

tharisa

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2018



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THARISA – AN OVERVIEW

MID TIER OPEN PIT PGM AND CHROME CONCENTRATE CO-PRODUCER WITH AN INTEGRATED MARKETING, SALES, AND LOGISTICS PLATFORM

THARISA MINERALS

RESOURCE

867.5 Mt resource
97.0 Mt reserve of which 78.3 Mt open pit

MINING

17 year open pit LOM
40 year underground extension

PROCESSING

400 ktpm nameplate capacity
Genesis Plant (100 ktpm)
Voyager Plant (300 ktpm)

LARGE SCALE

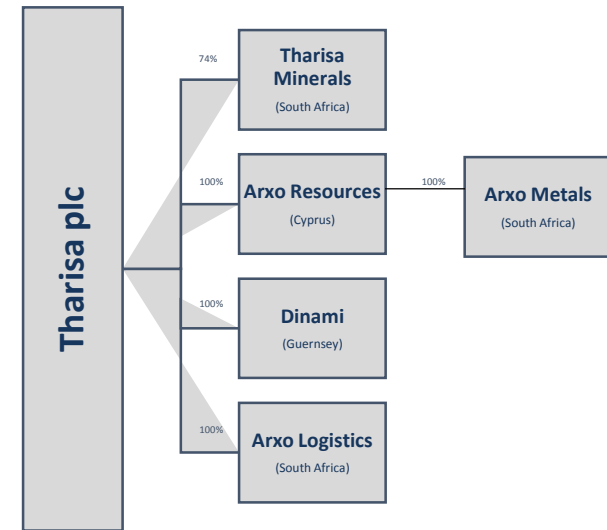
One of the world's largest single chrome resources

MECHANISED

Mechanised open pit mining with a skilled and focused labour force
Owner mining model

DERISKED

In production, major capex complete
FY2018 production of 150.0 koz PGMs and 1.4 Mt of chrome concentrates



ARXO METALS

BENEFICIATION

Production of specialty grade chrome concentrates

R&D

New technology assessment
1 MW PGM smelter

ARXO RESOURCES/DINAMI

MARKETING AND SALES

Significant trader of chrome concentrates to China
Third party trading
Global reach for specialty chrome concentrates

ARXO LOGISTICS

LOGISTICS

Road/rail transport, warehouse and port facilities for bulk chrome concentrates
Road transport of PGMs

CUSTOMERS

AGREEMENTS

PGM offtake – Impala Platinum and Lonmin
Specialty offtake/agency – Rand York Metallurgical agency – Noble Group
Strategic agreement – Tisco JV
Relationships with stainless steel and ferrochrome producers and global commodity traders

H1 FY2018 HIGHLIGHTS

MAIDEN INTERIM DIVIDEND
US\$ 2 CENTS
(18.3% OF NPAT)

SPECIALTY GRADE CHROME
173.6 kt ↑ 13.8%
(H1 FY2017: 152.5 kt)

REEF MINED

2.45 Mt

(H1 FY2017: 2.45 Mt)

REEF MILLED

↑ 8.3%

2.6 Mt

(H1 FY2017: 2.4 Mt)

PGM PRODUCTION

↑ 11.4%

77.0 koz

(H1 FY2017: 69.1 koz)

CHROME PRODUCTION

↑ 15.0%

732.5 kt

(H1 FY2017: 636.8 kt)

REVENUE

↑ 13.8%

US\$199.2m

(H1 FY2017: US\$175.1m)

EBITDA

↓ 33.2%

US\$54.1m

(H1 FY2017: US\$81.0m)

CASH FLOWS FROM OPERATIONS

↑ 17.9%

US\$52.1m

(H1 FY2017: US\$44.2m)

HEPS

↓ 37.5%

US\$ 10 cents

(H1 FY2017: US\$ 16 cents)

MAIDEN INTERIM DIVIDEND OF US\$ 2 CENTS (18.3% OF NPAT)

FINANCIAL RESULTS



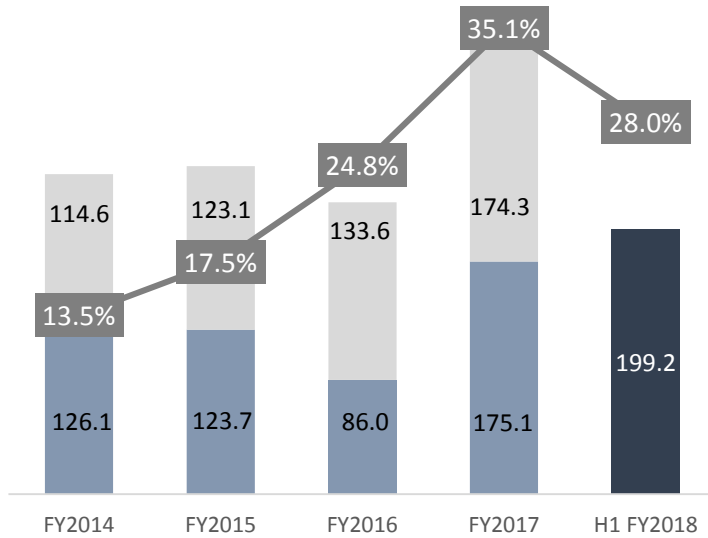
HIGHLIGHTS

AVERAGE PGM PRICE
US\$909/oz ↑ 19.6%
 (HY1 FY2017: US\$760 /oz)

42% CHROME PRICE (CIF CHINA)
US\$193/t ↓ 30.6%
 (HY1 FY2017: US\$278/t)

GROUP REVENUE

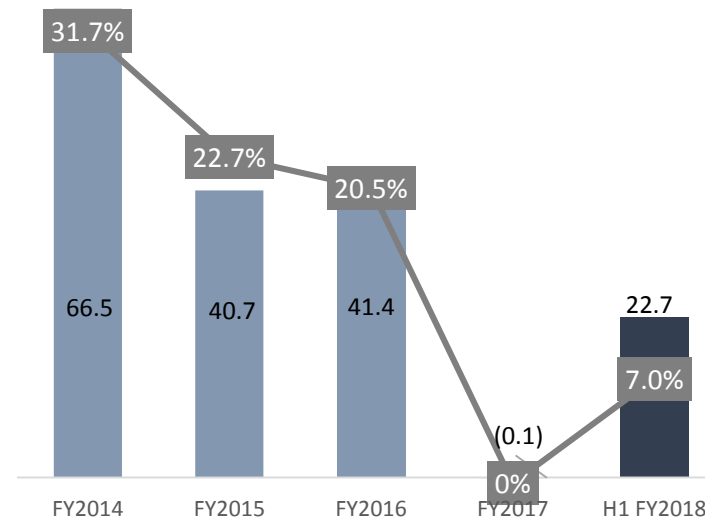
US\$ millions



Gross profit margin

NET DEBT

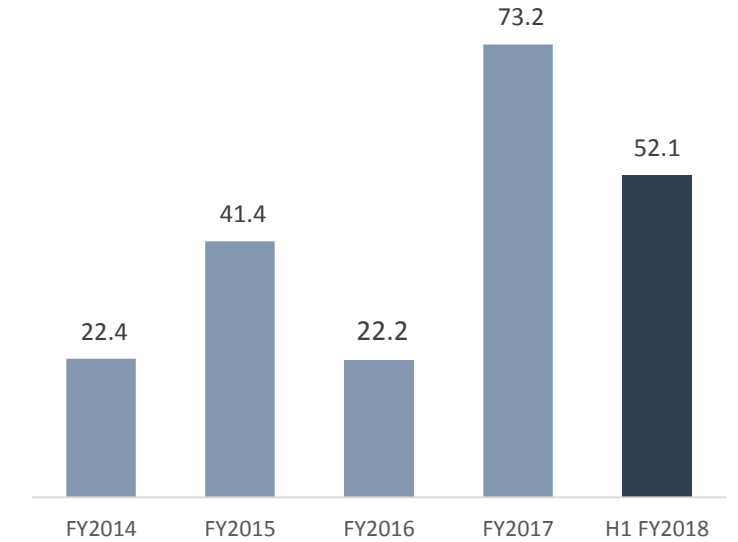
US\$ millions



Net debt to total equity ratio

CASH FLOWS FROM OPERATIONS

US\$ millions



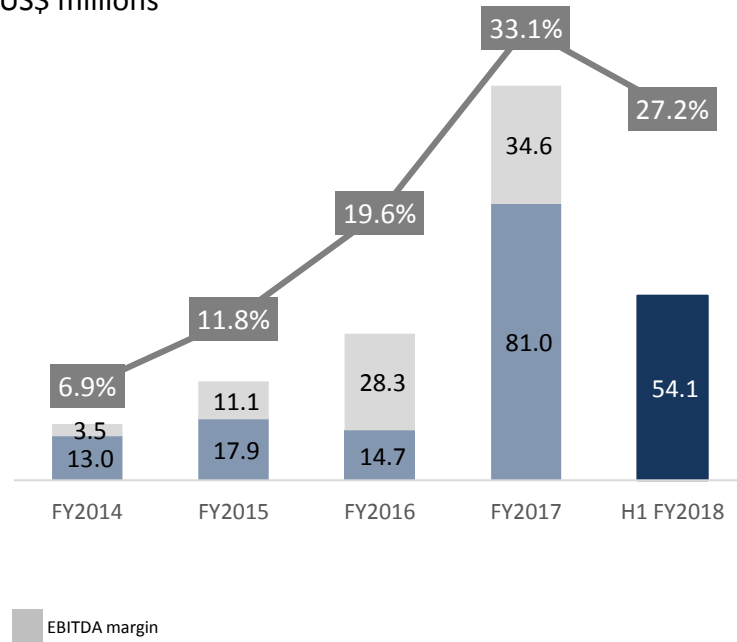
HIGHLIGHTS

EBITDA ANALYSTS CONSENSUS
FY2018 US\$105.5m

HEPS ANALYSTS CONSENSUS
FY2018 US\$ 16.4 cents

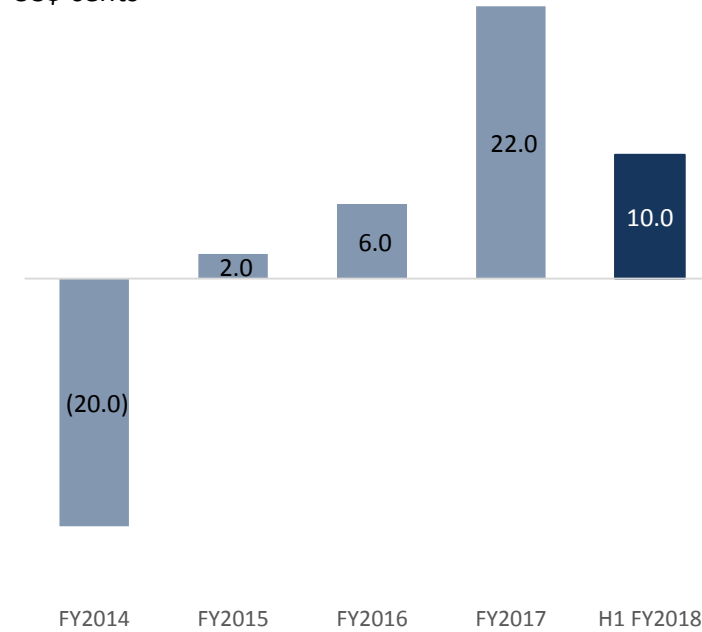
EBITDA

US\$ millions



HEPS

US\$ cents



SUMMARY OF RESULTS

CHROME TRANSPORT COSTS
US\$60.9/t ↑ 21.8%
 (H1 FY2017: US\$50.0/t)

DIESEL COSTS
US\$ 0.94 cents/l ↑ 22.1%
 (H1 FY2017: US\$ 0.77 cents/l)

EXCHANGE RATE
ZAR:US\$ 12.8 ↑ 5.9%
 (H1 FY2017: ZAR:US\$ 13.6)

INCOME STATEMENT HIGHLIGHTS

US\$ millions	H1 FY2018	H1 FY2017	Change %
Revenue	199.2	175.1	13.8
Gross profit	55.7	82.4	(32.4)
Gross profit margin	28.0%	47.0%	(40.4)
Results from operating activities	37.4	69.9	(46.5)
EBITDA	54.1	81.0	(33.2)
EBITDA margin	27.2%	46.3%	(41.3)
Profit before tax	37.2	68.3	(45.5)
Tax	(8.8)	(17.3)	(49.1)
Profit for the six months	28.4	51.1	(44.4)
Effective tax rate	23.6%	25.3%	(6.7)
Headline earnings per share (US\$ cents)	10	16	(37.5)
Interim dividend per share (US\$ cents)	2	-	100

SEGMENTAL ANALYSIS

Segmental analysis	H1 FY2018			H1 FY2017		
	PGMs	Chrome	Agency	PGMs	Chrome	Agency
Gross profit (US\$ millions)	15.5	39.2	1.0	19.0	63.3	-
Gross profit margin	28.0%	30.1%	7.2%	47.5%	46.9%	-
Sales volume	76.1 koz	725.6 kt	85.6 kt	69.3 koz	502.4 kt	-
Shared cost allocation	45.0%	55.0%	-	25.0%	75.0%	-
Average US\$ transport cost per tonne of chrome concentrate (CIF main ports China)	-	60.9	-	-	50.0	-

The Group has early adopted IFRS 9: Financial Instruments, IFRS 15: Revenue from Contracts with Customers and IFRS 16: Leases.

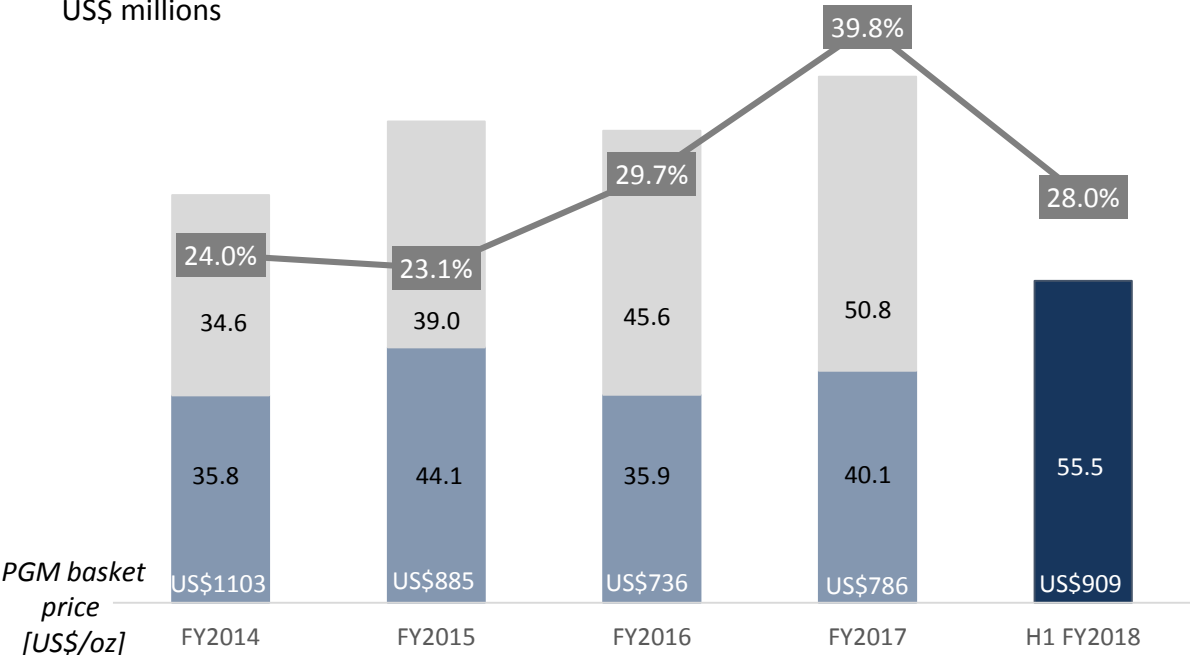
SEGMENTAL ANALYSIS

PGM SHARED COSTS
45.0%
 (H1 FY2017: 25.0%)

CHROME SHARED COSTS
55.0%
 (H1 FY2017: 75.0%)

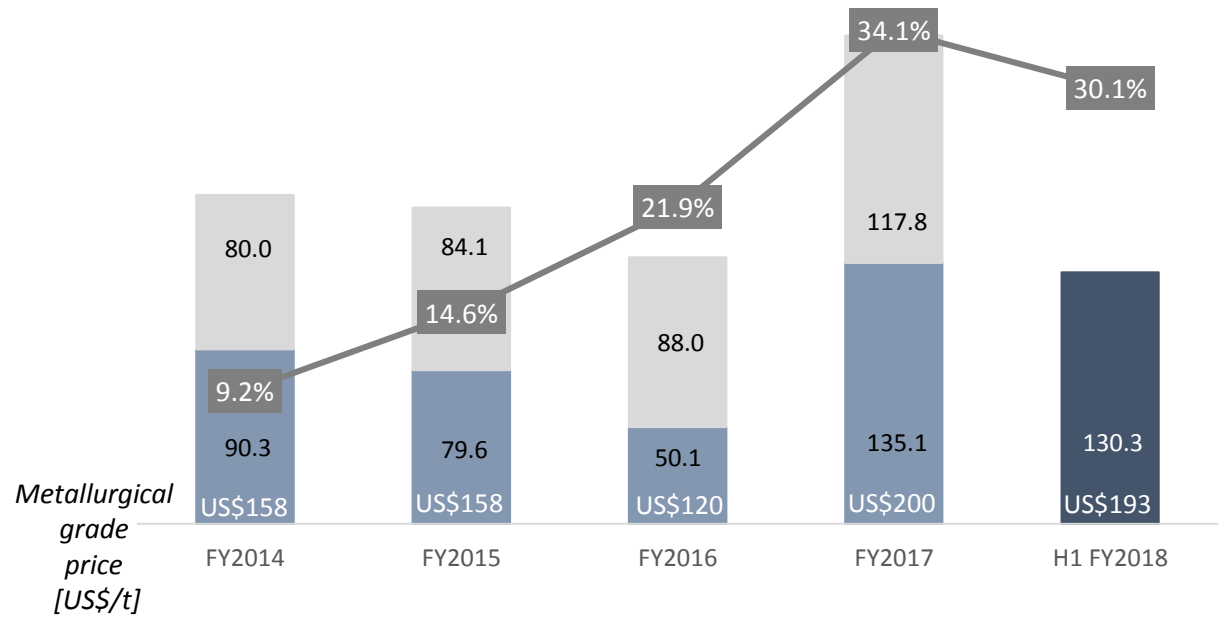
PGM REVENUE AND GROSS PROFIT MARGIN

US\$ millions

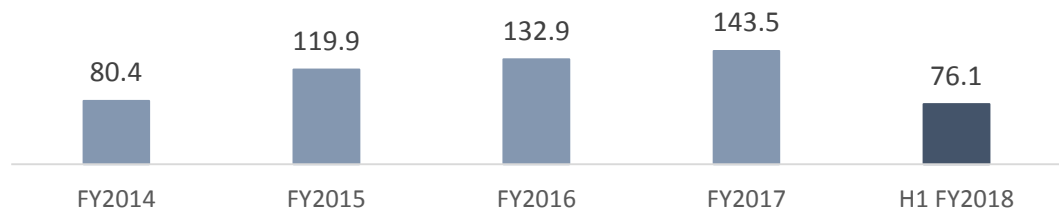


CHROME REVENUE AND GROSS PROFIT MARGIN

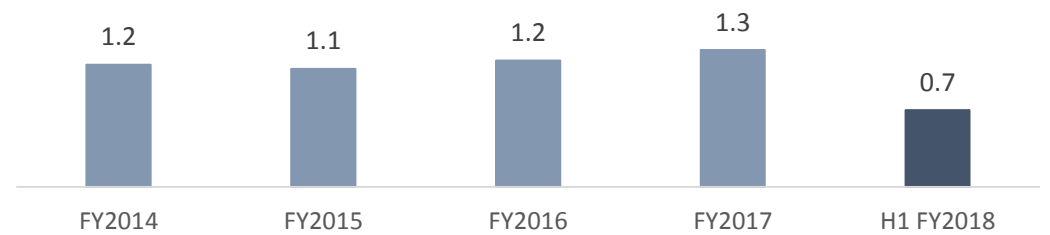
US\$ millions



PGM SALES VOLUME [koz]



CHROME CONCENTRATE SALES VOLUME [Mt]



BALANCE SHEET

DEBT TO TOTAL EQUITY RATIO
25.4%
(FY2017: 14.8%)

CASH AND CASH EQUIVALENTS
US\$59.9m ↑ 20.5%
(FY2017: US\$49.7m)

FUNDING

US\$ millions	31 March 2018	30 September 2017
Total interest bearing debt	82.6	54.2
Long term	26.0	2.9
Short term	42.6	48.9
Capitalised leases	14.0	2.4
Debt service reserve account	-	4.5
Debt to total equity ratio	25.4%	18.2%
Cash and cash equivalents	59.9	49.7
Net debt	22.7	(0.1)
Net debt to total equity ratio	7.0%	0.0%
Net current assets	87.0	63.3
Return on equity	15.6%	19.4%

REFINANCING AND CAPITAL FACILITIES

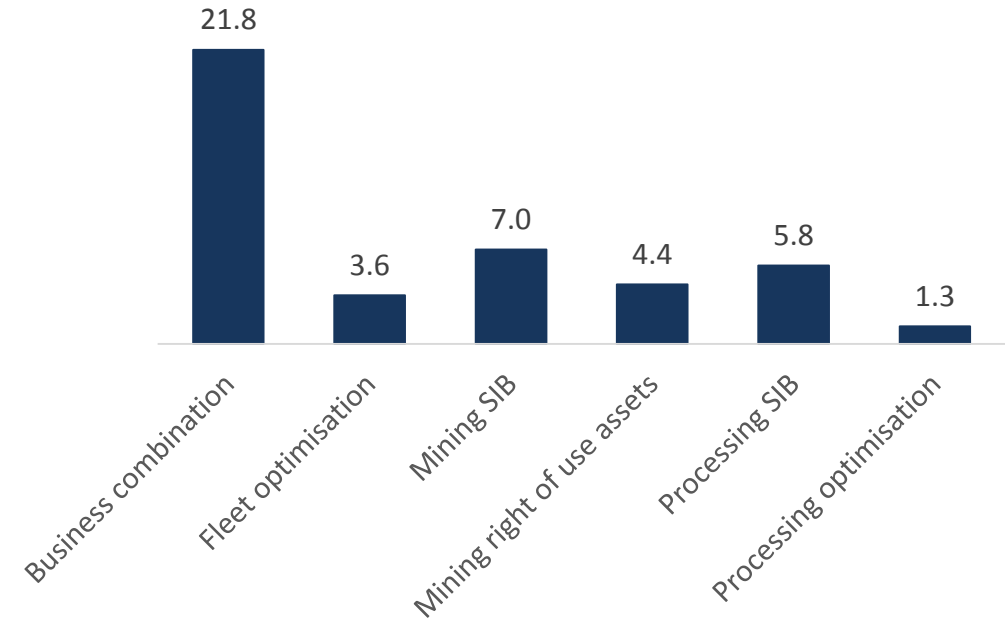
	TERM	FACILITY	UTILISED
Term loan	3 yrs	ZAR400m	ZAR400m
Revolving facility	3 yrs	ZAR300m	0
Overdraft facility	1 yr	ZAR100m	0
OEM finance			
- US\$ facilities	2-4 yrs	USD25m	USD10m
- ZAR facilities	3 yrs	ZAR99m	ZAR89m
Asset backed finance	3 yrs	ZAR85m	ZAR18m

EXTRACTS FROM CASH FLOW STATEMENT

US\$ millions	H1 FY2018	H1 FY2017
Cash flows from operating activities	52.1	44.2
Investing cash flow		
- Additions to PPE	(17.7)	(8.5)
- Business combination	(21.8)	-
Dividends paid	(13.0)	-
Net increase in cash	7.7	10.5
Cash at the beginning of the period	49.7	15.8
Cash at the end of the period	59.9	26.6
Free cash flow per share	13.0	14.0
Price/free cash flow per share (US\$ cents)	18.8	11.8
Depreciation of PPE	(14.4)	(8.4)
Mining right of use assets - additions	4.4	-

INVESTMENTS

US\$ millions



COST ANALYSIS

STRIPPING RATIO
8.1 m³:m³
 (H1 FY2017: 8.4 m³:m³)

AVERAGE EXCHANGE RATE
ZAR:US\$12.8
 (H1 FY2017:ZAR:US\$13.6)

UNIT COSTS

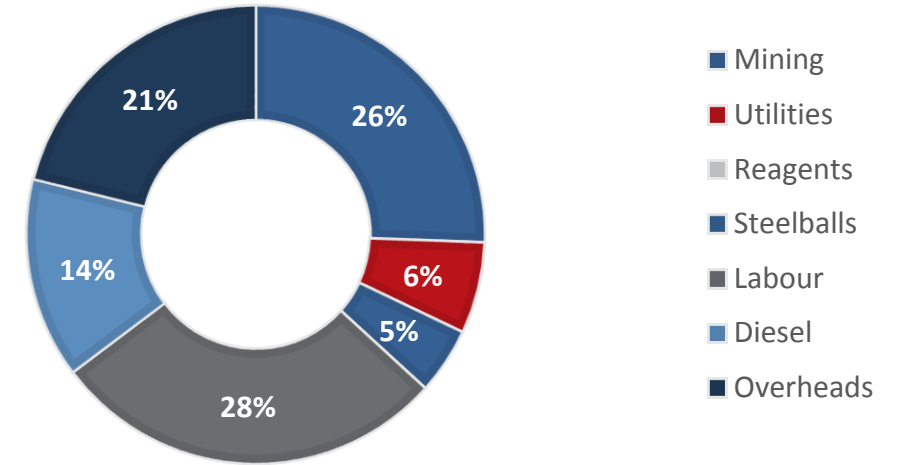
By product basis		H1 FY2018	H1 FY2017
All in sustaining cost per Pt ounce sold	US\$/oz	(13.0)	(1 123.4)
All in sustaining cost per 42% chrome tonne sold	US\$/t	119.0	88.4

All in cost includes operating costs, administration costs and capital excluding the capital cost of the purchase of the mining fleet and the capital cost of the optimisation initiatives

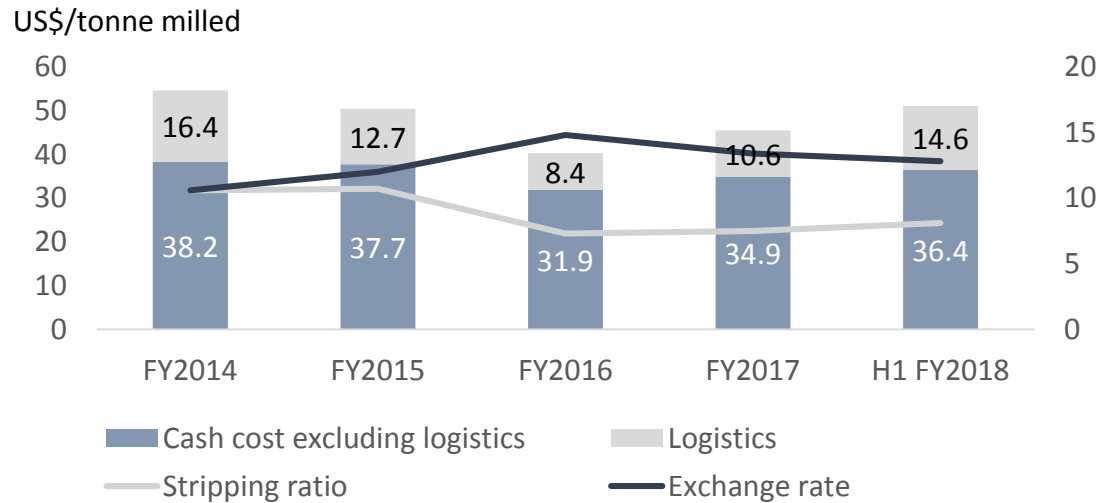
Mining costs		H1 FY2018	H1 FY2017
Mining cash cost per reef tonne	US\$/t	20.5	19.5
Mining cash cost per cube	US\$/m ³	7.8	7.7

H1 FY2017 not directly comparable as mining contractor model on an "all in" basis

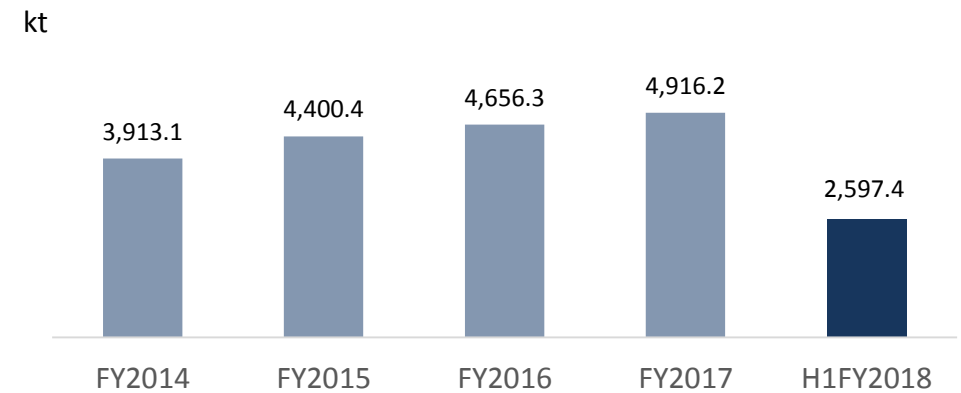
OPERATING COST ANALYSIS – EX WORKS



CONSOLIDATED CASH COST PER TONNE MILLED



REEF MILLED



OPERATIONAL RESULTS



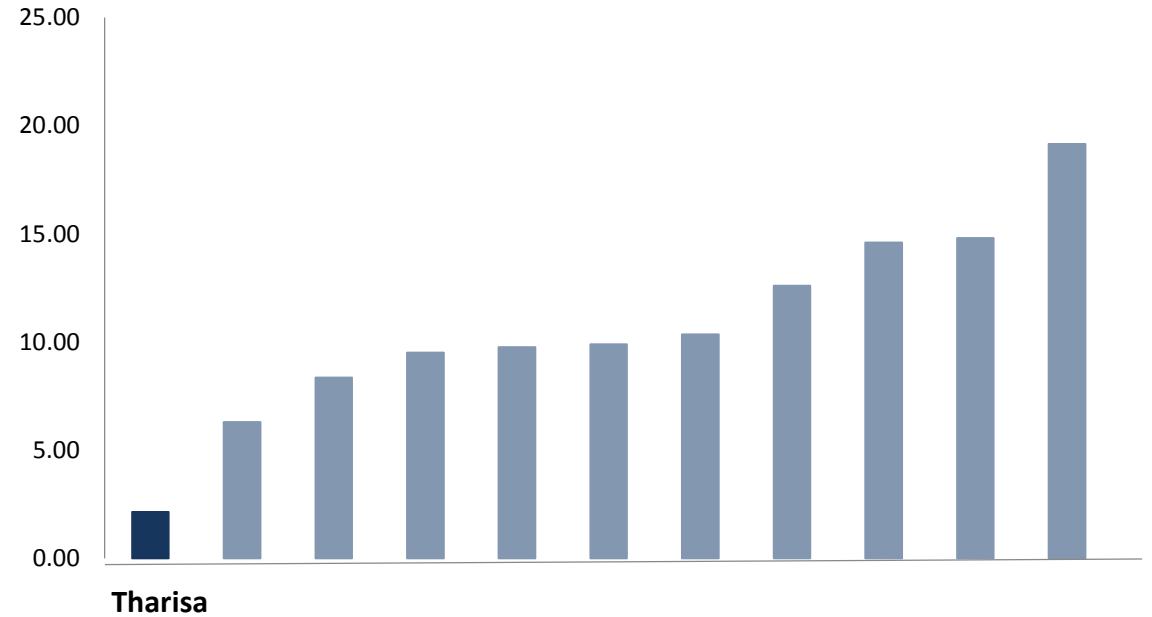
SAFETY AND HEALTH A PRIORITY

- Safety remains a priority of management and all employees – we strive for zero harm
- LTIFR of 0.12 per 200 000 man hours worked
- Two safety milestones achieved in H1 FY2018
 - mining operations achieving 1 000 000 fatality free shifts
 - the Genesis Plant achieving 365 LTI free days



COMPARATIVE LTIFR RATE (March 2018)

per million hours worked



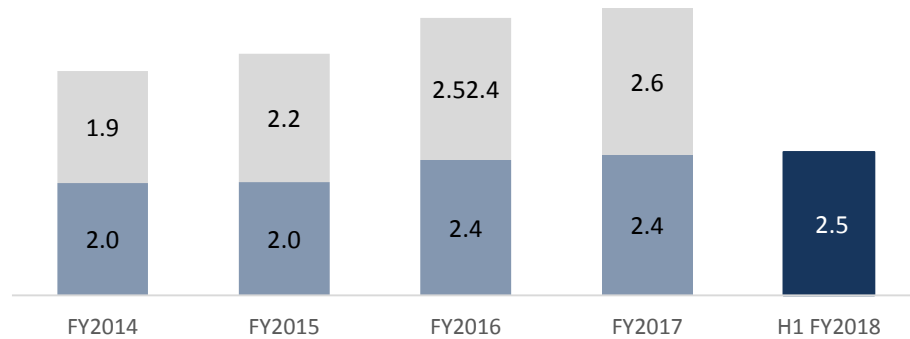
MINING HIGHLIGHTS

KEY OPERATIONAL METRICS

		H1 FY2018	H1 FY2017	Change %	FY2017
Reef mined	kt	2 451.3	2 449.1	0.1	5 025.1
Stripping ratio	m ³ :m ³	8.1	8.4	(3.6)	7.5
PGM rougher feed grade	g/t	1.52	1.54	(1.3)	1.56
Chrome grade	%	18.1	17.5	3.4	17.8

REEF MINED

Mtpa

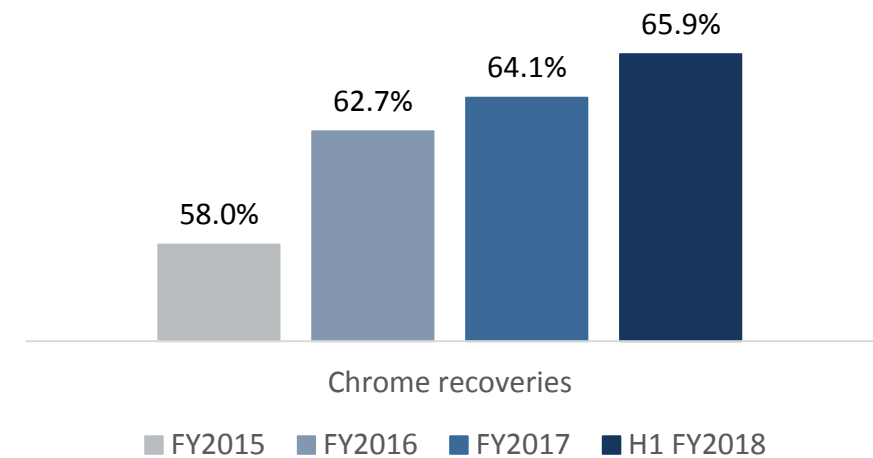
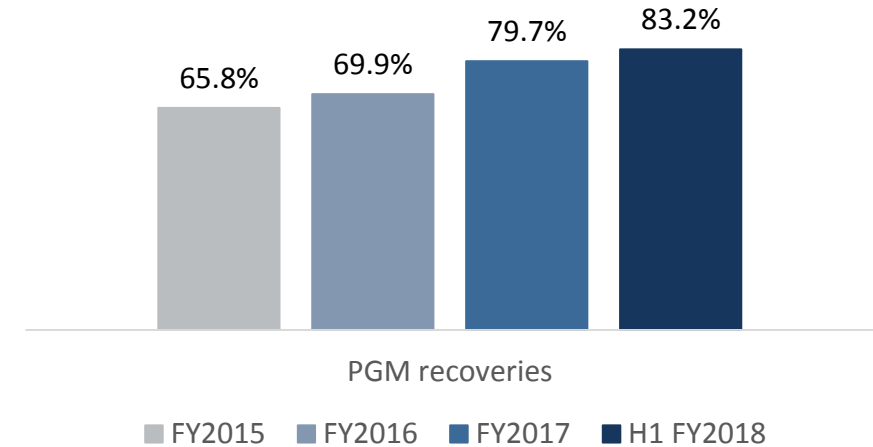


PROCESSING HIGHLIGHTS

KEY OPERATIONAL METRICS

		H1 FY2018	H1 FY2017	Change %	FY2017
ROM processed	kt	2 597.4	2 417.7	7.4	4 916.2
PGM recovery	%	83.2	78.3	6.3	79.7
PGM in concentrate produced	koz	77.0	69.1	11.4	143.6
Chrome recovery	%	65.9	63.4	3.9	64.1
Chrome concentrate produced	kt	732.5	636.8	15.0	1 331.2

GETTING MORE OUT OF EACH TONNE



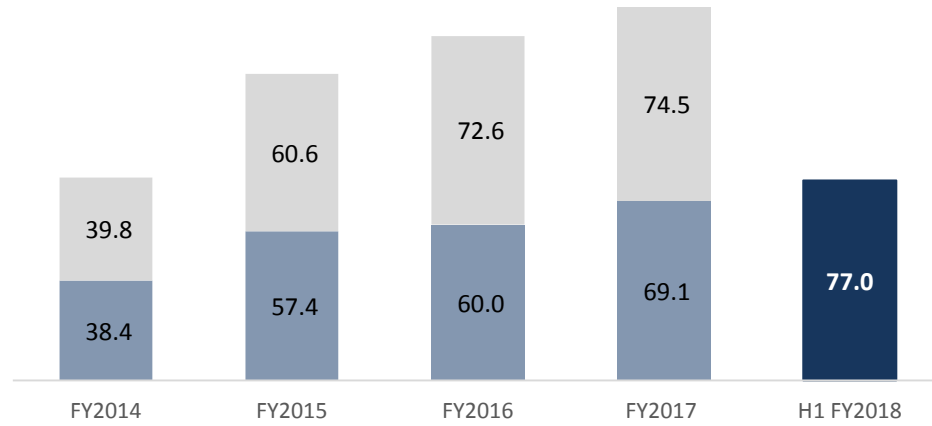
PRODUCTION HIGHLIGHTS

FY2018 PGM PRODUCTION
GUIDANCE
150 koz

FY2018 CHROME PRODUCTION
GUIDANCE
1.4 Mt

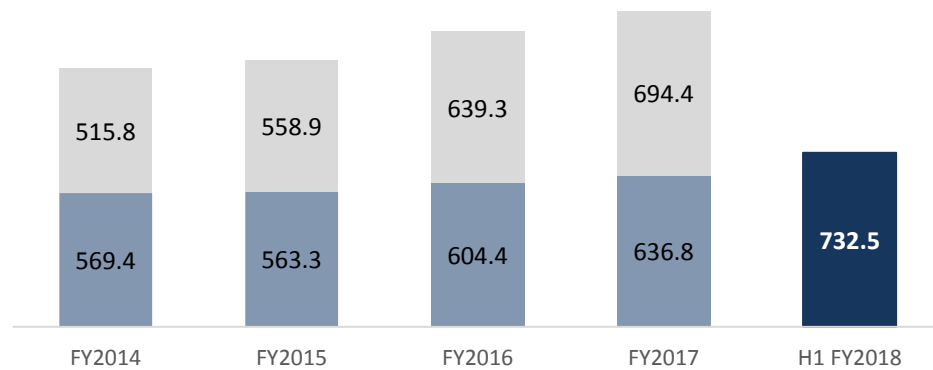
PGM PRODUCTION

kozpa



CHROME PRODUCTION

ktpa



STRATEGY IMPLEMENTATION



FY2018

Guidance –
ROM of 5.0 Mtpa
PGMs of 150 kozpa
Chrome
concentrates of
1.4 Mtpa

Improvements in grade –
Owner mining model

Crusher upgrade
– Genesis Plant

PGM flotation upgrade –
Voyager Plant

OPTIMISATION

NEW PLANTS

Vulcan Plant

Apollo Plant

2020

Targeting –
ROM of 5.9 Mtpa
PGMs of 200 kozpa
Chrome
concentrates of
2.0 Mtpa

CRUSHER UPGRADE – GENESIS

- Upgrade of crushing stage at Genesis Plant
- Increase Genesis Plant throughput by 15%, ~180 ktpa
- Potential to increase chemical grade chrome production by ~24 ktpa and foundry grade chrome production by ~18 ktpa
- Currently in construction phase capex of ~ZAR90M and opex of R10/t
- Planned commissioning in August 2018



PGM OPTIMISATION - VOYAGER

- Additional flash flotation and scavenger with high energy mechanisms to further improve recovery at the Voyager Plant
- Increase PGM production at the plant by ~14 kozpa
- Currently in engineering phase with construction expected to begin in June 2018
- Capex of ~ ZAR70M with negligible incremental opex
- Planned commissioning December 2018



VULCAN FINE CHROME RECOVERY PLANT

- Additional recovery of fine chrome from tailings streams
- Proprietary process developed by Tharisa
- Estimated production of 380 ktpa of chrome concentrates
- The fine chrome recovery process has been developed through a laboratory with batch scale pilot plant tests completed
- Currently in the feasibility study stage
- Demonstration plant is being commissioned
- Capex of ~ ZAR300M and opex of R50/t
- Planned commissioning October 2019

APOLLO CHROME AND PGM PLANT

- Independent chrome plant with PGM flotation plant aimed at production of chrome concentrate from UG1 ore and additional MG reef horizons
- UG1 reef in west pit is easily accessible
- Designed in two phases, the first phase treating 50 ktpm and the second phase to double capacity
- Estimated production of 6 kozpa PGMs and 180 ktpa chrome concentrates
- A process and engineering study is currently underway and will be followed by a feasibility study
- Capex of ~ ZAR300M and opex of R225/t
- Planned commissioning March 2020

COMMODITY MARKETS



TRENDS

- Demand continues to be driven by the auto catalyst, industrial, jewellery and investment sectors
- Primary supply seen decreasing with growth in secondary supply offsetting weak mine supply
- Mine supply weaker due to mine closures and processing interruptions
- Electric vehicle demand not a threat for immediate future

NEWS

Platinum mines in SA – the world’s top producer – are shrinking

Dip in South African output will bring down platinum surplus

Palladium takes off on fears of US sanctions against Norilsk Nickel

Palladium surges 6% on jitters over Russia sanctions

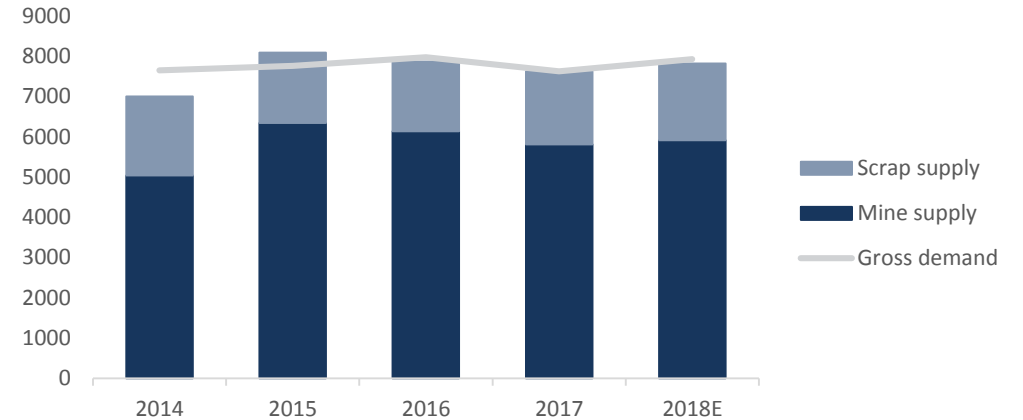
SA platinum miners unfazed by latest supply/demand jolt

Platinum CEOs See Supply ‘Flat at Best’: Africa Mining Update

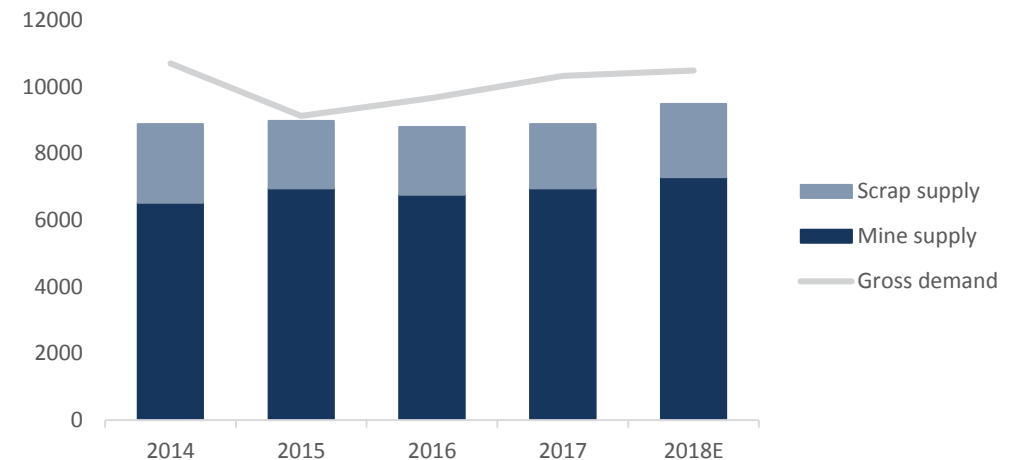
Opinion split on best way into rock-bottom platinum market

Platinum miners’ optimism about the hole they’re in is misplaced

PLATINUM DEMAND AND SUPPLY [koz]



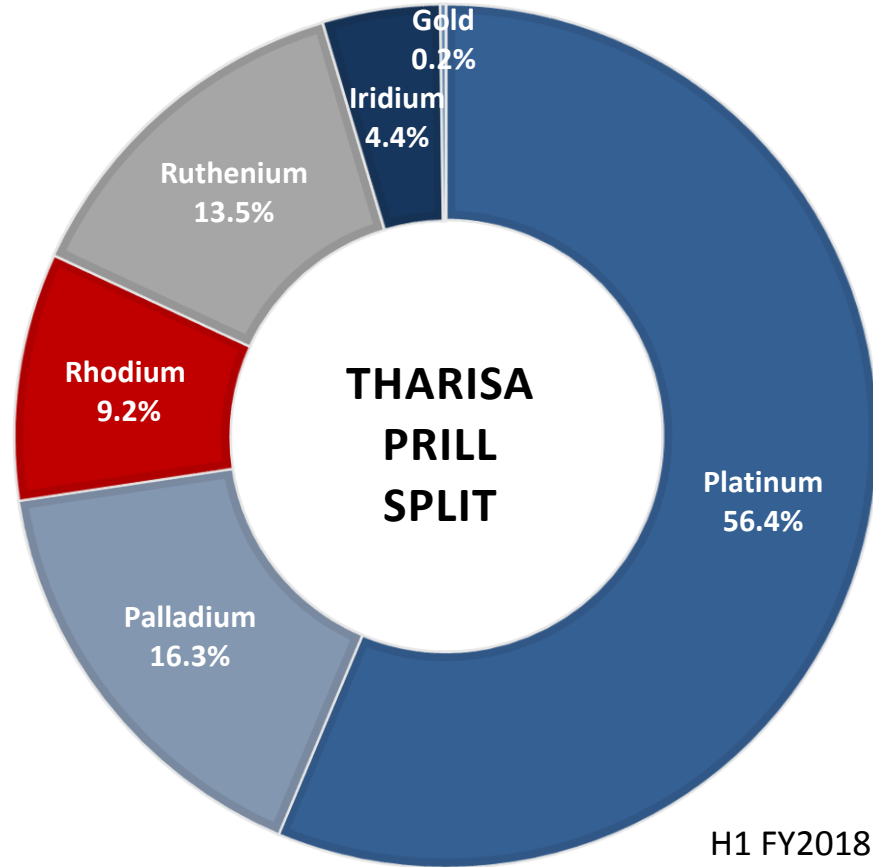
PALLADIUM DEMAND AND SUPPLY [koz]



PGM BASKET PRICES

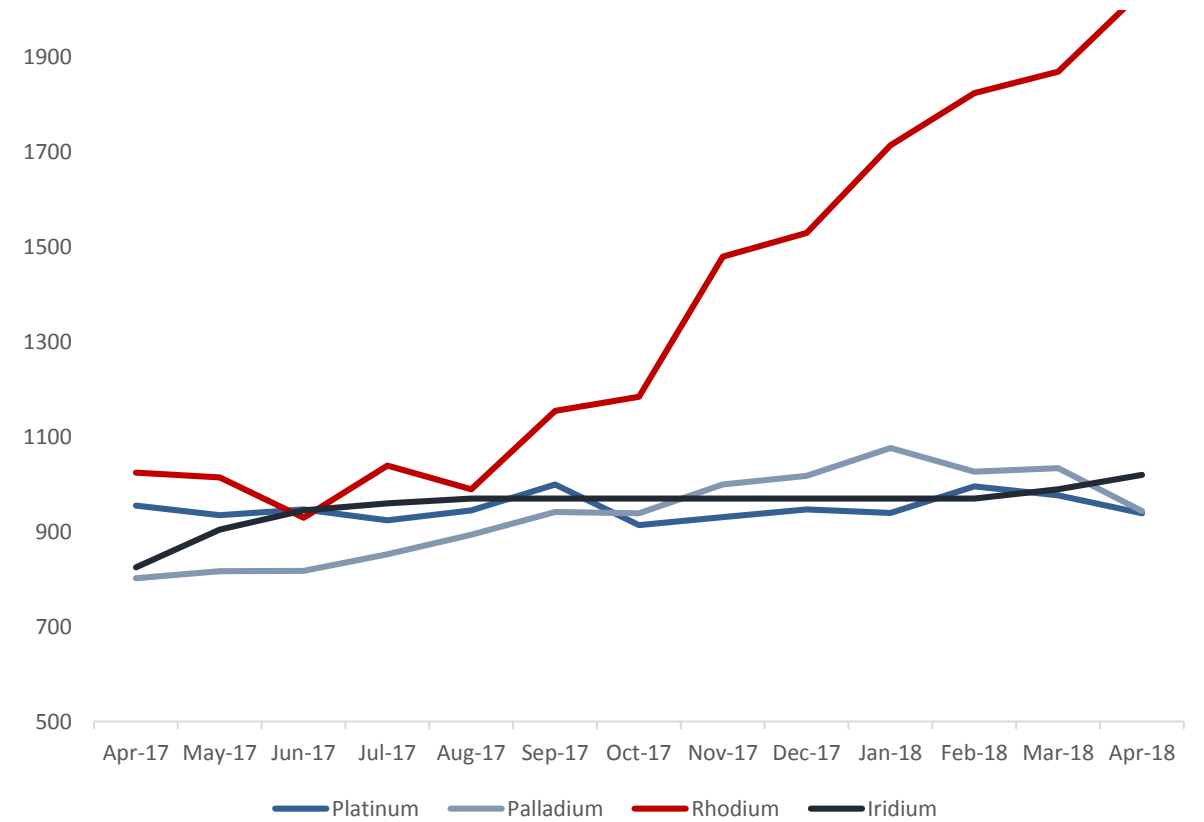
AVERAGE PGM BASKET (US\$)
US\$ 909/oz
 (H1 FY2017: US\$760/oz)

AVERAGE PGM BASKET (ZAR)
ZAR11 606/oz
 (H1 FY2017: ZAR 10 306/oz)



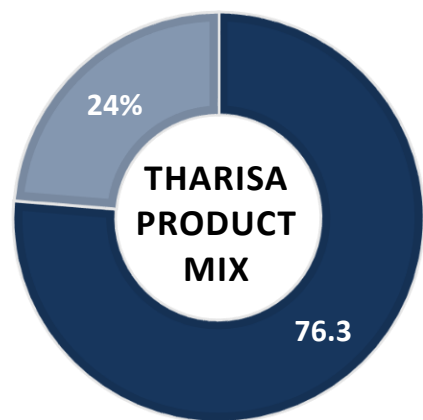
PGM BASKET METALS PRICES

US\$/oz



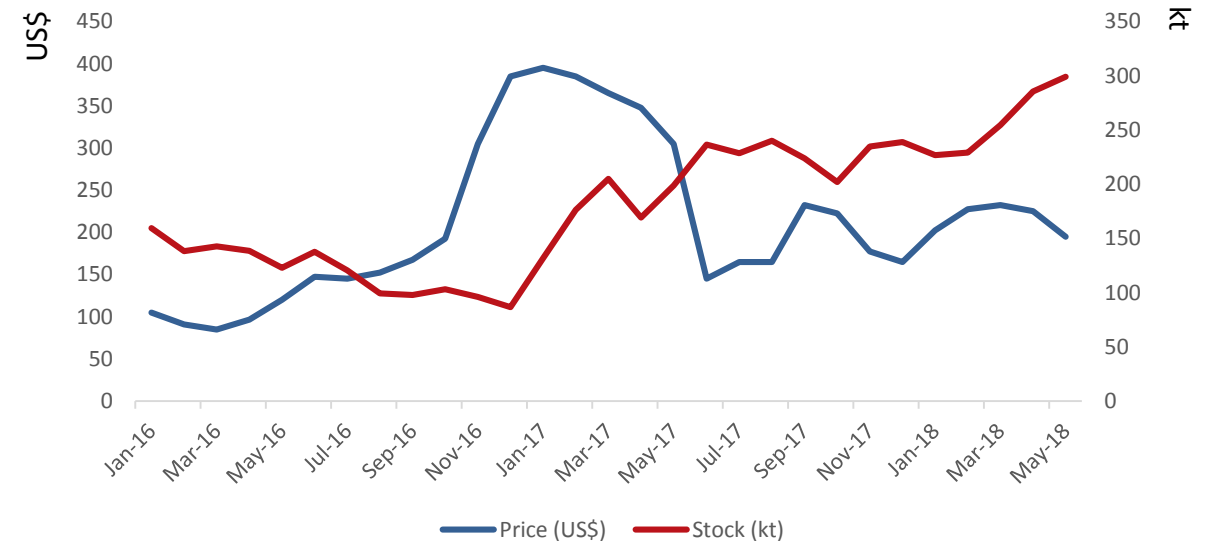
DEMAND AND SUPPLY

- Demand for metallurgical grade chrome concentrate is predominantly driven by stainless steel, the production of which is estimated to grow at between 3% to 5% in 2018
- China is a net importer of chrome ore
- Metallurgical chrome currently trading at a spot price of about US\$200/t
- Chrome stocks at Chinese ports were at 3.0 Mt at the beginning of May 2018 – about two month’s supply to the ferrochrome and stainless steel industry



■ Metallurgical grade ■ Specialty grade

METALLURGICAL GRADE CHROME PRICE / PORT STOCK



CHEMICAL GRADE	FOUNDRY GRADE
Cr ₂ O ₃ – 45% to 47%	Cr ₂ O ₃ - >46%
SiO ₂ - <1.2%	SiO ₂ - <1.0%
Used to produce sodium dichromate used in leather tanning, pigments, plating	Used in moulds for metal castings and nozzle sands

STAINLESS STEEL

TO PRODUCE ONE TONNE OF FERROCHROME

CHROME ORE
2.5 tonnes



FERROCHROME
1 tonne



STAINLESS STEEL
4 tonnes

TO PRODUCE ONE TONNE OF STAINLESS STEEL

CHROME ORE
0.6 tonnes

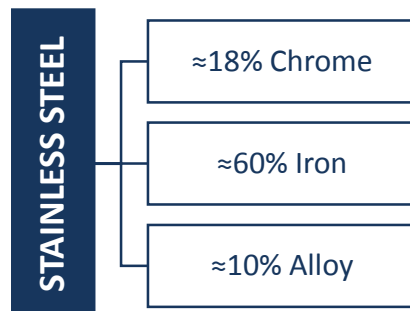


FERROCHROME
0.25 tonne

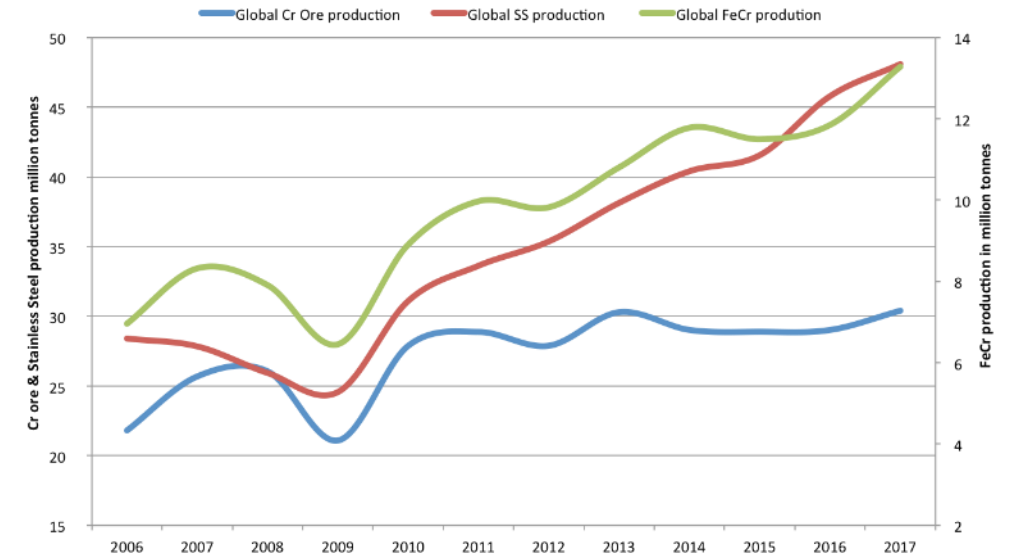


STAINLESS
STEEL
1 tonne

TYPICAL STAINLESS STEEL COMPOSITION



DEMAND CORRELATION



USES OF STAINLESS STEEL

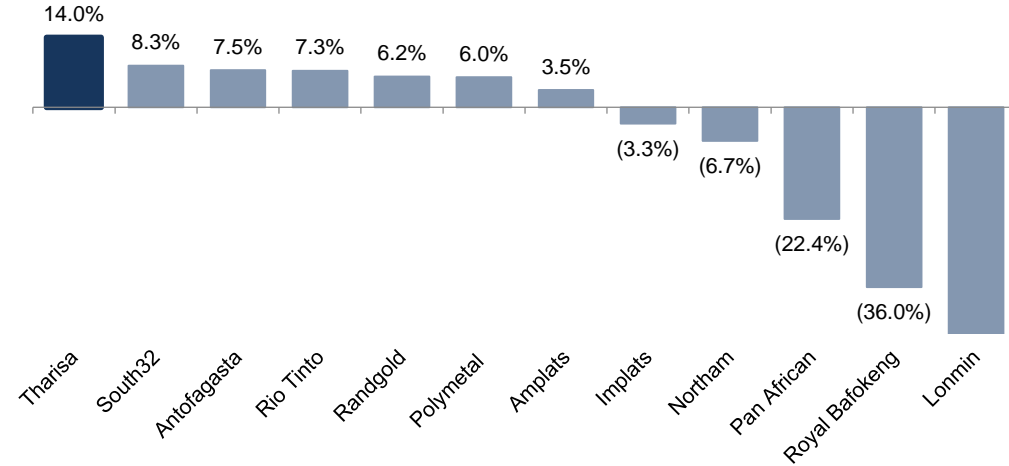
- 29% - consumer goods and medical
- 18% - food and catering
- 16% - chemical, petrochem and energy
- 15% - ABC and infrastructure
- 8% - Industrial
- 7% - Light automotive
- 4% - Other

INVESTMENT CASE AND OUTLOOK

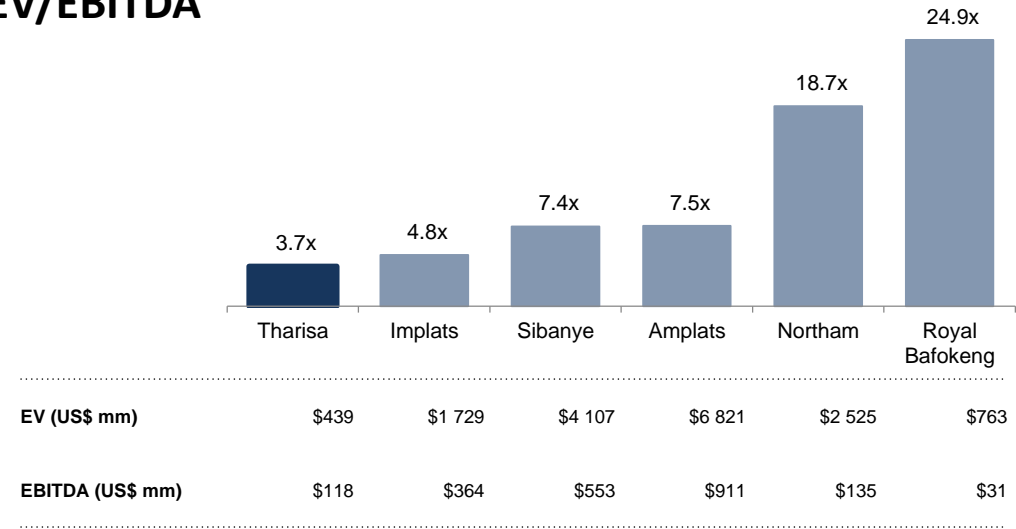


INVESTMENT CASE

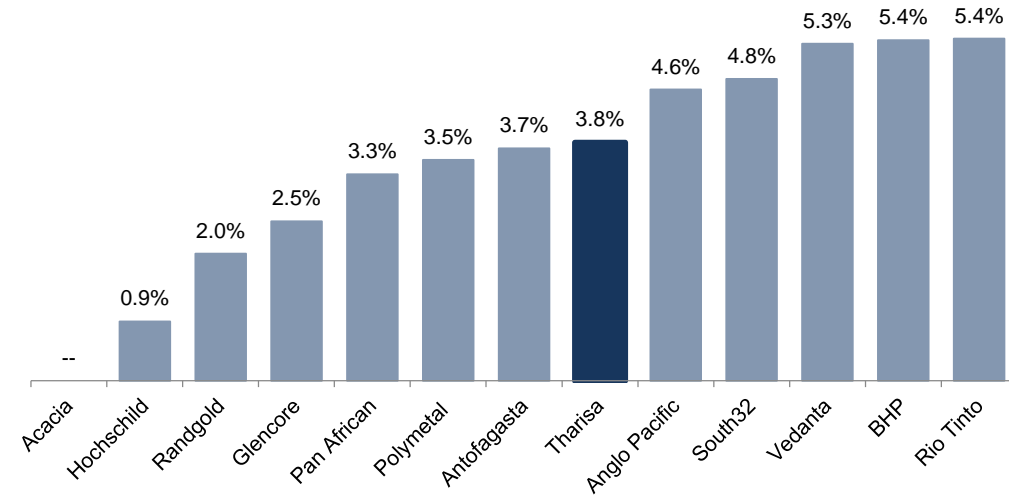
FREE CASH FLOW YIELD



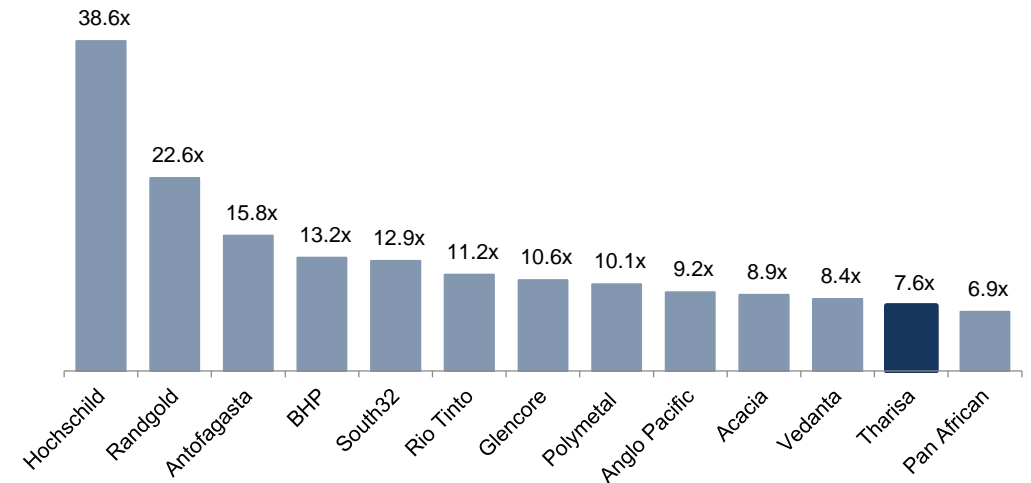
EV/EBITDA



DIVIDEND YIELD



PE RATIO (20 April 2018)



DELIVERING ON OUR STRATEGY

LEADING NATURAL RESOURCES GROUP

Globally significant diversified low cost operations

INNOVATION

Innovative research and development feeding organic growth with possible roll out at other sites

OPTIMISATION INITIATIVES

Maximise value extraction

LEVERAGING MARKETING AND LOGISTICS PLATFORM

Marketing, sales and logistics platform
Expansion into multi-commodities
Geographic diversity

CAPITAL DISCIPLINE

Dividend policy of minimum 15% NPAT
Capital allocation to low risk projects

Robust financial and operational half year

Vision 2020
&
Acquisitive growth

Improved recoveries

Third party agency and logistics

Maiden interim dividend of US\$ 2 cents per share

FY2018 GUIDANCE: PGMS OF 150 kozpa & CHROME CONCENTRATES OF 1.4 Mtpa

SALENE CHROME ZIMBABWE

DIVERSIFICATION

FROM SINGLE ASSET

**SPECIAL GRANT –
ILLUVIAL CHROME**

9 500 ha

**HIGHLY
PROSPECTIVE
AREA**

**NEW
MINERAL RICH
GEOGRAPHY**



**A SCALABLE
OPEN PIT
OPERATION**



**LARGE SCALE,
LOW COST
PROJECT**



**PREMIUM
PRODUCT
POTENTIAL**

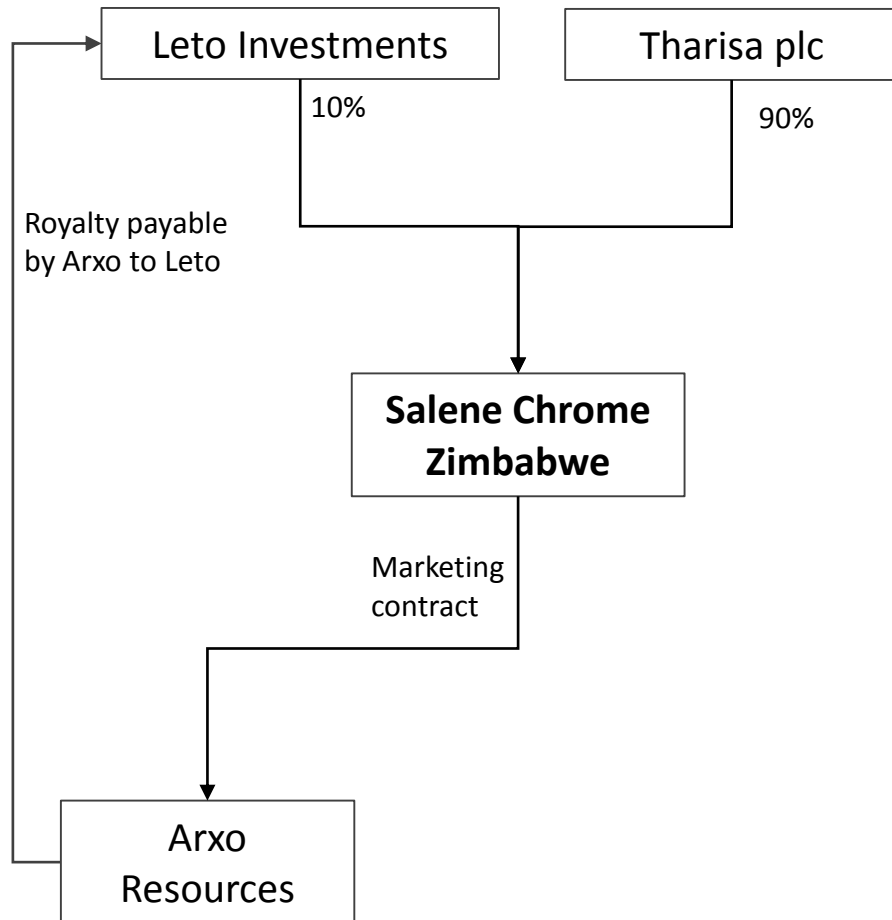


**CASH
GENERATIVE AND
QUICK TO
MARKET**

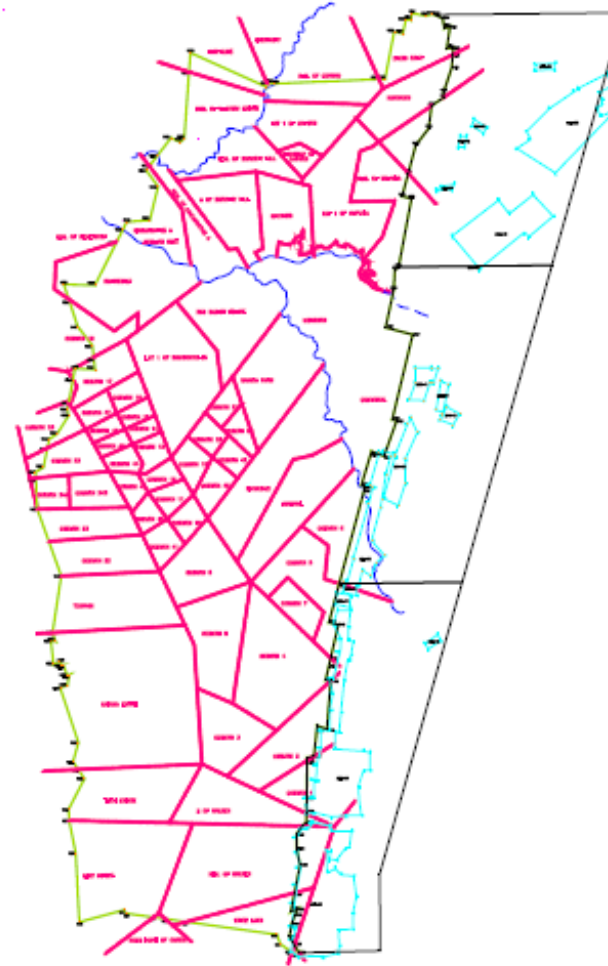
FOCUS ON VALUE ACCRETIVE ACQUISITIONS, DEVELOPMENT AND OPERATION OF LARGE SCALE, LOW COST PROJECTS THAT ARE CLOSE TO PRODUCTION

TRANSACTION STRUCTURE AND ASSET LOCATION

STRUCTURE



ALLOCATED GRANTS ON THE EASTERN SIDE OF THE GREAT DYKE



“The Great Dyke of Zimbabwe contains the world’s largest known platinum group metals and high grade chrome deposits outside of South Africa”

“The Great Dyke region is known to contain illuvial chrome concentrations of up to 30% Cr₂O₃”

APPLICATION FOR NATIONAL PROJECT STATUS WITHIN A PROPOSED SPECIAL ECONOMIC ZONE

PREMIUM PRODUCT POTENTIAL

ILLUVIAL CHROME

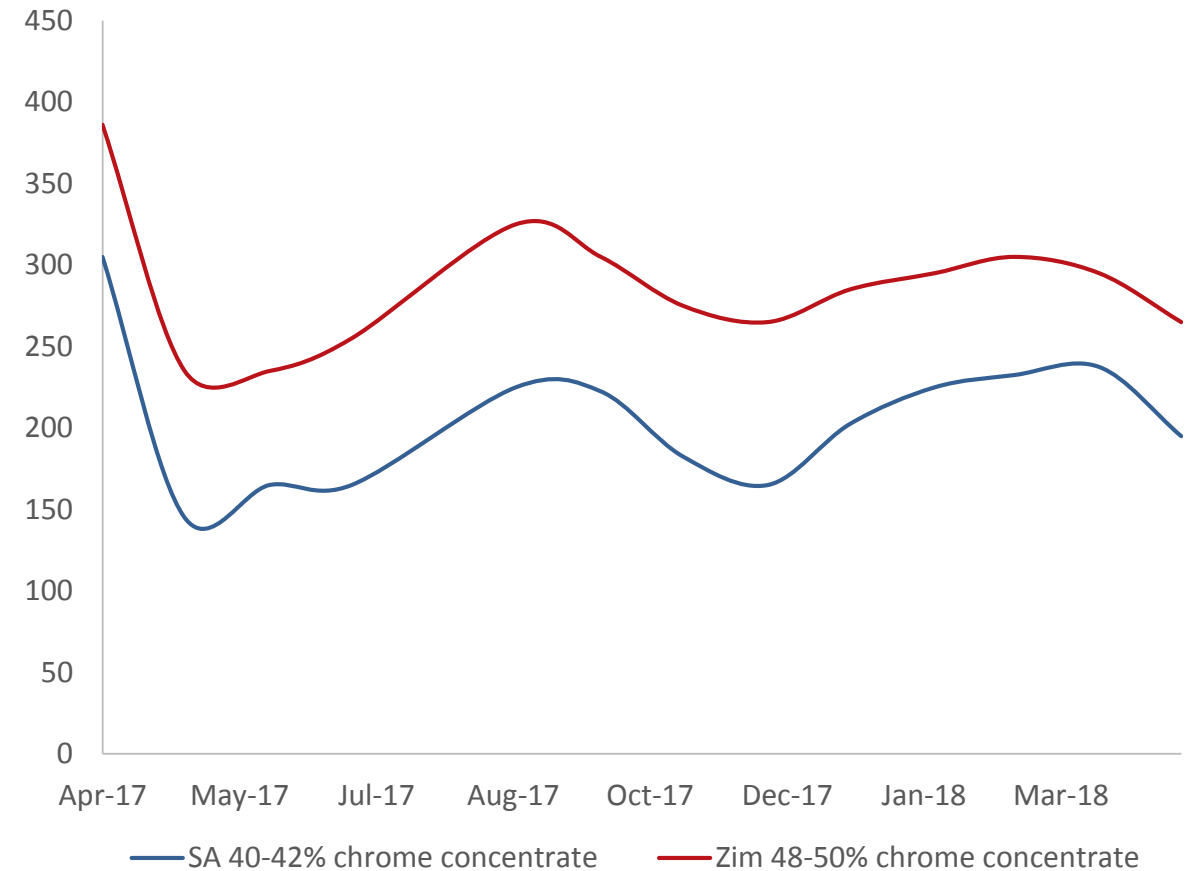
- Illuvial chrome is found at the surface, chrome fines generated from seams as a result of weathering
- Typically allow for production of 48%-50% chrome concentrate

PRODUCT FEATURES

- + High chrome to iron ratio ~2:1
- + Higher chrome content
- + Commands a premium of up to US\$70/t above SA 42% concs
- + Adds further diversity to Tharisa's basket of chrome products

PRICE COMPARISON TO SOUTH AFRICAN CONCENTRATE

US\$/tonne



NEXT STEPS

1

Trenching programme
over special grant areas

2

US\$3.2 million geological
exploration and sampling
programme

3

Pilot plant to treat illuvial
chrome deposits

QUESTIONS & ANSWERS



BACKGROUND



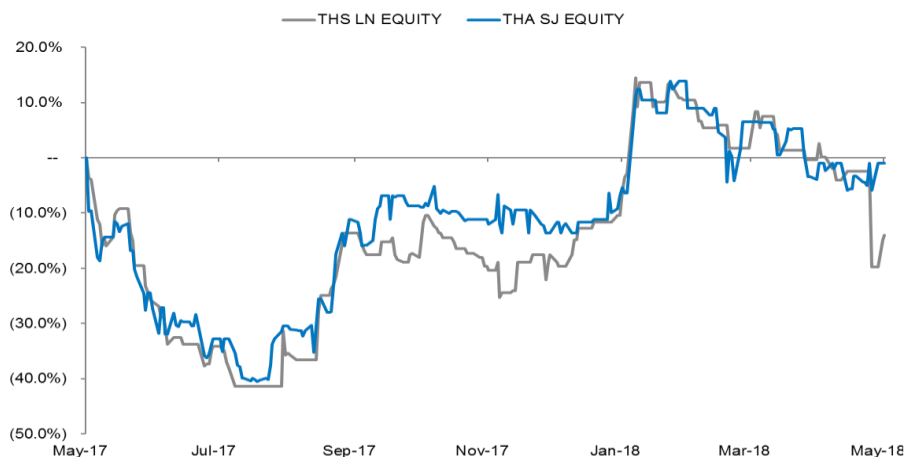
SHARE PERFORMANCE

ONE YEAR PERFORMANCE (10 MAY 2018)	JSE: THA	LSE: THS
Price	ZAR20.00	GBP104.00
High	ZAR24.00	GBP143.50
Low	ZAR11.60	GBP73.00
Market capitalisation	ZAR5.2 billion	GBP271.4 million
One year return	(1.05%)	(13.96%)
PE ratio	7.26	-
Average volume traded (30 days)	2 819	28 899

ANALYST COVERAGE (10 MAY 2018)	RECOMMENDATION	TARGET PRICE
BMO	Outperform	GBP160.00
HSBC	Buy	ZAR27
Investec	Buy	ZAR25
Macquarie	Outperform	ZAR24
Nedbank CIB	Buy	ZAR26
Peel Hunt	Buy	GBP230.00
Vunani	Buy	ZAR27

TOP SHAREHOLDING (10 MAY 2018)	%
Medway Developments	42.2
Rance Holdings	15.5
Fujian Wuhang Stainless Steel	10.8
Maden Invest	5.7
Friedshelf 1525	5.1
Macquarie capital	3.1
Altius Investment Holdings	2.1
Hongkong HeYi Mining Resource	2.0
Blackrock Investment Management	1.9
Fidelity Investments	1.1
SBSA ITF Old Mutual Mining Fund	0.4
Old Mutual Plc	0.4
Sanlam	0.3

SHAREHOLDER RETURNS



SUSTAINABILITY

TRAINING AND DEVELOPMENT

- On mine training centre
- Learnerships, adult education and training
- Compliance to competency

ENVIRONMENT

- Subscribe to the Equator Principles
- Environmental monitoring plan
- Environmental rehabilitation provision

THUSANANG WELLNESS PROGRAMME

- TB programme
- HIV/AIDS programme
- Cancer awareness programme
- Wellness days
- Peer educator programme

COMMUNITY PROJECTS

- Support of community SMME – Rocasize
 - Garden services
 - Brick making
 - Clothing and personal protective equipment
- Retief Primary school food forest



THANK YOU



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