THARISA PLC
Incorporated in the Republic of Cyprus with limited liability
Registration number: HE223412
JSE share code: THA
LSE share code: THS
ISIN: CY0103562118

# REVIEWED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 31 March 2018

## CORPORATE INFORMATION

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ISIN: CY0103562118

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MISSION
To maximise shareholder returns through innovative exploitation of mineral resources in a responsible manner

INTRODUCTION
Tharisa is an integrated resource group incorporating mining and the processing, beneficiation, marketing,sales and logistics of PGM and chrome concentrates.
Production guidance for FY2018 is 150 koz of PGMs and 1.4 Mt of chrome concentrate. The Vision 2020 strategy for the Group is to increase production to 200 koz of PGMs and 2 Mt of chrome concentrates by year end 2020.

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

STRATEGIC INITIATIVES
- Implementation of optimisation initiatives to maximise value extraction
- Growth through innovative research and development
- To generate value by becoming a globally significant low-cost producer of strategic commodities
- Leveraging off the established platform for expansion into multi-commodities with geographic diversity
- Capital discipline with an annual dividend policy of at least 15% of NPAT and capital allocation to low risk projects

HIGHLIGHTS

REEF MINED
2.45 Mt
(2017: 2.45 Mt)
In line with guidance

PGM
PRODUCTION
(5PGE+Au)
Up 11.4%
77.0 koz
(2017: 69.1 koz)

CHROME
CONCENTRATE
PRODUCTION

Up 15.0%
732.5 kt
(2017: 636.8 kt)

REVENUE
Up 13.8%
US$199.2m
(2017: US$175.1 m)

NET PROFIT
AFTER TAX
Down 44.3%
US$28.4m
(2017: US$51.0 m)

EBITDA
Down 33.2%
US$54.1m
(2017: US$81.0 m)

CASH GENERATED
FROM OPERATIONS
Up 17.9%
US$52.1m
(2017: US$44.2 m)

EARNINGS
PER SHARE
Down 37.5%
US$ 10 cents
(2017: US$ 16 cents)

MAIDEN INTERIM
DIVIDEND
US$ 2 cents

GROUP STATISTICS

| | Unit | H1 FY2018 | H1 FY2017 | % Change |
|---|---|---|---|---|
| Reef mined | kt | 2 451.3 | 2 449.1 | 0.1 |
| Stripping ratio | m3 waste/m3 reef | 8.1 | 8.4 | (3.6) |
| Reef milled | kt | 2 597.4 | 2 417.7 | 7.4 |
| PGM flotation feed | kt | 1 895.6 | 1 783.0 | 6.3 |
| PGM rougher feed grade | g/t | 1.52 | 1.54 | (1.3) |
| PGM ounces produced | 5PGE+Au koz | 77.0 | 69.1 | 11.4 |
| PGM recovery | % | 83.2 | 78.3 | 6.3 |
| Average PGM basket price | US$/oz | 909 | 760 | 19.6 |
| Average PGM basket price | ZAR/oz | 11 606 | 10 306 | 12.6 |
| Cr2O3 ROM grade | % | 18.1 | 17.5 | 3.4 |
| Chrome recovery | % | 65.9 | 63.4 | 3.9 |
| Chrome yield | % | 28.2 | 26.3 | 7.2 |
| Chrome concentrates produced | kt | 732.5 | 636.8 | 15.0 |
| Metallurgical grade | kt | 558.9 | 484.3 | 15.4 |
| Specialty grades | kt | 173.6 | 152.5 | 13.8 |
| Third-party chrome production | kt | 106.2 | - | - |

| | | | | |
|---|---|---|---|---|
| Metallurgical grade chrome concentrate contract price | US$/t CIF China | 193 | 278 | (30.6) |
| Metallurgical grade chrome concentrate contract price | ZAR/t CIF China | 2 436 | 3 783 | (35.6) |
| Average exchange rate | ZAR:US$ | 12.8 | 13.6 | (5.9) |
| Group revenue | US$ million | 199.2 | 175.1 | 13.8 |
| Gross profit | US$ million | 55.7 | 82.4 | (32.4) |
| Net profit for the period | US$ million | 28.4 | 51.1 | (44.4) |
| EBITDA | US$ million | 54.1 | 81.0 | (33.2) |
| Net cash flows from operating activities | US$ million | 52.1 | 44.2 | 17.9 |
| Headline earnings per share | US$ cents | 10 | 16 | (37.5) |
| Earnings per share | US$ cents | 10 | 16 | (37.5) |
| Gross profit margin | % | 28.0 | 47.0 | (40.4) |
| EBITDA margin | % | 27.2 | 46.3 | (41.3) |
| Net debt | US$ million | 22.7 | 7.0 | 224.3 |
| Capital expenditure | US$ million | 17.7 | 8.5 | 108.2 |
| Debt to total equity ratio | % | 25.4 | 14.8 | 71.6 |
| Net debt to total equity ratio | % | 7.0 | 2.7 | 159.3 |

## MANAGEMENT REPORT

### DEAR SHAREHOLDER

Tharisa continues being a strong cash generative business which is underpinned by solid operational performance. In the six months ended 31 March 2018, the Group through its low cost co-production business model delivered robust operational and financial results.

Safety remains a top priority and Tharisa continues to strive for zero harm at its operations. Tharisa achieved a Lost Time Injury Frequency Rate (LTIFR) of 0.12 per 200 000 man hours worked at 31 March 2018. This is among the lowest LTIFRs in the PGM and chrome industries in South Africa. Tharisa continues to implement appropriate risk management processes, strategies, systems and training to promote a safe working environment for all.

The Group reported a profit before tax of US$37.2 million for the interim period with net cash flows from operating activities of US$ 52.1 million. Earnings per share amounted to US$ 10 cents and a maiden interim dividend of US$ 2 cents a share was declared.

The first half of FY2018 marks Tharisa's transition to an owner mining operating model and proves that the Group's approach to continued improvements delivers tangible results. Production milestones included:

- PGM production at 77.0 koz, up 11.4% from 69.1 koz
- PGM recoveries increased to 83.2% from 78.3%, exceeding the targeted 80.0%
- Chrome production at 732.5 kt, up 15.0% from 636.8 kt
- Chrome recoveries improved to 65.9% from 63.4%, exceeding the targeted 65.0%

Tharisa's average PGM contained metal basket price benefitted from the increases in palladium and rhodium prices, contributing to an increase of 19.6% to US$909/oz from US$760/oz in the prior year. Average contracted metallurgical grade chrome concentrate prices decreased to US$193/t from US$278/t reported in H1 FY2017. Current metallurgical chrome spot prices are trading at similar levels. Global growth in stainless steel production remains robust with an independent market research company forecasting a further rise in worldwide output of nearly 5% in CY2018.

Specialty chrome concentrates, which comprise 23.7% of chrome concentrate production, are sold into the chemical and foundry markets globally and these grades continue to attract a significant premium above the contracted metallurgical chrome concentrate price.

### OPERATIONAL OVERVIEW

| | Unit | 31 March 2018 | 31 March 2017 | Change % |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| Reef mined | kt | 2 451.3 | 2 449.1 | 0.1 |
| Reef milled | kt | 2 597.4 | 2 417.7 | 7.4 |
| On mine cash cost per tonne milled | US$ | 32.7 | 31.0 | 5.5 |
| Consolidated cash cost per tonne milled (excluding transport) | US$ | 36.4 | 34.0 | 7.1 |

MINING

The Tharisa Mine is unique in that it mines multiple mineralised layers with defined PGM and chrome contents. The mine is a large-scale open pit with a life of mine of up to 17 years and the potential to extend the mine by a further 40 years by mining underground.

During the six months under review, 2.45 Mt of ore at an average grade of 1.52 g/t PGMs on a 5PGE+Au basis and 18.1% chrome was mined. Tharisa aims to mine 5.0 Mt ROM to produce 150.0 koz of PGMs and 1.4 Mt of chrome concentrates in FY2018.

In the past six months, Tharisa has successfully transitioned to an owner miner operating model following the US$21.8 million acquisition of the mining fleet from the former contractor, as well as the transfer of 876 employees who were already in service at the Tharisa Mine, ensuring a seamless changeover.

The change in operating model was the logical progression given the long life of the open pit, allowing Tharisa to take direct control over its mining operations thereby controlling the reef grades and the delivery of improved quality ore to the processing plants, optimising the feed, throughput and recovery within the plants.

The fleet purchased from the mining contractor has been supplemented by additional drill rigs and yellow fleet to optimise the fleet ensuring that it has the capability of achieving the required mining run rates. Employee training remains a priority and world class on-mine simulators are used to ensure skill competency. This, and the implementation of preventative maintenance protocols, has improved the effective utilisation of the mining fleet.

The mining team's focus remains on opening up access to the full mining strike length and the maintenance of the correct multi- reef layer profile to ensure stable feed grades for processing. While the stripping ratio was 8.1 on a per cubic metre basis for the six months, the plan is to achieve the LOM strip ratio of 9.6 in the second half of the year.

PROCESSING

Tharisa has two processing plants - the Genesis and Voyager standalone concentrator plants. The Genesis Plant incorporates the Challenger Plant on the feed circuit for the extraction of specialty grade chrome concentrates principally from natural fines.

During the six-month period, 2.6 Mt of reef was processed through the two plants producing 77.0 koz of contained PGMs on a 5PGE+Au basis and 732.5 kt of chrome concentrates. Of the 732.5 kt of chrome concentrates produced, 173.6 kt or 23.7% of the chrome concentrate production was specialty grade chrome concentrates.

Overall PGM recovery was 83.2%, an improvement of 6.3% on the H1 FY2017 PGM recovery of 78.3%, and demonstrates the benefits of stability in the plant feed grades and the increase in competent ores being processed with a lower portion of "weathered" ore. Recoveries have also benefitted from the successful commissioning of the high energy flotation circuit at the Genesis Plant in Q4 FY2017. The target PGM recovery was 80.0%.

The average chrome recovery was 65.9%, a 3.9% improvement from the 63.4% recovery recorded for H1 FY2017, exceeding the chrome recovery target of 65.0%.

VISION 2020

The Vision 2020 projects are targeting an increase in Tharisa Minerals' production to 200 kozpa of PGMs and 2 Mtpa of chrome concentrates by year end 2020.

The optimisation projects and additional processing plants, together with improved mining grades, are planned to add 61.8 kozpa of PGMs and 602 ktpa of chrome concentrates to the Tharisa Mine's annual production by the end of 2020.
The project details are as follows:

Upgrade of the crusher circuit at the Genesis Plant

The additional crusher circuit at the Genesis Plant will be commissioned in Q4 FY2018. The ZAR90 million (US$7.5 million) project aims to increase the Genesis Plant throughput by 15.0% or about 180 ktpa, targeting an increase in the higher value specialty chrome grade production by adding approximately 24 ktpa of chemical grade chrome concentrate and approximately 18 ktpa of foundry grade chrome concentrate.

PGM optimisation at the Voyager Plant

The addition of flash flotation and a scavenger plant with high energy mechanisms at the Voyager Plant is aimed at improving PGM recoveries and increasing PGM production by an estimated 14 kozpa. The project is expected to be commissioned during Q1 FY2019 at an estimated capital cost of approximately ZAR70 million (US$5.8 million).

Vulcan Fine Chrome Recovery Plant

The construction of the Vulcan Plant will facilitate additional recovery of fine chrome from tailings streams.The proprietary process is being developed by Tharisa and a demonstration scale plant is scheduled to be commissioned in Q3 FY2018. The feasibility study and process design for a full scale plant will be undertaken in conjunction with the operation of the demonstration plant. The full scale Vulcan Plant is expected to be commissioned during Q1 FY2019 with projected chrome concentrate production of 380 ktpa. The estimated capital cost is ZAR300 million (US$25 million).

Apollo Chrome and PGM Plant

The Apollo Plant will be designed and built as an independent chrome plant with PGM flotation to produce chrome concentrate from UG1 ore that will be mined at the Tharisa Mine's west pit. The plant will also be able to process MG reef horizons.

The plant will be designed in two phases, the first of which is expected to treat 600 ktpa and the second phase expected to double capacity. The feasibility study is being undertaken and test work and resource estimation are in progress. Plant construction is estimated to take approximately 12 months, with commissioning planned for Q2 FY2020. The Apollo Plant is expected to produce 6 kozpa of PGMs and 180 ktpa of chrome concentrates. The capital cost is estimated at ZAR300 million (US$25 million).

COMMODITY MARKETS AND SALES

| | Unit | 31 March 2018 | 31 March 2017 | Change % |
|---|---|---|---|---|
| PGM basket price | US$/oz | 909 | 760 | 19.6 |
| PGM basket price | ZAR/oz | 11 606 | 10 306 | 12.6 |
| 42% metallurgical grade chrome concentrate contract price - CIF China | US$/t | 193 | 278 | (30.6) |
| 42% metallurgical grade chrome concentrate contract price - CIF China | ZAR/t | 2 436 | 3 783 | (35.6) |

The PGM basket price has traded higher compared to H1 FY2017, with the average PGM contained metal basket price benefiting from the rally in palladium, rhodium and ruthenium spot prices over the period under review.The average US$ basket prices increased 19.6% and ZAR basket prices increased 12.6% following the strengthening of the ZAR against the US$.

PGM production continued to be sold to Impala Refining Services under the off-take agreement as well as to Lonmin under a research and cooperation agreement. A total of 76.1 koz was sold during the period.

The Tharisa Mine's PGM prill split was as follows:

| | 31 March 2018 % | 31 March 2017 % |
|---|---|---|
| Platinum | 56.4 | 54.6 |

| | | |
|---|---|---|
| Palladium | 16.3 | 16.3 |
| Rhodium | 9.2 | 9.7 |
| Gold | 0.2 | 0.2 |
| Ruthenium | 13.5 | 14.3 |
| Iridium | 4.4 | 4.9 |

Contracted metallurgical grade chrome concentrate prices decreased over the period to an average US$193/t from the average US$278/t achieved in H1 FY2017 when the market witnessed an unprecedented increase in spot chrome prices. Spot metallurgical chrome prices as quoted by FerroAlloyNet traded between US$162/t and US$245/t during the period. This compares to the US$190/t and US$410/t range in the comparative six months.

The demand for chrome concentrate is driven by the increasing demand for stainless steel, which fundamentally remains robust. In CY2017, global stainless steel production increased by 5.8% year on year with Chinese production up 4.7% year on year to 25.8 Mt, according to the International Stainless Steel Forum. The fundamentals of the global stainless steel market remain sound with an independent market research company forecasting a further rise in worldwide output of nearly 5% in CY2018, further supporting strong demand for chrome units in the form of ferrochrome and chrome ores.

Chinese chrome port stocks have increased to levels of approximately 3.0 Mt since April 2018. With domestic Chinese monthly requirements of approximately 1.2 Mt, this equates to 10 weeks' supply assuming all stocks are immediately available.

Tharisa's chrome concentrate sales for the period totalled 725.6 kt, an increase of 44.4% compared to H1 FY2017 sales of 502.4 kt. Inventory levels totalled 74.9 kt as at end March 2018. Third-party sales totalled 85.6 kt.

Third-party sales comprise the sales of the UG2 chrome concentrate produced at Lonmin's K3 UG2 chrome plant (K3), which is operated by Tharisa subsidiary Arxo Metals.

LOGISTICS

| | Unit | 31 March 2018 | 31 March 2017 | Change % |
|---|---|---|---|---|
| Average transport costs per tonne of chrome concentrate - CIF main ports China basis | US$/t | 60.9 | 50.0 | 21.8 |

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

China remains the main market for metallurgical chrome concentrates and the metallurgical grade chrome concentrates produced by the Tharisa Mine were sold on a CIF main ports China basis. The majority was shipped in bulk with a negligible quantity being shipped in containers.

Arxo Logistics has sufficient storage capacity at both the Richards Bay Dry Bulk Terminal and the Durban container port to manage the full production capacity of the Tharisa Mine and the third-party production.

FINANCIAL OVERVIEW

The financial results of the Group were characterised by firstly increased revenue as volume sales for both PGMs and chrome concentrates increased while the pricing metrics for both commodities reflected opposing trends. The overall PGM basket price increased by 19.6% to US$909/oz with the Group basket price, in particular, benefiting from the prill split favouring palladium (at 16.3%) and rhodium (at 9.2%) while there was a normalisation in the metallurgical grade chrome concentrate price which averaged US$193/t (on a CIF main ports China basis) against the prior period average of US$278/t (a decrease of 30.6%). Secondly, with the transition to an owner mining model and the leveraged purchase of the fleet, the overall gearing of the Group increased to 25.4% (a net debt to equity ratio of 7.0%).

Investor sentiment in South Africa improved following leadership changes within the ruling African National Congress.

This is reflected in the strengthening ZAR, being the base cost currency for the Group's mining operations in South Africa, from an average of ZAR13.60 to ZAR12.80 against the US$, an average strengthening of 5.9%, impacting on the overall cost base of the Group. The country's foreign debt avoided a further credit downgrading with Moody's retaining an investment grade rating changing the outlook to "stable". The South African domestic interest rate (as measured by the repo rate) was reduced just prior to the reporting period by 25 basis points to 6.50%. The Groups commodities are priced in US$ and the cost base is mainly in ZAR and therefore the Group is positioned as a Rand hedge stock.

Group revenue totalled US$199.2 million (2017: US$175.1 million) of which US$55.5 million was derived from the sale of PGM concentrate and US$130.3 million was derived from the sale of chrome concentrates. The agency and trading segment contributed US$13.4 million.This is an increase in revenue relative to the comparable period of 13.8%. Speciality grade chrome concentrates, comprising 23.7% of overall chrome sales, continued to trade at a premium of approximately US$50/t.

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

- an increase in the unit sales of PGMs by 9.8% from 69.3 koz to 76.1 koz with an increase in the PGM basket price of 19.6% from US$760/oz to US$909/oz
- an increase in the unit sales of metallurgical grade chrome concentrate by 53.4% from 360.2 kt to 552.7 kt. However, the metallurgical grade chrome concentrate price decreased by 30.6% from US$278/t to US$193/t
- an increase in the unit sales of specialty grade chrome concentrates by 21.6% from 142.2 kt to 172.9 kt
- increase in third party trading and logistics, building on the existing platforms, which contributed US$13.4 million to revenue.

Other income includes an amount of US$1.9 million being non-recurring income relating to the discounted purchase of the mining fleet. Other than for this amount there have been no other non-recurring or exceptional income sources during the interim period.

Gross profit amounted to US$55.7 million (2017: US$82.4 million) with a gross profit margin of 28.0% (2017: 47.0%). The mining fleet, infrastructure and human resources were structured to enable the mining to produce at least the market guidance ROM of 5.0 Mt for the current financial year and to move the required waste to achieve the life of mine (open pit) stripping ratio of 9.6 on a per cubic metre basis. The fixed costs inherent in catering for this mining capacity have impacted on the overall cost of sales. With a mining contractor model, the costs were directly linked to the volumes moved. Included in cost of sales is the depreciation charge arising pursuant to the ownership of the fleet of US$4.8 million. In addition, diesel cost, a significant component of the mining cost, increased on average by 22.1% per litre. Costs incurred with the transport of the metallurgical grade chrome concentrates from the mine to the customer increased by 21.8% from US$50.0/t to US$60.9/t, the majority of this increase related to an increase in the freight costs.

As a co-producer of PGMs and chrome concentrates the shared costs of production for segmental reporting purposes are based on the relative contribution to revenue on an ex-works basis, allocated 45% to the PGM segment and 55% to the chrome segment.This is in accordance with the accounting policy of the Group and IFRS.The comparable period was allocated 25% to the PGM segment and 75% to the chrome segment. The change to the basis of allocation of the shared costs is, in effect, an 80.0% increase in respect of the allocation to the PGM segment and a 26.7% decrease in respect of the allocation to the chrome segment.

The segmental cost of sales and gross profit contribution, as extracted from the condensed consolidated interim financial statements, is as follows:

| | | 31 March 2018 | | 31 March 2017 | |
|---|---|---|---|---|---|
| | | PGM | Chrome | PGM | Chrome |
| | | US$'000 | US$'000 | US$'000 | US$'000 |
| Cost of sales | | | | | |
| Excluding selling costs | | 39 711 | 56 235 | 20 837 | 48 280 |
| Selling costs | | 205 | 34 827 | 180 | 23 458 |
| Gross profit contribution | | 15 542 | 39 234 | 19 036 | 63 328 |
| Gross profit margin | (%) | 28.0 | 30.1 | 47.5 | 46.9 |
| Sales volumes | | 76.1 koz | 725.6 kt | 69.3 koz | 502.4 kt |

| | | | | | |
|---|---|---|---|---|---|
| Unit cost of sales excluding selling costs | | US$522/oz | US$78/t | US$301/oz | US$96/t |
| Variance | (%) | 73.4 | (18.8) | | |

The PGM segment gross profit margin of 28.0% (2017: 47.5%) is lower than the previous year notwithstanding the increased revenue due, in part, to the revised basis of allocating shared costs.

The chrome segment gross profit margin of 30.1% (2017: 46.9%) is lower than the previous year following the normalisation of the selling prices for the metallurgical grade chrome concentrate notwithstanding benefitting from the revised basis of allocating shared costs.

The agency and trading segment contributed US$1.0 million to the Group gross profit at a margin of 7.2%.
The major components of the cash cost of sales for PGMs and chrome concentrates are depicted in the graphs below:

PGMs

| | |
|---|---|
| Mining | 26% |
| Utilities | 7% |
| Reagents | 6% |
| Steel balls | 3% |
| Labour | 26% |
| Diesel | 14% |
| Overheads and other | 18% |

CHROME CONCENTRATES

| | |
|---|---|
| Mining | 24% |
| Utilities | 6% |
| Reagents | 0% |
| Steel balls | 5% |
| Labour | 29% |
| Diesel | 13% |
| Overheads and other | 23% |

While not being directly comparable following the transition to an owner mining model effective 1 October 2017, on a unit cost basis, the reef mining cost per tonne mined increased marginally by 5.1% from US$19.5/t to US$20.5/t.This cost per reef tonne mined was incurred on a stripping ratio of 8.1 on a per cubic metre basis. On a per cube mined basis i.e. including both waste and reef, the cost increased marginally from US$7.68/m3 to US$7.84/m3 (the prior period stripping ratio being 8.3 on a per cubic metre basis).

The consolidated cash cost per tonne milled (i.e. including mining and processing but excluding transport and freight) increased by 4.3% from US$34.9/t to US$36.4/t, benefitting from the consistent feed into the plant and improved processing efficiencies as reflected in the recoveries with milling being above the name plate plant capacity.

Administrative expenses increased from US$12.5 million to US$20.4 million mainly due to an increase in employee costs which included certain bonus payments following the successful transition to an owner mining model and costs associated with the employment of additional support staff (time and attendance, procurement, human resources and safety) necessary as an owner miner. After accounting for the administrative expenses, the Group achieved an operating profit of US$37.4 million (2017: US$69.9 million).

EBITDA amounted to US$54.1 million (2017: US$81.0 million).

Finance costs (totalling US$5.1 million) principally relate to the balance owing on the senior debt facility, the bridge loan and original equipment manufacturer finance for the purchase of the mining fleet from the contractor as well as additional mining equipment, and the trade finance facilities of Arxo Resources on the discounting of letters of credit on chrome concentrate contracted sales as well as the limited recourse discounting of the PGM receivables.

While revenue reflected an increase over the comparable period based on increased volumes sold and an increased PGM basket price, the lower chrome concentrate prices and costs associated with the transition to the owner mining model, contributed to a decrease in the net profit before tax to US$37.2 million (2017: US$68.3 million).

The tax charge amounted to US$8.8 million, an effective charge of 23.6%. The cash tax paid amounted to US$2.1 million. Notwithstanding that the Group has fully utilised its tax losses, as at the period end the Group had unredeemed capex for tax purposes of US$124.0 million. The deferred tax liability amounted to US$33.3 million.

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$, amounted to a favourable US$35.4 million following the strengthening of the ZAR.

Basic and diluted earnings per share for the period amounted to US$ 10 cents (2017: US$ 16 cents) with headline earnings per share of US$ 10 cents (2017: US$ 16 cents).

The Group successfully closed the refinancing of the senior debt facility and the bridge loan facility (utilised to part finance the purchase of the mining fleet) with a three year secured term loan of ZAR400.0 million as well as securing corporate facilities in the amount of ZAR400 million. As a consequence, the amount held in the designated debt service reserve account is now available to the Group. The corporate facilities have not been drawn.

Total debt amounted to US$82.6 million, resulting in a debt to total equity ratio of 25.4%. This exceeds the long-term targeted debt to total equity ratio of 15% principally due to the leveraged purchase of the mining fleet. Group cash and cash equivalents amounted to US$59.9 million resulting in a net debt to total equity ratio of 7.0%.

The capex spend for the period amounted to US$17.7 million of which US$10.6 million related to the mining fleet and US$1.3 million related to processing optimisation initiatives. This is in addition to the US$21.8 million paid for the acquisition of the mining fleet from MCC Contracts (Pty) Limited.The depreciation charge amounted to US$14.4 million.

The Group generated net cash from operations of US$52.1 million (2017: US$44.2 million) and after taking into account the capex, a free cash flow of US$34.5 million. Cash on hand amounted to US$59.9 million.

There is continued focus on working capital management with the current ratio at 2.1 times.

The Group has early adopted IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases. The Group entered into a number of new lease agreements for the addition of mining fleet subsequent to 30 September 2017 and consequently decided to early adopt these standards. The early adoption resulted in a negligible adjustment to retained earnings at 1 October 2017.

From time to time the group concludes transactions with related parties. These transactions are concluded on an arms' length basis and are disclosed in the ensuing interim condensed consolidated financial statements.

INTERIM DIVIDEND

In accordance with its dividend policy of distributing at least 15% of annual net profit after tax and following the introduction of an interim dividend, the board has declared its first interim cash dividend of US$ 2 cents per ordinary share. The interim dividend will be paid on Wednesday, 20 June 2018. Shareholders on the principal Cyprus register will be paid in US$, shareholders whose shares are held through Central Securities Depositary Participants (CSDPs) and brokers and are traded on the JSE will be paid in South African Rand (ZAR) and holders of Depositary Interests traded on the LSE will be paid in Sterling (GBP).

The timetable for the dividend declaration is as follows:

| | |
|---|---|
| Declaration and currency conversion date | Tuesday, 15 May 2018 |
| Currency conversion rates announced | Thursday, 17 May 2018 |
| Last day to trade cum-dividend rights on the JSE | Tuesday, 5 June 2018 |
| Last day to trade cum-dividend rights on the LSE | Wednesday, 6 June 2018 |
| Shares will trade ex-dividend rights on the JSE | Wednesday, 6 June 2018 |
| Shares will trade ex-dividend rights on the LSE | Thursday, 7 June 2018 |
| Record date for payment on both JSE and LSE | Friday, 8 June 2018 |
| Dividend payment date | Wednesday, 20 June 2018 |

No dematerialisation or rematerialisation of shares within Strate will be permitted between Wednesday, 6 June 2018 and Friday, 8 June 2018, both days inclusive. No transfers between registers will be permitted between Thursday, 17 May 2018 and Friday, 8 June 2018, both days inclusive.

Tax implications of the dividend

Shareholders are advised that the dividend declared will be paid out of income reserves and may therefore be subject to dividend withholding tax depending on the tax residency of the shareholder.

South African tax residents
South African shareholders are advised that the dividend constitutes a foreign dividend. For individual South African tax resident shareholders, dividend withholding tax of 20% will be applied to the gross dividend of US$ 2 cents per share. Therefore, the net dividend of US$ 1.6 cents per share will be paid after US$ 0.4 cents in terms of dividend withholding tax has been applied. Shareholders who are South African tax resident companies are exempt from dividend tax and will receive the dividend of US$ 2 cents per share. This does not constitute legal or tax advice and is based on taxation law and practice in South Africa. Shareholders should consult their brokers, financial and/or tax advisors with regard to how they will be impacted by the payment of the dividend.

UK tax residents
UK tax residents are advised that the dividend constitutes a foreign dividend and that they should consult their brokers, financial and/or tax advisors with regard to how they will be impacted by the payment of the dividend.

Cyprus tax residents
Individual Cyprus tax residents are advised that the dividend constitutes a local dividend and that they should consult their brokers, financial and/or tax advisors with regard to how they will be impacted by the payment of the dividend.

Shareholders and Depositary Interest holders should note that information provided should not be regarded as tax advice.

PRINCIPAL BUSINESS RISKS
Tharisa regards principal business risks as the issues that may, if they materialise, substantially affect the Group's ability to create and sustain value in the short-, medium- and long-term.

These risks determine how the Group devises and implements its strategy since each risk has the potential to impact the Group's ability to achieve its strategic objectives. Each risk also carries with it challenges and opportunities. The Group's strategy takes into account known risks, but risks may exist of which the Group is currently unaware.

An overview of the risks which could affect the Group's operational and financial performance was included in the Group's 2017 Annual Report which is available on the Group's website. The following risks have been identified which may impact the Group over the next six months.

Regulatory compliance
Tharisa Minerals' right to mine is dependent on strict adherence to legal and legislative requirements. While there is still uncertainty on the proposed amendments to the South African Mineral and Petroleum Resources Development Act (MPRDA) and the accompanying Mining Charter, the approach taken by the newly appointed Mineral Resources Minister Gwede Mantashe appears to be more inclusive than his predecessor.

A finalised Mining Charter would provide regulatory certainty and could go some way towards attracting investment in the sector.

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.

Labour unrest in South Africa
While labour relations are currently stable, the risk of potential unrest remains. The Group will start wage negotiations in Q3 FY2018 to replace the existing three-year wage agreement that expires in June 2018. Negotiations will this year encompass agreement for both the mining and processing employees. Mining employees were previously represented by the former contractor and had a separate wage agreement.Tharisa Minerals has recognition agreements with the relevant trade unions - the Association of Mineworkers and Construction Union and the National Union of Mineworkers.

The Group intends on concluding a further three-year wage agreement.

Unscheduled breakdowns

The Group's performance is reliant on consistent mining and the production of PGM and chrome concentrates from the Tharisa Mine. Any unscheduled breakdown leading to a prolonged reduction in either mining or production may have a material impact on the Group's financial performance and results of operations. Tharisa transitioned to the owner mining model, which has given it greater control of its mining fleet. The Group has purchased additional fleet to optimise the fleet. Long lead items for the fleet and the plant are kept in stock and preventative maintenance programmes are in place for both the fleet and the plant.

Global commodity prices and currency risk

The Group's revenues, profitability and future rate of growth depends 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 ZAR. Fluctuations in the US$ and ZAR may have a significant impact on the performance of the Group. To counter this, the Group continues to work on reducing costs and increasing operating efficiencies.

Financing and liquidity

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

BOARD APPOINTMENT

Tharisa welcomed Zhong Liang Hong to the Board as a non-executive director with effect from 1 April 2018. Mr Hong represents Fujian Wuhang Stainless Steel Co., Ltd and Hong Kong HeYi Mining Resources Company Ltd, which respectively hold 7.46% and 1.99% of Tharisa's issued share capital with voting rights as at 31 March 2018.

OUTLOOK

Tharisa's business model is robust with the business cash generative throughout the commodity cycle. The declaration of a maiden interim dividend is testament to the maturing of the business and is evidence of the capital discipline employed by the Group.

The Group expects continued strong operational performance for the remainder of the year with a focus on increasing its production through the continual improvement processes and delivery of the first of its Vision 2020 optimisation projects.

The benefits of the owner mining operational model should become evident in the second half of the financial year and Tharisa is on track to achieve its FY2018 guidance of 150 koz PGMs and 1.4 Mt chrome concentrates, of which 350 kt will be specialty grade. The Vision 2020 projects aim to take production to 200 kozpa of PGMs and 2 Mtpa of chrome concentrates by 2020.

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

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

In accordance with sections 10(3)(c) and 10(7) of Law No. 190(I)/2007, as amended, providing for the transparency requirements of issuers whose securities are admitted to trading on a regulated market (the Transparency Law), we, the members of the Board of Directors of Tharisa plc, responsible for the preparation of the interim condensed consolidated financial statements of Tharisa plc for the period ended 31 March 2018, hereby declare that to the best of our knowledge:

a) the interim condensed consolidated financial statements for the period ended 31 March 2018:

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

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

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

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

| | |
|---|---|
| Loucas Pouroulis | Executive Chairman |
| Phoevos Pouroulis | Chief Executive Officer |
| Michael Jones | Chief Finance Officer |
| David Salter | Lead independent non-executive director |
| Antonios Djakouris | Independent non-executive director |
| Omar Kamal | Independent non-executive director |
| Carol Bell | Independent non-executive director |
| Roger Davey | Independent non-executive director |
| Joanna Ka Ki Cheng | Non-executive director |
| Zhong Liang Hong | Non-executive director |

Paphos
15 May 2018

REPORT ON REVIEW OF INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF THARISA PLC

Introduction

We have reviewed the interim condensed consolidated financial statements of Tharisa Plc (the "Company"), and its subsidiaries (collectively referred to as "the Group") contained in the accompanying interim report, which comprise the interim condensed consolidated statement of financial position as at 31 March 2018 and the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements do not present fairly, in all material respects, the financial position of the entity as at 31 March 2018 and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting (IAS 34).

Stavros Pantzaris
Certified Public Accountant and Registered Auditor
for and on behalf of
Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors
Nicosia

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the six months ended 31 March 2018

| | | Notes | Six months ended 31 March 2018 Reviewed US$'000 | Six months ended 31 March 2017 Reviewed US$'000 | Year ended 30 Sept 2017 Audited US$'000 |
|---|---|---|---|---|---|
| Revenue | | 5 | 199 179 | 175 119 | 349 443 |
| Cost of sales | | 6 | (143 436) | (92 755) | (226 789) |
| Gross profit | | | 55 743 | 82 364 | 122 654 |
| Other income | | 7 | 2 072 | 83 | 160 |
| Administrative expenses | | 8 | (20 422) | (12 530) | (26 903) |
| Results from operating activities | | | 37 393 | 69 917 | 95 911 |
| Finance income | | | 3 699 | 4 042 | 3 580 |
| Finance costs | | | (5 130) | (5 090) | (7 689) |
| Changes in fair value of financial assets at fair value through profit or loss | | | 1 204 | (540) | (813) |
| Net finance costs | | | (227) | (1 588) | (4 922) |
| Profit before tax | | | 37 166 | 68 329 | 90 989 |
| Tax | | 9 | (8 753) | (17 316) | (23 316) |
| Profit for the period/year | | | 28 413 | 51 013 | 67 673 |
| Other comprehensive income | | | | | |
| Items that may be classified subsequently to profit or loss: | | | | | |
| Foreign currency translation differences for foreign operations, net of tax | | | 35 422 | 5 422 | (387) |
| Other comprehensive income, net of tax | | | 35 422 | 5 422 | (387) |
| Total comprehensive income for the period/year | | | 63 835 | 56 435 | 67 286 |
| Profit for the period/year attributable to: | | | | | |
| Owners of the Company | | | 25 960 | 41 925 | 57 601 |
| Non-controlling interest | | | 2 453 | 9 088 | 10 072 |
| | | | 28 413 | 51 013 | 67 673 |
| Total comprehensive income for the period/year attributable to: | | | | | |
| Owners of the Company | | | 49 433 | 46 188 | 57 451 |
| Non-controlling interest | | | 14 402 | 10 247 | 9 835 |
| | | | 63 835 | 56 435 | 67 286 |
| Earnings per share | | | | | |
| Basic earnings per share | (US$ cents) | 10 | 10 | 16 | 22 |
| Diluted earnings per share | (US$ cents) | 10 | 10 | 16 | 22 |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2018

| | Notes | 31 March 2018 Reviewed US$'000 | 31 March 2017 Reviewed US$'000 | 30 Sept 2017 Audited US$'000 |
|---|---|---|---|---|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 11 | 308 534 | 225 992 | 232 559 |

| | Notes | | | |
|---|---|---|---|---|
| Goodwill | | 961 | 876 | 838 |
| Long-term deposits | 12 | - | 4 796 | 4 505 |
| Other financial assets | | 5 791 | 3 696 | 3 767 |
| Deferred tax assets | 13 | 2 445 | 2 127 | 1 952 |
| Total non-current assets | | 317 731 | 237 487 | 243 621 |
| Current assets | | | | |
| Inventories | 14 | 26 903 | 36 353 | 20 802 |
| Trade and other receivables | 15 | 78 173 | 52 581 | 70 374 |
| Other financial assets | | 901 | 590 | 49 |
| Current taxation | | 108 | 61 | 132 |
| Cash and cash equivalents | 16 | 59 930 | 26 620 | 49 742 |
| Total current assets | | 166 015 | 116 205 | 141 099 |
| Total assets | | 483 746 | 353 692 | 384 720 |
| EQUITY AND LIABILITIES | | | | |
| Share capital | 17 | 260 | 257 | 260 |
| Share premium | 17 | 280 149 | 277 006 | 280 082 |
| Other reserve | | 47 245 | 47 245 | 47 245 |
| Foreign currency translation reserve | | (50 088) | (69 148) | (73 561) |
| Retained earnings | | 58 399 | 28 076 | 42 877 |
| Equity attributable to owners of the Company | | 335 965 | 283 436 | 296 903 |
| Non-controlling interests | | (10 655) | (24 645) | (25 057) |
| Total equity | | 325 310 | 258 791 | 271 846 |
| Non-current liabilities | | | | |
| Borrowings | 18 | 35 053 | 10 495 | 4 375 |
| Provisions | 19 | 11 114 | 6 327 | 6 923 |
| Deferred tax liabilities | 13 | 33 297 | 20 280 | 23 823 |
| Total non-current liabilities | | 79 464 | 37 102 | 35 121 |
| Current liabilities | | | | |
| Borrowings | 18 | 42 119 | 23 080 | 45 026 |
| Other financial liabilities | | - | - | 599 |
| Current taxation | | 827 | 505 | 212 |
| Trade and other payables | | 36 026 | 34 214 | 31 916 |
| Total current liabilities | | 78 972 | 57 799 | 77 753 |
| Total liabilities | | 158 436 | 94 901 | 112 874 |
| Total equity and liabilities | | 483 746 | 353 692 | 384 720 |

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 15 May 2018.

Phoevos Pouroulis
Director

Michael Jones
Director

| | | Attributable to owners of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Notes | 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$'000 | Total equity US$'000 |
| Balance at 30 September 2017 | | 260 | 280 082 | 47 245 | (73 561) | 42 877 | 296 903 | (25 057) | 271 846 |
| Impact of adopting IFRS 16 | 3.3 | - | - | - | - | (15) | (15) | - | (15) |
| Balance at 1 October 2017 | | 260 | 280 082 | 47 245 | (73 561) | 42 862 | 296 888 | (25 057) | 271 831 |
| Total comprehensive income for the period | | | | | | | | | |
| Profit for the period | | - | - | - | - | 25 960 | 25 960 | 2 453 | 28 413 |
| Other comprehensive income: | | | | | | | | | |
| Foreign currency translation differences | | - | - | - | 23 473 | - | 23 473 | 11 949 | 35 422 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Total comprehensive income for the period | | - | - | - | 23 473 | 25 960 | 49 433 | 14 402 | 63 835 |
| Transactions with owners of the Company | | | | | | | | | |
| Contributions by and distributions to owners | | | | | | | | | |
| Issue of ordinary shares* | 17 | - | 67 | - | - | - | 67 | - | 67 |
| Dividends paid | 25 | - | - | - | - | (13 010) | (13 010) | - | (13 010) |
| Equity-settled share-based payments | | - | - | - | - | 2 587 | 2 587 | - | 2 587 |
| Contributions by owners of the Company | | - | 67 | - | - | (10 423) | (10 356) | - | (10 356) |
| Total transactions with owners of the Company | | - | 67 | - | - | (10 423) | (10 356) | - | (10 356) |
| Balance at 31 March 2018 (Reviewed) | | 260 | 280 149 | 47 245 | (50 088) | 58 399 | 335 965 | (10 655) | 325 310 |
| 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 period | | | | | | | | | |
| Profit for the period | | - | - | - | - | 41 925 | 41 925 | 9 088 | 51 013 |
| Other comprehensive income: | | | | | | | | | |
| Foreign currency translation differences | | - | - | - | 4 263 | - | 4 263 | 1 159 | 5 422 |
| Total comprehensive income for the period | | - | - | - | 4 263 | 41 925 | 46 188 | 10 247 | 56 435 |
| Transactions with owners of the Company | | | | | | | | | |
| Contributions by and distributions to owners | | | | | | | | | |
| Capital reduction | 17 | - | (179 175) | - | - | 179 175 | - | - | - |
| Capital distribution | 17 | - | - | - | - | (2 570) | (2 570) | - | (2 570) |
| Equity-settled share-based payments | | - | - | - | - | 3 067 | 3 067 | - | 3 067 |
| Contributions by owners of the Company | | - | (179 175) | - | - | 179 672 | 497 | - | 497 |
| Total transactions with owners of the Company | | - | (179 175) | - | - | 179 672 | 497 | - | 497 |
| Balance at 31 March 2017 (Reviewed) | | 257 | 277 006 | 47 245 | (69 148) | 28 076 | 283 436 | (24 645) | 258 791 |

* The value of the issued share capital is less than the reporting amount and amounts to US$182.

INTERIM CONDENSED CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY
for the six months ended 31 March 2018

| | | Attributable to owners of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Notes | 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$'000 | Total equity US$'000 |
| Balance at 30 September 2016 | | 257 | 456 181 | 47 245 | (73 411) | (193 521) | 236 751 | (34 892) | 201 859 |
| Total comprehensive income for the year | | | | | | | | | |
| Profit for the year | | - | - | - | - | 57 601 | 57 601 | 10 072 | 67 673 |
| Other comprehensive income: | | | | | | | | | |
| Foreign currency translation differences | | - | - | - | (150) | - | (150) | (237) | (387) |
| Total comprehensive income for the year | | - | - | - | (150) | 57 601 | 57 451 | 9 835 | 67 286 |
| Transactions with owners of the Company | | | | | | | | | |
| Contributions by and distributions to owners | | | | | | | | | |
| Capital reduction | 17 | - | (179 175) | - | - | 179 175 | - | - | - |
| Capital distribution | 17 | - | - | - | - | (2 570) | (2 570) | - | (2 570) |
| Equity-settled share-based payments | | - | - | - | - | 2 192 | 2 192 | - | 2 192 |
| Issue of ordinary shares | 17 | 3 | 3 076 | - | - | - | 3 079 | - | 3 079 |
| Contributions by owners of the Company | | 3 | (176 099) | - | - | 178 797 | 2 701 | - | 2 701 |
| Total transactions with owners of the Company | | 3 | (176 099) | - | - | 178 797 | 2 701 | - | 2 701 |
| Balance at 30 September 2017 | | 260 | 280 082 | 47 245 | (73 561) | 42 877 | 296 903 | (25 057) | 271 846 |

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

The notes on pages 23 to 60 are an integral part of these financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF
CASH FLOWS
for the six months ended 31 March 2018

| | Notes | Six months ended 31 March 2018 Reviewed US$'000 | Six months ended 31 March 2017 Reviewed US$'000 | Year ended 30 Sept 2017 Audited US$'000 |
|---|---|---|---|---|
| Cash flows from operating activities | | | | |
| Profit for the period/year | | 28 413 | 51 013 | 67 673 |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 11 | 14 369 | 8 366 | 16 929 |
| Loss on disposal of property, plant and equipment | | 13 | - | 196 |
| Gain on bargain purchase | 20 | (1 884) | - | - |
| Impairment losses on goodwill | | - | 28 | 57 |
| Inventory net realisable value adjustment | | (13) | 36 | 24 |
| Scrapping of property, plant and equipment | | 894 | - | - |
| Changes in fair value of financial assets at fair value through profit or loss | | (1 204) | 540 | 813 |
| Interest income | | (695) | (598) | (1 122) |
| Interest expense | | 5 130 | 4 355 | 7 689 |
| Tax | | 8 753 | 17 315 | 23 316 |
| Equity-settled share-based payments | | 1 978 | 2 196 | 4 342 |
| | | 55 754 | 83 251 | 119 917 |
| Changes in: | | | | |
| Inventories | | (1 736) | (22 178) | (5 063) |
| Trade and other receivables | | 485 | (211) | (21 839) |
| Trade and other payables | | (2 702) | (16 167) | (15 068) |
| Provisions | | 2 454 | 1 377 | 1 792 |
| Cash from operations | | 54 255 | 46 072 | 79 739 |
| Income tax paid | | (2 108) | (1 852) | (3 990) |
| Net cash flows from operating activities | | 52 147 | 44 220 | 75 749 |
| Cash flows from investing activities | | | | |
| Interest received | | 636 | 540 | 708 |
| Additions to property, plant and equipment | 11 | (17 670) | (8 458) | (26 398) |
| Net cash outflow from business combination | 20 | (21 840) | - | - |
| Proceeds from disposal of property, plant and equipment | | 55 | - | - |
| Additions to other financial assets | | (3 951) | (911) | (925) |
| Refund of long-term deposits | | 7 609 | 5 437 | 5 726 |
| Net cash flows used in investing activities | | (35 161) | (3 392) | (20 889) |
| Cash flows from financing activities | | | | |
| Net repayment of bank credit facilities | 18 | (8 134) | (15 790) | 6 073 |

| | | | | |
|---|---|---|---|---|
| Advances received | 18 | 62 191 | - | |
| Repayment of borrowings | 18 | (41 109) | (10 961) | (17 917) |
| Lease payments | 18 | (4 608) | - | - |
| Dividends and capital reduction paid | | (13 010) | - | (2 570) |
| Interest paid | 18 | (4 652) | (3 574) | (6 371) |
| Net cash flows used in financing activities | | (9 322) | (30 325) | (20 785) |
| Net increase in cash and cash equivalents | | 7 664 | 10 503 | 34 075 |
| Cash and cash equivalents at the beginning of the period/year | 16 | 49 742 | 15 826 | 15 826 |
| Effect of exchange rate fluctuations on cash held | | 2 524 | 291 | (159) |
| Cash and cash equivalents at the end of the period/year | 16 | 59 930 | 26 620 | 49 742 |

NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 31 March 2018

1. REPORTING ENTITY

Tharisa plc (the Company) is a company domiciled in Cyprus. These interim condensed consolidated interim financial statements for the six months ended 31 March 2018 comprise the Company and its subsidiaries (together referred to as the Group). The Group is primarily involved in platinum group metals (PGM) and chrome mining, processing, trading and the associated logistics. The Company is listed on the main board of the Johannesburg Stock Exchange and has a secondary standard listing on the main board of the London Stock Exchange.

2. BASIS OF PREPARATION

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards 34 Interim Financial Reporting and the Listings Requirements of the Johannesburg Stock Exchange. Selected explanatory notes are included to explain events and transactions that are significant to obtain an understanding of the changes in the financial position and performance of the Group since the last consolidated financial statements as at and for the year ended 30 September 2017. These interim condensed consolidated financial statements do not include all the information required for full consolidated financial statements prepared in accordance with IFRS. The interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 30 September 2017, which have been prepared in accordance with IFRS.

These interim condensed consolidated financial statements were approved by the Board of Directors on 15 May 2018. These interim condensed consolidated financial statements for the six months ended 31 March 2018 have been reviewed by the Group's external auditors, not audited.

Use of estimates and judgements

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

In preparing these interim condensed consolidated financial statements, except for the early adoption of new IFRS' as disclosed in note 3, significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 September 2017.

Functional and presentation currency

The interim condensed consolidated financial statements are presented in United States Dollars (US$) which is the Company's functional currency and amounts are rounded to the nearest thousand.

Going concern

After making enquiries which include reviews of current cash resources, forecasts and budgets, timing of cash flows, borrowing facilities and sensitivity analyses and considering the associated uncertainties to the Group's operations, the Directors have a reasonable expectation that the Group has adequate financial resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going-concern basis in preparing the interim condensed consolidated financial statements.

New and revised International Financial Reporting Standards and Interpretations
The Group has early adopted IFRS 9: Financial Instruments, IFRS 15: Revenue from Contracts with Customers and IFRS 16: Leases. The nature and effect of these adoptions are disclosed in note 3.

Several other amendments and interpretations apply for the first time for the period ended 31 March 2018. Other than IAS 7: Disclosure Initiative (Amendment) as disclosed in note 18, these did not have an impact on the interim condensed consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES
The accounting policies applied by the Group in these interim condensed consolidated financial statements are in terms of IFRS. Except as disclosed below, the accounting policies are the same as those applied by the Group in its audited consolidated financial statements as at and for the year ended 30 September 2017.
3.1 Change in accounting policies - Financial Instruments
The Group has early adopted all of the requirements of IFRS 9: Financial Instruments (IFRS 9) as of 1 October 2017. IFRS 9 replaces IAS 39: Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 utilises a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements of IAS 39 for classification and measurements of financial liabilities were carried forward in IFRS 9, therefore the Group's accounting policy with respect to financial liabilities remains unchanged.The Group applied IFRS 9 using the full retrospective method of adoption on initial date of application.

As a result of the early adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively for assets that were recognised at the date of application. The change did not impact the carrying value of any financial assets on transition date.

The Group's new accounting policy for financial instruments according to IFRS 9 is set out below:
Classification
The Group classifies its financial instruments in the following categories:
- At fair value through profit or loss
- At fair value through other comprehensive income
- At amortised cost

The Group determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Group's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified at fair value through profit or loss, for other equity instruments, on the day of acquisition the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at fair value through other comprehensive income. Financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through profit or loss (such as derivatives) or the Group has designated to measure them at fair value through profit or loss.

The Group completed a detailed assessment of its financial assets and liabilities at 1 October 2017. The following table presents the original classification according to IAS 39 and the new classification according to IFRS 9:

| Financial assets | Original classification IAS 39 | New classification IFRS 9 |
|---|---|---|
| Long-term deposits | Amortised cost | Amortised cost |
| Other financial assets | | |
| Investments in cash and income funds | Amortised cost | Amortised cost |
| Discount facility | Fair value through profit or loss | Fair value through profit or loss |
| Forward exchange contracts | Held for trading | Fair value through profit or loss |

| | | |
|---|---|---|
| Investment in equity instruments | Held for trading | Fair value through profit or loss |
| Trade and other receivables | Amortised cost | Amortised cost |
| PGM receivable | Held for trading | Fair value through profit or loss |
| Cash and cash equivalents | Amortised cost | Amortised cost |

| Financial liabilities | Original classification IAS 39 | New classification IFRS 9 |
|---|---|---|
| Borrowings | Amortised cost | Amortised cost |
| Income received in advance | Amortised cost | Amortised cost |
| Trade and other payables | Amortised cost | Amortised cost |

Upon adoption of IFRS 9, the Group made an irrevocable election to classify marketable securities at fair value through profit or loss.

Measurement: Financial assets and liabilities at amortised cost
Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost less any impairment.

Measurement: Financial assets and liabilities at fair value through profit or loss
Financial assets and liabilities carried at fair value through profit or loss are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at fair value through profit or loss are included in the statement of profit or loss in the period in which they arise. Where management has designated to recognise a financial liability at fair value through profit or loss, any changes associated with the Group's own credit risk will be recognised in other comprehensive income.

Impairment of financial asset at amortised cost
The Group recognises a foward-looking expected credit loss for all financial assets that are measured at amortised cost. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For contract assets and trade and other receivables, the Group applies the standard's simplified approach and calculates estimated credit losses based on lifetime expected credit losses. The Group establishes a provision matrix that is based on the Group's historical loss experience, adjusted for foward-looking factors specific to the debtors and the economic environment.

For other debt financial assets held at amortised cost, at each reporting date, the Group measures the loss allowance (if applicable) for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for the financial asset at an amount equal to twelve months expected credit losses.

Impairment losses on financial assets carried at amortised cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised.

Decrecognition: Financial assets
The Group derecognises financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognised in the statement of profit or loss. However, gains and losses on derecognition of financial assets classified as fair value through other comprehensive income remain within the accumulated other comprehensive income.

Derecognition: Financial liabilities
The Group derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the

consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss.

Hedge accounting
The Group does not apply hedge accounting.

Impact of adopting IFRS 9 on the Group's interim condensed consolidated financial statements
The adoption of IFRS 9 did not impact the carrying value of any financial assets on transition date, consequently adopting IFRS 9 did not result in a restatement of comparative results.

3.2 Change in accounting policies - Revenue from contracts with customers
The Group has early adopted all of the requirements of IFRS 15: Revenue from Contracts with Customers (IFRS 15) with a date of initial application of 1 October 2017. IFRS 15 supersedes IAS18: Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards of IFRS. The Group applied IFRS 15 using the modified retrospective method and therefore, comparative information has not been restated and continues to be presented in accordance with IAS 18.
IFRS 15 was applied to all open contracts on date of initial application. As a result, the Group has changed its accounting policy for revenue recognition as detailed below.

Comparative accounting policy in terms of IAS 18
Revenue was measured at the fair value of the consideration received or receivable. Revenue from the sale of goods was recognised when significant risks and rewards of ownership had been transferred to the customer, recovery of the consideration was probable, the associated costs and possible return of goods could be estimated reliably, there was no continuing management involvement with the goods and the amount of revenue could be measured reliably.

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

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

Revenue from the rendering of services was recognised in proportion to the stage of completion of the work performed at the reporting date.

Accounting policy in terms of IFRS 15
Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties, unless the Group acts as principal. The Group recognises revenue when it transfers control over a product or service to a customer. Revenue is presented net of Value Added Tax, rebates and discounts and after eliminating intergroup sales.

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.

The following is a description of the Group's current principal activities separated by reportable segment, from which the Group recognises its revenue.

PGM segment

The PGM segment principally generates revenue from the sale of PGM concentrate, which consists of the sale of platinum, palladium, rhodium, gold, ruthenium, iridium, nickel and copper. The Group enters into off-take agreements with customers for the supply of PGM concentrate. Revenue from the sale of PGM concentrate is recognised at the prevailing market basket price and exchange rates, when delivered to the customers in terms of the off-take agreements. Revenue recognised includes variable consideration as revenue is subject to final pricing and currency adjustments after the beneficiation process is completed. Revenue recognised is adjusted for expected final adjustments based on spot rates, which are estimated based on prevailing market information and recognised as a separate component within revenue. Adjustments to the sale price occur based on movements in the metal market price and exchange rates up to the date of final pricing.

Any subsequent changes that arise due to differences between initial and final assay are still considered within the scope of IFRS 15 and are subject to the constraint on estimates of variable consideration. When considering the initial assay estimate, the Group has considered the requirements of IFRS 15 in relation to the constraint on estimates of variable consideration. It will only include amounts in the calculation of revenue where it is highly probable that a significant revenue reversal will not occur when the uncertainty relating to final assay/quality is subsequently resolved.

Consequently, at the time the concentrate passes to the client, the Group will recognise a receivable as from that time it considers it has an unconditional right to consideration. This receivable is accounted for in accordance with IRFS 9.

The PGM commodity derivative is no longer separated from the host contract. This is because the existence of the provisional pricing features means the concentrate receivable fails to meet the requirements to be measured at amortised cost. Instead, the entire receivable is measured at fair value, with subsequent movements being recognised in profit or loss.

Chrome segment

The Group currently produces two specifications of chrome concentrates, metallurgical chrome concentrate and specialty chrome concentrates. It generates revenue from the sale of these products. The chrome market is typically a "spot" market. The Group enters into short-term sale contracts. The Group also enters into long-term volume off-take agreements for the supply of chrome concentrates.

Revenue arising from chrome concentrate sales under short-term sale contracts and off-take agreements is recognised when the chrome concentrate is delivered and a customer takes control of the chrome concentrate. Revenue is recognised based on the fixed sale price in terms of the contract, the quantity delivered and the quality as determined by an independent survey. Export sales may, as specified in the contract, be subject to a final survey upon arrival at destination port. Revenue recognised for export sales is adjusted for expected final adjustments, which are estimated based on historical data for similar transactions.

Agency and trading segment

The Group operates a third party chrome plant and markets and sells the chrome concentrate produced at this plant. The Group determines whether it acts as principal or agent by assessing whether the Group controls the transaction and what its performance obligations are. Considerations to determine control include whether the Group provides the performance obligation itself, the Group is primarily responsible for fulfilling the promise to provide the specified chrome concentrates, the Group has inventory risk before the specified products are transferred to the customer and the Group determines the selling price. In the absence of any of the aforementioned factors, control of the transaction may be doubtful and the Group would recognise the margin achieved in revenue as an agent.

Metallurgical and specialty chrome concentrates are produced at this plant. The Group enters into short-term contracts for the sale of these chrome concentrates. Revenue arising from short-term sale contracts is recognised when the chrome concentrate is delivered and a customer takes control of the chrome concentrates. This occurs in accordance with the terms of each contract. Delivery terms also vary between the sale of metallurgical chrome concentrate and specialty chrome concentrates. Sales from chrome concentrates are subject to surveys to determine the chrome quality and quantity. Revenue is recognised based on the fixed sale price in terms of the contract, the quantity delivered and the quality as determined by an independent survey. Export sales may, as specified in the contract, be subject to a final survey upon arrival at destination port. Revenue recognised for export sales is adjusted for expected final adjustments, which are estimated based on historical data for similar transactions.

The Group also provides logistics services to customers. These services include long-term contracts and ad hoc logistics services. Revenue is recognised at a point in time as the performance obligation has been fulfilled which is the delivery of the specified goods. Any earned consideration, which is conditional, will be recognised as a contract asset rather than a trade and other receivable.

Revenue is also generated from consulting services rendered. These services include geological, marketing and administration services. Revenue is recognised over time, using an input method to measure progress towards complete customer satisfaction.

Contract balances

Timing of revenue recognition may differ from the timing of invoicing to customers. The Group records a receivable, included in trade and other receivables in the statement of financial position, when revenue is recognised prior to invoicing. Similarly, unearned revenue received (income received in advance), is disclosed as a current liability classified in trade and other payables in the statement of financial position, if it will be earned within one year.

Payment terms and conditions vary by contract type and delivery method, although for local sales terms generally include a requirement of payment upon completion of delivery of the products. For export transactions, payments terms vary from 30 to 90 days, however, the Group obtains a letter of credit from a reputable bank in most instances before shipment occurs.

In the instance where the timing of revenue recognition differs from the timing of invoicing, the Group has determined that due to the short-term nature, the contracts with customers generally do not include a significant financing component. The primary purpose of the Group's invoicing terms is to provide customers with simplified and predictable ways of purchasing products, not to receive financing from customers or to provide financing to customers. Similarly, due to the short-term nature of unearned revenue received, being less than 12 months, no financing component exists.

Commissions recognised from costs to obtain a contract with a customer

The Group recognises the incremental costs, arising from the concluding of sale contracts, as expenses in cost of sales in the statement of profit or loss when incurred. Such commission fees relate to the chrome segment and are short-term in nature.

Impact of adopting IFRS 15 on the Group's interim condensed consolidated financial statements

IFRS 15 requires the Group to recognise revenue for sales of products as it transfers control over those products to customers, which generally occurs on delivery and is determined by the agreed delivery terms.This is generally consistent with the timing of revenue recognition in accordance with the previous standard, IAS 18. No incremental costs have been capitalised on adoption of IFRS 15 because lead times for individual orders are less than one year and costs to fulfil contracts are already recognised as inventories. The Group has used the modified retrospective transition method, under which the effect of initially applying IFRS 15 is adjusted against the opening balance of equity at 1 October 2017. For the reasons described above, this effect is not material to the Group. Under this transition method, comparative information for prior periods has not been restated and continues to be reported in accordance with the previous standard, IAS 18.

3.3 Change in accounting policies - Leases

The Group has early adopted all of the requirements of IFRS 16: Leases (IFRS 16) effective 1 October 2017 (initial application). IFRS 16 replaces IAS 17: Leases (IAS 17). The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported in terms of IAS 17 and IFRIC 4 - Determining whether an arrangement contains a lease. The Group recognised the cumulative effect of initial application of IFRS 16, in terms of the modified retrospective approach, in retained earnings at 1 October 2017. As a result, the Group has changed its accounting policy for leases as detailed below.

As a lessee

Comparative accounting policy in terms of IAS 17

In terms of IAS 17, the Group was required to classify its leases as either finance leases or operating leases and account for those two types of leases differently (both as a lessor or a lessee). A lease was classified as a finance lease if it transferred substantially all the risks and rewards incidental to ownership. A lease was classified as an operating lease if all the risks and rewards incidental to ownership did not substantially transfer.

Finance leases were 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 was 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.

Operating lease payments, in the event of the Group operating as lessee, were 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 were recognised as an operating lease asset. The liability was not discounted.

Accounting policy in terms of IFRS 16

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of identified assets for a specified period. The commencement date is the date on which a lessor makes an underlying asset available for use by the lessee.

The right-of-use assets are initially measured at cost, which comprises the amount of initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located, less any lease incentives.

Subsequent to initial measurement, the right-of-use assets are depreciated from the commencement date using the straight-line method over the shorter of the estimated useful lives of the right-of-use assets or the end of lease term. These are as follows:

| Right-of-use asset | Depreciation term in years |
| --- | --- |
| Buildings and premises | Straight-line over the respective lease terms, between three and five years |
| Mining fleet | Based on estimated production hours |

After the commencement date, the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include the following:

- Fixed payments, less any lease incentives receivable

- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- Lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option
- Payments of penalties for early terminating the lease, unless the Group is reasonably certain not to terminate early

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, an extension or a termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of vehicles that have a lease term of 12 months or less and leases of low-value assets such as computer equipment.

As a lessor
In the event of lease contracts based on which the Group is acting as a lessor, each of its leases is classified as either an operating or finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. Indicators of a finance lease include whether the lease is for the major part of the economic life of the asset, whether the lease transfers ownership of the asset to the lessee by the end of the lease term and whether at inception date of the lease, the present value of the minimum lease payments amount to substantially all of the fair value of the leased asset.

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor, are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

Rental income is classified in other income.

Impact of adopting IFRS 16 on the Group's interim condensed consolidated financial statements
The adoption of IFRS 16 resulted in the Group recognising a number of leases for buildings and premises on 1 October 2017. These were previously treated as operating leases in terms of IAS 17. On 1 October 2017, the previously recognised equalisation of operating lease liabilities in terms of IAS 17 was reversed from trade and other payables and the corresponding after tax impact on retained earnings corrected. Simultaneously the right-of-use assets and the corresponding lease liabilities were recognised while the after tax depreciation and finance charges were corrected to retained earnings.

The following table summarises the impact of adopting IFRS 16 on the Group's extracted consolidated Statement of financial position at 1 October 2017:

| | As previously reported 30 Sept 2017 | Adjustments at 1 October 2017 | 1 October 2017 |
|---|---|---|---|

| Note | | US$'000 | US$'000 | US$'000 |
|---|---|---|---|---|
| Non-current assets | | | | |
| Property, plant and equipment | 11 | 232 559 | 1 166 | 233 725 |
| Deferred tax asset | 13 | 1 952 | 7 | 1 959 |
| Equity and liabilities | | | | |
| Retained earnings | | 42 877 | (15) | 42 862 |
| Non-current liabilities | | | | |
| Borrowings | 18 | 4 375 | 1 014 | 5 389 |
| Current liabilities | | | | |
| Borrowings | 18 | 45 026 | 191 | 45 217 |
| Trade and other payables | | 31 916 | (17) | 31 899 |

## 4.OPERATING SEGMENTS

Segmental performance is measured based on segment revenue, cost of sales and gross profit, 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 |
|---|---|---|---|---|
| Six months ended 31 March 2018 (Reviewed) | | | | |
| Revenue | 55 458 | 130 296 | 13 425 | 199 179 |
| Cost of sales | | | | |
| Cost of sales excluding selling costs | (39 711) | (56 235) | (12 414) | (108 360) |
| Selling costs | (205) | (34 827) | (44) | (35 076) |
| | (39 916) | (91 062) | (12 458) | (143 436) |
| Gross profit | 15 542 | 39 234 | 967 | 55 743 |
| Six months ended 31 March 2017 (Reviewed) | | | | |
| Revenue | 40 053 | 135 066 | - | 175 119 |
| Cost of sales | | | | |
| Cost of sales excluding selling costs | (20 837) | (48 280) | - | (69 117) |
| Selling costs | (180) | (23 458) | - | (23 638) |
| | (21 017) | (71 738) | - | (92 755) |
| Gross profit* | 19 036 | 63 328 | - | 82 364 |
| Year ended 30 September 2017 (Audited) | | | | |
| 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 |

* During the period ended 31 March 2017, US$3.2 million was included in the chrome segment which relates to the agency and trading segment.

The shared costs relating to the manufacturing of the PGM and the chrome concentrates are allocated to the relevant operating segments based on the relative sales value per product on an ex-works basis. During the period ended 31 March 2018, the relative sales value of chrome concentrates decreased compared to the relative sales value of PGM concentrate and consequently the allocation basis of shared costs was amended to 45% (PGM concentrate) and 55% (chrome concentrates) respectively. The allocated percentage for PGM concentrate and chrome concentrates accounted for in the comparative period was 25% for PGM concentrate and 75% for chrome concentrates while for the year ended 30 September 2017, shared costs were allocated 35% for PGM concentrate and 65% for chrome concentrates.

The Agency and trading operating segment represents third-party trading and third-party logistics operations and includes the production, marketing and sales of chrome concentrates produced at a chrome plant owned by a third party.

Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location analysis of revenue from external customers is based on the country of establishment of each customer.

| Revenue from external customers | Six months ended 31 March 2018 Reviewed US$'000 | Six months ended 31 March 2017 Reviewed US$'000 | Year ended 30 Sept 2017 Audited US$'000 |
|---|---|---|---|
| South Africa | 84 321 | 73 612 | 151 886 |
| China | 47 318 | 57 986 | 86 035 |
| Singapore | 2 188 | 3 215 | 13 961 |
| Hong Kong | 65 352 | 37 601 | 94 866 |
| Other countries | - | 2 705 | 2 695 |
| | 199 179 | 175 119 | 349 443 |

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

The following table summarises sales to external customers with whom transactions have individually exceeded 10% of Group revenue:

| | Six months ended 31 March 2018 | | Six months ended 31 March 2017 | | Year ended 30 September 2017 | |
|---|---|---|---|---|---|---|
| | Segment | US$'000 | Segment | US$'000 | Segment | US$'000 |
| Customer 1 | PGM | 48 757 | PGM | 40 052 | PGM | 88 118 |
| Customer 2 | Chrome | 28 585 | Chrome | 33 535 | Chrome | 60 370 |
| Customer 3 | Chrome | 22 659 | Chrome | 23 840 | Chrome | 43 676 |

5. REVENUE

Revenue is disaggregated by segments in the following categories:

| | Six months ended 31 March 2018 Reviewed US$'000 | Six months ended 31 March 2017 Reviewed US$'000 | Year ended 30 Sept 2017 Audited US$'000 |
|---|---|---|---|
| PGM segment | | | |
| Platinum | 31 058 | 26 067 | 58 019 |
| Palladium | 10 207 | 6 839 | 15 939 |
| Rhodium | 10 629 | 4 862 | 11 045 |
| Gold | 131 | 108 | 243 |
| Ruthenium | 1 250 | 177 | 595 |
| Iridium | 1 734 | 1 306 | 3 292 |
| Copper | 136 | 162 | 375 |
| Nickel | 621 | 536 | 1 199 |
| Metal adjustments | (308) | (4) | 217 |

| | | | |
|---|---|---|---|
| Total revenue from PGM segment | 55 458 | 40 053 | 90 924 |
| Chrome segment | | | |
| Metallurgical | 101 812 | 101 782 | 193 719 |
| Specialty | 28 484 | 33 284 | 59 150 |
| Total revenue from chrome segment | 130 296 | 135 066 | 252 869 |
| Agency and trading segment | | | |
| Metallurgical chrome | 13 045 | - | 4 399 |
| Specialty chrome | 55 | - | - |
| Logistics | 201 | - | 1 228 |
| Consulting | 124 | - | 23 |
| Total revenue from agency and trading segment | 13 425 | - | 5 650 |

Revenue is disaggregated by segments in the following geographical locations:

| | PGM segment US$'000 | Chrome segment US$'000 | Agency and trading segment US$'000 | Total US$'000 |
|---|---|---|---|---|
| Six months ended 31 March 2018 (Reviewed) | | | | |
| South Africa | 55 458 | 28 484 | 379 | 84 321 |
| China | - | 42 518 | 4 800 | 47 318 |
| Singapore | - | 532 | 1 656 | 2 188 |
| Hong Kong | - | 58 762 | 6 590 | 65 352 |
| | 55 458 | 130 296 | 13 425 | 199 179 |
| Six months ended 31 March 2017 (Reviewed) | | | | |
| South Africa | 40 053 | 33 559 | - | 73 612 |
| China | - | 57 986 | - | 57 986 |
| Singapore | - | 3 215 | - | 3 215 |
| Hong Kong | - | 37 601 | - | 37 601 |
| Other countries | - | 2 705 | - | 2 705 |
| | 40 053 | 135 066 | - | 175 119 |
| Year ended 30 September 2017 (Audited) | | | | |
| South Africa | 90 924 | 59 150 | 1 811 | 151 885 |
| China | - | 82 196 | 3 839 | 86 035 |
| Singapore | - | 13 961 | - | 13 961 |
| Hong Kong | - | 94 866 | - | 94 866 |
| Other countries | - | 2 696 | - | 2 696 |
| | 90 924 | 252 869 | 5 650 | 349 443 |

| | Six months ended 31 March 2018 Reviewed US$'000 | Six months ended 31 March 2017 Reviewed US$'000 | Year ended 30 Sept 2017 Audited US$'000 |
|---|---|---|---|
| Revenue recognised in current period for which performance obligations were partially satisfied in previous period: | | | |
| PGM revenue recognised in preceding period/year based on initial results | (28 994) | (26 080) | (26 080) |
| PGM revenue based on final results | 30 823 | 26 224 | 26 224 |
| PGM revenue adjustment recognised in current period/year | 1 829 | 144 | 144 |
| Chrome revenue recognised in preceding period/year | | | |

| | | | |
|---|---|---|---|
| based on initial results | (41 197) | (39 818) | (39 818) |
| Chrome revenue based on final results | 41 177 | 39 672 | 39 672 |
| Chrome revenue adjustment recognised in current period/year | (20) | (146) | (146) |
| Revenue recognised which was included in opening income received in advance liability: | | | |
| Chrome revenue recognised upon completion of performance conditions | - | - | 3 102 |

The period ended 31 March 2018 includes PGM revenue of US$28.7 million and chrome revenue of US$46.2 million that was based on provisional results as final prices and surveys were not yet available at the date of this report. Contract balances are included in trade receivables, refer to note 15.

| | Six months ended 31 March 2018 Reviewed US$'000 | Six months ended 31 March 2017 Reviewed US$'000 | Year ended 30 Sept 2017 Audited US$'000 |
|---|---|---|---|
| **6. COST OF SALES** | | | |
| Mining | 56 243 | 49 262 | 96 005 |
| Salaries and wages | 7 816 | 5 865 | 12 467 |
| Utilities | 4 770 | 4 031 | 9 495 |
| Diesel | 310 | 282 | 705 |
| Materials and consumables | 5 605 | 4 078 | 8 274 |
| Re-agents | 2 287 | 1 816 | 3 653 |
| Steel balls | 3 773 | 3 175 | 6 757 |
| Overhead | 3 375 | 3 292 | 8 055 |
| State royalties | 1 595 | 970 | 1 665 |
| Depreciation - property, plant and equipment | 16 273 | 8 077 | 16 476 |
| Agency and trading | 12 414 | 3 800 | 4 241 |
| Selling costs | 35 076 | 23 638 | 60 578 |
| Change in inventories - finished products and ore stockpile | (6 101) | (15 531) | (1 582) |
| Cost of sales | 143 436 | 92 755 | 226 789 |

| | Six months ended 31 March 2018 Reviewed US$'000 | Six months ended 31 March 2017 Reviewed US$'000 | Year ended 30 Sept 2017 Audited US$'000 |
|---|---|---|---|
| **7. OTHER INCOME** | | | |
| Gain on bargain purchase (refer to note 20) | 1 884 | - | - |
| Consulting fees received | 143 | - | 5 |
| Rental income | 10 | 14 | 20 |
| Sundry sales | - | 34 | 91 |
| Other income | 35 | 35 | 44 |
| | 2 072 | 83 | 160 |

| Six months ended 31 March | Six months ended 31 March | Year ended 30 Sept |
|---|---|---|

| | 2018 Reviewed US$'000 | 2017 Reviewed US$'000 | 2017 Audited US$'000 |
|---|---|---|---|
| 8.ADMINISTRATIVE EXPENSES | | | |
| Directors and staff costs | | | |
| Non-executive directors | 295 | 254 | 536 |
| Employees:salaries | 8 121 | 4 262 | 9 213 |
| bonuses | 2 650 | 776 | 1 339 |
| pension fund and medical aid contributions | 843 | 663 | 1 405 |
| | 11 909 | 5 955 | 12 493 |
| Audit - external audit services | 313 | 142 | 429 |
| Consulting* | 697 | 884 | 2 773 |
| Corporate and social investment | 30 | 50 | 73 |
| Depreciation | 500 | 256 | 453 |
| Discount facility and related fees | 432 | 257 | 516 |
| Equity-settled share-based payment expense | 1 978 | 2 196 | 4 342 |
| Fees for professional services of the listing | - | - | 260 |
| Health and safety | 419 | 122 | 300 |
| Internal audit | 39 | - | - |
| Impairment losses | - | 28 | - |
| Insurance | 377 | 458 | 914 |
| Legal and professional | 236 | 127 | 873 |
| Loss on disposal of property, plant and equipment | 13 | - | 196 |
| Office administration, rent and utilities | 315 | 282 | 660 |
| Security | 1 193 | 485 | 828 |
| Telecommunications and IT related costs | 793 | 308 | 719 |
| Training | 150 | 151 | 313 |
| Travelling and accommodation | 214 | 195 | 358 |
| Sundry expenses | 814 | 634 | 403 |
| | 20 422 | 12 530 | 26 903 |

* Consulting fees includes US$53 thousand (31 March 2017: US$nil and 30 September 2017: US$61 thousand) which was paid to the former external auditor for tax and accounting services as approved by the Audit Committee.

| | Six months ended 31 March 2018 Reviewed US$'000 | Six months ended 31 March 2017 Reviewed US$'000 | Year ended 30 Sept 2017 Audited US$'000 |
|---|---|---|---|
| 9.TAX | | | |
| Corporate income tax for the year | | | |
| Cyprus | 1 457 | 992 | 1 554 |
| South Africa | 1 300 | 1 381 | 2 596 |
| Special contribution for defence in Cyprus | 2 | 3 | 4 |
| Dividend withholding tax | 158 | - | - |
| Deferred tax | | | |
| Originating and reversal of temporary differences | 5 836 | 14 940 | 19 162 |
| Tax charge | 8 753 | 17 316 | 23 316 |
| Reconciliation between tax charge and accounting profit at applicable tax rates: | | | |
| Profit before tax | 37 166 | 68 329 | 90 989 |
| Notional tax on profit before taxation, calculated at the rates applicable in the jurisdictions concerned | 20 513 | 19 019 | 23 165 |

| | | | |
|---|---|---|---|
| Non-taxable income | | | |
| Revaluation of intergroup US$ denominated preference shares | (11 761) | (2 045) | (695) |
| Intergroup dividends received | (2 007) | (1 316) | (2 423) |
| Interest received | (8) | (1) | (6) |
| Non-deductible expenses | | | |
| Intergroup dividends paid | 1 600 | 1 195 | 2 415 |
| Investment related | 240 | 208 | 526 |
| Interest paid | 16 | 1 | 51 |
| Capital expenses | 123 | 97 | 170 |
| Other | 10 | 124 | 73 |
| Recognition of deemed interest income for tax purposes | 27 | 34 | 40 |
| Tax charge | 8 753 | 17 316 | 23 316 |

Tax is recognised on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The corporation tax rate is 12.5% in Cyprus, 0% in Guernsey and 28.0% in South Africa.

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

The Group's consolidated effective tax rate for the six months ended 31 March 2018 was 23.6% (31 March 2017: 25.3%; 30 September 2017: 25.6%).

At 31 March 2018, the Group's unredeemed capital balance available for offset against future mining taxable income in South Africa amounted to US$124.0 million (31 March 2017: US$108.6 million and 30 September 2017: US$99.6 million).

Other than Cyprus and South Africa, 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.

10. EARNINGS PER SHARE

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the profit attributable to the ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding. Vested Share Appreciation Rights (SARS) issued to employees at award prices lower than the current share price, results in a potential dilutive impact on the weighted average number of issued ordinary shares and have been included in the calculation of dilutive weighted average number of issued ordinary shares. Vested SARS issued to employees at award prices higher than the current share price, were excluded from the calculation of diluted weighted average number of issued ordinary shares because their effect would have been anti-dilutive.

| | | Six months ended 31 March 2018 Reviewed | Six months ended 31 March 2017 Reviewed | Year ended 30 Sept 2017 Audited |
|---|---|---|---|---|
| Profit attributable to ordinary shareholders | (US$'000) | 25 960 | 41 925 | 57 601 |
| Weighted average number of issued ordinary shares for basic earnings per share | ('000) | 260 141 | 256 178 | 257 393 |
| Weighted average number of issued ordinary shares for diluted earnings per share | ('000) | 261 782 | 256 178 | 257 393 |
| Earnings per share | | | | |
| Basic | (US$ cents) | 10 | 16 | 22 |
| Diluted | (US$ cents) | 10 | 16 | 22 |

Headline and diluted headline earnings per share
The calculation of basic and diluted headline earnings per share has been based on the profit attributable to the ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding. Vested Share Appreciation Rights (SARS) issued to employees at award prices lower than the current share price, results in a potential dilutive impact on the weighted average number of issued ordinary shares and have been included in the calculation of dilutive weighted average number of issued ordinary shares. Vested SARS issued to employees at award prices higher than the current share price, were excluded from the calculation of diluted weighted average number of issued ordinary shares because their effect would have been anti-dilutive.

| | | Six months ended 31 March 2018 Reviewed | Six months ended 31 March 2017 Reviewed | Year ended 30 Sept 2017 Audited |
|---|---|---|---|---|
| Headline earnings attributable to ordinary shareholders | (US$'000) | 24 730 | 41 953 | 57 799 |
| Weighted average number of issued ordinary shares for basic headline earnings per share | ('000) | 260 141 | 256 178 | 257 393 |
| Weighted average number of issued ordinary shares for diluted headline earnings per share | ('000) | 261 782 | 256 178 | 257 393 |
| Headline earnings per share | | | | |
| Basic | (US$ cents) | 10 | 16 | 22 |
| Diluted | (US$ cents) | 10 | 16 | 22 |

Reconciliation of profit to headline earnings

| | Gross US$'000 | Tax US$'000 | Non-controlling interest US$'000 | Six months ended 31 March 2018 Reviewed Net US$'000 | Six months ended 31 March 2017 Reviewed Net US$'000 | Year ended 30 Sept 2017 Audited Net US$'000 |
|---|---|---|---|---|---|---|
| Profit attributable to ordinary shareholders | | | | 25 960 | 41 925 | 57 601 |
| Net adjustments: | | | | | | |
| Gain on bargain purchase | (1 884) | - | 490 | (1 394) | - | - |
| Scrapping of property, plant and equipment | 894 | (250) | (167) | 477 | - | - |
| Exchange loss on net change in investment in foreign subsidiary | 672 | - | - | 672 | | |
| Impairment losses on goodwill | - | - | - | - | 28 | 57 |
| Loss on disposal of property, plant and equipment | 13 | (4) | (2) | 7 | - | 141 |
| Headline earnings | | | | 25 722 | 41 953 | 57 799 |

| Right-of-use | Leasehold | Freehold | Mining assets and | Right-of-use | Computer equipment | Office equipment and furniture, community and site office |
|---|---|---|---|---|---|---|

## 11. PROPERTY, PLANT AND EQUIPMENT

| | land and buildings US$'000 | infra-structure US$'000 | Mining fleet US$'000 | asset: mining fleet US$'000 | Motor vehicles US$'000 | and software US$'000 | improve-ments US$'000 | asset: buildings US$'000 | improve-ments US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| 31 March 2018 (Reviewed) | | | | | | | | | | |
| Total cost | 17 682 | 320 597 | 35 293 | 11 928 | 698 | 6 449 | 952 | 2 540 | - | 396 139 |
| Total accumulated depreciation | (781) | (77 310) | (3 909) | (1 542) | (367) | (2 671) | (613) | (412) | - | (87 605) |
| Net book value at 31 March 2018 | 16 901 | 243 287 | 31 384 | 10 386 | 331 | 3 778 | 339 | 2 128 | - | 308 534 |
| Reconciliation of net book value | | | | | | | | | | |
| Net book value at 30 September 2017 | 14 762 | 206 682 | 6 731 | - | 305 | 3 628 | 278 | - | 173 | 232 559 |
| Recognition of right-of-use assets | - | - | - | - | - | - | - | 1 166 | - | 1 166 |
| Transfers | - | - | - | - | - | - | - | 173 | (173) | - |
| Net book value at 1 October 2017 | 14 762 | 206 682 | 6 731 | - | 305 | 3 628 | 278 | 1 339 | - | 233 725 |
| Additions | 68 | 6 738 | 10 570 | 4 438 | 16 | 185 | 93 | 776 | - | 22 884 |
| Additions in terms of business combination (note 20) | - | 1 887 | 21 466 | 7 003 | - | - | - | - | - | 30 356 |
| Transfers | - | 5 720 | (5 719) | - | - | - | (24) | 23 | - | - |
| Transferred to trade and other receivables | - | - | - | (476) | - | - | - | - | - | (476) |
| Disposals | - | - | (67) | - | - | - | (1) | - | - | (68) |
| Depreciation | (95) | (8 561) | (3 424) | (1 425) | (32) | (539) | (48) | (245) | - | (14 369) |
| Impairment | - | - | (894) | - | - | - | - | - | - | (894) |
| Exchange adjustment on translation | 2 166 | 30 821 | 2 721 | 846 | 42 | 504 | 41 | 235 | - | 37 376 |
| Net book value at 31 March 2018 | 16 901 | 243 287 | 31 384 | 10 386 | 331 | 3 778 | 339 | 2 128 | - | 308 534 |

Included in additions to mining assets and infrastructure are additions to the deferred stripping asset of US$1.0 million (31 March 2017 and 30 September 2017: no additions).

The estimated economically recoverable proved and probable mineral reserve was reassessed at 30 September 2017 which gave rise to a change in accounting estimate. The remaining reserve that management had previously assessed was 100.3 Mt and at 30 September 2017 was assessed to be 97.0 Mt. As a result, taking into account depletion of the reserve during the year ended 30 September 2017, the expected useful life of the plant increased. The impact of the change on the actual depreciation expense, included in cost of sales, is a reduced depreciation of US$0.1 million.

Capital commitments

At 31 March 2018, the Group's capital commitments for contracts to purchase property, plant and equipment amounted to US$10.8 million (31 March 2017: US$3.2 million; 30 September 2017: US$6.5 million).

Securities
At 31 March 2018, US$6.1 million of the carrying amount of the Group's mining fleet was pledged as security against the equipment loan facility. At 31 March 2017, US$185.1 million (30 September 2017: US$213.5 million) was secured against the secured bank borrowings.

| | Freehold land and buildings | Mining assets and infra-structure | Mining fleet | Right-of-use asset: mining fleet | Motor vehicles | Computer equipment and software | Office equipment and furniture, community and site office improve-ments | Right-of-use asset: buildings | Leasehold improve-ments | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| 31 March 2017 (Reviewed) | | | | | | | | | | |
| Total cost | 15 234 | 260 838 | - | - | 553 | 4 064 | 588 | - | 133 | 281 410 |
| Total accumulated depreciation | (554) | (52 423) | - | - | (261) | (1 557) | (490) | - | (133) | (55 418) |
| Net book value at 31 March 2017 | 14 680 | 208 415 | - | - | 292 | 2 507 | 98 | - | - | 225 992 |
| Reconciliation of net book value | | | | | | | | | | |
| Net book value at 1 October 2016 | 14 090 | 205 159 | - | - | 317 | 874 | 91 | - | 3 | 220 534 |
| Additions | 369 | 6 117 | - | - | 25 | 1 924 | 23 | - | - | 8 458 |
| Depreciation | (128) | (7 827) | - | - | (57) | (333) | (18) | - | (3) | (8 366) |
| Exchange adjustment on translation | 349 | 4 966 | - | - | 7 | 42 | 2 | - | - | 5 366 |
| Net book value at 31 March 2017 | 14 680 | 208 415 | - | - | 292 | 2 507 | 98 | - | - | 225 992 |
| 30 September 2017 (Audited) | | | | | | | | | | |
| Total cost | 15 354 | 266 019 | 7 030 | - | 594 | 5 542 | 796 | - | 220 | 295 555 |
| Total accumulated depreciation | (592) | (59 337) | (299) | - | (289) | (1 914) | (518) | - | (47) | (62 996) |
| Net book value at 30 September 2017 | 14 762 | 206 682 | 6 731 | - | 305 | 3 628 | 278 | - | 173 | 232 559 |
| Reconciliation of net book value | | | | | | | | | | |
| Net book value at 1 October 2016 | 14 090 | 205 159 | - | - | 317 | 874 | 91 | - | 3 | 220 534 |
| Additions | 666 | 14 602 | 7 124 | - | 73 | 3 504 | 240 | - | 189 | 26 398 |
| Disposals | - | (196) | - | - | - | - | - | - | - | (196) |
| Depreciation | (174) | (15 570) | (303) | - | (90) | (725) | (51) | - | (16) | (16 929) |
| Exchange adjustment on translation | 180 | 2 687 | (90) | - | 5 | (25) | (2) | - | | |

(3) 2 752
Net book value at 30 September 2017 14 762 206 682 6 731 - 305 3 628 278 -
173 232 559

## 12. LONG-TERM DEPOSITS

| | 31 March 2018 Reviewed US$'000 | 31 March 2017 Reviewed US$'000 | 30 Sept 2017 Audited US$'000 |
|---|---|---|---|
| Long-term deposits | - | 4 796 | 4 505 |

The long-term deposits represented restricted cash which was designated as a "debt service reserve account" which was required by the terms of the Common Terms Agreement for the senior debt facility payable by Tharisa Minerals Proprietary Limited.

Effective 28 March 2018, the senior debt facility was settled in full (refer to note 18) and consequently the restricted cash was released and became available to the Group.

## 13. DEFERRED TAX

| | 31 March 2018 Reviewed US$'000 | 31 March 2017 Reviewed US$'000 | 30 Sept 2017 Audited US$'000 |
|---|---|---|---|
| Deferred tax assets | 2 445 | 2 127 | 1 952 |
| Deferred tax liabilities | (33 297) | (20 280) | (23 823) |
| Net deferred tax liability | (30 852) | (18 153) | (21 871) |
| Reconciliation of net deferred tax liability | | | |
| Balance at the beginning of the period/year | (21 871) | (3 878) | (3 878) |
| Impact of adoption of IFRS16 | 7 | - | - |
| Balance at the beginning of the period/year | (21 864) | (3 878) | (3 878) |
| Amounts recognised in: | | | |
| Profit and loss | (5 836) | (14 940) | (19 162) |
| Equity | 515 | 802 | 861 |
| Exchange differences | (3 667) | (137) | 308 |
| Balance at the end of the period/year | (30 852) | (18 153) | (21 871) |

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

The recoverability of deferred tax assets was assessed in respect of each individual legal entity. The estimates used to assess the recoverability of recognised deferred tax assets include a forecast of the future taxable income and future cash flow projections based on a three-year period. The Group did not have tax losses and temporary differences for which deferred tax was not recognised.

## 14. INVENTORIES

| | 31 March 2018 Reviewed US$'000 | 31 March 2017 Reviewed US$'000 | 30 Sept 2017 Audited US$'000 |
|---|---|---|---|
| Finished products | 8 853 | 25 594 | 6 620 |
| Ore stockpile | 4 798 | 5 177 | 5 807 |
| Consumables | 13 252 | 5 582 | 8 375 |
| | 26 903 | 36 353 | 20 802 |

Inventories are stated at the lower of cost or net realisable value. During the period ended 31 March 2018, the

Group reversed inventory previously written down to net realisable value of US$0.1 million (31 March 2017: net realisable value write-down of US$0.1 million and 30 September 2017: net realisable value write-down of US$0.1 million) relating to certain consumables and spares.

15. TRADE AND OTHER RECEIVABLES

| | 31 March 2018 Reviewed US$'000 | 31 March 2017 Reviewed US$'000 | 30 Sept 2017 Audited US$'000 |
|---|---|---|---|
| Trade receivables | 60 040 | 39 741 | 55 602 |
| Other receivables - related parties (note 21) | 108 | 48 | 59 |
| Deposits, prepayments and other receivables | 1 720 | 1 803 | 1 081 |
| Accrued income | 2 747 | 5 482 | 3 167 |
| Value added tax (VAT) receivable | 12 253 | 5 507 | 9 327 |
| Royalty tax | 1 305 | - | 1 138 |
| | 78 173 | 52 581 | 70 374 |
| Ageing of trade receivables: | | | |
| Current | 57 929 | 33 870 | 43 677 |
| Less than 90 days past due but not impaired | 2 089 | 3 911 | 7 540 |
| Greater than 90 days past due but not impaired | 22 | 1 960 | 4 385 |
| | 60 040 | 39 741 | 55 602 |

Included in VAT is an amount of ZAR104.4 million (31 March 2017: ZAR50.3 million and 30 September 2017: 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 demand and rejection from SARS. The Group is strongly of the view that it fully complies with all the regulations to be entitled to this refund and is appealing SARS's decision. The Group is taking the necessary legal action to recover the amount due.

Based on past experience, management believes that no impairment allowance (31 March 2017 and 30 September 2017: 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.

16. CASH AND CASH EQUIVALENTS

| | 31 March 2018 Reviewed US$'000 | 31 March 2017 Reviewed US$'000 | 30 Sept 2017 Audited US$'000 |
|---|---|---|---|
| Bank balances | 56 356 | 26 425 | 39 983 |
| Short-term deposits | 3 574 | 195 | 9 759 |
| | 59 930 | 26 620 | 49 742 |

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 31 March 2018, an amount of US$1.9 million (31 March 2017: US$1.7 million and 30 September 2017: US$1.7 million) was provided as security for a bank guarantee issued in favour of a trade creditor and US$0.3 million (31 March 2017 and 30 September 2017: US$0.3 million) was provided as security against certain credit facilities of the Group.

The Group had unutilised borrowing facilities of ZAR400 million available at 31 March 2018 (refer to note 18) (31 March 2017 and 30 September 2017: no unutilised facilities available).

17. SHARE CAPITAL AND PREMIUM

Share capital

The Company did not issue any ordinary shares during the six months ended 31 March 2018 and 31 March 2017. Allotments during the year ended 30 September 2017 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 period ended 31 March 2018, 181 074 (31 March 2017: nil and 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 31 March 2018, the Company had 261 000 000 (31 March 2017: 255 891 886 and 30 September 2017: 261 000 000) ordinary shares in issue of which 806 200 (31 March 2017: nil and 30 September 2017: 987 274) were held in treasury.

Share premium
The share premium represents the excess of the issue price of the ordinary shares over their nominal value, to the extent that it is registered at the Registrar of Companies in Cyprus, less share issue costs and any registered transfers to retained earnings.
During the period ended 31 March 2017, the share premium account was reduced by US$179.2 million with a corresponding increase in retained earnings to reduce the accumulated losses to US$nil. The required Court Order was obtained and filed at the Registrar of Companies in Cyprus. This includes a distribution of US$2.6 million (US$1 cent per share) which was approved by way of a Special Resolution on 1 February 2017.The Special Resolution was ratified by the abovementioned Court Order on 8 March 2017.

During the year ended 30 September 2017, the movement in the share premium account relates to the aforementioned and the issue and allotment of ordinary shares granted in terms of the Share Award Schemes.

| | 31 March 2018 Reviewed US$'000 | 31 March 2017 Reviewed US$'000 | 30 Sept 2017 Audited US$'000 |
|---|---|---|---|
| 18. BORROWINGS | | | |
| Non-current | | | |
| Facilities | 21 865 | - | - |
| Equipment loan facility | 4 114 | - | - |
| Leases | 9 074 | - | 1 497 |
| Secured bank borrowings | - | 10 495 | 2 878 |
| | 35 053 | 10 495 | 4 375 |
| Current | | | |
| Facilities | 10 860 | - | - |
| Equipment loan facility | 5 370 | - | - |
| Leases | 4 951 | 611 | 847 |
| Bank credit facilities | 20 938 | 6 709 | 29 072 |
| Secured bank borrowings | - | 14 852 | 14 876 |
| Guardrisk loan | - | 908 | 231 |
| | 42 119 | 23 080 | 45 026 |

Facilities
Effective 28 March 2018, the Group concluded the ZAR800 million Facilities which comprises of:
- a three-year senior secured amortising term loan of ZAR400 million (Term loan);
- a three-year secured committed revolving facility of ZAR300 million (Revolving facility); and
- an overdraft facility of ZAR100 million (Overdraft).

The financing was obtained by Tharisa Minerals Proprietary Limited and guaranteed by the Company.
The Term loan bears interest at the three-month JIBAR plus 320 basis points nominal annual compounded quarterly and is repayable in 12 equal consecutive quarterly instalments commencing on 30 June 2018. The Revolving facility is available for three years and bears interest at the one-month JIBAR plus 340 basis points nominal annual compounded quarterly and is repayable in full at least once every 12 months. Interest is payable monthly in arrears.

The Overdraft facility is available for one year and bears interest at the South African prime rate payable monthly in arrears.

The Facilities contain the following financial covenants for Tharisa Minerals Proprietary Limited:
- Debt to equity ratio of less than 0.67 times
- Net debt to EBITDA of less than 2.0 times
- EBITDA to interest of greater than 4.0 times

At 31 March 2018, Tharisa Minerals Proprietary Limited complied with all financial covenants.

The Term loan was utilised, inter alia, to settle the secured bank borrowings at 29 March 2018 and in part to settle the bridge loan at 31 March 2018. The unutilised facilities at 31 March 2018 amounted to ZAR400 million.

Equipment loan facility
Tharisa Minerals Proprietary Limited entered into an equipment loan facility of US$25 million with Caterpillar Financial Services Corporation for the funding of certain Caterpillar mining equipment. The funding was partially utilised for the purchase of existing mining equipment acquired from MCC Contracts Proprietary Limited as well as replacement parts and new mining equipment. The loan is structured in three tranches and repayment of each tranche varies between 24 and 48 equal monthly instalments, payable in arrears. Interest is calculated on the three-month US$ Libor plus between 350 and 400 basis points.

The equipment loan facility is secured by a first notarial bond over the equipment and is guaranteed by the Company.

The equipment loan facility contains the following Group financial covenants:

- Net debt to tangible net worth not higher than 1.4 times
- Net debt to EBITDA lower than 2.0 times
- EBITDA to interest greater than 4.0 times

Leases
The Group entered into a number of lease arrangements for the renting of office buildings, premises, computer equipment, vehicles and mining fleet. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of vehicles that have a lease term of 12 months or less and leases of low-value assets such as computer equipment.

Lease expenses of US$0.2 million (31 March 2017 and 30 September 2017: US$ nil) and US$0.1 million (31 March 2017: US$0.3 million and 30 September 2017: US$0.7 million) were included in cost of sales and administrative expenses respectively for the period ended 31 March 2018.

The duration of leases relating to buildings and premises are for a period of five years, payments are due at the beginning of the month escalating annually on average by 8.0%. At 31 March 2018, the remaining term of these leases vary between four and four and a half years. These leases are secured by cash deposits varying from one to three times the monthly lease payments.

The duration of leases relating to the mining fleet are for periods between 14 and 36 months and bear interest at interest rates between the South African prime interest rate and the South African prime interest rate plus 300 basis points. The leases are secured by the mining fleet leased.

| | 31 March 2018 Reviewed US$'000 | 31 March 2017 Reviewed US$'000 | 30 Sept 2017 Audited US$'000 |
|---|---|---|---|
| Minimum lease payments due: | | | |
| Within one year | 6 103 | 649 | 1 046 |
| Two to five years | 10 190 | - | 1 620 |

| | | | |
|---|---|---|---|
| | 16 293 | 649 | 2 666 |
| Less future finance charges | (2 268) | (38) | (322) |
| Present value of minimum lease payments due | 14 025 | 611 | 2 344 |
| Present value of minimum lease payments due: | | | |
| Within one year | 4 951 | 611 | 847 |
| Two to five years | 9 074 | - | 1 497 |
| | 14 025 | 611 | 2 344 |

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 3.5% per annum (31 March 2017: US Libor plus 2.6% per annum and 30 September 2017: US Libor plus 1.6% per annum).

Secured bank borrowings

Effective 29 March 2018, the secured bank borrowings of ZAR1 billion obtained from a consortium of banks was prepaid and settled in full. The financing was obtained by Tharisa Minerals Proprietary Limited, a subsidiary of the Group, and was for a period of seven years repayable in 22 equal quarterly instalments with the first repayment date at 31 December 2013. The Group was required to maintain funds in a debt service reserve account, which was consequently released.

Guardrisk loan

The loan payable at 30 September 2017 was settled in full during the period ended 31 March 2018.

Bridge loan

During the period ended 31 March 2018, Tharisa Minerals Proprietary Limited concluded a bridge loan of ZAR250 million from Absa Bank Limited. The bridge loan part funded the acquisition of mining fleet and equipment of MCC Contracts Proprietary Limited (refer to note 20). The bridge loan was repayable by 31 March 2018 and carried interest at JIBAR plus 325 basis points. The bridge loan was repaid in full on 29 March 2018.

| | Facilities | Equipment loan facility | Leases | Borrowings Bank credit facilities | Secured bank borrowings | Guardrisk loan | Bridge loan | Total borrowing | Current liabilities | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Reconciliation of borrowings to cash flow from financing activities | | | | | | | | | | |
| Balance 30 September 2017 | - | - | 2 344 | 29 072 | 17 754 | 231 | - | 49 401 | - | 49 401 |
| Adoption of IFRS 16 | - | - | 1 205 | - | - | - | - | 1 205 | - | 1 205 |
| Balance at 1 October 2017 | - | - | 3 549 | 29 072 | 17 754 | 231 | - | 50 606 | - | 50 606 |
| Changes from financing cash flows | | | | | | | | | | |
| Advances received from bank credit facilities | - | - | - | 90 243 | - | - | - | 90 243 | - | 90 243 |
| Repayment of bank credit facilities | - | - | - | (98 377) | - | - | - | (98 377) | - | (98 377) |
| Net repayment of bank credit facilities | - | - | - | (8 134) | - | - | - | (8 134) | - | (8 134) |
| Advances received | 30 218 | 12 434 | - | - | - | - | 19 539 | 62 191 | - | 62 191 |
| Repayment of borrowings | - | (2 499) | - | - | (18 827) | (244) | (19 539) | (41 | | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | 109) | - | (41 109) |
| Lease payments | - | - | (4 608) | - | - | - | - | (4 608) | - | (4 608) |
| Interest paid | - | (266) | - | (261) | (1 112) | (2) | (909) | (2 550) | (2 102) | (4 652) |
| Total changes from financing cash flows | 30 218 | 9 669 | (4 608) | (8 395) | (19 939) | (246) | (909) | 5 790 | (2 102) | 3 688 |
| Foreign currency translation differences | 2 480 | 719 | 1 269 | - | 1 064 | 13 | - | 5 545 | - | 5 545 |
| Liability-related changes | | | | | | | | | | |
| Lease agreements entered into | - | - | 5 214 | - | - | - | - | 5 214 | - | 5 214 |
| Business combination (note 20) | - | - | 7 003 | - | - | - | - | 7 003 | - | 7 003 |
| Interest expense | 27 | 266 | 1 598 | 261 | 1 121 | 2 | 909 | 4 184 | - | 4 184 |
| Revaluation of foreign denominated loan | - | (1 170) | - | - | - | - | - | (1 170) | - | (1 170) |
| Total liability-related changes | 27 | (904) | 13 815 | 261 | 1 121 | 2 | 909 | 15 231 | - | 15 231 |
| Balance at 31 March 2018 | 32 725 | 9 484 | 14 025 | 20 938 | - | - | - | 77 172 | (2 102) | 75 070 |

| | 31 March 2018 Reviewed US$'000 | 31 March 2017 Reviewed US$'000 | 30 Sept 2017 Audited US$'000 |
|---|---|---|---|
| **19. PROVISIONS** | | | |
| Provision for rehabilitation | | | |
| Opening balance | 6 923 | 4 607 | 4 607 |
| Capitalised to inventories | 2 778 | 1 107 | 1 340 |
| Capitalised to mining assets and infrastructure | (324) | 270 | 451 |
| Recognised as part of business combination (note 20) | 133 | - | - |
| Recognised in profit or loss | 347 | 210 | 494 |
| Exchange differences | 1 257 | 133 | 31 |
| Closing balance | 11 114 | 6 327 | 6 923 |

In terms of the Mineral and Petroleum Resources Development Act No 28, of 2002, the Group is required to make financial provision for its decommissioning and restoration costs that will be incurred upon cessation of mining activities. 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 16 years. Financial provision is not required to be made for the decommissioning of certain structures, such as housing, which may have an alternative use.

The current estimated rehabilitation cost to be incurred mostly at the end of the life of the open pit mine taking escalation factors into account is US$17.4 million (31 March 2017: US$13.4 million and 30 September 2017: US$13.7 million). The estimate was calculated by an independent external expert.

In determining the amounts attributable to the rehabilitation provision, management used a discount rate of 8.0% (31 March 2017: 8.8% and 30 September 2017: 8.5%) which represents the rate associated to the 10-year South African Bond Yield (31 March 2017 and 30 September 2017: R186 government bond of South Africa), estimated rehabilitation timing of 16 years (31 March 2017: 19 years and 30 September 2017: 18 years) and an inflation rate of 4.9% (31 March 2017: 4.5% and 30 September 2017: 4.5%) which represents the weighted average of the historical inflation rate since the mining operations commenced and 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.

20. BUSINESS COMBINATION

Effective 1 October 2017, the acquisition of mining equipment, spares and consumables from MCC Contracts Proprietary Limited (MCC), the previous mining contractor of Tharisa Minerals Proprietary Limited, became unconditional. The transaction included 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 fair value of plant and equipment and inventories acquired was determined by an external independent valuator. The carrying values of trade and other receivables acquired and liabilities assumed were equal to their fair values on date of acquisition. The bargain purchase gain arose due to differences in the carrying values and fair values of plant and equipment.

The total cash consideration paid for the acquisition was ZAR279.5 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 (refer to note 18).

The fair values of the identifiable assets and liabilities of MCC as at the date of acquisition were:

| | Fair value recognised on acquisition US$'000 |
|---|---|
| Assets | |
| Property, plant and equipment (note 11) | 30 356 |
| Inventories | 1 051 |
| Trade and other receivables | 150 |
| | 31 557 |
| Liabilities | |
| Borrowings (note 18) | (7 003) |
| Provisions (note 19) | (133) |
| Trade and other payables | (697) |
| | (7 833) |
| Total identifiable net assets at fair value | 23 724 |
| Bargain purchase arising on acquisition | (1 884) |
| Purchase consideration transferred | 21 840 |
| Net cash flow on acquisition | 21 840 |

Transaction costs of US$0.1 million relating to the acquisition were included in administrative expenses during the period ended 31 March 2018.

21. RELATED PARTY TRANSACTIONS

Related party transactions exist between shareholders and the Group's directors and key management personnel. These transactions are concluded at arm's length in the normal course of business. All intergroup transactions have been eliminated on consolidation.

| | Six months ended 31 March 2018 | Six months ended 31 March 2017 | Year ended 30 Sept 2017 |
|---|---|---|---|

| | Reviewed US$'000 | Reviewed US$'000 | Audited US$'000 |
|---|---|---|---|
| Transactions and balances with related parties: | | | |
| Other income - Rocasize Proprietary Limited | 17 | 13 | 28 |
| Cost of sales - Rocasize Proprietary Limited | 101 | 60 | 154 |
| Administrative expenses - Rocasize Proprietary Limited | 15 | 9 | 68 |
| Interest expense | | | |
| Langa Trust | - | - | 3 |
| Arti Trust | 135 | 129 | 262 |
| Ditodi Trust | 14 | 13 | 27 |
| Makhaye Trust | 14 | 13 | 27 |
| The Phax Trust | 27 | 26 | 53 |
| The Rowad Trust | 14 | 13 | 27 |
| MJ Jacquet-Briner | 14 | 13 | 27 |
| | 218 | 207 | 426 |
| Amounts due to directors | | | |
| A Djakouris | 21 | 21 | 21 |
| JD Salter | 24 | 24 | 30 |
| O Kamal | 14 | 13 | 16 |
| C Bell | 20 | 20 | 26 |
| R Davey | 17 | - | 19 |
| J Ka Ki Cheng | 11 | 7 | 11 |
| | 107 | 85 | 123 |

| | Six months ended 31 March 2018 Reviewed US$'000 | Six months ended 31 March 2017 Reviewed US$'000 | Year ended 30 Sept 2017 Audited US$'000 |
|---|---|---|---|
| Interest bearing - accrued dividends payable to related parties | | | |
| Arti Trust | 2 852 | 2 515 | 2 486 |
| Ditodi Trust | 245 | 216 | 214 |
| Makhaye Trust | 245 | 216 | 214 |
| The Phax Trust | 488 | 430 | 425 |
| The Rowad Trust | 245 | 216 | 213 |
| MJ Jacquet-Briner | 245 | 216 | 213 |
| | 4 320 | 3 809 | 3 765 |
| Trade and other receivables (note 15) | | | |
| The Tharisa Community Trust | 5 | 5 | 5 |
| Rocasize Proprietary Limited | 103 | 43 | 54 |
| | 108 | 48 | 59 |

Compensation to directors and 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 |
|---|---|---|---|---|---|---|
| Six months ended 31 March 2018 (Reviewed) | | | | | | |
| Non-executive directors | 295 | - | - | - | - | 295 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Executives directors | 703 | 5 | - | 27 | 652 | 1 387 |
| Other key management | 489 | 16 | - | 40 | 366 | 911 |
| | 1 487 | 21 | - | 67 | 1 018 | 2 593 |
| Six months ended 31 March 2017 (Reviewed) | | | | | | |
| Non-executive directors | 254 | - | - | - | - | 254 |
| Executives directors | 688 | 4 | - | 20 | 76 | 788 |
| Other key management | 460 | 13 | - | 31 | 49 | 553 |
| | 1 402 | 17 | - | 51 | 125 | 1 595 |
| Year ended 30 September 2017 (Audited) | | | | | | |
| 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 |

Share-based awards to the directors and to key management were as follows:

| Ordinary shares | Opening balance | Allocated | Vested | Total |
|---|---|---|---|---|
| Six months ended 31 March 2018 (Reviewed) | | | | |
| LTIP - executive directors | 1 808 316 | - | - | 1 808 316 |
| LTIP - key management | 1 202 153 | - | - | 1 202 153 |
| SARS - executive directors | 1 362 327 | - | - | 1 362 327 |
| SARS - key management | 924 136 | - | - | 924 136 |
| Six months ended 31 March 2017 (Reviewed) | | | | |
| LTIP - executive directors | 1 723 522 | - | - | 1 723 522 |
| LTIP - key management | 1 115 106 | - | - | 1 115 106 |
| SARS - executive directors | 1 243 870 | - | - | 1 243 870 |
| SARS - key management | 885 344 | - | - | 885 344 |
| Year ended 30 September 2017 (Audited) | | | | |
| LTIP - executive directors | 1 723 522 | 842 682 | (757 888) | 1 808 316 |
| LTIP - key management | 1 115 106 | 564 792 | (477 745) | 1 202 153 |
| SARS - executive directors | 1 243 870 | 842 682 | (724 225) | 1 362 327 |
| SARS - key management | 885 344 | 564 792 | (526 000) | 924 136 |

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

Langa Trust, Arti Trust, Phax Trust and Rowad Trust
A Director of the Company is a beneficiary of these trusts.

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

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

| | Fair value level | 31 March 2018 Reviewed US$'000 | 31 March 2017 Reviewed US$'000 | 30 Sept 2017 Audited US$'000 |
|---|---|---|---|---|

22. FINANCIAL INSTRUMENTS

| | | | | |
|---|---|---|---|---|
| Financial assets measured at fair value | | | | |
| Investments in equity instrument | Level 1 | 37 | 42 | 49 |
| Discount facility | Level 2 | 676 | - | - |
| Forward exchange contracts | Level 2 | 188 | - | - |
| Trade and other receivables at fair values | | | | |
| PGM receivable | Level 2 | 18 261 | 12 704 | 17 254 |
| Financial liabilities measured at fair value | | | | |
| Discount facility | Level 2 | - | - | 449 |
| Forward exchange contracts | Level 2 | - | - | 150 |
| Financial assets at amortised cost | | | | |
| Long-term deposits | | - | 4 796 | 4 505 |
| Other financial assets - investment in cash and income funds | | 5 791 | 4 244 | 3 767 |
| Trade and other receivables | | 44 634 | 32 567 | 41 574 |
| Cash and cash equivalents | | 59 930 | 26 620 | 49 742 |
| Financial liabilities at amortised cost | | | | |
| Borrowings | | 77 172 | 33 575 | 49 401 |
| Trade and other payables | | 30 131 | 23 231 | 29 753 |

There were no transfers between Level 1 and Level 2 fair value measurements during the period.

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

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

23. CONTINGENT LIABILITIES

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

24. EVENTS AFTER THE REPORTING PERIOD

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

25. DIVIDENDS AND REDUCTION OF SHARE PREMIUM

The Company declared a dividend of US$ 5 cents on 30 November 2017 which was approved at the Annual General Meeting on 10 January 2018. A capital distribution of US$2.6 million (US$ 1 cent per share) was declared on 1 February 2017 as a reduction of share premium.

LEGAL DISCLAIMER

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

A pdf of this announcement is available on the company's website www.tharisa.com.

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www.tharisa.com

Paphos, Cyprus
16 May 2018

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