

tharisa
plc

**REPORTS AND
CONSOLIDATED FINANCIAL STATEMENTS
30 September 2016**

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MANAGEMENT REPORT

for the year ended 30 September 2016

The Board of Directors of Tharisa plc (the "Company") presents to the members its report together with the audited consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the year ended 30 September 2016.

PRINCIPAL ACTIVITY

The Company is a Cyprus incorporated public company with a primary listing on the main board of the Johannesburg Stock Exchange and a standard listing on the main board of the London Stock Exchange. The principal activity of the Company is that of an investment holding company with controlling interests in platinum group metals ("PGM") and chrome mining, processing operations and associated sales and logistics operations. The Group operates the Tharisa Mine, a co-producing, open pit PGM and chrome mine located in the Bushveld Complex of South Africa.

REVIEW OF DEVELOPMENT, POSITION AND PERFORMANCE OF THE GROUP'S BUSINESS

The safety of employees is a priority for the Group. On 29 September 2016 the Group achieved the milestone of one fatality free year. The Lost Time Injury Frequency Rate at 30 September 2016 was 0.36 per 200 000 man hours worked.

For the year under review, a total of 4.8 Mt (30 September 2015: 4.2 Mt) of ROM reef was mined from which 132.6 koz (30 September 2015: 118.0 koz) of contained PGMs on a 6E basis and 1.2 Mt (30 September 2015: 1.1 Mt) chrome concentrates were produced of which 0.3 Mt (30 September 2015: 0.1 Mt) were specially grade chrome concentrates.

Group revenue totalled US\$219.6 million for the year ended 30 September 2016, a decrease of 11.0% relative to the previous year. The decrease in revenue is attributable to a decrease in the commodity prices for both PGMs and chrome concentrates with the basket price for PGMs reducing by 16.8% per ounce and the metallurgical grade chrome concentrate price on a CIF main ports China basis reducing by 24.1% per tonne over the comparable period. The reduction in revenue was mitigated by the increase in PGM and chrome concentrate volumes sold.

The gross profit margin of 24.8% compared favourably to the comparable period's gross profit margin of 17.5%.

The PGM segment gross margin of 29.7% was higher than the previous year. The gross margin improved with a reduction in the overall unit cost of production as annualised steady state production was achieved. The cost base for PGMs is predominantly in US\$ and the weakening of the ZAR relative to the US\$ impacted favourably on the PGM sector gross margin.

The chrome segment gross margin of 21.9% was higher than the year before with contributing factors including competitively priced freight costs for bulk shipments of chrome concentrates, reduction in the unit cost of production as the production achieved steady state on an annualised basis and the benefits on the cost base of a weakening ZAR relative to the US\$.

Gross margins also benefitted following the modification of the Voyager Plant spiral circuits and increased production of chemical grade chrome concentrates which are a higher value special products.

After accounting for administrative expenses of US\$22.8 million (a reduction of 8.1% over the comparable period), the Group achieved an operating profit of US\$32.1 million.

Finance costs (totaling US\$11.8 million) principally related to the senior debt facility secured by Tharisa Minerals for the construction of the Voyager Plant.

Notwithstanding the depressed commodity prices during the financial year, the Group recorded a substantial improvement in profitability, generating a profit before tax of US\$22.0 million compared to the comparable period of US\$9.6 million.

The tax charge amounted to US\$6.2 million, an effective charge of 28.1%, due primarily to disallowable charges being incurred within the Group's activities.

Foreign currency translation differences for foreign operations, arising where the Company has funded the underlying subsidiaries with US\$ denominational funding and the reporting currency of the underlying subsidiary is not in US\$, amounted to a favourable US\$4.2 million against the prior year's charge of US\$39.4 million.

MANAGEMENT REPORT

for the year ended 30 September 2016

REVIEW OF DEVELOPMENT, POSITION AND PERFORMANCE OF THE GROUP'S BUSINESS

Basic and diluted profit per share for the year amounted to US\$ 5 cents (2015: US\$ 2 cents) with headline earnings per share of US\$ 6 cents (30 September 2015: US\$ 2 cents).

The major capex for achieving steady state production has been incurred with the current capex spend focussed on stay in business capex and optimisation initiatives to improve recoveries of both PGMs and chrome concentrate. Additions to property, plant and equipment for the period amounted to US\$12.3 million, including an amount of US\$2.4 million relating to the capitalisation of deferred stripping. The depreciation charge amounted to US\$10.2 million (30 September 2015: US\$10.3 million).

During the financial year the Company issued 1 089 685 new ordinary shares ranking *pari passu* with the existing issued ordinary shares following the issue of shares that vested from the award of conditional awards.

The total debt amounted to US\$67.1 million, resulting in a debt to total equity ratio of 33.2%. Offsetting the debt service reserve account amount of US\$9.8 million, resulted in a pro forma debt to equity ratio of 28.4%. The long-term targeted debt to equity ratio is 15%. Offsetting the debt service reserve account of US\$9.8 million and cash and cash equivalent of US\$15.8 million results in a net debt to total equity ratio of 20.5%.

The principal debt is a senior debt facility raised to fund the expansion of the mining footprint and the construction of the Voyager Plant. The amount outstanding at 30 September 2016 amounted to US\$36.5 million (the facility is a ZAR denominated facility). Subsequent to the financial year end, on 14 November 2016, project completion as defined in the senior debt facility terms was achieved. As a result the interest rate reduces by 150 basis points and the security provided by the Company falls away.

The Group generated net cash from operations of US\$22.2 million (30 September 2015: US\$41.4 million). Cash on hand amounted to US\$15.8 million. In addition, the Group held US\$9.8 million in a debt service reserve account.

The financial position, development and performance of the Group as presented in the consolidated financial statements is considered satisfactory.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's critical estimates and judgements and financial risk management are disclosed in notes 2 and 29 to the consolidated financial statements.

The Group's contingencies and commitments and guarantees are disclosed in notes 31 and 32 to the consolidated financial statements.

FUTURE DEVELOPMENTS

The Board of Directors does not expect any significant changes in the activities of the Group for the foreseeable future.

The Group's core strategy is to become a leading natural resources group focussed on originating, developing and operating mines in various sectors including but not limited to the PGM, chrome and steel raw material sectors to service growing global demand through integrated mining, processing, marketing, sales and logistics operations. The strategy is to focus on growth through value accretive acquisitions, development and operation of large-scale, low cost projects that are in or close to production.

RESULTS

The Group's results are set out on page 15 of the consolidated financial statements

MANAGEMENT REPORT

for the year ended 30 September 2016

DIVIDENDS

No dividends have been declared during the year (30 September 2015: no dividends).

SHARE CAPITAL

On 8 June 2016, the Company listed on the main board of the London Stock Exchange under the ticker THS.

The authorised share capital of the Company comprises 10 000 million ordinary shares of US\$0.001 each and 1 051 convertible redeemable preference shares of US\$1 each. At 1 October 2015, the issued and fully paid ordinary share capital comprised 255 891 886 ordinary shares. During the year ended 30 September 2016, the Company issued 1 089 685 new ordinary shares ranking *pari passu* with the existing ordinary shares in respect of the vesting pursuant to the Share Award Plan. At 30 September 2016, the issued and fully paid ordinary share capital comprised 256 981 571 ordinary shares and remains unchanged at the date of this report.

The convertible redeemable preference shares are not admitted for trading nor are any in issue.

All shares rank equally with regard to the Company's residual assets. The holders of ordinary 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.

THE ROLE OF THE BOARD OF DIRECTORS

The Company is governed by its Board of Directors which is collectively responsible to the shareholders for the successful performance of the Group.

The Board of Directors sets corporate strategic objectives, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and reviewing management performance.

The Board of Directors sets the Group's values and standards and ensures all obligations to shareholders are understood and met. The Board of Directors believes it maintains a sound system of internal control to safeguard the Group's assets and shareholders' investments in the Group.

In accordance with the Articles of Association of the Company, one-third of Non-Executive Directors must retire from office at each Annual General Meeting. The Non-Executive Directors retiring at each Annual General Meeting will be those Directors who have been the longest serving since their last election. Retiring Directors are eligible for re-election, and if so re-elected, are deemed to not have vacated their office.

SIGNIFICANT SHAREHOLDERS

The shareholders holding more than 5% (directly or indirectly) of the issued share capital:

	30 September		30 September	
	Number of shares	2016 %	Number of shares	2015 %
Medway Development Limited	119 030 073	46.32	119 030 073	46.52
Rance Holdings Limited *	40 548 241	15.78	40 548 241	15.85
Fujian Wuhang Stainless Steel Products Co. Limited **	19 419 920	7.56	19 419 920	7.59
Maaden Invest Limited	14 985 577	5.83	14 985 577	5.86

There has been no significant change in the shareholders holding more than 5% of the issued share capital of the Company between the end of the financial year and the date of the approval of the consolidated financial statements.

MANAGEMENT REPORT

for the year ended 30 September 2016

MEMBERS OF THE BOARD OF DIRECTORS

The Board of Directors during the year and as at 30 September 2016 and as at the date of this report are:

Loucas Christos Pouroulis	Executive Chairman
Phoevos Pouroulis	Chief Executive Officer
Michael Gifford Jones	Chief Finance Officer
John David Salter	Lead Independent Non-Executive Director
Antonios Djakouris	Independent Non-Executive Director
Omar Marwan Kamal	Independent Non-Executive Director
Carol Bell*	Independent Non-Executive Director
Brian Chi Ming Cheng	Non-Executive Director
Joanna Ka Ki Cheng	Alternate Non-Executive Director to Brian Chi Ming Cheng
Ioannis Drapanaiotis**	Independent Non-Executive Director

* Appointed on 22 March 2016

** Retired by rotation on 25 February 2016

There has been no significant change in the composition, the allocation of responsibilities and the compensation of the Board of Directors' of the Company between 30 September 2016 and the date of approval of the consolidated financial statements.

DIRECTORS' INTEREST

The interest in the share capital of Tharisa plc and its Group subsidiaries, both direct and indirect, of the Board of Directors is disclosed below:

	2016 %	2015 %
LC Pouroulis	0.05	0.02
P Pouroulis	2.73	2.72
MG Jones	0.03	0.02
Total	2.81	2.76

Total number of issued shares of the Company as at 30 September 2016 was 256 981 571 (30 September 2015: 255 891 886). There has been no change in the Board of Directors' interests in the share capital of the Company between 30 September 2016 and the date of approval of the consolidated financial statements.

JOINT COMPANY SECRETARIES

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

Lysandros Lysandrides 26 Vyronos Avenue 1096, Nicosia Cyprus	Sanet de Witt Eland House, The Braes 3 Eaton Avenue Bryanston, 2191 South Africa
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The Joint Company Secretaries are available to advise all Directors to ensure compliance with the Board procedures. A procedure is also in place to enable Directors, if they so wish, to seek independent professional advice at the Group's expense.

MANAGEMENT REPORT

for the year ended 30 September 2016

EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are disclosed in note 34 to the consolidated financial statements and are not considered likely to have a material impact on the operations of the Group.

Subject to the necessary shareholder and regulatory approvals, the Board of Directors has approved a distribution to shareholders of US\$ 1 cent per share.

DIRECTORS' AND MANAGEMENT REMUNERATION

Directors' remuneration is disclosed in note 9 to the consolidated financial statements. Key management's remuneration is disclosed in note 30 to the consolidated financial statements. There has been no significant change in the remuneration of the Board of Directors' and key management of the Company between 30 September 2016 and the date of approval of the consolidated financial statements.

ARTICLES OF ASSOCIATION

The Company's Articles of Association may only be amended by Special Resolution at the Annual General Meeting.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors established an Audit Committee meeting to provide additional assurance regarding the quality and reliability of financial information and to review the internal and financial control systems, accounting systems and reporting and internal audit functions.

ENVIRONMENTAL

The Group has a legal obligation to rehabilitate the mining area, once the mining operations cease (refer to note 21 to the consolidated financial statements).

BRANCHES

During the year the Group did not operate any branches.

TREASURY SHARES

During the years ended 30 September 2016 and 2015, the Company did not own or acquire either directly or indirectly any of its own shares.

RESEARCH AND DEVELOPMENT

Other than ongoing optimisation initiatives, no significant research and development activities were conducted during the year ended 30 September 2016.

MANAGEMENT REPORT

for the year ended 30 September 2016

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.

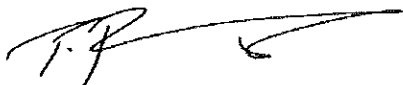
These consolidated financial statements have been prepared on a going concern basis which assumes that the Group will be able to meet its liabilities as they fall due for the foreseeable future.

Refer to note 29 for statements on the Group's objectives, policies and processes for managing its capital, details of its financial instruments and hedging activities; its exposures to market risk in relation to commodity prices and foreign exchange risks; cash flow interest rate risk; credit risk; and liquidity risk.

INDEPENDENT AUDITORS

The independent auditors, KPMG Limited, have expressed their willingness to continue in office and a resolution fixing their remuneration will be submitted at the Annual General Meeting.

On behalf of the Board of Directors



Phoevos Pouroulis



Michael Jones

London
28 November 2016

CORPORATE GOVERNANCE

The Group adopted the principles of the King Report on Corporate Governance ("King III") which is mandatory for entities listed on the JSE. The Board of Directors is fully committed to the principles of King III, believing that accountability, integrity, fairness, transparency and integrated think is essential to the Group's long-term sustainability and to its ongoing ability to create value for investors and other stakeholders.

Other than having an Executive Chairman and not having an in-house independent internal audit function, the Group is compliant, in all material respects, with King III. To mitigate these non-compliances, David Salter has been appointed as Lead independent Director and Deloitte has been appointed as the internal auditors of the Group.

The complete King III checklist is available on the Group's website, www.tharisa.com.

The Board of Directors meets at least four times per year and at such other times as may be required.

In accordance with King II and the Articles of Association of the Company, one-third of Non-Executive Directors must retire from office at each Annual General Meeting. The Non-Executive Directors retiring at each Annual General Meeting will be those Directors who have been the longest serving since their last election. Retiring Directors are eligible for re-election, and if so re-elected, are deemed to not have vacated their office.

The Company's Articles of Association may only be amended by Special Resolution at the Annual General Meeting.

The significant shareholders of the Company is disclosed in the Management Report.

THE BOARD COMMITTEES

The Board has established five committees, the Audit Committee, the Nomination Committee, the Remuneration Committee, the Risk Committee and the Safety, Health and Environment Committee. A brief description of their terms of reference is set out below:

Audit Committee

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

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

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

Nomination Committee

The Nomination Committee ensures that procedures for appointments to the Board of Directors are formal and transparent by making recommendations to the Board of Directors on all new appointments in accordance with the Company's policy for such appointments. It does so by reviewing the size, structure and composition of the Board of Directors, taking cognisance of the skills, knowledge, independence, expertise and diversity of the Board of Directors. The Nomination Committee is also responsible for evaluating Board performance undertaking performance appraisals of the Chairman and directors, evaluating the effectiveness of the Board committees, making recommendations to the Board of Directors and reviewing the Board of Directors' succession plan.

CORPORATE GOVERNANCE

THE BOARD COMMITTEES

Risk Committee

Control of the complete process of risk management, the evaluation of its effectiveness and approval of recommended risk management and internal control strategies, systems and procedures are key Board responsibilities. For this reason, the Risk Committee comprises the entire Board of Directors. The Risk Committee reviews management reports on the adequacy and effectiveness of the Group's risk management functions, ensures compliance with the Group's risk management policies and reviews the adequacy of the Group's insurance coverage.

Remuneration Committee

All members of the Committee are independent non-executive directors. The Chief Executive Officer and Chief Finance Officer are invited to attend meetings of the Committee to make presentations, except when their own remuneration is under consideration.

The Remuneration Committee considers the remuneration framework of the Executive Chairman, Chief Executive Officer, Chief Finance Officer, the Company Secretaries and other members of the executive management of the Company and its subsidiaries, with the assistance and guidance of independent experts and local and international benchmarks. The Committee also consider bonuses, which are discretionary and based upon general economic variables, the performance of the Group and each individual's performance, allocations in terms of the Group's incentive schemes and certain other employee benefits and schemes.

Safety, Health and Environment Committee

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

STATEMENT BY THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY OFFICIALS RESPONSIBLE FOR THE DRAFTING OF THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH THE PROVISIONS OF CYPRUS LAW 190(I)/2007 ON TRANSPARENCY REQUIREMENTS

We, the Members of the Board of Directors and their Company officials responsible for the drafting of the consolidated financial statements of Tharisa plc for the year ended 30 September 2016, the names of whom are listed below, confirm that, to the best of our knowledge:

- a) the consolidated financial statements on pages 15 to 74:
 - have been prepared in accordance with the International Financial Reporting Standards ('IFRS') and in accordance with the provisions of the Cyprus Companies Law, and
 - give a true and fair view of the assets, liabilities, financial position and profit or loss of Tharisa plc and the undertakings included in the consolidated financial statements taken as a whole; and
- b) the adoption of a going concern basis for the preparation of the consolidated financial statements continues to be appropriately based on the foregoing and having reviewed the forecast financial position of the Group; and
- c) the Management Report includes a fair review of the development and performance of the business and the position of Tharisa plc and the undertakings included in the consolidated financial statements as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors of the Company as at the date of the announcement are as set out below:

Executive Directors


Loucas Pouroulis

Chairman


.....


Phoevos Pouroulis

Chief Executive Officer


.....


Michael Jones

Chief Finance Officer

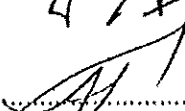

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Independent Non-Executive Directors

David Salter


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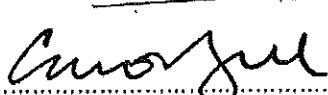
Antonios Djakouris


.....

Omar Kamal

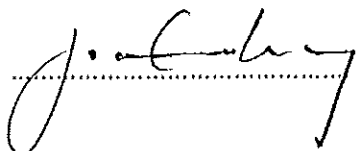

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Carol Bell


.....

Non-Executive Director

Brian Cheng


.....

London, 28 November 2016



KPMG Limited
Chartered Accountants
14 Esperidon Street, 1087 Nicosia, Cyprus
P.O. Box 21121, 1502 Nicosia, Cyprus
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Independent Auditors' report To the Members of Tharisa plc

Report on the consolidated financial statements

We have audited the consolidated financial statements of Tharisa plc (the "Company") and its subsidiaries (together with the Company, the "Group") which are presented on pages 15 to 74 and comprise the consolidated statement of financial position as at 30 September 2016, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap. 113") and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

Chartered members

Dr. Lina A. Christou, P.O. Box 21121, Nicosia, Cyprus
Dr. Maria A. Athanasiou, P.O. Box 21121, Nicosia, Cyprus
Mr. Christos M. Christou, P.O. Box 21121, Nicosia, Cyprus
Mr. Christos M. Christou, P.O. Box 21121, Nicosia, Cyprus
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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 September 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Law, Cap. 113.

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, L.42 (I) / 2009 as amended from time to time ("Law 42 (I) / 2009"), we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as it appears from our examination of these books.
- The Group's consolidated financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the management report presented on pages 3 to 8, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements.
- In our opinion and in accordance with the understanding of the enterprise and its environment that we have obtained in the course of our audit, we have not identified material misstatements in the management report.



Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of Law 42 (I) / 2009 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Maria A. Karantoni FCA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors

14 Esperidon Street
1087 Nicosia
Cyprus

28 November 2016

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plc

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

as at 30 September 2016

	Notes	2016 US\$'000	2015 US\$'000
Revenue	4	219 653	246 782
Cost of sales	4	(165 177)	(203 692)
Gross profit		54 476	43 090
Other income	5	438	42
Administrative expenses	7	(22 775)	(24 777)
Results from operating activities		32 139	18 355
Finance income	8	770	1 185
Finance costs	8	(11 815)	(11 855)
Changes in fair value of financial assets at fair value through profit or loss	8	503	(25)
Changes in fair value of financial liabilities at fair value through profit or loss	8	368	1 972
Net finance costs		(10 174)	(8 723)
Profit before tax		21 965	9 632
Tax	10	(6 172)	(3 617)
Profit for the year		15 793	6 015
Other comprehensive income			
<i>Items that may be classified subsequently to profit or loss:</i>			
Foreign currency translation differences for foreign operations, net of tax		4 212	(39 399)
Other comprehensive income, net of tax		4 212	(39 399)
Total comprehensive income for the year		20 005	(33 384)
Profit for the year attributable to:			
Owners of the company		13 809	4 623
Non-controlling interest		1 984	1 392
		15 793	6 015
Total comprehensive income for the year attributable to:			
Owners of the company		17 103	(24 721)
Non-controlling interest		2 902	(8 663)
		20 005	(33 384)
Earnings per share			
Basic and diluted earnings per share (US\$ cent)	11	5	2

The notes on pages 20 to 74 are an integral part of these financial statements.

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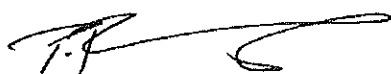
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2016

	Notes	2016 US\$'000	2015 US\$'000
Assets			
Non-current assets			
Property, plant and equipment	12	220 534	214 518
Goodwill	13	883	919
Long term deposits	14	9 846	10 656
Other financial assets	16	2 585	1 636
Deferred tax assets	22	1 397	1 954
Total non-current assets		235 245	229 683
Current assets			
Inventories	17	15 767	8 951
Trade and other receivables	18	51 184	37 979
Other financial assets	16	1 176	55
Current taxation	25	134	144
Cash and cash equivalents	19	15 826	24 265
Total current assets		84 087	71 394
Total assets		319 332	301 077
Equity and liabilities			
Share capital	20	257	256
Share premium	20	456 181	452 512
Other reserve	20	47 245	47 245
Foreign currency translation reserve	20	(73 411)	(76 705)
Revenue reserve	20	(193 521)	(206 566)
Equity attributable to owners of the Company		236 751	216 742
Non-controlling interests	20	(34 892)	(37 794)
Total equity		201 859	178 948
Non-current liabilities			
Provisions	21	4 607	4 088
Borrowings	23	24 008	36 329
Deferred tax liabilities	22	5 275	13
Total non-current liabilities		33 890	40 430
Current liabilities			
Borrowings	23	38 408	33 692
Other financial liabilities	24	-	388
Current taxation	25	54	98
Trade and other payables	26	45 121	47 521
Total current liabilities		83 583	81 699
Total liabilities		117 473	122 129
Total equity and liabilities		319 332	301 077

The consolidated financial statements were authorised for issue by the Board of Directors on 28 November 2016.



Phoevos Pouroullis
Director



Michael Jones
Director

The notes on pages 20 to 74 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2016

	Note	Share capital US\$'000	Share premium US\$'000	Other reserve US\$'000	Attributable to owners of the Company			Total US\$'000	Non- controlling interest US\$'000	Total equity US\$'000
					Foreign currency translation reserve US\$'000	Revenue reserve US\$'000				
Balance at 1 October 2014		255	452 363	47 245	(47 361)	(216 596)	235 906	(26 052)	209 854	
Total comprehensive income for the year		-	-	-	-	4 623	4 623	1 392	6 015	
Profit for the year		-	-	-	-	-	-	-	-	
Other comprehensive income:										
Foreign currency translation differences	20	-	-	-	(29 344)	-	(29 344)	(10 055)	(39 399)	
Total comprehensive income for the year		-	-	-	(29 344)	4 623	(24 721)	(8 663)	(33 384)	
Transactions with owners of the Company										
Contributions by and distributions to owners		-	-	-	-	3 079	3 079	(3 079)	-	
Reclassification of non-controlling interest	20	-	-	-	-	2 317	2 317	-	2 317	
Equity-settled share based payments	20	1	149	-	-	11	161	-	161	
Issue of ordinary shares										
Contributions by owners of the Company		1	149	-	-	5 407	5 557	(3 079)	2 478	
Total transactions with owners of the Company		1	149	-	-	5 407	5 557	(3 079)	2 478	
Balance at 30 September 2015		256	452 512	47 245	(76 705)	(206 566)	216 742	(37 794)	178 948	

The notes on pages 20 to 74 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2016

	Note	Share capital US\$'000	Share premium US\$'000	Other reserve US\$'000	Attributable to owners of the Company			Total US\$'000	Non-controlling interest US\$'000	Total equity US\$'000
					Foreign currency translation reserve US\$'000	Revenue reserve 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		-	-	-	-	13 809	13 809	1 984	15 793	
Profit for the year		-	-	-	-	13 809	13 809	1 984	15 793	
Other comprehensive income:										
Foreign currency translation differences	20	-	-	-	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										
Contributions by and distributions to owners										
Equity-settled share based payments	20	-	-	-	-	(1 045)	(1 045)	-	(1 045)	
Issue of ordinary shares	20	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	

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 20 to 74 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 September 2016

	Notes	2016 US\$'000	2015 US\$'000
Cash flows from operating activities			
Profit for the year		15 793	6 015
Adjustments for:			
Depreciation of property, plant and equipment	12	10 167	10 256
Loss on disposal of property, plant and equipment	7	584	-
Impairment losses on property, plant and equipment	12	-	3
Impairment losses on goodwill	13	51	63
Impairment losses on inventory	17	15	217
Impairment losses on other financial assets		12	27
Changes in fair value of financial assets at fair value through profit or loss	8	(503)	25
Changes in fair value of financial liabilities at fair value through profit or loss	8	(368)	(1 972)
Interest income	8	(770)	(777)
Interest expense	8	10 287	11 754
Tax	10	6 172	3 617
Equity-settled share based payments	7	2 542	3 157
		43 982	32 385
Changes in:			
Inventories		(4 634)	5 811
Trade and other receivables		(12 657)	(5 464)
Trade and other payables		(4 100)	10 296
Provisions		71	(777)
Cash from operations		22 662	42 251
Income tax paid		(472)	(847)
Net cash flows from operating activities		22 190	41 404
Cash flows from investing activities			
Interest received		892	669
Additions to property, plant and equipment	12	(12 307)	(24 591)
Proceeds from disposal of property, plant and equipment		124	3
(Additions)/refunds of other financial assets		(700)	2 702
Net cash flows used in investing activities		(11 991)	(21 217)
Cash flows from financing activities			
Refund of long term deposits		1 369	2 367
Proceeds from bank credit and other facility borrowings		1 648	7 523
Net proceeds under obligations under new loan		2 310	146
Repayment of secured bank borrowings and loan to third party		(19 166)	(27 267)
Interest paid		(4 371)	(1 134)
Net cash flows used in financing activities		(18 210)	(18 365)
Net (decrease)/increase in cash and cash equivalents		(8 011)	1 822
Cash and cash equivalents at the beginning of the year		24 265	19 629
Effect of exchange rate fluctuations on cash held		(428)	2 814
Cash and cash equivalents at the end of the year	19	15 826	24 265

The notes on pages 20 to 74 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

1. GENERAL INFORMATION

Tharisa plc (the 'Company') was incorporated in Cyprus on 20 February 2008 under registration number HE223412. The name of the Company was changed from Tharisa Limited to Tharisa plc on 19 January 2012. On 10 April 2014, the Company listed its ordinary share capital on the main board of the Johannesburg Stock Exchange ('JSE') as the primary listing. On 8 June 2016 the Company listed its ordinary share capital as a standard listing on the main board of the London Stock Exchange.

Its registered office is at Sofoklis Pittokopitis Business Centre, Offices 108-110, 17 Neophytou Nicolaidis and Kilkis Street, 8011 Paphos, Cyprus.

On 9 February 2009, the Company acquired 74% of the share capital of Tharisa Minerals Proprietary Limited, a company established in South Africa. The principal activity of Tharisa Minerals Proprietary Limited is PGM and chrome mining and processing.

On 2 November 2010, the Company incorporated Tharisa Investments Limited, a company established in Cyprus. The principal activity of Tharisa Investments Limited is that of investment holding.

On 15 February 2012, Tharisa Investments Limited incorporated Tharisa Fujian Industrial Co., Ltd, a company established in China. The principal activity of Tharisa Fujian Industrial Co., Ltd is that of ferrochrome smelting. Tharisa Fujian Industrial Co., Ltd has not commenced operations up to the date of this report. During April 2011, Tharisa Investments Limited issued additional shares representing 15% of its expanded share capital to Fujian Wuhang Stainless Steel Products Co. Ltd ('Fujian'). On 22 November 2011, the Company and Fujian signed an agreement, according to which Fujian transferred its 15% equity interests in Tharisa Investments Limited to the Company. The consideration for this transfer was the par value of the shares transferred of US\$22.5 and a call option written by the Company which conferred to Fujian a right to purchase 15% of the equity capital of Tharisa Fujian Industrial Co., Ltd at Chinese Yuan Renminbi ('YUAN') 100 at any time after 31 December 2012. As at 30 September 2015, the call option had yet to be exercised.

On 24 August 2011, Tharisa Investments Limited incorporated Tharisa Investments (Hong Kong) Limited, a company established in Hong Kong. Tharisa Investments (Hong Kong) Limited has not commenced operations up to the date of this report.

On 4 February 2011, the Company incorporated Arxo Resources Limited, a company established in Cyprus. The principal activity of Arxo Resources Limited is the selling and distribution of chrome concentrates. On 7 December 2011, Arxo Resources Limited incorporated Arxo Metals Proprietary Limited, a company established in South Africa. The principal activity of Arxo Metals Proprietary Limited is metal processing and it currently produces foundry and chemical grade chrome concentrates.

On 1 March 2011, the Company acquired 100% of the share capital of Arxo Logistics Proprietary Limited, a company established in South Africa. The principal activity of Arxo Logistics Proprietary Limited is the provision of logistics services.

On 31 May 2011, the Company incorporated Tharisa Administration Services Limited, a company established in Cyprus. Tharisa Administration Services Limited provides management and administration services to the Group. On 1 April 2013, Tharisa Administration Services Limited, acquired Braeston Corporate Consulting Services Proprietary Limited, a company established in South Africa. The principal activity of Braeston Corporate Consulting Services Proprietary Limited is the provision of management services to the Group.

On 30 May 2013, the Company incorporated Dinami Limited, a company established in Guernsey. The principal activity of Dinami Limited is the provision of consultancy services in relation to the sale of the Group's foundry and chemical grade chrome concentrate products.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') and the requirements of the Cyprus Companies Law, Cap.113.

Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except as otherwise stated in the accounting policies set out below.

Functional and presentation currency

The 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 basis

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.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Group will be able to meet its liabilities as they fall due for the foreseeable future.

Refer to note 29 for statements on the Group's objectives, policies and processes for managing its capital, details of its financial instruments and hedging activities; its exposures to market risk in relation to commodity prices and foreign exchange risks; cash flow interest rate risk; credit risk; and liquidity risk.

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

2. BASIS OF PREPARATION (continued)

Use of estimates and judgments (continued)

Judgements made by management in the application of IFRS that have a significant effect on the consolidated financial statements and major sources of estimation uncertainty are as follows:

Impairment of assets

The recoverable amount of each non-financial asset or cash-generating-unit ("CGU") is determined as the higher of the value-in-use and fair value less costs to sell, in accordance with the Group's accounting policies. Determination of the value-in-use of an asset or CGU based on a discounted cash flow model requires the use of estimates and assumptions, including: the appropriate rate at which to discount the cash flows, the timing of cash flows and expected life of the asset or CGU, exchange rates, commodity prices, ore reserves, future capital requirements and future operating performance. Changes in these estimates and assumptions impact the recoverable amount of the asset or the CGU and, accordingly, could result in an adjustment to the carrying amount of that asset or CGU.

Mineral reserves

Economically recoverable ore reserves represent the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions. The determination of ore reserves includes estimates and assumptions about a range of geological, technical and economic factors, including: quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Changes in ore reserves impact the assessment of recoverability of exploration and evaluation assets, property, plant and equipment, the carrying amount of assets depreciated on a units-of-production basis, provision for site rehabilitation and the recognition of deferred tax assets, including tax losses.

Rehabilitation provision

The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in future periods can differ materially from these estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates can affect the carrying amount of the provision. The estimated long-term environmental provision, comprising rehabilitation and mine closure is based on the Group's environmental policy taking into account the current technological, environmental and regulatory requirements. The provision for future rehabilitation was determined using calculations which required the use of estimates.

Inventories

Net realisable value tests are performed at least annually based on the estimated future sales price of the products based on prevailing metal prices, less estimated costs to complete production and bring the product to sale. The nature of the net realisable value test inherently limits the ability to precisely monitor recoverability levels and may result in additional write-downs of inventories in future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

2. BASIS OF PREPARATION (continued)

STANDARDS AND INTERPRETATIONS ADOPTED IN THE CURRENT YEAR

The Group has early adopted the following standards and interpretations which are relevant to its operations. The adoption did not have a material effect on the accounting policies of the Group

Standard/Interpretation:	Effective date: Years beginning on or after	Impact:
IAS 1: Disclosure Initiative	01 January 2016	The impact of the standard is not material.
IAS 27: Equity Method in Separate Financial Statements	01 January 2016	The impact of the standard is not material.
IFRS 10, IFRS 12 and IAS 28 Investment Entities Applying the Consolidation Exception	01 January 2016	The impact of the standard is not material.
Amendments to 4 standards: Improvements to IFRSs 2012-2014 Cycle	01 January 2016	The impact of the standard is not material.
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	01 January 2016	The impact of the standard is not material.

STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 October 2016 and earlier application is permitted; however, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

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

This standard replaces existing revenue recognition guidance, including IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC 31 Revenue – Barter of Transactions Involving Advertising Services.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

The Board of Directors expects that the adoption of IFRS 15 in future periods will not have a material effect on the consolidated financial statements of the Company, however, extensive new disclosures will be required by the relevant standard. The Board of Directors is currently in the process of performing a more detailed assessment of the impact of this standard on the consolidated financial statements of the Company.

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

This standard sets out the principles for the recognition, measurement and presentation of leases for both parties to a contract, i.e. the customer (lessee) and the supplier (lessor). IFRS 16 replaces the previous leases standard, IAS 17 Leases, and related interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included in the statement of financial position, eliminating the distinction between operating and finance leases. No significant changes have been included for lessors' accounting and the distinction between operating and finance leases is retained for the perspective of the lessor. The Board of Directors is assessing the potential impact on the consolidated financial statements resulting from the application of IFRS 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

2. BASIS OF PREPARATION (continued)

STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE (continued)

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017)

The amendments will give clarifications in relation to the recognition of a deferred tax asset that is related to a debt instrument measured at fair value. Additionally, it clarifies that the carrying amount of an asset does not limit the estimation of probable future taxable profits and that estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. Finally, it clarifies that an entity assesses a deferred tax asset in combination with other deferred tax assets. Finally, where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The Board of Directors is assessing the potential impact on the consolidated financial statements resulting from the application of IAS 12.

Amendments to IAS 7: Disclosure Initiatives (effective for annual periods beginning on or after 1 January 2017)

The amendments are intended to clarify IAS 7 and improve information provided to users for an entity's financing activities. The amendments will require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (a) changes from financing cash flows; (b) changes arising from obtaining or losing control of subsidiaries or other businesses; (c) the effect of changes in foreign exchange rates; (d) changes in fair values; and (e) other changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities. The Board of Directors is assessing the potential impact on the consolidated financial statements resulting from the application of IAS 7.

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

IFRS 9 replaces the existing guidance in IAS 39. This standard could have a significant impact on the consolidated financial statements of the Company which will include changes in the measurement bases of the Group's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39 Financial Instruments, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model as per IAS 39 to an "expected credit loss" model. The Board of Directors is assessing the potential impact on the consolidated financial statements resulting from the application of IFRS 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. BASIS OF CONSOLIDATION

The consolidated financial statements include, on a line by line basis, the financial statements of all subsidiaries.

The following policies have been applied during the consolidation process:

Business combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at the fair value at the date of acquisition. If an obligation to pay the contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in fair value of the contingent consideration are recognised in profit or loss.

If share based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This termination is based on the market-based measures of the replacements awards compared with the market-based measures of the acquiree's awards and the extent to which the replacement awards related to a pre-combination service.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to effect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the control commenced until the date on which the control is ceased.

Non-controlling interest

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of the acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control, are accounted for as equity transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1. BASIS OF CONSOLIDATION (continued)

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any relating gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-Group balances and transactions and any unrealised income and expenses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arise from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into US\$ at the exchange rates at the reporting dates. The income and expenses of foreign operations are translated into US\$ at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interest.

3.2. REVENUE

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of PGM

Revenue from the sale of PGM is initially recognised at the estimated fair value of the consideration receivable at the date of delivery. Adjustments to the sale price occur based on movements in the metal market price and currency up to the date of final pricing. Final pricing is based on the monthly average market price in the month of settlement. The period between initial recognition and final pricing is typically 3 months. The revenue adjustment mechanism embedded within the sale arrangement has the characteristics of a commodity derivative. Accordingly the fair value of the final sales price adjustment is re estimated continuously and changes in fair value are recognised as a re estimated adjustment to revenue in profit or loss and trade receivables in the statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2. REVENUE (continued)

Sale of chrome concentrates

The Group enters into contracts for the sale of chrome concentrates. Revenue arising from chrome sales under these contracts is recognised when the price is determinable, the product has been delivered in accordance with the terms of the contract, the significant risks and rewards of ownership have been transferred to the customer, collection of the sale price is probable and associated costs can be reliably estimated. These criteria may vary per contract. As sales from chrome contracts are subject to a customer survey adjustment with regards to quality, sales are initially recorded on a provisional basis using management's best estimate of the chrome quality. Subsequent adjustments are recorded in revenue to take into account final adjustments, if different from the initial estimates.

3.3. OTHER INCOME

Rental income

Rental income is recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

3.4. SEGMENTAL REPORTING

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations. The Board of Directors is of the view that the Group had two operating segments during the reporting period, the PGM segment and the chrome segment.

3.5. LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance lease

Finance leases are recognised as assets and liabilities in the Statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5. LEASES (continued)

Operating lease - lessor

Operating lease income is recognised as income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Operating lease - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. The liability is not discounted.

3.6. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

3.7. FINANCE INCOME AND FINANCE COSTS

Finance income comprises interest income on funds invested, changes in fair value of financial assets at fair value through profit or loss and net foreign currency gains. Interest income is recognised in profit or loss as it accrues using the effective interest method.

Finance costs comprise interest expense on borrowings, bank charges, unwinding of the discount on provisions, impairment losses recognised on financial assets (other than trade receivables) and net foreign currency losses. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

3.8. EMPLOYEE BENEFITS

Provident funds

The Group's salaried employees in South Africa are members of defined contribution retirement benefit plans. The contributions to the plans range from a minimum of 3% to a maximum of 15% of staff's pensionable salary. Contributions to the plans vest immediately. Contributions are accrued in the year in which the associated services are rendered by employees.

The Group's employees in Cyprus do not participate in retirement benefit plans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8. EMPLOYEE BENEFITS (continued)

Share based payment transactions

Equity settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share based transactions are set out in the supporting notes.

The fair value determined at the grant date of the equity settled share based payment is expensed on a straight line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest, with a corresponding increase in the equity. At the end of each reporting period, the company revises its estimate of the number of equity instruments expected to vest. The amount recognized as an expense is adjusted to reflect the revision of the original estimate.

Equity settled share based payment transactions with parties other than the employees are measured at fair value of the goods and services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Where the Company has the right to elect settlement either equity settled or cash settled, the share based payment transactions will be treated as equity settled share based payments.

Short term benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months from the reporting date are calculated at undiscounted amounts based on remuneration rates that the Group expects to pay as at the reporting date including related costs, such as workers compensation insurance and payroll tax. Non-accumulating monetary benefits such as medical aid contribution are expensed as the benefits are taken by the employees.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

3.9. TAX

Income tax comprises current and deferred taxes. Income tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9. TAX (continued)

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but which they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is established.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.10. EARNINGS PER SHARE

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise instruments convertible into ordinary shares and share options granted to employees. The Group also presents headline earnings per share according to the JSE requirements, by adjusting the earnings as determined in International Accounting Standard 33, excluding separate identifiable re-measurements, net of related tax (current and deferred) and related non-controlling interests other than re-measurements specifically included in headline earnings ("included re-measurements").

If the number of ordinary or potential ordinary shares outstanding increases as a result of capitalisation, a bonus issue or a share split, or decreases as a result of a reverse share split before the consolidated financial statements are authorised for issue, the calculation of basic and diluted earnings per share for all periods presented are adjusted retrospectively, as if such changes to share capital had been effective since the beginning of the earliest period presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11. DIVIDENDS

Dividends are recognised as a liability in the period they are declared according to International Accounting Standard 10.

3.12. PROPERTY, PLANT AND EQUIPMENT

Mining assets and infrastructure

Mining assets and infrastructure typically include those costs incurred for the development of the mine, including the design of the mine plan, constructing and commissioning the facilities and preparation of the mine and necessary infrastructure for production. The mine development phase generally begins after completion of a feasibility study and ends upon the commencement of commercial production. Mining assets are measured at cost less accumulated depreciation and less any accumulated impairment losses. Expenditure, including evaluation costs, incurred to establish or expand productive capacity, to support and maintain that productive capacity prior to the commencement of commercial levels of production, are capitalised to assets under construction and transferred to mining plant and infrastructure when the mining venture reaches commercial production. Maintenance costs incurred to maintain current production are expensed.

The remaining useful life of mine and infrastructure is currently estimated to be 20 years.

Deferred stripping costs

All stripping costs incurred (costs incurred in removing overburden to expose the reef) during the production phase of a mine are treated as variable production costs and as a result are included in the cost of inventory during the period in which the stripping costs are incurred. However, any costs of overburden stripping in excess of the expected open-pit life average stripping ratio are deferred. Any costs deferred are capitalised to property, plant and equipment. This asset is depreciated using the units of production method over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

General

General assets are initially measured at cost and are subsequently measured at cost less accumulated depreciation and less any accumulated impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate portion of normal production overheads. Directly attributable expenses relating to major capital projects and site preparation are capitalised until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs. Administrative and other general overhead costs are expensed as incurred. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Borrowing costs directly attributable to the construction or acquisition of qualifying assets are capitalised directly to the cost of the qualifying asset. To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, these borrowing costs shall be determined as the actual borrowing costs incurred on that borrowing.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs shall be determined by applying a capitalisation rate to the expenditure on that asset. Borrowing costs specifically to finance the establishment of qualifying mining assets are capitalised until commercial levels of production are achieved. Otherwise, capitalisation of borrowing costs ceases when the asset is substantially complete.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12. PROPERTY, PLANT AND EQUIPMENT (continued)

General (continued)

Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised when the costs can be reliably measured and if it is probable that the future economic benefits embodied within the component will flow to the Group. The carrying amount of the replaced component, if any, are derecognised.

Maintenance and day to day servicing and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are recognised in profit or loss.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognised in profit or loss.

Government grants

Government grants are recognized as a deduction in the carrying amount of the item of property, plant and equipment they relate to, when there is reasonable assurance that they will be received, and the Group will comply with the conditions associated with the grant.

Depreciation

Depreciation of mining assets and infrastructure is calculated using the units-of-production method based on estimated economically recoverable proved and probable mineral reserves. Proved and probable reserves reflect estimated quantities of economically recoverable resources which can be recovered in the future from known mineral deposits. Depreciation is first charged on mining assets and infrastructure from the date on which they are available for use.

For other property, plant and equipment, depreciation is recognised in profit or loss on a straight-line basis at rates that will reduce the carrying amounts to estimated residual values over the estimated useful lives of the assets. Leasehold improvements on premises occupied under operating leases are expensed over the shorter of the lease term and the useful lives.

Depreciation, unless otherwise stated, is calculated as follows:

- buildings at 10% pa
- motor vehicles at 20% pa
- computer equipment and software at 33.3% pa
- office equipment between 10% and 33.3% pa
- furniture at 20% pa

No depreciation is provided on freehold land and mine development assets under construction.

Depreciation methods, residual values and useful lives are reviewed at least annually, and adjusted if appropriate, at each reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13. MINERAL RESERVES

The estimation of reserves impacts the amortisation of property, plant and equipment, the recoverable amount of property, plant and equipment and the timing of rehabilitation expenditure.

Factors impacting the determination of proved and probable reserves:

- commodity prices;
- the grade of mineral reserves;
- operational issues at the mine; and
- the reliability of the measurement of the fair value or cost of the asset.

3.14. INVENTORIES

Inventories comprising PGM and chrome concentrates, ore stockpiled, in-process metal contained in ore and consumable items are measured at the lower of cost and net realisable value. The cost is determined using the weighted average method and includes direct mining expenditure and an appropriate portion of overhead expenditure. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs to sell. Obsolete, redundant and slow moving inventories are identified and written down to net realisable value.

3.15. FINANCIAL INSTRUMENTS

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustment to reflect fair value that had been reported in other comprehensive income and accumulated in equity are included in profit or loss for the period.

The Group's non-derivative financial assets include the following:

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15. FINANCIAL INSTRUMENTS (continued)

Held-to-maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity and are included in non-current assets, except for those with maturities within 12 months from the reporting date which are classified as current assets. Held to maturity investments are stated at amortised cost less impairment losses.

Loans receivable

Loans receivable are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, the loans receivable are measured at amortised cost using the effective interest rate method. Unless otherwise stated, these balances have no fixed terms of repayment and are therefore deemed repayable on demand and deemed to have carrying values equal to their fair values.

Trade and other receivables

Trade and other receivables originated by the Group are stated at their amortised cost less impairment losses, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Due to the short-term nature of the Group's trade and other receivables, amortised cost approximates fair value.

Non-derivative financial liabilities

The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in profit or loss.

Non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

The Group's non-derivative financial liabilities include the following:

Trade and other payables

Trade and other payables are stated at amortised cost. Due to the short-term nature of the Group's trade and other payables, amortised cost approximates fair value.

Interest-bearing borrowings

Interest-bearing borrowings are stated at amortised cost, using the effective interest rate method, with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest rate basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15. FINANCIAL INSTRUMENTS (continued)

Redeemable preference shares

Redeemable preference shares are classified as a liability if they are redeemable on a specific date or at the option of the preference shareholders, or if dividend payments are not discretionary. The liability is recognised in accordance with the Group's policy for interest-bearing borrowings. Dividends on redeemable preference shares are recognised as a liability and recognised as an interest expense using the effective interest rate method.

Financial liabilities at fair value through profit or loss:

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Derivative financial instruments

Derivative financial instruments are recognised initially at fair value and any attributable transaction costs are recognised in profit or loss. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The fair value of financial instruments traded on an organised financial market is measured at the applicable quoted prices. The fair value of financial instruments not traded on an organised financial market is determined using a variety of methods and assumptions that are based on market conditions and risks existing at the reporting date, including independent appraisals and discounted cash flow methods.

3.16. IMPAIRMENT

Financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition and the loss event had a negative effect on the estimated future cash flows of that asset, that can be estimated reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16. IMPAIRMENT (continued)

Financial assets (continued)

Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- its becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss and reflected in an allowance account against such financial assets. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal is recognised in profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its related CGU exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs (group of units) and then, to reduce the carrying amount of the other assets in the CGU (group of units) on a pro rata basis.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash inflows of the other assets of the CGU.

For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16. IMPAIRMENT (continued)

Non-financial assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed through profit or loss if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.17. PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Long-term environmental obligations are based on the Group's environmental management plans, in compliance with the current environmental and regulatory requirements.

Where it is not possible that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Rehabilitation costs

The net present value of estimated future costs for mine closure and rehabilitation is recognised and provided for in the consolidated financial statements and capitalised within mining assets on initial recognition. Rehabilitation will generally occur on closure or after closure of a mine. Initial recognition of the provision is at the time that the disturbance occurs and thereafter as and when additional disturbances take place.

The estimates are reviewed bi-annually to take into account the effects of inflation and changes in estimates and are discounted using rates that reflect the time value of money. Bi-annual increases in the provision due to the passage of time are recognised in profit or loss as an unwinding of the value of the provision expense. The present value of additional disturbances and changes in the estimate of the rehabilitation liability are taken to inventory as a direct cost against an increase in the rehabilitation provision. The rehabilitation asset is depreciated as per the Group's accounting policy on depreciation. Rehabilitation projects undertaken, included in the estimates, are charged to the provision as incurred.*

Costs for restoration and rehabilitation which are created on an ongoing basis during production of inventories are provided for at their net present values and included as part of inventory costs. Environmental liabilities, other than rehabilitation costs, which relate to liabilities arising from specific events, are recognised in the consolidated statement of financial position when they are known, probable and may be reasonably estimated.

Gains or losses from the expected disposal of assets are not taken into account when determining the provision.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

3.19. LONG-TERM DEPOSITS

Long term deposits is cash and cash equivalents restricted and designated as a "debt service reserve account" as required in terms of the senior debt facility.

3.20. SHARE CAPITAL

The share capital is stated at nominal value. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.21. RELATED PARTY TRANSACTIONS

For the purpose of these consolidated financial statements, a party is considered to be related to the Group if:

- I. The party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- II. The Group and the party are subject to common control;
- III. The party is an associate of the Group or a joint venture in which the Group is a venturer;
- IV. The party is a member of key management personnel of the Group or the Group's parent, or a close family member of such individual, or is an entity under the control, joint control or significant influence of such individuals;
- V. The party is a close family member of a party referred to in I or is an entity under the control, joint control or significant influence of such individuals; or
- VI. The party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the Group.

3.22. COMPARATIVES

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3.23. EVENTS AFTER THE REPORTING PERIOD

Assets and liabilities are adjusted for events that occurred during the period from the reporting date to the date of approval of the financial statements by the Board of Directors, when these events provide additional information for the valuation of amounts relating to events existing at the reporting date or imply that the going concern concept in relation to part or whole of the Group is not appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 US\$'000	Chrome US\$'000	Total US\$'000
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
2015			
Revenue	83 053	163 729	246 782
Cost of sales			
Cost of sales excluding selling costs	(63 674)	(80 834)	(144 508)
Selling costs	(193)	(58 991)	(59 184)
	(63 867)	(139 825)	(203 692)
Gross profit	19 186	23 904	43 090

The overhead 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. The allocated percentage for PGM concentrate and chrome concentrates accounted for this financial year is 50% for each segment which is consistent with the prior year allocation.

Geographical information

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

- (i) the Group's revenue from external customers and
- (ii) the Group's property, plant and equipment and goodwill ("specified non-current assets").

The geographical location analysis of revenue from external customers is based on the country of establishment of each customer. The geographical location of the specified non-current assets is based on the physical location of the asset in the case of property, plant and equipment and the location of the operation to which they are allocated in the case of goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

4. OPERATING SEGMENTS (continued)

Geographical information (continued)

(i) Revenue from external customers

	2016 US\$'000	2015 US\$'000
China	37 392	65 432
South Africa	110 698	95 038
Singapore	13 670	7 927
Hong Kong	55 045	55 175
South Korea	1 523	10 673
Other countries	1 325	12 537
	219 653	246 782

Revenue represents the sales value of goods supplied to customers, net of value-added tax. The following table summarises sales to customers with whom transactions have individually exceeded 10% of the Group's revenues.

	2016		2015	
	Segment	US\$'000	Segment	US\$'000
Customer 1	PGM	81 514	PGM	82 856
Customer 2	Chrome	29 146	-	-
Customer 3	Chrome	28 094	-	-

	2016 US\$'000	2015 US\$'000
(ii) Specified non-current assets		
South Africa	221 457	215 430
Cyprus	3	5
China	-	2
	221 460	215 437

5. OTHER INCOME

	2016 US\$'000	2015 US\$'000
Consulting fees received	390	-
Rental income	27	30
Other income	21	12
	438	42

Rental income relates to the portion of rent recovered by sub tenants and income from houses rented in the area covered by the mining rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

6. SHARE BASED PAYMENTS

At 30 September 2016, the Group had the following share based payment arrangements:

First issue - 2014 Conditional Awards ("LTIP") and Appreciation Rights ("SARS")

Conditional Awards is the grant of shares of the Company where the risks and rewards of share ownership will vest on specific vesting dates with the employee subject to certain conditions. The inaugural award will vest in three equal annual tranches. The award, on vesting, may at the election of the Company, be either cash-settled or share-settled as provided for in the rules of the Plan. Management has confirmed that the Company has both the ability and the intent to settle these awards by the issue of equity instruments.

Appreciation Rights is the grant of an award by the Company where the employee is, subject to certain conditions, entitled to receive the increase in the share value above the award price. The appreciation in value may, at the election of the company, be either cash settled or share settled as provided for in the rules of the Plan. The inaugural award is at an award price of ZAR38.00 per share and vests in two equal annual tranches with the ability to exercise the award at any time up to five years from the date of the grant. Management has confirmed that the Company has both the ability and the intent to settle these awards by the issue of equity instruments. The performance conditions of the second issue were modified to align with the performance conditions of the third issue.

Second issue - 2015 Conditional Awards and Appreciation Rights

1. The Conditional Awards and Appreciation Rights are contingent on there being no fatality at the Tharisa Mine in the case of Tranche 1 between the date of grant and 30 June 2016 ("1st twelve month period"), in the case of Tranche 2 between 1 July 2016 and 30 June 2017 ("2nd twelve month period") and in the case of Tranche 3 between 1 July 2017 and 30 June 2018 ("3rd twelve month period"). For example if there was a fatality during the 1st twelve month period, the Tranche 1 Conditional Award and Appreciation Right would lapse, however if there was no fatality during the 2nd twelve month period, the Tranche 2 Conditional Award and Appreciation Right would be eligible for vesting subject to the remaining performance conditions below.
2. Subject to there being no fatality during the vesting periods as detailed above:
 - 33.34% of each tranche of the Conditional Award and Appreciation Right will be subject to continuing employment in good standing (as determined by the Remuneration Committee) during the applicable vesting period;
 - 33.33% of each tranche of the Conditional Award and Appreciation Right will be subject to the production of 147.4 koz 6E PGMs during the 1st twelve month period, 2nd twelve month period or 3rd twelve month period, respectively. However 16.67% of each such tranche of the Conditional Award and Appreciation Right will vest (subject to paragraph 1 above) if the production during the applicable 12 month period is below 147.4 koz 6E PGMs but above 140.0 koz 6E PGMs. 33.33% of each tranche of the award will be forfeited if production in any applicable 12 month period falls below 140.0 koz 6E PGMs; and
 - 33.33% of each tranche of the Conditional Award and Appreciation Right will be subject to the production of 1.33 Mt of chrome concentrates comprising metallurgical grade, foundry grade and chemical grade within contract specifications during the 1st twelve month period, 2nd twelve month period or 3rd twelve month period, respectively. However 16.67% of each tranche of the Conditional Award and Appreciation Right will vest (subject to paragraph 1 above) if the production during the applicable 12 month period is below 1.33 Mt of chrome concentrates but above 1.26 Mt of chrome concentrates. 33.33% of each tranche of the Conditional Award will be forfeited if production in any applicable 12 month period falls below 1.26 Mt of chrome concentrates.
3. For the avoidance of doubt, if any tranche of the Conditional Award and Appreciation Right is forfeited (either wholly or partially) as a result of failure to achieve the above PGM and chrome production targets in any applicable 12 month period but the said targets (for full or partial vesting) are achieved in subsequent 12 month periods during the applicable vesting periods, provided there has not been a fatality as detailed above, the awards will vest (wholly or partially as applicable) for that period as provided.

The awards are subject to the rules governing the Plan and the final discretion of the Tharisa plc Remuneration Committee will prevail should there be any discrepancy. The conditional awards and appreciation rights vest in three and two annual equal tranches respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

6. SHARE BASED PAYMENTS (continued)

Third issue - 2016 Conditional Awards and Appreciation Rights

1. The Conditional Awards and Appreciation Rights are contingent on there being no fatality at the Tharisa Mine in the case of Tranche 1 between the date of grant and 30 June 2017 ("1st twelve month period"), in the case of Tranche 2 between 1 July 2017 and 30 June 2018 ("2nd twelve month period") and in the case of Tranche 3 between 1 July 2018 and 30 June 2019 ("3rd twelve month period"). For example if there was a fatality during the 1st twelve month period, the Tranche 1 Conditional Award and Appreciation Right would lapse, however if there was no fatality during the 2nd twelve month period, the Tranche 2 Conditional Award and Appreciation Right would be eligible for vesting subject to the remaining performance conditions below.
2. Subject to there being no fatality during the vesting periods as detailed above:
 - 33.34% of each tranche of the Conditional Award and Appreciation Right will be subject to continuing employment in good standing (as determined by the Remuneration Committee) during the applicable vesting period;
 - 33.33% of each tranche of the Conditional Award and Appreciation Right will be subject to the production of 147.4 koz 6E PGMs during the 1st twelve month period, 2nd twelve month period or 3rd twelve month period, respectively. However 16.67% of each such tranche of the Conditional Award and Appreciation Right will vest (subject to paragraph 1 above) if the production during the applicable 12 month period is below 147.4 koz 6E PGMs but above 140.0 koz 6E PGMs. 33.33% of each tranche of the award will be forfeited if production in any applicable 12 month period falls below 140.0 koz 6E PGMs; and
 - 33.33% of each tranche of the Conditional Award and Appreciation Right will be subject to the production of 1.33 Mt of chrome concentrates comprising metallurgical grade, foundry grade and chemical grade within contract specifications during the 1st twelve month period, 2nd twelve month period or 3rd twelve month period, respectively. However 16.67% of each tranche of the Conditional Award and Appreciation Right will vest (subject to paragraph 1 above) if the production during the applicable 12 month period is below 1.33 Mt of chrome concentrates but above 1.26 Mt of chrome concentrates. 33.33% of each tranche of the Conditional Award will be forfeited if production in any applicable 12 month period falls below 1.26 Mt of chrome concentrates.
3. For the avoidance of doubt, if any tranche of the Conditional Award and Appreciation Right is forfeited (either wholly or partially) as a result of failure to achieve the above PGM and chrome production targets in any applicable 12 month period but the said targets (for full or partial vesting) are achieved in subsequent 12 month periods during the applicable vesting periods, provided there has not been a fatality as detailed above, the awards will vest (wholly or partially as applicable) for that period as provided.

The awards are subject to the rules governing the Plan and the final discretion of the Tharisa plc Remuneration Committee will prevail should there be any discrepancy. The conditional awards and appreciation rights vest in three and two annual equal tranches respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

6. SHARE BASED PAYMENTS (continued)

A reconciliation of the movement in the Group's LTIP and SARS in the period under review is as follows:

LTIP

First issue - 2014 valuation of share option at grant date was ZAR23.11 per share.

Second issue - 2015 valuation of share option at grant date was ZAR6.37 per share.

Third issue - 2016 valuation of share option at grant date was ZAR10.32 per share.

	Opening balance	Allocated	Vested/ exercised	Forfeited	Total
LTIP 2016 Ordinary shares					
LTIP	4 101 381	3 664 543	(1 175 565)	(322 254)	6 268 105
LTIP 2015 Ordinary shares					
LTIP	3 679 129	2 656 589	(1 191 256)	(1 043 081)	4 101 381

An expense of US\$2.1 million (2015: US\$2.9 million) was recognised in profit or loss.

SARS

First issue - 2014 valuation of share award at grant date was ZAR4.25 per award.

Second issue - 2015 valuation of share award at grant date was ZAR2.01 per award.

Third issue - 2016 valuation of share award at grant date was ZAR4.55 per award.

	Opening balance	Allocated	Vested & not yet exercised	Forfeited	Total
SARS 2016 Ordinary shares					
SARS	2 627 001	3 618 635	(791 542)	(356 652)	5 097 442
SARS 2015 Ordinary shares					
SARS	2 051 139	3 556 635	(947 471)	(2 033 302)	2 627 001

An expense of US\$0.4 million (2015: US\$0.3 million) was recognised in profit or loss.

Number of share appreciation rights vested, not yet exercised:

First issue (vesting date)	Number of rights	Remaining life in years
30 June 2015	947 471	3.75
30 June 2016	791 542	4.75

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

6. SHARE BASED PAYMENTS (continued)

Information on awards granted during the year

Fair values were determined by a Black Scholes model for the LTIP awards and a Binomial tree model for the SARS awards. The inputs summarised in the following table were used for the third issue – 2016. The comparative inputs were used for the second award.

	2016	2015
Spot price	ZAR10.75	ZAR6.90
Strike price	ZAR10.14	ZAR6.44
Expected volatility	60.00%	33.00%
Dividend yield	2.00%	4.00%
Risk-free interest rate	Zero coupon fit swap curve	Zero coupon fit swap curve
Forfeiture assumption	5.00%	5.00%

The expected volatility is based on historical share price data of the Company and similar companies in the mining sector incorporating a range of weekly and monthly volatility over different maturities.

7. ADMINISTRATIVE EXPENSES

	2016 US\$'000	2015 US\$'000
Directors and staff costs		
Non-Executive Directors (note 9)	499	504
Executive Directors (note 9)	1 267	1 396
Key management (note 30)	930	1 000
Employees: salaries	5 337	6 401
bonuses	619	454
pension fund and medical aid contributions	2 073	2 259
	10 725	12 014
Audit – external audit services	384	488
Consulting	1 737	2 207
Corporate and social investment	108	309
Depreciation	320	255
Discount facility and related fees	457	366
Equity-settled share based payment expense	2 542	3 157
Listing fees	942	-
Health and safety	236	167
Impairment losses	63	3
Insurance	781	856
Legal and professional	186	414
Loss on disposal of property, plant and equipment	584	-
Rent and utilities	697	867
Security	930	608
Telecommunications and IT related costs	645	581
Training	465	420
Travelling and accommodation	285	580
Sundry expenses	688	1 485
	22 775	24 777

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

8. NET FINANCE COSTS

	2016 US\$'000	2015 US\$'000
Finance income		
Interest income	770	777
Foreign currency gains	-	408
	770	1 185
Finance costs		
Interest expense	(9 954)	(11 379)
Unwinding of present value adjustment for rehabilitation costs	(333)	(375)
Bank charges	(90)	(101)
Foreign currency losses	(1 438)	-
	(11 815)	(11 855)
Changes in fair value of financial assets at fair value through profit or loss	503	(25)
Changes in fair value of financial liabilities at fair value through profit or loss	368	1 972
Net finance costs	(10 174)	(8 723)

9. DIRECTORS REMUNERATION

The remuneration of the Directors is set out in the following tables:

2016	Directors' fees	Salary	Bonus	Expense allowance	Share based payments	Provident fund and risk benefits	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
LC Pouroulis	-	439	-	-	40	-	479
P Pouroulis	-	338	-	8	50	20	416
MG Jones	-	290	10	-	33	39	372
JD Salter	176	-	-	-	-	-	176
I Drapaniotis *	39	-	-	-	-	-	39
A Djakouris	129	-	-	-	-	-	129
O Kamal	61	-	-	-	-	-	61
C Bell **	51	-	-	-	-	-	51
B Chi Ming Cheng	43	-	-	-	-	-	43
Total	499	1 067	10	8	123	59	1 766

* Retired by rotation on 25 February 2016

** Appointed on 22 March 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

9. DIRECTORS REMUNERATION (continued)

2015	Directors' fees US\$'000	Salary US\$'000	Bonus US\$'000	Expense allowance US\$'000	Share based payments US\$'000	Provident fund and risk benefits US\$'000	Total US\$'000
LC Pouroulis	-	512	-	-	28	-	540
P Pouroulis	-	393	-	10	24	24	451
MG Jones	-	325	-	-	21	59	405
JD Salter	188	-	-	-	-	-	188
I Drapaniotis *	97	-	-	-	-	-	97
A Djakouris	129	-	-	-	-	-	129
O Kamal	58	-	-	-	-	-	58
B Chi Ming Cheng	32	-	-	-	-	-	32
Total	504	1 230	-	10	73	83	1 900

* Retired by rotation on 25 February 2016

Directors' share scheme awards

Details of each scheme are disclosed in note 6. Non-Executive Directors are not entitled to participate in the Group's share award scheme. The number of LTIP and SARS awarded to the Executive Directors are set out in the following tables:

LTIP 2016 Ordinary shares	Opening balance	Allocated	Vested	Forfeited	Total
LC Pouroulis	318 548	402 306	(53 684)	-	667 170
P Pouroulis	265 456	357 982	(67 464)	-	555 974
MG Jones	238 911	306 275	(44 808)	-	500 378
	822 915	1 066 563	(165 956)	-	1 723 522

LTIP 2015 Ordinary shares

LC Pouroulis	161 052	316 770	(53 684)	(105 590)	318 548
P Pouroulis	134 210	263 975	(44 737)	(87 992)	265 456
MG Jones	120 789	237 577	(40 263)	(79 192)	238 911
	416 051	818 322	(138 684)	(272 774)	822 915

SARS 2016 Ordinary shares

SARS 2016 Ordinary shares	Opening balance	Allocated	Vested	Forfeited	Total
LC Pouroulis	119 455	402 306	(40 263)	-	481 498
P Pouroulis	99 545	335 255	(33 552)	-	401 248
MG Jones	89 591	301 730	(30 197)	-	361 124
	308 591	1 039 291	(104 012)	-	1 243 870

SARS 2015 Ordinary shares

LC Pouroulis	80 526	158 385	(40 263)	(79 193)	119 455
P Pouroulis	67 105	131 987	(33 553)	(65 994)	99 545
MG Jones	60 394	118 788	(30 197)	(59 394)	89 591
	208 025	409 160	(104 013)	(204 581)	308 591

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

10. TAX

	2016 US\$'000	2015 US\$'000
Corporate income tax for the year		
Cyprus	309	240
South Africa	128	143
Special contribution for defence in Cyprus	4	3
Deferred tax		
Originating and reversal of temporary differences (note 22)	5 731	3 231
Tax charge	6 172	3 617

The entities within the Group are taxed in the countries in which they are incorporated and operate at the relevant tax rates as follows:

	<i>Country</i>		
Tharisa plc	Cyprus	12.5%	12.5%
Arxo Resources Limited	Cyprus	12.5%	12.5%
Tharisa Administration Services Limited	Cyprus	12.5%	12.5%
Tharisa Investments Limited	Cyprus	12.5%	12.5%
Dinami Limited	Guernsey	-	-
Tharisa Investments (Hong Kong) Limited	Hong Kong	16.5%	16.5%
Tharisa Fujian Industrial Co., Ltd	China	25.0%	25.0%
Tharisa Minerals Proprietary Limited	South Africa	28.0%	28.0%
Arxo Logistics Proprietary Limited	South Africa	28.0%	28.0%
Arxo Metals Proprietary Limited	South Africa	28.0%	28.0%
Braeston Corporate Consulting Services Proprietary Limited	South Africa	28.0%	28.0%

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

Profit before tax	21 965	9 632
Notional tax on profit before taxation, calculated at the rates applicable in the jurisdictions concerned	697	3 695
Non taxable income	(829)	(500)
Non deductible expenses	512	1 132
Recognition of deemed interest income for tax purposes	65	57
Special contribution to the defence fund	4	3
Other	(8)	-
Deferred tax	5 731	(770)
Tax charge	6 172	3 617

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

11. 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.

	2016	2015
Profit for the year attributable to ordinary shareholders (US\$'000)	13 809	4 623
Weighted average number of ordinary shares at 30 September ('000)	256 178	255 076
Basic and diluted earnings per share (US\$ cents)	5	2

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.

	2016	2015
Headline earnings for the year attributable to ordinary shareholders (US\$'000)	14 281	4 688
Weighted average number of ordinary shares at 30 September ('000)	256 178	255 076
Headline and diluted headline earnings per share (US\$ cents)	6	2

Reconciliation of profit to headline earnings

	30 September 2016		30 September 2015	
	Gross	Net	Gross	Net
Profit attributable to ordinary shareholders		13 809		4 623
Adjustments:				
Impairment losses on goodwill	51	51	63	63
Loss on disposal of property, plant and equipment	584	421	-	-
Impairment losses on property, plant and equipment	-	-	3	2
Headline earnings		14 281		4 688

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2016

12. PROPERTY, PLANT AND EQUIPMENT

	Balance at 1 October 2015 US\$'000	Additions US\$'000	Disposals US\$'000	Transfers/ Reclassifi- cation US\$'000	Exchange differences US\$'000	Balance at 30 September 2016 US\$'000
Cost						
Freehold land and buildings	13 770	382	-	38	314	14 504
Mining assets and infrastructure	227 235	11 553	(803)	4 948	5 655	248 588
Leasehold improvements	113	-	-	14	3	130
Computer equipment and software	1 870	301	(75)	(71)	52	2 077
Motor vehicles	481	50	(42)	16	10	515
Office equipment and furniture, community and site office improvements	462	21	(4)	65	10	554
	243 931	12 307	(924)	5 010	6 044	266 368

	Balance at 1 October 2015 US\$'000	Charge for the year US\$'000	Disposals US\$'000	Transfers/ Reclassifi- cation US\$'000	Exchange differences US\$'000	Balance at 30 September 2016 US\$'000
Accumulated depreciation						
Freehold land and buildings	186	120	-	93	15	414
Mining assets and infrastructure	27 531	9 672	(117)	4 948	1 395	43 429
Leasehold improvements	105	5	-	14	3	127
Computer equipment and software	1 107	247	(62)	(121)	32	1 203
Motor vehicles	157	65	(33)	3	6	198
Office equipment and furniture, community and site office improvements	327	58	(4)	73	9	463
	29 413	10 167	(216)	5 010	1 460	45 834

	Balance at 1 October 2014 US\$'000	Additions US\$'000	Disposals US\$'000	Exchange differences US\$'000	Balance at 30 September 2015 US\$'000
Cost					
Freehold land and buildings	16 798	340	-	(3 368)	13 770
Mining assets and infrastructure	258 988	23 782	(3)	(55 532)	227 235
Leasehold improvements	130	-	-	(17)	113
Computer equipment and software	1 996	249	(3)	(372)	1 870
Motor vehicles	442	155	(4)	(112)	481
Office equipment and furniture, community and site office improvements	484	65	-	(87)	462
	278 838	24 591	(10)	(59 488)	243 931

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2016

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Balance at 1 October 2014 US\$'000	Charge for the year US\$'000	Disposals US\$'000	Exchange differences US\$'000	Balance at 30 September 2015 US\$'000
Accumulated depreciation					
Freehold land and buildings	131	116	-	(61)	186
Mining assets and infrastructure	23 850	9 661	-	(5 980)	27 531
Leasehold improvements	100	19	-	(14)	105
Computer equipment and software	992	294	(2)	(177)	1 107
Motor vehicles	117	75	(1)	(34)	157
Office equipment and furniture, community and site office improvements	292	91	-	(56)	327
	25 482	10 256	(3)	(6 322)	29 413

	30 September 2016 US\$'000	30 September 2015 US\$'000	1 October 2014 US\$'000
Net book value			
Freehold land and buildings	14 090	13 584	16 667
Mining assets and infrastructure	205 159	199 704	235 138
Leasehold improvements	3	8	30
Computer equipment and software	874	763	1 004
Motor vehicles	317	324	325
Office equipment and furniture, community and site office improvements	91	135	192
	220 534	214 518	253 356

Deferred stripping additions of US\$2.4 million (30 September 2015: US\$15.2 million) are included in mining assets and infrastructure.

During the year the Group acquired equipment of US\$0.6 million under a finance lease. The leased equipment secures lease obligations. At 30 September 2016 the carrying amount of the leased equipment was equal to the cost as the equipment was not yet fully operational.

Included in mining assets and infrastructure are projects under construction of US\$13.4 million (30 September 2015: US\$7.1 million).

The cost and accumulated depreciation of certain items of property, plant and equipment were reclassified. These reclassifications have no impact on the net book value at 30 September 2016.

During the current year, the estimated economically recoverable proved and probable mineral reserve was reassessed which gave rise to a change in accounting estimate. The remaining reserve that management had previously assessed was 112.2 Mt and at 31 December 2015 was assessed to be 106.4 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\$0.3 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

12. PROPERTY, PLANT AND EQUIPMENT (continued)

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.

As at 30 September 2016, an amount of US\$200.8 million (2015: US\$196.4 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 23).

13. GOODWILL

	2016 US\$'000	2015 US\$'000
Reconciliation of carrying amount		
Cost		
Balance at 1 October	1 081	1 346
Effect of movement in exchange rates	22	(265)
Balance at 30 September	1 103	1 081
Accumulated impairment losses		
Balance at 1 October	162	135
Impairment of goodwill	51	63
Effect of movement in exchange rates	7	(36)
Balance at 30 September	220	162
Carrying amount	883	919

Impairment test of goodwill

Impairment losses were recognised in relation to goodwill which arose from the acquisition of Arxo Logistics Proprietary Limited and Braeston Corporate Consulting Services Proprietary Limited as follows:

Arxo Logistics Proprietary Limited	39	48
Braeston Corporate Consulting Services Proprietary Limited	12	15
Impairment loss	51	63

Impairment losses

At 30 September 2016, the carrying amounts of the CGU's of Arxo Logistics Proprietary Limited and Braeston Corporate Consulting Services Proprietary Limited exceeded their recoverable amounts and thus an impairment was recognised to reduce the carrying amount of goodwill. The recoverable amounts are determined based on value-in-use calculation. The calculations use discounted cash flows approved by management covering a twenty year period. The cash flows are discounted using a nominal discount rate of 8.00%. The discount rate used is a pre-tax nominal rate and reflects specific risks relating to the relevant segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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14. LONG-TERM DEPOSITS

	2016 US\$'000	2015 US\$'000
Long-term deposits	9 846	10 656

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 23.

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\$6.6 million (30 September 2015: US\$6.0 million) bears interest at 5.6% pa (30 September 2015: 5.6% pa) and US\$3.3 million (30 September 2015: US\$4.6 million) bears interest at 0.01% pa (30 September 2015: no interest).

15. GROUP COMPOSITION

Details of the subsidiaries including direct and indirect holding are disclosed in note 1.

The Group holds 100% of the voting rights in all subsidiaries apart from Tharisa Minerals Proprietary Limited.

The following table summarises the information relating to the Company's subsidiary, Tharisa Minerals Proprietary Limited, that is 74% owned by the Company and which has material non-controlling interests before any inter-group eliminations:

	2016 US\$'000	2015 US\$'000
Non-current assets	210 363	207 749
Current assets	47 947	46 366
Borrowings	2 857	2 047
Secured bank borrowings	36 547	50 675
Net assets	(147 425)	(159 567)
Carrying amount of non-controlling interest	(38 330)	(41 487)
Revenue	205 597	240 338
Net profit/(loss) after tax	14 625	(63 141)
Non-controlling interest	3 803	(16 417)
Cash flows from operating activities	22 358	62 130
Cash flows from investing activities	(13 306)	(21 505)
Cash flows from financing activities	(19 708)	(23 887)
Net change in cash and cash equivalents	(10 656)	16 738

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

16. OTHER FINANCIAL ASSETS

		2016 US\$'000	2015 US\$'000
	<i>Fair value hierarchy</i>		
<i>Non-current assets:</i>			
Investments in cash funds and income funds	Level 2	2 585	1 632
Interest rate caps	Level 2	-	4
		2 585	1 636
<i>Current assets:</i>			
Investments at fair value through profit or loss	Level 1	42	55
Forward exchange contracts	Level 2	656	-
Discount facility	Level 2	478	-
		1 176	55

Investments in cash funds and income funds

Investment in Money Market and Current Accounts totalling US\$1.5 million (30 September 2015: US\$0.7 million) is managed by Guardrisk Insurance Company Limited ("Guardrisk") against the guarantee issued by Guardrisk to the Department of Mineral Resources ("DMR") for the rehabilitation provision. The guarantee issued by Guardrisk has a fixed cover period from 1 December 2014 to 30 November 2017.

Investment in Cash Funds and Income Funds of US\$1.1 million (30 September 2015: US\$1.0 million) managed by Stanlib Collective Investments. During the prior year the investment was ceded to Lombard Insurance Group ("Lombard") against the guarantee issued by Lombard to the DMR. A portion of the investment was withdrawn and the guarantee issued to the DMR was cancelled and replaced by the guarantee issued by Guardrisk (refer to the preceding paragraph). The remaining balance of the investment totalling US\$1.1 million (30 September 2016: US\$1.0 million) is ceded to Lombard against the guarantee issued by Lombard on behalf of Arxo Logistics Proprietary Limited to Transnet Freight Rail, a division of Transnet SOC Limited.

The investments in cash funds and income funds are unsecured and held at fair value through profit or loss (designated). The underlying investments are in money market and other funds and the fair value has been determined by reference to their quoted prices.

Interest rate caps

Interest rate caps were obtained from a consortium of financial institutions, against the floating 3 month Johannesburg Interbank Agreed Rate (JIBAR) on 25% of the secured bank borrowing. The interest rate caps have a strike rate of 7.5% against the current JIBAR rate of 7.36% (30 September 2015: 6.31%) and terminate on 31 March 2017. The balance is held at fair value through profit or loss (held for trading).

Investments at fair value through profit or loss

Investments at fair value through profit or loss are valued based on quoted market prices at the end of the reporting period without any deduction for transaction costs.

Forward exchange contracts

The Group entered into a number of forward exchange contracts to hedge certain aspects of the foreign exchange risk associated to the conversion of the US\$ to the ZAR. The net exposure of these contracts is US\$11.6 million with various expiries no later than on or before 30 December 2016.

Discount facility

Discount facility relates to fair value adjustments on the limited recourse disclosed receivables discounting facility with ABSA, Nedbank and HSBC in terms of which 98% of the sales of platinum, palladium and gold (included in PGM) are discounted at JIBAR (3 month) plus 200 basis points. The facility is for an amount of ZAR300 million. The balance is held at fair value through profit or loss (designated).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

17. INVENTORIES

	2016 US\$'000	2015 US\$'000
Finished products	6 116	4 283
Ore stockpile	4 729	1 257
Work in progress	-	195
Consumables	4 937	3 306
	15 782	9 041
Impairment of consumables	(15)	(90)
Total carrying amount	15 767	8 951

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 equally allocated to the operating segments reported. There were no write downs to net realisable value during the year (30 September 2015: US\$0.1 million).

Inventories are subject to a general notarial bond in favour of the lenders of the senior debt facility as referred to in note 23.

18. TRADE AND OTHER RECEIVABLES

	2016 US\$'000	2015 US\$'000
Trade receivables	44 856	32 882
Other receivables – related parties (note 30)	61	37
Deposits, prepayments and other receivables	1 267	1 479
Accrued income	1 187	1 432
Value added tax receivable	3 813	2 149
	51 184	37 979

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

The ageing of trade receivables are as follows:

Current	37 019	32 763
Less than 90 days past due but not impaired	7 836	46
Greater than 90 days past due but not impaired	1	73
	44 856	32 882

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.

Based on past experience, management believes that no impairment allowance (2015: no impairment allowance) is necessary 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.

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 29.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

19. CASH AND CASH EQUIVALENTS

	2016 US\$'000	2015 US\$'000
Bank balances	15 490	24 005
Short-term bank deposits	336	260
	15 826	24 265

The amounts reflected above approximate fair value.

Cash at banks earn 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 2016, an amount of US\$1.6 million (30 September 2015: 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 (30 September 2015: US\$0.3 million) was provided as security against certain credit facilities of the Group. A credit facility available to the Group at 30 September 2015 was not extended during the year and secured cash of US\$2.5 million was consequently released.

20. SHARE CAPITAL AND RESERVES

Share capital

	30 September 2016		30 September 2015	
	Number of Shares '000	US\$'000	Number of Shares '000	US\$'000
Authorised – ordinary shares of US\$0.001 each				
As at 30 September	10 000 000	10 000	10 000 000	10 000
Authorised – convertible redeemable preference shares of US\$1 each				
As at 30 September	1 051	1	1 051	1
Issued and fully paid				
Ordinary shares				
Balance at the beginning of the year	255 892	256	254 781	255
Allotments during the year	1 090	1	1 111	1
Balance at the end of the year	256 982	257	255 892	256

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

Allotments during the previous year were in respect of the award of 1 111 240 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 are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

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for the year ended 30 September 2016

20. SHARE CAPITAL AND RESERVES (continued)

Share premium

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

During the years ended 30 September 2016 and 30 September 2015, the increases in the share premium account related to the issue and allotment of ordinary shares granted in terms of the Share Award Schemes.

Other reserve

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

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations with a functional currency other than US\$.

Revenue reserve

The revenue reserve includes the accumulated retained profit and losses of the Group. The revenue reserve is distributable for dividend purposes.

Capital management

The Group's target is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business in a way that optimises the cost of capital and matches the current strategic business plan. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital. Capital is defined as total shareholders' equity, excluding non-controlling interests. Management is aware of the risks associated to capital management. Capital needs are monitored on a regular basis and whenever needed management takes steps in an attempt to effectively manage any corresponding risks.

Non-controlling interests

Non-controlling interest comprises amounts attributable to Black Economic Empowerment shareholders in South Africa for their respective shareholding in the ordinary shares of Tharisa Minerals Proprietary Limited together with foreign exchange retranslation of the reserve. The non-controlling interest share of total comprehensive income amounts to US\$2.9 million (30 September 2015: loss of US\$8.7 million).

During the year ended 30 September 2015, the Company reassessed its interpretation and application of IFRS 10: *Consolidated Financial Statements*. Consequently the treatment of intergroup funding transactions on a consolidated level and the impact of these transactions on the non-controlling interests were reconsidered. This resulted in a reclassification from non-controlling interest to the revenue reserves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

21. PROVISIONS

	2016 US\$'000	2015 US\$'000
Provision for rehabilitation		
Balance at 1 October	4 088	4 452
Capitalised to inventories	(6)	413
Capitalised to mining assets and infrastructure	76	(186)
Recognised in profit or loss	333	375
Exchange differences	116	(966)
Balance at 30 September	4 607	4 088

The Group has a legal obligation to rehabilitate the mining area, once the mining operations cease. The provision has been calculated based on total estimated rehabilitation costs, discounted back to their present values. The pre-tax discount rates are adjusted annually and reflect current market assessments. These costs are expected to be utilised mostly towards the end of the life of mine and associated infrastructure, which is currently estimated to be within 20 years.

The current estimated rehabilitation cost to be incurred mostly at the end of the life of mine taking escalation factors into account is US\$10.1 million (2015: US\$9.0 million). The estimate was calculated by an independent external expert.

In determining the amounts attributable to the rehabilitation provisions, management used a discount rate of 8.67% (30 September 2015: 8.45%) which represents the rate associated to the R186 government bond of South Africa, estimated rehabilitation timing of 20 years (30 September 2015: 21 years) and an inflation rate of 4.50% (30 September 2015: 4.50%) which represents the average long-term inflation target range of the South African Reserve Bank.

An insurance company has provided a guarantee to the Department of Mineral Resources to satisfy the legal requirements with respect to environmental rehabilitation and the Group has pledged as collateral its investments in interest-bearing debt instruments to the insurance company to support this guarantee.

22. DEFERRED TAX

	2016 US\$'000	2015 US\$'000
Deferred tax assets	1 397	1 954
Deferred tax liabilities	(5 275)	(13)
Net deferred tax (liability)/asset	(3 878)	1 941
Deferred tax assets		
Property, plant and equipment	(44)	(51 035)
Unrealised foreign currency exchange losses	772	1 267
Tax losses not utilised	11	49 421
Accrued leave	148	1 296
Share based payments	508	118
Other	2	887
	1 397	1 954

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

22. DEFERRED TAX (continued)

	2016 US\$'000	2015 US\$'000
Deferred tax liabilities		
Property, plant and equipment	54 801	636
Unrealised foreign currency exchange losses	(99)	(145)
Tax losses not utilised	(46 568)	-
Accrued leave	(1 320)	(478)
Share based payments	(440)	-
Other	(1 099)	-
	5 275	13
Reconciliation of deferred tax liability		
Balance at the beginning of the year	1 941	5 950
Temporary differences recognised in profit or loss and equity in relation to:		
Capital allowances on property, plant and equipment	(1 973)	2 380
Provisions	136	168
Tax losses	(4 032)	(956)
Other	424	(3 311)
	(5 445)	(1 719)
Exchange differences	(374)	(2 290)
Balance at the end of the year	(3 878)	1 941
Amounts recognised in:		
Profit and loss	(5 731)	(2 002)
Equity	286	283
	(5 445)	(1 719)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

	2016 US\$'000	2015 US\$'000
23. BORROWINGS		
<i>Non-current</i>		
Secured bank borrowings	22 103	36 329
Finance leases	246	-
Deferred supplier	1 659	-
	24 008	36 329
<i>Current</i>		
Secured bank borrowings	14 443	14 346
Finance leases	677	-
Bank credit and other facilities	23 012	17 298
Guardrisk loan	169	164
Loan payable to related party (note 30)	107	1 884
	38 408	33 692

Secured bank borrowings

During the year ended 30 September 2012 the Group obtained financing of ZAR1 billion from a consortium of banks in South Africa, to finance the expansion projects of its mining activities. The financing is for a period of 7 years and is repayable in 22 equal quarterly instalments, with the first repayment date at 31 December 2013. The financing was obtained by Tharisa Minerals Proprietary Limited, a subsidiary of the Group. At 30 September 2016 the contractual remaining term is equal to 10 quarterly instalments.

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 14, and may utilize funds in this account, with the prior written consent of the lenders for the purpose of making a repayment in the event that Tharisa Minerals Proprietary Limited does not have the necessary funds available to make the debt repayment. The financing bears interest at 3 month JIBAR plus 4.9% pa prior to project completion. Once project completion has been achieved, the interest rate will reduce to JIBAR plus 3.4% pa (refer to note 34). The project completion date was extended to 28 November 2016 during the prior year. The financing is secured by the assets of the subsidiary, by the shares of the Company in the subsidiary and is also guaranteed by the Company.

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
- Deb/equity ratio at a level greater than 1.5 times
- Reserve tail ratio at a level of 30% or greater.

As at 30 September 2016 and 30 September 2015, Tharisa Minerals Proprietary Limited complied with all covenant ratios. Tharisa Minerals Proprietary Limited hedges a portion of the facility for interest rate risk via an interest rate cap.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

23. BORROWINGS

Finance leases

During the year the Group acquired 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% pa. The interest rate was fixed at the contract date. No arrangements have been entered into for contingent rent.

	2016 US\$'000	2015 US\$'000
Minimum lease payments due:		
Within one year	760	-
Two to five years	253	-
	1 013	-
Less future finance charges	(90)	-
Present value of minimum lease payments due	923	-
Present value of minimum lease payments due:		
Within one year	677	-
Two to five years	246	-
	923	-

Deferred supplier

The balance relates to a trade payable of which payment has been deferred. The amount payable is unsecured, bears interest at the South African prime rate and is repayable in 12 monthly instalments commencing on 30 October 2017.

Guardrisk loan

During the year ended 30 September 2015, Tharisa Minerals Proprietary Limited obtained a loan for the amount of ZAR13.3 million repayable in twelve monthly instalments commencing 1 December 2015. The loan is guaranteed by the Company for an amount of ZAR14.0 million and bears interest at a rate of 8.72% (30 September 2015: 7.92%) pa. The final instalment is due on 1 November 2016.

Bank credit and other facilities

During the year the Group's US\$12.5 million bank credit facility was not extended and the secured cash deposit of US\$2.5 million was released.

The other facility relates 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%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

24. OTHER FINANCIAL LIABILITIES	2016 US\$'000	2015 US\$'000
	<i>Fair value hierarchy</i>	
Discount facility	-	388

Discount facility relates to fair value adjustments on the limited recourse disclosed receivables discounting facility with ABSA, Nedbank and HSBC in terms of which 98% of the sales of platinum, palladium and gold (included in PGM) are discounted at JIBAR (3 month) plus 200 basis points. The facility is for an amount of ZAR300 million. The balance is held at fair value through profit or loss (designated).

25. CURRENT TAXATION	2016 US\$'000	2015 US\$'000
Current taxation in the statement of financial position represents:		
Corporate income tax recoverable	134	144
Corporate income tax payable	53	97
Special contribution to the defence fund - Cyprus	1	1
	54	98

26. TRADE AND OTHER PAYABLES		
Trade payables	22 276	20 743
Accrued expenses	13 134	11 062
Interest bearing – accrued dividends	4 688	4 568
Income received in advance	3 102	8 348
Leave pay accrual	1 632	1 445
Value added tax payable	160	115
Other payables – related parties (note 30)	103	110
Operating lease payable	11	19
Other payables	15	1 111
	45 121	47 521

Accrued dividends bear interest at the South African prime interest rate plus 200 basis points which is repayable quarterly.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

27. DIRECTORS INTEREST IN STATED CAPITAL

	2016 %	2015 %
LC Pouroulis	0.05	0.02
P Pouroulis	2.73	2.72
MG Jones	0.03	0.02
Total	2.81	2.76

Where a member of the Board of Directors holds no direct or indirect interest, the director is not reflected in the table above.

In the comparative year, the shareholding of a family member of O Kamal was disclosed as an indirect shareholding of O Kamal in the shares of the Company. The comparative year has been restated.

There has been no change in the Director's interests in the share capital of the Company between the end of the financial year and the date of the approval of the consolidated financial statements.

28. ANALYSIS OF SHAREHOLDERS

The shareholders holding more than 5% (directly or indirectly) of the issued share capital:

	Number of shares	30 September 2016 %	Number of shares	30 September 2015 %
Medway Development Limited	119 030 073	46.32	119 030 073	46.52
Rance Holdings Limited *	40 548 241	15.78	40 548 241	15.85
Fujian Wuhang Stainless Steel Products Co. Limited **	19 419 920	7.56	19 419 920	7.59
Maaden Invest Limited	14 985 577	5.83	14 985 577	5.86

* Disclosed in the prior year as LCC Pershing which was the broker holding the shares on behalf of Rance Holdings Limited.

** Fujian Wuhang Stainless Steel Co. Limited was disclosed in the comparative year as 28 070 211 shares being 10.97% of the issued share capital of the Company. This included 8 650 291 shares held by a third party representing 3.38% of the issued share capital of the Company. The comparative year has been restated.

There has been no significant change in the shareholders holding more than 5% of the issued share capital of the Company between the end of the financial year and the date of the approval of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2016

28. ANALYSIS OF SHAREHOLDERS (continued)

Public and non-public shareholders:

2016	Number of shareholders	Number of shares	% of issued share capital
Public	676	89 947 999	35.00
Non public:			
Directors and associates of the Company and its subsidiaries	14	7 455 258	2.90
Persons interested (other than directors), directly or indirectly, in 10% or more	2	159 578 314	62.10
	692	256 981 571	100.00
2015	Number of shareholders	Number of shares	% of issued share capital
Public	660	61 034 745	23.85
Non public:			
Directors and associates of the Company and its subsidiaries	16	7 208 616	2.82
Persons interested (other than directors), directly or indirectly, in 10% or more	3	187 648 525	73.33
	679	255 891 886	100.00

29. FINANCIAL RISK MANAGEMENT

In the ordinary course of business the Group is exposed to credit risk, liquidity risk, and market risk. This note presents information about the Group's exposure to each of the above risks and its objectives, policies and processes for measuring and managing risks. Further quantitative disclosures are included throughout this note.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade and other receivables and cash and cash equivalents and long term deposits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

29. FINANCIAL RISK MANAGEMENT (continued)

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, as these factors may have an influence on credit risk. In monitoring customer credit risk, management reviews on a regular basis the ageing of trade and other receivables to obtain comfort that there are no past due amounts.

The Group establishes an allowance for credit losses that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures. As at 30 September 2016 and 30 September 2015, none of the carrying amounts of trade and other receivables is either past due or impaired, for which an allowance for credit losses is necessary. Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default and who have a good track record with the Group.

The allowance for credit losses in respect of trade and other receivables is used to record credit losses unless management is satisfied that no recovery of the amount owing is possible and at that point the amount considered irrecoverable is written off against the financial asset directly.

The most significant exposure of the Group to credit risk is represented by the carrying amount of trade receivables. The Board of Directors performs regular ageing reviews of trade receivables to identify any doubtful balances. Based on the review performed for the reporting period, the Board of Directors concluded that no allowance for credit losses is required in respect of trade receivables. 36% and 35% of the trade receivables were due from the Group's largest customer as at 30 September 2016 and 30 September 2015, respectively.

Cash and cash equivalents and long term deposits

The Group limits its exposures on cash and cash equivalents and long term deposits by dealing only with well-established financial institutions of high quality credit standing. The majority of the Group's cash resources were deposited with HSBC based in Hong Kong and South Africa.

The maximum exposure to credit risk at the reporting date of the consolidated financial statements was:

	2016 US\$'000	2015 US\$'000
Trade and other receivables	51 184	37 979
Cash and cash equivalents	15 826	24 265
Long term deposits	9 846	10 656
	76 856	72 900

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

29. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Management is aware of the above risk. Liquidity risk is monitored on a regular basis and management is taking steps deemed necessary in an attempt to manage the corresponding risk. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, financial risk management may not be possible for instances where weakened commodity prices persist, forecast production not being achieved and further funding is not raised.

The following table presents the remaining contractual maturities of the Group's financial liabilities at the end of the reporting period, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

30 September 2016

	Contractual undiscounted cash flow				Total US\$'000	Carrying amount US\$'000
	Within 1 year or on demand US\$'000	More than 1 year but less than 2 years US\$'000	More than 2 years but less than 5 years US\$'000	More than 5 years US\$'000		
Borrowings	42 080	20 982	7 841	-	70 903	62 416
Trade and other payables	45 121	-	-	-	45 121	45 121
	87 201	20 982	7 841	-	116 024	107 537

30 September 2015

	Contractual undiscounted cash flow				Total US\$'000	Carrying amount US\$'000
	Within 1 year or on demand US\$'000	More than 1 year but less than 2 years US\$'000	More than 2 years but less than 5 years US\$'000	More than 5 years US\$'000		
Borrowings	39 060	18 078	24 198	-	81 336	70 021
Trade and other payables	47 521	-	-	-	47 521	47 521
	86 581	18 078	24 198	-	128 857	117 542

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29. FINANCIAL RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income and the values of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency.

The Group is exposed to currency risk on transactions that are denominated in a currency other than the respective functional currency of the Group entities. These currency risk exposures arise primarily from exchange rate movements in ZAR, Euro (€), British Sterling (STG) and US\$.

Management is aware of the above risk. Currency risk arising from currency fluctuations is monitored on a regular basis and management is taking steps deemed necessary in an attempt to manage the corresponding risk. Financial risk management may not be possible for instances where weakened commodity prices persist, forecast production not being achieved and further funding is not raised.

The following table details the Group's exposure at the end of each reporting period to currency risk arising from recognised assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate. Exposures in US\$ relate to recognized assets and liabilities denominated in US\$ of entities of the Group that have a functional currency other than US\$. For presentation purposes, the amounts of the exposure are shown in US\$, translated using the spot rate at the reporting date. The spot rates used at the reporting date against the US\$ are a) US\$:ZAR, 13.74 (30 September 2015: 14.03); b) US\$:EUR, 0.89 (30 September 2015: 0.89) and c) US\$:STG, 0.77 (30 September 2015: 0.66). Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

The Group entered into a number of forward exchange contracts to hedge certain aspects of the foreign exchange risk associated to the conversion of the US\$ to the ZAR. The net exposure of these contracts is US\$11.6 million with various expiries no later than on or before 30 December 2016.

At the reporting date the Group's exposure to currency risk was as follows:

	30 September 2016				30 September 2015			
	US\$	ZAR	€	STG	US\$	ZAR	€	STG
Amounts in US\$'000								
Other financial assets	-	-	43	-	-	-	55	-
Trade and other receivables	945	9	85	2	753	5	108	2
Cash and cash equivalents	6 025	45	111	3	11 994	14	27	4
Trade and other payables	-	(100)	(584)	(11)	(1 314)	(119)	(323)	(14)
Current taxation	-	-	29	-	-	-	38	-
	6 970	(46)	(316)	(6)	11 433	(100)	(95)	(8)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

29. FINANCIAL RISK MANAGEMENT (continued)

A 10% strengthening of the US\$ against the above currencies at the reporting date would have changed profits and equity by the amounts presented below. This analysis assumes that all other variables, and in particular interest rates, remain constant. The analysis has been performed on the same basis for each reporting date.

	2016 Increase/ (decrease in profit for the year and accumulated losses US\$'000	2015 Increase/ (decrease) in loss for the year and accumulated losses US\$'000
ZAR	5	9
€	28	9
US\$	(502)	(748)
STG	1	1

A 10% weakening of the US\$ against the above currencies at each reporting date would have had an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Interest rate risk is the Group's exposure to adverse movements in interest rates. It arises as a result of timing differences on the repricing of assets and liabilities. Management is aware of the above risk. Interest rate risk is monitored on a regular basis and management is taking steps deemed necessary in an attempt to manage the corresponding risk.

As at the reporting date, the interest rate profile of the Group was as follows :

	2016	2015	2016 US\$'000	2015 US\$'000
Variable rate financial assets				
Investments in cash and income funds	3.5%	3.5%	2 585	1 632
Cash and cash equivalents	6.5%	5.5% – 5.7%	10 652	18 525
Variable rate financial liabilities				
Secured bank borrowings	JIBAR + 4.9%	JIBAR + 4.9%	36 547	50 675
Deferred supplier	RSA prime	-	1 659	-
Bank credit and other facility	US LIBOR + 1.6%	US LIBOR + 1.5% – 2.5%	23 012	17 298
Guardrisk loan	8.7%	7.9%	169	164
Loan payable to related party	RSA prime + 2.0%	RSA prime + 2.0%	107	1 884
Finance leases	RSA prime + 3.0%	-	1 091	-
Interest bearing – accrued dividends	RSA prime + 2.0%	RSA prime + 2.0%	4 688	4 568
			67 104	74 589

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

29. FINANCIAL RISK MANAGEMENT (continued)

A change of 100 basis points in interest rates at each reporting date would have changed profits and equity by the amounts presented below. This analysis assumes that all other variables, and in particular foreign currency rates, remain constant. The analysis has been performed on the same basis for each reporting date.

	2016 Increase/ (decrease) in profit for the year US\$'000	2015 (Decrease)/ increase in profit for the year US\$'000
Investments in cash funds and income funds	61	12
Cash and cash equivalents	68	133
Secured bank borrowings	(439)	(365)
Finance leases	(8)	-
Deferred supplier	(6)	-
Bank credit and other facility	(201)	(151)
Guardrisk loan	(5)	(1)
Loans payable to related party	(15)	(14)
Interest bearing - accrued dividends	(40)	(33)
	(585)	(419)

A decrease of 100 basis points in interest rates at each reporting date would have had an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Fair values

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

Financial instruments carried at fair value:

The following table presents the carrying values of financial instruments measured at fair value at the end of each reporting period across the three levels of the fair value hierarchy defined in IFRS 13, *Fair Value Measurement*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2016

29. FINANCIAL RISK MANAGEMENT (continued)

Fair values (continued)

Financial instruments carried at fair value: (continued)

The levels are defined as follows:

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

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

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

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000
30 September 2016			
Financial assets			
Investments in cash and income funds	-	2 585	-
Forward exchange contracts	-	656	-
Investments at fair value through profit or loss	42	-	-
Discount facility	-	478	-
	42	3 719	-
Financial liabilities			
Guardrisk loan	-	169	-
30 September 2015			
Financial assets			
Investments in cash and income funds	-	1 632	-
Interest rate caps	-	4	-
Investments at fair value through profit or loss	55	-	-
	55	1 636	-
Financial liabilities			
Guardrisk loan	-	164	-
Discount facility	-	388	-
	-	552	-

Estimation of fair values

The fair value of financial instruments traded in an organised financial market is measured at the applicable quoted prices.

The fair values of financial instruments not traded in an organised financial market are determined using a variety of methods and assumptions that are based on market conditions and risk existing at the reporting date, including independent appraisals and discounted cash flow methodology.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

30. 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.

	2016 US\$'000	2015 US\$'000
Transactions and balances with related parties:		
Trade and other receivables (note 18)		
The Tharisa Community Trust	5	1
Rocasize Proprietary Limited	54	35
Keaton Administrative and Technical Services Proprietary Limited	2	1
	61	37

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

Loan payable to related party (note 23)

Langa Trust	107	1 884
-------------	-----	-------

Loan funding provided by Langa Trust has been subordinated in favour of the lenders of the senior debt facility and may only be repaid either out of additional equity invested into the subsidiary or from the cash flow waterfall as provided for in the financing agreements. The loan has no fixed repayment date and bears interest at South African prime interest rate plus 2%.

	2016 US\$'000	2015 US\$'000
Amounts due to Directors and former Directors (note 26)		
A Djakouris	22	23
JD Salter	30	42
I Drapaniotis	-	21
O Kamal	16	14
C Bell	24	-
B Chi Ming Cheng	11	10
	103	110

Interest bearing – accrued dividends to related parties

Arti Trust	2 459	2 396
Ditodi Trust	210	204
Makhaye Trust	210	204
The Phax Trust	418	408
The Rowad Trust	210	204
Moiria June Jacquet-Briner	210	204
	3 717	3 620

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2016

30. RELATED PARTY TRANSACTIONS (continued)

Transactions and balances with related parties: (continued):

	2016 US\$'000	2015 US\$'000
Interest expense		
Langa Trust	183	245
Arti Trust	253	286
Ditodi Trust	22	24
Makhaye Trust	22	24
The Phax Trust	43	49
The Rowad Trust	22	24
MJ Jacquet-Briner	22	24
	567	676

Compensation to key management:

	Salary and fees US\$'000	Expense allowances US\$'000	Share based payments US\$'000	Provident fund and risk benefits US\$'000	Bonus US\$'000	Total US\$'000
2016						
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

	Salary and fees US\$'000	Expense allowances US\$'000	Share based payments US\$'000	Provident fund and risk benefits US\$'000	Bonus US\$'000	Total US\$'000
2015						
Non-Executive Directors	504	-	-	-	-	504
Executives Directors	1 230	10	83	73	-	1 396
Other key management	817	32	109	42	-	1 000
	2 551	42	192	115	-	2 900

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

30. RELATED PARTY TRANSACTIONS (continued)

Share based awards to the Directors are disclosed in note 9 of the consolidated financial statements. Awards to the other key management in the period under review are as follows:

2016 Ordinary shares

	Opening balance	Allocated	Vested	Forfeited	Total
LTIP	476 362	727 779	(89 035)	-	1 115 106

2015 Ordinary shares

LTIP	239 841	474 701	(79 946)	(158 234)	476 362
------	---------	---------	----------	-----------	---------

2016 Ordinary shares

	Opening balance	Allocated	Vested	Forfeited	Total
SARS	249 628	718 689	(82 973)	-	885 344

2015 Ordinary shares

SARS	165 946	333 310	(82 973)	(166 655)	249 628
------	---------	---------	----------	-----------	---------

Details of each scheme are disclosed in note 6 of the consolidated financial statements.

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 are also directors of the Company.

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.

31. CONTINGENT LIABILITIES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

32. CAPITAL COMMITMENTS AND GUARANTEES

	2016 US\$'000	2015 US\$'000
Capital commitments		
Authorised and contracted	1 818	1 421
Authorised and not contracted	27	10
	1 845	1 431

The above commitments are with respect to property, plant and equipment and are outstanding at the respective reporting period. All contracted amounts will be funded through existing funding mechanisms within the Group and cash generated from operations. Balances denominated in currencies other than the US\$ were converted at the closing rates of exchange ruling at 30 September 2016.

Guarantees

The Company issued a guarantee to ABSA Bank Limited which guarantees the payment of certain liabilities of Arxo Logistics Proprietary Limited to Transnet totalling ZAR19.4 million.

A guarantee was issued by Arxo Logistics Proprietary Limited to Lombard Insurance Company Limited which guarantees the payment of certain liabilities of Arxo Logistics Proprietary Limited to Transnet totalling ZAR12 million.

The Company issued a guarantee to a third party customer of Arxo Resources Limited for a maximum of US\$10 million as security for pre-shipment advances made by the customer to Arxo Resources Limited.

The Company holds an indirect 100% equity interest in Tharisa Fujian Industrial Co., Limited, the registered capital of which is US\$10 million. Up to 30 September 2016, US\$6.4 million has been paid up. The remaining US\$3.6 million needs to be paid up by 14 February 2021.

33. OPERATING LEASES

The Group leases a number of office facilities under operating leases. These leases typically run for a period of two to three years with an option of renewal at the end of the period. A portion of lease payments are increased every year to reflect market rentals. There are no restrictions placed upon the lessee by entering into these leases. Since the property titles will not pass to the Group, the Group determined that the leased office facilities are operating leases.

Future minimum rentals payable under non-cancellable operating leases:

	2016 US\$'000	2015 US\$'000
Less than one year	218	329
Between one and five years	-	190
	218	519
Lease payments:		
Recognised in profit or loss	697	867

Balances denominated in currencies other than the US\$ were converted at the closing rates of exchange ruling at 30 September 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2016

34. EVENTS AFTER THE REPORTING PERIOD

On 14 November 2016, Tharisa Minerals Proprietary Limited achieved project completion in respect of the ZAR1 billion senior debt finance facility (refer to note 23). As a result of project completion, the facility's interest rate will reduce from JIBAR plus 4.9% pa to JIBAR plus 3.4% pa. The project completion achievement does not have any impact on the consolidated financial position as at 30 September 2016.

Subject to the necessary shareholder and regulatory approvals, the Board of Directors has approved a distribution to shareholders of US\$ 1 cent per share.

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.

35. DIVIDENDS

No dividends have been declared during the year (30 September 2015: no dividends).

CORPORATE INFORMATION

THARISA PLC

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

WEBSITE

www.tharisa.com

BOARD OF DIRECTORS

Loucas Christos Pouroulis
Phoevos Pouroulis
Michael Gifford Jones
John David Salter
Antonios Djakouris
Omar Marwan Kamal
Carol Bell
Brian Chi Ming Cheng
Joanna Ka Ki Cheng

Executive Chairman
Chief Executive Officer
Chief Finance Officer
Lead Independent Non-Executive Director
Independent Non-Executive Director
Independent Non-Executive Director
Independent Non-Executive Director
Non-Executive Director
Alternate Non-Executive Director

JOINT COMPANY SECRETARIES

Lysandros Lysandrides
26 Vyronos Avenue
1096 Nicosia
Cyprus

Sanet de Witt
Eland House, The Braes
3 Eaton Avenue
Bryanston 2021
South Africa
Email: secretarial@tharisa.com

REGISTERED ADDRESS

Sofoklis Pittokopitis Business Centre, Offices 108-110
17 Neophytou Nicolaidis and Kilkis Street
8011 Paphos
Cyprus

POSTAL ADDRESS

PO Box 62425
8064 Paphos
Cyprus

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
Registration number: 2004/003647/07
70 Marshall Street
Johannesburg 2001
South Africa

Cymain Registrars Limited
Registration number: HE174490
26 Vyronos Avenue
1096 Nicosia
Cyprus

JOINT BROKERS

Peel Hunt LLP
Matthew Armitt/Ross Allister
+44 207 7418 8900

BMO Capital Markets
Jeffrey Couch/Neil Haycock/Thomas Rider
+44 020 7236 1010

CORPORATE INFORMATION

JSE SPONSOR

Investec Bank Limited
Registration number: 1969/004763/06
100 Grayston Drive Sandown
Sandton 2196
South Africa

INVESTOR RELATIONS

Sherilee Lakmidas
Eland House, The Braes
3 Eaton Avenue
Bryanston 2021
South Africa
Email: ir@tharisa.com

AUDITORS

KPMG Limited (Cyprus)
Registration number: HE132527
14 Esperidon Street
1087 Nicosia
Cyprus

STATEMENT BY THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY OFFICIALS RESPONSIBLE FOR THE DRAFTING OF THE FINANCIAL STATEMENTS IN ACCORDANCE WITH THE PROVISIONS OF CYPRUS LAW 190(I)/2007 ON TRANSPARENCY REQUIREMENTS

We, the Members of the Board of Directors and their Company officials responsible for the drafting of the financial statements of Tharisa plc for the year ended 30 September 2016, the names of whom are listed below, confirm that, to the best of our knowledge:

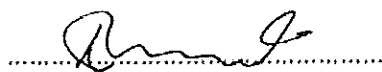
- d) the financial statements on pages 81 to 115:
- have been prepared in accordance with the International Financial Reporting Standards ('IFRS') and in accordance with the provisions of the Cyprus Companies Law, and
 - give a true and fair view of the assets, liabilities, financial position and profit or loss of Tharisa plc and the undertakings included in the financial statements taken as a whole; and
- e) the adoption of a going concern basis for the preparation of the financial statements continues to be appropriately based on the foregoing and having reviewed the forecast financial position of the Company.

The Directors of the Company as at the date of the announcement are as set out below:

Executive Directors

Loucas Pouroullis

Chairman



Phoevos Pouroullis

Chief Executive Officer



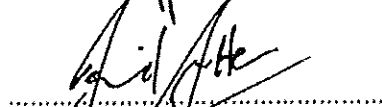
Michael Jones

Chief Finance Officer



Independent Non-Executive Directors

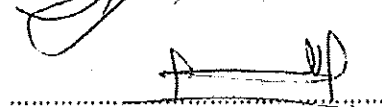
David Salter



Antonios Djakouris



Omar Kamal

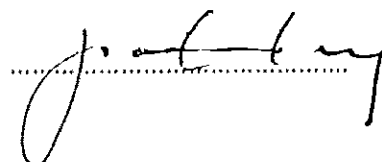


Carol Bell



Non-Executive Director

Brian Cheng



London, 28 November 2016



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of parent company Tharisa plc as at 30 September 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Law, Cap. 113.

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, L.42 (I) / 2009 as amended from time to time ("Law 42 (I) / 2009"), we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as it appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion and in accordance with the understanding of the enterprise and its environment that we have obtained in the course of our audit, we have not identified material misstatements in the management report.



Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of Law 42 (I) / 2009 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 30 September 2016.

Maria A. Karantoni FCA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors

14 Esperidon Street
1087 Nicosia
Cyprus

28 November 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

as at 30 September 2016

	Notes	2016 US\$'000	2015 US\$'000
Income	5	6 552	4 892
Administrative expenses	7	(4 203)	(4 891)
Operating profit		2 349	1
Finance income	8	81	95
Finance costs	8	(9)	(251)
Changes in fair value of financial assets at fair value through profit or loss	8	(12)	(31)
Net finance costs		60	(187)
Profit/(loss) before tax		2 409	(186)
Tax	9	(47)	(45)
Profit/(loss) for the year		2 362	(231)
Other comprehensive income			
<i>Items that will not be classified subsequently to profit or loss</i>		-	-
<i>Items that may be classified subsequently to profit or loss</i>		-	-
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		2 362	(231)

The notes on pages 85 to 115 are an integral part of these financial statements.

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STATEMENT OF FINANCIAL POSITION

as at 30 September 2016

	Notes	2016 US\$'000	2015 US\$'000
Assets			
Non-current assets			
Long-term deposits	10	3 252	4 621
Investments in subsidiaries	11	311 514	306 184
Other receivables	12	9 813	-
Total non-current assets		324 579	310 805
Current assets			
Other receivables	12	5 399	14 519
Financial assets at fair value through profit or loss	13	43	55
Cash and cash equivalents	14	2 569	1 475
Total current assets		8 011	16 049
Total assets		332 590	326 854
Equity and liabilities			
Share capital	15	257	256
Share premium	15	456 180	452 511
Other reserve	15	47 245	47 245
Revenue reserve	15	(174 661)	(175 942)
Total equity		329 021	324 070
Current liabilities			
Other payables	16	3 516	2 686
Current taxation	17	53	98
Total current liabilities		3 569	2 784
Total liabilities		3 569	2 784
Total equity and liabilities		332 590	326 854

The financial statements were authorised for issue by the Board of Directors on 28 November 2016.



Phoevos Pouroulis
Director



Michael Jones
Director

The notes on pages 85 to 115 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2016

	Note	Share capital US\$'000	Share premium US\$'000	Other reserve US\$'000	Revenue reserve US\$'000	Total equity US\$'000
Balance at 1 October 2014		255	452 362	47 245	(178 471)	321 391
Total comprehensive income for the year						
Loss for the year		-	-	-	(231)	(231)
Total comprehensive income for the year		-	-	-	(231)	(231)
Transactions with owners of the Company						
<i>Contributions by and distributions to owners</i>						
Issue of ordinary shares	15	1	149	-	11	161
Equity-settled share based payments	15	-	-	-	2 749	2 749
Contributions by owners of the Company		1	149	-	2 760	2 910
Total transactions with owners of the Company		1	149	-	2 760	2 910
Balance at 30 September 2015		256	452 511	47 245	(175 942)	324 070
Total comprehensive income for the year						
Profit for the year		-	-	-	2 362	2 362
Total comprehensive income for the year		-	-	-	2 362	2 362
Transactions with owners of the Company						
<i>Contributions by and distributions to owners</i>						
Issue of ordinary shares	15	1	3 669	-	281	3 951
Equity-settled share based payments	15	-	-	-	(1 362)	(1 362)
Contributions by owners of the Company		1	3 669	-	(1 081)	2 589
Total transactions with owners of the Company		1	3 669	-	(1 081)	2 589
Balance at 30 September 2016		257	456 180	47 245	(174 661)	329 021

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 85 to 115 are an integral part of these financial statements.

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STATEMENT OF CASH FLOWS

for the year ended 30 September 2016

	Notes	2016 US\$'000	2015 US\$'000
Cash flows from operating activities			
Profit/(loss) for the year		2 362	(231)
Adjustments for:			
Equity-settled share based payments	4	748	1 088
Impairment losses on other receivables	7	578	870
Dividend income	5	(6 552)	(4 892)
Interest income	8	(4)	(95)
Interest expense	8	1	-*
Changes in fair value of financial assets at fair value through profit or loss	8	12	31
Tax	9	47	45
		(2 808)	(3 184)
Changes in:			
Other receivables		11	408
Other payables		(170)	1 502
Cash flows used in operations		(2 967)	(1 274)
Income tax paid		(92)	(9)
Net cash flows used in operating activities		(3 059)	(1 283)
Cash flows from investing activities			
Increase in investment in subsidiaries		-	(3 642)
Loans granted		(3 241)	(6 870)
Interest received		4	95
Net cash flows used in investing activities		(3 237)	(10 417)
Cash flows from financing activities			
Proceeds from long term deposits		1 369	2 768
Repayment of loan receivables		5 022	1 470
Advances received from loan borrowings		1 000	-
Finance costs		(1)	-
Net cash flows from financing activities		7 390	4 238
Net increase/(decrease) in cash and cash equivalents		1 094	(7 462)
Cash and cash equivalents at the beginning of the year		1 475	8 937
Cash and cash equivalents at the end of the year	14	2 569	1 475

The notes on pages 85 to 115 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

1. INCORPORATION AND PRINCIPAL ACTIVITIES

Tharisa plc (the "Company") was incorporated in the Republic of Cyprus on 20 February 2008 under registration number HE223412 as a private limited liability company under the Cyprus Companies Law, Cap. 113. The name of the Company was changed from Tharisa Limited to Tharisa plc on 19 January 2012. The registered office is at Sofoklis Pittokopitis Business Center, Office 108-110, 17 Neophytou Nicolaides & Kilkis Street, 8011, Paphos, Cyprus. On 10 April 2014, the Company listed its ordinary share capital on the main board of the Johannesburg Stock Exchange ("JSE"). On 8 June 2016 the Company listed its ordinary share capital as a standard listing on the main board of the London Stock Exchange.

The principal activity of the Company is that of an investment holding company with controlling interests in PGM and chrome mining and processing operations and associated sales and logistics operations.

2. BASIS OF PREPARATION

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and the requirements of the Cyprus Companies Law, Cap. 113.

These financial statements are separate financial statements of the Company.

The Company has also prepared consolidated financial statements in accordance with IFRSs for the Company and its subsidiaries (the "Group"). The consolidated financial statements can be obtained from Sofoklis Pittokopitis Business Center, Office 108-110, 17 Neophytou Nicolaides & Kilkis Street, 8011, Paphos, Cyprus.

Users of these separate financial statements of the parent company should read them together with the Group's consolidated financial statements as at and for the year ended 30 September 2016 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and its subsidiaries.

Basis of measurement

The financial statements are prepared on the historical cost basis, except as otherwise stated in the accounting policies set out below.

Functional and presentation currency

The financial statements are presented in United States Dollars (US\$) which is the functional currency of the Company.

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 Company's operations, the Directors have a reasonable expectation that the Company 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 financial statements.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to meet its liabilities as they fall due for the foreseeable future.

Refer to note 21 for statements on the Company's objectives, policies and processes for managing its capital, details of its financial instruments; its exposures to market risk in relation to commodity prices and foreign exchange risks; cash flow interest rate risk; credit risk; and liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

2. BASIS OF PREPARATION (continued)

Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires from management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

New standards and interpretations

Standards and interpretations adopted in the current year

The Company has early adopted the following standards and interpretations which are relevant to its operations: The adoption did not have a material effect on the Accounting Policies of the Company.

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
IAS 1: Disclosure Initiative	01 January 2016	The impact of the standard is not material.
IAS 27: Equity Method in Separate Financial Statements	01 January 2016	The impact of the standard is not material.
IFRS 10, IFRS 12 and IAS 28 Investment Entities Applying the Consolidation Exception	01 January 2016	The impact of the standard is not material.
Amendments to 4 standards: Improvements to IFRSs 2012-2014 Cycle	01 January 2016	The impact of the standard is not material.
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	01 January 2016	The impact of the standard is not material.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

2. BASIS OF PREPARATION (continued)

New standards and Interpretations (continued)

Standards and interpretations issued but not yet effective

The Company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Company's accounting periods beginning on or after 01 October 2016 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after	Impact:
IFRS 15 Revenue from Contracts with Customers	01 January 2018	The impact of the standard is not material.
Amendments to IAS 7: Disclosure Initiatives	01 January 2017	The impact of the standard is not material.
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	01 January 2017	The impact of the standard is not material.
IFRS 16: Leases	01 January 2019	The impact of the standard is not material.
IFRS 9 Financial Instruments	01 January 2018	The impact of the standard is still under consideration by management and as a result the impact on the financial statements has not yet been determined.

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently for all the years presented in these financial statements and in stating the financial position of the Company.

3.1. SUBSIDIARY COMPANIES

Subsidiaries are entities controlled by the Company. Control exists where the Company has the power, directly or indirectly to govern the financial and operational policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

3.2. INCOME

Income comprises of dividend income recognised in profit or loss once the Company's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3. FINANCE INCOME AND FINANCE COSTS

Finance income comprises interest income on funds invested and net foreign currency gains. Interest income is recognised as it accrues using the effective interest method.

Finance costs comprise interest expense on borrowings, net foreign currency losses and bank charges. Interest expense is recognised using the effective interest method. Foreign currency gains and losses are reported on a net basis.

3.4. FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

3.5. TAX

Income tax comprises current and deferred taxes. Income tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5. TAX (continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Company controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but which they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is established.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.6. DIVIDENDS

Dividends are recognised as a liability in the period they are declared according to International Accounting Standard 10.

3.7. FINANCIAL INSTRUMENTS

Non-derivative financial assets

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustment to reflect fair value that had been reported in other comprehensive income and accumulated in equity are included in profit or loss for the period.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

3.7. FINANCIAL INSTRUMENTS (continued)

Non-derivative financial assets (continued)

The Company's non-derivative financial assets include the following:

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

Loans receivable

Loans receivable are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, the loans receivable are measured at amortised cost using the effective interest rate method. Unless otherwise stated, these balances have no fixed terms of repayment and are therefore deemed repayable on demand and deemed to have carrying values equal to their fair values.

Trade and other receivables

Trade and other receivables originated by the Company are stated at their amortised cost less impairment losses, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Due to the short-term nature of the Company's trade and other receivables, amortised cost approximates fair value.

Non-derivative financial liabilities

The Company initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in profit or loss.

Non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

The Company's non-derivative financial liabilities include the following:

Trade and other payables

Trade and other payables are stated at amortised cost. Due to the short-term nature of the Company's trade and other payables, amortised cost approximates fair value.

Interest-bearing borrowings

Interest-bearing borrowings are stated at amortised cost, using the effective interest rate method, with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest rate basis.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

3.7. FINANCIAL INSTRUMENTS (continued)

Financial liabilities at fair value through profit or loss:

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The fair value of financial instruments traded on an organised financial market is measured at the applicable quoted prices. The fair value of financial instruments not traded on an organised financial market is determined using a variety of methods and assumptions that are based on market conditions and risks existing at the reporting date, including independent appraisals and discounted cash flow methods.

3.8. IMPAIRMENT OF ASSETS

Financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition and the loss event had a negative effect on the estimated future cash flows of that asset, that can be estimated reliably.

Objective evidence of impairment includes observable data that comes to the attention of the Company about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- its becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss and reflected in an allowance account against such financial assets. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

3.8. IMPAIRMENT OF ASSETS (continued)

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its related CGU exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs (group of units) and then, to reduce the carrying amount of the other assets in the CGU (group of units) on a pro rata basis.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash inflows of the other assets of the CGU.

For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed through profit or loss if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9. SHARE CAPITAL

The share capital is stated at nominal value. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.10. PROVISIONS

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.11. SHARE BASED PAYMENT TRANSACTIONS

Equity settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share based transactions are set out in the supporting notes.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

3.11. SHARE BASED PAYMENT TRANSACTIONS (continued)

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in the equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimate, if any, is recognised with a corresponding increase in its investment in each subsidiary such that the cumulative increase reflects the revised estimate, with a corresponding adjustment to the equity. An asset is recognised for the reimbursement by the subsidiary of the portion of the capital contribution with a corresponding adjustment to the carrying amount of the investment in subsidiary.

The asset is initially measured at the fair value. At the end of each reporting period until the asset is settled, and at the date of settlement, the fair value of the asset is remeasured, with any changes in fair value recognised as an adjustment in investment in subsidiaries.

Equity settled share based payment transactions with parties other than the employees are measured at fair value of the goods and services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Where the Company has the right to elect settlement either equity settled or cash settled, the share based payment transactions will be treated as equity settled share based payments.

3.12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and demand deposits with banks.

3.13. LONG-TERM DEPOSITS

Long term deposits is cash and cash equivalents restricted and designated as a "debt service reserve account" as required in terms of the senior debt facility.

3.14. RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, a party is considered to be related to the Company if:

- The party has the ability, directly or indirectly through one or more intermediaries, to control the Company or exercise significant influence over the Company in making financial and operating policy decisions, or has joint control over the Company;
- The Company and the party are subject to common control;
- The party is an associate of the Company or a joint venture in which the Company is a venturer;
- The party is a member of key management personnel of the Company or the Company's parent, or a close family member of such individual, or is an entity under the control, joint control or significant influence of such individuals;
- The party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- The party is a post-employment benefit plan which is for the benefit of employees of the Company or of any entity that is a related party of the Company.

3.15. COMPARATIVES

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2016

3.16. EVENTS AFTER THE REPORTING PERIOD

Assets and liabilities are adjusted for events that occurred during the period from the reporting date to the date of approval of the financial statements by the Board of Directors, when these events provide additional information for the valuation of amounts relating to events existing at the reporting date or imply that the going concern concept in relation to part or whole of the Company is not appropriate.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

4. SHARE BASED PAYMENTS

At 30 September 2016, the Company had the following share based payment arrangements:

First issue - 2014 Conditional Awards ("LTIP") and Appreciation Rights ("SARS")

Conditional Awards is the grant of shares of the Company where the risks and rewards of share ownership will vest on specific vesting dates with the employee subject to certain conditions. The inaugural award will vest in three equal annual tranches. The award, on vesting, may at the election of the Company, be either cash-settled or share-settled as provided for in the rules of the Plan. Management has confirmed that the Company has both the ability and the intent to settle these awards by the issue of equity instruments.

Appreciation Rights is the grant of an award by the company where the employee is, subject to certain conditions, entitled to receive the increase in the share value above the award price. The appreciation in value may, at the election of the company, be either cash settled or share settled as provided for in the rules of the Plan. The inaugural award is at an award price of ZAR38.00 per share and vests in two equal annual tranches with the ability to exercise the award at any time up to five years from the date of the grant. Management has confirmed that the Company has both the ability and the intent to settle these awards by the issue of equity instruments. The performance conditions of the second issue were modified to align with the performance conditions of the third issue.

Second issue - 2015 Conditional Awards and Appreciation Rights

1. The Conditional Awards and Appreciation Rights are contingent on there being no fatality at the Tharisa Mine in the case of Tranche 1 between the date of grant and 30 June 2016 ("1st twelve month period"), in the case of Tranche 2 between 1 July 2016 and 30 June 2017 ("2nd twelve month period") and in the case of Tranche 3 between 1 July 2017 and 30 June 2018 ("3rd twelve month period"). For example if there was a fatality during the 1st twelve month period, the Tranche 1 Conditional Award and Appreciation Right would lapse, however if there was no fatality during the 2nd twelve month period, the Tranche 2 Conditional Award and Appreciation Right would be eligible for vesting subject to the remaining performance conditions below.
2. Subject to there being no fatality during the vesting periods as detailed above:
 - 33.34% of each tranche of the Conditional Award and Appreciation Right will be subject to continuing employment in good standing (as determined by the Remuneration Committee) during the applicable vesting period;
 - 33.33% of each tranche of the Conditional Award and Appreciation Right will be subject to the production of 147.4 koz 6E PGMs during the 1st twelve month period, 2nd twelve month period or 3rd twelve month period, respectively. However 16.67% of each such tranche of the Conditional Award and Appreciation Right will vest (subject to paragraph 1 above) if the production during the applicable 12 month period is below 147.4 koz 6E PGMs but above 140.0 koz 6E PGMs. 33.33% of each tranche of the award will be forfeited if production in any applicable 12 month period falls below 140.0 koz 6E PGMs; and
 - 33.33% of each tranche of the Conditional Award and Appreciation Right will be subject to the production of 1.33 Mt of chrome concentrates comprising metallurgical grade, foundry grade and chemical grade within contract specifications during the 1st twelve month period, 2nd twelve month period or 3rd twelve month period, respectively. However 16.67% of each tranche of the Conditional Award and Appreciation Right will vest (subject to paragraph 1 above) if the production during the applicable 12 month period is below 1.33 Mt of chrome concentrates but above 1.26 Mt of chrome concentrates. 33.33% of each tranche of the Conditional Award will be forfeited if production in any applicable 12 month period falls below 1.26 Mt of chrome concentrates.
3. For the avoidance of doubt, if any tranche of the Conditional Award and Appreciation Right is forfeited (either wholly or partially) as a result of failure to achieve the above PGM and chrome production targets in any applicable 12 month period but the said targets (for full or partial vesting) are achieved in subsequent 12 month periods during the applicable vesting periods, provided there has not been a fatality as detailed above, the awards will vest (wholly or partially as applicable) for that period as provided.

The awards are subject to the rules governing the Plan and the final discretion of the Tharisa plc Remuneration Committee will prevail should there be any discrepancy. The conditional awards and appreciation rights vest in three and two annual equal tranches respectively.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

4. SHARE BASED PAYMENTS (continued)

Third issue - 2016 Conditional Awards and Appreciation Rights

1. The Conditional Awards and Appreciation Rights are contingent on there being no fatality at the Tharisa Mine in the case of Tranche 1 between the date of grant and 30 June 2017 ("1st twelve month period"), in the case of Tranche 2 between 1 July 2017 and 30 June 2018 ("2nd twelve month period") and in the case of Tranche 3 between 1 July 2018 and 30 June 2019 ("3rd twelve month period"). For example if there was a fatality during the 1st twelve month period, the Tranche 1 Conditional Award and Appreciation Right would lapse, however if there was no fatality during the 2nd twelve month period, the Tranche 2 Conditional Award and Appreciation Right would be eligible for vesting subject to the remaining performance conditions below.
2. Subject to there being no fatality during the vesting periods as detailed above:
 - 33.34% of each tranche of the Conditional Award and Appreciation Right will be subject to continuing employment in good standing (as determined by the Remuneration Committee) during the applicable vesting period;
 - 33.33% of each tranche of the Conditional Award and Appreciation Right will be subject to the production of 147.4 koz 6E PGMs during the 1st twelve month period, 2nd twelve month period or 3rd twelve month period, respectively. However 16.67% of each such tranche of the Conditional Award and Appreciation Right will vest (subject to paragraph 1 above) if the production during the applicable 12 month period is below 147.4 koz 6E PGMs but above 140.0 koz 6E PGMs. 33.33% of each tranche of the award will be forfeited if production in any applicable 12 month period falls below 140.0 koz 6E PGMs; and
 - 33.33% of each tranche of the Conditional Award and Appreciation Right will be subject to the production of 1.33 Mt of chrome concentrates comprising metallurgical grade, foundry grade and chemical grade within contract specifications during the 1st twelve month period, 2nd twelve month period or 3rd twelve month period, respectively. However 16.67% of each tranche of the Conditional Award and Appreciation Right will vest (subject to paragraph 1 above) if the production during the applicable 12 month period is below 1.33 Mt of chrome concentrates but above 1.26 Mt of chrome concentrates. 33.33% of each tranche of the Conditional Award will be forfeited if production in any applicable 12 month period falls below 1.26 Mt of chrome concentrates.
3. For the avoidance of doubt, if any tranche of the Conditional Award and Appreciation Right is forfeited (either wholly or partially) as a result of failure to achieve the above PGM and chrome production targets in any applicable 12 month period but the said targets (for full or partial vesting) are achieved in subsequent 12 month periods during the applicable vesting periods, provided there has not been a fatality as detailed above, the awards will vest (wholly or partially as applicable) for that period as provided.

The awards are subject to the rules governing the Plan and the final discretion of the Tharisa plc Remuneration Committee will prevail should there be any discrepancy. The conditional awards and appreciation rights vest in three and two annual equal tranches respectively.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

4. SHARE BASED PAYMENTS (continued)

A reconciliation of the movement in the Group's LTIP and SARS in the period under review is as follows:

LTIP

First issue - 2014 valuation of share option at grant date was ZAR23.11 per share.

Second issue - 2015 valuation of share option at grant date was ZAR6.37 per share.

Third issue - 2016 valuation of share option at grant date was ZAR10.32 per share.

	Opening balance	Allocated	Vested/ exercised	Forfeited	Total
LTIP 2016 Ordinary shares					
LTIP	4 101 381	3 664 543	(1 175 565)	(322 254)	6 268 105
LTIP 2015 Ordinary shares					
LTIP	3 679 129	2 656 589	(1 191 256)	(1 043 081)	4 101 381

An expense of US\$2.1 million (2015: US\$2.9 million) was recognised in profit or loss.

SARS

First issue - 2014 valuation of share award at grant date was ZAR4.25 per award.

Second issue - 2015 valuation of share award at grant date was ZAR2.01 per award.

Third issue - 2016 valuation of share award at grant date was ZAR4.55 per award.

	Opening balance	Allocated	Vested & not yet exercised	Forfeited	Total
SARS 2016 Ordinary shares					
SARS	2 627 001	3 618 631	(791 542)	(356 652)	5 097 442
SARS 2015 Ordinary shares					
SARS	2 051 139	3 556 635	(947 471)	(2 033 302)	2 627 001

An expense of US\$0.4 million (2015: US\$0.3 million) was recognised in profit or loss.

Number of share appreciation rights vested, not yet exercised:

First issue (vesting date)	Number of rights	Remaining life in years
30 June 2015	947 471	3.75
30 June 2016	791 542	4.75

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

4. SHARE BASED PAYMENTS (continued)

Information on awards granted during the year

Fair values were determined by a Black Scholes model for the LTIP awards and a Binomial tree model for the SARS awards. The inputs summarised in the following table were used for the third issue – 2016. The comparative inputs were used for the second award.

	2016	2015
Spot price	ZAR10.75	ZAR6.90
Strike price	ZAR10.14	ZAR6.44
Expected volatility	60.00%	33.00%
Dividend yield	2.00%	4.00%
Risk-free interest rate	Zero coupon fit swap curve	Zero coupon fit swap curve
Forfeiture assumption	5.00%	5.00%

The expected volatility is based on historical share price data of the Company and similar companies in the mining sector incorporating a range of weekly and monthly volatility over different maturities.

5. INCOME

	2016 US\$'000	2015 US\$'000
Dividend income (note 18)	6 552	4 892

6. DIRECTORS REMUNERATION

The remuneration of the Directors is set out in the following tables:

2016	Directors' fees US\$'000	Bonus US\$'000	Expense allowance US\$'000	Share based payments US\$'000	Provident fund and risk benefits US\$'000	Total US\$'000
Paid by the Company:						
JD Salter	129	-	-	-	-	129
I Drapaniotis *	39	-	-	-	-	39
A Djakouris	129	-	-	-	-	129
O Kamal	61	-	-	-	-	61
C Bell **	51	-	-	-	-	51
B Chi Ming Cheng	43	-	-	-	-	43
Total	452	-	-	-	-	452

* Retired by rotation on 25 February 2016

** Appointed on 22 March 2016

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

6. DIRECTORS REMUNERATION (continued)

2015	Directors' fees US\$'000	Bonus US\$'000	Expense allowance US\$'000	Share based payments US\$'000	Provident fund and risk benefits US\$'000	Total US\$'000
Paid by the Company:						
JD Salter	188	-	-	-	-	188
I Drapaniotis *	97	-	-	-	-	97
A Djakouris	129	-	-	-	-	129
O Kamal	58	-	-	-	-	58
B Chi Ming Cheng	32	-	-	-	-	32
Total	504	-	-	-	-	504

* Retired by rotation on 25 February 2016

7. ADMINISTRATIVE EXPENSES

	2016 US\$'000	2015 US\$'000
Non-Executive Directors' fees and related taxes	452	448
Equity-settled share based payments	748	1 088
Audit *	213	231
Consulting and professional	159	739
Management and administration	874	1 111
Impairment losses	578	870
Listing fees	889	-
Sundry expenses	290	404
	4 203	4 891

* External audit services

8. NET FINANCE COSTS

	2016 US\$'000	2015 US\$'000
Interest income	4	95
Net foreign currency gains	77	-
Finance income	81	95
Net foreign currency losses	-	(244)
Interest expense	(1)	-
Bank charges	(8)	(7)
Finance costs	(9)	(251)
Changes in fair value of financial assets at fair value through profit or loss	(12)	(31)
Net finance income/(cost)	60	(187)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2016

9. TAX	2016 US\$'000	2015 US\$'000
Corporation tax – current year	47	45

Current tax comprises corporation tax and special contribution for defence. Corporation tax is provided on the chargeable income of the Company at the rate of 12.5%. Special contribution for defence is provided on passive interest at the rate of 30%. 100% of passive interest income is disallowed in the computation of chargeable income for corporation tax purposes (2015: 100%).

There were no significant timing differences between the carrying amounts of assets and liabilities and their tax bases, and as a result no provision for deferred tax has been made in the financial statements.

Tax losses are carried forward for a period of five years.

The tax on the Company's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2016 US\$'000	2015 US\$'000
Profit/(loss) before tax	2 409	(186)
Tax calculated at the applicable tax rates	301	(23)
Tax effect of expenses not deductible for tax purposes	510	623
Tax effect of allowances and income not subject to tax	(829)	(612)
Recognition of deemed interest income for tax purposes	65	57
Tax charge	47	45

10. LONG-TERM DEPOSITS

Long-term deposits	3 252	4 621
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The long-term deposit 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.

This amount will be reduced by the additional amount, if any, transferred by Tharisa Minerals Proprietary Limited to its debt service reserve account. The amount of security includes a 10% margin for exchange fluctuations. The long-term deposit is deposited with a major financial institution of high-quality credit standing in Hong Kong and bears interest at 0.01% pa (30 September 2015: no interest).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

11. INVESTMENTS IN SUBSIDIARIES

	2016 US\$'000	2015 US\$'000
Unlisted ordinary shares	12 618	13 840
Unlisted preference shares	298 896	292 344
	311 514	306 184

The following table contains the particulars of all direct subsidiaries of the Company. Unless stated otherwise, the class of shares is ordinary.

Name	Country of establishment/ incorporation and operation	Principal activities	2016 Holding %	2015 Holding %	Date of incorporation/ establishment/ acquisition	Particulars of issued and paid up capital and other securities	Type of entity
Arxo Resources Limited	Cyprus	Selling and distribution of chrome products	100	100	04/02/2011	1 ordinary share of EUR1 each	Limited liability company
Tharisa Minerals Proprietary Limited	South Africa	Mining of platinum group metals and chrome concentrates	74	74	09/02/2009	370 ordinary shares of ZAR1 each and 2 632 redeemable preference shares of ZAR0.01 each	Limited liability company
Tharisa Investments Limited	Cyprus	Investment holding	100	100	02/11/2010	15 025 class A shares of US\$0.01 each	Limited liability company
Arxo Logistics Proprietary Limited	South Africa	Logistics operations	100	100	01/03/2011	170 ordinary shares of ZAR1 each	Limited liability company
Tharisa Administration Services Limited	Cyprus	Management and administration services to other entities of the Group of the Company	100	100	31/05/2011	1 100 ordinary shares of US\$1 each	Limited liability company
Dinami Limited	Guernsey	Marketing of chrome products	100	100	30/05/2013	1 000 ordinary shares of £1 each	Limited liability company

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

11. INVESTMENTS IN SUBSIDIARIES (continued)

The impairment assessment of the Board of Directors is disclosed in note 20 of the financial statements. As at 30 September 2016, unlisted ordinary shares include an amount of US\$0.4 million (30 September 2015: US\$0.9 million) that relates to share based payments granted to employees and other approved consultants of the Group. An amount of US\$0.1 million (30 September 2015: US\$0.8 million) relates to Tharisa Fujian Industrial Co., Limited and Braeston Corporate Consulting Services Proprietary Limited, which are indirect subsidiaries of the Company.

Terms of preference shares of Tharisa Minerals Proprietary Limited

The preference shares confer on the holder the right to receive out of distributable profits of the subsidiary a cumulative preferential cash dividend calculated at the rate of LIBOR + 1% pa, on the basis that it shall be due and payable annually on the dividend date (30 September) with the final preference dividend in respect of each preference share being due and payable on the date on which the preference shares are due. The preference dividend shall, in respect of each preference share which has not been redeemed, be declared and paid on each dividend date and will be calculated at the dividend rate on the subscription price. The redemption date is the earlier of the tenth business day after receipt by the preference shareholder of a written notice given by the subsidiary company, which notice the subsidiary company may give at any time, or the tenth business day after receipt by the subsidiary company of a written notice given by the preference shareholder, which the preference shareholder may give only after the third anniversary of the subscription date. Investments in such shares are treated by the Company as investments in preference shares of the subsidiary. The preference shares were subordinated in favour of the subsidiary's bank borrowings.

Acquisition of 15% equity interest in Tharisa Investments Limited

On 22 November 2011, the Company and Fujian Wuhang Stainless Steel Products Co. Ltd ("Fujian") signed an agreement, according to which Fujian transferred its 2 250 class A shares in Tharisa Investments Limited, representing 15% equity interest, to the Company. The consideration for this transfer was the par value of the shares transferred and a call option written by the Company which conferred to Fujian a right to purchase 15% of the equity capital of Tharisa Fujian Industrial Co., Ltd, a subsidiary of Tharisa Investments Limited, at Chinese Yuan Renminbi 100 any time after 31 December 2012.

12. OTHER RECEIVABLES

	2016 US\$'000	2015 US\$'000
Non-current assets		
Loans receivable from related parties (note 18)	9 813	-
Current assets		
Loans receivable from related parties (note 18)	1 950	14 122
Receivables from related parties (note 18)	3 429	373
Deposits and prepayments	20	24
	5 399	14 519

The fair values of other receivables due within one year approximate their carrying amounts. Except for a cumulative impairment of US\$16.0 million (30 September 2015: US\$15.4 million) on the amount owed by Tharisa Investments Limited to the Company, the Directors are of the opinion that no other allowance for credit losses in respect of other receivables is required.

The exposure of the Company to credit risk and impairment losses in relation to other receivables is reported in note 21 of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 US\$'000	2015 US\$'000
Balance at 1 October	55	86
Charge	(12)	(31)
Balance at 30 September	43	55

The financial assets at fair value through profit or loss represent shares in Bank of Cyprus Public Co Limited that are marketable securities and are valued at market value at the close of business on 30 September 2016 by reference to latest available stock exchange quoted bid prices and are subject to an impairment provision. Financial assets at fair value through profit or loss are classified as current assets because they are expected to be realised within twelve months from the reporting date.

14. CASH AND CASH EQUIVALENTS

	2016 US\$'000	2015 US\$'000
Cash at bank	2 308	1 215
Bank deposits	261	260
	2 569	1 475

As at 30 September 2016, US\$0.3 million (30 September 2015: US\$0.3 million) served as security against certain credit facilities of the Company and its subsidiaries.

15. SHARE CAPITAL AND RESERVES

Share capital

	30 September 2016		30 September 2015	
	Number of Shares '000	US\$'000	Number of Shares '000	US\$'000
Authorised – ordinary shares of US\$0.001 each				
As at 30 September	10 000 000	10 000	10 000 000	10 000
Authorised – convertible redeemable preference shares of US\$1 each				
As at 30 September	1 051	1	1 051	1
Issued and fully paid				
Ordinary shares				
Balance at the beginning of the year	255 892	256	254 781	255
Allotments during the year	1 090	1	1 111	1
Balance at the end of the year	256 982	257	255 892	256

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

15. SHARE CAPITAL AND RESERVES (continued)

Share capital

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

Allotments during the previous year were in respect of the award of 1 111 240 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 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 years ended 30 September 2016 and 30 September 2015, the increases in the share premium account related to the issue and allotment of ordinary shares granted in terms of the Share Award Schemes.

Other reserve

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

Revenue reserve

The revenue reserve includes the accumulated retained profit and losses of the Company. The revenue reserve is distributable for dividend purposes.

Capital management

The Company's target is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business in a way that optimises the cost of capital and matches the current strategic business plan. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital. Capital is defined as total shareholders' equity, excluding non-controlling interests. Management is aware of the risks associated to capital management. Capital needs are monitored on a regular basis and whenever needed management takes steps in an attempt to effectively manage any corresponding risks.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

16. OTHER PAYABLES	2016 US\$'000	2015 US\$'000
Accruals	465	519
Other payables	24	50
Payables to related parties (note 18)	2	99
Loans payable to related parties (note 18)	2 923	1 923
Payables to other related parties (note 18)	102	95
	3 516	2 686

The amounts above are payable within one year from the reporting period. The exposure of the Company to liquidity risk is disclosed in note 20.

17. CURRENT TAXATION	2016 US\$'000	2015 US\$'000
Corporation tax	53	98

The amounts above are payable within one year from the reporting period. The exposure of the Company to liquidity risk is disclosed in note 21.

18. RELATED PARTY TRANSACTIONS

Related party transactions exist between shareholders, subsidiaries of the Company and its directors.

These transactions are concluded at arm's length in the normal course of the business.

	2016 US\$'000	2015 US\$'000
Dividend income		
Tharisa Minerals Proprietary Limited	6552	4 892
Management and administration fees		
Tharisa Administration Services Limited	159	305
Tharisa Minerals Proprietary Limited	39	-
Braeston Corporate Consulting Services Proprietary Limited	675	806
	873	1 111
Recharge of expenses		
Braeston Corporate Consulting Services Proprietary Limited	-	7

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

18. RELATED PARTY TRANSACTIONS (continued)

	2016 US\$'000	2015 US\$'000
Receivables from related parties		
Tharisa Administration Services Limited	63	-
Braeston Corporate Consulting Services Proprietary Limited	1 602	144
Arxo Logistics Proprietary Limited	117	8
Tharisa Fujian Industrial Co., Limited	114	15
Tharisa Minerals Proprietary Limited	1 533	206
	3 429	373

Receivables from related parties are unsecured, interest free and with no fixed repayment dates. The Company has issued financial support commitments to Tharisa Investments Limited and Tharisa Fujian Industrial Co., Limited confirming that it will not demand repayment of outstanding balances, until the entities are in a position to repay their balance.

The amount owed by Tharisa Investment Limited has been fully impaired and incorporates a cumulative impairment of US\$16.0 million (2015: US\$15.4 million) at the reporting date.

Receivables from related parties include a share based payment asset of US\$3.5 million (2015: US\$0.4 million) for the reimbursement of the portion of the capital contribution for both the LTIP and SARS awards.

The asset was calculated based on a dividend yield of 2.00% (30 September 2015: 4.00%), forfeiture rate of 5.00% (30 September 2015: 5%), zero coupon fit swap curve risk-free interest rate, 60.00% volatility (30 September 2015: 35.00%), a strike price of ZAR38.00 for the first issue, ZAR6.44 for the second issue and ZAR10.14 for the third issue, and a spot price of ZAR23.99 for the first issue, ZAR5.00 for the second issue and ZAR17.00 for the third issue. Fair value was determined using a Black & Scholes model for the LTIP awards and a Binomial Tree Model for the SARS awards. The valuation of the share awards and options at the end of reporting period for the first issue (2014), second issue (2015) and third issue (2016) was ZAR16.75, ZAR16.57 and ZAR16.41 (30 September 2015: ZAR4.86 and ZAR4.52) and ZAR2.40, ZAR10.89 and ZAR9.03 (30 September 2015: ZAR0.15 and ZAR1.06) for LTIP and SARS respectively.

	2016 US\$'000	2015 US\$'000
Loans receivable from related parties		
Non-current assets		
Arxo Logistics Proprietary Limited	8 000	-
Tharisa Minerals Proprietary Limited	1 813	-
	9 813	-
Current assets		
Arxo Resources Limited	1 828	6 000
Tharisa Minerals Proprietary Limited	122	122
Arxo Logistics Proprietary Limited	-	8 000
	1 950	14 122

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

18. RELATED PARTY TRANSACTIONS (continued)

The current loan receivable from Tharisa Minerals Proprietary Limited is for US\$62.5 million and is unsecured, interest free and is repayable on 31 December 2016.

The non-current loan receivable from Tharisa Minerals Proprietary Limited is for ZAR27.5 million and is unsecured, interest free and is repayable on 30 September 2019. The loan has been subordinated in favour of Tharisa Minerals Proprietary Limited's lenders.

The loan receivable from Arxo Logistics Proprietary Limited is for US\$8.0 million. The loan is unsecured, interest free, and is repayable by 31 December 2020. Repayment terms were amended during the year ended 30 September 2016. The loan has been subordinated in favour of Arxo Logistics Proprietary Limited's "trade and other creditors" until such time as the assets of Arxo Logistics Proprietary Limited fairly valued, exceeds the liability.

The loan facility to Arxo Resources Limited is for a maximum of US\$7.0 million. The loan is unsecured, interest free and has no fixed repayment date.

	2016 US\$'000	2015 US\$'000
Payables to related parties		
Dinami Limited	2	2
Tharisa Administration Services Limited	-	97
	2	99

The payable to Tharisa Administration Services Limited at 30 September 2015 included a share based payment asset for the reimbursement of the portion of capital contribution for both the LTIP and SARS awards. The asset was calculated based on a dividend yield of 3.95%, forfeiture rate of 5.00%, zero coupon fit swap curve risk-free interest rate, 35.00% volatility, a strike price of ZAR38.00 for the first issue AND ZAR6.44 for the second issue, and a spot price of ZAR23.99 for the first issue and ZAR5.00 for the second issue. Fair value was determined using a Black & Scholes model for the LTIP awards and a Binomial Tree Model for the SARS awards. The valuation of the share awards and options at the end of reporting period for the first issue (2014) and second issue (2015) was ZAR4.86 and ZAR4.52 and ZAR0.15 and ZAR1.06 for LTIP and SARS respectively.

Payables to related parties are unsecured, interest free and no fixed repayment dates have been set.

	2016 US\$'000	2015 US\$'000
Loans payable to related parties		
Dinami Limited	2 923	1 923

During the year ended 30 September 2015, the loan facility provided from Dinami Limited was increased from US\$1.5 million to a maximum of US\$3.0 million. The loan is unsecured, interest-free and is repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

18. RELATED PARTY TRANSACTIONS (continued)

	2016 US\$'000	2015 US\$'000
Payables to other related parties		
Antonios Djakouris	21	23
David Salter	30	27
Ioannis Drapaniotis	-	21
Omar Kamal	16	14
Brian Chi Ming Chen	11	10
Carol Bell	24	-
	102	95

Guarantees and financial support commitments to related parties

The Company has issued the following guarantees with regards to related parties:

During the year ended 30 September 2012, a subsidiary of the Company, Tharisa Minerals Proprietary Limited ("the subsidiary") obtained financing of ZAR1 billion from a consortium of banks in South Africa, to finance the expansion projects of its mining activities. The financing is for a period of 7 years and is repayable in 22 equal quarterly instalments, with the first repayment date at 31 December 2013. At 30 September 2016 the contractual remaining term is equal to 10 quarterly instalments.

Repayments are subject to a cash sweep which will reduce the repayment period to a minimum of five years. The subsidiary is required to maintain funds in a debt service reserve account, refer to note 9, and may utilize funds in this account, with the prior written consent of the lenders for the purpose of making a repayment in the event that Tharisa Minerals Proprietary Limited does not have the necessary funds available to make the debt repayment. The financing bears interest at 3 month JIBAR plus 4.9% pa prior to project completion. Once project completion has been achieved, the interest rate will reduce to JIBAR plus 3.4% pa. The project completion date was extended to 28 November 2016 during the prior year. The financing is secured by the assets of the subsidiary, by the shares of the Company in the subsidiary and also by the Company.

- 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.
- Reserve tail ratio at a level of 30% or greater.
- Debt/equity ratio at a level greater than 1.5 times.

As at 30 September 2016 and 30 September 2015 the subsidiary complied with all covenant ratios.

The Company issued a guarantee limited to US\$12.5 million (30 September 2015: US\$12.5 million) as security for trade finance facilities provided by a bank to Arxo Resources Limited.

The Company issued a guarantee to ABSA Bank Limited which guarantees payment of certain liabilities of Arxo Logistics Proprietary Limited to Transnet amounting to ZAR19.4 million.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

18. RELATED PARTY TRANSACTIONS (continued)

Guarantees and financial support commitments to related parties (continued)

The Company has issued financial support commitments to its subsidiaries, Tharisa Investments Limited and Tharisa Fujian Industrial Co., Ltd, confirming that it will continue provide funding to the companies in order to enable the entities to continue as going concern and meet all their liabilities as they fall due.

During the year ended 30 September 2015, Tharisa Minerals Proprietary Limited, obtained a loan for the amount of ZAR13.3 million repayable in twelve monthly instalments commencing 1 December 2015. The loan is guaranteed by the Company for an amount of ZAR14.0 million and bears interest at a rate of 8.72% pa (30 September 2015: 7.92%).

The Company issued a guarantee to an external customer of Arxo Resources Limited for a maximum of US\$10.0 million as security for pre-shipment advances made by the customer to Arxo Resources Limited.

Relationship between related parties and entities

Antonis Djakouris, David Salter, Ioannis Drapaniotis, Omar Kamal, Brian Chi Ming Cheng and Carol Bell were Directors of the Company during the year. Ioannis Drapaniotis retired by rotation on 25 February 2016. Carol Bell was appointed on 22 March 2016.

Tharisa Minerals Proprietary Limited, Dinami Limited, Arxo Logistics Proprietary Limited, Tharisa Investments Limited and Tharisa Administration Services Limited are subsidiaries of the Company. Braeston Corporate Consulting Services Proprietary Limited, Arxo Metals Proprietary Limited and Tharisa Fujian Industrial Co., Limited are indirect subsidiaries of the Company.

19. DIRECTORS INTEREST IN STATED CAPITAL

	2016 %	2015 %
LC Pouroulis	0.05	0.02
P Pouroulis	2.73	2.72
MG Jones	0.03	0.02
Total	2.81	2.76

Where a member of the Board of Directors holds no direct or indirect interest, the director is not reflected in the table above.

In the comparative year, the shareholding of a family member of O Kamal was disclosed as an indirect shareholding of O Kamal in the shares of the Company. The comparative year has been restated.

There has been no change in the Director's interests in the share capital of the Company between the end of the financial year and the date of the approval of the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

20. ANALYSIS OF SHAREHOLDERS

The shareholders holding more than 5% (directly or indirectly) of the issued share capital:

	30 September 2016		30 September 2015	
	Number of shares	%	Number of shares	%
Medway Development Limited	119 030 073	46.32	119 030 073	46.72
Rance Holdings Limited *	40 548 241	15.78	40 548 241	15.85
Fujian Wuhang Stainless Steel Products Co. Limited **	19 419 920	7.56	19 419 920	7.59
Maaden Invest Limited	14 985 577	5.83	14 985 577	5.86

* Disclosed in the prior year as LCC Pershing which was the broker holding the shares on behalf of Rance Holdings Limited.

** Fujian Wuhang Stainless Steel Co. Limited was disclosed in the comparative year as 28 070 211 shares being 10.97% of the issued share capital of the Company. This included 8 650 291 shares held by a third party representing 3.38% of the issued share capital of the Company. The comparative year has been restated.

There has been no significant change in the shareholders holding more than 5% of the issued share capital of the Company between the end of the financial year and the date of the approval of the consolidated financial statements.

Public and non-public shareholders:

2016	Number of shareholders	Number of shares	% of issued share capital
Public	676	89 947 999	35.00
Non public:			
Directors and associates of the Company and its subsidiaries	14	7 455 258	2.90
Persons interested (other than directors), directly or indirectly, in 10% or more	2	159 578 314	62.10
	692	256 981 571	100.00
2015	Number of shareholders	Number of shares	% of issued share capital
Public	660	61 034 745	23.85
Non public:			
Directors and associates of the Company and its subsidiaries	16	7 208 616	2.82
Persons interested (other than directors), directly or indirectly, in 10% or more	3	187 648 525	73.33
	679	255 891 886	100.00

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

21. FINANCIAL RISK MANAGEMENT

In the ordinary course of business the Company is exposed to credit risk, liquidity risk, and market risk. This note presents information about the Group's exposure to each of the above risks and its objectives, policies and processes for measuring and managing risks. Further quantitative disclosures are included throughout this note.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's financial assets. The most significant exposure of the Company to credit risk is represented by the carrying amount of receivables from related parties, loans receivable from related parties, long term deposits and cash and cash equivalents.

Loans receivable from related parties and receivables from related parties

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each party. However, management also considers the demographics of each party including the default risk of the industry and country, in which they operate, as these factors may have an influence on credit risk. In monitoring credit risk, management reviews on a regular basis the ageing and the current and anticipated financial position and profitability of entities included in loans receivable from related parties and receivables from related parties. The Company establishes an allowance for credit losses that represents its estimate of incurred losses. The main component of this allowance is a specific loss component that relates to individually significant exposures. At the reporting date, the Board of Directors is of the opinion that other than the impairment made for the balance owing by Tharisa Investments Limited, none of the other carrying amounts of loans receivable from related parties and receivables from related parties are impaired.

Cash and cash equivalents and long term deposits

The Company limits its exposures on cash and cash equivalents and long term deposits by dealing only with well-established financial institutions of high quality credit standing. At the reporting date, the majority of the Company's cash resources was deposited with HSBC based in Hong Kong.

The maximum exposure to credit risk at the reporting date of the financial statements was:

	2016 US\$'000	2015 US\$'000
Other receivables	15 212	14 519
Cash and cash equivalents	2 569	1 475
Long-term deposits	3 252	4 621
	21 033	20 615

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

21. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Management is aware of the above risk. Liquidity risk is monitored on a regular basis and management is taking steps deemed necessary in an attempt to manage the corresponding risk. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, financial risk management may not be possible for instances where weakened commodity prices exist, forecast production not being achieved and funding is not raised. The maturities of the Company's substantial liabilities are disclosed in note 18 of these financial statements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Equity price risk

Equity price risk is the risk that changes in equity prices will affect the Company's income or the value of its investment holdings. The maximum exposure to equity price risk is represented by the carrying amount of investments in subsidiaries as disclosed in note 10 to the financial statements.

The Board of Directors has performed an impairment assessment of the investments in subsidiaries based on value in use calculation and has concluded that there are no immediate indications for impairment. This calculation uses discounted cash flows of the subsidiaries approved by management.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates. Other than cash at bank which attracts interest at normal commercial rates, the Company has no other significant interest bearing financial assets. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. Management is aware of the above risk. Interest rate risk is monitored on a regular basis and management is taking steps deemed necessary in an attempt to manage the corresponding risk.

At the reporting date the interest rate profile of interest-bearing financial instruments were:

	Effective interest rate	2016 US\$'000	2015 US\$'000
Variable rate instruments	Libor + 1%	298 896	292 344

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

21. FINANCIAL RISK MANAGEMENT (continued)

Market risk

Sensitivity analysis

An increase of 100 basis points in interest rates at the reporting date would have increased equity and profit or loss by approximately US\$3.0 million (30 September 2015: US\$2.9 million). This analysis assumes that all other variables and in particular foreign exchange rates, remain constant. The analysis is performed on the same basis for 30 September 2015. A decrease of 100 basis points in interest rates at the reporting date would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the exchange rate movement in South African Rand (ZAR), Chinese Yuan Renminbi (YUAN), British Pound (GBP) and Euro (€) against the US\$. Management is aware of the above risk. Currency risk arising from currency fluctuations is monitored on a regular basis and management is taking steps deemed necessary in an attempt to manage the corresponding risk. In addition, financial risk management may not be possible for instances where weakened commodity prices exist, forecast production not being achieved and funding is not raised. The maturities of the Company's substantial liabilities are disclosed in note 18 of these financial statements.

The following table details the Company's exposure at the end of the reporting period to currency risk arising from recognized assets and liabilities denominated in a currency other than the functional currency of the Company. For presentation purposes, the amounts of the exposure are shown in US\$, translated using the spot rate at the reporting date. The spot rates used at the reporting date against the US\$ are a) US\$:ZAR, 13.74 (30 September 2015: 14.03); b) US\$:EUR, 0.89 (30 September 2015: 0.89) and c) US\$:STG, 0.77 (30 September 2015: 0.66).

	€	2016 ZAR	STG	€	2015 ZAR	STG
Amounts in US\$'000						
Financial assets at fair value through profit and loss	43	-	-	55	-	-
Other receivables	3	5 280	-	3	383	-
Cash and cash equivalents	10	44	3	7	14	3
Other payables	(470)	(7)	(13)	(174)	(75)	(13)
Current tax liabilities	(53)	-	-	(98)	-	-
	(467)	5 317	(10)	(207)	322	(10)

Sensitivity analysis

A 10% strengthening of the US\$ against the currencies disclosed in the previous table at 30 September 2016, would have increased/(decreased) equity and profit or loss by the amounts disclosed below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the US\$ against the relevant currency, there would be an equal and opposite impact on the profit or loss and equity. The analysis is performed on the same basis for 2015.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2016

21. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

	Profit or loss	
	2016	2015
	US\$'000	US\$'000
ZAR	(483)	(30)
€	42	19
STG	1	1
	(440)	(10)

Fair values

The Board of Directors considered that the fair values of significant financial assets and liabilities approximate to their carrying amounts at the reporting date.

Fair value hierarchy

The carrying value of the Company's financial instruments at fair value through profit or loss at the end of the reporting period across the three levels of the fair value hierarchy defined in IFRS 13, *Fair Value Measurement*, is represented by the carrying amounts of the financial assets at fair value through profit or loss and share based payment assets. The fair value is categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets at fair value through profit or loss amounting to US\$0.1 million (30 September 2015: US\$0.1 million) are categorised as Level 1.

The share based payment asset relate to the on charge portion of the share based payment receivable by the Company for both the LTIP and SARS awards issued during the year. The asset was calculated based on a dividend yield of 2.00% (30 September 2015: 4.00%), forfeiture rate of 5.00% (30 September 2015: 5%), zero coupon fit swap curve risk-free interest rate, 60.00% volatility (30 September 2015: 35.00%), a strike price of ZAR38.00 for the first issue, ZAR6.44 for the second issue and ZAR10.14 for the third issue, and a spot price of ZAR23.99 for the first issue, ZAR5.00 for the second issue and ZAR17.00 for the third issue. Fair value was determined using a Black & Scholes model for the LTIP awards and a Binomial Tree Model for the SARS awards. The valuation of the share awards and options at the end of reporting period for the first issue (2014), second issue (2015) and third issue (2016) was ZAR16.75, ZAR16.57 and ZAR16.41 (30 September 2015: ZAR4.86 and ZAR4.52) and ZAR2.40, ZAR10.89 and ZAR9.03 (2015: ZAR0.15 and ZAR1.06) for LTIP and SARS respectively. Fair value hierarchy: Level 2 (30 September 2015: Level 2).

22. CONTINGENT LIABILITIES

The Company had no contingent liabilities at 30 September 2016.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2016

23. EVENTS AFTER THE REPORTING PERIOD

On 14 November 2016, Tharisa Minerals Proprietary Limited achieved project completion in respect of the ZAR1 billion senior debt finance facility. As a result of the project completion, the guarantee (refer to note 18) will lapse. The project completion achievement does not have any impact on the Company's financial position as at 30 September 2016.

Subject to the necessary shareholder and regulatory approvals, the Board of Directors has approved a distribution to shareholders of US\$ 1 cent per share.

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.

24. DIVIDENDS

No dividends have been declared during the year (30 September 2015: no dividends).