

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')

Fourth quarter and full year production report for the period ended 30 September 2017

Tharisa reports a strong end to another year of record production

Highlights for the three months ended 30 September 2017

- Record reef mined of 1.3 Mt, up 2.0% quarter on quarter
- Record tonnes milled of 1.3 Mt, up 8.4% quarter on quarter
- Record chrome concentrate production of 360.5 kt, up 8.0% quarter on quarter
- PGM production of 39.0 koz, up 10.2% quarter on quarter
- PGM recoveries at 81.0% exceeding targeted recoveries of 80.0%

Highlights for the financial year ended 30 September 2017

- Reef mined of 5.0 Mt, up 3.9%
- Reef milled of 4.9 Mt, up 5.6%
- PGM production of 143.6 koz, up 8.3%
- Record chrome concentrate production of 1.3 Mt, up 7.0%
- Specialty grade chrome production of 323.1 kt, up 19.9%

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

“Through our continued focus on mining and processing improvements and optimisation we have delivered an excellent operational performance for FY2017. We see more potential in the year ahead and will be embarking on unlocking greater value through the successful transition to owner mining, primarily focusing on reducing dilution and improving feed grades from within the open-pit. Furthermore, our organic optimisation projects should yield additional recoveries, lowering our unit costs and enhancing our production going forward. We are excited by opportunities within the

mining sector and look to grow our business through strategic investments and co-operation agreements leveraging off our existing infrastructure.”

Safety

Safety remains a 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 0.07 per 200 000 man hours worked. Tharisa Minerals was awarded three safety awards in 2017: the Best Safety Performance and Best Improved Performance awards at Mine Safe 2017, and an award from the Mine Health and Safety Council for 2 000 fatality free production shifts.

Production update

The production update for the quarter and year ended 30 September 2017 is as follows:

		Quarter ended 30 Sept 2017	Quarter ended 30 June 2017	Quarter ended 30 Sept 2016	Year ended 30 Sept 2017	Year ended 30 Sept 2016	Year on year movement %
Reef mined	kt	1 300.8	1 275.2	1 243.3	5 025.1	4 837.2	3.9
Stripping ratio	m ³ waste/ m ³ reef	6.6	6.9	8.2	7.5	7.3	-
Reef milled	kt	1 299.4	1 199.1	1 267.2	4 916.2	4 656.3	5.6
PGM flotation feed	kt	950.3	866.0	937.9	3 599.2	3 575.6	0.7
PGM rougher feed grade	g/t	1.58	1.57	1.61	1.56	1.65	(5.5)
6E PGMs produced	koz	39.0	35.4	39.1	143.6	132.6	8.3
PGM recovery	%	81.0	81.3	80.6	79.7	69.9	14.0
Average PGM contained metal basket price	US\$/oz	825	792	804	786	736	6.8
Average PGM contained metal	ZAR/oz	10 866	10 443	11 289	10 492	10 881	(3.6)

basket price							
Cr ₂ O ₃ ROM grade	%	18.4	17.8	17.5	17.8	18.0	(1.1)
Chrome recovery	%	63.6	66.0	63.5	64.1	62.7	2.2
Chrome yield	%	27.7	27.8	26.2	27.1	26.7	1.5
Chrome	kt	360.5	333.9	332.2	1 331.2	1 243.7	7.0
concentrates							
produced							
Metallurgical grade	kt	277.0	246.8	250.1	1 008.1	974.3	3.5
Specialty grades	kt	83.5	87.1	82.1	323.1	269.4	19.9
Third-party chrome	kt	20.0	-	-	20.0	-	-
production							
Metallurgical grade chrome concentrate	US\$/t CIF China	172	147	157	200	120	66.7
contract price							
Metallurgical grade chrome concentrate	ZAR/t CIF China	2 250	1 892	2 193	2 667	1 751	52.3
contract price							
Average exchange rate	ZAR:US\$	13.2	13.2	14.1	13.4	14.8	-

Mining

Tharisa's reef mining operations achieved a new record in Q4 FY2017 with 1.3 Mt of reef mined. Notably the Cr₂O₃ run of mine grade improved to 18.4% with the continuous focus on improvement in the drill, blast and reefing operations.

Total waste of approximately 2.5 Mm³ was moved during the quarter at a stripping ratio of 6.6 on a m³:m³ basis. The waste stripping remained below the LOM average of 9.7 and this will be a focus

area going forward to ensure that sufficient reef is available in the optimal blend for the processing plants. Key to achieving the required waste stripping is the drill and blast operations and Tharisa has insourced its drilling operations and purchased additional drill rigs to achieve the required stripping ratio.

With throughput into the plant exceeding nameplate capacity, the stockpiles ahead of the processing plants total 307.7 kt, with a target of 400.0 kt to ensure optimal reef layer blending, feed grade and throughput consistency into the plants.

Tharisa mined 5.0 Mt of ROM in FY2017, which is 3.9% higher than in FY2016 and in excess of the plant processing nameplate capacity of 4.8 Mt. The PGM rougher feed grade, however, reduced from 1.65 g/t to 1.56 g/t as more weathered ore was included in the ROM following the road diversion and mining of that area to expand the mining footprint. The Cr₂O₃ ROM grade was effectively the same as the prior year.

The transition to an owner mining model, which included the transfer and employment of approximately 900 mining contractor's employees, was effective as of 1 October 2017. In addition to the purchase of the contractor's mining fleet, Tharisa Minerals supplemented the fleet with additional drill rigs, excavators and mining equipment. Please refer to Tharisa's announcement dated 22 September 2017 for more details on the transaction.

Processing

Reef milled during the quarter was 8.4% higher at 1.3 Mt benefitting from the increased availability and feed consistency of the ROM ore. The increase in reef milled together with the improvement in PGM recoveries at 81.0% resulted in a 10.2% increase in PGM production at 39.0 koz (on a 6E basis). Record chrome production of 360.5 kt was achieved, 83.5 kt of which was specialty grade concentrates.

The high energy flotation circuit successfully commissioned at the Voyager Plant PGM recovery circuit has been replicated in the PGM recovery circuit of the Genesis Plant. This circuit was commissioned in August 2017. The benefit on the PGM recoveries from the Genesis Plant was, however, offset by the lower PGM rougher feed grades as more weathered ore was processed.

A total of 4.9 Mt of reef was milled in FY2017, a 5.6% increase year on year. PGM production was 8.3% higher at 143.6 koz, marginally below FY2017 guidance of 147.4 koz, at an average recovery rate of 79.7% in line with targeted recoveries of 80.0%. Chrome production at 1.3 Mt was in line with market guidance and was up 7.0% with chrome recovery averaging 64.1%. Optimisation initiatives planned should ensure that Tharisa achieves its targeted recovery of 65.0% for chrome concentrates.

During Q4 FY2017, Tharisa concluded an agreement with Lonmin to operate its K3 UG2 chrome plant. Arxo Metals, a subsidiary of Tharisa, commenced operating this plant effective 29 August 2017. The plant has produced 20.0 kt of UG2 chrome concentrate. Production from this plant is expected to exceed 200 ktpa, the marketing and sales of which expands the basket of chrome concentrates sold by Tharisa and leverages off its established logistics and marketing platforms.

Chrome concentrate inventories on hand as at 30 September 2017 was 78.7 kt.

Market update

The average PGM contained metal basket price for the three months ended September 2017 was US\$825 (ZAR10 866) per ounce, which is US\$33 an ounce higher than the US\$792 (ZAR10 443) per ounce achieved in the quarter ended June 2017 and US\$50 an ounce higher for the 2017 financial year compared to FY2016. The higher basket prices reflect, in particular, the increase in spot palladium prices, which surpassed the platinum price during the quarter.

With improved liquidity in the market during Q4 FY2017, contracted metallurgical grade chrome concentrate prices increased 17% to US\$172 per tonne from US\$147 per tonne the previous quarter, bringing the total average realised metallurgical chrome price during FY2017 to US\$200 per tonne. As at 29 September 2017, Chinese port stock levels were slightly above 2 Mt, or approximately two months' supply into the domestic Chinese ferrochrome and stainless steel industry.

The fundamentals of the global stainless steel market remain sound with continued growth forecast in 2018, supporting demand for chrome units in the form of ferrochrome and chrome ores. Specialty chrome concentrates, which comprised 24.3% of Tharisa's total chrome concentrate production in FY2017 and which supplies the chemical and foundry markets, continue to attract a premium of more than US\$30 per tonne above the contracted metallurgical chrome concentrate prices.

Outlook

Tharisa's FY2018 production guidance is 150 koz PGMs and 1.4 Mt chrome concentrates, of which approximately 350 kt will be specialty grade chrome concentrates.

Tharisa continues to focus on delivering operational improvements, and through additional investment in R&D and innovation is geared to unlock even greater value for all stakeholders. The near term focus will be on operational improvement and in-pit optimisation following the transition to the owner mining model.

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

Paphos, Cyprus

10 October 2017

JSE Sponsor

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