

# tharisa

INTERIM RESULTS  
for the six months ended 31 March 2019

*Discover Develop Deliver*



## REEF MINED

**2.22 Mt**

down 9.3%  
(HY2018: 2.45 Mt)

## PGM PRODUCTION (5PGE+Au)

**67.6 koz**

down 12.2%  
(HY2018: 77.0 koz)

## CHROME CONCENTRATE PRODUCTION

**614.1 kt**

down 16.2%  
(HY2018: 732.5 kt)

## REVENUE

**US\$166.5 m**

down 16.4%  
(HY2018: US\$199.2 m)

## OPERATING PROFIT

**US\$14.3 m**

down 64.6%  
(HY2018: US\$40.4 m)

## EBITDA

**US\$30.1 m**

down 44.4%  
(HY2018: US\$54.1 m)

## PROFIT BEFORE TAX

**US\$10.2 m**

down 72.6%  
(HY2018: US\$37.2 m)

## EARNINGS AND HEADLINE EARNINGS PER SHARE

**US\$ 4 cents**

down 60.0%  
(HY2018: US\$ 10 cents)

## INTERIM DIVIDEND

**US\$ 0.5 cent**

16.2% NPAT

# SAFETY AND SUSTAINABILITY

0.24

LTIFR  
LOST TIME INJURY FREQUENCY RATE  
AS AT 31 MARCH 2019

3+

YEARS FATALITY FREE

64

ENGINEERING LEARNERSHIPS

23

INTERNS AND GRADUATES

69

ADULT EDUCATION AND TRAINING LEARNERS





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PRODUCTION

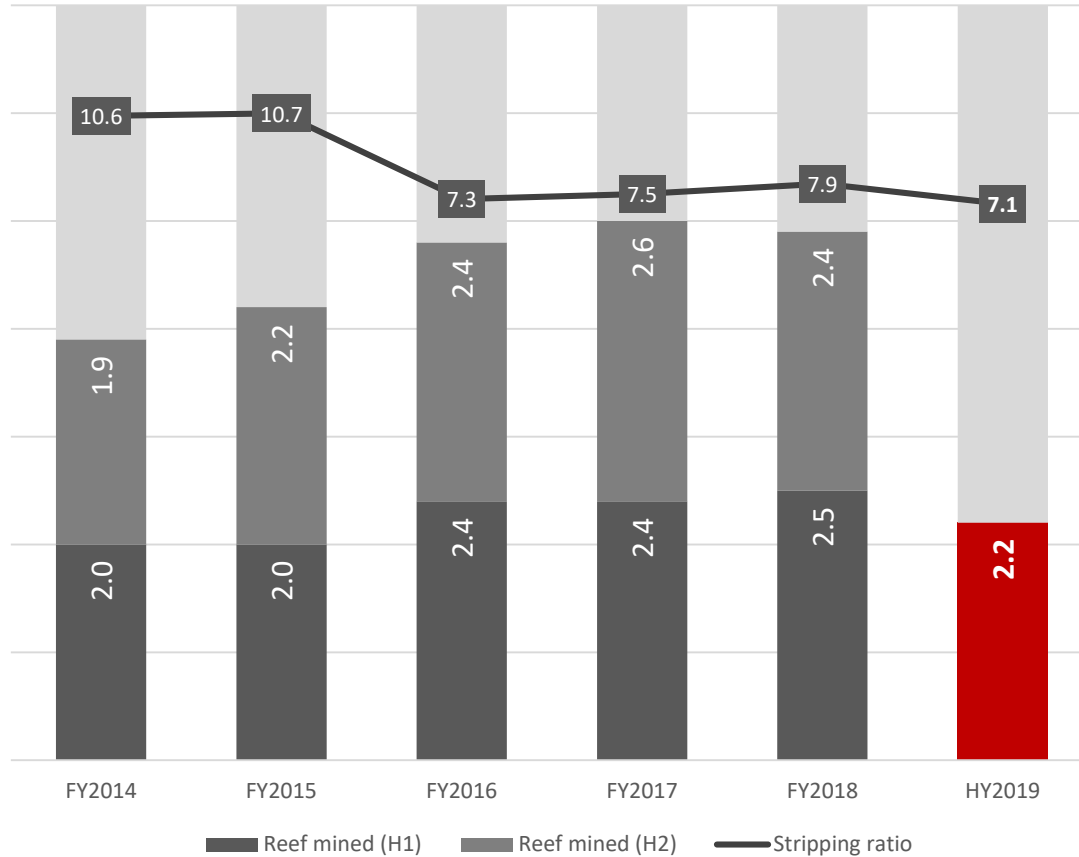
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- East Pit widened and extended to optimise logistics
- Improved access to East Pit from north side with more regular backfill now possible on south side as pit advances north
- Longer benches and better drilling, blasting and hauling continuity as access roads now run parallel to the pit as it advances
- Longer benches ensure more optimal product mix and grade control to be delivered to Genesis and Voyager Plants
- Transition to 24-hour operation in East Pit completed, resulting in mining capacity increase



## REEF MINED

[Mtpa]



- 2.2 Mt of ore was mined at an average rougher feed grade of 1.49 g/t PGMs on a 5PGE+Au basis and 18.2% chrome
- Focused on access to full mining strike length; maintaining correct multi-reef layer profile to ensure stable feed grades for processing
- Stripping ratio was 7.1 on a m<sup>3</sup>:m<sup>3</sup> basis for the six months, if additional material included in stripping ratio calculation, stripping ratio tracked LOM average of 9.5
- Additional fleet purchased and planned for pit optimisation and targeting Vision 2020 ROM production



# FLEET CAPACITY



## DRILL

- > 13 OB drill rigs
- > 12 IB/reef drill rigs
- > Capable of drilling +100 km pm



## BLAST

- > Blasting is outsourced



## LOAD

- > 10 excavators
- > 1 CAT 6050 face shovel
- > Capable of loading +1.8 Mm<sup>3</sup> pm



## HAUL

- > 54 haul trucks
- > CAT 777 for IB/reef
- > CAT 785/789 for OB
- > Capable of hauling +1.7 Mm<sup>3</sup> pm

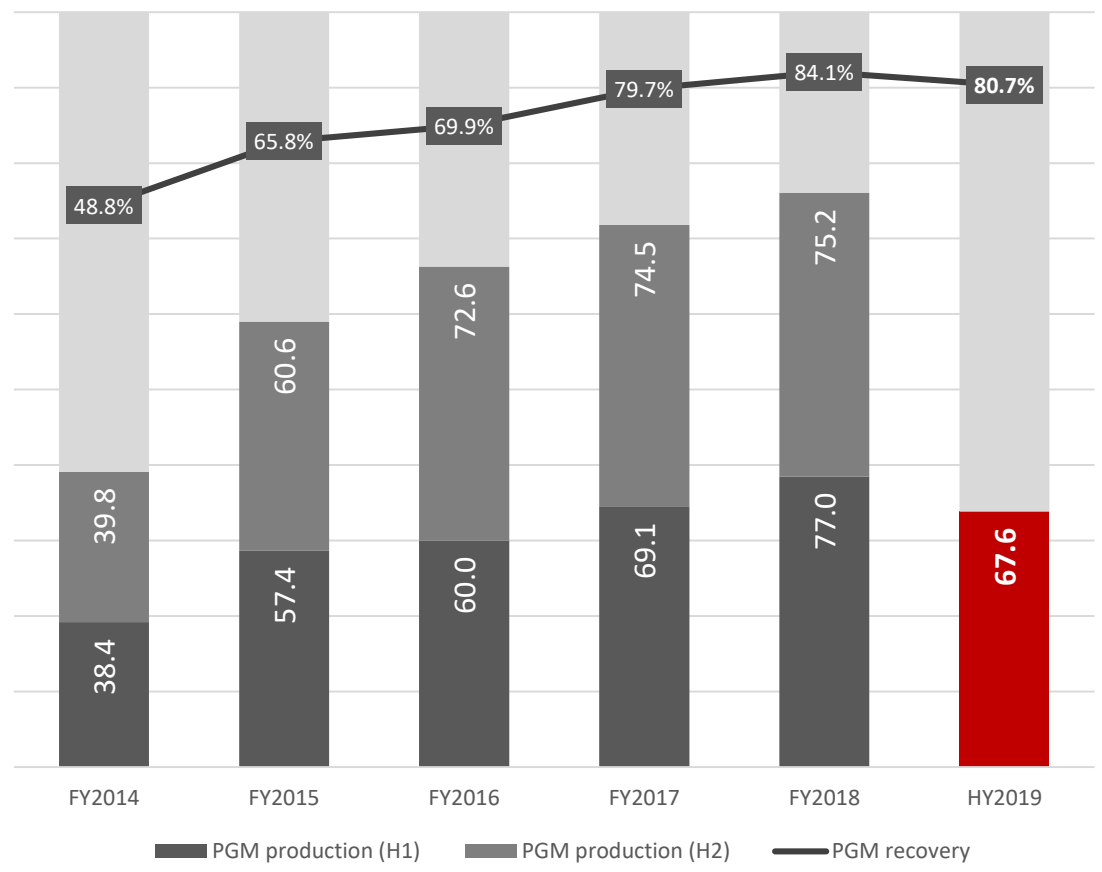
Current fleet capable of mining the 5.6 Mtpa of reef and more than the life of mine average stripping ratio to meet Vision 2020 targets

Q2 PGM RECOVERY OF  
**85.5%**

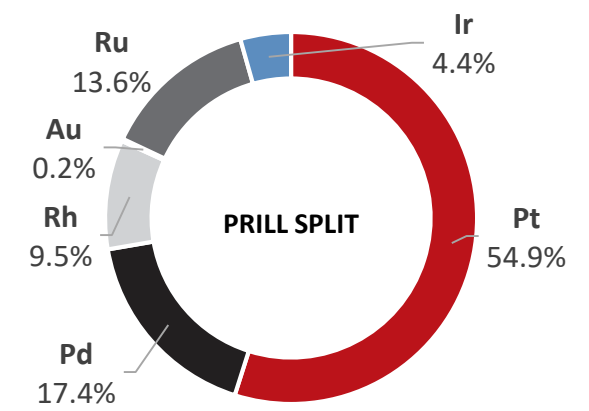
# PRODUCTION - PGM

## PGM PRODUCTION

[kozpa]



- Unprecedented stage 4 load shedding in March 2019 introduced instability into processing plants
  - Measures implemented to mitigate risk of further load shedding and the impact on production with installed diesel generator capacity
- PGM production decreased by 12.2% to 67.6 koz (HY2018: 77.0 koz)
- PGM rougher feed grade of 1.49 g/t (HY2018: 1.52 g/t)
- PGM recoveries down to 80.7% from 83.2%, above targeted 80.0%
- In the second quarter, PGM recovery improved to 85.5%
- Recoveries have returned to normal operating levels, post the processing of the commissioning tailings in the first quarter
- Planned commissioning in Q4 FY2019 of PGM optimisation Phase 2

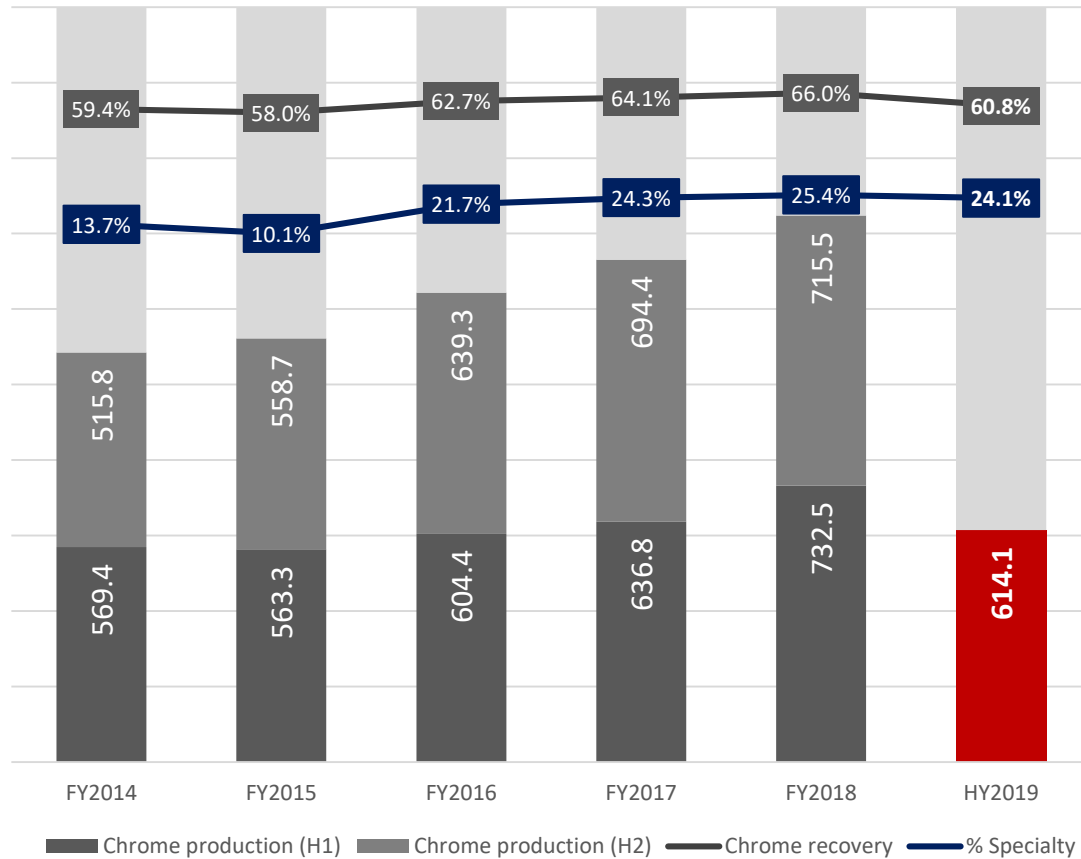




# PRODUCTION - CHROME

## CHROME PRODUCTION

[ktpa]



- Chrome concentrate production decreased by 16.2% to 614.1 kt (HY2018: 732.5 kt)
- Cr<sub>2</sub>O<sub>3</sub> ROM grade of 18.2% (HY2018: 18.1%)
- Chrome recoveries of 60.8% (HY2018: 65.9%)
- Of the 614.1 kt of chrome concentrates produced, 148.1 kt or 24.1% of production was specialty grade chrome concentrates

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## FINANCIAL REVIEW

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**CO-PRODUCTION  
SUPPORTS HEALTHY  
MARGINS**



**CASHFLOW  
GENERATION**



**INVESTING IN THE  
FUTURE**



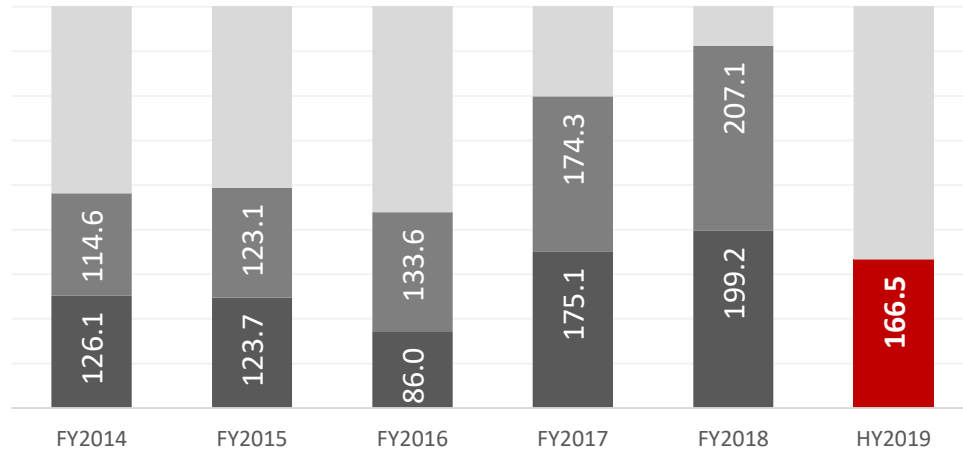
**DIVIDEND PAYER**

# REVENUE

PGM BASKET PRICE  
**US\$1 017/oz ↑ 11.9%**  
 (HY2018: US\$909/oz)

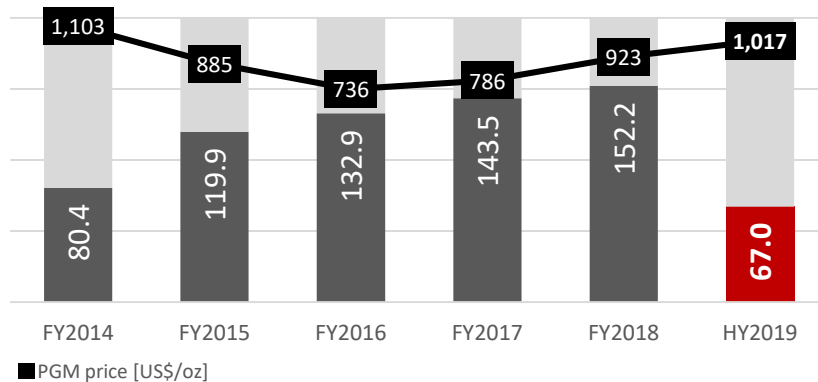
42% CHROME CIF PRICE  
**US\$163/t ↓ 15.5%**  
 (HY2018 : US\$193/t)

## GROUP REVENUE [US\$ million]

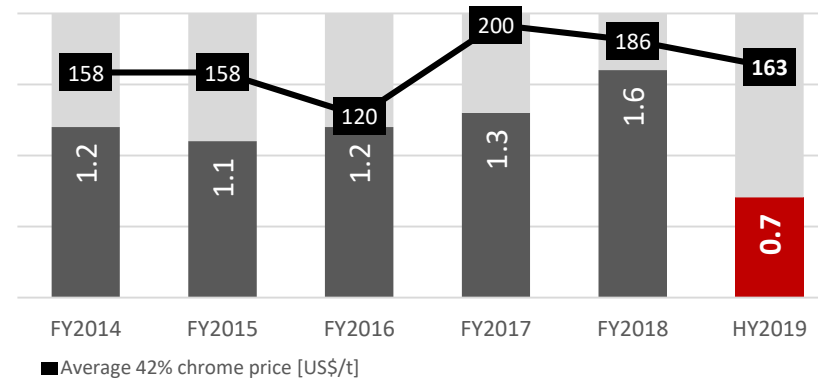


- Sales PGMs 12.0% lower from 76.1 koz to 67.0 koz
- Sales of metallurgical grade chrome 16.6% lower from 552.7 kt to 461.2 kt
- Sales of specialty grade chrome 9.3% lower, from 172.9 kt to 156.8 kt
- Third party trading contributed US\$14.7 million to revenue

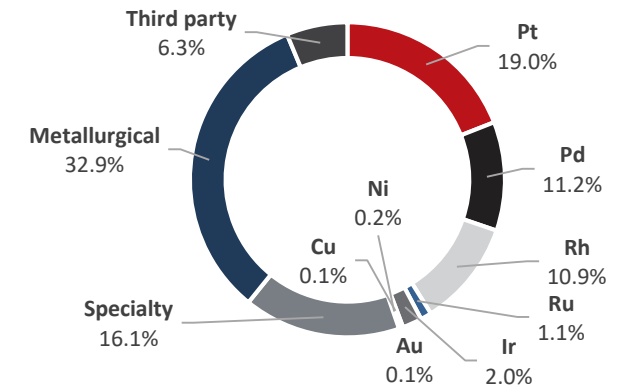
## PGM CONCENTRATE SALES [kozpa]



## CHROME CONCENTRATE SALES [Mtpa – including third party sales]



## REVENUE CONTRIBUTION EX WORKS BASIS

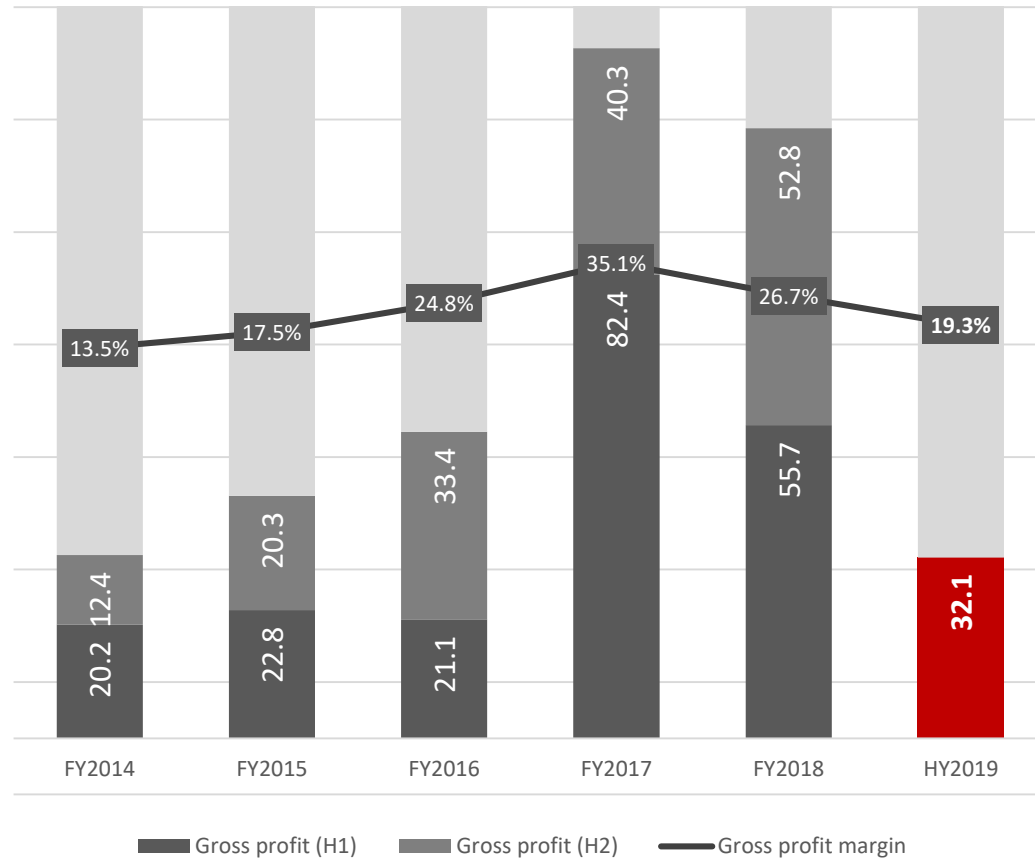




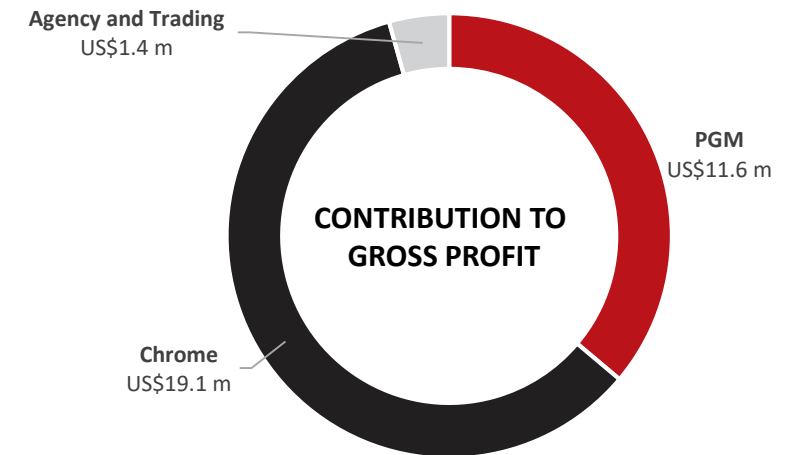
# GROSS PROFIT

## GROSS PROFIT

[US\$ million]



- Notwithstanding lower PGM and chrome volumes produced and sold gross profit margin of 19.3%
- PGM segment gross profit margin 20.0% (HY2018: 28.0%), shared cost allocation 55%
- Chrome segment gross profit margin 20.4% (HY2018: 30.1%), shared cost allocation 45%
- Agency and trading segment gross profit margin of 9.5% (HY2018: 7.5%)



# COSTS

**STRIPPING RATIO**  
**7.1 m<sup>3</sup>:m<sup>3</sup>**  
 (HY2018: 8.1 m<sup>3</sup>:m<sup>3</sup>)

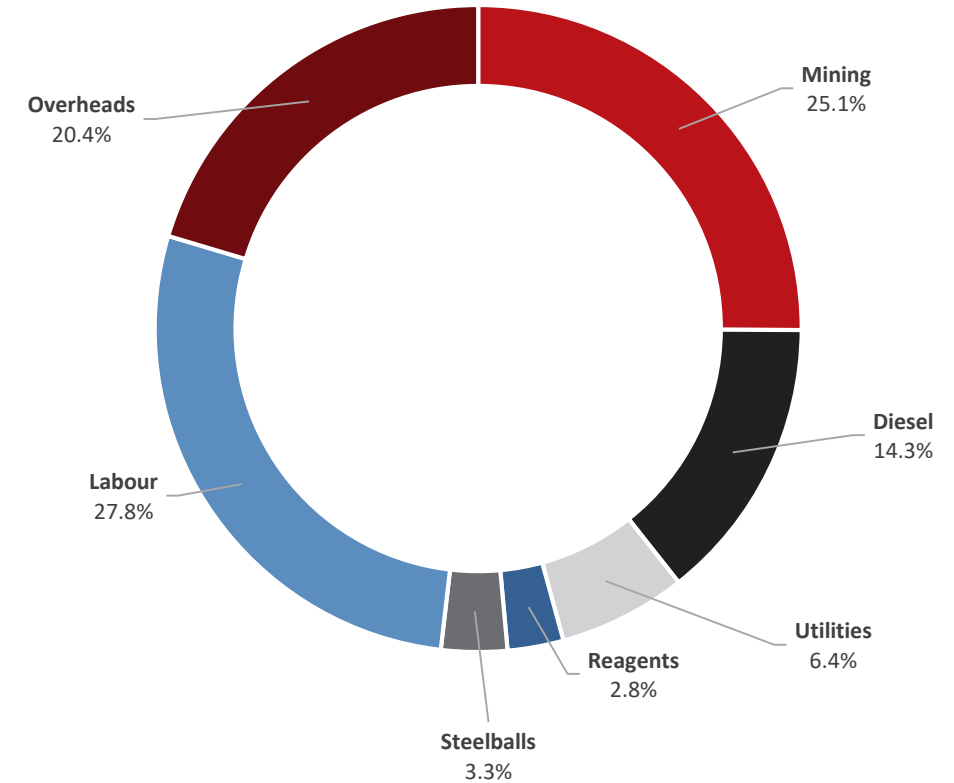
**DIESEL COST**  
**ZAR14.22/l**    **↑18.1%**  
 (HY2018: ZAR12.04/l)

**CHROME TRANSPORT COST**  
**US\$62.8/t**    **↑ 3.1%**  
 (HY2018: US\$60.9/t)

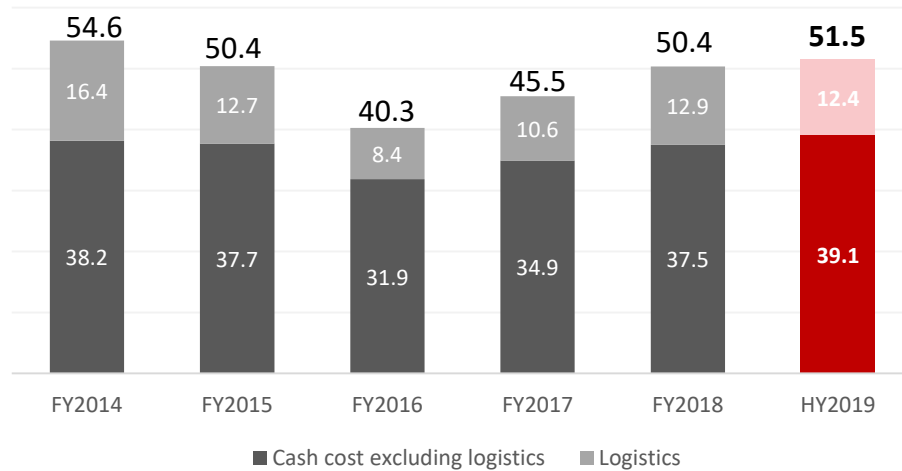
<b>Mining costs</b>		<b>HY2019</b>	<b>HY2018</b>
Mining cost per cube	US\$/m <sup>3</sup>	9.6	7.9
Mining cost per reef tonne	US\$/t	22.5	20.5

<b>By product basis – Tharisa production</b>		<b>HY2019</b>	<b>HY2018</b>
All in sustaining cost per Pt ounce	US\$/oz	739.1	(216.8)
All in sustaining cost per 42% chrome tonne	US\$/t	145.8	103.4

## OPERATING COST ANALYSIS – EX WORKS



## CONSOLIDATED CASH COST PER TONNE MILLED [US\$/t milled]

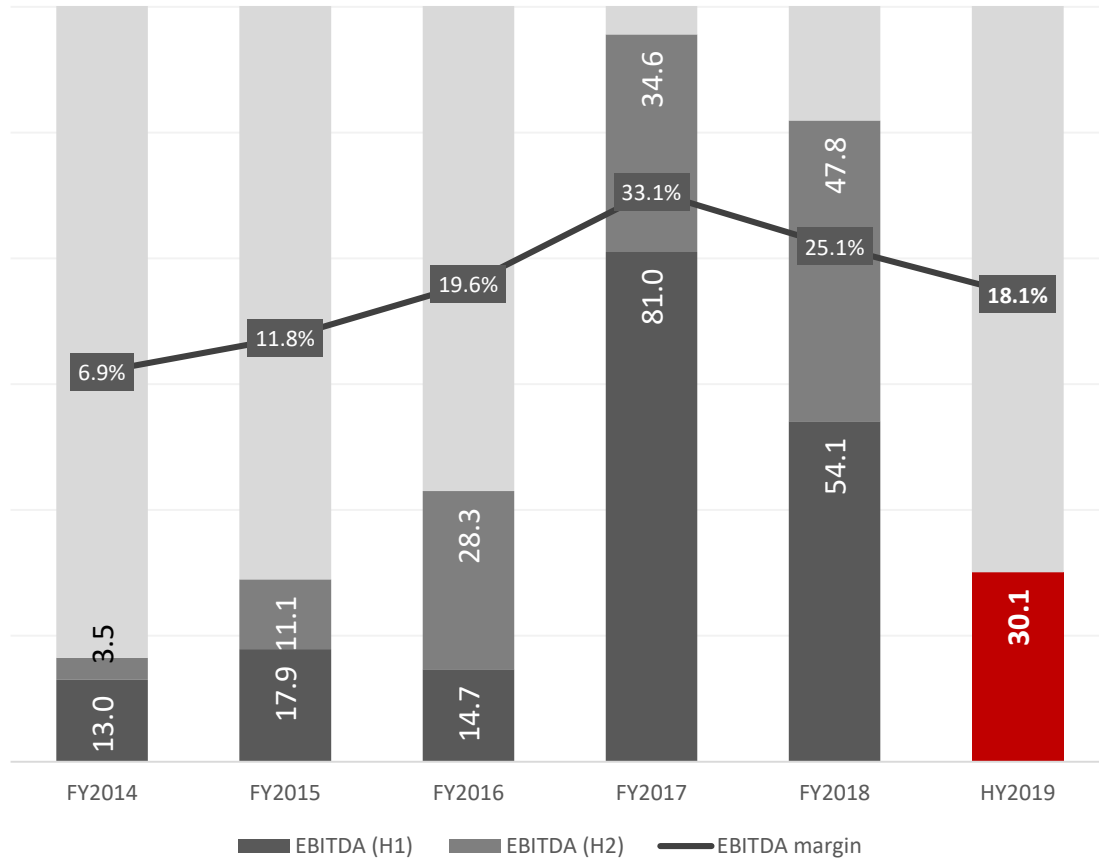


# PROFITABILITY

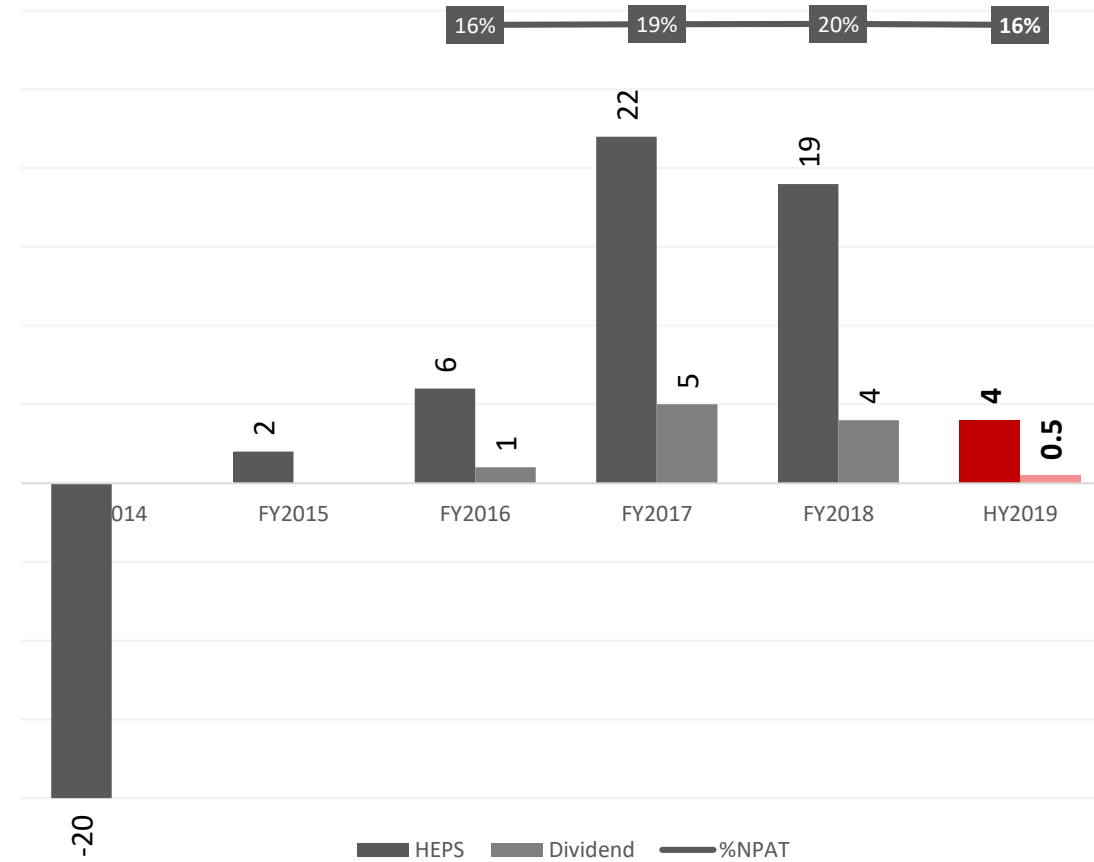
**NET PROFIT BEFORE TAX**  
**US\$10.2 m**  
 (HY2018: US\$37.2 m)

**NET PROFIT AFTER TAX**  
**US\$8.2 m**  
 (HY2018: US\$28.4 m)

## EBITDA [US\$ million]

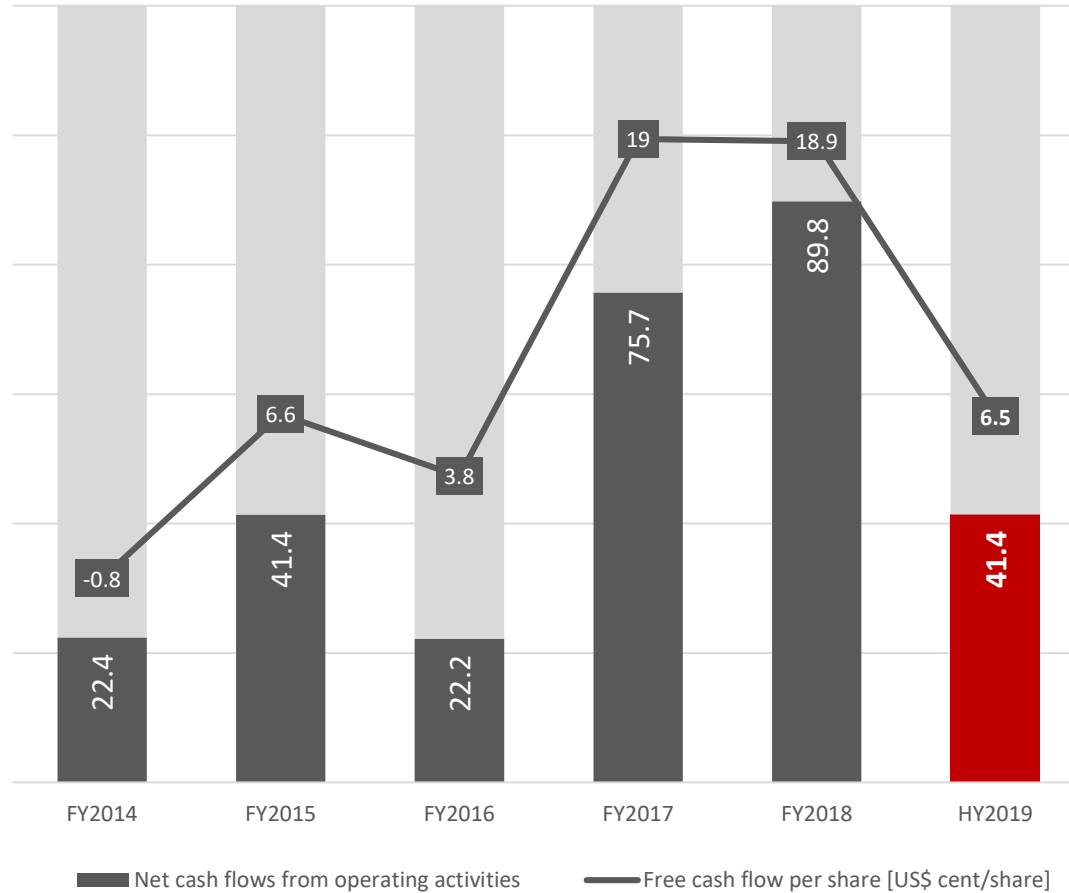


## HEPS AND DIVIDENDS [US\$ cent]



## NET CASH FLOWS FROM OPERATING ACTIVITIES

[US\$ million]



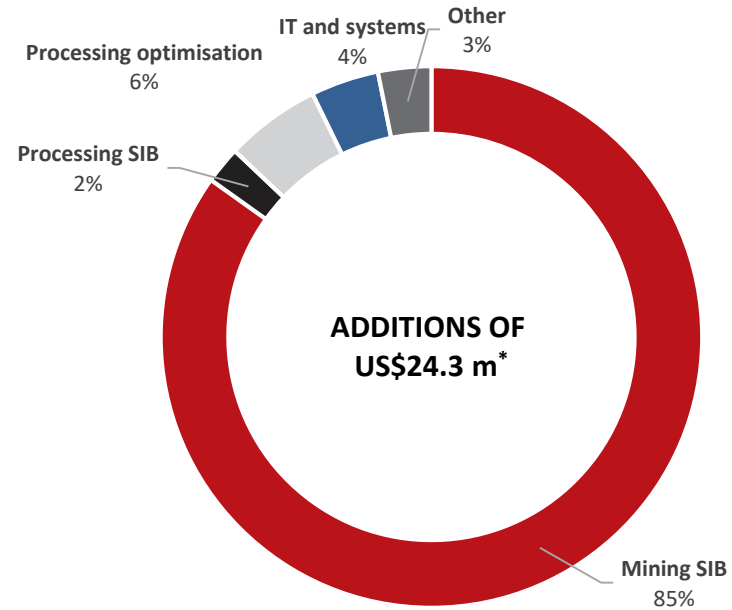
## US\$ millions

## HY2019

Cash flow from operating activities	41.4
Investing cash flows	(27.1)
Additions to PPE	(24.3)
Financing cash flows	(13.5)
Net increase in cash	0.8
Cash at the end of the period	66.8
Free cash flow per share (US\$ cents)	6.5



## CAPITAL

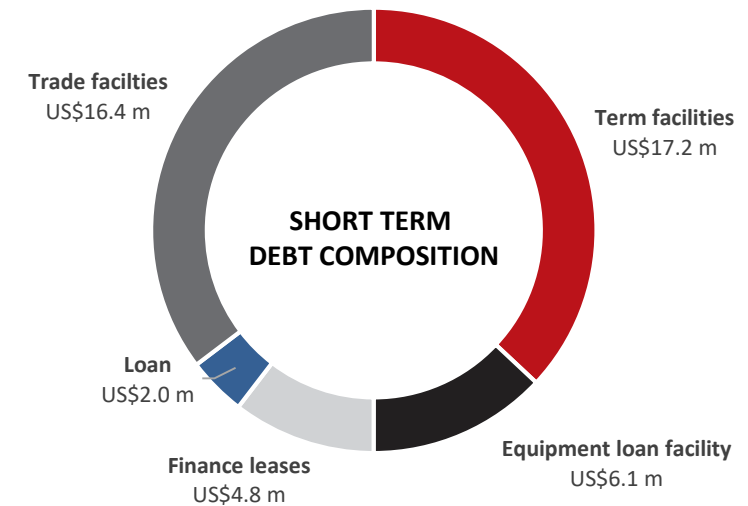
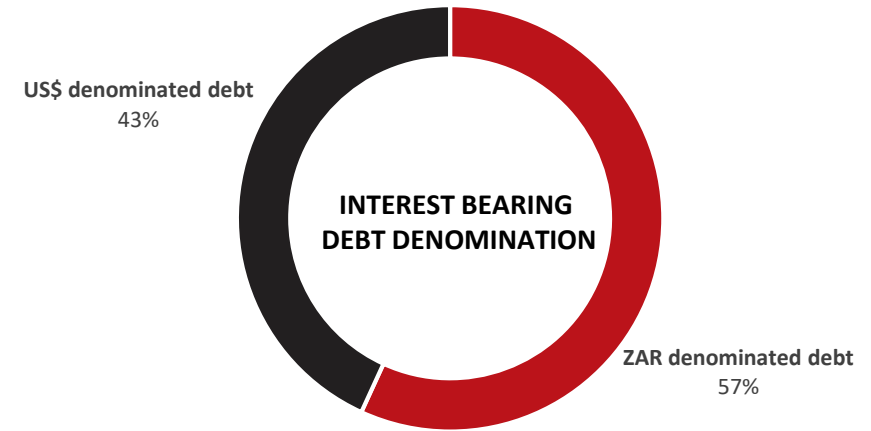


- Capex of US\$24.3 million, US\$20.7 million spent on mining fleet
- H2 budgeted capex spend of US\$14.0 million on the mining fleet remains at a higher level than the normal sustaining capex
- H2 capex on processing plant including diesel generators to mitigate load shedding risk budgeted at US\$15.6 million




\* Excluding right of use assets (i.e leases)

US\$ millions	HY2019
Total interest bearing debt	74.7
Long term	28.2
Short term	46.5
Cash and cash equivalents	66.8
Net debt	7.9
Net debt to total equity ratio	2.6%
Net current assets	84.4
Return on equity	5.8%



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## GROWTH AND OPTIMISATION

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- 142 boreholes completed – 25 300 m drilled
- Drilling focused on western edge of the Great Dyke, average depths of 50 m to 150 m below surface targeted
- Over 70 core samples prepared for assaying
- Digital terrain mapping and high res airborne surveys completed. Quality assurance running concurrently with drilling and adheres to best practice
- Approval of the Environmental Prospectus by the Environmental Management Agency ('EMA') of Zimbabwe
- Stakeholder consultations concluded, EIA and management programme has been submitted
- Development permit awarded by EMA, field work initiated





- Development permit from EMA awarded Q4 2018, while EIA report is being finalised for submission. Permit has enabled field work and exploration trenching programme
- Digital terrain mapping and high res airborne geophysical survey over mining location have been completed
- Geophysical data has been interpreted with 11 trenches completed over 4 000 m. Trenches are being rehabilitated; next trenching and pitting targets are being identified
- Samples from first trenches prepared and logged, and are being assayed
- Second phase of trenching to commence in Q3 FY2019



**FY2018**  
**ACTUAL**

ROM of 4.9 Mtpa  
PGMs of 152.2 kozpa  
Chrome concentrates of 1.4 Mtpa

**FY2019**  
**GUIDANCE**

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

**2020**  
**ANNUALISED TARGET**

ROM of 5.6 Mtpa  
PGMs of 200 kozpa  
Chrome concentrates of 2.0 Mtpa

## GRADE IMPROVEMENT AND FLEET OPTIMISATION

- > Opening full mining strike length
- > Fleet optimisation
  - > Cat 6050
  - > Cat 789
  - > Liebherr 9200
- > Maintain correct multi-reef layer profile
- > Culture of continuous improvement
- > Ensure stable feed grades for processing

## PGM OPTIMISATION

- > Improving PGM recoveries at Voyager Plant by upgrading current circuits, installing new capacity
- > Phase 1 completed
- > Phase 2 commissioning Q4 FY2019

## FOURTH STAGE CRUSHING

- > Additional crushing circuit at Genesis Plant to increase plant throughput
- > Construction completed in FY2019
- > Full benefits in FY2020

## VULCAN PLANT

- > Fine chrome recovery plant
- > Proprietary process developed by Arxo Metals
- > DFS completed
- > FEED study review



## LEADING NATURAL RESOURCES GROUP

Globally significant, diversified low cost operations

## INNOVATION

Innovative research and development feeding organic growth

## OPTIMISATION INITIATIVES

Maximise value extraction through process engineering

## LEVERAGING EXISTING PLATFORMS

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

## CAPITAL DISCIPLINE

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



Production guidance of 150 koz of PGM concentrate and 1.4 Mt of chrome concentrates for FY2019



# QUESTIONS

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