

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')

Second quarter production report for the quarter ended 31 March 2018

Tharisa delivers another robust quarter as it advances plans to increase production

Highlights for the quarter ended 31 March 2018

- PGM recoveries at 82.2% exceed targeted recoveries of 80.0%
- PGM production of 38.2 koz
- Improved chrome recovery at 66.3% exceeded targeted recovery of 65.0%
- Record chrome concentrate production of 366.7 kt
- Vision 2020 projects on track to produce 200 kozpa PGMs and 2 Mtpa chrome in 2020

Highlights for the six months (H1 FY2018) ended 31 March 2018

- PGM production at 77.0 koz, up 11.4% from 69.1 koz in H1 FY2017
- Chrome concentrate production at 732.5 kt, up 15.0% from 636.8 kt in H1 FY2017

Safety

Safety remains a priority and Tharisa continues to strive for zero harm at its operations. A LTIFR of 0.12 per 200 000 man hours worked was recorded at the end of March 2018.

During the quarter the operations recorded two safety milestones with the mining operations achieving 1 000 000 fatality free shifts and the Genesis Plant achieving 365 LTI free days.

Production update

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

		Quarter ended 31 Mar 2018	Quarter ended 31 Dec 2017	Quarter on quarter move %	Quarter ended 31 Mar 2017	Half year ended 31 Mar 2018	Half year ended 31 Mar 2017
Reef mined	kt	1 206.0	1 245.3	(3.2)	1 219.2	2 451.3	2 449.1
Stripping ratio	m ³ waste/ m ³ reef	8.5	7.8	9.0	7.5	8.1	8.4
Reef milled	kt	1 287.2	1 310.2	(1.8)	1 211.3	2 597.4	2 417.7
PGM flotation feed	kt	936.0	959.6	(2.5)	897.9	1 895.6	1 783.0
PGM rougher feed grade	g/t	1.54	1.49	3.4	1.56	1.52	1.54
6E PGMs produced	koz	38.2	38.8	(1.5)	34.3	77.0	69.1
PGM recovery	%	82.2	84.3	(2.5)	76.2	83.2	78.3
Average PGM contained metal basket price	US\$/oz	953	865	10.2	783	909	760
Average PGM contained metal basket price	ZAR/oz	11 384	11 827	(3.7)	10 355	11 606	10 306
Cr ₂ O ₃ ROM grade	%	18.2	18.1	0.6	17.5	18.1	17.5
Chrome recovery	%	66.3	65.5	1.2	62.5	65.9	63.4
Chrome yield	%	28.5	27.9	2.2	26.0	28.2	26.3
Chrome concentrates	kt	366.7	365.8	0.2	314.6	732.5	636.8

produced							
Metallurgical grade	kt	281.2	277.7	1.3	239.2	558.9	484.3
Specialty grades	kt	85.5	88.1	(3.0)	75.4	173.6	152.5
Third-party production	kt	53.4	52.8	1.1	-	106.2	-
Metallurgical grade chrome concentrate contract price	US\$/t	206	179	15.1	338	193	278
Metallurgical grade chrome concentrate contract price	ZAR/t	2 444	2 426	0.7	4 430	2 436	3 783
Average exchange rate	ZAR:US\$	12.0	13.6	(11.8)	13.2	12.8	13.6

Mining

The transition to owner mining has progressed well. 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.

The focus during this period has been on employee training using world class on mine simulators to ensure competency training and the implementation of preventative maintenance protocols. This has improved the effective utilisation of the overall mining fleet as demonstrated by the 12.0% improvement in the waste mined to 3.0 Mm³ during the quarter.

Improvements in the drill and blast operations, in particular, have contributed to improved fragmentation of run of mine feedstock and therefore more consistent feed into the plants contributing to the plants operating at above design name plate capacity. PGM rougher feed grades improved by 3.4% to 1.54 g/t while Cr₂O₃ ROM grades remained steady at 18.2%.

The stripping ratio at 8.5 is trending towards the life of mine average of 9.6 on a per cubic metre basis and ensures ongoing access to the reef horizons whilst maintaining the supply of ore to the processing plants. Reef tonnes mined totalled 1.2 Mt, marginally lower even though there were

fewer working days in this typically shorter quarter which also saw higher than usual rainfall during the latter part of the period under review.

Processing

During the quarter, 1.3 Mt was milled, resulting in PGM production of 38.2 koz on a 6E basis (at a recovery of 82.2%) and chrome production of 366.7 kt, 85.5 kt of which are specialty grades (at a recovery of 66.3%).

Further improvements in production are expected as the Vision 2020 optimisation projects come on stream during Q4 FY2018 and Q1 FY2019. The introduction of an additional crusher circuit at the Genesis Plant will be commissioned in July 2018. The ZAR90 million (approximately US\$7.4 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.

Market update

The average PGM contained metal basket price (per ounce) for the quarter ended 31 March 2018 was up 10.2% to US\$953 (ZAR11 384), which was US\$88 an ounce higher than the US\$865 (ZAR11 827) achieved in the quarter ended 31 December 2017. PGM basket prices continued to reflect improvements in palladium, rhodium and ruthenium prices which comprise 16.3%, 9.2% and 13.6% respectively of the Tharisa PGM basket.

Contracted metallurgical grade chrome concentrate prices increased 15.1% to US\$206 per tonne from US\$179 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 remain above US\$200 per tonne.

As at 26 March 2018, Chinese port stock levels were at 2.8 Mt, around two-and-a-half months' supply into the ferrochrome and stainless steel industry. Global growth in stainless steel production remains robust with an independent market research company forecasting a further rise in worldwide output of nearly 5.0% in calendar 2018.

Specialty chrome concentrates, which comprised 23.3% of Tharisa's chrome production in Q2 FY2018, continued to attract a premium above the contracted metallurgical chrome concentrate prices.

Outlook

Tharisa remains firmly on track to achieve its FY2018 production guidance of 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 advancing 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 April 2018

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