

Tharisa plc

(Incorporated in the Republic of Cyprus with limited liability)

(Registration number HE223412)

JSE share code: THA

LSE share code: THS

ISIN: CY0103562118

('Tharisa')

First quarter production report for the quarter ended 31 December 2018

Tharisa maintains its focus on optimising mining and processing performance

Salient features for the quarter ended 31 December 2018

- PGM production of 33.6 koz (6E basis) and chrome concentrate production of 305.4 kt
 - This represents quarter on quarter ('QoQ') decreases of 5.9% and 10.0% respectively, primarily as a result of reduced recoveries due to processing commissioning tailings
 - Partially offset by PGM rougher feed grade improving by 7.4% for the quarter to 1.59 g/t and the Cr₂O₃ ROM feed grade improving by 1.1% to 18.5% for the period
- Reduced recoveries driven by the processing of commissioning tailings to maintain plant throughput, following reduced availability of ROM material
 - Decline in QoQ mining as a result of reduced availability of equipment, particularly in the drill and blast operations
 - Ongoing planned maintenance programme to return the mining fleet to OEM standards
 - Good progress on implementing the maintenance strategy to achieve planned mining rates
 - Additional drilling capacity being added and new excavator being commissioned to address back-log in waste extraction
- From the end of January 2019, 24 hour continuous mining operations on the East Pit to increase capacity by c.15%
- The average PGM contained metal basket price for the first quarter was US\$983/oz (ZAR14 050/oz), an increase of 5.9% in US\$ terms from the last quarter and 7.5% in ZAR terms
- Sound safety performance with LTIFR of 0.17 per 200 000 man hours worked (0.18 per 200 000 man hours in Q4 2018)
- FY2019 production guidance revised to between 150 koz and 160 koz of PGMs (6E basis) and 1.4 Mt to 1.5 Mt of chrome concentrates

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

“Although we had planned for a slower Q1 in terms of mining production, we did not anticipate the full impact that blending tailings material would have on our overall recoveries. We will revert back to processing fresh run of mine material from mid- January and will achieve our targeted recoveries. We are addressing the operational performance of the mining division with particular reference to equipment availability and utilisation through pro-active maintenance and enhancing the capacity of our drill and

blast operations. We remain fully committed to our Vision 2020 targets and we are confident that the processes currently underway will see an improved performance in the months to come. ”

Safety

Safety is one of Tharisa's core values and Tharisa continues to strive for zero harm at its operations. An LTIFR of 0.17 per 200 000 man hours worked was recorded at the end of the quarter.

Production update

The production update for the quarter ended 31 December 2018 is as follows:

		Quarter ended 31 Dec 2018	Quarter ended 30 Sept 2018	QoQ movement %	Quarter ended 31 Dec 2017	Year ended 30 Sept 2018
Reef mined	kt	1 090.6	1 179.7	(7.6)	1 245.3	4 875.0
Stripping ratio	m ³ : m ³	6.7	7.2	(6.9)	7.8	7.9
Reef milled	kt	1 192.5*	1 216.7	(2.0)	1 310.2	5 105.3
PGM flotation feed	kt	901.3	892.8	1.0	959.6	3 718.1
PGM rougher feed grade**	g/t	1.59	1.48	7.4	1.49	1.51
PGM recovery	%	76.5	84.1	(9.0)	84.3	84.1
6E PGMs produced	koz	33.6	35.7	(5.9)	38.8	152.2
Average PGM contained metal basket price	US\$/oz	983	928	5.9	865	923
Average PGM contained metal basket price	ZAR/oz	14 050	13 067	7.5	11 827	12 038
Cr ₂ O ₃ ROM grade**	%	18.5	18.3	1.1	18.1	18.2
Chrome recovery	%	58.9	64.5	(8.7)	65.5	66.0
Chrome yield	%	25.6	27.9	(8.2)	27.9	28.4
Chrome concentrates produced (excluding third party)	kt	305.4	339.2	(10.0)	365.8	1 448.0
Metallurgical grade	kt	233.4	240.3	(2.9)	277.7	1 080.3
Specialty grades	kt	72.0	98.9	(27.2)	88.1	367.7
Third party chrome production	kt	52.2	56.0	(6.8)	52.8	221.8
Metallurgical grade chrome concentrate contract price	US\$/t CIF China	164	164	-	179	186
Metallurgical grade chrome concentrate contract price	ZAR/t CIF China	2 311	2 313	(0.1)	2 426	2 415

Average exchange rate	ZAR:US\$	14.3	14.1	1.4	13.6	13.1
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* includes the processing of 75.9 kt of commissioning tails through the processing plants

** mined ore only

Mining

Tharisa's mining division mined 1 090.6 kt of ROM during the quarter, a 7.6% decrease QoQ. A total of 2.1 Mm³ of over- and inter- burden was mined for the quarter. The stripping ratio of 6.7 on a m³:m³ basis remained below the LOM average of 9.5. The decline in QoQ mining was mainly due to reduced availability of equipment, particularly in the drill and blast operations and there were therefore delays in opening up adequate waste and reef benches to enable volume extraction. This was, in part, a result of an ongoing planned maintenance programme to return the mining fleet to OEM standards.

Several key initiatives are underway as the mining division focusses on improving its performance:

- three additional drill rigs are currently on site as the efficiencies of the drill and blast operations are addressed. This is essential to achieving the targeted stripping ratio, and enables us to drill in excess of 100 km per month which will provide capacity to produce in excess of 5.2 Mt and achieve the Vision 2020 target of 5.6 Mt
- implementation of the necessary preventative maintenance systems to drive equipment availability and utilisation increases
- by the end of January 2019, mining of the East Pit will be moved to 24 hour continuous operations (currently 20 hour operation) to mirror the processing operations, thereby increasing capacity by some 15%
- new Caterpillar 6050 excavator commissioned to increase waste removal capacity as part of the planned asset replacement programme

In spite of the lower mined production volumes, the grade control initiatives have yielded positive results, with the PGM rougher feed grade improving by 7.4% for the quarter to 1.59 g/t and the Cr₂O₃ ROM feed grade improving by 1.1% to 18.5% for the period.

Processing

The reduced level of ROM material was supplemented with the re-processing of 75.9 kt commissioning tailings to maintain plant throughput, comprising 6.4% of combined mill throughput, allowing for a total of 1 192.5 kt of reef to be milled in the first quarter, a 2.0% decrease from the last quarter of FY2018. The processing of commissioning tailings negatively impacted on the overall production and recoveries for the quarter, with PGM production decreasing by 5.9% to 33.6 koz (6E basis), a recovery of 76.5%, and chrome concentrate production decreasing by 10.0% to 305.4 kt, a recovery of 58.9%. The production of specialty grade chrome concentrates decreased by 27.2%, from 98.9 kt in the last quarter of FY2018 to 72.0 kt.

The chrome production for the quarter from the Lonmin K3 chrome plant was 52.2 kt, a reduction of 6.8% from the previous quarter. This was caused by lower throughput due to the December holiday shut down.

Market update

The average PGM contained metal basket price for the first quarter was US\$983/oz (ZAR14 050/oz), an increase of 5.9% in US\$ terms from the last quarter and 7.5% in ZAR terms.

The average metallurgical grade chrome concentrate price was US\$164/t (ZAR2 311/t), which remained flat in US\$ terms and was marginally lower in ZAR terms for the quarter.

Specialty chrome concentrates, which accounted for 23.6% of Tharisa's quarterly chrome production, continued to attract a significant premium to metallurgical chrome concentrate prices.

Outlook

In light of the Q1 performance, Tharisa updates its FY2019 production guidance to output of between 150 koz and 160 koz of PGMs (6E basis) and 1.4 Mt to 1.5 Mt of chrome concentrates, of which 25% will be speciality grade chrome concentrates. The Tharisa team will continue to implement the Vision 2020 projects during FY2019, which will ensure that Tharisa delivers 200 koz of PGMs and 2.0 Mt of chrome concentrates in 2020 from the Tharisa Mine.

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

Paphos, Cyprus

11 January 2019

JSE Sponsor

Investec Bank Limited

Financial PR contacts:

Bobby Morse / Augustine Chipungu

+44 020 7466 5000

tharisa@buchanan.uk.com

Broker contacts:

Peel Hunt LLP (UK Joint Broker)

Ross Allister / James Bavister / David McKeown

+44 207 7418 8900

BMO Capital Markets Limited (UK Joint Broker)

Jeffrey Couch / Thomas Rider

+44 020 7236 1010

Berenberg (UK Joint Broker)

Matthew Armitt / Sara MacGrath

+44 20 3207 7800

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

Shabbir Norath / Reginald Demana
+27 11 295 6575

Investor relations contacts:

Daniel Thöle / Ilja Graulich
+27 61 400 2939 / +27 83 604 0820