

tharisa
plc

**REPORTS AND
CONSOLIDATED FINANCIAL STATEMENTS
30 September 2017**

CONTENTS

Page

Consolidated Financial Statements

Management Report	3
Corporate Governance	17
Corporate and Social Responsibility	28
Statement by the Members of the Board of Directors and Company Officials	39
Independent Auditor's Report	40
Consolidated Statement of Profit or Loss and Other Comprehensive Income	45
Consolidated Statement of Financial Position	46
Consolidated Statement of Changes in Equity	47
Consolidated Statement of Cash Flows	49
Notes to the Consolidated Financial Statements	50
Corporate information	105
Company financial statements	
Statement by the Members of the Board of Directors and Company Officials	107
Independent Auditor's Report	108
Statement of Profit or Loss and Other Comprehensive Income	112
Statement of Financial Position	113
Statement of Changes in Equity	114
Statement of Cash Flows	115
Notes to the Financial Statements	116

MANAGEMENT REPORT

for the year ended 30 September 2017

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 2017.

The Company is a Cypriot incorporated public company with a primary listing on the main board of the Johannesburg Stock Exchange and a secondary standard listing on the main board of the London Stock Exchange.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of an investment holding company with controlling interests in platinum group metals ("PGM") and chrome mining, processing operations and associated sales and logistics operations. The Group holds a 74% shareholding in Tharisa Minerals Proprietary Limited ("Tharisa Minerals"). Tharisa Minerals owns and operates the Tharisa Mine, an open pit PGM and chrome mine located in the Bushveld Complex of South Africa.

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

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

Tharisa Minerals mined 5.0 Mt of ore during the year, exceeding the required mining call rate for the nameplate capacity of our processing plants. This resulted in PGM production of 143.6 koz of contained PGMs and production of 1.3 Mt of chrome concentrates. Of the chrome concentrates, 323.1 kt comprised high value specialty grade products.

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

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

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

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

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

MANAGEMENT REPORT

for the year ended 30 September 2017

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

Safety

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

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

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

Operational review

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

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

Mining

Reef mined exceeded the volumes required to meet production targets in FY2017.

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

A total of 5.0 Mt of reef was mined ensuring a constant feed of material into the plants while increasing the run of mine (ROM) ore stockpile ahead of the plants to 307.7 kt thereby further derisking the operations. The intention is to increase the ROM ore stockpile to at least one month of plant throughput (400 kt).

During the financial year Tharisa Minerals acquired a drilling sub-contractor's business to start in sourcing the drilling operations and, as an owner operator, focus on improving ROM grades and fragmentation.

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

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MANAGEMENT REPORT

for the year ended 30 September 2017

Processing

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

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

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

Commodity markets and sales

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

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

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

The PGM prill split by mass is as follows:

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

MANAGEMENT REPORT

for the year ended 30 September 2017

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

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

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

Logistics

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

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

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

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

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

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

MANAGEMENT REPORT

for the year ended 30 September 2017

Financial overview

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

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

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

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

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

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

US\$ million	30 September 2017				30 September 2016		
	PGM	Chrome	Agency and trading	Total	PGM	Chrome	Total
Revenue	90.9	252.9	5.6	349.4	81.5	138.1	219.6
Cost of sales	54.7	166.7	5.3	226.7	57.3	107.8	165.1
Cost of sales excluding selling costs	54.3	107.6	4.2	166.1	57.1	64.7	121.8
Selling costs	0.4	59.1	1.1	60.6	0.2	43.1	43.3
Gross profit contribution	36.2	86.2	0.3	122.7	24.2	30.3	54.5
Gross profit margin	39.8%	34.1%	5.4%	35.1%	29.7%	21.9%	24.8%
Sales volumes	143.5 koz	1 317.3 kt			132.9 koz	1 196.2 kt	

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

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

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

MANAGEMENT REPORT

for the year ended 30 September 2017

On a unit cost basis, the reef mining cost per reef tonne mined increased by 11.9% from US\$16.8/t to US\$18.8/t. This cost per reef tonne was incurred on a stripping ratio of 7.5 (m³ waste : m³ reef). On a per cube mined basis i.e including both waste and reef, the cost increased by 16.5% from US\$6.72/m³ to US\$7.83/m³ (the prior year stripping ratio was 7.3). An above inflation increase was agreed with MCC Contracts Proprietary Limited ("MCC") for the mining contractor work due to historical under recoveries based on the mine plan. In addition, there was an appreciation in the ZAR of approximately 9.5%. During the transition to the owner mining model, additional costs were also incurred in anticipation of the transition such as employment of additional technical management and sourcing of supplementary mining equipment.

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

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

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

Finance costs (totalling US\$7.7 million) principally relate to the balance owing on the senior debt facility due by Tharisa Minerals for the construction of the Voyager Plant and the trade finance facilities of Arxo Resources on the discounting of the letters of credit on chrome concentrate contracted sales as well as the limited recourse discounting of the PGM receivables.

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

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

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

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

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

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

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

MANAGEMENT REPORT

for the year ended 30 September 2017

The current capex spend focused on stay in business capex, mining fleet additions during the transition phase and ongoing projects aimed at improving recoveries of both PGMs and chrome concentrates. Additions to property, plant and equipment for the year amounted to US\$26.4 million of which US\$7.1 million related to additions to the mining fleet. The depreciation charge amounted to US\$16.9 million (2016: US\$10.3 million).

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

Outlook

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

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

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

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

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

FUTURE DEVELOPMENTS

The Board of Directors does not expect any significant changes in the activities of the Group in the near 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 and chrome 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 45 of the consolidated financial statements

CAPITAL DISTRIBUTION AND DIVIDENDS

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

MANAGEMENT REPORT

for the year ended 30 September 2017

SHARE CAPITAL AND PREMIUM

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 30 September 2017, the issued and fully paid ordinary share capital comprised 260 012 726 ordinary shares. During the year ended 30 September 2017, the Company issued 2 984 853 ordinary shares ranking *pari passu* with the existing ordinary shares in respect of the vesting pursuant to the Share Award Plan. The Company also issued 1 033 576 ordinary shares to be held as treasury shares mainly for the purpose of settling obligations in respect of the share appreciation right scheme as employees exercise their rights. As at 30 September 2017 treasury shares totalled 987 274 ordinary shares and at the date of this report totalled 902 272. During October 2017, 85 002 treasury shares were transferred to ordinary shares to satisfy the exercise of Appreciation Rights by the participants of the Tharisa Share Award Plan. At 31 October 2017, the issued and fully paid ordinary share capital comprised 260 097 728 ordinary shares.

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

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

SIGNIFICANT SHAREHOLDERS

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

	Number of shares	30 September 2017 %	Number of shares	30 September 2016 %
Medway Development Limited	115 153 473	44.29	119 030 073	46.32
Rance Holdings Limited	40 548 241	15.59	40 548 241	15.78
Fujian Wuhang Stainless Steel Products Co. Limited	19 419 920	7.47	19 419 920	7.56
Maaden Invest Limited	14 985 577	5.76	14 985 577	5.83

The shareholding percentage represents the percentage of voting rights.

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 2017

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 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 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.

MEMBERS OF THE BOARD OF DIRECTORS

The Board of Directors other than for Brian Chi Ming Cheng, a Non-Executive Director, who retired by rotation on 1 February 2017, during the year and as at 30 September 2017 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
Joanna Ka Ki Cheng*	Non-Executive Director
Roger Davey**	Independent Non-Executive Director

* Appointed on 1 February 2017

** Appointed on 1 June 2017

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 2017 and the date of approval of the consolidated financial statements.

MANAGEMENT REPORT

for the year ended 30 September 2017

DIRECTORS' INTEREST

The interest in the share capital of the Company, both direct and indirect, of the Board of Directors is disclosed below:

	2017	2016
	%	%
LC Pouroulis	0.11	0.05
P Pouroulis	2.75	2.73
MG Jones	0.08	0.03
A Djakouris	0.02	-
C Bell	0.01	-
Total	2.97	2.81

The interest percentage represents the percentage of voting rights.

There has been no change in the Board of Directors' interests in the share capital of the Company between 30 September 2017 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	Sanet de Witt
26 Vyronos Avenue	2nd Floor, The Crossing
1096, Nicosia	372 Main Road
Cyprus	Bryanston, 2191
	South Africa

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.

EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are disclosed in note 35 to the consolidated financial statements.

DIRECTORS' AND MANAGEMENT REMUNERATION

Directors' remuneration is disclosed in note 10 to the consolidated financial statements. Key management's remuneration is disclosed in note 31 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 2017 and the date of approval of the consolidated financial statements, other than for certain discretionary bonuses that were paid following the implementation of the transition to the owner mining model.

MANAGEMENT REPORT

for the year ended 30 September 2017

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 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 22 to the consolidated financial statements).

BRANCHES

During the year the Group did not operate any branches.

TREASURY SHARES

As at 30 September 2017, the Company held 987 274 shares as treasury shares which were issued to satisfy the potential future settlement of Appreciation Rights of the participants of the Tharisa Share Award Plan. Treasury shares do not carry voting rights and are not entitled to receive dividends. During October 2017, 85 002 ordinary shares were transferred from treasury shares to ordinary shares to satisfy the exercise of Appreciation Rights by the participants of the Tharisa Share Award Plan. Following these transactions, 902 272 are held in treasury.

RESEARCH AND DEVELOPMENT

Other than ongoing optimisation initiatives, no significant research and development activities were conducted during the year ended 30 September 2017.

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 which assumes that the Group will be able to meet its liabilities as they fall due for the foreseeable future.

Refer to note 30 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; interest rate risk; credit risk; and liquidity risk.

MANAGEMENT REPORT

for the year ended 30 September 2017

INDEPENDENT AUDITORS

The independent auditors, KPMG Limited, have expressed their willingness to continue in office and as such have nominated themselves for re-election at the next Annual General Meeting. A resolution fixing their remuneration for FY2017 will be submitted at the Annual General Meeting.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's critical estimates and judgements and financial risk management are disclosed in notes 2 and 30 to the consolidated financial statements.

The Group's contingencies, commitments and guarantees are disclosed in notes 32 and 33 to the consolidated financial statements.

Material risks to the Group are those that substantially affect the Group's ability to create and sustain value in the short, medium and long term. Material risks determine how the Group devises and implements its strategy since each risk has the potential to impact the Group's ability to achieve its strategic objectives. Each risk also carries with it challenges and opportunities. The Group's strategy takes into account known risks, but risks may exist of which the Group is currently unaware. The following risks have been identified as having the potential to impact the Group in the foreseeable future.

Production/ location concentration

Tharisa currently owns and operates a single asset in single jurisdiction. This exposes the Group to the potential political risk and instability in the country of its operation. With its core asset in South Africa, the Group is subject to not only the country's macro-economic but socio-political risks too. Sovereign ratings downgrades of the country of operation can limit the Group's ability to raise financing and increase the cost thereof.

Political uncertainty

The downgrades of the South African US\$ debt credit ratings to sub-investment grade have resulted in increased volatility in the exchange rate with a risk if further downgrades to both the US\$ and ZAR debt credit rating. The downgrades are expected to lead to longer term interest rate increases and inflationary pressures.

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

Global commodity prices and ZAR/US\$ exchange

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

The Group's reporting currency is US\$. The Group's operations are predominantly based in South Africa with a ZAR cost base while the majority of the revenue stream is in US\$ exposing the Group to the volatility and movements in the currencies.

Market/ customer concentration

The bulk of Tharisa's chrome production is exported to China. This gives the Group a substantial exposure to a single market. There is, however, no reliance on a dominant customer within that market. Tharisa has since FY2016 strategically diversified its production through the increase of specialty grade chrome concentrate, which make up approximately a quarter of Tharisa's total chrome production.

MANAGEMENT REPORT
for the year ended 30 September 2017

Regulatory compliance

Tharisa Minerals right to mine is dependent on strict adherence to various legal and legislative requirements.

There is uncertainty around amendments to and interpretation of the South African Minerals and Petroleum Resources Development Act ("MPRDA") and around revisions of the Mining Charter under the MPRDA. The Government withdrew its provisional 2017 Mining Charter in September 2017, in consideration of objections and court challenges from the Chamber of Mines and other lobby groups. While there is no indication as to how the review of the 2017 Mining Charter will proceed, nor how it would take shape given the adverse industry and market reaction after its release in June 2017, the revised document is considered to be less onerous in terms of stipulated targets.

The Group is required to comply with a range of Health and Safety Laws and Regulations in connection with its mining, processing and on mine logistics activities. Regular inspections are conducted by the Department of Mineral Resources to ensure compliance. Any perceived violation of the Regulations could lead to a temporary shutdown of all or a portion of the Group's mining operations.

Environment

Tharisa Minerals is obliged in terms of its undertaking to stakeholders, including government, providers of capital and the community, to monitor, minimise and mitigate its impact on the physical environment and not to infringe on constitutional rights to a safe and healthy environment. Non-compliance with this undertaking may infringe on the terms of the mining licence and the ability to continue mining.

Local stakeholders

Tharisa Minerals's neighbours are impacted by its operations in terms of employment, dust, noise, water and security.

The perceptions of stakeholders, including different sections of the community and various levels of government, are varied and multi-layered. Local stakeholder discontent has the potential to disrupt operations.

Access to resources and infrastructure

Tharisa Minerals mining, processing and marketing operations rely on sustainable access to water, electricity and rail and road infrastructure. Without these, production and sales would be interrupted.

Labour unrest in South Africa

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

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

The group's former primary mining contractor, MCC, has historically negotiated wages through the South African Forum of Civil Engineering Contractors, and is also in the last year of a three-year wage agreement, which determined pay increases until September 2018.

With the transition to the owner mining model these employees were transferred to Tharisa Minerals with effect from 1 October 2017. The terms of this agreement are binding on Tharisa Minerals. Labour unrest has the potential to disrupt operations.

MANAGEMENT REPORT

for the year ended 30 September 2017

Management of resources and reserves

How the Group manages the extraction of the mineral resource comprising multiple MG layers of reef is critical to its business model. Tharisa Minerals' success depends on it extracting the maximum value per tonne of reef while avoiding in-pit dilution and undue sterilisation of the resource.

Subsequent to the reporting period, the Group transitioned to an owner mining model with the purchase of certain fleet and the transfer of the on-site employees to the Group. Such transition may have an impact on mining as Tharisa Minerals will need to maintain the fleet, manage the replacement programme, take responsibility for the supply chain management and finance the fleet going forward. In addition, the employees are being transferred and, while there is an existing labour agreement, may result in labour disruption. Additional fleet is planned to be acquired and the availability and mobilisation of the equipment may impact on the mining production.

The financing of the fleet purchase will impact on the gearing levels of the Group.

Tharisa Minerals, in the normal course of managing its mining operations, developed engineering and geological skills that are integral to in-house mining. The fleet on site currently mines at the required mine-call rate and the employees are already skilled in the operating procedures of Tharisa Minerals.

Unscheduled breakdowns

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

Financing and liquidity

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

On behalf of the Board of Directors



Phoevos Pouroullis



Michael Jones

Cyprus
28 November 2017

CORPORATE GOVERNANCE

The Company is incorporated in Cyprus and is therefore subject to Cyprus Companies Law. With a primary listing on the JSE under the General Mining sector the Company is also subject to the JSE Listings Requirements, as well as King IV. The Company also has a secondary, standard listing of its shares, with settlement through Depository Interests on the LSE and is subject to the LSE Listing Rules applicable to a secondary standard listing. Whilst the UK Corporate Governance Code published by the Financial Reporting Council does not apply to the Company, the Board recognises the importance of good governance and considers the principles and recommendations contained therein. The Company has its registered office situated in the Republic of Cyprus and is thus subject to applicable requirements of the Cyprus Companies Law CAP 113, the Cyprus Disclosure and Transparency Law 190(I)/2007 as well as the Cyprus Market Abuse Law 102(I)/2016 and EC Reg 596/2014 (MAR) and for such purposes considers the Republic of Cyprus as its Home State, where such term requires interpretation. The LSE Listing Rules invoke the application of certain provisions of the UK Disclosure and Transparency Rules where similar provisions do not exist under the national law of its Home State. The Company has undertaken a review of its obligations in the Home State and considers that the requirements under the UK Disclosure and Transparency Rules are met under corresponding national law, but nonetheless the Company aims to apply equivalent UK Disclosure and Transparency Rules in circumstances where there may be a deemed discrepancy. For the purposes of the present corporate governance report a reference to Disclosure and Transparency Rules shall be a joint reference to applicable.

The Board is fully committed to the fact that accountability, integrity, fairness, transparency and integrated thinking is essential to the Group's long-term sustainability and to its ongoing ability to create value for investors and other stakeholders. It endorses and accepts full responsibility for the application of the principles necessary to ensure that effective corporate governance is practiced consistently throughout the Group. In discharging this responsibility, the Board strives to comply with the requirements of the South African Code of Corporate Practices and Conduct as set out in King IV, which is effective for financial years from April 2017. The complete disclosure on the application of King IV is available on the Company's website, www.tharisa.com.

The Board is of the opinion that the Company is compliant with the JSE Listings Requirements and King IV in all material respects, other than having an Executive Chairman and not having an in-house independent internal audit function. The former has been mitigated by the appointment of David Salter as the Lead Independent Director and the latter by the appointment of Deloitte as the internal auditors of the Group.

The Company has a unitary Board, which both leads and controls the Company. It comprises three executive directors and six non-executive directors. Five of the six non-executive directors are independent of management as determined under applicable South African securities legislation.

The Board is structured in such a way that there is a clear balance of authority, ensuring that no one director has unfettered powers. The size of the Board is regulated by the Company's Articles of Association and directors are appointed through a formal process. The Company's Articles of Association may only be amended by Special Resolution at the Annual General Meeting. The significant shareholders of the Company are disclosed in the Management Report. The Nomination Committee assists with the process by identifying suitable candidates for appointment as directors. Directors are required to be individuals of calibre and credibility with the necessary skill and experience to bring judgement, independent of management, on issues of strategy, performance, resources, diversity, standards of conduct and evaluation of performance.

CORPORATE GOVERNANCE

The Nomination Committee reviews and assesses the composition of the Board on an annual basis prior to recommending any individual for election or re-election by shareholders at the Annual General Meeting. The Committee also assesses the structure and composition of the Board on an ongoing basis to ensure it is appropriately diversified with regard to amongst others, gender, race, nationality, skills, geographic and industry experience, age, personalities and other characteristics of directors. Merit and diversity are the core considerations in ensuring that the Board and its committees have an appropriate blend of perspectives to effectively and competently discharge their duties having regard to the strategic direction of the Group. The Nomination Committee has adopted a board level Gender Diversification Policy without introducing a voluntary target. At present, the two female directors represent 22% of the total number of directors and 33.3% of the non-executive directors.

During the assessment process, the Nomination Committee also considers the relationship between executive and non-executive directors. The Board believes that there is an appropriate balance between executive and non-executive directors and is satisfied that the current members of the Board collectively possess the skills, knowledge and experience required to effectively discharge the responsibilities of the Board to achieve the Group's objectives, promote shareholder interests and to create value for stakeholders over the long-term.

ROLE AND RESPONSIBILITIES OF THE BOARD

The Board is the ultimate governing authority, responsible for the Company's strategy, key policies, ethics and corporate governance, as well as approving the Company's financial objectives and targets. The Board recognises that strategy, performance, risk and sustainability are inseparable and that the execution of strategy can have a material impact on the Company's creation of value and its various stakeholders. The Board is fundamentally important to the achievement of the Company's mission, financial objectives and fulfilment of its corporate responsibilities in a sustainable manner and provides effective leadership on an ethical foundation.

The Board is the ultimate custodian of the governance framework which commits the Company and its representatives to act according to the highest standards of fairness, accountability, responsibility, transparency, ethics and sustainability. The Company's approach to corporate governance strives to be stakeholder inclusive, based on good communication, and is integrated into every aspect of the Company's business.

The Board ensures that the Group is, and is seen to be, a responsible corporate citizen, by having regard not only to the financial aspects of the business of the Group, but also the impact that the business operations have on the environment and the society in which it operates.

The Company has adopted a Board charter setting out the role, functions, obligations, rights, responsibilities and powers of the Board and the policies and practices of the Board in respect of its duties, functions and responsibilities. The Company has also adopted terms of reference for each of its committees. The Board charter and terms of reference are available on the Company's website.

The directors who are also members of the Executive Committee of the Company are involved in the day-to-day business activities of the Company and are responsible for ensuring that the decisions of the Executive Committee as approved by the Board are implemented in accordance with the mandate given by the Board and Executive Committee.

All non-executive directors have unrestricted access to the Chairman, management, the Joint Company Secretaries, and the external and internal auditors. Directors are entitled to seek independent professional advice on any matter pertaining to the Company and the Group, at the Company's expense.

The Board is satisfied as to the appropriateness of the expertise of the Company Secretaries and considers and satisfies itself, on an annual basis, of the qualifications, experience and arm's length relationship between the Company Secretaries and the Board.

Board meetings are held on a regular basis, at least quarterly, and all directors participate in the key areas of decision-making.

CORPORATE GOVERNANCE

BOARD APPOINTMENTS

Members of the Board are appointed by the Company's shareholders. The Board also has the power to appoint directors, subject to such appointments being approved by shareholders at the next AGM following such appointment. Pursuant to the terms of the Board charter, appointments to the Board are made on recommendation of the Nomination Committee. A formal policy detailing the procedures for appointments to the Board has been adopted by the Company.

Non-executive directors are required to be individuals of calibre and credibility, be independent of management and possess the necessary skills and expertise to bring judgement to bear on issues of strategy, performance, resources, diversity, standards of conduct and evaluation of performance.

Directors are required to conduct themselves, at all times, in a professional manner, having due regard to their fiduciary duties and responsibilities to the Company and to ensure that sufficient time is made available to devote to their duties as Board members.

Directors are further required to be diligent in discharging their duties to the Company, seek to acquire sufficient knowledge of the business of the Company and endeavour to keep abreast of changes and trends in the business environment and markets in which the Company operates, in order to be able to provide meaningful direction to the Company's business activities and operations.

DIRECTOR INDUCTION

Upon appointment, all new directors are provided with induction materials to familiarise them with the Group's operations, business environment, executive management and to induct them in their fiduciary duties and responsibilities. The induction programme would typically involve an information pack comprising of, inter alia, the Group structure, a list of the top shareholders, board packs and minutes of previous board meetings, annual and interim reports, Articles of Association, the Board charter, committee terms of reference, information on Directors' and Officers' insurance, a guide to the JSE Listings Requirements and a memorandum on dealings in securities, market abuse and insider trading. Periodic site visits are arranged for existing and new non-executive directors to improve their understanding of the Group's operations.

RETIREMENT BY ROTATION AND RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, one-third of non-executive directors must retire from office at each AGM. The non-executive directors retiring at each AGM 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. Executive directors are not subject to retirement by rotation.

In terms of the Company's Articles of Association, any directors appointed by the Board during the course of the financial year, shall hold office only until the next AGM of the Company following their appointment and shall then retire and be eligible for election. Having been appointed during the financial year under review, Joanna Cheng and Roger Davey have made themselves available for election.

Board support for re-election is not automatic and directors who are seeking election or re-election are subject to a performance appraisal and the Board, upon recommendation by the Nomination Committee, makes a determination as to whether it will endorse a director standing for election or re-election. Having assessed the performance of the directors standing for re-election, it is the recommendation of the Board that they be re-elected.

CORPORATE GOVERNANCE

BOARD MEETINGS

The Board meets at least four times per year and at such other times as may be required. The Board met four times during the year under review.

THE BOARD COMMITTEES

Certain responsibilities are reserved for the Board, while others are delegated to board committees, each with formal mandates and terms of reference, without reducing the individual and collective responsibilities of Board members' overall fiduciary duties and responsibilities. The terms of reference of each board committee determines, inter alia, the composition, purpose, scope of mandate, and powers and duties of the committee. Board committees provide feedback to the Board through reports by their respective chairmen and provide the Board with copies of minutes of committee meetings. Terms of reference of the various committees are compliant with the provisions of the Company's Articles of Association and the JSE Listings Requirements. The terms of reference are reviewed on a regular basis and are available on the Company's website. All committees have satisfied their responsibilities in compliance with their respective terms of reference during the year under review.

AUDIT COMMITTEE

The Audit Committee, which must comprise at least three independent non-executive directors, is chaired by Antonios Djakouris, an independent non-executive director. Other members of the Audit Committee are David Salter, Omar Kamal and Carol Bell, all independent non-executive directors. The Board is satisfied that the members of the Committee have the appropriate mix of qualifications and experience in order to fulfil their responsibilities appropriately.

The Group's independent external auditors, independent internal auditors, Chief Finance Officer and Chief Executive Officer attend Committee meetings by invitation. The Audit Committee meets with the internal and external auditors, without any executive directors being present. Both the internal and external auditors have unrestricted access to the Chairman of the Committee and to the Chairman of the Board.

The Audit Committee provides the Board with additional assurance regarding the quality and reliability of financial information used by the Board and the financial statements of the Group. The Committee reviews the internal and financial control systems, accounting systems and reporting and internal audit functions. It liaises with the Group's external auditors and monitors compliance with legal requirements. Furthermore, the Audit Committee assesses the performance of financial management, approves external audit fees and budgets, monitors non-audit services provided by the external auditors against an approved policy and ensures that management addresses any identified internal control weakness. In addition, the Audit Committee oversees the integrated reporting process, risk management systems, information technology risks (as they relate to financial reporting), the Group's whistleblowing arrangements and policies and procedures for preventing corrupt behaviour and detecting fraud and bribery.

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

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

The Committee meets as often as is deemed necessary, but is required to meet at least twice a year. The Audit Committee met four times during the year under review.

CORPORATE GOVERNANCE

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 and is chaired by Antonios Djakouris.

The Risk Committee reviews management reports on the adequacy and effectiveness of the Group's operational risk management functions, ensures compliance with the Group's risk management policies and reviews the adequacy of the Group's insurance coverage.

During the year under review the Committee conducted a high-level review of the residual risks identified by management following a facilitated risk assessment workshop and subsequent business risk reviews undertaken at operating subsidiary level. It continues to monitor progress made by risk owners in identifying mitigating factors, performing gap analyses and implementing additional mitigating measures where required. In addition, the Risk Committee identifies, reviews and evaluates non-operational and strategic risks impacting on the Company and the Group on an ongoing basis.

The Risk Committee meets as often as is deemed necessary, but is required to meet at least twice a year. The Committee met twice during the year under review.

NOMINATION COMMITTEE

The Nomination Committee is chaired by David Salter, the Lead Independent Director. Other members of the Committee are Antonios Djakouris, an independent non-executive director, and Loucas Pouroulis, the Executive Chairman. Loucas Pouroulis is entitled to participate and contribute to the Nomination Committee, but is not entitled to vote on any matter before the Nomination Committee. In the event of a tied vote, David Salter has a casting vote. The Chief Executive Officer, Phoevos Pouroulis, attends meetings by invitation, if required.

The Nomination Committee ensures that the procedures for appointments to the Board are formal and transparent by making recommendations to the Board on all new Board appointments in accordance with the Company's policy for Board appointments. It does so by regularly evaluating the Board performance, undertaking performance appraisals of the Chairman and directors, evaluating the effectiveness of Board committees and making recommendations to the Board. The Nomination Committee also considers and approves the Board succession plans.

The work of the Committee during the year followed both its terms of reference and established good practice in corporate governance. The Committee conducted a review of the structure, size and composition of the Board, with specific emphasis on skills, knowledge, independence and diversity of the Board members. The Committee recommended the appointment of Joanna Cheng and Roger Davey to the Board. Joanna, who had previously been the alternate to Brian Cheng, was appointed as Brian's replacement following his retirement by rotation at the Company's AGM held on 1 February 2017. Joanna's appointment enhances the Board's financial skills and gender diversity and Roger's appointment augments the Board's skills and experience in the mining sector.

The Committee also considered the independence of non-executive directors. Consideration was given, amongst others, as to whether the individual non-executive directors are sufficiently independent of the Company so as to effectively carry out their responsibilities as directors, whether they are independent in judgement and character and that there are no conflicts of interest in the form of contracts, relationships, shareholding, remuneration, employment or related party disclosures that could affect their independence. The Committee determined that David Salter, Antonios Djakouris, Omar Kamal, Carol Bell and Roger Davey are independent. Joanna Cheng is not considered independent by virtue of her involvement with the Company's second largest shareholder.

The Nomination Committee is required to meet at least twice per annum and met three times during the year under review.

CORPORATE GOVERNANCE

REMUNERATION COMMITTEE

All members of the Remuneration Committee are independent non-executive directors. The Committee is chaired by Antonios Djakouris and other members of the Committee are David Salter, Carol Bell and Roger Davey. The 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 reference to local and international benchmarks. The Committee also considers bonuses, which are discretionary and based upon general economic variables, the performance of the Company and each individual's performance against personalised key performance indicators, allocations in terms of the Group's incentive schemes and certain other employee benefits and schemes.

During the year, the Committee reviewed various aspects of the Group's remuneration structure, including executive salaries, performance-based remuneration schemes and the Share Award Plan. The Committee is satisfied with the prevailing policies, remuneration and structure.

The Committee met once during the year under review.

SAFETY, HEALTH AND ENVIRONMENT COMMITTEE

All members of the Committee are independent non-executive directors. The Committee is chaired by David Salter and other members are Antonis Djakouris, Carol Bell and Roger Davey. The Chief Executive Officer attends the meeting by invitation.

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

The Committee met three times during the year under review.

SOCIAL AND ETHICS COMMITTEE

As required by the JSE Listings Requirements, the Board established a Social and Ethics Committee. The full Board attended the inaugural meeting of the Committee and resolved that the Committee shall comprise the members of the Audit Committee and the Chief Executive Officer. David Salter has been appointed as the chairman of the Committee and other members are Antonis Djakouris, Omar Kamal, Carol Bell and Phoevos Pouroulis.

The Committee's objective is, inter alia, to assist the Board in ensuring that the Company and the other entities in the Group are and remain committed, socially responsible corporate citizens by creating a sustainable business and having regard to the Company's economic, social and environmental impact on the communities in which it operates, which amongst others, include public safety, HIV/AIDS, environmental management, corporate social investment, consumer relationships, labour and employment, the promotion of equality and ethics management.

The Committee has an independent role with accountability to both the Board and the Company's shareholders. The Committee does not assume the functions of management of the Company, which functions remain the responsibility of the Company's executive directors, executive management and senior managers.

It is the Committee's responsibility to monitor the Group's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to, amongst others, the following:

CORPORATE GOVERNANCE

- i. Social and economic development, focusing on
 - the Company's standing in terms of the goals and purposes of the 10 United Nations Global Compact Principles, amongst others
 - upholding and respecting human rights
 - fair labour practices, which include the freedom of association, right to collective bargaining and the elimination of forced labour, child labour and discrimination
 - promotion of greater responsibility toward the environment and
 - prevention of bribery and corruption
 - the Organisation for Economic Co-operation and Development's recommendations regarding corruption
 - the Employment Equity Act and the Broad-Based Black Economic Empowerment Act, applicable to South African subsidiaries
- ii. Good corporate citizenship and the impact of the Group's activities and of its products or services on the environment, health and public safety and the Company's employment relationships and its contribution toward the educational development of its employees. In order to ensure that Tharisa is seen to be a responsible corporate citizen, the Committee oversees and monitors, on an ongoing basis, the consequences of the Group's activities and outputs on
 - the workplace, by ensuring employment equity, fair remuneration, safety, health, dignity and development of employees and the Group's standing in relation to the International Labour Organisation Protocol on decent work and working conditions
 - the economy, by working towards economic transformation
 - the prevention, detection and response to fraud and corruption
 - society, by upholding public health and safety, consumer protection, community development and protection of human rights and
 - the environment, by ensuring the prevention of pollution, minimizing waste disposal and protecting biodiversity.
- iii. Ethical leadership and ethical behaviour, by reviewing the Company's Code of Ethics and making recommendations to the Board for approval, reviewing results of whistleblowing activities, reviewing significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the Company and ensuring that the Company's ethics performance is assessed, monitored, reported and disclosed.

The Committee meets as often as it deems necessary but in any case at least once a year and at such other times as determined. The Committee met once during the year under review.

NEW BUSINESS COMMITTEE

The Board established a New Business Committee, responsible for the investigation and assessment of new projects and business opportunities, particularly from a strategic, technical and operational point of view, and the identification of project related risks, and safety, health and environmental risks. The Committee is not authorised to approve individual projects or investments or commit the Company, but works with executive management to review and evaluate new business opportunities and initiatives and make recommendations to the Board for approval. The Committee has the right of access to management and/or external consultants and the right to seek additional information or explanations.

Meetings of the Committee will be held as often as necessary to undertake its role effectively. The Committee is chaired by Roger Davey and other members are David Salter, Carol Bell, Loucas Pouroulis and Phoevos Pouroulis. Michael Jones attends meetings as a permanent invitee.

CORPORATE GOVERNANCE

JOINT GROUP COMPANY SECRETARIES

The role of the Joint Group Company Secretaries is, inter alia, to provide guidance and advice to the Board with respect to matters relating to the JSE Listings Requirements, the LSE Listings Rules, Disclosure and Transparency Rules, Market Abuse Laws and Regulations, Cyprus Companies Law, King IV and other corporate governance-related matters. In addition to their statutory duties, the Company Secretaries provide individual directors, the Board as a whole, and the various committees with guidance as to the manner in which their responsibilities should be discharged in the best interests of the Group.

The appointment and removal of the Company Secretaries is a matter reserved for the Board as a whole.

The Board formally assessed and considered the performance and qualifications of the Company Secretaries and is satisfied that the Company Secretaries are competent, suitably qualified and experienced.

BOARD EVALUATION

The Nomination Committee, under leadership of the Lead Independent Director, conducts an evaluation of the performance of the Board, its committees, the Executive Chairman, Chief Executive Officer, Chief Finance Officer, the Joint Company Secretaries and the performance and contribution of the individual non-executive directors. The Board committees conduct a self-evaluation against their respective terms of reference and each individual Board member is evaluated by fellow Board members using an evaluation questionnaire. The results of the evaluation process are considered by the Nomination Committee prior to their presentation to the Board. Results and any identified training requirements are discussed with individual directors if deemed necessary. Board evaluations are performed on an annual or biennial basis. An extensive evaluation was conducted during September 2017.

CONFLICTS OF INTEREST

Disclosure of other directorships, personal financial interests and any other conflicts of interest, and those of related persons, in any matter before the Board is a standing board agenda item and a register is kept of all such disclosures. Directors recuse themselves from discussion on any matters in which they may have a conflict of interest. Non-executive directors are required to inform the Board of any proposed new directorships and the Board reserves the right to review such additional appointments to ensure that no conflict of interest would arise and to ensure that a director accepting a new appointment would be able to continue to fulfil his or her obligations as a member of the Board.

SHARE-DEALING AND INSIDER TRADING

All directors of the Company and its major subsidiaries, senior executives, the Joint Company Secretaries and employees who, by virtue of their positions have access to financial and other price sensitive information, are regarded as insiders and are required, at all times, to obtain prior authorisation to deal in the Company's shares.

Directors of the Company and its major subsidiaries and senior executives are reminded of their obligation to inform all their associates, as defined by the JSE Listings Requirements, and investment managers of the fact that dealings by the directors and their associates in the Company's shares have to be pre-approved and/or disclosed to the Company within the stipulated timeframe to facilitate release of the required announcements in terms of the JSE Listings Requirements. A similar requirement exists under the EC Market Abuse Regulations for persons discharging managerial responsibilities and persons closely associated with them.

The Company's directors, executives and employees who are classified as insiders are not permitted to deal in the Company's shares during closed periods or when they are in possession of non-public information. An appropriate communication is sent to all such employees alerting them that the Company is entering a closed period. Closed periods are observed as required by the JSE Listings Requirements including the period from the end of the interim and annual financial reporting periods to the announcement of the financial results for the respective periods, and during periods that the Company is under a cautionary announcement. The Company is also subject to the EU Market Abuse Regulation No 596/2016. The Market Abuse Regulation stipulates for a closed period of 30 calendar days before

CORPORATE GOVERNANCE

announcement of the interim and/or annual financial statements. The Company applies the longer duration in any given financial reporting period.

SUCCESSION PLANNING

The Board, assisted by the Nomination Committee, is responsible for overseeing succession planning and ensuring that appropriate strategies are in place to ensure the smooth continuation of roles and responsibilities of members of the Board and senior management.

COMPLIANCE

Compliance with financial reporting requirements and accounting standards falls within the ambit of the Audit Committee. The Group's statutory and regulatory compliance resides with the Legal, Risk and Compliance Officer and reports on compliance are presented to the Audit and Social and Ethics Committees. In addition to the formal authorisation processes required for dealings in the Company's shares, the Group has various policies and procedures in place governing the declaration of interests, accepting and granting of gifts and an approved delegation of authorities matrix which governs the delegation of authority and value limits within the Group and ensures that all transactions are approved appropriately.

No incidents of non-compliance were identified and no significant penalties or regulatory censures were imposed on the Company or any of its subsidiaries during the year under review.

The Board is satisfied that the Company complied with the requirements of the JSE Listings Requirements the LSE Listing Rules, Disclosure and Transparency Rules, the Companies Law and the Market Abuse Regulations pursuant to the Company's primary listing on the JSE and LSE during the year under review. The Board also acknowledges the role and responsibilities of its JSE sponsor, Investec Bank Limited, and is of the opinion that that the sponsor has discharged its responsibilities with due care during the period.

INFORMATION TECHNOLOGY GOVERNANCE

The Board charter commits the Board to assuming ultimate responsibility for ensuring that effective information technology (IT) systems, internal control, auditing and compliance policies, procedures and processes are implemented in order to avoid or mitigate key IT-related business risks. The Board has delegated responsibility for the governing of IT to the Audit Committee. Assurance on the IT systems and processes is provided by the Group's internal auditors and findings are reported to the Audit Committee, which ensures that any and all material findings are addressed appropriately.

EXTERNAL AUDIT

KPMG Limited (Cyprus) acts as external auditor to the Group and their independence is reviewed by the Audit Committee on an annual basis. The external auditor has unrestricted access to the chairman of the Audit Committee.

INTERNAL AUDIT

The Company does not have an in-house independent internal audit function. The Audit Committee reviews, on a regular basis, whether there is a need for an in-house internal audit function and makes the necessary recommendation to the Board. The Audit Committee is of the opinion that given the size and stage of development of the Company and the Group, an in-house internal audit function is not currently justified. The appointment of Deloitte as internal auditors for the Group is considered to sufficiently mitigate the risk of not having an in-house internal audit function.

CORPORATE GOVERNANCE

INTERNAL CONTROL SYSTEMS

To meet the Company's responsibility to provide reliable financial information, the Company maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material losses, unauthorised acquisition, use or disposal and that transactions are properly authorised and recorded.

The systems include a documented organisational structure and division of responsibility, established policies and procedures which are communicated throughout the Group, and the careful selection, training and development of people.

The Audit Committee monitors the operation of the internal control systems to determine whether there are deficiencies. Corrective actions are taken to address control deficiencies as they are identified. The Board, operating through the Audit Committee, oversees the financial reporting process and internal control systems. There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls.

CODE OF BUSINESS ETHICS AND CONDUCT

The Group's Code of Business Ethics and Conduct reaffirms the high standards of business conduct required of all employees, officers and directors of the Group. It has been created as part of the Company's continuing effort to ensure that it complies with all applicable laws, to ensure that it has an effective program to prevent and detect violations of law, and for the education and training of employees, officers and directors. In most circumstances, the Code sets standards that are higher than the law requires and adherence to the Code aims to preserve the confidence and support of the public and the Group's shareholders.

The Group expects its employees, officers and directors to:

- act with honesty, integrity and fairness in all dealings, both internally and externally
- comply with all laws and regulations applicable to the Group
- comply with Group policies and procedures
- protect the health, safety and wellbeing of co-workers, suppliers and the communities in which the Group operates
- protect the environment by prudent use of resources such as water and energy and to limit waste disposal by recycling
- protect and not disclose the Group's confidential information
- avoid any potential conflicts of private interests with the interests of the Group, including but not limited to improper communications with competitors or suppliers regarding bids for contracts, having close relationships with contractors or suppliers, involvement with any other businesses that have interests adverse to the Group, interests in the Group or compete with the Group
- not give or accept gifts, gratuities, or hospitality from customers or suppliers of inappropriate value, that could incur obligations or that could influence judgement
- avoid any situations or relationships that could interfere with an individual's ability to make decisions in the Group's best interests and
- to act in a courteous, dignified and respectful manner when dealing with co-workers and third parties and to refrain from discriminating, harassing or bullying behaviour, whether expressed verbally, in gesture or through behaviour.

CORPORATE GOVERNANCE

Furthermore, it is the Group's policy not to discriminate against any employee on the basis of race, religion, national origin, language, gender, sexual orientation, HIV status, age, political affiliation or physical or other disability. The Group desires to create a challenging and supportive environment where individual contributions and teamwork are highly valued. In order to establish such an environment, all individuals are expected to support this policy of non-discrimination and the equal employment opportunity policies.

MODERN SLAVERY AND HUMAN TRAFFICKING

The Group has a zero tolerance approach to any form of modern slavery and is committed to ensuring that there is no slavery or human trafficking in its supply chain or in any part of its business. Modern slavery encapsulates slavery, servitude and forced or compulsory labour. The Group acts ethically and with integrity in all business dealings and has the necessary systems and controls in place to safeguard against any form transgressions of human rights. The Group will continue to raise awareness of human rights among its employees, suppliers and the communities in which it operates.

ANTI-BRIBERY AND CORRUPTION POLICY

The Group is committed to doing business ethically. The Group does not tolerate corruption, fraud and bribery and does not allow donations to any political parties by any of its operations. The Group's anti-corruption policy is built into its Code of Business Ethics and Conduct and outlines potential risks, steps to mitigate the risk of bribery and corruption, together with a reporting guideline. All employees, suppliers and other associated persons are made aware of these policies and procedures with regard to ethical behaviour, business conduct and transparency.

SAFETY AND ETHICS HOTLINE

The Group has a zero tolerance approach to safety transgressions, theft, fraud, corruption, violation of the law and unethical business practices by employees or suppliers.

A 24-hour Safety and Ethics Hotline monitored by an independent external party is operational and facilitates the reporting and resolution of safety and ethical violations. This confidential and anonymous hotline provides an impartial facility for employees, service providers, customers and other stakeholders to report any safety or ethics-related matter such as safety concerns, unsafe behaviour and practices, hazardous conditions, fraudulent activity, corruption, statutory malpractice, financial and accounting reporting irregularities and other deviations from safe and ethical behaviour. It is the duty of the Audit Committee to ensure that arrangements are in place for the independent investigation of such matters and appropriate follow-up action. No action will be taken against anyone reporting legitimate concerns, even if there is no proven unlawful conduct.

INVESTOR RELATIONS

The Chief Executive Officer and Chief Finance Officer, supported by the Investor Relations Manager, interact with institutional investors on a regular basis on the performance of the Group through presentations and scheduled meetings. The Company also participates in selected international conferences and conducts roadshows internationally.

A wide range of information and documents, including copies of presentations given to investors, annual reports and notices of shareholder meetings, are made available on the Company's website www.tharisa.com on an ongoing basis.

Shareholders are encouraged to visit the investors' section of the website frequently to be kept informed of the corporate timetable, including dates for the Annual General Meetings, forms of proxy and relevant shareholder information relating thereto.

CORPORATE AND SOCIAL RESPONSIBILITY

ENVIRONMENTAL REVIEW

Mining by its very nature has an impact on the environment. The Group aims to manage and mitigate its impacts in an environmentally responsible manner and to ensure the wellbeing of its stakeholders. Growing regulatory and social pressures, increasing demands for limited and threatened natural resources, and the changing costs of energy and water all highlight the business imperative of responsible environmental management.

Environment

Total energy consumption	292 976 MWh
Total water consumption	2 221 949 m ³
Rehabilitation spend/provisions	US\$15 million

Environmental management involves taking measures not only to address security of resource supply (for example through efficiency and recycling), but also to actively minimise our impacts on natural resources and on the communities around the Group's operations. Taking such measures has direct benefits in terms of reduced costs and liabilities, enhanced resource security and improved security of our licence to operate.

Tharisa Minerals' Environmental Management Programme (EMP) aims to minimise the mine's impact on the natural environment and reduce its consumption of scarce natural resources. The Group believes that its commitment to responsible mining and beneficiation helps it achieve its strategic goals and also establishes a sustainable competitive advantage. A precautionary approach is exercised in all processes and this includes the planning, licensing, construction, closure and rehabilitation stages of all operations and projects.

Tharisa Minerals has the relevant and applicable South African environmental authorisations required for its licence to operate, including an approved Environmental Management Programme Report (EMPR) in terms of Mineral and Petroleum Resources Development Act, a positive Record of Decisions in terms of National Environmental Management Act of 2008 (NEMA) and an Integrated Water Use Licence (IWUL) under the National Water Act of 1998 (NWA).

Tharisa Minerals' environmental matters are:

- * resource management, particularly energy use and water availability
- * land management, including biodiversity conservation, rehabilitation and closure planning
- * environmental compliance – ensuring that operations remain legally compliant with new and changing legislation
- * managing and minimising waste streams
- * implementation of the new regulations on financial provision for rehabilitation – ensuring compliance and appropriate funding mechanisms to provide adequately for concurrent rehabilitation, as well as rehabilitation at mine closure and post-closure stages and
- * climate change and the effects thereof.

Water management remains a key challenge for Tharisa Minerals' operations. Water scarcity poses a potential constraint on current production and future expansion, and water availability is a concern for local communities. The reliability of current water infrastructure and the long lead time in rolling out new infrastructure is a risk for current operations and future expansion plans. Tharisa Minerals is dependent on a reliable and sufficient supply of energy. Interruptions to energy supply have the potential to affect production efficiencies and can impact the safety of workers. The increasing cost of energy affects Tharisa Minerals' ability to build financial capital and adds socio-economic stress on the communities that neighbour operations.

CORPORATE AND SOCIAL RESPONSIBILITY

The potential reputational and financial implications of non-compliance with the rapidly evolving South African environmental regulatory framework are significant as are the direct and indirect costs of ensuring compliance. Proposed legal developments, among others, that are likely to have a significant impact on the Group's business include the Carbon Tax Bill, the Greenhouse Gas Reporting Regulations, company level carbon budgets and the revised financial provisions for rehabilitation and closure.

Climate change is recognised in the mining industry as one of the most material matters that can have potential impacts on its ability to achieve milestones through its effect on energy prices, access to natural resources, weather-related production disruptions and related impacts on our value chain.

The Board ultimately holds responsibility for sustainable development and delegates the monitoring of this area to the Safety, Health and Environmental Committee. The environmental co-ordinator together with the Safety Health and Environmental Manager (SHE Manager) is responsible for managing and reporting on environmental performance, impacts and mitigation, as well as ensuring that all operations are legally compliant with applicable environmental legislation and associated regulations. This is further driven through the functional reporting structure where the SHE Manager reports to the Head: Sustainable Development, who has a direct reporting line to the Operations Director and the Chief Operating Officer. A Safety, Health and Environmental policy has been developed and signed off by the Operations Director and union representatives during FY2017. Employees and contractors receive environmental training at initial induction, through regular refresher courses and job-specific training.

Tharisa Minerals monitors its environmental compliance on an ongoing basis, including the status of its EMPR, IWUL and Environmental Impact Assessments (EIAs). In addition to internal operational compliance monitoring, external environmental compliance audits are conducted bi-ennially (or as specified in the respective environmental authorisations) as part of the Board's instruction to monitor compliance in areas of safety, occupational health and environmental management.

During FY2017, US\$0.2.3 million was spent on environmental management, including among others, pollution control and prevention and environmental operational expenditure (FY2016: US\$0.2 million)

There were no significant fines or non-monetary sanctions for non-compliance with laws and regulations in the year under review.

Water Management

Water is used in the Group's operations for milling and beneficiation and for dust suppression during blasting, on haul roads and at ore transfer points. The operations are situated in a water scarce region of the North West Province of South Africa, where water conservation is a priority for all the mining houses in the area. The Tharisa Mine has undertaken to educate the community and employees on the importance of conservation as source and security of supply is one of the mine's prioritised business risks. This is achieved through the use of posters and banners strategically placed inside the Tharisa Mine and in the neighbouring community of Mmaditlhokwa, which has assisted in creating a greater awareness of this invaluable resource.

Water for the Tharisa Mine is sourced from boreholes strategically drilled within the mining right area, the regional water utility, an allocation from the Buffelspoort Dam as well as water pumped from the opencast pits during mining. All water is reused and recycled as far as practically possible to achieve effective and efficient utilisation of water resources based on reducing water demand, reusing process water and preventing any discharges to the environment. Dirty and clean water is separated. The Tharisa Mine implements a hierarchy of water use to ensure that "dirty" or processed water is recycled for re-use before clean water is abstracted from the natural environment.

Water consumption is metered as required by the issued IWUL and regular reporting of the quality and quantities of the Tharisa Mine's water is submitted quarterly and annually, to the South African Department of Water and Sanitation (DWS). In the year under review Tharisa Minerals installed flow meters at strategic points in the operations to determine its water consumption. The metering data shows an annual consumption of 2 221 949 m³ from the various sources.

CORPORATE AND SOCIAL RESPONSIBILITY

The drought conditions experienced in South Africa has impacted the availability of water in surface impoundments at the operations. This has forced Tharisa Minerals to be more reliant on groundwater and thus increased its borehole water consumption.

Tharisa Minerals has submitted an application to amend the IWUL which includes both minor amendments to the licence as well as new water uses (such as increases in storage capacity, abstraction volumes and new section 21 water uses). The final technical report in support of this amendment application was submitted to DWS in August 2017. The Group is confident that the application for this amendment will be approved soon.

The Tharisa Mine has embarked on providing water for the nearby communities by drilling and equipping boreholes to supply water for domestic purposes. The pumped water is then piped and purified using on-site purification systems located in the community.

Water quality is monitored to assess the impact on the receiving environment, to immediately warn when mitigation action is required and to measure compliance with the IWUL conditions. Ground and surface water levels and quality are monitored regularly by biomonitoring of aquatic/riverine environments as appropriate and as stipulated in our IWUL conditions.

Energy

A consistent supply of electricity is critical for efficient mining and beneficiation. Electricity at the Tharisa Mine is sourced from the supply provided by Eskom, the state controlled entity providing power in South Africa. From the Tharisa Mine's on-site substation, power is distributed throughout the mining operations. The most significant impact electricity supply interruptions have on operations are on workplace safety, production efficiencies and diesel consumption with resulting emissions when generators are used to supply electricity to critical functions.

Tharisa's direct and indirect energy consumption was calculated as part of its baseline Greenhouse Gas inventory in December 2016. Fuels consumed in operations include diesel, acetylene and liquid petroleum gas (LPG). Diesel is the most used fuel (25.2 million litres) and accounts for 99% of mine carbon emissions from fuel use. There are currently no fuels from renewable resources used at the Tharisa Mine.

Tharisa Minerals's indirect energy consumption is from grid electricity. For the baseline year, Tharisa Minerals used 292 976 MWh of electricity. Managing energy consumption also reduces GHG emissions since electricity for South African operations is generated mainly from fossil fuels and is included in Scope 2 emissions below.

Carbon Emissions

The GHG inventory for Tharisa Minerals was calculated for the base year in December 2016 (for the preceding financial year) to estimate the carbon footprint of the Tharisa Mine's business activities.

Air quality

Dust originating from the mining and processing operations is rigorously and continuously monitored, both in terms of occupational health (dust that may contain silica and that is harmful to health) and fall-out dust (particulate matter/fugitive dust). Fugitive dust is monitored at various locations within the operation as well as specific sites in neighbouring areas, to ensure compliance with applicable legislation. A dust suppression spray system reduces fugitive dust levels from the respective crushers, conveyors and transfer points. Dust generated on unpaved roads is suppressed using water bowsers to wet the roads.

CORPORATE AND SOCIAL RESPONSIBILITY

Waste Management

The Group manages its activities to ensure compliance with the relevant waste legislation and to minimise its impact on the natural environment and surrounding communities it operates in. Tharisa Minerals's current activities and infrastructure do not trigger the requirements for a waste management licence as stipulated in the South African National Environmental Management Waste Act (Act 59 of 2008) (NEMWA). Any future mine residue deposits or stockpiles will be subject to a waste management licence application process.

Domestic waste generated at the mining operations is disposed of in licensed municipal landfill sites. Hazardous waste such as used oil is recycled through specialist service providers while other hazardous waste such as oil contaminated material and used filters is sent to registered waste-disposal facilities and safe disposal certificates are obtained.

Mineral waste produced by the mining operations includes tailings and waste rock. Waste rock is non-ore bearing rock removed in the mining process and is disposed of on waste rock dumps or used to backfill open pit workings to rehabilitate and minimise aesthetic impact. Tailings generally consist of finely milled waste material suspended in water and are disposed in tailings dams. These dams are lined appropriately to prevent pollution of groundwater. Groundwater around tailings disposal facilities is closely monitored and ground water modelling assists in predicting the potential impact of tailings disposal on aquifers.

Ongoing monitoring of surface water runoff and groundwater in the vicinity of these infrastructure alerts operations to any negative impact from waste disposal. Tharisa Minerals has the relevant authorisations for the disposal and storage of both tailings and waste rock.

Biodiversity

Mining has a direct impact on the physical environment and both mining and beneficiation can affect the biomes in their vicinity. Ensuring that the processes and controls are in place to safeguard the biodiversity in the biomes in which the Group operates is an important aspect of its sustainability model. Biodiversity Action Plans (BAPs) are in place at the operations and the Group compiled as part of the initial EIA process. The Group is busy with the implementation of biodiversity management programmes. The BAPs include commitments to conserve protected areas such as wetlands, zones of endemism, archaeological and heritage sites, protected and endangered species. The Group doesn't operate in an area of biodiversity value or adjacent to any protected areas.

EIA and/or EMP processes include land use planning that involves engagements with community forums, local municipalities and other affected stakeholders. Awareness training is planned for employees, contractors and communities regarding sensitive and endangered species around the operation.

CORPORATE AND SOCIAL RESPONSIBILITY

Environmental rehabilitation

The Group considers the impact of its operations on local landscapes at each stage of the mining cycle from initial exploration to construction, operation and eventual decommissioning and closure. Operations rehabilitate concurrently with ongoing mining activities wherever possible. The cost of rehabilitation and closure is assessed annually by independent specialists in alignment with the requirements of relevant legislation, EMPR closure commitments and applicable good practice. Financial provision is then made in the form of a financial guarantee which is submitted to the Department of Mineral Resources of South Africa.

At year-end, the Tharisa Mine's total mine closure and environmental rehabilitation provision (in terms of the DMR requirements) amounted to US\$15 million (FY2016: US\$12.3 million).

The regulations in terms of NEMA pertaining to financial provision for rehabilitation and closure for prospecting, exploration, mining or production operations were published in November 2015. These regulations have significant financial implications for the mining industry and the Chamber of Mines is engaging with the DMR around this impact and the industry's concerns. These regulations require mines to provide for ongoing expenses after mine closure and effectively freeze the existing provisions for rehabilitation and closure, requiring further provisions to be made from operating expenses. Assessments aligned to these regulations need to be completed and submitted to the DMR by February 2019.

SOCIAL REVIEW

The Group is committed to the socio-economic upliftment of the host communities in which the Tharisa Mine operates. The Group strives to minimise potentially negative social impacts while promoting opportunities for the local communities in its areas of operation. Tharisa Minerals is committed to community initiatives through its social and labour plan, which addresses job creation, poverty alleviation, basic infrastructure, education and development needs.

	Year ended 30 September 2017
Total Corporate Social Investment/Social and Labour Plan spend	US\$0.6 million
Areas of Corporate and Social Investment/ Social and Labour Plan spend	
Basic needs	US\$0.1 million
Education	US\$0.1 million
Infrastructure development	US\$0.2 million
Enterprise development	US\$0.2 million

Community

Tharisa Minerals is situated in the Bojanala District Municipality within the Rustenburg Local Municipality in South Africa. The Tharisa Mine's immediate neighbour is the community of Mmaditlhokwa. Approximately one-third of employees at Tharisa Minerals and the mining contractors are from this community.

The strategy for social and economic advancement of host communities is informed by the local municipality's Integrated Development Plan (IDP), and is translated into action through local initiatives incorporated into each mine's Social and Labour Plans (SLP). Key municipal initiatives include local economic development projects, bursary awards to local qualifying Grade 12 graduates, internships, work integrated learning opportunities, and apprenticeship opportunities for youths.

CORPORATE AND SOCIAL RESPONSIBILITY

Community Relationships

Tharisa Minerals prefers to work directly with its host communities rather than through charitable organisations. By doing this, Tharisa Minerals gets to engage more immediately and intimately with the communities.

Within ward 32, the municipal area in which the Tharisa Mine operates, there are a number of villages and small holdings. This has resulted in a diverse range of stakeholders from employee families to farmers. The Group has engaged with the small farm owners separately from the other communities due to different and diverse needs and cultures.

The small farm owners have formed a representative engagement structure while the broader community is represented by an elected ward committee, led by a ward councillor.

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

The Group is proactive in building and maintaining stakeholder relationships with the local communities and a dedicated management team has been mandated to monitor, measure and manage the social and economic impacts in terms of SLPs and other Corporate and Social Investment (CSI) initiatives.

Tharisa Minerals has established an engagement forum, which liaises with the steering committee for the local community neighbouring the Tharisa Mine. The Group also maintains its relationship with the community through a dedicated community liaison officer and via engagement forums, which include the local municipality.

SLPs and CSI

Tharisa Minerals will continue its commitment to community initiatives through its social and labour plan to address job creation, poverty alleviation, basic infrastructure and education and development needs.

Consistent with its corporate and social responsibility, the Group established the Tharisa Community Trust, which holds a direct, unencumbered 6% equity interest in Tharisa Minerals, for the benefit of members of the local community in which the Tharisa Mine is located.

Tharisa Minerals recruits from the local communities and surrounding areas to the extent possible. To this end, a number of programmes have been implemented to train the youth in the communities in order to provide them with the necessary skills to make them employable, not only by Tharisa Minerals, but also by other mines in the area.

During FY2017, 55 community members benefited from basic numeracy and literacy training provided by Tharisa Minerals. Other human development interventions include the awarding of eight engineering learnerships and 28 internships.

All eight engineering learnerships were awarded to members of the local community and on completion of their training, these learners will qualify as fully fledged artisans. The interns are recently qualified graduates who require workplace experience prior to entering the job market. Although these have been sourced nationally, 46% of them are from the North West Province of South Africa, the province where Tharisa Mine is situated.

Being a highly mechanised operation, the Tharisa Mine is not labour intensive, making it impossible for Tharisa Minerals alone to meet the employment needs of the local communities. A database from which people are identified for recruitment and training interventions has been established by Tharisa Minerals, in collaboration with the local communities.

CORPORATE AND SOCIAL RESPONSIBILITY

SAFETY AND HEALTH REVIEW

The Group's business is reliant on a healthy, skilled, trained and committed workforce. The safety of the Group's people is of the utmost importance. The Group aims to mine, process, market and distribute its products to customers without harming anyone.

Safety

	Year ended 30 September 2017
Number of fatalities	0
Number of Medical Treatment Cases (MTC)	13
Number of Lost Time Injuries (LTI)	2
Fatality Injury Frequency Rate (FIFR)	-
Lost Time Injury Frequency Rate (LTIFR)*	0.07
Target LTIFR	0.00
Safety milestones	2
Safety awards	3

* calculated per 200 000 man hours worked

The Group's safety performance compares well against those of comparable resources groups. During 2017 Tharisa Minerals received the following awards:

- MHSC Award for 2 000 Fatality Free Production Shifts
- Mine Safe Award for Best Safety Performance in Class
- Mine Safe Award for Best Improved Performance

The Group is pleased to report that there were no fatalities during FY2017 and FY2016. While open cast operations are considered safer than underground mining operations, Tharisa Minerals has taken extra care to ensure its processes and policies are adhered to and that its employees are kept abreast of potential safety hazards through continual training. Increased emphasis was also placed on accountability during FY2017. Supervisors were trained on what their roles and responsibilities were and they were held accountable for their actions.

The Safety, Health and Environment Committees are responsible for overseeing compliance with health and safety legislation and policies.

All mining and processing employees, including contractors, receive safety training.

At 30 September 2017, Tharisa Minerals achieved 13 726 089 fatality free hours and 1 533 794 fatality free shifts. The Group's adoption of a policy of zero tolerance to unsafe conditions has meant that the Tharisa Mine has among the lowest LTIFR in its peer group. As at 30 September 2017 the Group had a LTIFR of 0.07 per 200 000 man hours worked. Where injuries have occurred, Tharisa Minerals' focus has been on completing effective investigations and root cause analysis so as to prevent repeat incidents from re-occurring.

The Group employs a Safety Management System. The system requires a baseline risk assessment to identify the major risks at the Tharisa Mine. These risks are then examined further by conducting issue-based risk assessments and identifying appropriate control measures to ameliorate the risks. Measures can include standards and procedures updates, as well as training lesson plans. To ensure compliance, a system of "over-inspection" by supervisors and safety staff is implemented and records kept of the same. Further mitigation measures include visible felt leadership and ongoing training.

CORPORATE AND SOCIAL RESPONSIBILITY

As required by South African regulations, Tharisa Minerals has established a mine Safety and Health Committee that approves and implements all mandatory safety training. Safety staff employed by the Group oversee inspections of actual work performance and site conditions and also identify and allocate any necessary corrective actions.

Health

	Year ended 30 September 2017
Number of employees tested for HIV/AIDS	3 478
Total number of employees receiving anti-retroviral treatment	383
HIV/AIDS prevalence rate	11%
Number of employees screened for TB/silicosis (3 582 X-ray and questionnaire via medical surveillance programme and 40 sputum tests via voluntary testing on awareness campaigns)	4 622
Number of employees who underwent hearing tests via medical surveillance programme)	4 582
Number of employees who attended wellness days	308

The Group is committed to the health of its employees and has implemented a number of programmes to facilitate wellbeing among those who work for the Group. Chief among these programmes is the Tharisa Minerals' occupational health programme, which has as its key focus tuberculosis (TB), HIV/Aids, dust exposure and noise induced hearing loss. TB and HIV/Aids are being addressed through a strong focus on prevention through education and awareness initiatives. Anti-retroviral treatment (ART) is offered to all eligible persons and the programme is managed through our wellness service provider.

The HIV prevalence rate among Tharisa Minerals employees is 8.3%. This information is derived from medical examinations which all employees undertake (initial, periodical and exit medicals) at which employees, including contractors, are encouraged to undergo voluntary counselling and testing (VCT). In addition to this, Tharisa Minerals employees attend a Wellness day and a World HIV/Aids day at which VCT engagements are undertaken. Through this process every employee that tests positive is afforded the opportunity to be placed on an ART programme.

The Tharisa Thusanang Wellness Programme was introduced in December 2011 with the aid of Calibre Clinical Consultants. "Thusanang" is a Setswana (an official language in South Africa) word meaning "helping each other". The programme was designed to provide support, counselling and training to employees, their families and the community about their lifestyle, wellbeing and work environments. Campaigns have included cancer awareness presentations and World Aids Day HIV awareness education and counselling.

The Tharisa Peer Educator Programme was launched in September 2012. The course trains a group of employees who champion the programme and provide further wellness education to employees and the community. Tharisa has 46 peer educators. In 2017 Tharisa's Peer Educators underwent refresher training.

The Tharisa Mine has also implemented random testing for drugs and compulsory testing for alcohol in a bid to ensure the safety of all employees. Employees who test positive are not permitted on site and are subject to disciplinary procedures. They are also offered counselling and/or rehabilitation.

CORPORATE AND SOCIAL RESPONSIBILITY

Hearing

The South African Mine Health and Safety Council (MHSC) 2025 Health and Safety Milestones, stipulate that no employee's Standard Threshold Shift (STS) will exceed 25 dB from the baseline when averaged 2 000, 3 000 and 4 000 Hz in one or both ears by December 2016. The milestone is monitored during annual medical examinations. High noise zones have been identified and the Group ensures personnel working in high risk areas are issued with personalised hearing protection. The issuing of personalised hearing protection has now been extended to the medium risk areas too.

The MHSC has also set a December 2024 target where the total operational or process noise emitted by any equipment must be below 107 dB (A). Tharisa Minerals has already achieved this target ahead of the deadline. Engineering staff continue to ensure that all new equipment meets this requirement.

Tuberculosis

Tharisa Minerals actively campaigns to increase awareness of TB and its symptoms. These campaigns encourage all employees, including contractors, to participate in screening.

The MHSC's 2025 Health and Safety Milestones aim to reduce the rate of TB among mineworkers to national incident rates or below.

Tharisa Minerals' interventions to address and reduce TB among its workforce include increased TB screening, TB awareness campaigns, questionnaires to identify symptoms and the enlisting of trade union involvement in and commitment to improving TB awareness and lowering incident rates among employees and their families.

TB screening is performed on an ad hoc basis and during the occupational medical examinations. Sputum tests are then conducted on employees who are potentially at risk of having TB.

Isolated cases of TB have been detected, however, the outcomes of the investigations have indicated they were non-work related cases. The individuals were treated and have all returned to their working environments.

All cases of TB have been reported to the relevant regulatory bodies as per the legislated requirements.

HIV

As legislated in South Africa, Tharisa Minerals' HIV screening is voluntary. Tharisa Minerals actively campaigns to increase awareness of HIV, its cause, its symptoms and its treatment. All employees, including contractors, are encouraged to participate in screening.

All of Tharisa Minerals' mine and processing employees are offered Hematocrit blood tests annually and all eligible employees are counselled and are asked if they would like to join an ART Programme, which is run and managed by a third-party service provider, Calibre. Tharisa Minerals and Calibre work together to increase the uptake of ART. These interventions include pre-and post-test counselling, awareness programmes, roadshows and are a focus of the Peer Educator Programme.

CORPORATE AND SOCIAL RESPONSIBILITY

HIV statistics are based on HIV testing done during medical examinations. The following Wellness Campaigns were held during 2017 at the Tharisa Mine:

- A HIV and TB Campaign was held in January 2017. All employees (including contractors), whether status known or unknown, were encouraged to participate in a screening process. Pre-counselling is compulsory, however, the actual testing is not compulsory and therefore the prevalence rate is based on the number of employees tested and not on the total number of employees
- STI Awareness – February 2017
- Flu Vaccines – April 2017
- Family fun run – 13 May 2017
- Wellness Day - September 2017.

Silicosis

In compliance with the MHSC 2025 Health and Safety Milestones, levels of respirable crystalline silica have to be reduced in 95% of all individuals (not averages) to below OEL of 0.05mg/m³ by December 2024. Tharisa Minerals is using quality dust masks and compliance is monitored during visible field leadership and inspections. Tharisa Minerals complies with the 95% as stipulated in the milestone.

HUMAN RIGHTS

The Group is committed to the upholding of human rights. It is vehemently opposed to modern slavery and human trafficking and undertakes to ensure that none of its businesses are or ever will be involved in human rights violations. It endeavours to raise awareness of human rights among its employees, suppliers and the communities in which it operates.

While the Group does not consider there to be a risk of slavery or human trafficking within its operations or supply chain, it does proactively ensure that all its suppliers comply with respective local and international legislation through risk identification, policies and due diligence processes carried out as part of business supply chain management.

The Group has internal policies in place to ensure that it is conducting business in an ethical and transparent manner. These include:

Supplier management

The Group's suppliers are closely managed through the Group's financial and supply chain departments. All new suppliers undergo a rigorous vetting process which include bank, credit and background checks before they are allowed to become an approved supplier or vendor. The Group maintains good relationships with all its suppliers and encourages open dialog so that any potential risks to either business can promptly be identified.

Anti-corruption policy

The Group does not tolerate corruption, fraud and bribery and does not allow donations to any political parties by any of its operations. The Group's anti-corruption policy is built into its Code of Business Conduct and Ethics; it outlines potential risks, steps to mitigate the risk of bribery and corruption; and a reporting guideline. A detailed bribery risk assessment (on a subsidiary level) is performed regularly and reviewed by the respective subsidiary board, who then assesses whether further mitigation measures are required to stamp out any unlawful behaviour. All employees, suppliers and other associated persons are made aware of these policies and procedures with regard to ethical behaviour, business conduct and transparency.

CORPORATE AND SOCIAL RESPONSIBILITY

Whistleblower policy

The Group established a whistleblowing hotline in South Africa with the aim to enhance an honest work ethic and simultaneously provide employees with a mechanism to bring any unethical business practices to the attention of management. The hotline allows employees to raise concerns about any untoward conduct, the treatment of colleagues or practices within the business or supply chain, without fear of reprisals. The whistleblowing hotline is overseen independently by KPMG and operates 24 hours a day, 7 days a week, 365 days a year.

Recruitment policy

The Group has a robust recruitment policy in place to ensure that potential employees are screened ahead of joining the Group. The recruitment process certifies that potential employees carry valid identity documents or passports and have not been convicted of a crime. This allows the Group to safeguard against human trafficking and ensure individuals are not being forced to work against their will.

Code of business conduct

This code reaffirms the high standards of business conduct required of all employees, officers and directors of the Group. It was created as part of the Group's continuing effort to ensure that it complies with all applicable laws and that it has an effective program to prevent and detect violations of law, and for the education and training of employees, officers and directors.

STAKEHOLDER ENGAGEMENT

The Group believes that stakeholder engagement is a business imperative and that strong lines of communications between stakeholders ensure the success of the company and secure its place among the community. The Group's stakeholder engagement strategy aims to ensure that the company maintains good working relations, manages social risk and develops solutions to social challenges faced by its stakeholders.

The Group feels its stakeholder engagement helps it manage social risks, gains legitimacy and recognition among its employees and community, as well as the government. To this end the Group is committed to elevating its stakeholder engagement to the status of priority.

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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 2017, the names of whom are listed below, confirm that, to the best of our knowledge:

- a) the consolidated financial statements on pages 46 to 105:
 - 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.

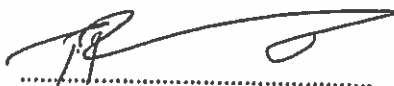
The Directors of the Company as at the date of the announcement are as set out below:

Executive Directors

Loucas Pouroulis *Chairman*



Phoevos Pouroulis *Chief Executive Officer*

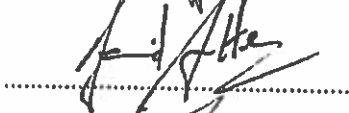


Michael Jones *Chief Finance Officer*



Independent Non-Executive Directors

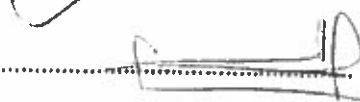
David Salter



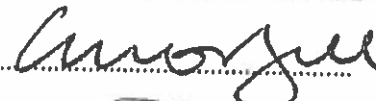
Antonios Djakouris



Omar Kamal



Carol Bell

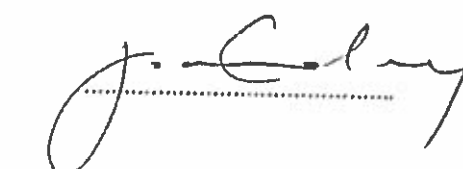


Roger Davey



Non-Executive Director

Joanna Ka KI Cheng



Cyprus, 28 November 2017



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Independent Auditor's Report

To the Members of Tharisa plc

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Tharisa plc (the "Company") and its subsidiaries (the "Group"), which are presented on pages 45 to 104, and comprise the consolidated statement of financial position at 30 September 2017, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 September 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Cyprus Companies Law, Cap 113, as amended from time to time (the "Companies Law, Cap 113").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code), and the ethical requirements in Cyprus that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Board Members

N.G. Symiatis, A.K. Christofides, P.G. Loxou, A.M. Gregoriades, D.S. Vakis, A.A. Apostolou, S.A. Louzides, M.A. Louzides, S.G. Sofocleous, M.M. Antoniadou, C.V. Vasiliou, P.E. Antoniadou, M.J. Haliou, M.P. Michael, P.A. Peletos, G.V. Markides, M.A. Papacosta, K.A. Papanicolaou, A.T. Shamimouris, G.H. Tziortzis, H.S. Charalambous, C.P. Anayiotos, I.P. Ghaianos, M.G. Gregoriades, H.A. Kakoulis, G.P. Savva, C.A. Kouros, C.N. Kalkis, M.H. Zevrou, P.S. Elio, M.G. Lazarou, Z.E. Hadjirachos, P.S. Theophanous, M.A. Karantini, C.A. Markides, G.V. Armeou, J.C. Kourides, G.S. Prodromou, A.S. Sotiriadis, G.H. Symiatis, T.J. Vasiliadis, A.A. Bargyly, K.A. Christofides, P.P. Vanezis

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F: +357 22 643062

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F: +357 23 820084

Polytechnic
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T: +357 26 822099
F: +357 26 322722



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Property, plant and equipment – impairment assessment – US\$233 million	
Refer to the accounting policy for Property, Plant and Equipment-Mining assets in note 3.12, 3.16 and note 13.	
The key audit matter	How the matter was addressed in our audit
<p>The Group operates primarily in the chrome and PGM industries which are known to experience rising costs, and in recent years, subdued demand and low pricing levels. Nevertheless, the chrome prices in recent periods have improved but the pricing environment and the foreign exchange rates that the group operates with, remain volatile.</p> <p>Commodity prices and the South African Rand: US Dollar exchange rates remain volatile with potential impairment risk for property, plant and equipment.</p> <p>The Group is transitioning to the owner mining model. The impact on future production costs and liquidity requires assessment.</p> <p>Given the significance of, the possible volatility of the commodity prices, volatility of the US Dollar to the exchange rate of the South African Rand, the inherent uncertainty involved in forecasting and discounting future cash flows which are the basis of the assessment of the recoverability and the potential impact these may have on the impairment assessment of the property, plant and equipment, this was determined to be a key audit matter.</p>	<p>Our audit procedures in relation to the assessment of the budgeting and forecasting of the Group included the following:</p> <ul style="list-style-type: none"> — Assessed the reasonableness of the assumptions used and challenged them by comparing those to externally derived data, where these were available. — Assessed whether the transitioning to owner mining model has been appropriately included in the forecasts. — We have assessed the independence and professional competence of the Competent Person and compared their work for any inconsistencies with other audit evidence. — We considered the sensitivity analysis on the commodity prices, exchange rates and estimated production performed by management. — Recalculated the covenant ratios of the secured bank borrowings at year end. — We considered the appropriateness of the sensitivity disclosures in the corresponding notes to the financial statements.

Revenue recognition - US\$349 million	
Refer to the accounting policy for Revenue in note 3.2 and note 4.	
The key audit matter	How the matter was addressed in our audit
<p>We identified the revenue recognition as a key audit matter because it includes:</p> <ul style="list-style-type: none"> - complex calculations of revenue for contracts for the sale of chrome and PGM goods, - pre-selling arrangements with customers which is accounted for as income received in advance, <p>which give rise to an inherent risk that revenue could be recorded inaccurately or in the incorrect period or could be subject to manipulation.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> — Tested the design, implementation and operating effectiveness of internal controls in relation to the existence, accuracy and completeness of revenue. — We have inspected a sample of revenue items (statistically selected) to relevant contracts, bill of lading and quality and quantity certificates. — Performed substantive analytical review on revenue.

Valuation of deferred stripping asset - US\$21,8 million	
Refer to the accounting policy for Property, Plant and Equipment-Mining assets in note 3.12 and note 13.	
The key audit matter	How the matter was addressed in our audit
<p>The group conducts open cast mining activities, which results in the recognition of an asset when the overburden is removed to access the mining pit. The carrying value of the deferred stripping asset amounted to US\$21,8 million (ZAR295 million) at 30 September 2017. The value of the deferred stripping asset is based on management's estimate of stripping volumes and cost incurred, supported by surveyor reports.</p> <p>Judgement is applied by management in determining the life of mine/pit stripping ratios.</p> <p>Due to the significance of the judgements made by management in relation to the deferred stripping asset, this matter was considered to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> — We assessed the competence and objectivity of the expert used by management in the surveying of the deferred stripping volumes. — We inspected management's calculations of the deferred stripping asset capitalised during the year and the related depreciation of the deferred stripping asset.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management and Corporate Governance report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap. 113.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Our report in this regard is presented in the "Report on other legal requirements" section.

Responsibilities of the Board of Directors 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 IFRS and the requirements of 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.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors' Law of 2017, L.53(I)/2017, as amended from time to time ("Law L.53(I)/2017"), we report the following:

- In our opinion, the management report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the financial statements.
- In the light of the knowledge and understanding of the enterprise and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.
- In our opinion, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113, and which is included as a specific section of the Management Report, have been prepared in accordance with the requirements of the Companies Law, Cap. 113, and is consistent with the financial statements.
- In the light of the knowledge and understanding of the business and the Company's environment obtained in the course of our audit, we have not identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Companies Law, Cap. 113.
- In our opinion, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii) and (vi) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113.

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 69 of Law L.53(I)/2017, 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.

The engagement partner on the audit resulting in this independent auditors' report is Michael M. Antoniadis.



Michael M. Antoniadis, FCA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Ltd
Certified Public Accountants and Registered Auditors

14 Esperidon St
1087 Nicosia
Cyprus

28 November 2017

tharisa

plc

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 September 2017

	Notes	2017 US\$'000	2016 US\$'000
Revenue	4	349 443	219 653
Cost of sales	5	(226 789)	(165 177)
Gross profit		122 654	54 476
Other income	6	160	438
Administrative expenses	8	(26 903)	(22 775)
Results from operating activities		95 911	32 139
Finance income	9	3 580	770
Finance costs	9	(7 689)	(11 815)
Changes in fair value of financial assets at fair value through profit or loss	9	(813)	503
Changes in fair value of financial liabilities at fair value through profit or loss	9	-	368
Net finance costs		(4 922)	(10 174)
Profit before tax		90 989	21 965
Tax	11	(23 316)	(6 172)
Profit for the year		67 673	15 793
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		(387)	4 212
Other comprehensive income, net of tax		(387)	4 212
Total comprehensive income for the year		67 286	20 005
Profit for the year attributable to:			
Owners of the company		57 601	13 809
Non-controlling interest		10 072	1 984
		67 673	15 793
Total comprehensive income for the year attributable to:			
Owners of the company		57 451	17 103
Non-controlling interest		9 835	2 902
		67 286	20 005
Earnings per share			
Basic and diluted earnings per share (US\$ cents)	12	22	5

The notes on pages 50 to 104 are an integral part of these financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

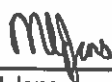
as at 30 September 2017

	Notes	2017 US\$'000	2016 US\$'000
Assets			
Non-current assets			
Property, plant and equipment	13	232 559	220 534
Goodwill	14	838	883
Long term deposits	15	4 505	9 846
Other financial assets	17	3 767	2 585
Deferred tax assets	23	1 952	1 397
Total non-current assets		243 621	235 245
Current assets			
Inventories	18	20 802	15 767
Trade and other receivables	19	70 374	51 184
Other financial assets	17	49	1 176
Current taxation	26	132	134
Cash and cash equivalents	20	49 742	15 826
Total current assets		141 099	84 087
Total assets		384 720	319 332
Equity and liabilities			
Share capital	21	260	257
Share premium	21	280 082	456 181
Other reserve	21	47 245	47 245
Foreign currency translation reserve	21	(73 561)	(73 411)
Retained earnings	21	42 877	(193 521)
Equity attributable to owners of the Company		296 903	236 751
Non-controlling interests	21	(25 057)	(34 892)
Total equity		271 846	201 859
Non-current liabilities			
Provisions	22	6 923	4 607
Borrowings	24	4 375	24 008
Deferred tax liabilities	23	23 823	5 275
Total non-current liabilities		35 121	33 890
Current liabilities			
Borrowings	24	45 026	38 408
Other financial liabilities	25	599	-
Current taxation	26	212	54
Trade and other payables	27	31 916	45 121
Total current liabilities		77 753	83 583
Total liabilities		112 874	117 473
Total equity and liabilities		384 720	319 332

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



Phoevos Pouroulis
Director



Michael Jones
Director

The notes on pages 50 to 104 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2017

	Notes	Attributable to owners of the Company							Total equity US\$'000
		Share capital US\$'000	Share premium US\$'000	Other reserve US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000	Total US\$'000	Non-controlling interest US\$'000	
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	21	-	-	-	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	21	-	-	-	-	(1 045)	(1 045)	-	(1 045)
Issue of ordinary shares	21	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

The notes on pages 50 to 104 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2017

	Attributable to owners of the Company							Total equity US\$'000
	Share capital US\$'000	Share premium US\$'000	Other reserve US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000	Total US\$'000	Non-controlling interest US\$'000	
Balance at 30 September 2016	257	456 181	47 245	(73 411)	(193 521)	236 751	(34 892)	201 859
Total comprehensive income for the year	-	-	-	-	57 601	57 601	10 072	67 673
Profit for the year	-	-	-	-	57 601	57 601	10 072	67 673
Other comprehensive income:								
Foreign currency translation differences	21	-	-	(150)	-	(150)	(237)	(387)
Total comprehensive income for the year	-	-	-	(150)	57 601	57 451	9 835	67 286
Transactions with owners of the Company								
Contributions by and distributions to owners								
Capital reduction	-	(179 175)	-	-	179 175	-	-	-
Capital distribution	-	-	-	-	(2 570)	(2 570)	-	(2 570)
Equity-settled share based payments	21	-	-	-	2 192	2 192	-	2 192
Issue of ordinary shares	21	3 076	-	-	-	3 079	-	3 079
Contributions by owners of the Company	3	(176 099)	-	-	178 797	2 701	-	2 701
Total transactions with owners of the Company	3	(176 099)	-	-	178 797	2 701	-	2 701
Balance at 30 September 2017	260	280 082	47 245	(73 561)	42 877	296 903	(25 057)	271 846

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

The notes on pages 50 to 104 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 September 2017

	Notes	2017 US\$'000	2016 US\$'000
Cash flows from operating activities			
Profit for the year		67 673	15 793
Adjustments for:			
Depreciation of property, plant and equipment	13	16 929	10 167
Loss on disposal of property, plant and equipment	8	196	584
Impairment losses on goodwill	14	57	51
Impairment losses on inventory	18	24	15
Impairment losses on other financial assets		-	12
Changes in fair value of financial assets at fair value through profit or loss	9	813	(503)
Changes in fair value of financial liabilities at fair value through profit or loss	9	-	(368)
Interest income	9	(1 122)	(770)
Interest expense	9	7 689	10 287
Tax	11	23 316	6 172
Equity-settled share based payments	8	4 342	2 542
		119 917	43 982
Changes in:			
Inventories		(5 063)	(4 634)
Trade and other receivables		(21 839)	(12 657)
Trade and other payables		(15 068)	(4 100)
Provisions		1 792	71
Cash from operations		79 739	22 662
Capital reduction		(2 570)	-
Income tax paid		(3 990)	(472)
Net cash flows from operating activities		73 179	22 190
Cash flows from investing activities			
Interest received		708	892
Additions to property, plant and equipment	13	(26 398)	(12 307)
Proceeds from disposal of property, plant and equipment		-	124
Additions of other financial assets		(925)	(700)
Net cash flows used in investing activities		(26 615)	(11 991)
Cash flows from financing activities			
Refund of long term deposits		5 726	1 369
Proceeds from bank credit facilities		6 073	1 648
Net proceeds under obligations under new loan		-	2 310
Repayment of secured bank borrowings and loan to third party		(17 917)	(19 166)
Interest paid		(6 371)	(4 371)
Net cash flows used in financing activities		(12 489)	(18 210)
Net increase/(decrease) in cash and cash equivalents		34 075	(8 011)
Cash and cash equivalents at the beginning of the year		15 826	24 265
Effect of exchange rate fluctuations on cash held		(159)	(428)
Cash and cash equivalents at the end of the year	20	49 742	15 826

The notes on pages 50 to 104 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

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 (LSE).

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 74.0% 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 15.0% 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 15.0% 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 15.0% 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 2017, 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 100.0% 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 2017

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, which assumes that the Group will be able to meet its liabilities as they fall due for the foreseeable future.

These consolidated financial statements have been prepared on a going concern basis.

Refer to note 30 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; 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 2017

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.

Even though no impairment indicators were identified, the Group prepared an impairment test for its property, plant and equipment. In arriving at the recoverable amount, the Group prepared a discounted cash flow model to determine the value-in-use. The value-in-use was higher than the fair value less cost to sell. The following underlying assumptions were used in the discounted cash flow model:

- A discount rate equal to the Group's weighted average cost of capital;
- Forecast timing of cash flows reflects actual practices;
- The remaining useful life of the mine is estimated at 18 years which is based on the ore reserve and forecast mining profile;
- An exchange rate of ZAR13.0:US\$1;
- Spot PGM basket price and spot chrome concentrate prices;
- Future ongoing capital requirements were included; and
- Production guidance for FY2018 of 150 koz of PGMs and 1.4 Mt of chrome concentrates were used.

Sensitivity analyses were performed by adjusting the above assumptions individually and collectively by 90% and 110%. The recoverable amount of the Group's property, plant and equipment was higher than the current carrying value and consequently no impairment indication exists.

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.

The mineral reserve is re-assessed annually.

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.

These estimates are summarised in note 22 of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2017

2. BASIS OF PREPARATION (continued)

Use of estimates and judgments (continued)

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.

The prevailing PGM basket price and chrome concentrate prices as at 30 September 2017 were used as estimated selling prices less forecast selling costs to determine the net realisable value of the Group's inventories. At 30 September 2017, the calculated net realisable values exceeded the cost of inventories.

STANDARDS AND INTERPRETATIONS ADOPTED IN THE CURRENT YEAR

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

STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

A number of new standards and amendments to standards, which will have no, or no material, effect on the financial statements of the Group are effective for annual periods beginning on or after 1 October 2016. Earlier application is permitted; however, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

Standard/Interpretation	Title	Effective date
IAS 7	Disclosure Initiative (Amendment)	1 January 2017
IAS 12	Income taxes (Amendment)	1 January 2017
IAS 28	Investment in associates and joint ventures – clarification that measuring investees at fair value through profit or loss is an investment – by – investment choice	1 January 2018
IFRS 1	First-time adoption of International Financial Reporting Standards – Deletion of short-term exemptions for first-time adopters	1 January 2018
IFRS 2	Share based payment (Amendment)	1 January 2018
IFRS 12	Disclosure of Interest in Other Entities – Clarification of the scope of the disclosure requirements of IFRS12 (Annual improvement project)	1 January 2017
IFRIC 22	Foreign currency transactions and Advance Consideration	1 January 2018

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

IFRIC 23 – Uncertainty over Income Tax Treatment

This new interpretation standard sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The impact of the interpretation will be assessed and applied to uncertain tax positions in future. The interpretation is effective for reporting periods beginning on or after 1 January 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

2. BASIS OF PREPARATION (continued)

STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

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 Group would be required to disclose information about its contracts with customers, disaggregating information about recognised revenue and information about its performance obligations at the end of the reporting period. Revenue from the sales of metals, the main revenue stream, will not be impacted.

The Group will adopt *IFRS 15 Revenue from Contracts with Customers* for the financial year ending 30 September 2018.

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 from the perspective of the lessor.

The Group has non-material operating leases which will have to be brought onto the balance sheet in terms of the new standard and additional disclosure will be required.

The Group will adopt *IFRS 16 Leases* for the financial year ending 30 September 2018.

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

IFRS 9 replaces the existing guidance in IAS 39. The standard includes requirements for recognition and measurement, impairment, recognition and general hedge accounting. It uses a single approach, based on how an entity manages its instruments (its business model) and the contractual cash flow characteristics of the financial assets, to determine whether a financial asset is measured at amortised cost or at fair value. It requires a single impairment method to be used, replacing the numerous methods in IAS 39 that arose from the different classification categories. It also removes the requirement to separate imbedded derivatives from financial asset hosts. The standard introduces new requirements for an entity choosing to measure a liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income section of the statement of profit or loss and other comprehensive income, rather than within profit or loss. This new standard will affect the classification and measurement of financial assets.

The Group will classify its loans and receivables and held-to-maturity financial assets as measured at amortised cost. The derivative financial instruments and available-for-sale financial assets will be categorised as measured at fair value. The fair value movements on the available-for-sale financial assets will still be accounted for through other comprehensive income. The Group will apply the expected loss model when assessing for impairment of financial assets, but this impairment model is not expected to increase the impairment of financial assets.

The Group will adopt *IFRS 9 Financial Instruments* for the financial year ending 30 September 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

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. Control exists where the Group is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. 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 2017

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 2017

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 three operating segments during the reporting period, the PGM segment, the chrome segment and the agency and trading 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 2017

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 3.0% to a maximum of 15.0% 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 2017

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 2017

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 2017

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 18 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 2017

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.

Mining fleet is depreciated using the units-of-production method based on estimated achievable machine hours.

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 10.0% pa
- motor vehicles at 20.0% pa
- computer equipment and software at 33.3% pa
- office equipment between 10.0% and 33.3% pa
- furniture at 20.0% 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 2017

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 2017

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 2017

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 2017

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 2017

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 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on 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.

When share options are exercised, the Company issues new shares or issues shares from the treasury shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

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 above 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 2017

4. OPERATING SEGMENTS

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

	PGM US\$'000	Chrome US\$'000	Agency and trading US\$'000	Total US\$'000
2017				
Revenue	90 924	252 869	5 650	349 443
Cost of sales				
Cost of sales excluding selling costs	(54 336)	(107 634)	(4 241)	(166 211)
Selling costs	(366)	(59 068)	(1 144)	(60 578)
	(54 702)	(166 702)	(5 385)	(226 789)
Gross profit	36 222	86 167	265	122 654
2016				
Revenue	81 514	138 139	-	219 653
Cost of sales				
Cost of sales excluding selling costs	(57 135)	(64 710)	-	(121 845)
Selling costs	(218)	(43 114)	-	(43 332)
	(57 353)	(107 824)	-	(165 177)
Gross profit	24 161	30 315	-	54 476

The shared costs relating to the manufacturing of the PGM and the chrome concentrates are allocated to the relevant operating segments based on the relative sales value per product on an ex-works basis. During the year ended 30 September 2017, the relative sales value of chrome concentrates increased compared to the relative sales value of PGM concentrate and consequently the allocation basis of shared costs was amended to 65.0% (chrome concentrates) and 35.0% (PGM concentrate) respectively. The shared costs were allocated equally between the PGM and chrome segments in the comparative period.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

4. OPERATING SEGMENTS (continued)

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.

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

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

	2017		2016	
	Segment	US\$'000	Segment	US\$'000
Customer 1	PGM	88 118	PGM	81 514
Customer 2	Chrome	60 370	Chrome	29 146
Customer 3	Chrome	43 676	Chrome	28 094

(ii) Specified non-current assets	2017 US\$'000	2016 US\$'000
South Africa	233 394	221 457
Cyprus	3	3
	233 397	221 460

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

5. COST OF SALES

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

6. OTHER INCOME

	2017 US\$'000	2016 US\$'000
Sundry sales	91	-
Consulting fees received	5	390
Rental income	20	27
Other income	44	21
	160	438

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 2017

7. SHARE BASED PAYMENTS

At 30 September 2017, the Group had the following share based payment arrangements:

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

LTIP is the grant of shares in the holding 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 holding 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.

SARS is the grant of an award by the holding 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 holding 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 vesting.

Second issue - 2015 LTIP and SARS

The LTIP and SARS 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 LTIP and SARS would lapse, however if there was no fatality during the 2nd twelve month period, the Tranche 2 LTIP and SARS would be eligible for vesting subject to the remaining performance conditions 1 and 2 disclosed below.

Third issue – 2016 LTIP and SARS

The LTIP and SARS 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 LTIP and SARS would lapse, however if there was no fatality during the 2nd twelve month period, the Tranche 2 LTIP and SARS would be eligible for vesting subject to the remaining performance conditions 1 and 2 disclosed below.

Fourth issue - 2017 LTIP and SARS

The LTIP and SARS 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 2018 (1st twelve month period), in the case of Tranche 2 between 1 July 2018 and 30 June 2019 (2nd twelve month period) and in the case of Tranche 3 between 1 July 2019 and 30 June 2020 (3rd twelve month period). For example if there was a fatality during the 1st twelve month period, the Tranche 1 LTIP and SARS would lapse, however if there was no fatality during the 2nd twelve month period, the Tranche 2 LTIP and SARS would be eligible for vesting subject to the remaining performance conditions 1 and 2 disclosed below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

7. SHARE BASED PAYMENTS (continued)

Performance conditions applicable to Second, Third and Fourth issues

1. Subject to there being no fatality during the vesting periods as detailed above for the LTIP and the SARS:
 - 33.3% of each tranche of the LTIP and SARS will be subject to continuing employment in good standing (as determined by the Remuneration Committee) during the applicable vesting period;
 - 33.3% of each tranche of the LTIP and SARS will be subject to the production of 147.4 k 6E PGM ounces during the 1st twelve month period, 2nd twelve month period or 3rd twelve month period, respectively. However 16.6% of each such tranche of the LTIP and SARS will vest (subject to the preceding paragraphs) if the production during the applicable 12 month period is below 147.4 k 6E PGM ounces but above 140.0 k 6E PGM ounces. 33.3% of each tranche of the award will be forfeited if production in any applicable 12 month period falls below 140.0 k 6E PGM ounces; and
 - 33.3% of each tranche of the LTIP and SARS 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 16.6% of each tranche of the LTIP and SARS will vest (subject to the preceding paragraphs) 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. 33.3% of each tranche of the award will be forfeited if production in any applicable 12 month period falls below 1.26 Mt of chrome concentrates.
2. For the avoidance of doubt, if any tranche of the LTIP and SARS 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 SARS vests only in the 1st twelve month period and the 2nd twelve month period.

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 LTIP and SARS vest in three and two annual equal tranches respectively.

LTIP First issue - 2014 valuation of share option at grant date was ZAR23.11 per share.
LTIP Second issue - 2015 valuation of share option at grant date was ZAR6.37 per share.
LTIP Third issue - 2016 valuation of share option at grant date was ZAR10.32 per share.
LTIP Fourth issue - 2017 valuation of share option at grant date was ZAR13.94 per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

7. SHARE BASED PAYMENTS (continued)

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

	Opening balance	Allocated	Vested/ exercised	Forfeited	Total
LTIP 2017 Ordinary shares					
LTIP	6 268 105	2 899 212	(2 983 647)	(381 781)	5 801 889
LTIP 2016 Ordinary shares					
LTIP	4 101 381	3 664 543	(1 175 565)	(322 254)	6 268 105

An expense of US\$3.3 million (2016: US\$2.1 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.

Fourth issue - 2017 valuation of share award at grant date was ZAR5.75 per award.

	Opening balance	Allocated	Vested & not yet exercised	Forfeited	Total
SARS 2017 Ordinary shares					
SARS	5 097 442	2 899 212	(3 156 725)	(324 725)	4 515 204
SARS 2016 Ordinary shares					
SARS	2 627 001	3 618 635	(791 542)	(356 652)	5 097 442

An expense of US\$1.0 million (2016: US\$0.4 million) was recognised in profit or loss.

Number of share appreciation rights vested, not yet exercised:

Vesting date	Number of rights	
	2017	2016
9 April 2019	1 739 013	1 739 013
30 June 2020	1 398 478	-
30 June 2021	1 663 693	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

7. 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 fourth issue. The comparative inputs were used for the third award.

	2017	2016
Spot price	ZAR19.40	ZAR10.75
Strike price	ZAR17.53	ZAR10.14
Expected volatility	70.0%	60.0%
Dividend yield	2.0%	2.0%
Risk-free interest rate	Zero coupon fit swap curve	Zero coupon fit swap curve
Forfeiture assumption	5.0%	5.0%

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 volatilities over different maturities.

8. ADMINISTRATIVE EXPENSES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

9. NET FINANCE COSTS

	2017 US\$'000	2016 US\$'000
Finance income		
Interest income	1 122	770
Foreign currency gains	2 458	-
	3 580	770
Finance costs		
Interest expense	(7 081)	(9 954)
Unwinding of present value adjustment for rehabilitation costs	(494)	(333)
Bank charges	(114)	(90)
Foreign currency losses	-	(1 438)
	(7 689)	(11 815)
Changes in fair value of financial assets at fair value through profit or loss	(813)	503
Changes in fair value of financial liabilities at fair value through profit or loss	-	368
Net finance costs	(4 922)	(10 174)

10. DIRECTORS REMUNERATION

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

2017	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	-	540	56	-	318	-	914
P Pouroulis	-	428	47	9	265	38	787
MG Jones	-	365	40	-	238	35	678
JD Salter	181	-	-	-	-	-	181
A Djakouris	129	-	-	-	-	-	129
OM Kamal	61	-	-	-	-	-	61
C Bell	97	-	-	-	-	-	97
J Ka Ki Cheng*	28	-	-	-	-	-	28
R Davey**	26	-	-	-	-	-	26
B Chi Ming Cheng***	14	-	-	-	-	-	14
Total	536	1 333	143	9	821	73	2 915

* Appointed on 1 February 2017

** Appointed on 1 June 2017

*** Retired by rotation on 1 February 2017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

10. DIRECTORS REMUNERATION (continued)

2016	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	-	439	-	-	40	-	479
P Pouroulis	-	338	-	8	50	20	416
MG Jones	-	290	10	-	33	39	372
JD Salter	176	-	-	-	-	-	176
A Djakouris	129	-	-	-	-	-	129
OM Kamal	61	-	-	-	-	-	61
C Bell	51	-	-	-	-	-	51
B Chi Ming Cheng*	43	-	-	-	-	-	43
I Drapaniotis**	39	-	-	-	-	-	39
Total	499	1 067	10	8	123	59	1 766

* Retired by rotation on 1 February 2017

** Retired by rotation on 25 February 2016

Directors' share scheme awards

Details of each scheme are disclosed in note 8. 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 2017 Ordinary shares	Opening balance	Allocated	Vested	Forfeited	Total
LC Pouroulis	667 170	321 588	(293 376)	-	695 382
P Pouroulis	555 974	282 882	(244 480)	-	594 376
MG Jones	500 378	238 212	(220 032)	-	518 558
Total	1 723 522	842 682	(757 888)	-	1 808 316

LTIP 2016 Ordinary shares

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
Total	822 915	1 066 563	(165 956)	-	1 723 522

SARS 2017 Ordinary shares

SARS 2017 Ordinary shares	Opening balance	Allocated	Vested	Forfeited	Total
LC Pouroulis	481 498	321 588	(280 345)	-	522 741
P Pouroulis	401 248	282 882	(233 621)	-	450 509
MG Jones	361 124	238 212	(210 259)	-	389 077
Total	1 243 870	842 682	(724 225)	-	1 362 327

SARS 2016 Ordinary shares

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
Total	308 591	1 039 291	(104 012)	-	1 243 870

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

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

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

	Country	2017	2016
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%

	2017 US\$'000	2016 US\$'000
Reconciliation between tax charge and accounting profit at applicable tax rates:		
Profit before tax	90 989	21 965
Notional tax on profit before taxation, calculated at the rates applicable in the jurisdictions concerned	23 165	7 355
Non taxable income	(2 429)	(829)
Non deductible expenses	2 114	512
Recognition of deemed interest income for tax purposes	40	65
Other	418	(939)
Tax charge *	23 316	6 172

The Group's consolidated effective tax rate for the year ended 30 September 2017 was 25.6% (2016: 28.1%).

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 2017

12. 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. Treasury shares are excluded from the weighted average number of ordinary shares outstanding.

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

LTIP and SARS awards were excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been anti-dilutive. The average market value of the Company's shares for the purposes of calculating the potential dilutive effect of SARS was based on quoted market prices for the year during which the options were outstanding.

Headline and diluted headline earnings per share

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

	2017	2016
Headline earnings for the year attributable to ordinary shareholders (US\$'000)	57 799	14 281
Weighted average number of ordinary shares at 30 September ('000)	257 393	256 178
Headline and diluted headline earnings per share (US\$ cents)	22	6

Reconciliation of profit to headline earnings

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2017

13. PROPERTY, PLANT AND EQUIPMENT

	Balance at 1 October 2016 US\$'000	Additions US\$'000	Disposals US\$'000	Reclassifi- cation US\$'000	Exchange differences US\$'000	Balance at 30 September 2017 US\$'000
Cost						
Freehold land and buildings	14 504	666	-	-	184	15 354
Mining assets and infrastructure	248 588	14 602	(231)	-	3 060	266 019
Mining fleet	-	7 124	-	-	(94)	7 030
Leasehold improvements	130	189	(99)	-	-	220
Computer equipment and software	2 077	3 504	(19)	-	(20)	5 542
Motor vehicles	515	73	-	-	6	594
Office equipment and furniture, community and site office improvements	554	240	-	-	2	796
	266 368	26 398	(349)	-	3 138	295 555

	Balance at 1 October 2016 US\$'000	Charge for the year US\$'000	Disposals US\$'000	Reclassifi- cation US\$'000	Exchange differences US\$'000	Balance at 30 September 2017 US\$'000
Accumulated depreciation						
Freehold land and buildings	414	174	-	-	4	592
Mining assets and infrastructure	43 429	15 570	(35)	-	373	59 337
Mining fleet	-	303	-	-	(4)	299
Leasehold improvements	127	16	(99)	-	3	47
Computer equipment and software	1 203	725	(19)	-	5	1 914
Motor vehicles	198	90	-	-	1	289
Office equipment and furniture, community and site office improvements	463	51	-	-	4	518
	45 834	16 929	(153)	-	386	62 996

	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	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

	30 September 2017 US\$'000	30 September 2016 US\$'000	1 October 2015 US\$'000
Net book value			
Freehold land and buildings	14 762	14 090	13 584
Mining assets and infrastructure	206 682	205 159	199 704
Mining fleet	6 731	-	-
Leasehold improvements	173	3	8
Computer equipment and software	3 628	874	763
Motor vehicles	305	317	324
Office equipment and furniture, community and site office improvements	278	91	135
	232 559	220 534	214 518

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

13. 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 2017, an amount of US\$213.5 million (2016: US\$200.8 million) of the carrying amount of the Group's tangible property, plant and equipment is pledged as security against bank and third party borrowings (note 24).

14. GOODWILL

	2017 US\$'000	2016 US\$'000
Reconciliation of carrying amount		
Cost		
Balance at 1 October	1 103	1 081
Effect of movement in exchange rates	15	22
Balance at 30 September	1 118	1 103
Accumulated impairment losses		
Balance at 1 October	220	162
Impairment of goodwill	57	51
Effect of movement in exchange rates	3	7
Balance at 30 September	280	220
Carrying amount	838	883

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	43	39
Braeston Corporate Consulting Services Proprietary Limited	14	12
Impairment loss	57	51

Impairment losses

At 30 September 2017, 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% (2016: 8%). 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

for the year ended 30 September 2017

15. LONG-TERM DEPOSITS

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

The long-term deposits represent restricted cash which is designated as a "debt service reserve account" as required by the terms of the Common Terms Agreement for the senior debt facility of Tharisa Minerals Proprietary Limited as disclosed in note 24.

Effective 31 March 2017, the Common Terms Agreement was amended by reducing the amount of restricted cash required as a debt service reserve account. The released funds were utilised as a mandatory prepayment on the outstanding capital, reducing the repayment term of the senior debt facility (refer to note 24).

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

16. 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 74.0% owned by the Company and which has material non-controlling interests before any inter-group eliminations:

	2017 US\$'000	2016 US\$'000
Non-current assets	219 483	210 363
Current assets	71 573	47 947
Borrowings	2 574	2 857
Secured bank borrowings	17 755	36 547
Net assets	(107 293)	(147 425)
Carrying amount of non-controlling interest	(27 896)	(38 330)
Revenue	304 465	205 597
Net profit/(loss) after tax	43 558	14 625
Non-controlling interest	11 325	3 803
Cash flows from operating activities	51 288	22 358
Cash flows from investing activities	(20 278)	(13 306)
Cash flows from financing activities	(22 206)	(19 708)
Net change in cash and cash equivalents	8 804	(10 656)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

17. OTHER FINANCIAL ASSETS		2017 US\$'000	2016 US\$'000
	<i>Fair value hierarchy</i>		
<i>Non-current assets:</i>			
Investments in cash funds and income funds	Level 2	3 767	2 585
<i>Current assets:</i>			
Investments at fair value through profit or loss	Level 1	49	42
Forward exchange contracts	Level 2	-	656
Discount facility	Level 2	-	478
		49	1 176

Investments in cash funds and income funds

Investment in Money Market and Current Accounts totalling US\$2.6 million (2016: US\$1.5 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\$1.2 million (2016: US\$1.1 million) managed by Stanlib Collective Investments. The investment is ceded to Lombard Insurance Group ("Lombard") against a ZAR12.0 million (2016: ZAR12.0 million) guarantee issued by Lombard on behalf of Arxo Logistics Proprietary Limited to Transnet Freight Rail, a division of Transnet SOC Limited.

The investments in cash funds and income funds are 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.

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\$36.2 million (2016: US\$11.6 million) with various expiries no later than 30 November 2017 (2016: no later than 30 December 2016). Refer to note 25.

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 98.0% 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 ZAR300.0 million. The balance is held at fair value through profit or loss (designated). Refer to note 25.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

18. INVENTORIES

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

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

Inventories are subject to a general notarial bond in favour of the lenders of the senior debt facility as referred to in note 24.

19. TRADE AND OTHER RECEIVABLES

	2017 US\$'000	2016 US\$'000
Trade receivables	55 602	44 856
Other receivables – related parties (note 31)	59	61
Deposits, prepayments and other receivables	1 081	1 267
Accrued income	3 167	1 187
Value added tax receivable (VAT)	9 327	3 813
Provision for royalty tax	1 138	-
	70 374	51 184

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

The ageing of trade receivables are as follows:

	2017	2016
Current	43 677	37 019
Less than 90 days past due but not impaired	7 540	7 836
Greater than 90 days past due but not impaired	4 385	1
	55 602	44 856

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

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

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

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 30.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

20. CASH AND CASH EQUIVALENTS

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

The amounts reflected above approximate fair value.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are generally call deposit accounts and earn interest at the respective short-term deposit rates.

At 30 September 2017, an amount of US\$1.7 million (2016: US\$1.6 million) was provided as security for a bank guarantee issued in favour of a trade creditor of a subsidiary of the Group and US\$0.3 million (2016: US\$0.3 million) was provided as security against certain credit facilities of the Group.

21. SHARE CAPITAL AND RESERVES

Share capital

	30 September 2017		30 September 2016	
	Number of Shares	US\$'000	Number of Shares	US\$'000
Authorised – ordinary shares of US\$0.001 each				
As at 30 September	10 000 000 000	10 000	10 000 000 000	10 000
Authorised – convertible redeemable preference shares of US\$1 each				
As at 30 September	1 051	1	1 051	1
Issued and fully paid				
Ordinary shares				
Balance at the beginning of the year	256 981 571	257	255 891 886	256
Shares issued as part of management share incentive schemes	4 018 429	4	1 089 685	1
Less: Treasury shares	(987 274)	(1)	-	-
Balance at the end of the year	260 012 726	260	256 981 571	257
Share premium				
Balance at the beginning of the year	256 981 571	456 181	255 891 886	452 512
Capital reduction	-	(179 175)	-	-
Shares issued as part of management share incentive schemes	4 018 429	4 078	1 089 685	3 669
Less: Treasury shares	(987 274)	(1 002)	-	-
Balance at the end of the year	260 012 726	280 082	256 981 571	456 181

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

21. SHARE CAPITAL AND RESERVES (continued)

Share capital

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

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

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

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

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

Share premium

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

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

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

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

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\$.

Retained earnings

The retained earnings includes the accumulated retained profits and losses of the Group. Retained earnings are distributable for dividend purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

21. SHARE CAPITAL AND RESERVES (continued)

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 equity attributable to owners of the Company. 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\$9.9 million (2016: US\$2.9 million).

22. PROVISIONS

	2017 US\$'000	2016 US\$'000
Provision for rehabilitation		
Balance at 1 October	4 607	4 088
Capitalised to inventories	1 340	(6)
Capitalised to mining assets and infrastructure	451	76
Recognised in profit or loss	494	333
Exchange differences	31	116
Balance at 30 September	6 923	4 607

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 18 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\$13.7 million (2016: US\$10.1 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 8.5% (30 September 2016: 8.6%) which represents the rate associated to the R186 government bond of South Africa, estimated rehabilitation timing of 18 years (2016: 20 years) and an inflation rate of 4.5% (2016: 4.5%) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2017

23. DEFERRED TAX

	2017 US\$'000	2016 US\$'000
Deferred tax assets	1 952	1 397
Deferred tax liabilities	(23 823)	(5 275)
Net deferred tax liability	(21 871)	(3 878)
Deferred tax assets		
Property, plant and equipment	(54)	(44)
Unrealised foreign currency exchange losses	752	772
Tax losses not utilised	-	11
Accrued leave	164	148
Share based payments	1 073	508
Other	17	2
	1 952	1 397
Deferred tax liabilities		
Property, plant and equipment	57 765	54 801
Unrealised foreign currency exchange losses	-	(99)
Tax losses not utilised	(30 065)	(46 568)
Accrued leave	(1 977)	(1 320)
Share based payments	(809)	(440)
Other	(1 091)	(1 099)
	23 823	5 275
Reconciliation of deferred tax liability		
Balance at the beginning of the year	(3 878)	1 941
Temporary differences recognised in profit or loss and equity in relation to:		
Capital allowances on property, plant and equipment	(2 731)	(1 973)
Provisions	649	136
Tax losses	(17 364)	(4 032)
Other	1 145	424
	(18 301)	(5 445)
Exchange differences	308	(374)
Balance at the end of the year	(21 871)	(3 878)
Amounts recognised in:		
Profit and loss	(19 162)	(5 731)
Equity	861	286
	(18 301)	(5 445)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

23. DEFERRED TAX (continued)

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.

24. BORROWINGS

	2017 US\$'000	2016 US\$'000
<i>Non-current</i>		
Secured bank borrowings	2 878	22 103
Finance leases	1 497	246
Deferred supplier	-	1 659
	4 375	24 008
<i>Current</i>		
Secured bank borrowings	14 876	14 443
Finance leases	847	677
Bank credit facilities	29 072	23 012
Guardrisk loan	231	169
Loan payable to related party (note 31)	-	107
	45 026	38 408

Secured bank borrowings

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

Repayments are subject to a cash sweep which will reduce the repayment period to a minimum of five years. Tharisa Minerals Proprietary Limited is required to maintain funds in a debt service reserve account (refer to note 15). Effective 31 March 2017, the financing terms were amended to reduce the required amount of the debt service reserve balance. The released funds from the debt service reserve balance were utilised as a mandatory prepayment on the outstanding capital, reducing the repayment term of the senior debt facility. At 30 September 2017, the estimated remaining term is equal to five quarterly instalments.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

24. BORROWINGS (continued)

Secured bank borrowings (continued)

The loan contains the following financial covenants:

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

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

Finance leases

The Group entered into finance lease arrangement for the purchase of mining fleet. The average lease term was 39 months and at 30 September 2017 the finance lease obligation was ZAR28.4 million. The average effective borrowing rate is the South African prime rate. The interest rate was fixed at the contract date. No arrangements have been entered into for contingent rent.

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

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

Deferred supplier

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

Guardrisk loan

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

Bank credit facilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

25. OTHER FINANCIAL LIABILITIES		2017 US\$'000	2016 US\$'000
	<i>Fair value hierarchy</i>		
Discount facility	Level 2	449	-
Forward exchange contracts	Level 2	150	-
		599	-

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 98.0% 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 ZAR300.0 million. The balance is held at fair value through profit or loss (designated).

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\$36.2 million (2016: US\$11.6 million) with various expiries no later than before 30 November 2017 (2016: 30 December 2016). The actual spot exchange rates were used to determine the fair value.

26. CURRENT TAXATION		2017 US\$'000	2016 US\$'000
Current taxation in the statement of financial position represents:			
Corporate income tax recoverable		132	134
Corporate income tax payable		212	53
Special contribution to the defence fund - Cyprus		-	1
		212	54

27. TRADE AND OTHER PAYABLES		2017 US\$'000	2016 US\$'000
Trade payables		14 958	22 276
Accrued expenses		9 922	13 134
Interest bearing – accrued dividends		4 750	4 688
Income received in advance		-	3 102
Leave pay accrual		1 932	1 632
Value added tax payable		192	160
Other payables – related parties (note 31)		123	103
Operating lease payable		18	11
Other payables		21	15
		31 916	45 121

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 2017

28. DIRECTORS INTEREST IN STATED CAPITAL

	2017 %	2016 %
LC Pouroulis	0.11	0.05
P Pouroulis	2.75	2.73
MG Jones	0.08	0.03
A Djakouris	0.02	-
C Bell	0.01	-
Total	2.97	2.81

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

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.

29. ANALYSIS OF SHAREHOLDERS

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

	Number of shares	30 September 2017 %	Number of shares	30 September 2016 %
Medway Development Limited	115 153 473	44.29	119 030 073	46.32
Rance Holdings Limited	40 548 241	15.59	40 548 241	15.78
Fujian Wuhang Stainless Steel Products Co. Limited	19 419 920	7.47	19 419 920	7.56
Maaden Invest Limited	14 985 577	5.76	14 985 577	5.83

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:

2017	Number of shareholders	Number of shares	% of issued share capital
Public	968	95 779 284	36.84
Non public:			
Directors and associates of the Company and its subsidiaries	15	8 531 728	3.28
Persons interested (other than directors), directly or indirectly, in 10.0% or more	2	155 701 714	59.88
	985	260 012 726	100.00
2016			
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 10.0% or more	2	159 578 314	62.10
	692	256 981 571	100.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

30. 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.

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 2017 and 30 September 2016, 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. 31.0% and 36.0% of the trade receivables were due from the Group's largest customer as at 30 September 2017 and 30 September 2016, 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:

	2017 US\$'000	2016 US\$'000
Trade and other receivables	70 374	51 184
Cash and cash equivalents	49 742	15 826
Long term deposits	4 505	9 846
	124 621	76 856

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

30. 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 2017

	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	46 922	3 820	773	-	51 515	49 401
Trade and other payables	19 831	-	-	-	19 831	19 831
	66 753	3 820	773	-	71 346	69 232

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	30 169	-	-	-	30 169	30 169
	72 249	20 982	7 841	-	101 072	92 585

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

30. 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, 13.56 (2016: 13.74); b) US\$:EUR, 0.85 (2016: 0.89) and c) US\$:STG, 0.75 (2016: 0.77). 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\$36.2 million with various expiries no later than 30 November 2017.

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

	30 September 2017				30 September 2016			
	US\$	ZAR	€	STG	US\$	ZAR	€	STG
Amounts in US\$'000								
Other financial assets	-	-	49	-	-	-	42	-
Trade and other receivables	2 493	9	111	22	945	9	85	2
Cash and cash equivalents	15 467	48	112	8	6 025	45	111	3
Trade and other payables	-	(103)	(1 303)	(1)	-	(100)	(584)	(11)
Current taxation	-	-	(166)	-	-	-	29	-
	17 960	(46)	(1 197)	29	6 970	(46)	(317)	(6)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

30. FINANCIAL RISK MANAGEMENT (continued)

A 10.0% 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.

	2017 Increase/ (decrease) in profit for the year and accumulated losses US\$'000	2016 Increase/ (decrease) in loss for the year and accumulated losses US\$'000
ZAR	4	5
€	105	28
US\$	(1 292)	(502)
STG	(3)	1

A 10.0% 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 :

	2017	2016	2017 US\$'000	2016 US\$'000
Variable rate financial assets				
Investments in cash and income funds	3.5%	3.5%	3 767	2 585
Cash and cash equivalents	5.5% - 5.7%	6.5%	27 126	10 652
			30 893	13 237
Variable rate financial liabilities				
Secured bank borrowings	JIBAR + 3.4%	JIBAR + 4.9%	17 754	36 547
Deferred supplier	-	RSA prime	-	1 659
Bank credit facilities	US LIBOR + 1.6%	US LIBOR + 1.6%	29 072	23 012
Guardrisk loan	9.1%	8.7%	231	169
Loan payable to related party	-	RSA prime + 2.0%	-	107
Finance leases	RSA prime + 3.0%	RSA prime + 3.0%	2 344	1 091
Interest bearing – accrued dividends	RSA prime + 2.0%	RSA prime + 2.0%	4 750	4 688
			54 151	67 273

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

30. 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.

	2017 Increase/ (decrease) in profit for the year US\$'000	2016 Increase/ (decrease) in profit for the year US\$'000
Investments in cash funds and income funds	27	61
Cash and cash equivalents	106	68
Secured bank borrowings	(305)	(439)
Finance leases	(7)	(8)
Deferred supplier	-	(6)
Bank credit facilities	(254)	(201)
Guardrisk loan	(7)	(5)
Loans payable to related party	-	(15)
Interest bearing - accrued dividends	(44)	(40)
	(484)	(585)

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 2017

30. 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 2017			
Financial assets			
Investments in cash and income funds	-	3 767	-
Investments at fair value through profit or loss	49	-	-
	49	3 767	-
Financial liabilities			
Discount facility	-	449	-
Forward exchange contracts	-	150	-
Guardrisk loan	-	231	-
	-	830	-
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	-
	-	169	-

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 2017

31. RELATED PARTY TRANSACTIONS

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

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

	2017 US\$'000	2016 US\$'000
Transactions and balances with related parties:		
Trade and other receivables (note 19)		
The Tharisa Community Trust	5	5
Rocasize Proprietary Limited	54	54
Keaton Administrative and Technical Services Proprietary Limited	-	2
	59	61

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

Loan payable to related party (note 24)

Langa Trust	-	107
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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 2.0%.

	2017 US\$'000	2016 US\$'000
Amounts due to Directors and former Directors (note 27)		
A Djakouris	21	22
JD Salter	30	30
O Kamal	16	16
C Bell	26	24
R Davey	19	-
J Ka Ki Chen	11	-
B Chi Ming Cheng	-	11
	123	103

Interest bearing – accrued dividends to related parties

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

31. RELATED PARTY TRANSACTIONS (continued)

Transactions and balances with related parties: (continued):

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

Compensation to key management:

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

	Salary and fees 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

31. RELATED PARTY TRANSACTIONS (continued)

Share based awards to the Directors are disclosed in note 10 of the consolidated financial statements. Awards to the other key management in the period under review are as follows:

2017 Ordinary shares

	Opening balance	Allocated	Vested	Forfeited	Total
LTIP	1 115 106	564 792	(477 745)	-	1 202 153

2016 Ordinary shares

LTIP	476 362	727 779	(89 035)	-	1 115 106
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2017 Ordinary shares

	Opening balance	Allocated	Vested	Forfeited	Total
SARS	885 344	564 792	(526 000)	-	924 136

2016 Ordinary shares

SARS	249 628	718 689	(82 973)	-	885 344
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Details of each scheme are disclosed in note 7 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 were also directors of the Company during the year.

The Tharisa Community Trust and Rocasize Proprietary Limited

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

Langa Trust, Arti Trust, Phax Trust and Rowad Trust

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

Ditodi Trust and Makhaye Trust

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

MJ Jaquet-Briner

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

32. CONTINGENT LIABILITIES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2017

33. CAPITAL COMMITMENTS AND GUARANTEES

	2017 US\$'000	2016 US\$'000
Capital commitments		
Authorised and contracted	6 455	1 818
Authorised and not contracted	25	27
	6 480	1 845

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 2017.

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 (2016: ZAR19.4 million).

A guarantee was issued to Lombard Insurance Company Limited which guarantees the payment of certain liabilities of Arxo Logistics Proprietary Limited to Transnet totalling ZAR12.0 million (2016: ZAR12.0 million).

The Company issued a guarantee to a third party customer of Arxo Resources Limited for a maximum of US\$3.5 million (2016: US\$10.0 million) as security for pre-shipment advances made by the customer to Arxo Resources Limited.

The Company and Arxo Metals Proprietary Limited jointly indemnify a third party for any claims which may result from negligence or breach in terms of the plant operating agreement between Arxo Metals Proprietary Limited and the third party.

The Company holds an indirect 100% equity interest in Tharisa Fujian Industrial Co., Limited, the registered capital of which is US\$10.0 million. Up to 30 September 2017, US\$6.5 million has been paid up. The remaining US\$3.5 million needs to be paid up by 14 February 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

34. 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 is 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:

	2017 US\$'000	2016 US\$'000
Less than one year	313	218
Between one and five years	1 212	-
	1 525	218
Lease payments: Recognised in profit or loss	660	697

Balances denominated in currencies other than the US\$ were converted at the closing rates of exchange ruling at 30 September 2017.

35. EVENTS AFTER THE REPORTING PERIOD

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

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

- Property, plant and equipment
- Inventory
- Employee related liabilities
- Finance lease liabilities

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

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

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

Other than the above, the Board of Directors are not aware of any matter or circumstance arising since the end of the financial year that will impact these financial results.

36. CAPITAL DISTRIBUTION AND DIVIDENDS

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

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

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
Joanna Ka Ki Cheng
Roger Davey

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
Independent Non-Executive Director

JOINT COMPANY SECRETARIES

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Email: secretarial@tharisa.com

REGISTERED ADDRESS

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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
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BMO Capital Markets
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CORPORATE INFORMATION

JSE SPONSOR

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

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Sherilee Lakmidas
2nd Floor, The Crossing
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Email: ir@tharisa.com

AUDITORS

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

tharisa

plc

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 2017, the names of whom are listed below, confirm that, to the best of our knowledge:

the financial statements on pages 113 to 146:

- 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

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



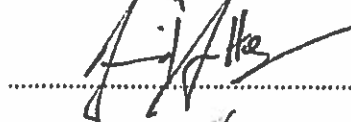
Michael Jones

Chief Finance Officer



Independent Non-Executive Directors

David Salter



Antonios Djakouris



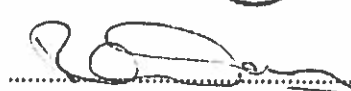
Omar Kamal



Carol Bell

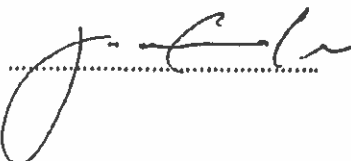


Roger Davey



Non-Executive Director

Joanna Ka Ki Cheng



Cyprus, 28 November 2017



KPMG Limited
Chartered Accountants
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Independent Auditor's Report

To the Members of Tharisa plc

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of parent company Tharisa plc (the "Company"), which are presented on pages 112 to 145, and comprise the statement of financial position at 30 September 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 September 2017, 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 Cyprus Companies Law, Cap 113, as amended from time to time (the "Companies Law, Cap 113").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code), and the ethical requirements in Cyprus that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

108

Board Members

N.G. Symiis, A.K. Christofides, P.G. Loizou, A.M. Gregoriades, D.S. Vakis, A.A. Apostolou, S.A. Loizides, M.A. Loizides, S.G. Solocleous, M.M. Antoniadou, C.V. Vasilou, P.E. Antoniadou, M.J. Halos, M.P. Michalos, P.A. Peleas, G.V. Markides, M.A. Pappacosta, K.A. Papanicolaou, A.I. Shaimmouris, G.H. Tzortzis, H.S. Charalambous, C.P. Anayiotos, I.P. Ghaanos, M.G. Gregoriades, H.A. Fakoullis, G.P. Savva, C.A. Kalas, C.H. Kallis, M.H. Zaccou, P.S. Eira, M.G. Lazou, Z.E. Hadjizacharias, P.S. Theodoridou, M.A. Kararizis, G.A. Makrides, G.V. Athanasou, J.C. Hiliaris, G.S. Prodromou, A.S. Sifalopoulos, G.N. Symiis, T.H. Vasiliou, A.A. Bargyl, K.A. Christofides, P.P. Kaniaris

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investments in subsidiaries – US\$317 million	
Refer to the accounting policy for subsidiary companies in note 3(a) and note 11.	
The key audit matter	How the matter was addressed in our audit
<p>The Company holds a number of investments in subsidiary companies. The recoverability of the investments is dependent on the financial performance of the most significant subsidiary of the Company, Tharisa Minerals Proprietary Limited (“Tharisa Minerals”), which primarily operates in the chrome and PGM industries. In recent years, these industries have experienced rising costs, subdued demand and low pricing. Nevertheless, the Chrome prices in recent periods have improved but the pricing environment and the foreign exchange rates that Tharisa Minerals operates with, remain volatile.</p> <p>Commodity prices and the South African Rand: US Dollar exchange rates remain volatile with potential impairment risk for Tharisa Minerals property, plant and equipment.</p> <p>Tharisa Minerals is transitioning to the owner mining model. The impact on future production costs and liquidity requires assessment.</p> <p>Given the significance of, the possible volatility of the commodity prices, volatility of the US Dollar to the exchange rate of the South African Rand, the inherent uncertainty involved in forecasting and discounting future cash flows and the impact these may have on the financial performance of Tharisa Minerals and the other subsidiaries of the Company as at 30 September 2017, the assessment of the valuation of the investments, was determined to be a key audit matter.</p>	<p>Our audit procedures in relation to the assessment of the budgeting and forecasting of the Company and its subsidiaries included the following:</p> <ul style="list-style-type: none"> — Assessed the reasonableness of the assumptions used and challenged them by comparing those to externally derived data, where these were available. — Assessed whether the transitioning to owner mining model has been appropriately included in the forecasts. — We considered the sensitivity analysis on the commodity prices, exchange rates and estimated production performed by management. — Compared the carrying amount of the investments in subsidiaries with each entity valuation included in the budgeting and forecasting prepared by management.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management report, but does not include the financial statements and our auditors’ report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap. 113.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Our report in this regard is presented in the “Report on other legal requirements” section.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal requirements

Pursuant to the additional requirements of the Auditors' Law of 2017, L.53(I)/2017, as amended from time to time ("Law L.53(I)/2017"), we report the following:

In the light of the knowledge and understanding of the enterprise and its environment obtained in the course of the 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 69 of Law L.53(I)/2017, 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 2017.

The engagement partner on the audit resulting in this independent auditors' report is Michael M. Antoniadis.

Michael M. Antoniadis, FCA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Ltd
Certified Public Accountants and Registered Auditors

14 Esperidon St
1087 Nicosia
Cyprus

28 November 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30 September 2017

	Notes	2017 US\$'000	2016 US\$'000
Income	5	19 614	6 552
Administrative expenses	7	(4 246)	(4 203)
Operating profit		15 368	2 349
Finance income	8	6	81
Finance costs	8	(239)	(9)
Changes in fair value of financial assets at fair value through profit or loss	8	6	(12)
Net finance (costs)/income		(227)	60
Profit before tax		15 141	2 409
Tax	9	(36)	(47)
Profit for the year		15 105	2 362
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
		-	-
<i>Items that may be reclassified subsequently to profit or loss</i>			
		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		15 105	2 362

The notes on pages 116 to 145 are an integral part of these financial statements.

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STATEMENT OF FINANCIAL POSITION

as at 30 September 2017

	Notes	2017 US\$'000	2016 US\$'000
Assets			
Non-current assets			
Long-term deposits	10	2 267	3 252
Investments in subsidiaries	11	316 502	311 514
Other receivables	12	10 459	9 813
Total non-current assets		329 228	324 579
Current assets			
Other receivables	12	15 328	5 399
Financial assets at fair value through profit or loss	13	49	43
Cash and cash equivalents	14	3 284	2 569
Total current assets		18 661	8 011
Total assets		347 889	332 590
Equity and liabilities			
Share capital	15	260	257
Share premium	15	280 082	456 180
Other reserve	15	47 245	47 245
Retained earnings	15	18 380	(174 661)
Total equity		345 967	329 021
Current liabilities			
Other payables	16	1 887	3 516
Current taxation	17	35	53
Total current liabilities		1 922	3 569
Total liabilities		1 922	3 569
Total equity and liabilities		347 889	332 590

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



Phoevos Pouroulis
Director



Michael Jones
Director

The notes on pages 116 to 145 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2017

	Note	Share capital US\$'000	Share premium US\$'000	Other reserve US\$'000	Retained earnings US\$'000	Total equity US\$'000
Balance at 1 October 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
Total comprehensive income for the year						
Profit for the year		-	-	-	15 105	15 105
Total comprehensive income for the year		-	-	-	15 105	15 105
Transactions with owners of the Company						
<i>Contributions by and distributions to owners</i>						
Capital reduction		-	(179 174)	-	179 174	-
Capital distribution		-	-	-	(2 570)	(2 570)
Issue of ordinary shares	15	3	3 076	-	-	3 079
Equity-settled share based payments	15	-	-	-	1 332	1 332
Contributions by owners of the Company		3	(176 098)	-	177 936	1 841
Total transactions with owners of the Company		3	(176 098)	-	177 936	1 841
Balance at 30 September 2017		260	280 082	47 245	18 380	345 967

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

STATEMENT OF CASH FLOWS

for the year ended 30 September 2017

	Notes	2017 US\$'000	2016 US\$'000
Cash flows from operating activities			
Profit for the year		15 105	2 362
Adjustments for:			
Equity-settled share based payments	4	604	748
Impairment losses on other receivables	7	152	578
Dividend income	5	(19 614)	(6 552)
Interest income	8	(6)	(4)
Interest expense	8	-	1
Capital reduction		(2 570)	-
Changes in fair value of financial assets at fair value through profit or loss	8	(6)	12
Tax	9	36	47
		(6 299)	(2 808)
Changes in:			
Other receivables		35	11
Other payables		926	(170)
Cash flows used in operations		(5 338)	(2 967)
Income tax paid		(54)	(92)
Net cash flows used in operating activities		(5 392)	(3 059)
Cash flows from investing activities			
Loans granted		(859)	(3 241)
Dividends received		6 530	-
Interest received		6	4
Net cash flows from/(used in) investing activities		5 677	(3 237)
Cash flows from financing activities			
Proceeds from long term deposits		985	1 369
Repayment of loan receivables		1 945	5 022
(Repayment of)/advances received from loan borrowings		(2 500)	1 000
Finance costs		-	(1)
Net cash flows from financing activities		430	7 390
Net increase in cash and cash equivalents		715	1 094
Cash and cash equivalents at the beginning of the year		2 569	1 475
Cash and cash equivalents at the end of the year	14	3 284	2 569

The notes on pages 116 to 145 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

1. INCORPORATION AND PRINCIPAL ACTIVITIES

Tharisa plc (the Company) was incorporated in 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 (LSE).

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 the 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 2017 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 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; interest rate risk; credit risk; and liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2017

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

Standards and interpretations issued but not yet effective

A number of new standards and amendments to standards, which will have no, or no material, effect on the financial statements of the Company are effective for annual periods beginning on or after 1 October 2016. Earlier application is permitted; however, the Company has not early adopted the following new or amended standards in preparing these financial statements.

Standard/Interpretation	Title	Effective date
IAS 7	Disclosure Initiative (Amendment)	1 January 2017
IAS 12	Income taxes (Amendment)	1 January 2017
IAS 28	Investment in associates and joint ventures – clarification that measuring investees at fair value through profit or loss is an investment – by – investment choice	1 January 2018
IFRS 1	First-time adoption of International Financial Reporting Standards – Deletion of short-term exemptions for first-time adopters	1 January 2018
IFRS 2	Share based payment (Amendment)	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 12	Disclosure of Interest in Other Entities – Clarification of the scope of the disclosure requirements of IFRS12 (Annual improvement project)	1 January 2017
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRIC 22	Foreign currency transactions and Advance Consideration	1 January 2018
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

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 is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

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.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2017

3.7. FINANCIAL INSTRUMENTS (continued)

Non-derivative financial liabilities (continued)

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.

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:

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2017

3.8. IMPAIRMENT OF ASSETS (continued)

Financial assets (continued)

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 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.

When share options are exercised, the Company issues new shares or issues shares from the treasury shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2017

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.

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 2017

4. SHARE BASED PAYMENTS

At 30 September 2017, the Company had the following share based payment arrangements:

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

LTIP is the grant of shares in the holding 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 holding 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.

SARS is the grant of an award by the holding 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 holding 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 vesting.

Second issue - 2015 LTIP and SARS

The LTIP and SARS 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 LTIP and SARS would lapse, however if there was no fatality during the 2nd twelve month period, the Tranche 2 LTIP and SARS would be eligible for vesting subject to the remaining performance conditions disclosed below.

Third issue - 2016 LTIP and SARS

The LTIP and SARS 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 LTIP and SARS would lapse, however if there was no fatality during the 2nd twelve month period, the Tranche 2 LTIP and SARS would be eligible for vesting subject to the remaining performance conditions disclosed below.

Fourth issue - 2017 LTIP and SARS

The LTIP and SARS 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 2018 (1st twelve month period), in the case of Tranche 2 between 1 July 2018 and 30 June 2019 (2nd twelve month period) and in the case of Tranche 3 between 1 July 2019 and 30 June 2020 (3rd twelve month period). For example if there was a fatality during the 1st twelve month period, the Tranche 1 LTIP and SARS would lapse, however if there was no fatality during the 2nd twelve month period, the Tranche 2 LTIP and SARS would be eligible for vesting subject to the remaining performance conditions disclosed below.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

4. SHARE BASED PAYMENTS (continued)

Performance conditions applicable to Second, Third and Fourth issues

1. Subject to there being no fatality during the vesting periods as detailed above for the LTIP and the SARS:
 - 33.34% of each tranche of the LTIP and SARS 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 LTIP and SARS will be subject to the production of 147.4 k 6E PGM ounces 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 LTIP and SARS will vest (subject to the preceding paragraphs) if the production during the applicable 12 month period is below 147.4 k 6E PGM ounces but above 140.0 k 6E PGM ounces. 33.33% of each tranche of the award will be forfeited if production in any applicable 12 month period falls below 140.0 k 6E PGM ounces; and
 - 33.33% of each tranche of the LTIP and SARS 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 LTIP and SARS will vest (subject to the preceding paragraphs) 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 SARS will be forfeited if production in any applicable 12 month period falls below 1.26 Mt of chrome concentrates.
2. For the avoidance of doubt, if any tranche of the LTIP and SARS 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 SARS vests only in the 1st twelve month period and the 2nd twelve month period.

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 LTIP and SARS vest in three and two annual equal tranches respectively.

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

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

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

LTIP Fourth issue - 2017 valuation of share option at grant date was ZAR13.94 per share.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

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:

	Opening balance	Allocated	Vested/ exercised	Forfeited	Total
LTIP 2017 Ordinary shares					
LTIP	6 268 105	2 899 212	(2 983 647)	(381 781)	5 801 889
LTIP 2016 Ordinary shares					
LTIP	4 101 381	3 664 543	(1 175 565)	(322 254)	6 268 105

An expense of US\$3.3 million (2016: US\$2.1 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.

Fourth issue - 2017 valuation of share award at grant date was ZAR5.75 per award.

	Opening balance	Allocated	Vested & not yet exercised	Forfeited	Total
SARS 2017 Ordinary shares					
SARS	5 097 442	2 899 212	(3 156 725)	(324 725)	4 515 204
SARS 2016 Ordinary shares					
SARS	2 627 001	3 618 631	(791 542)	(356 652)	5 097 442

An expense of US\$1.0 million (2016: US\$0.4 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
30 June 2017	3 156 725	4.75

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

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 fourth issue – 2017. The comparative inputs were used for the third award.

	2017	2016
Spot price	ZAR19.40	ZAR10.75
Strike price	ZAR17.53	ZAR10.14
Expected volatility	70.00%	60.00%
Dividend yield	2.00%	2.00%
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 volatilities over different maturities.

5. INCOME

	2017 US\$'000	2016 US\$'000
Dividend income (note 18)	19 614	6 552

6. DIRECTORS REMUNERATION

The remuneration of the Non-Executive Directors is set out in the following table:

	Directors' fees	
	2017 US\$'000	2016 US\$'000
Paid by the Company:		
JD Salter	129	129
A Djakouris	129	129
OM Kamal	61	61
C Bell *	97	51
J Ka Ki Cheng **	28	-
R Davey ***	26	-
B Chi Ming Cheng ****	14	43
I Drapaniotis *****	-	39
Total	484	452

* Appointed on 22 March 2016

** Appointed on 1 February 2017

*** Appointed on 1 June 2017

**** Retired by rotation on 1 February 2017

***** Retired by rotation on 25 February 2016

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

7. ADMINISTRATIVE EXPENSES

	2017 US\$'000	2016 US\$'000
Non-Executive Directors' fees (note 6)	484	452
Equity-settled share based payments	604	748
Audit*	230	213
Consulting and professional	574	159
Management and administration (note 18)	1 598	874
Impairment losses	152	578
Listing fees	252	889
Sundry expenses	352	290
	4 246	4 203

* External audit services

8. NET FINANCE COSTS

	2017 US\$'000	2016 US\$'000
Interest income	6	4
Net foreign currency gains	-	77
Finance income	6	81
Net foreign currency losses	(231)	-
Interest expense	-	(1)
Bank charges	(8)	(8)
Finance costs	(239)	(9)
Changes in fair value of financial assets at fair value through profit or loss	6	(12)
Net finance (costs)/income	(227)	60

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

9. TAX	2017 US\$'000	2016 US\$'000
Corporation tax – current year	35	47
Special contribution to the defence fund – current year	1	-
	36	47

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 (2016: 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:

	2017 US\$'000	2016 US\$'000
Profit before tax	15 141	2 409
Tax calculated at the applicable tax rates	1 893	301
Tax effect of expenses not deductible for tax purposes	526	510
Tax effect of allowances and income not subject to tax	(2 423)	(829)
Recognition of deemed interest income for tax purposes	40	65
Tax charge	36	47

10. LONG-TERM DEPOSITS

Long-term deposits	2 267	3 252
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The long-term deposit represents 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 (2016: 0.01% pa).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

11. INVESTMENTS IN SUBSIDIARIES

	2017 US\$'000	2016 US\$'000
Unlisted ordinary shares	9 522	12 618
Unlisted preference shares	306 980	298 896
	316 502	311 514

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	2017 Holding %	2016 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 and 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 2017

11. INVESTMENTS IN SUBSIDIARIES (continued)

The impairment assessment of the Board of Directors is disclosed in note 21 of the financial statements. As at 30 September 2017, unlisted ordinary shares include a credit amount of US\$2.6 million (2016: debit amount of US\$0.5 million) that relates to share based payments granted to employees and other approved consultants of the Group. A credit amount of US\$1.5 million (2016: debit amount of US\$0.1 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

	2017 US\$'000	2016 US\$'000
Non-current assets		
Loans receivable from related parties (note 18)	10 225	9 813
Receivables from related parties (note 18)	234	-
	10 459	9 813
Current assets		
Loans receivable from related parties (note 18)	322	1 950
Dividends receivable (note 18)	5 000	-
Receivables from related parties (note 18)	9 954	3 429
Deposits and prepayments	52	20
	15 328	5 399

The fair values of other receivables due within one year approximate their carrying amounts, except for a cumulative impairment of US\$16.2 million (2016: US\$16.0 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 2017

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 US\$'000	2016 US\$'000
Balance at the beginning of the year	43	55
Charge	6	(12)
Balance at the end of the year	49	43

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 2017 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

	2017 US\$'000	2016 US\$'000
Cash at bank	3 023	2 308
Bank deposits	261	261
	3 284	2 569

As at 30 September 2017, US\$0.2 million (30 September 2016: 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 2017		30 September 2016	
	Number of Shares	US\$'000	Number of Shares	US\$'000
Authorised – ordinary shares of US\$0.001 each				
As at 30 September	10 000 000 000	10 000	10 000 000 000	10 000
Authorised – convertible redeemable preference shares of US\$1 each				
As at 30 September	1 051	1	1 051	1
Issued and fully paid				
Ordinary shares				
Balance at the beginning of the year	256 981 571	257	255 891 886	256
Shares issued as part of the share incentive schemes	4 018 429	4	1 089 685	1
Less: Treasury shares	(987 274)	(1)	-	-
Balance at the end of the year	260 012 726	260	256 981 571	257
Share premium				
Balance at the beginning of the year	256 981 571	456 181	255 891 886	452 512
Capital reduction	-	(179 175)	-	-
Shares issued as part of management share incentive schemes	4 018 429	4 078	1 089 685	3 669
Less: Treasury shares	(987 274)	(1 002)	-	-
Balance at the end of the year	260 012 726	280 082	256 981 571	456 181

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

15. SHARE CAPITAL AND RESERVES (continued)

Share capital

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

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

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

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

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

Share premium

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

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

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

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

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.

Retained earnings

Retained earnings includes the accumulated retained profits and losses of the Company. Retained earnings are 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 equity. 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 2017

16. OTHER PAYABLES

	2017 US\$'000	2016 US\$'000
Accruals	890	465
Other payables	31	24
Payables to related parties (note 18)	-	2
Loans payable to related parties (note 18)	425	2 923
Accruals to related parties (note 18)	418	-
Payables to other related parties (note 18)	123	102
	1 887	3 516

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.

17. CURRENT TAXATION

	2017 US\$'000	2016 US\$'000
Corporation tax	35	53

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.

	2017 US\$'000	2016 US\$'000
Dividend income (note 5)		
Tharisa Minerals Proprietary Limited	8 084	6 552
Arxo Resources Limited	4 000	-
Dinami Limited	7 500	-
Tharisa Administration Services Limited	30	-
	19 614	6 552
Management and administration fees (note 7)		
Tharisa Administration Services Limited	133	159
Tharisa Minerals Proprietary Limited	68	39
Braeston Corporate Consulting Services Proprietary Limited	1 397	676
	1 598	874

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

18. RELATED PARTY TRANSACTIONS (continued)

	2017 US\$'000	2016 US\$'000
Receivables from related parties (note 12)		
Non-current assets		
Tharisa Administration Services Limited	138	-
Tharisa Fujian Industrial Co., Limited	96	-
	234	-
Current assets		
Tharisa Administration Services Limited	-	63
Tharisa Fujian Industrial Co., Limited	-	114
Braeston Corporate Consulting Services Proprietary Limited	5 095	1 602
Arxo Logistics Proprietary Limited	392	117
Tharisa Minerals Proprietary Limited	4 467	1 533
	9 954	3 429

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, Tharisa Administration Services 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 reduced to US\$nil and incorporates a cumulative impairment of US\$16.2 million (2016: US\$16.0 million) at the reporting date.

Receivables from related parties include a share based payment asset of US\$10.4 million (2016: US\$3.5 million) for the reimbursement of the portion of the capital contribution for both the LTIP and SARS awards.

These receivables relate to the on-charge portion of the share based payment payable to the holding company for both the LTIP and SARS awards allocated during the year. These receivables were calculated based on a dividend yield of 2.0% (2016: 2.0%), zero coupon perfect fit swap curve risk-free rate, 70% (2016: 60%) volatility, a strike price of ZAR38 (First issue), ZAR6.44 (Second issue), ZAR10.14 (Third issue), ZAR17.53 (Fourth issue) and a spot price of ZAR19.40 (2016: ZAR17.00). Fair value was determined by a Black Scholes model for the LTIP awards and a Binomial Tree model for the SARS awards.

The valuations of the LTIP were:

First issue - 2014 ZAR6.30 (First tranche), ZAR11.00 (Second tranche) and ZAR14.50 (Third tranche) (2016: ZAR6.30 (First tranche), ZAR11.00 (Second tranche) and ZAR16.75 (Third tranche))

Second issue - 2015 ZAR14.50 (Second tranche) and ZAR19.11 (Third tranche) (2016: ZAR16.75 (Second tranche) and ZAR16.42 (Third tranche))

Third issue - 2016 ZAR14.50 (First tranche), ZAR19.11 (Second tranche) and ZAR18.73 (Third tranche) (2016: ZAR16.75 (First tranche), ZAR16.42 (Second tranche) and ZAR16.09 (Third tranche))

Fourth issue - 2017 ZAR19.11 (First tranche), ZAR18.73 (Second tranche) and ZAR18.36 (Third tranche) (2016: ZARnil)

The valuations of the SARS were:

First issue - 2014 ZAR2.77 (First tranche) and ZAR2.77 (Second tranche) (2016: ZAR2.40 (First tranche) and ZAR2.40 (Second tranche))

Second issue - 2015 ZAR12.96 (Second tranche) (2016: ZAR10.89 (Second tranche))

Third issue - 2016 ZAR9.26 (First tranche) and ZAR10.74 (Second tranche) (2016: ZAR8.52 (First tranche) and ZAR9.48 (Second tranche))

Fourth issue - 2017 ZAR7.97 (First tranche) and ZAR9.47 (Second tranche) (2016: ZARnil)

Fair value hierarchy: Level 2 (2016: Level 2)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

18. RELATED PARTY TRANSACTIONS (continued)

	2017 US\$'000	2016 US\$'000
Loans receivable from related parties (note 12)		
Non-current assets		
Arxo Logistics Proprietary Limited	8 000	8 000
Braeston Corporate Consulting Services Proprietary Limited	283	-
Tharisa Minerals Proprietary Limited	1 942	1 813
	10 225	9 813
Current assets		
Arxo Resources Limited	-	1 828
Tharisa Minerals Proprietary Limited	122	122
Braeston Corporate Consulting Services Proprietary Limited	200	-
	322	1 950

The current loan receivable from Tharisa Minerals Proprietary Limited is for US\$62.5 million and is unsecured, interest free and is repayable by 30 September 2018.

The non-current loan receivable from Tharisa Minerals Proprietary Limited is for ZAR27.5 million and is unsecured, interest free and is repayable by 31 December 2019. The loan has been subordinated in favour of Tharisa Minerals Proprietary Limited's lenders.

The current and non-current receivable from Braeston Corporate Consulting Services Proprietary Limited for US\$0.6 million is unsecured, interest free and is repayable in 36 monthly instalments commencing 31 March 2017.

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.

	2017 US\$'000	2016 US\$'000
Dividends receivable (note 12)		
Dinami Limited	4 000	-
Arxo Resources Limited	1 000	-
	5 000	-
Payables to related parties (note 16)		
Dinami Limited	-	2

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

18. RELATED PARTY TRANSACTIONS (continued)

	2017 US\$'000	2016 US\$'000
Loans payable to related parties (note 16)		
Dinami Limited	425	2 923
<p>The loan facility which is for a maximum of US\$3 million is provided from Dinami Limited and is unsecured, interest free and is repayable on demand.</p>		
	2017 US\$'000	2016 US\$'000
Accruals to related parties (note 16)		
Braeston Corporate Consulting Services Proprietary Limited	395	-
Tharisa Minerals Proprietary Limited	23	-
	418	-
	2017 US\$'000	2016 US\$'000
Payables to other related parties (note 16)		
A Djakouris	21	21
JD Salter	30	30
OM Kamal	16	16
B Chi Ming Chen	-	11
C Bell	26	24
J Ka Ki Cheng	11	-
R Davey	19	-
	123	102

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 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 2017 the contractual remaining term is equal to five 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 10). Effective 31 March 2017, the financing terms were amended to reduce the required amount of the debt service reserve balance. The released funds from the debt service reserve balance were utilised as a mandatory prepayment on the outstanding capital, reducing the repayment term of the senior debt facility. At 30 September 2017, the estimated remaining term is equal to five quarterly instalments.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

18. RELATED PARTY TRANSACTIONS (continued)

Guarantees and financial support commitments to related parties (continued)

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.
- 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 2017 and 30 September 2016, Tharisa Minerals Proprietary Limited complied with all covenant ratios. Project completion was achieved on 14 November 2016.

The Company issued a guarantee limited to US\$12.5 million (30 September 2016: 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.

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

During the year ended 30 September 2016, Tharisa Minerals Proprietary Limited, obtained a loan for the amount of ZAR13.3 million repayable in twelve monthly instalments commencing 1 December 2016. The loan is guaranteed by the Company for an amount of ZAR14.0 million and bears interest at a rate of 9.06% pa (30 September 2016: 8.72%).

The Company issued a guarantee to an external customer of Arxo Resources Limited for a maximum of US\$3.5 million (30 September 2016: US\$10.0 million) as security for pre-shipment advances made by the customer to Arxo Resources Limited.

The Company guarantees performance of payment due from time to time between a third party supplier and Tharisa Minerals Proprietary Limited for the supply and sale of mining materials.

The Company and Arxo Metals Proprietary Limited jointly indemnify a third party for any claims which may result from negligence or breach in terms of the plant operating agreement between Arxo Metals Proprietary Limited and the third party.

Relationship between related parties and entities

A Djakouris, JD Salter, OM Kamal and C Bell were Directors of the Company during the year. B Chi Ming Cheng retired by rotation on 1 February 2017. J Ka Ki Cheng and R Davey were appointed on 1 February 2017 and 1 June 2017 respectively.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

19. DIRECTORS INTEREST IN STATED CAPITAL

	2017 %	2016 %
LC Pouroulis	0.11	0.05
P Pouroulis	2.75	2.73
MG Jones	0.08	0.03
A Djakouris	0.02	-
C Bell	0.01	-
Total	2.97	2.81

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

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.

20. ANALYSIS OF SHAREHOLDERS

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

	Number of shares	30 September 2017 %	Number of shares	30 September 2016 %
Medway Development Limited	115 153 473	44.29	119 030 073	46.32
Rance Holdings Limited	40 548 241	15.59	40 548 241	15.78
Fujian Wuhang Stainless Steel Products Co. Limited	19 419 920	7.47	19 419 920	7.56
Maaden Invest Limited	14 985 577	5.76	14 985 577	5.83

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:

2017	Number of shareholders	Number of shares	% of issued share capital
Public	968	95 779 284	36.84
Non public:			
Directors and associates of the Company and its subsidiaries	15	8 531 728	3.28
Persons interested (other than directors), directly or indirectly, in 10% or more	2	155 701 714	59.88
	985	260 012 726	100.00
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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

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:

	2017 US\$'000	2016 US\$'000
Other receivables	25 787	15 212
Cash and cash equivalents	3 284	2 569
Long-term deposits	2 267	3 252
	31 338	21 033

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

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.

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 11 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	2017 US\$'000	2016 US\$'000
Variable rate instruments	Libor + 1%	306 980	298 896

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2017

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 2016: US\$3.0 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 2016. 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 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, 13.56 (2016: 13.74); b) US\$:EUR, 0.85 (2016: 0.89) and c) US\$:STG, 0.75 (2016: 0.77).

	€	2017 ZAR	STG	€	2016 ZAR	STG
Amounts in US\$'000						
Financial assets at fair value through profit and loss	49	-	-	43	-	-
Other receivables	4	12 363	22	3	5 280	-
Cash and cash equivalents	4	47	8	10	44	3
Other payables	(835)	(590)	(2)	(470)	(7)	(13)
Current tax liabilities	(35)	-	-	(53)	-	-
	(813)	11 820	28	(467)	5 317	(10)

Sensitivity analysis

A 10% strengthening of the US\$ against the currencies disclosed in the previous table at 30 September 2017, 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 2016.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2017

21. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

	Profit or loss 2017 US\$'000	2016 US\$'000
ZAR	(1 074)	(483)
€	74	42
STG	(2)	1
	(1 002)	(440)

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 (2016: US\$0.1 million) are categorised as Level 1.

Refer to note 18 for the valuations of the LTIP and SARS.

22. CONTINGENT LIABILITIES

The Company had no contingent liabilities at 30 September 2017 (2016: no contingent liabilities).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2017

23. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors is not aware of any matter or circumstance arising since the end of the financial year that will impact these financial results.

24. CAPITAL DISTRIBUTION AND DIVIDENDS

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

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