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
REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2017

CORPORATE INFORMATION

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ISIN: CY0103562118

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Antonios Djakouris (Independent Non-executive Director)
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MISSION
To maximise shareholder returns
through innovative exploitation of
mineral resources in a responsible
manner

INTRODUCTION
Tharisa is an integrated resource
group incorporating mining and the
processing, beneficiation, marketing,
sales and logistics of PGM and chrome

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Computershare Investor Services Proprietary Limited
Registration number: 2004/003647/07
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concentrates

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

STRATEGIC INITIATIVES
- Implementation of optimisation initiatives to maximise value extraction
- Growth through innovative research and development
- To generate value by becoming a globally significant low-cost producer of strategic commodities
- Leveraging off the established platform for expansion into multi-commodities with geographic diversity
- Capital discipline with an annual dividend policy of 10% of NPAT and capital allocation to low risk projects

HIGHLIGHTS H1 FY2017

REEF MINED Up 3.8% to 2.45 Mt (2016: 2.36 Mt)
PGM PRODUCTION (5PGE+Au) Up 15.2% to 69.1 koz (2016: 60.0 koz)
CHROME CONCENTRATE PRODUCTION Up 5.4% to 636.8 kt (2016: 604.4 kt)
Including production of 152.5 kt of higher margin chemical and foundry grade concentrates (2016: 105.8 kt)
REVENUE Up 103.6% to US$175.1m (2016: US$86.0m)
OPERATING PROFIT Up 559.4% to US$69.9m (2016: US$10.6m)
EBITDA Up 451.0% to US$81.0m (2016: US$14.7m)
PROFIT BEFORE TAX Up 1 417.8% to US$68.3m (2016: US$4.5m)
HEADLINE EARNINGS PER SHARE Up 1 500.0% to US$ 16 cents (2016: US$ 1 cent)
NET CASH GENERATED FROM OPERATIONS Up 142.9% to US$44.2m (2016: US$18.2m)

GROUP STATISTICS

	Unit	H1 FY2017	H1 FY2016	Change
Reef mined	kt	2 449.1	2 358.6	3.8%
Stripping ratio	m3 waste: m3 reef	8.4	6.8	23.5%
Reef milled	kt	2 417.7	2 197.0	10.0%
PGM flotation feed	kt	1 783.0	1 708.1	4.4%
PGM rougher feed grade	g/t	1.54	1.68	(8.3%)
PGM ounces produced	5PGE+Au koz	69.1	60.0	15.2%
PGM recovery	%	78.3	65.0	20.5%
Average PGM basket price	US$/oz	760	686	10.8%
Average PGM basket price	ZAR/oz	10 306	10 448	(1.4%)
Cr_2O_3 ROM grade	%	17.5	18.4	(4.9%)
Chrome recovery	%	63.4	62.8	1.0%
Chrome yield	%	26.3	27.5	(4.4%)
Chrome concentrates produced	kt	636.8	604.4	5.4%
Metallurgical grade	kt	484.3	498.6	(2.9%)
Specialty grades	kt	152.5	105.8	44.1%
Metallurgical grade chrome concentrate contract price	US$/t CIF China	278	106	162.3%
Metallurgical grade chrome concentrate contract price	ZAR/t CIF China	3 783	1 562	142.2%
Average exchange rate	ZAR:US$	13.6	15.0	(9.3%)
Group revenue	US$ million	175.1	86.0	103.6%
Gross profit	US$ million	82.4	21.1	290.5%
Net cash flows from operating activities	US$ million	44.2	18.2	142.9%
Net profit for the period	US$ million	51.1	3.1	1 548.4%
EBITDA	US$ million	81.0	14.7	451.0%
Headline earnings per share	US$ cents	16	1	1 500.0%
Gross profit margin	%	47.0	24.6	91.1%
EBITDA margin	%	46.3	17.1	170.8%
Net debt	US$ million	7.0	30.9	(77.3%)
Capital expenditure*	US$ million	8.5	6.4	32.8%

Debt to total equity ratio**	%	13.0	24.2	(46.3%)
Net debt to total equity ratio**	%	2.7	17.8	(84.8%)

* Includes deferred stripping of US$nil million (2016: US$3.1 million)
** Net of the debt service reserve account

INTERIM MANAGEMENT REPORT

DEAR SHAREHOLDER

Tharisa has demonstrated its potential of being a strong cash generative business supported by a marked increase in chrome concentrate prices underpinned by solid operational performance. In the six months ended 31 March 2017, the Group, through its low cost co-production business model, delivered stable operational and excellent financial results.

The Group reported a profit before tax of US$68.3 million for the interim period with net cash flows from operating activities of US$44.2 million, an improvement of 142.9%, resulting in a headline earnings per share of US$ 16 cents (H1 FY2016: US$ 1 cent).

Production milestones included:

- reef mining exceeded the steady state required run rate of 4.8 Mt on an annualised basis
- mill throughput performing at nameplate design capacity of 400 ktpm
- improved PGM recoveries to 78.3%, an increase of 20.5%, and an increase in chrome recoveries of 1.0%
- increased specialty chrome production from 17.5% to 23.9% of total chrome concentrate production

The unprecedented increase in chrome concentrate prices, delivered to China within the last 12 months, reaching highs of US$390/t, was welcomed by a chrome industry that has experienced suppressed prices since 2011. Prices soared while liquidity from end-users, consumers and traders was limited, impacting the ability to sell forward and even execute on bulk sales at these levels. The average metallurgical grade chrome concentrate price for the six-month period was US$278/t, an increase of 162.3% relative to the comparable period. Platinum prices continued to remain under pressure, however, the basket price of PGMs was supported by higher palladium and rhodium prices. The average PGM basket price (on a 5PGE+Au basis) for the six-month period was US$760/oz, an increase of 10.8% relative to the comparable period.

Tharisa's continued focus on optimisation yielded positive production results with a 15.2% increase in production of PGM contained metal on a 5PGE+Au basis of 69.1 koz and a 5.4% increase in chrome concentrate production of 636.8 kt. Of the chrome concentrate production, specialty grade production increased by 44.1% to 152.5 kt.

Safety remains a top priority and Tharisa continues to strive for zero harm at its operations. Tharisa achieved a Lost Time Injury Frequency Rate (LTIFR) of 0.17 per 200 000 man hours worked at 31 March 2017. This is among the lowest LTIFRs in the PGM and chrome industries in South Africa. Tharisa continues to implement appropriate risk management processes, strategies, systems and training to promote a safe working environment for all.

Tharisa continues to strengthen its competitive position, benefiting from the shallow open pit and large-scale co-production of PGMs and chrome concentrates.

OPERATIONAL OVERVIEW

MINING

	Unit	31 March 2017	31 March 2016	Change
Reef mined	kt	2 449.1	2 358.6	3.8%
Reef milled	kt	2 417.7	2 197.0	10.0%

The Tharisa Mine is unique in that it mines multiple mineralised layers with different, but defined, PGM and chrome contents. The mine is a large-scale open pit with a life of mine of up to 18 years and the potential to extend the mine by a further 40 years by mining underground.

During the six months under review, 2.4 Mt of ore at an average grade of 1.54 g/t PGMs on a 5PGE+Au basis and

17.5% chrome was mined. Nameplate processing capacity is 4.8 Mtpa of ROM with planned annual production for FY2017 of 147.4 koz of PGMs and 1.33 Mt of chrome concentrates. Tharisa has achieved the required mining run rate for five consecutive quarters.

The focus on opening up access to the full mining strike length and the benefits of maintaining the correct multi-reef layer profile are being realised and this contributed to providing stable feed grades for processing.

Over the last 18 months, Tharisa has been insourcing a number of mining functions and increased its supervision and specialist skills in anticipation of gearing up towards an owner mining operational model. The change in operating model is the logical progression given the long life of the open pit mine.

Tharisa has commenced the transition to an owner mining operational model. Subsequent to the reporting period, Tharisa has reached agreement with its current contractor, MCC Contracts Proprietary Limited (MCC), to purchase the requisite fleet from MCC and to employ the employees currently in service at the Tharisa Mine.

The transition will allow Tharisa to take direct control over its mining operations, eliminating the contractor's risk premiums and profit margins. By controlling the reef grades, Tharisa can deliver improved quality ore to the processing plants, thereby optimising the feed and recovery within the plants. Over the longer term this should allow for the reduction in mining costs and improve the recovery and production of PGMs and chrome concentrates. Tharisa expects the transition in operating model to be completed within FY2017.

PROCESSING

Tharisa has two processing plants, the Genesis and Voyager standalone concentrator plants, which have a combined nameplate capacity of 400 ktpm ROM. The Genesis Plant incorporates the Challenger Plant on the feed circuit for the extraction of specialty grade chrome concentrates principally from natural fines.

During the six-month period, 2.4 Mt of reef was processed through the two plants producing 69.1 koz of contained PGMs on a 5PGE+Au basis and 636.8 kt of chrome concentrates. Of the 636.8 kt of chrome concentrates produced, 152.5 kt or 23.9% of total chrome concentrate production was specialty grade chrome concentrates, up from 17.5% for the comparable period.

Plant throughput achieved the combined nameplate capacity of the plants.

Overall PGM recovery was at 78.3%, an improvement of 20.5% on the H1 FY2016 PGM recovery of 65.0%, and demonstrates the benefits of stability in the plant feed grades and the increase in competent ores being processed with a lower feed of "weathered" ore. The target recovery is 80.0%.

The average chrome recovery across all plants was 63.4%, a 1.0% improvement from the 62.8% recovery recorded for H1 FY2016 and bringing chrome recoveries within reach of the 65.0% target.

There are a number of optimisation initiatives currently being implemented while others are being evaluated with a focus on improving chrome recoveries and increasing PGM recoveries even further. The primary spiral replacement programme at the Genesis Plant will be completed within FY2017 and should improve stability and recovery within this plant. The PGM flotation upgrade within the Genesis Plant is under way with high-energy flotation mechanisms combined with additional cleaner capacity being installed.

The benefits of these two initiatives should be seen in FY2018.

COMMODITY MARKETS AND SALES

	Unit	31 March 2017	31 March 2016	Change

PGM basket price	US$/oz	760	686	10.8%
PGM basket price	ZAR/oz	10 306	10 448	(1.4%)
42% metallurgical grade chrome concentrate contract price – CIF	US$/t	278	106	162.3%
42% metallurgical grade chrome concentrate contract price – CIF	ZAR/t	3 783	1 562	142.2%

Both PGM and chrome concentrate commodity prices have improved compared to the first six months of the last financial year. The average US$ PGM contained metal basket price increased by 10.8% and metallurgical grade chrome concentrate prices significantly improved by 162.3%, from the low point in the market seen last year of US$81/t. The ZAR strengthened by 9.3% relative to the US$ during the period, impacting on ZAR commodity pricing received by Tharisa Minerals.

The platinum price has remained flat over the period while palladium remains above the US$750/oz mark and rhodium has continued to increase, reaching levels just above US$1 000/oz. The increase in the PGM basket price is attributed to the increased palladium and rhodium prices.

The metallurgical grade chrome concentrate market is showing signs of weakness in price and liquidity, which was to be expected following the rapid increase in prices. The South African producers' supply discipline has resulted in excess stocks building up through-out the pipeline with the Chinese users having slowed production and sourcing materials from existing stocks and alternate sources.

The demand for chrome concentrate is driven by the increasing demand for stainless steel, which fundamentally remains robust. In 2016, global stainless steel production increased by 10.2% year on year and China achieved a record melt shop production of 24.9 Mt (15.7% increase year on year), according to the International Stainless Steel Forum. The increase in Chinese supply of stainless steel is largely attributed to increased domestic demand.

Chinese port stocks continued to be restocked from critically low levels seen in August 2016 and reached levels of approximately 2.0 Mt in April 2017. With domestic Chinese requirements of approximately 1.0 Mtpm, this equates to eight weeks' supply.

The fundamentals of the global stainless steel market remain sound with continued growth expected in 2017, further supporting demand for chrome units in the form of ferrochrome and chrome ores.

PGM production continued to be sold to Impala Refining Services under the off-take agreement and a total of 69.3 koz was sold during the period. The Tharisa Mine's PGM prill split is significant in terms of platinum content at 54.6%, with palladium and rhodium contributions of 16.3% and 9.7%, respectively.

Tharisa prill split by mass %	31 March 2017	31 March 2016
Platinum	54.6	56.1
Palladium	16.3	15.7
Rhodium	9.7	9.5
Gold	0.2	0.2
Ruthenium	14.3	13.9
Iridium	4.9	4.4

Chrome concentrate sales for the period totalled 502.4 kt an increase of 4.3% compared to H1 FY2016 (2016: 481.7 kt). However, inventory levels increased during the period by 19.4% as at end March 2017.

LOGISTICS

	Unit	31 March 2017	31 March 2016	Change
Average transport costs per tonne of chrome concentrate – CIF main ports China basis	US$/t	50.0	40.0	25.0%

The chrome concentrate destined for main ports in China is shipped either in bulk from the Richards Bay Dry Bulk Terminal or via containers from Johannesburg and transported by road to Durban from where it is shipped. The economies of scale and in-house expertise have ensured that Tharisa's transport costs, a major cost to the Group, remained competitive.

China remains the main market for metallurgical grade chrome concentrate and 360.2 kt of chrome concentrate produced by the Tharisa Mine was sold to China on a CIF main ports basis. The majority was shipped in bulk with a negligible quantity being shipped in containers. Specialty grade chrome concentrate sales were 142.2 kt for the period.

Negotiations over a planned public private partnership with Transnet for an on-site railway siding at the Tharisa Mine continue.

FINANCIAL OVERVIEW

There were a number of key financial highlights for the interim period:

Firstly, the all in sustaining cost(1) per Pt ounce was negative at (US$1 123) (i.e. this assumes that the Group is a pure platinum producer thereby off-setting the credits from the chrome concentrate sales and receipts from the other platinum group basket metals) compared to the comparable period cost of US$402/Pt oz and similarly if one assumed the Group to be a pure metallurgical grade chrome concentrate producer the all in sustaining cost delivered on a CIF main ports China basis per tonne was US$88/t compared to the comparable period of US$85/t. This positions the Group firmly in the lowest cost production quartile for both PGM and chrome producers.

(1)Calculated as the sum of the operating costs, administrative expenses and capital expenditure less the "by-product" credits.

Secondly, the Group generated positive net cash flows from operating activities of US$44.2 million compared to the comparable period of US$18.2 million.

Thirdly, there was a significant reduction in interest-bearing debt with interest bearing debt as at 31 March 2017 totalling US$38.4 million, resulting in a debt to total equity ratio of 14.8%. By off-setting the balance in the debt service reserve account of US$4.8 million, the debt to total equity ratio is reduced to 13.0%.

This performance was achieved in a period of a global recovery in commodity prices with the Group benefiting particularly from the recovery in chrome concentrate prices. There was, however, a strengthening of the ZAR, being the cost base currency for the Group's mining operations in South Africa, with the ZAR strengthening from ZAR15.0 to ZAR13.6 against the US$, an average strengthening of 9.3%, impacting on the overall cost base of the Group.

Subsequent to the reporting period, South Africa's foreign debt was downgraded to sub-investment grade impacting on its currency and reversing the strengthening trend (although the downgrade was considered to be priced into the currency). Interest rates are also expected to increase going forward. The Group's commodities are priced in US$ and the cost base is mainly in ZAR and therefore the Group is positioned as a Rand hedge stock.

Group revenue totalled US$175.1 million of which US$40.0 million was derived from the sale of PGM concentrates and US$135.1 million was derived from the sale of chrome concentrates. This is an increase of 103.6% relative to the comparable period revenue of US$86.0 million. The strong recovery in commodity prices and particularly the chrome concentrate price, which increased from an average of US$106/t (on a CIF main ports China basis) to US$278/t for metallurgical grade chrome concentrate, was on the back of demand fundamentals for stainless steel and a restocking of port stocks in China.

There has been no non-recurring or exceptional income sources during the interim period.

Against the increased revenue, the gross profit increased from US$21.1 million to US$82.4 million with the gross profit percentage increasing from 24.6% to 47.0%.

The allocation of shared costs of production for segmental reporting purposes was revised for the current period taking into account the relative contribution to revenue on an ex-works basis and, in accordance with the accounting policy of the Group and IFRS, the allocation was amended to 75% for the chrome segment and 25% for the PGM segment. The comparable period shared costs were allocated on an equal basis.

The increase in the gross profit was notwithstanding an increase of 25% in the average transport costs for transporting the metallurgical grade chrome concentrate from the mine to main ports in China. This on the back of suppressed freight prices during H1 2016.
The major constituents of the on-mine cash cost of sales are depicted in the graph below:

Mining	50.3%
Utilities	6.0%
Reagents	2.5%
Steel balls	4.5%
Labour	9.6%
Diesel	12.1%
Overheads and other	15.0%

The mining is currently outsourced to a mining contractor. The diesel cost, however, should be considered part of the overall mining cost. The mining contractor labour cost is included in "mining" as Tharisa pays on a per cube mined basis.

The mining cost per reef tonne mined for the period was US$19.5 (2016: US$15.7). This may be attributed in part to the increased stripping ratio of 8.4 (on a m3: m3 basis), which is more in line with the life of the open pit stripping ratio of 9.7, compared to the comparable period stripping ratio of 6.8, and the strengthening of the ZAR over the period.

After accounting for administrative expenses of US$12.5 million (2016: US$10.7 million) the Group achieved an operating profit of US$69.9 million (2016: US$10.6 million). There was a significant increase in the equity settled share-based payment expense included in the administrative expenses which increased from US$1.0 million to US$2.2 million following the recovery in the share price of Tharisa. This share-based payment expense relates to the long-term incentive plan and share appreciation right scheme for employees of the Group and is limited to 5% of issued share capital as per the rules of the scheme.

The Group's cost base is mainly in ZAR (other than for selling and freight expenses) and where the Group benefited from a weakening ZAR in the comparable period, the ZAR strengthened in the current period thereby negating the benefits of operating in an "emerging market" weak currency environment. The ZAR strengthened from ZAR15.0 to ZAR13.6 against the US$, an average strengthening of 9.3%.

EBITDA amounted to US$81.0 million (2016: US$14.7 million).

The consolidated cost per tonne milled excluding selling expenses was US$34.0 (2016: US$28.7). The increase in cost per tonne milled may be attributed in part to the increased mining cost and the impact of the strengthening of the ZAR on the cost base.

As a consequence of the strengthening ZAR, finance income, which includes foreign currency movements on working capital amounts, increased to US$4.0 million.

Finance costs principally relate to the senior debt facility secured by Tharisa Minerals for the construction of the Voyager Plant and the expansion of the mining footprint. Project completion as defined in the contractual terms of the senior debt facility was achieved on 14 November 2016 and the interest rate was reduced by 150 basis points to JIBAR plus 340 basis points.

The tax charge amounted to US$17.3 million, an effective tax rate of 25.3%, of which US$1.9 million was cash tax paid. The Group has fully utilised its tax losses. As at the period-end the Group had unredeemed capex for tax purposes of US$99.3 million. The net deferred tax liability totalled US$18.2 million.

Profit for the period amounted to US$51.0 million (2016: US$3.1 million).

Foreign currency translation differences for foreign operations, arising where Tharisa has funded the underlying subsidiaries with US$ denominated funding and the reporting currency of the underlying subsidiary is not in US$, amounted to a favourable US$5.4 million (2016: charge of US$9.0 million) following the strengthening of the ZAR.

Basic and diluted earnings per share for the period were US$0.16 (2016: US$0.01).

No dividends are proposed for the interim period as it is the policy of Tharisa to declare and pay an annual dividend of at least 10% of consolidated net profit after tax.

Following shareholder approval and the obtaining of the necessary Cypriot court approvals and lodgement of the requisite documentation with the Cyprus Registrar of Companies, the share premium of Tharisa was reduced by an amount of US$179.6 million which was credited to revenue reserves. This allows Tharisa to return an amount of US$2.6 million or US$ 1 cent per share to shareholders. The amount due to shareholders will be paid during the third quarter of FY2017.

Interest-bearing debt as at 31 March 2017 totalled US$38.4 million, resulting in a debt to total equity ratio of 14.8%. Following the achievement of project completion, the senior debt providers agreed that the Group reduce the amount held in the debt service reserve account to be equal to one quarter's debt repayment with the amount being released applied as a mandatory prepayment. Off-setting the balance in the debt service reserve account of US$4.8 million, reduces the debt to total equity ratio to 13.0%. The long-term targeted debt to total equity ratio is 15.0%.

The Group complied with the senior debt facility financial covenants as at 31 March 2017.

Inventories on hand at 31 March 2017 increased to US$36.4 million with finished goods, principally chrome concentrates, contributing US$25.6 million of this amount.

There has been an improvement in the working capital position with the current ratio improving to 2.0 times.

During the interim period, the Group generated net cash from operations of US$44.2 million (2016: US$18.2 million). Additions to plant and equipment totalled US$8.5 million (2016: US$6.4 million). The depreciation charge was US$8.4 million (US$4.6 million).

Cash on hand amounted to US$26.6 million. In addition, the Group holds US$4.8 million in a debt service reserve account.

SUBSEQUENT EVENTS

Subsequent to the reporting period, with effect from 17 April 2017, as an integral part of the transition to an owner mining model, Tharisa purchased four interburden and reef rock drills and drilling equipment from a drilling sub-contractor for a purchase consideration of ZAR24.4 million. The 53 on-site employees of the drilling sub-contractor were transferred to Tharisa.

In addition, Tharisa has subsequent to the reporting period, subject to the fulfilment of certain conditions precedent which includes, inter alia, regulatory approvals as well as MCC shareholder approval, entered into a binding term sheet with MCC in terms of which, inter alia, Tharisa will purchase certain equipment, strategic components, site infrastructure and spares from MCC for a purchase consideration of ZAR303.3 million. The 153 "yellow fleet" machines being purchased includes excavators, off highway dump trucks, articulated dump trucks and support vehicles, being substantially all of the equipment at the Tharisa Mine, as well as 17 additional machines from another MCC site. In addition, Tharisa will accept assignment in respect of leased equipment comprising drill rigs, excavators and off highway dump trucks and will continue to lease these 14 machines. The settlement amount for the leased equipment as at 1 June 2017 is approximately ZAR100.2 million.

Approximately 900 on-site employees of MCC will be transferred to Tharisa under section 197 of the Labour Relations Act.

The purchase consideration for the transaction will be settled through a cash payment of ZAR250.0 million, the cession of the lease obligations of approximately ZAR100.2 million, the deduction of certain liabilities relating to the transfer of the employees such as the leave pay provision and the deduction of costs that have been incorporated into the mining rate to date, such as future equipment de-mobilisation costs. The balance owing will be paid in cash in six equal monthly instalments.

The purchase consideration will be funded by bridge financing currently being arranged, OEM supplier financing, traditional banking and available cash resources.

The successful conclusion of the agreement with MCC will result in Tharisa achieving its objective of becoming an owner miner at the Tharisa Mine, a logical progression in its development with the long life of the open pit. The change in the operating model is expected to have both cost and operational benefits as well as providing financial flexibility, thereby cementing Tharisa's low cost high margin position.

Tharisa has developed a long-term capital replacement strategy, which will form part of the sustaining capital programme in the ordinary course of business.

PRINCIPAL BUSINESS RISKS

Material risks to the Group are those that substantially affect the Group's ability to create and sustain value in the short, medium and long term. Material risks determine how the Group devises and implements its strategy since each risk has the potential to impact the Group's ability to achieve its strategic objectives. Each risk also carries with it challenges and opportunities. The Group's strategy takes into account known risks, but risks may exist of which the Group is currently unaware. An overview of the material risks which could affect the Group's operational and financial performance was included in the Group's 2016 annual report which is available on the Group's website. The following risks have been identified as having the potential to impact the Group over the next six months.

Regulatory compliance

In April 2016, the South African Government released a draft amendment to the Mining Charter for public comment. There is no assurance that the Mining Charter will be adopted in its draft form or be revised again to, inter alia, set new, higher or different Historically Disadvantaged South Africans (HDSA) or Black Economic Empowerment ownership targets, or that the definition of persons who constitute HDSAs will not be changed or substituted. If there is any future increase in HDSA ownership targets or any change or substitution in the definition of HDSAs, the Group may have to amend the ownership structure of Tharisa Minerals in order to comply with the new requirements. The Mining Charter was scheduled to be gazetted at the end of March 2017, however, it has been delayed, with no further information available on the estimated timetable and level of review.

The Group is required to comply with a range of Health and Safety Laws and Regulations in connection with its mining, processing and on mine logistics activities. Regular inspections are conducted by the Department of Mineral Resources 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 operations.

Political instability in South Africa

The political uncertainty and subsequent downgrades of the South African credit ratings to sub-investment grade have resulted in increased volatility in the exchange rate. The downgrades are expected to lead to longer term interest rate increases and inflationary pressures.

Tharisa is a Rand hedge company with sales being made in US$ and the majority of the cost base being ZAR denominated. To mitigate the longer term interest rate and inflationary pressure, Tharisa will continue to focus on maintaining its targeted debt level policy and manage its costs.

Labour unrest in South Africa

While labour relations are currently stable, the risk of potential unrest remains, particularly with the current political climate which may contribute to heightened labour and community unrest regionally.

In 2015, the Group concluded a collective agreement with the National Union of Mineworkers, the majority trade union at the Tharisa Mine, which determined wage increases over the next three years until June 2018.

MCC, the primary mining contractor, which negotiates wages through the South African Forum of Civil Engineering Contractors, is in the second of a three-year wage agreement, which determines pay increases until September 2018. MCC's employees at the Tharisa Mine are represented by the Association of Mineworkers and Construction Union (AMCU).

Owner mining model

Subsequent to the reporting period, the Group has announced its to transition to an owner miner model and that it has reached agreement with its mining contractor to purchase certain fleet (owned by the mining contractor) as well as transfer the on-site employees to the Group. Such transition may have an impact on mining as the employees are being transferred and certain of the equipment needs to be mobilised to the site and demobilised from the site. In addition, additional fleet is planned to be acquired and the availability and mobilisation of the equipment may impact on the mining production.

The Group will also be required to finance the fleet purchase which will impact on the gearing levels of the Group.

Tharisa, in the normal course of managing its mining operations, has developed engineering and geological skills that are integral to in-house mining. The fleet on site currently mines at the required mine call rate and the employees are already skilled in the operating procedures of the Tharisa Mine. In addition, there is both an in-pit stock pile and ROM stock pile ahead of the plants to mitigate against any short-term mining disruptions.

Unscheduled breakdowns

The Group's performance is reliant on the consistent production of PGM and chrome concentrates from the Tharisa Mine. Any unscheduled breakdown leading to a prolonged reduction in production may have a material impact on the Group's financial performance and results of operations.

Currency risk

The Group's reporting currency is US$. The Group's operations are predominantly based in South Africa with a ZAR cost base while the majority of the revenue stream is in US$ exposing the Group to the volatility and movements in the currencies. Fluctuations in the US$ and ZAR, which may be more volatile following the recent credit rating downgrade of South Africa to sub-investment grade, may have a significant impact on the performance of the Group.

Commodity prices

The Group's revenues, profitability and future rate of growth depend on the prevailing market prices of PGMs and chrome. A sustained downward movement in the market price for PGMs and/or chrome may negatively affect the Group's profitability and cash flows.

Financing and liquidity

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

BOARD APPOINTMENT

Brian Cheng, a non-executive director, retired by rotation at the Annual General Meeting and did not make himself available for re-election. The Board thanks Brian for the invaluable contribution he has made to the Group.

Tharisa welcomed Brian Cheng's alternate director, Joanna Ka Ki Cheng, as a non-executive director with effect from 1 February 2017.

OUTLOOK

Tharisa expects continued strong operational performance for the remainder of the year with a focus on improving the ROM chrome feed grades and continued improvement in recoveries for both PGM and chrome concentrates. Tharisa remains on track to achieve production of 147.4 koz of PGMs (on a 5PGE+Au basis) and 1.3 Mt of chrome concentrates of which 0.3 Mt are specialty grade chrome concentrates for FY2017.

These interim results reinforce the Group's sustainable competitive advantage of being a profitable co-producer of PGM and chrome concentrates from a large-scale, long life open pit operation. Having de-risked the business operationally and being firmly positioned in the lowest cost quartile has allowed the Group to maximise the benefit from buoyant commodity prices. The current volatility within the chrome market is placing downward pressure on prices, however, Tharisa is competitively positioned to be profitable throughout the cycle.

The planned transition to an owner mining model presents a unique beneficial opportunity to Tharisa with its large-scale open pit operation having an open pit life of 18 years.

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

Apart from the IFRS reviewed condensed consolidated financial statements prepared for submission to the JSE, the Group also needs to prepare reviewed condensed consolidated financial statements for Cyprus regulatory purposes which are in accordance with IFRS as adopted by the EU. A number of new and revised IFRS standards and interpretations have not yet been adopted by the EU while the Group may elect to early adopt such interpretations and standards in terms of IFRS. There are no numerical differences in this regard.

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

In accordance with sections 10(3)(c) and 10(7) of Law No. 190(I)/2007, as amended, providing for the transparency requirements of issuers whose securities are admitted to trading on a regulated market (the Transparency Law), we, the members of the Board of Directors of Tharisa plc, responsible for the preparation of the condensed consolidated interim financial statements of Tharisa plc for the period ended 31 March 2017, hereby declare that to the best of our knowledge:

a) the condensed consolidated interim financial statements for the period ended 31 March 2017:

- have been prepared in accordance with International Accounting Standard 34: Interim Financial Reporting and as stipulated for under section 10(4) of the Transparency Law, and

– give a true and fair view of the assets and liabilities, the financial position and profit or losses of Tharisa plc and its undertakings, as included in the condensed consolidated interim financial statements as a whole; and

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

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

Loucas Pouroulis	Executive Chairman
Phoevos Pouroulis	Chief Executive Officer
Michael Jones	Chief Finance Officer
David Salter	Lead Independent Non-executive Director
Antonios Djakouris	Independent Non-executive Director
Omar Kamal	Independent Non-executive Director
Carol Bell	Independent Non-executive Director
Joanna Ka Ki Cheng	Non-executive Director

Paphos

15 May 2017

SUMMARISED PRODUCTION DATA

	Unit	Quarter ended 31 March 2017	Quarter ended 31 December 2016	Quarter ended 31 March 2016	Half year ended 31 March 2017	Half year ended 31 March 2016	Financial year ended 30 September 2016
Reef mined	kt	1 219.2	1 229.9	1 234.2	2 449.1	2 358.6	4 837.2
Stripping ratio	m^3 waste: m^3 reef	7.5	9.0	7.1	8.4	6.8	7.3
Reef milled	kt	1 211.3	1 206.4	1 199.6	2 417.7	2 197.0	4 656.3
PGM flotation feed tonnes	kt	897.9	885.1	942.3	1 783.0	1 708.1	3 575.6
PGM rougher feed grade	g/t	1.56	1.52	1.74	1.54	1.68	1.65
PGMs produced	5PGE +Au koz	34.3	34.8	36.0	69.1	60.0	132.6
PGM recovery	%	76.2	80.5	68.5	78.3	65.0	69.9
Average PGM contained metal basket price	US$/oz	783	740	685	760	686	736
Average PGM contained metal basket price	ZAR/oz	10 355	10 287	10 849	10 306	10 448	10 881
Cr2O3 ROM grade	%	17.5	17.5	18.3	17.5	18.4	18.0
Chrome recovery	%	62.5	64.3	63.9	63.4	62.8	62.7
Chrome yield	%	26.0	26.7	27.7	26.3	27.5	26.7
Chrome concentrates produced	kt	314.6	322.2	332.3	636.8	604.4	1 243.7
Metallurgical grade	kt	239.2	245.1	259.9	484.3	498.6	974.3
Specialty grades	kt	75.4	77.1	72.4	152.5	105.8	269.4
Metallurgical grade chrome concentrate contract price	US$/t CIF China	338	250	81	278	106	120
Metallurgical grade chrome concentrate contract price	ZAR/t CIF China	4 430	3 488	1 262	3 783	1 562	1 751
Average exchange rate	ZAR:US$	13.2	13.9	15.8	13.6	15.0	14.8

INDEPENDENT AUDITORS' REVIEW REPORT ON INTERIM FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF THARISA PLC

TO THE SHAREHOLDERS OF THARISA PLC

We have reviewed the condensed consolidated financial statements of Tharisa plc, on pages 16 to 33 contained in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 31 March 2017 and the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes.

BOARD OF DIRECTORS' RESPONSIBILITY FOR THE INTERIM FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Tharisa plc for the six months ended 31 March 2017 are not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Michael M. Antoniades FCA
Certified Public Accountants and Registered Auditor
For and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidion Street
1087 Nicosia
Cyprus

15 May 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the six months ended 31 March 2017

		Six months ended		Year ended
		31 March 2017	31 March 2016	30 September 2016
		Reviewed	Reviewed	Audited
	Notes	US$'000	US$'000	US$'000
Revenue	4	175 119	85 997	219 653
Cost of sales	4	(92 755)	(64 863)	(165 177)
Gross profit	4	82 364	21 134	54 476
Other income		83	182	438
Administrative expenses	5	(12 530)	(10 709)	(22 775)
Results from operating activities		69 917	10 607	32 139
Finance income		4 042	410	770
Finance costs		(5 090)	(5 738)	(11 815)
Changes in fair value of financial assets at fair value through profit or loss		(540)	3	503
Changes in fair value of financial liabilities at fair value through profit or loss		–	(813)	368
Net finance costs		(1 588)	(6 138)	(10 174)
Profit before tax		68 329	4 469	21 965
Tax	6	(17 316)	(1 371)	(6 172)
Profit for the period/year		51 013	3 098	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		5 422	(9 034)	4 212
Other comprehensive income, net of tax		5 422	(9 034)	4 212
Total comprehensive income/(expense) for the period/year		56 435	(5 936)	20 005
Profit for the period/year attributable to:				
Owners of the Company		41 925	2 900	13 809
Non-controlling interest		9 088	198	1 984
		51 013	3 098	15 793
Total comprehensive income for the period/year attributable to:				
Owners of the Company		46 188	(3 882)	17 103
Non-controlling interest		10 247	(2 054)	2 902
		56 435	(5 936)	20 005
Earnings per share				
Basic and diluted earnings per share (US$ cents)	7	16	1	5

The notes on pages 23 to 33 are an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
as at 31 March 2017

	Notes	31 March 2017 Reviewed US$'000	31 March 2016 Reviewed US$'000	30 September 2016 Audited US$'000
Assets				
Non-current assets				
Property, plant and equipment	8	225 992	204 126	220 534
Goodwill		876	843	883
Long-term deposits	9	4 796	9 754	9 846
Other financial assets		3 696	2 282	2 585
Deferred tax assets	10	2 127	664	1 397
Total non-current assets		237 487	217 669	235 245
Current assets				
Inventories	11	36 353	15 408	15 767
Trade and other receivables		52 581	25 546	51 184
Other financial assets		590	46	1 176
Current taxation		61	203	134
Cash and cash equivalents		26 620	11 119	15 826
Total current assets		116 205	52 322	84 087
Total assets		353 692	269 991	319 332
Equity and liabilities				
Share capital	12	257	256	257
Share premium	12	277 005	452 512	456 181
Other reserve		47 245	47 245	47 245
Foreign currency translation reserve		(69 148)	(83 487)	(73 411)
Revenue reserve		28 077	(202 791)	(193 521)
Equity attributable to owners of the Company		283 436	213 735	236 751
Non-controlling interests		(24 645)	(39 848)	(34 892)
Total equity		258 791	173 887	201 859
Non-current liabilities				
Provisions		6 327	3 633	4 607
Borrowings	13	10 495	28 543	24 008
Deferred tax liabilities	10	20 280	168	5 275
Total non-current liabilities		37 102	32 344	33 890
Current liabilities				
Borrowings	13	23 080	18 554	38 408
Other financial liabilities		–	534	–
Current taxation		505	91	54
Trade and other payables		34 214	44 581	45 121
Total current liabilities		57 799	63 760	83 583
Total liabilities		94 901	96 104	117 473
Total equity and liabilities		353 692	269 991	319 332

The condensed consolidated financial statements were authorised for issue by the Board of Directors on 15 May 2017.

Phoevos Pouroulis — Director
Michael Jones — Director

The notes on pages 23 to 33 are an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY
for the six months ended 31 March 2017

	Note	Share capital US$'000	Share premium US$'000
Balance at 30 September 2016		257	456 181
Total comprehensive income for the period			
Profit for the period		–	–
Other comprehensive income			

Foreign currency translation differences		–	–
Total comprehensive income for the period		–	–
Transactions with owners of the Company			
Contributions by and distributions to owners			
Reduction of share premium	12	–	(179 176)
Equity-settled share-based payments		–	–
Contributions by owners of the Company		–	(179 176)
Total transactions with owners of the Company		–	(179 176)
Balance at 31 March 2017 (Reviewed)		257	277 005
Balance at 30 September 2015		256	452 512
Total comprehensive income for the period			
Profit for the period		–	–
Other comprehensive income			
Foreign currency translation differences		–	–
Total comprehensive income for the period		–	–
Transactions with owners of the Company			
Contributions by and distributions to owners			
Equity-settled share-based payments		–	–
Contributions by owners of the Company		–	–
Total transactions with owners of the Company		–	–
Balance at 31 March 2016 (Reviewed)		256	452 512

The notes on pages 23 to 33 are an integral part of these financial statements.

ATTRIBUTABLE TO OWNERS OF THE COMPANY

Other reserve	Foreign currency translation reserve	Revenue reserve	Total	Non-controlling interest	Total equity
nn US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
47 245	(73 411)	(193 521)	236 751	(34 892)	201 859
–	–	41 925	41 925	9 088	51 013
–	4 263	–	4 263	1 159	5 422
–	4 263	41 925	46 188	10 247	56 435
–	–	176 606	(2 570)	–	(2 570)
–	–	3 067	3 067	–	3 067
–	–	179 673	497	–	497
–	–	179 673	497	–	497
47 245	(69 148)	28 077	283 436	(24 645)	258 791
47 245	(76 705)	(206 566)	216 742	(37 794)	178 948
–	–	2 900	2 900	198	3 098
–	(6 782)	–	(6 782)	(2 252)	(9 034)
–	(6 782)	2 900	(3 882)	(2 054)	(5 936)
–	–	875	875	–	875
–	–	875	875	–	875
–	–	875	875	–	875
47 245	(83 487)	(202 791)	213 735	(39 848)	173 887

CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY
for the six months ended 31 March 2017

	Share capital	Share premium
	US$'000	US$'000
Balance at 30 September 2015	256	452 512
Total comprehensive income for the year		
Profit for the year	–	–
Other comprehensive income		
Foreign currency translation differences	–	–
Total comprehensive income for the year	–	–
Transactions with owners of the Company		
Contributions by and distributions to owners		
Equity-settled share-based payments	–	–
Issue of ordinary shares	1	3 669
Contributions by owners of the Company	1	3 669
Total transactions with owners of the Company	1	3 669
Balance at 30 September 2016 (Audited)	257	456 181

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 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter will be payable on such deemed dividend to the extent that the shareholders (individuals and companies) at the end of the period of two years from the end of the year of assessment to which the profits refer are Cyprus tax residents. 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-Cyprus tax resident individuals.

The notes on pages 23 to 33 are an integral part of these financial statements.

ATTRIBUTABLE TO OWNERS OF THE COMPANY

Other reserve US$'000	Foreign currency translation reserve US$'000	Revenue reserve US$'000	Total US$'000	Non- controlling interest US$'000	Total equity US$'000
47 245	(76 705)	(206 566)	216 742	(37 794)	178 948
–	–	13 809	13 809	1 984	15 793
–	3 294	–	3 294	918	4 212
–	3 294	13 809	17 103	2 902	20 005
–	–	(1 045)	(1 045)	–	(1 045)
–	–	281	3 951	–	3 951
–	–	(764)	2 906	–	2 906
–	–	(764)	2 906	–	2 906
47 245	(73 411)	(193 521)	236 751	(34 892)	201 859

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 31 March 2017

	Notes	Six months ended 31 March 2017 Reviewed US$'000	Six months ended 31 March 2016 Reviewed US$'000	Year ended 30 September 2016 Audited US$'000
Cash flows from operating activities				
Profit for the period/year		51 013	3 098	15 793
Adjustments for:				
Depreciation of property, plant and equipment	8	8 366	4 599	10 167
Loss on disposal of property, plant and equipment		–	67	584
Impairment losses on goodwill		28	25	51
Impairment losses on inventory		36	183	15
Impairment losses on other financial assets		–	–	12
Changes in fair value of financial assets at fair value through profit or loss		540	(3)	(503)
Changes in fair value of financial liabilities at fair value through profit or loss		–	813	(368)
Interest income		(598)	(410)	(770)
Interest expense		4 355	5 172	10 287
Tax	6	17 315	1 371	6 172
Equity-settled share-based payments		2 196	1 049	2 542
		83 251	15 964	43 982
Changes in:				
Inventories		(22 178)	(6 845)	(4 634)
Trade and other receivables		(211)	12 433	(12 657)
Trade and other payables		(16 167)	(2 946)	(4 100)
Provisions		1 377	(250)	71
Cash from operations		46 072	18 356	22 662
Income tax paid		(1 852)	(126)	(472)
Net cash flows from operating activities		44 220	18 230	22 190
Cash flows from investing activities				
Interest received		540	384	892
Additions to property, plant and equipment	8	(8 458)	(6 375)	(12 307)
Proceeds from disposal of property, plant and equipment		–	107	124
Additions to other financial assets		(911)	(744)	(700)
Net cash flows used in investing activities		(8 829)	(6 628)	(11 991)
Cash flows from financing activities				
Refund of long-term deposits		5 437	575	1 369
Changes in non-current trade and other payables		–	769	–
(Repayments of)/proceeds from bank credit and other facility borrowings		(15 790)	(15 490)	1 648
Net proceeds from loan advances		–	1 698	2 310
Repayment of secured bank borrowings and loan to third party		(10 961)	(9 694)	(19 166)
Interest paid		(3 574)	(1 507)	(4 371)
Net cash flows used in financing activities		(24 888)	(23 649)	(18 210)
Net increase/(decrease) in cash and cash equivalents		10 503	(12 047)	(8 011)
Cash and cash equivalents at the beginning of the period/year		15 826	24 265	24 265
Effect of exchange rate fluctuations on cash held		291	(1 099)	(428)
Cash and cash equivalents at the end of the period/year		26 620	11 119	15 826

The notes on pages 23 to 33 are an integral part of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the six months ended 31 March 2017

1. REPORTING ENTITY

Tharisa plc (the Company) is a company domiciled in Cyprus. These condensed consolidated interim financial statements for the six months ended 31 March 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 interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standard 34 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 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 2016. These condensed consolidated interim financial statements do not include all the information required for full consolidated financial statements prepared in accordance with IFRS. The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 30 September 2016, which have been prepared in accordance with IFRS.

These condensed consolidated interim financial statements were approved by the Board of Directors on 15 May 2017.

Use of estimates and judgements

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

In preparing these condensed consolidated interim financial statements, significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 September 2016.

Functional and presentation currency

The condensed consolidated interim 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 condensed consolidated interim financial statements.

New and revised International Financial Reporting Standards and Interpretations

As from 1 October 2016, the Group adopted all changes to IFRS, which are relevant to its operations. The adoption did not have a material effect on the accounting policies of the Group.

The following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for annual periods beginning on 1 October 2016. The Board of Directors is currently evaluating the impact of these on the Group.

- 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)
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017)
- Amendments to IAS 7: Disclosure Initiatives (effective for annual periods beginning on or after 1 January 2017)
- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2018)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated interim financial statements are in terms of IFRS and are the same as those applied by the Group in its audited consolidated financial statements as at and for the year ended 30 September 2016.

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	Total
Six months ended 31 March 2017 (Reviewed)	US$'000	US$'000	US$'000
Revenue	40 053	135 066	175 119
Cost of sales			
Cost of sales excluding selling costs	20 837	48 280	69 117
Selling costs	180	23 458	23 638
	21 017	71 738	92 755
Gross profit	19 036	63 328	82 364
Six months ended 31 March 2016 (Reviewed)			
Revenue	35 904	50 093	85 997
Cost of sales			
Cost of sales excluding selling costs	23 663	24 712	48 375
Selling costs	98	16 390	16 488
	23 761	41 102	64 863
Gross profit	12 143	8 991	21 134
Year ended 30 September 2016 (Audited)			

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

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 period ended 31 March 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 75% (chrome concentrates) and 25% (PGM concentrate) respectively. The allocated percentage for PGM concentrate and chrome concentrates accounted for in the comparative period was 50% for each 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.

	Six months ended		Year ended
	31 March 2017	31 March 2016	30 September 2016
	Reviewed	Reviewed	Audited
	US$'000	US$'000	US$'000
China	57 986	9 673	37 392
South Africa	73 612	46 410	110 698
Singapore	3 215	4 540	13 670
Hong Kong	37 601	22 605	55 045
South Korea	–	1 532	1 523
Other countries	2 705	1 237	1 325
	175 119	85 997	219 653

Revenue represents the sales value of goods supplied to customers, net of value–added tax.

5. ADMINISTRATIVE EXPENSES

	Six months ended		Year ended
	31 March 2017	31 March 2016	30 September 2016
	Reviewed	Reviewed	Audited
	US$'000	US$'000	US$'000
Directors and staff costs			
Non-executive directors	254	245	499
Executive directors	788	561	1 267
Key management	552	417	930
Employees	4 361	3 798	8 029
	5 955	5 021	10 725
Audit – external audit services	142	169	384
Consulting	884	1 122	1 737
Corporate and social investment	50	66	108
Depreciation	256	157	320
Discount facility and related fees	257	205	457
Equity-settled share-based payment expense	2 196	1 049	2 542
Fees for professional services of the listing	–	328	942
Health and safety	122	101	236
Impairment losses	28	–	63
Insurance	458	335	781
Legal and professional	127	133	186
Loss on disposal of property, plant and equipment	–	–	584
Rent and utilities	282	370	697
Security	485	411	930
Telecommunications and IT related costs	308	278	645
Training	151	254	465
Travelling and accommodation	195	165	285
Sundry expenses	634	545	688
	12 530	10 709	22 775

6. TAX

	Six months ended		Year ended
	31 March 2017	31 March 2016	30 September 2016
	Reviewed	Reviewed	Audited
	US$'000	US$'000	US$'000
Corporate income tax for the year			
Cyprus	992	45	309
South Africa	1 381	16	128
Special contribution for defence in Cyprus	3	1	4
Deferred tax			
Originating and reversal of temporary differences	14 940	1 309	5 731
Tax charge	17 316	1 371	6 172

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 interim period. The corporation tax rate is 12.5% in Cyprus and 28.0% in South Africa.

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

The Group's consolidated effective tax rate for the six months ended 31 March 2017 was 25.3% (31 March 2016: 30.7%; 30 September 2016: 28.1%).

7. 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.

	Six months ended		Year ended
	31 March 2017	31 March 2016	30 September 2016
	Reviewed	Reviewed	Audited
Profit attributable to ordinary shareholders (US$'000)	41 925	2 900	13 809
Weighted average number of ordinary shares ('000)	256 178	255 892	256 178
Basic and diluted earnings per share (US$ cents)	16	1	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.

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.

	Six months ended		Year ended
	31 March 2017	31 March 2016	30 September2016
	Reviewed	Reviewed	Audited
Headline earnings attributable to ordinary shareholders (US$'000)	41 953	2 925	14 281
Weighted average number of ordinary shares ('000)	256 178	255 892	256 178
Headline and diluted headline earnings per share (US$ cents)	16	1	6

Reconciliation of profit to headline earnings

	Six months ended		Year ended
	31 March 2017	31 March 2016	30 September 2016
	Reviewed	Reviewed	Audited
	US$'000	US$'000	US$'000
	Net	Net	Net
Profit attributable to ordinary shareholders	41 925	2 900	13 809
Adjustments:			
Impairment losses on goodwill	28	25	51
Loss on disposal of property, plant and equipment	–	–	421
Headline earnings	41 953	2 925	14 281

8. PROPERTY, PLANT AND EQUIPMENT

	31 March 2017	31 March 2016	30 September 2016
	Reviewed	Reviewed	Audited
	US$'000	US$'000	US$'000
Cost	281 409	236 578	266 368
Accumulated depreciation	(55 417)	(32 452)	(45 834)
Net book value	225 992	204 126	220 534
Reconciliation of net book value			
Opening net book value	220 534	214 518	214 518
Additions	8 458	6 375	12 307
Disposals	–	(174)	(708)
Depreciation	(8 366)	(4 599)	(10 167)
Exchange adjustment on translation	5 366	(11 994)	4 584
Closing net book value	225 992	204 126	220 534

There were no additions (31 March 2016: US$3.1 million; 30 September 2016: US$2.4 million) to the deferred stripping asset during the period ended 31 March 2017.

The estimated economically recoverable proved and probable mineral reserve was reassessed at 30 September 2016 which gave rise to a change in accounting estimate. The remaining reserve that management had previously assessed was 106.4 Mt and at 30 September 2016 was assessed to be 98.9 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$1.2 million.

Capital commitments

At 31 March 2017, the Group's capital commitments for contracts to purchase property, plant and equipment amounted to US$3.2 million (31 March 2016: US$2.4 million; 30 September 2016: US$1.8 million).

Securities

At 31 March 2017, an amount of US$205.6 million (31 March 2016: US$185.1 million; 30 September 2016: US$200.8 million) of the carrying amount of the Group's tangible property, plant and equipment was pledged as security against secured bank borrowings.

9. LONG–TERM DEPOSITS

31 March 2017	31 March 2016	30 September 2016

	Reviewed	Reviewed	Audited
	US$'000	US$'000	US$'000
Long-term deposits	4 796	9 754	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.

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 13).

10.DEFERRED TAX

	31 March 2017	31 March 2016	30 September 2016
	Reviewed	Reviewed	Audited
	US$'000	US$'000	US$'000
Deferred tax assets	2 127	664	1 397
Deferred tax liabilities	(20 280)	(168)	(5 275)
Net deferred tax (liability)/asset	(18 153)	496	(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.

The recoverability of deferred tax assets was assessed in respect of each individual legal entity. 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.

11.INVENTORIES

	31 March 2017	31 March 2016	30 September 2016
	Reviewed	Reviewed	Audited
	US$'000	US$'000	US$'000
Finished products	25 594	8 586	6 116
Ore stockpile	5 177	3 341	4 729
Consumables	5 582	3 481	4 922
	36 353	15 408	15 767

Inventories are stated at the lower of cost or net realisable value. The Group impaired US$0.1 million (31 March 2016: US$0.2 million; 30 September 2016: US$0.1 million) relating to certain consumables and spares as the operational use became doubtful with no anticipated recoverable amount or value in use. There were no write-downs to net realisable value during the period (31 March 2016 and 30 September 2016: no write-downs). Inventories are subject to a general notarial bond in favour of the lenders of the senior debt facility.

12.SHARE CAPITAL AND RESERVES

Share capital

The Company did not issue any ordinary shares during the six months ended 31 March 2017 and 31 March 2016. Allotments during the year ended 30 September 2016 were in respect of the award of 1 089 685 ordinary shares granted in terms of the Share Award Scheme.

Share premium

The share premium represents the excess of the issue price of the ordinary shares over their nominal value, to the extent that it is registered at the Registrar of Companies in Cyprus, less share issue costs and any registered transfers to the revenue reserve.

During the period ended 31 March 2017, the share premium account was reduced by US$179.2 million with a corresponding increase in the revenue reserve to reduce the accumulated losses to US$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) (31 March 2016 and 30 September 2016: no distribution) was approved by way of a Special Resolution on 1 February 2017 which further reduced the share premium. The Special Resolution was ratified by the abovementioned Court Order on 8 March 2017.

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

13.BORROWINGS

	31 March 2017	31 March 2016	30 September 2016
	Reviewed	Reviewed	Audited
	US$'000	US$'000	US$'000
Non–current			
Secured bank borrowings	10 495	27 214	22 103
Finance leases	–	551	246
Deferred supplier	–	778	1 659
	10 495	28 543	24 008
Current			
Secured bank borrowings	14 852	13 595	14 443
Finance leases	611	1 369	677
Bank credit and other facilities	6 709	1 808	23 012
Guardrisk loan	908	–	169
Loan payable to related party	–	1 782	107
	23 080	18 554	38 408

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 9). 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 31 March 2017, the estimated remaining term is equal to seven 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.

As at 31 March 2017 and 30 September 2016, Tharisa Minerals Proprietary Limited complied with all covenant ratios. The senior debt providers condoned the breach of the debt service cover ratio as at 31 March 2016.

Deferred supplier
During the period ended 31 March 2017, an agreement was reached with the deferred supplier to repay the outstanding balance in full.

Guardrisk loan
The loan payable at 30 September 2016 was settled in full during the period ended 31 March 2017. Tharisa Minerals Proprietary Limited obtained a loan for the amount of ZAR18 million repayable in twelve monthly instalments commencing on 1 December 2016. The loan bears interest at a rate of 10.63% pa. The final instalment is due on 1 November 2017.

Loan payable to related party
The loan payable to the Langa Trust was settled in full during the period ended 31 March 2017.

14. FINANCIAL INSTRUMENTS

	31 March 2017 Reviewed US$'000	31 March 2016 Reviewed US$'000	30 September 2016 Audited US$'000
Financial assets – carrying amount			
Loans and receivables	45 271	21 859	46 104
Long-term deposits	4 796	9 754	9 846
Cash and cash equivalents	26 620	11 119	15 826
Investments at fair value through profit or loss*	42	46	43
Financial instruments at fair value through profit or loss**	4 244	2 282	3 718
	80 973	45 060	75 537
Financial liabilities – carrying amount			
Borrowings	33 575	47 097	62 416
Trade payables	23 231	39 261	35 513
Discount facility**	–	534	–
Income received in advance	1 657	935	3 102
Other payables	4 897	4 418	4 703
	63 360	92 245	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.

15. RELATED PARTY TRANSACTIONS

	31 March 2017 Reviewed US$'000	31 March 2016 Reviewed US$'000	30 September 2016 Audited US$'000
Key management compensation			
Non-executive directors' remuneration	254	245	499
Executive directors' remuneration	788	561	1 267
Other key management remuneration	552	417	930
	1 594	1 223	2 696

16. CONTINGENT LIABILITIES
There is no litigation, current or pending, which is considered likely to have a material adverse effect on the Group.

17. EVENTS AFTER THE REPORTING PERIOD
The Board of Directors are not aware of any matter or circumstance arising since the end of the period that will impact these condensed consolidated interim financial results.

The Group announced on 4 April 2017 its intention to acquire a requisite portion of the existing mining fleet at the Tharisa Mine from subcontractor MCC Contracts Proprietary Limited (MCC).

Tharisa Minerals Proprietary Limited (Tharisa Minerals) has subsequent to the reporting period, subject to the fulfilment of certain conditions precedent which includes, inter alia, regulatory approvals as well as MCC shareholder approval, entered into a binding term sheet with MCC in terms of which, inter alia, Tharisa Minerals will purchase certain equipment, strategic components and spares from MCC for a purchase consideration of ZAR303.3 million. The 153 "yellow fleet" machines being purchased include excavators, off-highway dump trucks, articulated dump trucks and support vehicles, being substantially all of the equipment at the Tharisa Mine, as well as 17 additional machines from another MCC site. In addition, Tharisa Minerals will accept assignment in respect of leased equipment comprising drill rigs, excavators and off-highway dump trucks and will continue to lease these 14 machines. The settlement amount for the leased equipment as at 1 June 2017 is approximately ZAR100.2 million.

The on-site employees of MCC will be transferred to Tharisa Minerals.

The purchase consideration for the transaction will be settled through a cash payment of ZAR250.0 million, the cession of the lease obligations of approximately ZAR100.2 million, the deduction of certain liabilities relating to the transfer of the employees such as the leave pay provision and the deduction of costs that have been incorporated into the mining rate to date, such as future equipment demobilisation costs. The balance owing will be paid in cash in six equal monthly instalments.

The purchase consideration will be funded by bridge financing currently being arranged, OEM supplier financing, traditional banking and available cash resources.

Subsequent to the reporting period, as an integral part of the transition to an owner mining model, Tharisa Minerals purchased certain rock drills and drilling equipment from a sub-contractor of MCC for a purchase consideration of ZAR24.4 million. The on-site employees of the sub-contractor were transferred to Tharisa Minerals.

18. REDUCTION OF SHARE PREMIUM

A distribution of US$2.6 million (US$ 1 cent per share) (31 March 2016 and 30 September 2016: no distribution) was declared on 1 February 2017 as a reduction of share premium.

LEGAL DISCLAIMER

Some of the information in these materials may contain projections or forward-looking statements regarding future events, the future financial performance of the Group, its intentions, beliefs or current expectations and those of its officers, directors and employees concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and business. You can identify forward-looking statements by terms such as "expect", "believe", "anticipate", "estimate", "intend", "will", "could", "may" or "might" or the negative of such terms or other similar expressions. These statements are only predictions and actual results may differ materially. Unless otherwise required by applicable law, regulation or accounting standard, the Group does not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of the Group, including, among others, general economic conditions, the competitive environment, risks associated with operating in South Africa and market change in the industries the Group operates in, as well as many other risks specifically related to the Group and its operations.

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