

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')

Third quarter production report for the period ended 30 June 2017

Another record quarter for Tharisa

Highlights for the three months ended 30 June 2017

- Record quarterly reef mined of 1 275.2 kt continues to exceed the required run rate of 4.8 Mtpa on an annualised basis
- Record chrome concentrate production of 333.9 kt, up 6.1% quarter on quarter
- Record specialty chrome production of 87.1 kt, 26.1% of total chrome production and up 15.5% quarter on quarter
- PGM production of 35.4 koz, up 3.2% quarter-on-quarter
- Record PGM recoveries at 81.3% and chrome recoveries at 66.0% exceeding targeted recoveries of 80.0% and 65.0% respectively

Commenting on Q3 production, Tharisa CEO Phoevos Pouroulis, said:

“Tharisa Minerals has again shown incremental improvements in production volumes and recoveries. We continue to examine ways to further optimise our operations and look forward to achieving our targeted recoveries and production outlook for the financial year.”

Safety

Safety remains a top priority and Tharisa continues to strive for zero harm at its operations. There were no lost time injuries during the quarter and consequently we recorded an improved LTIFR of 0.08 per 200 000 man hours worked.

Production update

The production update for the quarter ended 30 June 2017 is as follows:

		Quarter ended 30 June 2017	Quarter ended 31 March 2017	Quarter on quarter movement %	Quarter ended 30 June 2016	Nine months ended 30 June 2017
Reef mined	kt	1 275.2	1 219.2	4.6	1 235.4	3 724.3
Stripping ratio	m ³ waste/m ³ reef	6.9	7.5		7.4	7.8
Reef milled	kt	1 199.1	1 211.3	(1.0)	1 192.2	3 616.8
PGM flotation feed						
tonnes	kt	866.0	897.9	(3.6)	929.6	2 648.9
PGM rougher feed						
grade	g/t	1.57	1.56	0.6	1.64	1.55
6E PGMs produced	koz	35.4	34.3	3.2	33.5	104.6
PGM recovery	%	81.3	76.2	6.7	68.5	79.3
Average PGM contained metal						
basket price	US\$/oz	792	783	1.1	745	771
Average PGM contained metal						
basket price	ZAR/oz	10 443	10 355	0.8	11 162	10 352
Cr ₂ O ₃ ROM grade	%	17.8	17.5	1.7	17.7	17.6
Chrome recovery	%	66.0	62.5	5.6	61.6	64.3
Chrome yield	%	27.8	26.0	6.9	25.8	26.8
Chrome concentrates produced	kt	333.9	314.6	6.1	307.1	970.7
Metallurgical grade	kt	246.8	239.2	3.2	225.6	731.1
Specialty grades	kt	87.1	75.4	15.5	81.5	239.6

		Quarter ended 30 June 2017	Quarter ended 31 March 2017	Quarter on quarter movement %	Quarter ended 30 June 2016	Nine months ended 30 June 2017
Metallurgical grade chrome concentrate contract price	US\$/t CIF China	147	338	(56.5)	105	212
Metallurgical grade chrome concentrate contract price	ZAR/t CIF China	1 892	4 430	(57.3)	1 589	2 844
Average exchange rate	ZAR:US\$	13.2	13.2	-	15.0	13.5

Mining

Reef mined from the open pit totalled a record 1 275.2 kt for the quarter. This is a 5% improvement on the 1 219.2 kt mined in Q2 and brings the monthly average to 413.8 kt over the first nine months of FY2017. The increase in production is mainly attributable to a focus on continuous improvement initiatives particularly in the drill and blast operations. The benefits of these initiatives, in terms of the availability and utilisation of mining equipment, should continue into Q4.

Total waste of approximately 2.5 Mm³ was moved during the quarter at a stripping ratio of 6.9 on a m³:m³ basis. The waste stripping remained below the LOM average of 9.7 as the team's focus remained on interburden stripping to ensure access to the reef horizons. The lower stripping ratio was also due to the planned pit extension following the road diversion. The benefits of the shorter waste hauling distances associated with the road diversion will be delivered in the latter part of Q4. It is forecast that stripping for Q4 will be above 9 m³:m³.

In addition to the focus on increasing waste stripping ahead of ore mining to ensure sustained access to the reef horizons, there is a continued emphasis on mining consistent reef grades for feed into the processing plants.

Processing

During the quarter 1 199.1 kt of ore was milled, resulting in PGM production of 35.4 koz on a 6E basis and record chrome production of 333.9 kt, 87.1 kt (26.1%) of which are specialty grade concentrates. The chrome feed grade improved by 2% while the 6E PGM rougher feed grade remained consistent compared to the previous quarter. The marginally lower mill throughput for Q3 was due to the timing of the planned maintenance during the quarter.

The continuous improvement initiatives focused on crusher throughput and improved crusher run time. The positive impact of these initiatives on plant throughput was evidenced towards the end of Q3 and will flow into Q4. Despite the marginally lower throughput, the total PGM and chrome production increased by 3% and 6% respectively when compared to Q2.

Both PGM and chrome recoveries exceeded target during the quarter with PGM recoveries at 81.3%, against a target of 80%, and chrome recoveries at 66.0%, against a target of 65%.

The high energy flotation successfully implemented at the Voyager PGM recovery circuit has been incorporated into the PGM recovery circuit of the Genesis Plant and is scheduled to be completed by the end of July 2017. This will contribute to improved PGM production in Q4, although production may be partially impacted by the planned oxidized ore being mined as the open pit is extended through the road diversion area.

Market update

The average per ounce PGM basket price for the three months ended June 2017 was US\$792 (ZAR10 443), which is US\$9 an ounce higher than the US\$783 (ZAR10 355) price achieved in the quarter ended March 2017.

While contracted metallurgical grade chrome concentrate prices decreased to US\$147 per tonne from US\$338 per tonne, there are signs that prices have found a floor and there is increased price stability within the chrome concentrate market. Despite Chinese port stock levels of 2.46 Mt, liquidity has returned on the back of continued stainless steel demand and consumption out of China. The fundamentals of the global stainless steel market remain sound with continued growth forecast in 2017, further supporting strong demand for chrome units in the form of ferrochrome and chrome ores. Specialty chrome concentrates, which comprise 26.1% of total chrome concentrate production and

which supplies the chemical and foundry markets, continue to attract a premium above the contracted metallurgical chrome concentrate prices.

Transition to owner mining model

Tharisa Minerals entered into a binding term sheet with MCC Contracts Proprietary Limited (MCC) on 10 May 2017 in terms of which Tharisa Minerals will purchase, subject to the fulfilment of certain conditions precedent, certain of MCC's existing equipment, strategic components, site infrastructure and spare parts, and transfer the employees currently deployed at its Tharisa Mine in South Africa.

On 6 July 2017, shareholders were advised that the transaction had been unconditionally approved by the South African Competition Commission. The effective date of the transaction will be the date immediately following the fulfilment or waiver, as applicable, of the remaining conditions precedent, or such later date as may be agreed between the parties. The long stop date for fulfilment of these conditions is 30 September 2017.

The change in the operating model is expected to have both cost and operational benefits as well as providing financial flexibility, thereby cementing Tharisa's low-cost high margin position.

New Mining Charter

The Mining Charter was first introduced in 2004 as a regulatory instrument aimed at initiating transformation in the South African mining sector. Tharisa Minerals complies with the requirements of the Mining Charter. The Mining Charter III was gazetted on 15 June 2017. The Group is studying and assessing the regulations and the way forward to ensure compliance. Tharisa remains committed to transformation in the mining industry.

Outlook

PGM and chrome production remains on track to meet the FY2017 production guidance of approximately 147.4 koz PGMs on a 6E basis and 1.3 Mt chrome concentrates, of which 300 kt will be specialty grade chrome concentrates.

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

Paphos, Cyprus

10 July 2017

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