	5 807	4 729
Consumables	8 399	4 937
	20 826	15 782
Impairment of consumables	(24)	(15)
Total carrying amount	20 802	15 767

Inventories are stated at the lower of cost or net realisable value. The Group impaired certain consumables and spares as the operational use became doubtful with no anticipated recoverable amount or value in use. The impaired consumables are allocated 35.0% and 65.0% respectively to the PGM and chrome operating segments (2016: equally allocated). There were no write-downs to net realisable value during the year (2016: no write downs).

Inventories are subject to a general notarial bond in favour of the lenders of the senior debt facility as referred to in note 16.

13. TRADE AND OTHER RECEIVABLES

	2017	2016
	US\$'000	US\$'000
Trade receivables	55 602	44 856
Other receivables – related parties (note 18)	59	61
Deposits, prepayments and other receivables	1 081	1 267
Accrued income	3 167	1 187
Value added tax receivable (VAT)	9 327	3 813
Provision for royalty tax	1 138	-
	70 374	51 184

Trade and other receivables of the Group are expected to be recoverable within one year from each reporting date.

Trade and other receivables, which are less than 90 days past due are not considered to be impaired. Trade and other receivables which are more than 90 days past due are assessed for recoverability with reference to past default experience of the counterparty's current financial position.

Included in VAT is an amount of ZAR79.5 million which relates to diesel rebates receivable from the South African Revenue Service (SARS) in respect of the mining operations. The Group received a letter of intent from SARS disputing the refundability of this amount. The Group is strongly of the view that it fully complies with all the regulations to be entitled to this refund and is opposing SARS's intent not to pay out this claim. The Group will take the necessary legal action to recover the amount due.

Based on past experience, management believes that no impairment allowance (2016: no impairment allowance) is required in respect of the trade and other receivables as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

14. CASH AND CASH EQUIVALENTS

	2017	2016
	US\$'000	US\$'000
Bank balances	39 983	15 490
Short-term bank deposits	9 759	336
	49 742	15 826

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 2017, an amount of US\$1.7 million (2016: 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 (2016: US\$0.3 million) was provided as security against certain credit facilities of the Group.

15. SHARE CAPITAL AND RESERVES**Share capital**

	30 September 2017		30 September 2016	
	Number of		Number of	
	Shares	US\$'000	Shares	US\$'000
Authorised – ordinary shares of US\$0.001 each				
As at 30 September	10 000 000		10 000 000	
	000	10 000	000	10 000
Authorised – convertible redeemable preference shares of US\$1 each				

As at 30 September	1 051	1	1 051	1
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Issued and fully paid**Ordinary shares**

Balance at the beginning of the year	256 981 571	257	255 891 886	256
Shares issued as part of management share incentive schemes	4 018 429	4	1 089 685	1
Less: Treasury shares	(987 274)	(1)	-	-
Balance at the end of the year	260 012 726	260	256 981 571	257

Share premium

Balance at the beginning of the year	256 981 571	456 181	255 891 886	452 512
Capital reduction	-	(179 175)	-	-
Shares issued as part of management share incentive schemes	4 018 429	4 078	1 089 685	3 669
Less: Treasury shares	(987 274)	(1 002)	-	-
Balance at the end of the year	260 012 726	280 082	256 981 571	456 181

15. SHARE CAPITAL AND RESERVES (continued)

Share capital

Allotments during the year were in respect of the award of 2 984 853 ordinary shares granted in terms of the Share Award Scheme (Conditional Awards) and 1 033 576 ordinary shares issued as treasury shares to satisfy the potential future settlement of Appreciation Rights of the participants' of the Tharisa Share Award Plan.

During the year ended 30 September 2017, 46 302 ordinary shares were transferred from treasury shares to satisfy the exercise of Appreciation Rights by the participants of the Tharisa Share Award Scheme.

At 30 September 2017, 987 274 ordinary shares were held in treasury.

Allotments during the previous year were in respect of the award of 1 089 685 ordinary shares granted in terms of the Share Award Scheme (Conditional Awards).

All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares, other than treasury shares, are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share premium

The share premium represents the excess of the issue price of ordinary shares over their nominal value, to the extent that it is registered at the Registrar of Companies in Cyprus, less share issue costs. The share premium is not distributable for dividend purposes.

During the year ended 30 September 2017, the share premium account was reduced by US\$179.2 million with a corresponding increase in the retained earnings to reduce the accumulated losses to US\$nil. The required Court Order was obtained on 8 March 2017 and filed at the Registrar of Companies on 9 March 2017.

The distribution of US\$2.6 million (US\$1 cent per share) (2016: no distribution) was approved by way of a Special Resolution on 1 February 2017. The Special Resolution was ratified by the Court Order on 8 March 2017.

During the years ended 30 September 2017 and 30 September 2016, the increases in the share premium account related to the issue and allotment of ordinary shares granted in terms of the Share Award Schemes.

	2017	2016
	US\$'000	US\$'000
16. BORROWINGS		
<i>Non-current</i>		
Secured bank borrowings	2 878	22 103
Finance leases	1 497	246
Deferred supplier	-	1 659
	4 375	24 008
<i>Current</i>		
Secured bank borrowings	14 876	14 443
Finance leases	847	677
Bank credit facilities	29 072	23 012
Guardrisk loan	231	169
Loan payable to related party	-	107
	45 026	38 408

16. BORROWINGS (continued)

Secured bank borrowings

The secured bank borrowings relate to financing of ZAR1 billion obtained from a consortium of banks in South Africa during the year ended 30 September 2012. The financing was obtained by Tharisa Minerals Proprietary Limited, a subsidiary of the Group, and was for a period of seven years repayable in twenty two equal quarterly instalments with the first repayment date at 31 December 2013.

Repayments are subject to a cash sweep which will reduce the repayment period to a minimum of five years. Tharisa Minerals Proprietary Limited is required to maintain funds in a debt service reserve account (refer to note 10). Effective 31 March 2017, the financing terms were amended to reduce the required amount of the debt service reserve balance. The released funds from the debt service reserve balance were utilised as a mandatory prepayment on the outstanding capital, reducing the repayment term of the senior debt facility. At 30 September 2017, the estimated remaining term is equal to five quarterly instalments.

The financing bears interest at 3 month JIBAR plus 4.9% pa until achievement of project completion on 14 November 2016 whereafter the interest rate reduced to JIBAR plus 3.4% pa.

The loan contains the following financial covenants:

- Debt service cover ratio ("DSCR") at a level greater than 1.4 times
- Loan life cover ratio at a level greater than 1.6 times
- Debt/equity ratio at a level greater than 1.5 times
- Reserve tail ratio at a level of 30.0% or greater.

At 30 September 2017 and 30 September 2016, Tharisa Minerals Proprietary Limited complied with all covenant ratios. Project completion was achieved on 14 November 2016. In the prior year, Tharisa Minerals Proprietary Limited hedged a portion of the facility for interest rate risk via an interest rate cap.

Finance leases

The Group entered into finance lease arrangement for the purchase of mining fleet. The average lease term was 41 months and at 30 September 2017 the finance lease obligation was ZAR28.4 million. The average effective borrowing rate is the South African prime rate. The interest rate was fixed at the contract date. No arrangements have been entered into for contingent rent.

During the previous year the Group purchased equipment of ZAR22.9 million under a finance lease. The leased equipment secures lease obligations. The lease term was 24 months and the average effective borrowing rate was South African prime rate plus 3.0% pa. The lease obligation at 30 September 2017 was ZAR3.4 million (2016: ZAR12.7 million). The interest rate was fixed at the contract date. No arrangements have been entered into for contingent rent.

	2017	2016
	US\$'000	US\$'000
Minimum lease payments due:		
Within one year	1 046	760
Two to five years	1 620	253
	2 666	1 013
Less future finance charges	(322)	(90)
Present value of minimum lease payments due	2 344	923
Present value of minimum lease payments due:		
Within one year	847	677
Two to five years	1 497	246
	2 344	923

16. BORROWINGS (continued)**Deferred supplier**

The balance relates to a trade payable of which payment had been deferred. The amount payable was unsecured and interest was calculated at the South African prime rate. During the year ended 30 September 2017, an agreement was reached with the deferred supplier and the outstanding balance was settled in full.

Guardrisk loan

The loan from Guardrisk Insurance Company Limited bears interest at 9.06% (2016: 8.72%) pa, compounded monthly and is repayable in twelve monthly instalments commencing 1 December 2016. The loan is guaranteed by the Company for an amount of ZAR14.0 million. The final instalment is due on 1 November 2017.

Bank credit facilities

The bank credit facilities relate to the discounting of the letters of credit by the Group's banks following performance of the letter of credit conditions by the Group, which results in funds being received in advance of the normal payment date. Interest on these facilities at the reporting date was US Libor plus 1.6% pa (2016: US Libor plus 1.6% pa).

17. FINANCIAL INSTRUMENTS

	2017	2016
	US\$'000	US\$'000
Financial assets – carrying amount		
Loans and receivables	58 828	46 104
Long-term deposits	4 505	9 846
Cash and cash equivalents	49 742	15 826
Investments at fair value through profit or loss *	49	43
Financial instruments at fair value through profit or loss **	3 767	3 718
	116 891	75 537
Financial liabilities – carrying amount		
Borrowings	49 401	62 416
Trade payables	25 003	35 513
Discount facility **	449	-

Forward exchange contracts**	150	-
Income received in advance	-	3 102
Other payables	4 750	4 703
	<hr/>	<hr/>
	79 753	105 734

* Level 1 of the fair value hierarchy – quoted prices in active markets for the same instrument

** Level 2 of the fair value hierarchy – significant inputs are based on observable market data for similar financial instruments

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

18. RELATED PARTY TRANSACTIONS

Related party transactions exist between shareholders, subsidiaries within the Group and its company directors and key management personnel.

These transactions are concluded at arm's length in the normal course of the business. All intergroup transactions have been eliminated on consolidation.

	2017	2016
	US\$'000	US\$'000
Transactions and balances with related parties:		
Trade and other receivables (note 13)		
The Tharisa Community Trust	5	5
Rocasize Proprietary Limited	54	54
Keaton Administrative and Technical Services Proprietary Limited	-	2
	59	61

The amounts above are unsecured, interest free with no fixed repayment terms.

Loan payable to related party (note 16)

Langa Trust	-	107
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The loan payable to the Langa Trust was settled in full during the year ended 30 September 2017.

	2017	2016
	US\$'000	US\$'000
Amounts due to Directors and former Directors		
A Djakouris	21	22
JD Salter	30	30
O Kamal	16	16

C Bell	26	24
R Davey	19	-
J Ka Ki Chen	11	-
B Chi Ming Cheng	-	11
	123	103

Interest bearing – accrued dividends to related parties

Arti Trust	2 486	2 459
Ditodi Trust	214	210
Makhaye Trust	214	210
The Phax Trust	425	418
The Rowad Trust	213	210
MJ Jacquet-Briner	213	210
	3 765	3 717

18. RELATED PARTY TRANSACTIONS (continued)**Transactions and balances with related parties: (continued):**

	2017	2016
	US\$'000	US\$'000
Interest expense		
Langa Trust	3	183
Arti Trust	262	253
Ditodi Trust	27	22
Makhaye Trust	27	22
The Phax Trust	53	43
The Rowad Trust	27	22
MJ Jacquet-Briner	27	22
	426	567

Compensation to key management:

	Salary and fees	Expense allowances	Share based payments	Provident fund and risk benefits	Bonus	Total
2017	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Non-Executive Directors	536	-	-	-	-	536
Executives Directors	1 333	9	821	73	143	2 379
Other key management	865	27	518	95	117	1 622
	2 734	36	1 339	168	260	4 537

	Salary and fees	Expense allowances	Share based payments	Provident fund and risk benefits	Bonus	Total
2016	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Non-Executive Directors	499	-	-	-	-	499
Executives Directors	1 067	8	123	59	10	1 267
Other key management	746	23	66	75	20	930
	2 312	31	189	134	30	2 696

18. RELATED PARTY TRANSACTIONS (continued)

Share-based awards to the executive directors and other key management during the year ended 30 September 2017 were as follows:

2017 Ordinary shares

	Opening balance	Allocated	Vested	Total
LTIP – executive directors	1 723 522	842 682	(757 888)	1 808 316
LTIP – other key management	1 115 106	564 792	(477 745)	- 1 202 153

2016 Ordinary shares

LTIP – executive directors	822 915	1 066 563	(165 956)	1 723 522
LTIP – other key management	476 362	727 779	(89 035)	- 1 115 106

2017 Ordinary shares

	Opening balance	Allocated	Vested	Total
SARS – executive directors	1 243 870	842 682	(724 225)	1 362 327
SARS – other key management	885 344	564 792	(526 000)	924 136

2016 Ordinary shares

SARS – executive directors	308 591	1 039 291	(104 012)	1 243 870
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SARS – other key management	249 628	718 689	(82 973)	-	885 344
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Non-executive directors are not entitled to participate in the Group's share award schemes.

Relationships between parties:

Keaton Administrative and Technical Services Proprietary Limited

Two of the directors of the holding company of Keaton Administrative and Technical Services Proprietary Limited were also directors of the Company during the year.

The Tharisa Community Trust and Rocasize Proprietary Limited

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

Langa Trust, Arti Trust, Phax Trust and Rowad Trust

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

Ditodi Trust and Makhaye Trust

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

MJ Jaquet-Briner

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

19. CONTINGENT LIABILITIES

As at 30 September 2017, there is no litigation (2016: no litigation), current or pending, which is considered likely to have a material adverse effect on the Group.

20. EVENTS AFTER THE REPORTING PERIOD

Effective 1 October 2017 Tharisa Minerals Proprietary Limited transitioned from a contractor mining model to an owner mining model with the acquisition of mining equipment, spares and consumables from MCC Contracts Proprietary Limited (MCC), the previous mining contractors of Tharisa Minerals Proprietary Limited, and includes the transfer of the employment of 876 personnel of MCC. In addition, Tharisa Minerals Proprietary Limited took cession and assignment of certain leases entered into by MCC.

The following summarises the assets acquired and liabilities assumed at the acquisition date:

Property, plant and equipment

Inventory

Employee related liabilities

Finance lease liabilities

The fair value of assets acquired and liabilities assumed has not yet been determined. Management is currently in the process of finalising the asset valuations, identifying all assets in terms of the contracts and assessing any liabilities that need to be recognised. Additionally, the goodwill/gain on bargain purchase cannot be determined as yet.

The total cash consideration paid for the acquisition was ZAR279 million. No deferred consideration or contingent consideration exists.

The purchase consideration was funded by a bridge loan from ABSA Bank Limited and an original equipment manufacturer finance facility from Caterpillar Financial Services Corporation.

Other than the above, 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.

21. CAPITAL DISTRIBUTION AND DIVIDENDS

A distribution of US\$2.6 million (US\$ 1 cent per share) (2016: no distribution) was declared on 1 February 2017 as a reduction of share premium.

No dividends have been declared during the year (2016: no dividends).

The full audited Annual Financial Statements and the results presentation will be available for download in the Investor Relations section of the website on 30 November 2016. For any questions regarding the results, please contact our Investor Relations Manager, Sherilee Lakmidas at slakmidas@tharisa.com.

Further details about the distribution to shareholders will be announced in due course via SENS/RNS.

CORPORATE INFORMATION

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DIRECTORS OF THARISA

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

JOINT COMPANY SECRETARIES

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