

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 2017

Tharisa commences FY2018 with a record Q1

Highlights for the three months ended 31 December 2017

- Successful transition to owner mining model
- Record tonnes milled of 1 310.2 kt, up 0.8% quarter on quarter
- Chrome recovery of 65.5% exceeds targeted recovery of 65.0%
- Record chrome concentrate production of 365.8 kt, up 1.5% quarter on quarter
- Record specialty chrome concentrate production of 88.1 kt, up 5.5% quarter on quarter
- Solid PGM production of 38.8 koz
- Record PGM recoveries at 84.3%, exceeding targeted recoveries of 80.0%

Safety

Safety remains a priority and Tharisa continues to strive for zero harm at its operations. A LTIFR of 0.15 per 200 000 man hours worked was recorded for the quarter.

Production update

The production update for the quarter ended 31 December 2017 is as follows:

		Quarter ended 31 Dec 2017	Quarter ended 30 Sept 2017	Quarter on quarter movement	Quarter ended 31 Dec 2016	Year ended 30 Sept 2017

Reef mined	kt	1 245.3	1 300.8	(4.3)	1 229.9	5 025.1
Stripping ratio	m ³ waste/ m ³ reef	7.8	6.6	18.1	9.0	7.5
Reef milled	kt	1 310.2	1 299.4	0.8	1 206.4	4 916.2
PGM flotation feed	kt	959.6	950.3	1.0	885.1	3 599.2
PGM rougher feed	g/t	1.49	1.58	(5.7)	1.52	1.56
grade						
6E PGMs produced	koz	38.8	39.0	(0.5)	34.8	143.6
PGM recovery	%	84.3	81.0	4.1	80.5	79.7
Average PGM	US\$/oz	865	825	4.8	740	786
contained metal						
basket price						
Average PGM	ZAR/oz	11 827	10 866	8.8	10 287	10 492
contained metal						
basket price						
Cr ₂ O ₃ ROM grade	%	18.1	18.4	(1.6)	17.5	17.8
Chrome recovery	%	65.5	63.6	3.0	64.3	64.1
Chrome yield	%	27.9	27.7	0.7	26.7	27.1
Chrome	kt	365.8	360.5	1.5	322.2	1 331.2
concentrates						
produced						
Metallurgical	kt	277.7	277.0	0.3	245.1	1 008.1
grade						
Specialty	kt	88.1	83.5	5.5	77.1	323.1
grades						
Third-party	kt	52.8	20.0	164.0	-	20.0
production						
Metallurgical	US\$/t CIF	179	172	4.1	250	200
grade chrome	China					
concentrate						
contract price						
Metallurgical	ZAR/t CIF	2 426	2 250	7.8	3 488	2 667
grade chrome	China					

concentrate						
contract price						
Average exchange rate	ZAR:US\$	13.6	13.2	-	13.9	13.4

Mining

With effect from 1 October 2017 the mine successfully transitioned from a mining contractor model to an owner mining model. Total reef mined from the open pit for the quarter was 1 245.3 kt, in line with the preceding quarter.

The focus during the quarter was on increased waste removal to ensure that sufficient reef was available in the optimal blend ahead of the processing plants. Total waste of approximately 2.7 million m³ was moved during the quarter, 27% of which was interburden (including top soil) at a stripping ratio of 7.8 on a m³:m³ basis. With the road diversion having been completed, the additional shallow area was mined resulting in both lower stripping and lower grades as oxidised ore was mined and processed. This area has now been substantially mined through and the reef strike length increased. The life of open pit average stripping ratio is 9.7 on a m³:m³ basis.

Processing

During the quarter, 1 310.2 kt were milled, resulting in PGM production of 38.8 koz on a 6E basis and chrome production of 365.8 kt, 88.1 kt of which is specialty grades. This represents a 1.5% improvement in total chrome production and a 5.5% increase in specialty grade production quarter on quarter.

The focus on continued improvement resulted in improved PGM recoveries at 84.3%, a new record above the targeted recoveries of 80.0%. Chrome recoveries at 65.5% also exceeded targeted recoveries of 65.0%. With tonnes processed exceeding tonnes mined, the ore stockpiles ahead of the processing plants were partially utilised. As at 31 December 2017, the ore stockpiles ahead of the processing plants totalled 242.7 kt or approximately two weeks of plant throughput.

Market update

The average PGM contained metal basket price (per ounce) for the three months to end 31 December 2017 was US\$865 (ZAR11 827), which was US\$40 an ounce higher than the US\$825

(ZAR10 866) achieved in the quarter to end 30 September 2017. PGM basket prices continued to reflect improvements in spot palladium and rhodium prices with palladium comprising 16.6% and rhodium comprising 9.4% of the Tharisa basket.

Spot palladium prices averaged US\$993 per ounce in Q1 FY2018, ending the calendar year at US\$1 057 an ounce, while spot rhodium prices averaged US\$1 351 per ounce in Q1 FY2018, ending the calendar year at US\$1 470 an ounce. Spot palladium prices increased 58.0% and rhodium prices increased 52.6% in 2017.

Contracted metallurgical grade chrome concentrate prices increased 4.1% to US\$179 per tonne from US\$172 per tonne in the previous quarter due to improved liquidity and consistent stock levels at ferrochrome and stainless steel producers in China. Current metallurgical chrome spot prices are above US\$200 per tonne for February 2018 shipment.

As at 29 December 2017, Chinese port stock levels were at 2.2 Mt, or approximately two months' supply into the ferrochrome and stainless steel industry. The market fundamentals for chrome remain sound with continued growth forecast for the global stainless steel industry.

Specialty chrome concentrates, which comprise 24.1% of Tharisa's total chrome production, continued to attract a premium above the contracted metallurgical chrome concentrate prices.

Outlook

Tharisa's FY2018 production guidance remains at 150 koz PGMs and 1.4 Mt chrome concentrates, of which 350 kt will be specialty grade chrome concentrates. The near term focus will be on continued operational improvements and the commencement of the Vision 2020 projects that will ensure Tharisa delivers 200 kozpa of PGMs and 2 Mtpa of chrome concentrates by 2020.

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

Paphos, Cyprus

10 January 2018

JSE Sponsor

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