

Tharisa plc

(Incorporated in the Republic of Cyprus with limited liability)

(Registration number HE223412)

JSE share code: THA

LSE share code: THS

A2X share code: THA

ISIN: CY0103562118

LEI: 213800WW4YWMVVZIJM90

('Tharisa' or the 'Company')

Production report for the quarter ended 30 June 2020

South African Government imposed national lockdown due to COVID-19

- Nationwide Level 3 restrictions remain in place
- Tharisa mining activities recommenced in full from the beginning of May 2020
- Co-product model utilising mechanised and low labour intensive mining in an open pit environment, has allowed the Company to maintain production at reduced levels during lockdown and significantly increase output during May and June
- Ongoing capital projects remain largely suspended
- Tharisa has recorded nine positive cases of COVID-19, with one death and three recoveries
- Establishment of on-site occupational health clinic, isolation and quarantine facilities with strict employee safety protocols in place

Salient features for the quarter ended 30 June 2020

- LTIFR of 0.09 per 200 000 operating hours worked
- 4 million fatality free shifts achieved on 18 June 2020
- Record ROM output levels in May 2020 and June 2020
- Stripping ratio of 12.0 m³:m³ ahead of life of open pit requirements
- Reef tonnes mined up 14.2% to 1 291.3 kt and tonnes milled up 4.6% to 1 220.2 kt
- Platinum Group Metals ('PGMs') production increased by 9.0% to 35.0 koz (6E basis) compared to the prior quarter
- PGM basket price of US\$1 593/oz (ZAR29 266/oz)
- Chrome production increased by 3.6% to 321.4 kt compared to the prior quarter
- Metallurgical chrome price up 10.9% to US\$143/t
- Revised FY2020 production guidance of 130 koz to 135 koz PGMs (6E basis) and 1.25 Mt to 1.30 Mt of chrome concentrates
- PGM sales and deliveries have returned to pre COVID-19 levels

Commenting on the production results, Tharisa CEO Phoevos Pouroulis, said:

“It is with great sadness that we have had to report on our first passing of a colleague from our engineering section as a result of complications brought about by COVID-19. Our sincerest condolences go to his family, co-workers and friends. The pandemic remains a real threat to the industry and the economy. Tharisa has put in place a programme of measures designed to protect the health and safety of all employees thereby mitigating the possible impact on our operations.”

Operating results for the quarter have been exceptionally strong with both May 2020 and June 2020 achieving consecutive record ROM output levels. These efforts, together with a very credible performance from the processing team has ensured our quarter on quarter production levels for both PGMs and chrome concentrates have shown increases at a time when we were not operating at full capacity. Together with good unit cost control, favourable PGM prices and higher pricing for chrome concentrate, the Company remains strongly cash generative and financially solid. Tharisa remains confident of replicating this strong performance in Q4.”

Safety

Safety is a core value, and Tharisa continues to strive for zero harm at its operations. An LTIFR of 0.09 per 200 000 man hours worked was recorded at the end of the quarter.

On 18 June 2020, the Tharisa Mine achieved 4 million fatality free shifts.

We continue to encourage all our employees to ensure they adhere to the government and Tharisa protocol on dealing with the pandemic, including social distancing, wearing of masks at all times when in public or the workspace and frequent and thorough washing of hands. Tharisa’s onsite occupational health clinic, isolation and quarantine facilities have been established during the quarter.

For full details on all the preventative measures Tharisa has implemented please go to <https://www.tharisa.com/pdf/covid-19/covid-19-presentation-of-compliance.pdf>

Production update

The production update for the quarter ended 30 June 2020 is as follows:

		Quarter ended 30 Jun 2020	Quarter ended 31 Mar 2020	Quarter on quarter movement %	Quarter ended 30 Jun 2019	Nine months ended 30 Jun 2020	Nine months ended 30 Jun 2019
Reef mined	kt	1 291.3	1 131.1	14.2	1 155.4	3 565.4	3 378.9
Stripping ratio	m ³ : m ³	12.0	12.2	(1.6)	8.3	11.7	7.5
Reef milled	kt	1 220.2	1 166.9	4.6	1 207.3	3 634.3	3 544.8
PGM flotation feed	kt	909.9	872.4	4.3	889.1	2 703.4	2 640.7
PGM rougher feed grade	g/t	1.52	1.37	10.9	1.45	1.44	1.48
PGM recovery	%	78.7	83.7	(6.0)	82.1	81.4	81.2
6E PGMs produced	koz	35.0	32.1	9.0	34.1	101.5	101.7
Average PGM contained metal basket price	US\$/oz	1 593	1 822	(12.6)	1 064	1 605	1 033
Average PGM contained metal basket price	ZAR/oz	29 266	27 690	5.7	15 297	25 575	14 690
Cr ₂ O ₃ ROM grade	%	18.2	18.2	-	17.8	18.2	18.1
Chrome recovery	%	61.1	61.8	(1.1)	65.5	62.0	62.4
Chrome yield	%	26.3	26.6	(1.1)	27.7	26.8	26.7
Chrome concentrates produced (excluding third party)	kt	321.4	310.1	3.6	334.0	974.1	948.1
Metallurgical grade	kt	250.9	233.6	7.4	259.4	745.6	725.5
Specialty grades	kt	70.5	76.5	(7.8)	74.6	228.5	222.6
Third party chrome production	kt	-	54.7	(100.0)	59.1	117.0	171.6
Metallurgical grade chrome concentrate contract price	US\$/t CIF China	143	129	10.9	174	139	166
Metallurgical grade chrome concentrate contract price	ZAR/t CIF China	2 560	1 965	30.3	2 525	2 171	2 361
Average exchange rate	ZAR:US\$	18.0	15.3	17.6	14.4	16.0	14.2

Mining

Reef tonnes mined for the quarter totalled 1 291.3 kt, comparable to the 1 131.1 kt mined in Q2 2020, an increase of 14.2%. The mine achieved record output when measured in run of mine ('ROM') tonnages for both May 2020 and June 2020, with June 2020 just missing the half a million tonne mark at 498.7 kt. The strip ratio continues to trend ahead of the life of mine requirements at 12.0 m³:m³ for the quarter, confirming that we have the capacity to move the volume needed to achieve the higher output levels that we have set ourselves under our Vision 2020 strategy.

At end June, the Company had 242.6 kt of ROM stockpile available, inclusive of third party purchases.

Mining was interrupted during the quarter by the South African government imposed national lockdown on 25 March 2020, with full capacity only available as of 10 May 2020.

Processing

Tharisa placed the Genesis Plant on care and maintenance as per the regulations imposed under Level 5 and 4 restrictions. The Genesis Plant, which is focused on chrome and speciality chrome products, recommenced production only in early May 2020 with the relaxation to Level 3 restrictions. The larger capacity Voyager Plant was on care and maintenance from 26 March to 4 April 2020 following which it has been operational throughout the quarter. Both plants are now fully operational.

Tonnes milled increased by 4.6% to 1 220.2 kt versus 1 166.9 kt.

As a direct result of the interrupted processing capacity, despite a higher rougher feed grade for PGMs up 10.9% to 1.52 g/t from 1.37 g/t, recoveries were lower at 78.7 % versus the 83.7% in Q2 2020 mainly due to processing of oxidised above ground ROM inventories. Notwithstanding the reduced recoveries, PGM production increased to 35.0 koz versus 32.1 koz.

Chrome concentrate production was 321.4 kt for the quarter, comprising 250.9 kt of metallurgical grade and 70.5 kt of specialty grade, an increase of 3.6% quarter on quarter. Feed grade and recoveries were steady quarter on quarter.

There was no third party chrome production at the K3 Plant as a result of the plant remaining on care and maintenance. The plant has begun the groundwork for recommencement in July 2020.

As a result of the continued lockdown restrictions, Tharisa's Vulcan Project remains suspended.

Market update

The period under review saw a solid price performance for our PGM basket, totalling US\$1 593/oz and while down compared to the previous quarter's record pricing, the weaker ZAR did translate to an increased local basket price of ZAR29 266/oz as compared to the price of US\$1 822/oz (ZAR27 690/oz) for the previous quarter. The combination of the dramatic slowdown of the global economy and the reduced output from the major South Africa PGM producers has translated into a continued positive outlook for PGM pricing.

PGM sales and deliveries have returned to pre COVID-19 levels.

The average metallurgical chrome price increased by 10.9% to US\$143/t from US\$129/t. Market prices are trading around US\$160/t. Published port stocks in China have continued to trend lower at approximately 3.5 Mt down from a high of 4.3 Mt in the first quarter of 2020.

Tharisa has sold its output for the quarter notwithstanding that rail and port logistics remain constrained.

While the ZAR has shown signs of strengthening in the past week, the average exchange rate for the quarter was significantly lower at ZAR:US\$ 18.00 compared to ZAR:US\$ 15.30 in the previous quarter.

Outlook

Tharisa suspended its guidance for the year on 24 March 2020. Assuming no curtailment of operations as a result of the pandemic, revised FY2020 production guidance is 130 koz to 135 koz PGMs (6E basis) and 1.25 Mt to 1.30 Mt of chrome concentrates.

Our co-product model utilising mechanised and low labour intensive mining in an open pit environment, remains well suited to deal with the impact and volatility of COVID-19.

The above information has not been reported on or reviewed by Tharisa's auditors.

Paphos, Cyprus
9 July 2020

JSE Sponsor

Investec Bank Limited

Connect with us on [LinkedIn](#) and [Twitter](#) to get further news and updates about our business.

Investor relations contacts:

Ilja Graulich (Head of Investor Relations and Communications)

+27 11 996 3500

+27 83 604 0820

igraulich@tharisa.com

Financial PR contacts:

Bobby Morse / Augustine Chipungu / James Husband

+44 207 466 5000

tharisa@buchanan.uk.com

Broker contacts:

Peel Hunt LLP (UK Joint Broker)

Ross Allister / David McKeown / Alexander Allen

+44 207 7418 8900

BMO Capital Markets Limited (UK Joint Broker)

Thomas Rider / Neil Elliot / Michael Rechsteiner

+44 207 236 1010

Berenberg (UK Joint Broker)

Matthew Armitt / Jennifer Wyllie / Detlir Elezi

+44 203 207 7800

Nedbank Limited (acting through its Corporate and Investment Banking division) (RSA Broker)

Shabbir Norath

+27 11 295 6575