

**Tharisa plc**

(Incorporated in the Republic of Cyprus with limited liability)

(Registration number HE223412)

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LSE share code: THS

A2X share code: THA

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('Tharisa' or the 'Company')

**PRODUCTION REPORT FOR THE FOURTH QUARTER AND FULL YEAR ENDED 30 SEPTEMBER 2020**

**Exceptional production performance positions Tharisa for PGM price bonanza**

**Highlights:**

- LTIFR of 0.09 per 200 000 operating hours worked
- Platinum Group Metals ('PGM') production up 15.7% quarter on quarter ('QOQ') to 40.5 koz and up 1.78% year on year ('YOY') to 142.1 koz (6E basis)
- Chrome concentrate production (excluding third party) up 15.4% QOQ to 370.8 kt and up 4.2% YOY to 1 344.8 kt
- Reef mined up 8.9% QOQ to 1 405.7 kt and up 7.4% YOY to 4 971.1 kt
- Reef milled up 14.9% QOQ to 1 401.8 kt and up 4.1% YOY to 5 036.1 kt
- Stripping ratio up 8.3% QOQ to 13.0 m<sup>3</sup>:m<sup>3</sup> and up 45.7% YOY to 12.1 m<sup>3</sup>:m<sup>3</sup> ahead of the life of open pit requirements
- Average PGM basket price for the year increased to US\$1 704/oz (ZAR27 691/oz) due to high rhodium (9.51%) and palladium (16.19%) prill split
- Average metallurgical grade chrome price for the year of US\$140/t (ZAR2 231/t)
- Restart of the Vulcan project

**South African Government imposed national lockdown due to COVID-19**

- Sequential reduction in nationwide restrictions in South Africa from a risk adjusted Level 5 to Level 1
- Tharisa has recorded 53 positive COVID-19 cases, of which 3 are active, equivalent to an infection rate of less than 1.7% for the Company with a recovery rate at present of over 90%
- During the national lockdown, Tharisa has retained its employment complement on full pay and fulfilled its payment obligations to suppliers

**Guidance for FY2021**

- FY2021 production guidance 155 koz to 165 koz PGMs (6E basis) and 1.45 Mt to 1.55 Mt of chrome concentrates

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

*“Growing the business and increasing production not just on a quarter on quarter, but a year on year basis despite the challenges of COVID-19, is a tribute to the extraordinary resilience and resourcefulness of all of our employees at Tharisa.*

*With exposure to PGMs, particular our favourable prill split towards palladium and rhodium, the latter of which we produced over 13 500 ounces for the year with the metal trading at record spot prices in excess of US\$ 13 000/oz, ensures Tharisa has an excellent financial and operating platform to progress the business through its next phase of growth. The rapid development of the hydrogen economy and the move to even cleaner emission standards will benefit the PGM market and Tharisa for some years to come.*

*Our flagship Tharisa Mine delivered significant operational improvements following the investment in our assets, the ongoing optimisation of the pit, and the flexibility of our processing and distribution capacity.*

*Our cost control, together with a robust balance sheet, ensures Tharisa is set to build on this performance as we restart construction of our Vulcan plant and continue to assess complementary opportunities to further de-risk our business. Our focus will be on continuously improving the quality of mining, increasing the productivity of our mining fleet and the efficiency of our processing capacity, to deliver further returns for our stakeholders.*

*The impact of COVID-19, along with the national lockdowns and the disruptions associated with the pandemic, has been significant in South Africa, the African continent, and globally. The ongoing impact of the pandemic is likely to remain for the foreseeable future and as a business we have adapted accordingly, protecting our staff, suppliers and other stakeholders as best as we can, whilst continuing to deliver on our stated strategic targets.”*

## **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.

The Company achieved a number of safety milestones throughout the year:

- 28 September 2020 – 5 year fatality free
- 16 September 2020 – 365 days LTI free for the mining production team
- 30 July 2020 - Genesis Plant achieved 365 lost time injury free days
- 19 June 2020 - Tharisa Mine achieved 4 million fatality free shifts
- 5 March 2020 – 5 years lost time injury free for the Tharisa laboratory

The Company has a continuous education campaign to prevent complacency around the COVID-19 pandemic. 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>

		Quarter ended 30 Sep 2020	Quarter ended 30 Jun 2020	Quarter on quarter movement %	Quarter ended 30 Sep 2019	Year ended 30 Sep 2020	Year ended 30 Sep 2019
Reef mined	kt	<b>1 405.7</b>	1 291.3	8.9	1 248.2	<b>4 971.1</b>	4 627.1
Stripping ratio	m <sup>3</sup> : m <sup>3</sup>	<b>13.0</b>	12.0	8.3	10.3	<b>12.1</b>	8.3
Reef milled	kt	<b>1 401.8</b>	1 220.2	14.9	1 291.2	<b>5 036.1</b>	4 836.0
PGM flotation feed	kt	<b>1 062.5</b>	909.9	16.8	965.2	<b>3 765.9</b>	3 605.9
PGM rougher feed grade	g/t	<b>1.54</b>	1.52	1.3	1.44	<b>1.46</b>	1.47
PGM recovery	%	<b>77.1</b>	78.7	(2.0)	84.7	<b>80.1</b>	82.1
6E PGMs produced	koz	<b>40.5</b>	35.0	15.7	38.0	<b>142.1</b>	139.7
Platinum produced	koz	<b>22.7</b>	19.6	15.8	20.9	<b>78.7</b>	77.0
Palladium produced	koz	<b>6.1</b>	5.6	8.9	6.4	<b>23.0</b>	23.6
Rhodium produced	koz	<b>3.9</b>	3.4	14.7	3.6	<b>13.5</b>	13.2
Average PGM contained metal basket price	US\$/oz	<b>1 951</b>	1 593	22.5	1 211	<b>1 704</b>	1 081
Platinum price	US\$/oz	<b>901</b>	751	20.0	868	<b>876</b>	840
Palladium price	US\$/oz	<b>2 283</b>	1 975	15.6	1 560	<b>2 147</b>	1 415
Rhodium price	US\$/oz	<b>10 482</b>	7 401	41.6	3 910	<b>8 348</b>	3 018
Average PGM contained metal basket price	ZAR/oz	<b>32 978</b>	29 266	12.7	17 792	<b>27 691</b>	15 531
Cr <sub>2</sub> O <sub>3</sub> ROM grade	%	<b>18.0</b>	18.2	(1.1)	18.3	<b>18.2</b>	18.1
Chrome recovery	%	<b>62.3</b>	61.1	2.0	61.0	<b>62.1</b>	62.0
Chrome yield	%	<b>26.4</b>	26.3	0.4	26.5	<b>26.7</b>	26.7
Chrome concentrates produced (excluding third party)	kt	<b>370.8</b>	321.4	15.4	341.9	<b>1 344.8</b>	1 290.0
Metallurgical grade	kt	<b>277.6</b>	250.9	10.6	252.4	<b>1 023.2</b>	977.9
Specialty grades	kt	<b>93.2</b>	70.5	32.2	89.5	<b>321.6</b>	312.1
Third party chrome production	kt	<b>52.8</b>	-	100.0	69.4	<b>169.8</b>	241.1
Metallurgical grade chrome concentrate contract price	US\$/t CIF China	<b>142</b>	143	(0.7)	148	<b>140</b>	162
Metallurgical grade chrome concentrate contract price	ZAR/t CIF China	<b>2 376</b>	2 560	(7.2)	2 203	<b>2 231</b>	2 525
Average exchange rate	ZAR:US\$	<b>16.9</b>	18.0	(6.1)	14.7	<b>16.2</b>	14.4

## **Operations update**

Despite the unprecedented headwinds of COVID-19 throughout the year, all of the Tharisa owned operations were able to operate far beyond expectation, achieving near pre-COVID guidance despite the significant impact on the sector. The open pit nature of the operations, and our ever improving mining fleet efficiency provided flexibility to successfully navigate the turbulent environment and provide sustainable and increased production of PGMs and chrome.

Tharisa has received strong support from its stakeholders, led by government and the DMRE, key suppliers and the local community, enabling the Company to perform optimally in these tough times.

## **Mining**

Reef tonnes mined for the quarter totalled 1 405.7 kt up 8.9% compared to 1 291.3 kt in the previous quarter, resulting in milling of 1 401.8 kt, up 14.9% compared to the third quarter. For the year, 4 971.1 kt were mined, which is a 7.4% increase, with milling 4.1% higher at 5 036.1 kt for the year. This performance is particularly impressive given that these volumes were attained whilst increasing our stripping ratio to 13.0 m<sup>3</sup>:m<sup>3</sup>, well ahead of the LOM requirements of 9.8 m<sup>3</sup>:m<sup>3</sup>, as we aim to increase further access over the reef systems we mine at Tharisa. This opening of the pit, which has seen bench lengths increase, has also meant we have had improved flexibility in the reef mix we feed into our plants, with over 360 kt of ROM stockpile ahead of the plant.

## **Processing**

Both plants again performed above nameplate capacity, with steady feed grades of 1.54 g/t for the rougher feed grade on the PGMs and 18.0% ROM grade on the chrome resulting in PGM recovery rates of 77.1% and 62.3% on the chrome.

Total PGM production for the year was up just under 2% at 142.1 koz, with the fourth quarter delivering 40.5 koz of the total.

Chrome concentrate production was 370.8 kt for the quarter of which 277.6 kt was metallurgical grade and 93.2 kt was specialty grade. This resulted in an annual output of 1 344.8 kt of chrome, of which 321.6 kt was specialty grade.

Production at the K3 Plant was interrupted for a longer period due to the COVID-19 restrictions on underground mining, resulting in annual production of 169.8 kt.

Tharisa has also approved the project restart of the construction of the Vulcan Plant with anticipated completion in 12 months using internal cash flows and available facilities to finance the construction.

## **Market update**

Record PGM prices coupled with the Company's agility to sell its chrome inventory ensured maximum revenue generation for the quarter.

The PGM market saw record prices for some of the group elements. The overall basket price received by Tharisa reached record highs, notably on the back of palladium and rhodium price increases for the quarter under review. The average basket price for the quarter was US\$1 951/oz and for the year US\$1 704/oz. A weaker exchange rates caused by COVID-19 and global macro forces, saw the PGM basket price rally to ZAR32 978/oz for the quarter and ZAR27 691/oz for the year.

As previously reported, the force majeure imposed by the PGM offtakers was lifted and normal inventory cycles have resumed.

The chrome market had a weak start to the year, however, prices spiked during the peak of COVID-19 in South Africa, as buyers competed for material. Published prices were reported at US\$165/t at the start of the quarter, before retracting to US\$135/t. The average sales price achieved for the year was US\$140/t, 13.6% lower than for the previous year. In port chrome ore inventories in China have reduced by 600 kt from 4.3 Mt at the start of the previous quarter to approximately 3.6 Mt with current spot pricing at US\$138 -140/t.

### **Outlook**

Tharisa's co-product model utilising mechanised and low labour-intensive mining in an open pit environment proved effective during this difficult period. Our increased mine development over the past year, positions the mine to continue its strong operating performance into this coming year, with our cost base unlikely to be impacted by above inflationary increases. COVID-19 remains a risk to the Company and our forecasts and guidance are premised on the current level of economic activity being permitted by various governments.

Tharisa's FY2021 production guidance is 155 koz to 165 koz PGMs (6E basis) and 1.45 Mt to 1.55 Mt of chrome concentrates.

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

Paphos, Cyprus  
8 October 2020

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