



tharisa

H1 FY2016 INTERIM RESULTS | PROFITABLE LOW COST CO-PRODUCER – PGMS AND CHROME



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*Basis of preparation note: where figures are expressed in percent and a change is reflected, the change is expressed in percentage basis points.*

# AGENDA

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- ① Building a global presence
  - ② What you will hear today
  - ③ London listing is an important milestone
  - ④ H1 FY2016 – our achievements
  - ⑤ Our context
  - ⑥ Operational highlights
  - ⑦ Financial highlights
  - ⑧ Outlook
-

# BUILDING A GLOBAL PRESENCE



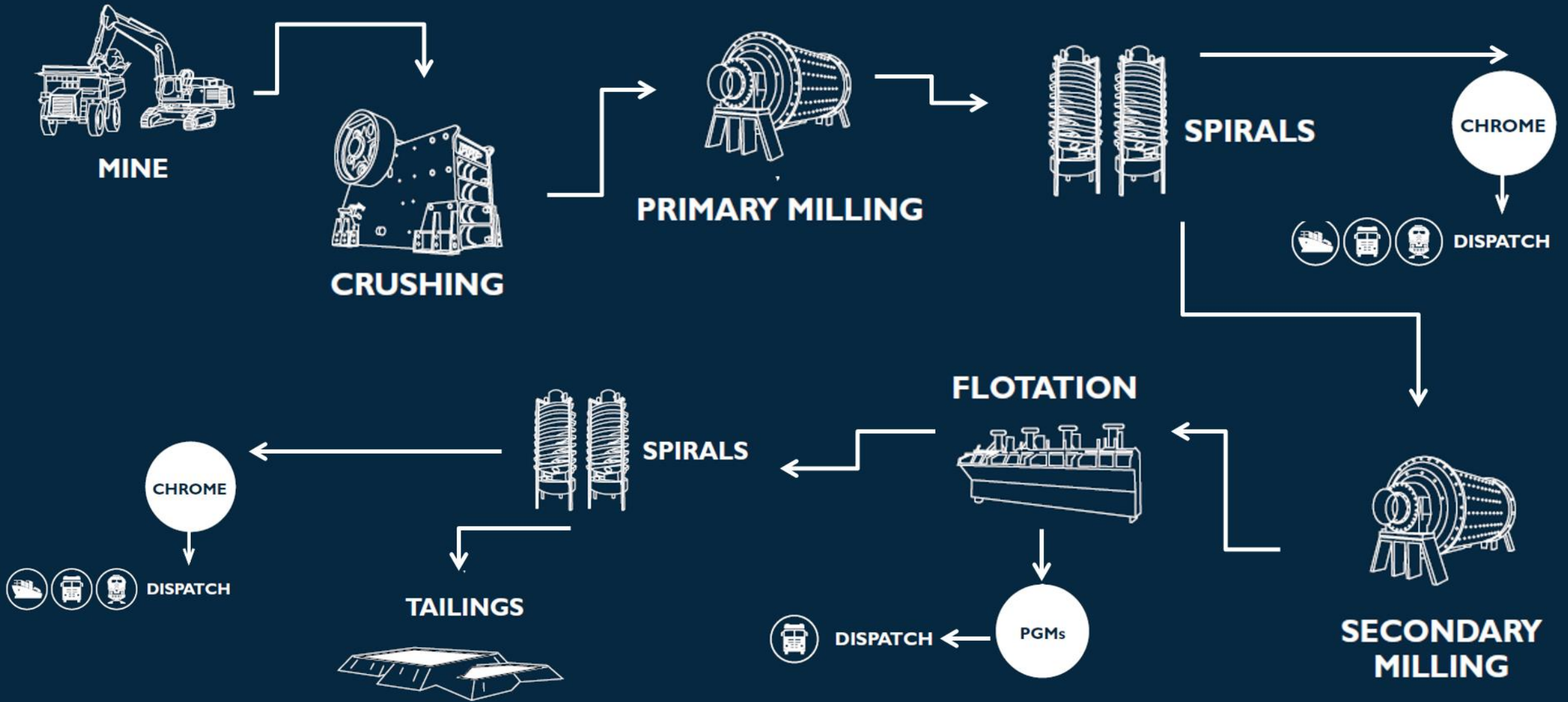
# THARISA MINE – OUR CORNERSTONE



# OUR INNOVATE APPROACH



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# MINE TO MARKET



## THARISA MINE

PGM CONCENTRATE



PGM off-take agreement with **Impala Refinery Services**

IRS supplies PGMs to:  
Automotive sector  
Industrial sector  
Jewellery sector  
Investment sector

CHROME CONCENTRATES



Metallurgical grade (76.6%)

Specialty (23.4%)



## ARXO LOGISTICS



## ARXO RESOURCES

Customers include:  
Stainless steel producers  
Ferrochrome producers  
Global commodity traders

Foundries  
Chemical producers  
Refractories

# WHAT YOU WILL HEAR TODAY

## Tharisa is ...

### Maturing

- A mid-tier company mining the world's single largest chrome resource
- Approaching steady state of 147.4 kozpa PGMs and 1.3 Mt of chrome concentrates\*
- Listed on JSE and now on LSE

### Delivering

- A diversified co-producer of PGMs, metallurgical and specialty grade chrome concentrates
- Among the lowest cost producers of both PGM and chrome concentrates
- Profitable from dual revenue streams from a single cost base

### Forward looking

- Organic growth opportunities that will result in improved recoveries and production
- Continually evaluating accretive growth opportunities
- Successful listing on the London Stock Exchange improves capital flexibility

*\* Updated 2015 CPR*



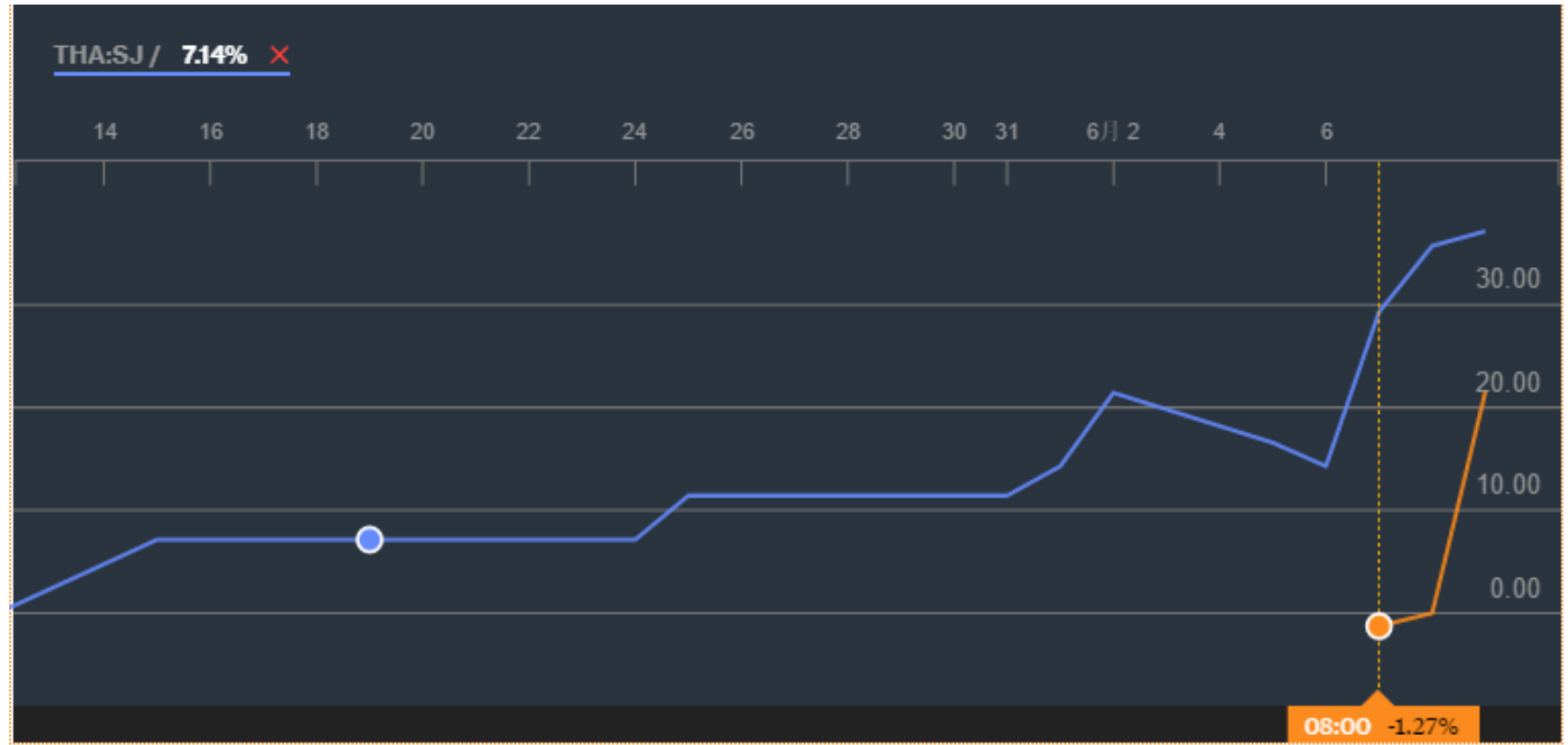
# LONDON LISTING IS AN IMPORTANT MILESTONE

Primary listing will remain on the JSE

Market capitalisation of ZAR2.4 billion

## Why London, why now?

- European domiciled company
- Large international shareholder base
- Raising international profile
- Access to wider pool of investors
- Improve trading liquidity



Source: Bloomberg

# H1 FY2016 – OUR ACHIEVEMENTS

PGM PRICES

↓27.4%

**US\$686/oz**

(2015: US\$945/oz)

42% CIF CHROME PRICES

↓32.1%

**US\$106/t**

(2015: US\$156/t)

## PRODUCTION

PGM PRODUCTION  
(6E)

↑4.5%

**60.0 koz**

(2015: 57.4 koz)

CHROME CONCENTRATE  
PRODUCTION

↑7.3%

**604.4 kt**

(2015: 563.3 kt)

## PROFITABILITY

REVENUE

↓30.5%

**US\$86.0m**

(2015: US\$123.7m)

NET CASHFLOWS FROM  
OPERATING ACTIVITIES

↑18.2%

**US\$18.2m**

(2015: US\$15.4m)

GROSS PROFIT MARGIN

↑6.2%

**24.6%**

(2015: 18.4%)

HEADLINE PROFIT PER  
SHARE

**US\$1 cent**

(2015: US\$1 cent)

## LOW COST

ALL IN COST – PGM\*

↓10.9%

**US\$492/oz**

(2015: US\$552/oz)

ALL IN COST – CHROME  
(CIF main ports China)\*

↓32.9%

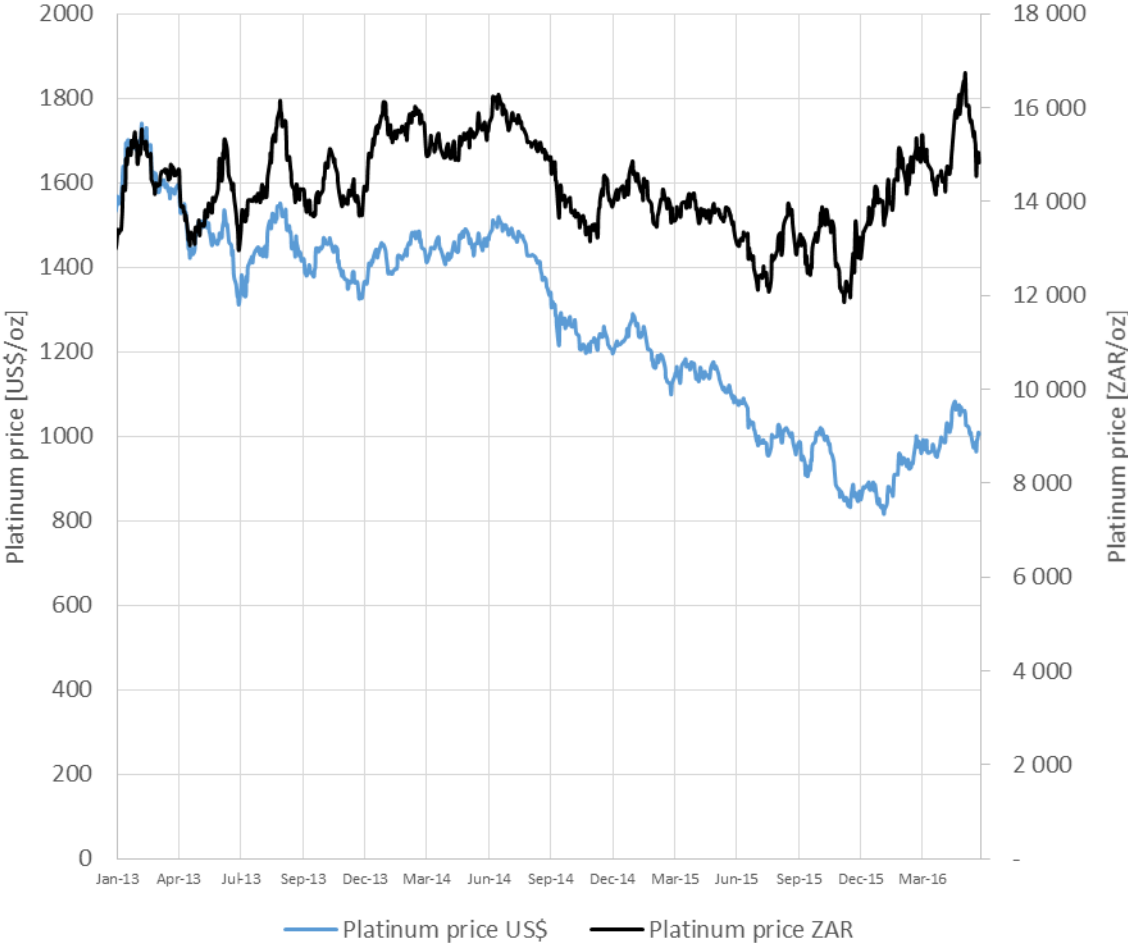
**US\$102/t**

(2015: US\$152/t)

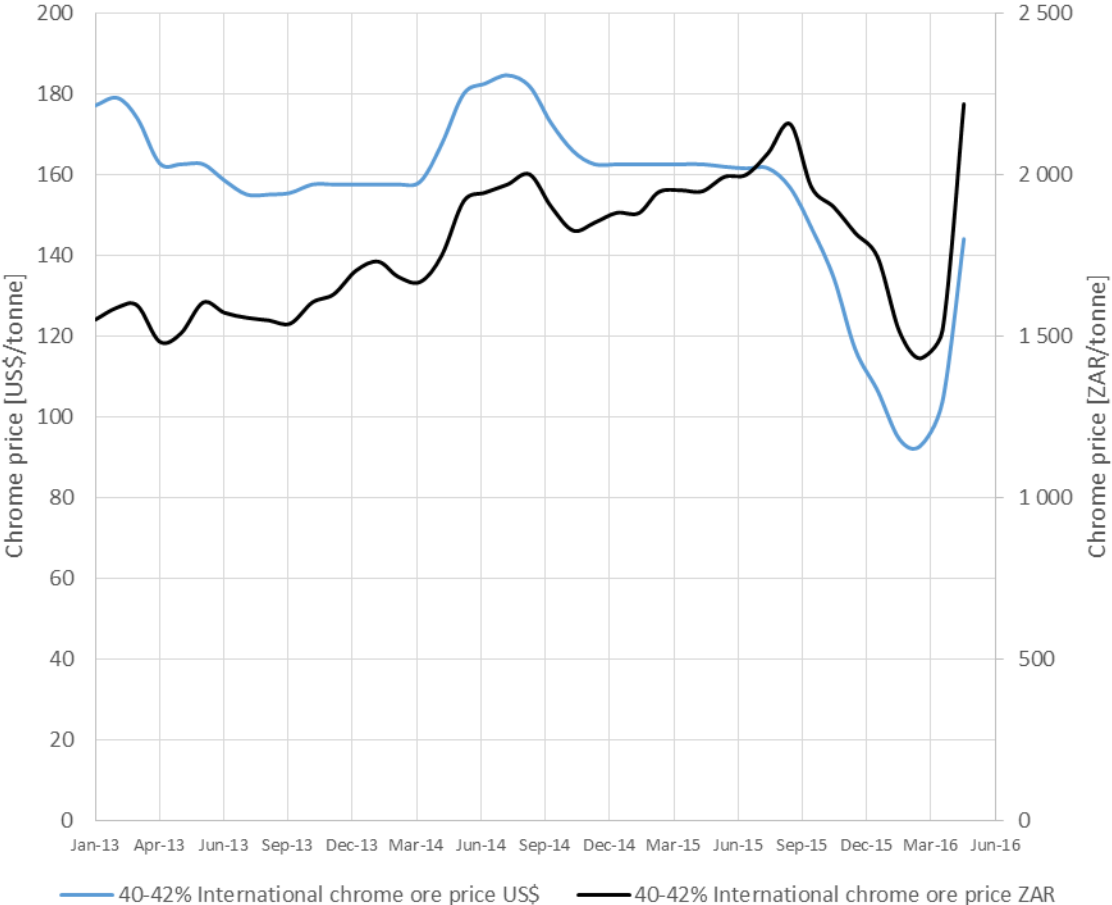
\*: including non cash flow items  
excluding financing and capital

# OUR CONTEXT – 3 YEARS

## PLATINUM



## CHROME



# OUR CONTEXT – 12 MONTHS

CURRENT PGM BASKET PRICE

**~US\$715/oz**

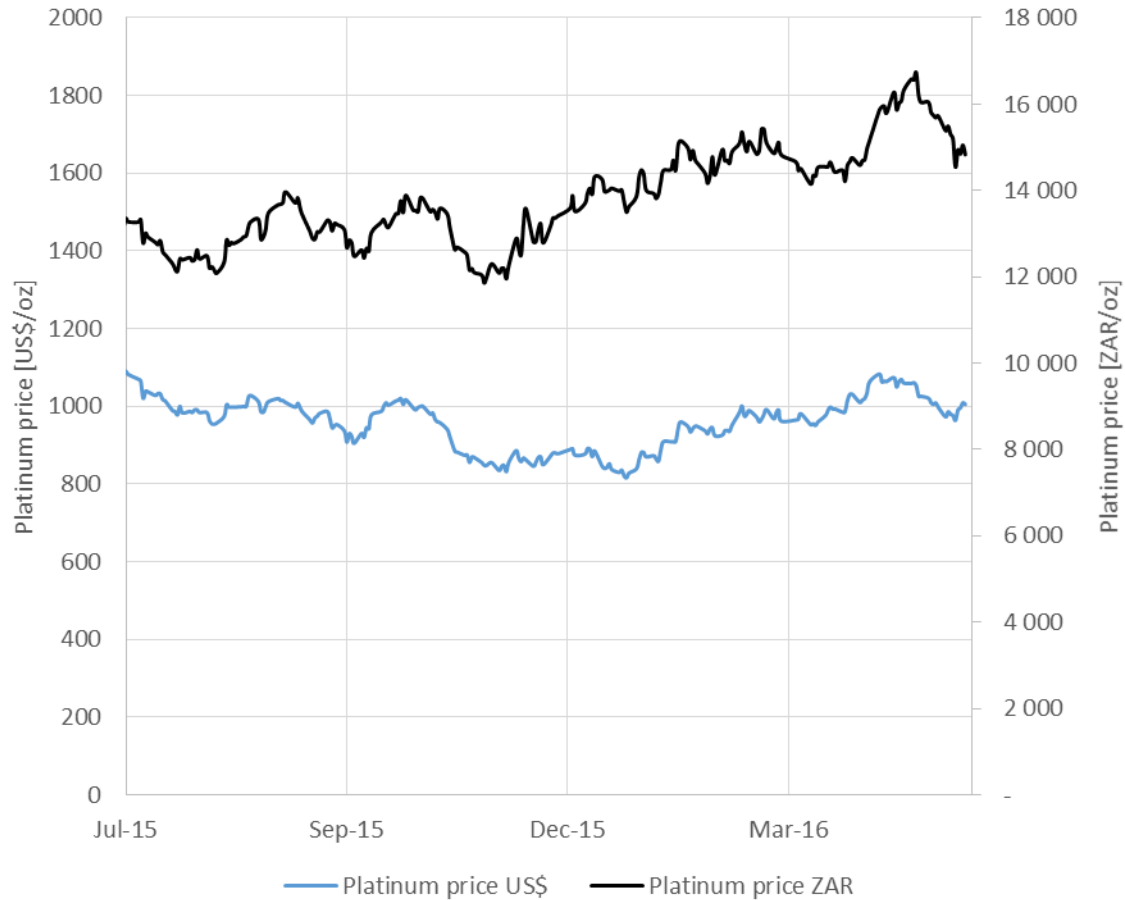
(June 2015: US\$854/oz)

CURRENT CIF 42% CHROME CONCENTRATE PRICE

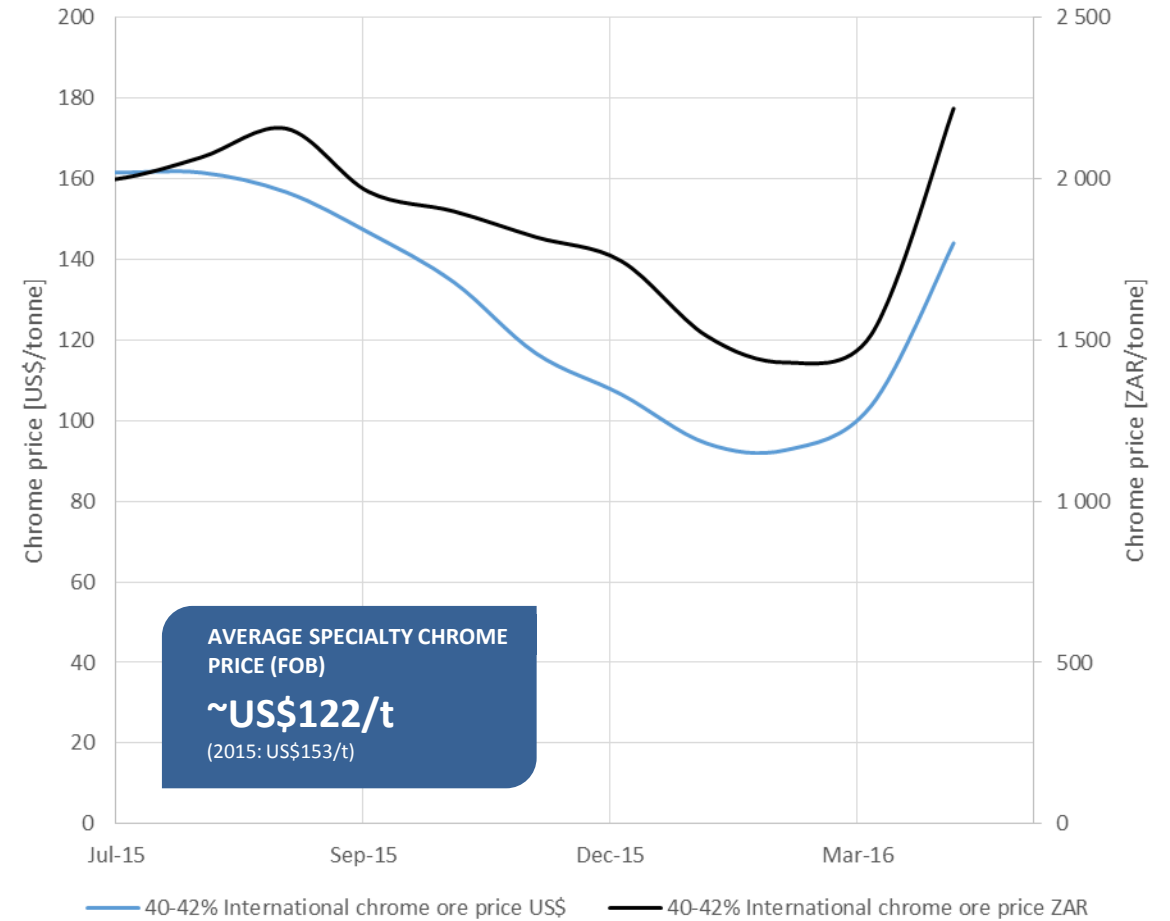
**~US\$150/t**

(June 2015: US\$152/t)

## PLATINUM



## CHROME



AVERAGE SPECIALTY CHROME PRICE (FOB)

**~US\$122/t**

(2015: US\$153/t)

# OPERATIONAL HIGHLIGHTS

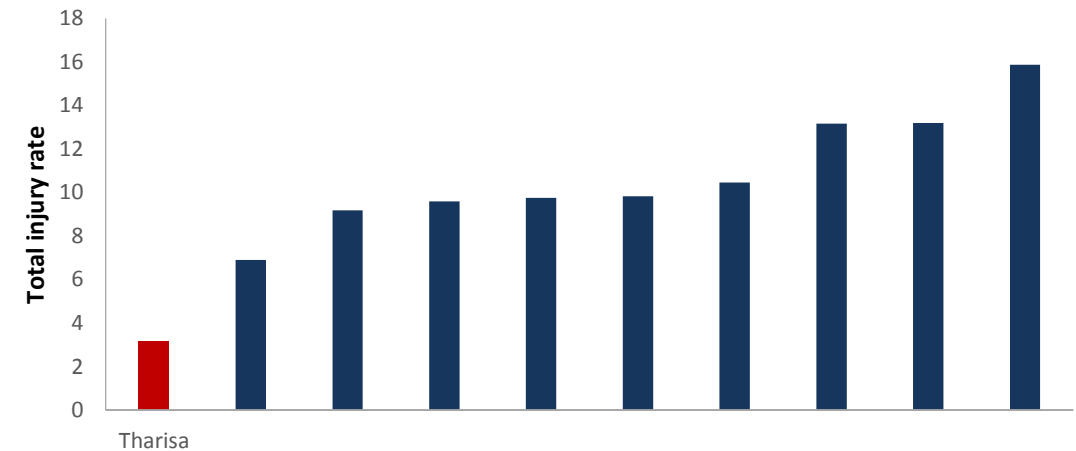


## FOCUS ON SAFETY

- Safety remains the number one priority of management and all employees - we strive for zero harm
- Section 54 and 55 instructions were issued by the DMR
  - Q1 FY2016: approximately 42 weighted average production shifts were lost (approximately 15.1% mill throughput)
  - Q2 FY2016: no lost production shifts
- Renewed commitment to safety and engagement with new safety imperatives and programmes being launched
- New training centre was launched in April 2016, focused on the development of our employees and those of our contractors:
  - safety and regulatory training
  - ABET

## INDUSTRY COMPARISON

COMPARATIVE RATE PER MILLION MAN HOURS WORKED  
March 2016



# PRODUCTION

PGM PRODUCTION

(6E)

**60.0 koz**

(2015: 57.4 koz)

↑4.5%

CHROME CONCENTRATE

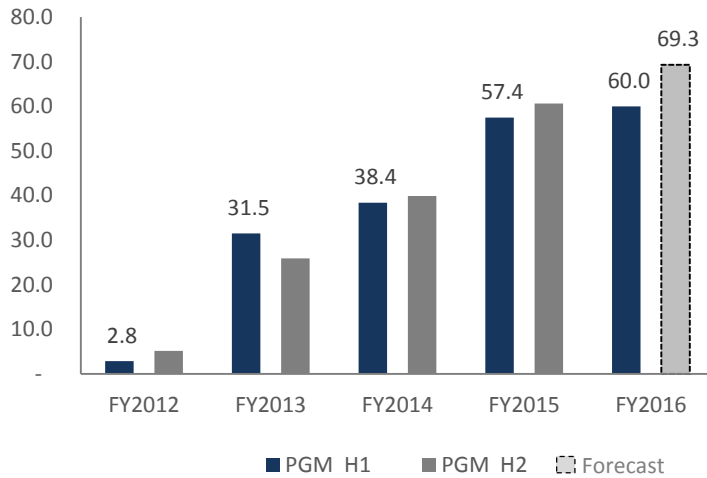
PRODUCTION

**604.4 kt**

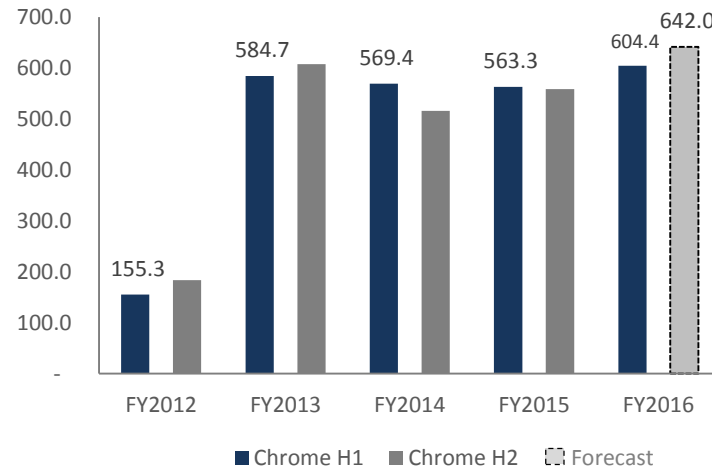
(2015: 563.3 kt)

↑7.3%

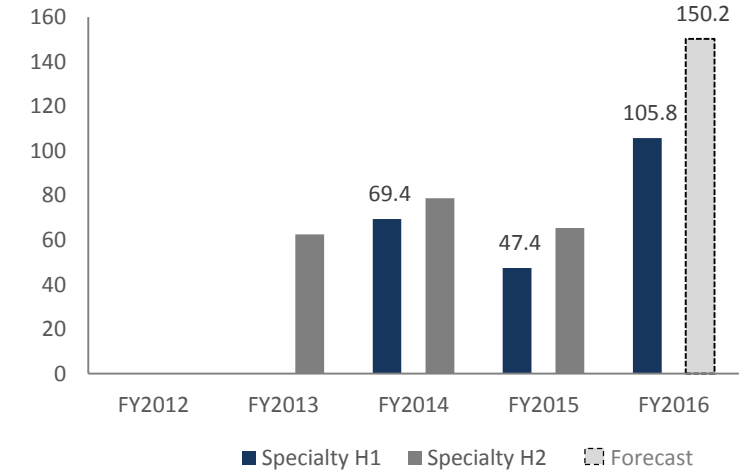
## PGM PRODUCTION (koz)



## TOTAL CHROME PRODUCTION (kt)



## SPECIALTY GRADE PRODUCTION (kt)



# OPERATIONAL HIGHLIGHTS

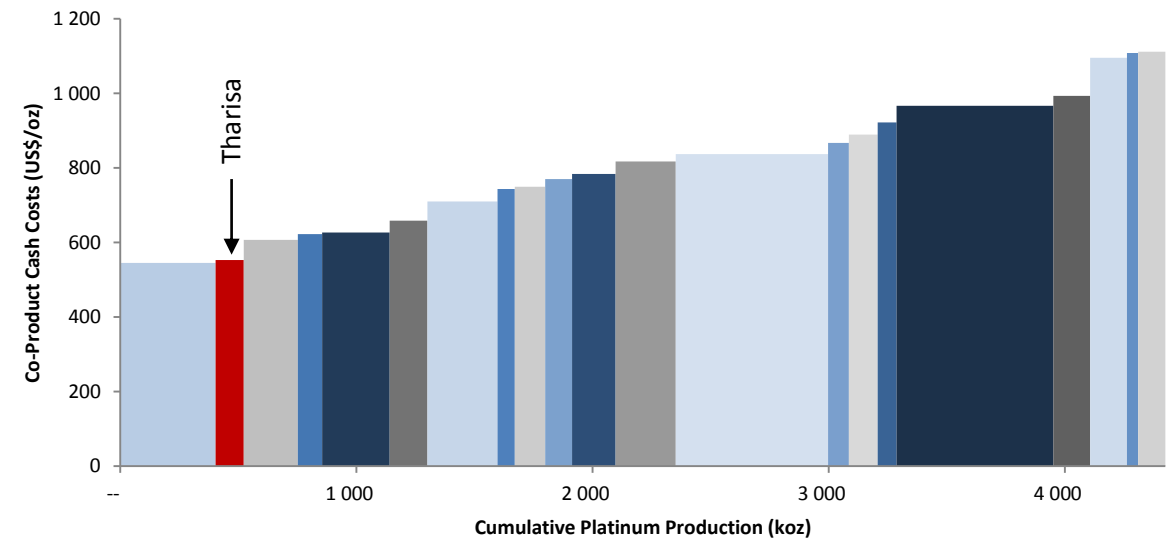
## KEY OPERATIONAL METRICS

		% change	H1 FY2016	H1 FY2015
ROM mined	Mt	21.1%	2.4	1.9
PGM rougher feed grade	g/t	1.8%	1.68	1.65
Chrome grade	%	(0.3%)	18.4	18.7
ROM processed	Mt	-	2.2	2.2
PGM recovery	%	1.9%	65.0	63.1
PGM in concentrate	koz	4.5%	60.0	57.4
Chrome recovery	%	6.1%	62.8	56.7
Chrome concentrate	kt	7.3%	604.4	563.3
PGM basket price	US\$/oz	(27.4%)	686	945
Chrome concentrate price (42% CIF China)	US\$/t	(32.1%)	106	156
Average exchange rate	ZAR:US\$	(30.4%)	15.0	11.5

## OPERATIONAL FLEXIBILITY

- Annualised steady state achieved – mining and PGM production
- Change in product mix to react to market
- Improved recoveries
- Updated steady state numbers of 147.4 kozpa PGMs and 1.3 Mt of chrome concentrates

CASH COST COMPARISON – PT EQUIVALENT BASIS (Co-product cash cost of US\$552/oz)



Source: BMO Capital Markets Forecasts with Tharisa H1 2016 annualised figures



# FINANCIAL HIGHLIGHTS



# SEGMENTAL ANALYSIS

REVENUE

↓ 30.5%  
**US\$86.0m**  
 (2015: US\$123.7m)

OPERATING PROFIT

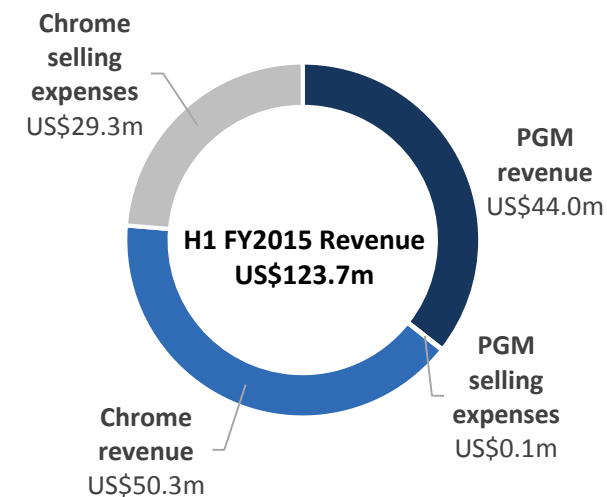
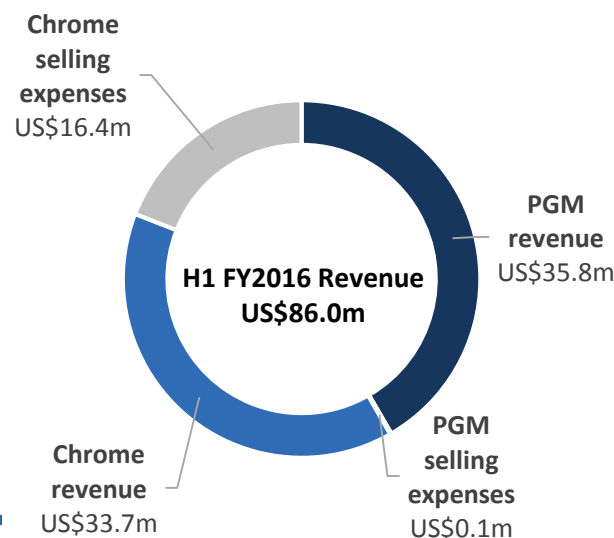
↓ 12.4%  
**US\$10.6m**  
 (2015: US\$12.1m)

NET PROFIT AFTER TAX

↓ 36.7%  
**US\$3.1m**  
 (2015: US\$4.9m)

US\$m	% change	H1 FY2016	H1 FY2015
Gross profit	(7.5%)	21.1	22.8
Gross profit margin	6.2%	24.6%	18.4%
Results from operating activities	(12.4%)	10.6	12.1
EBITDA	(17.9%)	14.7	17.9
EBITDA margin	2.6%	17.1%	14.5%
Net finance costs	22.0%	6.1	5.0
Profit/(loss) before tax	(36.6%)	4.5	7.1
Tax	(36.4%)	1.4	2.2
Profit/(loss)	(36.7%)	3.1	4.9
Headline earnings per share (US\$ cent)	-	1	1

US\$m	H1 FY2016		H1 FY2015	
	PGMs	Chrome	PGMs	Chrome
Gross profit	12.1	9.0	17.2	5.6
Gross profit percentage	33.8%	17.9%	39.1%	7.0%
Sales volume	59.1 koz	481.7 kt	58.4 koz	520.5 kt
Average transport costs per tonne of chrome concentrate (CIF main ports China) a decrease of 32.2%		US\$40/t		US\$59/t



# COST ANALYSIS

PGM UNIT COST OF SALES

**US\$402/oz** ↓12.6%  
(2015: US\$460/oz)

CHROME UNIT COST OF SALES

**US\$85/t** ↓40.1%  
(2015: US\$142/t)

## UNIT COSTS

	H1 FY2016		H1 FY2015	
	PGMs	Chrome	PGMs	Chrome
Sales volume	59.1 koz	481.7 kt	58.4 koz	520.5 kt
Unit cost of sales*	<b>US\$402/oz</b>	<b>US\$85/t</b>	US\$460/oz	US\$142/t
Unit cash costs of sales ** (excluding selling costs)	<b>US\$376/oz</b>	<b>US\$46/t</b>	US\$403/oz	US\$75/t
Total unit costs***	<b>US\$492/oz</b>	<b>US\$102/t</b>	US\$552/oz	US\$152/t

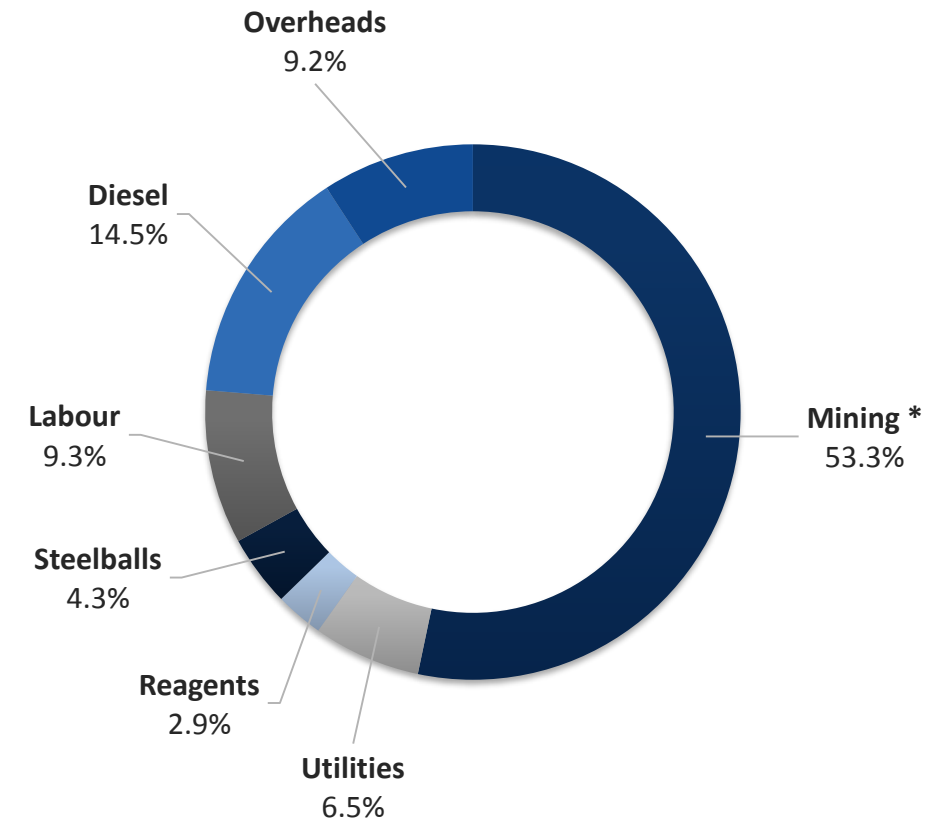
Exchange rate impact on cost of sales of 16%

\*: Including non cash flow items

\*\* : 42% metallurgical grade chrome concentrate contract price – CIF main ports China

\*\*\*: Including non cash flow items, excluding financing and capital expenditure

## OPERATING COST ANALYSIS – EX-WORKS



\* Including contractor mining labour of 884 people

# BALANCE SHEET

DEBT TO EBITDA MULTIPLE

**3.5 x**

(FY2015: 2.6 x)

## FUNDING

US\$m	H1 FY2016	FY2015
<b>Total interest bearing debt</b>	<b>51.8</b>	75.6
Long term	<b>27.8</b>	36.3
Short term*	<b>24.0</b>	39.3
<b>Debt service reserve account</b>	<b>9.8</b>	10.6
<b>Pro forma interest bearing debt</b>	<b>42.0</b>	65.0
<b>Pro forma debt to total equity ratio</b>	<b>24.2%</b>	36.3%
<b>Cash and cash equivalents</b>	<b>11.1</b>	24.3
<b>Net debt</b>	<b>30.9</b>	40.7
<b>Net debt to total equity ratio</b>	<b>17.8%</b>	22.7%
<b>Net current liabilities</b>	<b>11.4</b>	10.3
<b>Return on equity</b>	<b>2.7%</b>	2.0%

## CAPITAL

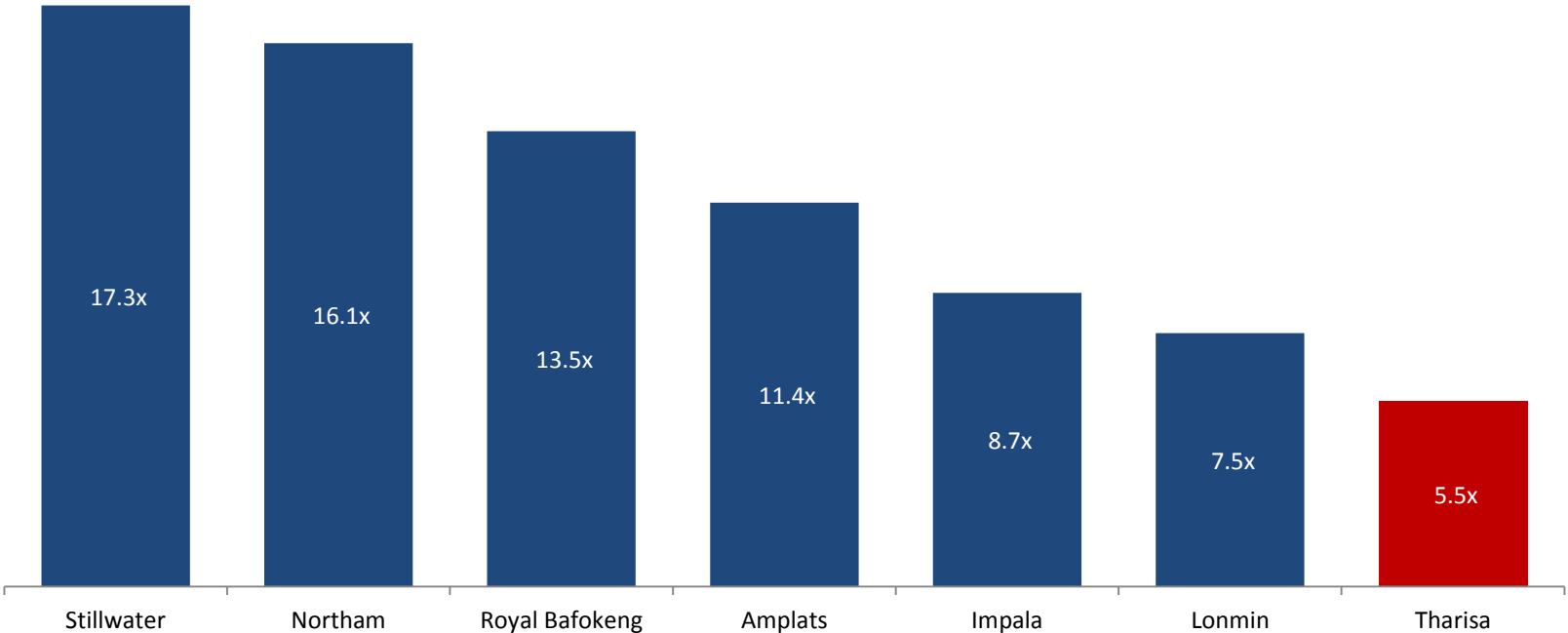
US\$m	H1 FY2016	FY2015
<b>Capital expenditure</b>	<b>6.4</b>	24.6
Deferred stripping*	<b>3.1</b>	15.2
	<b>3.3</b>	9.4
<b>Depreciation charge</b>	<b>4.6</b>	10.3

\*:H1 FY2016 stripping ratio of 6.8 and FY2015 stripping ratio of 10.7  
New LOM stripping ratio of 8.87 (m<sup>3</sup> to m<sup>3</sup> basis)

\*: Included certain amounts in accounts payables relating mainly to accrued dividends payable by a subsidiary

# OUR VALUE PROPOSITION

## EV/EBITDA COMPARISON



\*\*Source: BMO Capital / Factset

# OUTLOOK



# OUTLOOK

- **H1 FY2016 production of 60.0 koz of PGMs and 604.4 kt of chrome concentrates**
- PGM full year 2016 forecast of **129.6 koz**
  - Updated steady state production of **147.4 kozpa\***
- Chrome concentrate full year 2016 forecast of **1.25 Mt**
  - Updated steady state production of **1.3 Mtpa\*** including 300 kt of specialty chrome concentrates
- Recovery of commodity prices from H1 FY2016
  - PGMs and 42% chrome concentrate prices are up by 4% and 42% respectively
- Looking ahead
  - Improving ROM feed grades
  - Targeted improvement in PGM and chrome recoveries
  - Optimisation initiatives being implemented through innovative technology
  - Annual dividend policy of 10% NPAT

**Tharisa will continue to implement its strategy to become a leading natural resources company focused on originating, developing and operating mines in the PGM, chrome and steel raw materials sectors**

## LEADING NATURAL RESOURCES COMPANY

## PGM, CHROME AND STEEL RAW MATERIALS

## LARGE SCALE, LOW COST PROJECTS THAT ARE IN OR CLOSE TO PRODUCTION

### LEADING NATURAL RESOURCES COMPANY

- PGM, chrome and steel raw materials
- Large scale, low cost projects that are in or close to production

### INNOVATION

- Growth through innovative research and development projects

### OPTIMISATION INITIATIVES

- Maximise value extraction

### CAPITAL DISCIPLINE

- Dividend policy of 10% of NPAT
- Capital allocation to low risk projects

### LEVERAGING MARKETING, SALES AND LOGISTICS PLATFORM

- Expansion into multi-commodities
- Geographic diversity





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# CORPORATE OVERVIEW

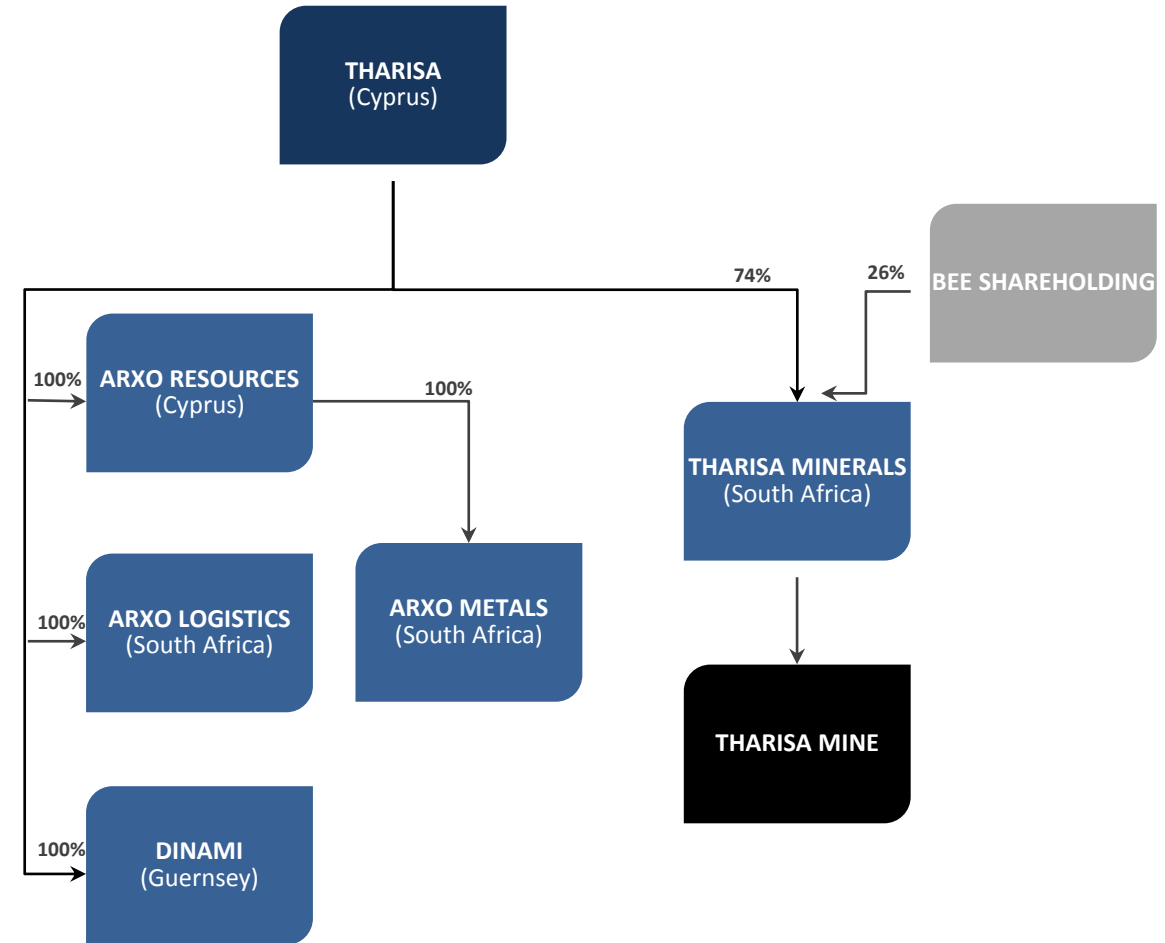
## MARKET STATISTICS

### ONE YEAR INFORMATION (10 JUNE 2016)

	JSE – THA	LSE - THS
Short name	THARISA(THA)	THS
Long name	Tharisa plc	THARISA PLC ORD
Sector	Mining (1770)	
Price	ZAR9.60	GBP0.48
High	ZAR9.60	GBP0.48
Low	ZAR4.00	GBP0.395
Market capitalisation	ZAR2.4 billion	
One year return	28.8%	-
PE ratio	25.1	-



## SUMMARISED CORPORATE STRUCTURE



# MINING MG CHROMITITE LAYERS

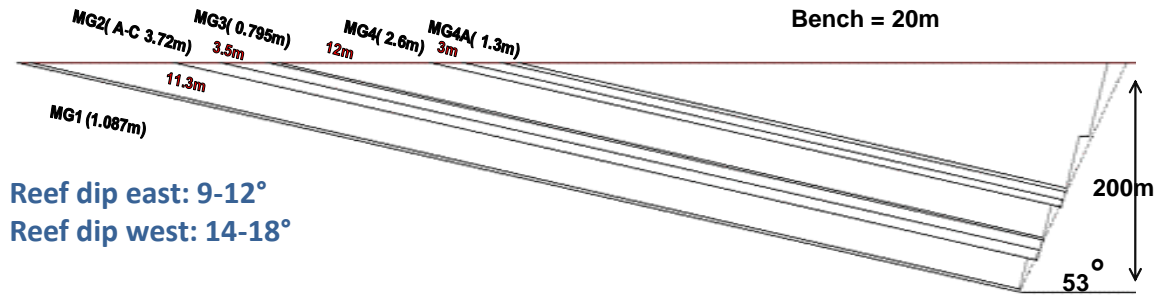
## MINERAL RESOURCE

- 829.0 Mt at 1.56 g/t (6PGE + Au) and 20.4% Cr<sub>2</sub>O<sub>3</sub>

## OPEN PIT MINERAL RESERVE

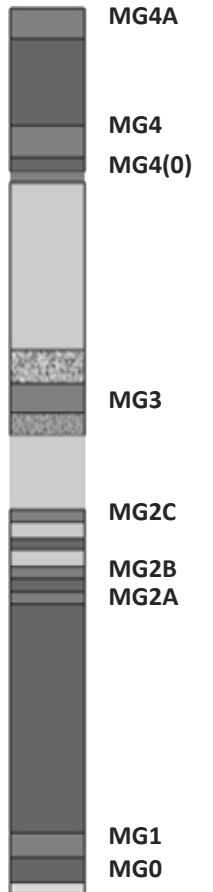
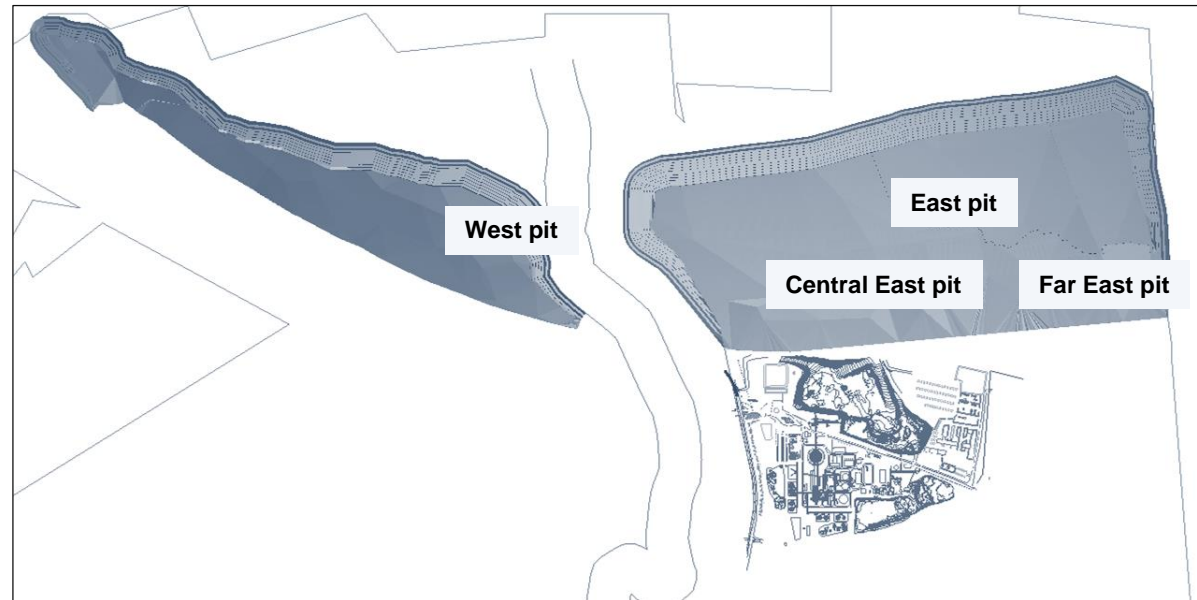
- 87.8 Mt at 1.44 g/t (5PGE + Au) and 18.5% Cr<sub>2</sub>O<sub>3</sub>

## GENERALISED CROSS SECTION SHOWING THE MG CHROMITITE LAYERS AND PLANNED PIT DEPTH



Reef dip east: 9-12°  
Reef dip west: 14-18°

5.5 km strike length



Resource and reserves updated as at 31 December 2015

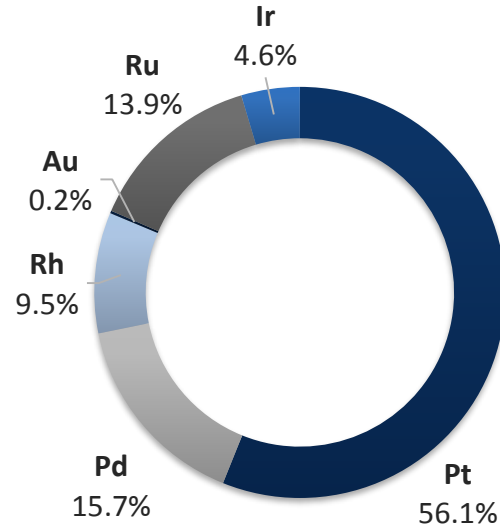
# UPDATED COMPETENT PERSONS REPORT

- Updated competent persons report summary of findings:
  - Mineral resources remain at 829.0 Mt containing 1.56 g/t PGMs (6 PGE + Au) and 20.38% Cr<sub>2</sub>O<sub>3</sub>
  - Mineral reserves of 106.4 Mt containing 1.45 g/t PGMs (5 PGE + Au) and 18.6% Cr<sub>2</sub>O<sub>3</sub>
  - Steady state production of PGMs at 147.4 kozpa is up from the previous 144.0 kozpa
  - With improved optimisation of the chrome processing spiral plant, the proportion of higher value specialty grade chrome concentrates increases from approximately 10.1% of chrome production for FY2015 to approximately 23.4% of chrome production at steady state. This has resulted in a volumetric change of chrome concentrate steady state production from 1.5 Mtpa to 1.3 Mtpa

# PGMS PRODUCTS AND END USES

## PGM MARKETS

- Largest deposits of PGMs are found in South Africa, Zimbabwe, Russia
- Bushveld Complex is the largest platinum resource in the world and accounts for 75% of annual global production
- Longer term PGM outlook remains robust as global emission standards continue to tighten while mine production remains constrained and above ground stocks continue to be drawn down
- Fuel cell applications remain potential wildcard



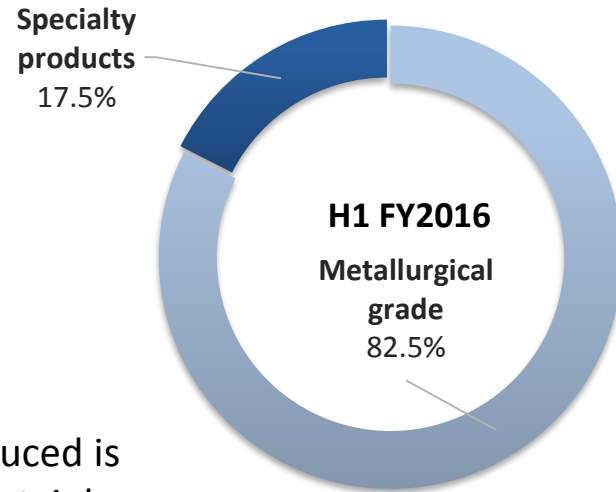
## PRIMARY USES OF PGMS

<b>Pt</b>	Platinum	Automotive catalytic converter	Jewellery
<b>Pd</b>	Palladium	Automotive catalytic converter	Jewellery
<b>Ru</b>	Ruthenium	Electrical contacts	Chemical catalyst
<b>Rh</b>	Rhodium	Automotive catalytic converter	Optic fibre coatings
<b>Ir</b>	Iridium	Corrosion resistant	Automotive spark plugs
<b>Au</b>	Gold	Jewellery	Coinage

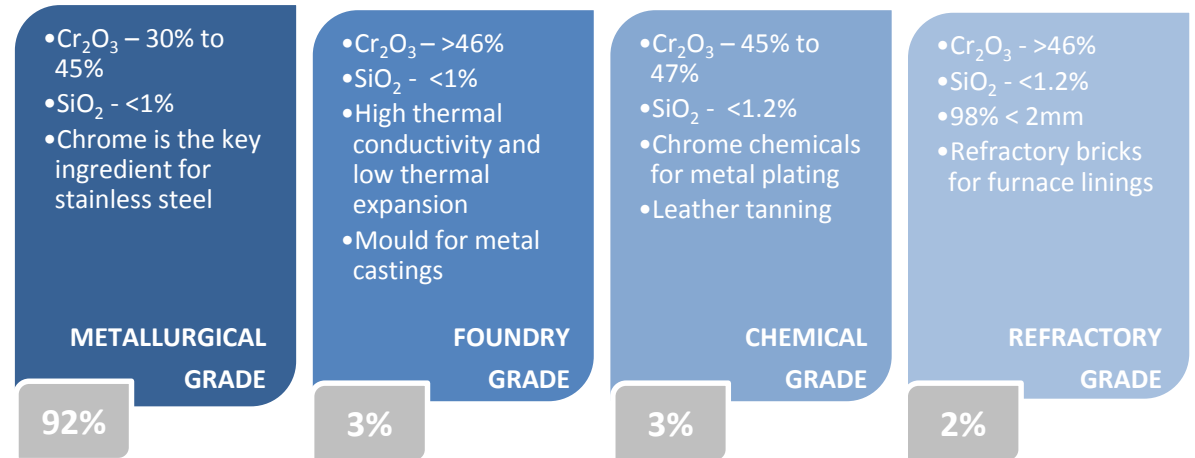
# CHROME PRODUCTS AND END USES

## CHROME ORE/CONCENTRATE MARKETS

- Chromite is the mineral extracted from the ore
- Chrome ore is mined from primary chromite deposits
- Chrome concentrates are recovered from tailings and secondary ores
- 92% of global chromite produced is metallurgical grade used for stainless steel production (mostly via ferrochrome)
- Globally, 8% of global chromite produced is the higher value chemical and foundry products
- Tharisa produces up to 23.4% of the higher value chemical and foundry grades, depending on the ore mix



## USE OF CHROME ORE/CONCENTRATE



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## CONTACT DETAILS

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### **Investor Relations contact:**

Sherilee Lakmidas

D: +27 11 996 3547

M: +27 76 276 2529

[slakmidas@tharisa.com](mailto:slakmidas@tharisa.com)

[www.tharisa.com](http://www.tharisa.com)