



**REPORTS AND
CONSOLIDATED FINANCIAL STATEMENTS
30 September 2019**

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MANAGEMENT REPORT

for the year ended 30 September 2019

The Board of Directors of Tharisa plc ('the Company' or 'Tharisa') presents to the members its Group's and Company's Management Report together with the audited consolidated financial statements of the Company and its subsidiaries (together with the Company, 'the Group') and the Company financial statements for the year ended 30 September 2019.

The Company is a Cypriot incorporated public company with a primary listing on the main board of the Johannesburg Stock Exchange, a secondary standard listing on the main board of the London Stock Exchange and a secondary listing on the A2X Exchange in South Africa. The Group's consolidated financial statements and Company financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board and the requirements of the Cyprus Companies Law, Cap. 113.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of an investment holding company with controlling interests in platinum group metals ('PGM') and chrome mining, processing operations and associated sales and logistics operations. The principal activity remains unchanged from the previous year.

The principal activity of the Group is the exploitation of metals and minerals, principally PGMs and chrome, and associated sales and logistics operations. The Group holds a 74% shareholding in Tharisa Minerals Proprietary Limited ('Tharisa Minerals'). Tharisa Minerals owns and operates the Tharisa Mine, an open pit PGM and chrome mine located in the Bushveld Complex of South Africa.

REVIEW OF DEVELOPMENT, POSITION AND PERFORMANCE OF THE GROUP'S BUSINESS

Tharisa's operational performance in FY2019, despite a decline from record levels in FY2018, delivered strong production numbers at a time when the focus was on redeveloping the open pit to a more efficient model. The Tharisa processing plants continued to deliver recoveries at the high end of the industry average, while the marketing and logistics businesses have benefited from the development of the third-party business.

For the principal subsidiaries of the Company, refer to note 1 of the consolidated financial statements and note 10 to the Company financial statements.

Tharisa Minerals Proprietary Limited

Tharisa Minerals Proprietary Limited ('Tharisa Minerals') is uniquely positioned as a co-producer of both PGM and chrome concentrates. Tharisa Minerals' core asset is the Tharisa Mine, which is situated on South Africa's Western Limb of the Bushveld Complex, home to more than 70% of the world's platinum and chrome resources. Tharisa Minerals mines and processes five MG chromitite layers. Through innovative engineering, the mined reef is processed at two independent integrated plants extracting both PGMs and chrome concentrates, thereby reducing unit costs and positioning Tharisa Minerals in the lowest cost quartile of operating costs in South Africa for both PGMs and chrome.

Tharisa Minerals' low unit costs and multiple polymetallic products have ensured that it was well placed to manage commodity price volatility and exchange rates. Its dual revenue streams provide a natural hedge against different commodity cycles with the products being used in different applications. PGMs are primarily used in the automotive, technology and jewellery industries while chrome is primarily used in the manufacture of stainless steel.

Safety

Tharisa acknowledges that the safety of its people is critical to its success. The LTIFR for the year ended 30 September 2019 was 0.27 (2018: 0.18) per 200 000 man hours worked. Tharisa Minerals was awarded a Best in Class Award at MineSafe 2019, while the mine also achieved two million fatality free shifts.

MANAGEMENT REPORT

for the year ended 30 September 2019

Mining operations

Tharisa Minerals holds a Mining Right over 5 475 ha of land near the town of Rustenburg in the North West province of South Africa. The Mining Right was granted on 19 September 2008 for an initial period of 30 years, providing access to MG chromitite layers with a strike length of approximately 5 km. The Tharisa Mine is a 15-year open pit operation with a projected 40-year underground life of mine extension. The mining operation, which is divided into the east pit and west pit, extracts reef from five MG chromitite layers. The change in operating model from contractor to owner-operator mining was implemented during the 2018 financial year. This change represented a logical progression given the long life of the open pit, allowing Tharisa Minerals to take direct control of its mining operations, thereby controlling the reef grades and the delivery of improved quality ore to the processing plants and optimising the feed, throughput and recovery within the plants.

The 2019 financial year saw Tharisa Minerals invest heavily in new equipment and machinery including a new Caterpillar 6050 face shovel. Tharisa Minerals' mining division mined 4.6 Mt of ROM during the 2019 financial year, a 5.1% decrease year on year. A total of 11.1 Mm³ of waste rock was mined for the year, as the stripping ratio improved to 8.3 on a m³:m³ basis, representing a 5.0% increase from the previous year. Mining for the year needs to be viewed in the context of Tharisa Minerals focusing on one major development area in its open pit; a redesign that saw over 1.7 Mm³ of previously mined material moved, with the aim of creating longer benches and thus better drilling, blasting and hauling continuity. Hauling continuity was enhanced by access roads that previously ran north-south now running parallel to the pit as the pit advances. Capital investment into machinery increased as fleet replacement accelerated.

Processing

The PGMs in the MG ore mined by Tharisa Minerals occur in the silicates and are not associated with the chromite, thus enabling the process to extract chrome before PGMs without sacrificing PGM recovery. This lowers the chrome content in the PGM circuit and results in much lower chrome content in the PGM concentrate compared to typical UG2 operations. Base metal content in the MGs is also significantly lower than Merensky and UG2 ores, resulting in a low matte fall during smelting, reducing base metal refining requirements.

Tharisa Minerals' two independent processing plants are designed specifically to treat the MG chromitite layers of the Bushveld Complex. The smaller 1.2 Mtpa Genesis Plant, with the 100 ktpm chrome circuit, was commissioned in August 2011 with the PGM circuit being commissioned in December 2011. The larger 3.6 Mtpa Voyager Plant was commissioned in December 2012; both plants operate at above nameplate capacity and milled collectively 4.8 Mt. The plants have a similar process flow that includes crushing and grinding, primary removal of chrome concentrate by spirals, followed by PGM flotation from the chrome tails and a second spiral recovery of chrome from the PGM tails. Operating in parallel, the independent plants provide processing flexibility and production stability by allowing one plant to be shut down without hampering the production of the other. The modular design of the processing circuits allows sections of the plant to be stopped without affecting the rest of the operation (i.e. a crushing circuit can be stopped independently of the comminution, spiral and flotation circuits). Using off the shelf technology, the processing circuits are uniquely engineered to deliver both PGM and chrome concentrates. This innovative approach to production has made Tharisa a world-class PGM and chrome co-producer. The PGM rougher feed grade was marginally lower for the year at 1.47 g/t, while the Cr₂O₃ ROM feed grade was virtually unchanged at 18.1% for the year. Tharisa Minerals targets recoveries of 80.0% for PGMs and 65.0% for chrome. During the financial year ended 30 September 2019, PGM recoveries were 82.1% while chrome recoveries were 62.0%.

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for the year ended 30 September 2019

Products

The Tharisa Mine produces the following products:

PGM concentrate

PGM concentrate is produced from both processing facilities. The concentrate produced from the Voyager Plant is a higher grade than the concentrate from the Genesis Plant due to the different chromitite reefs treated by the respective plants. The major elements of the PGMs is platinum, followed by palladium and ruthenium.

Metallurgical grade chrome concentrate

The typical metallurgical grade produced by Tharisa Minerals is 40.0% to a 42.0% chrome (as Cr_2O_3) with the silica (SiO_2) lower than 5.0%.

Chemical grade chrome concentrate

The typical chemical grade produced by Tharisa Minerals is 44.0% to 46.0% Cr_2O_3 with the SiO_2 lower than 1.0%. This is a higher value chromite product than the metallurgical grade chrome concentrate.

Foundry grade chrome concentrate

The typical foundry grade produced by Tharisa is 45.0% to 46.0% Cr_2O_3 with the SiO_2 lower than 1.0%. The American Foundryman Society Grain Fineness Number (AFS Number) is managed between 45 and 50. As with the chemical grade chromite, this is a higher value chrome concentrate than the metallurgical grade chrome concentrate.

During the year, the Group produced PGM concentrates containing 139.7 koz of contained PGMs (5PGE + Au) and chrome concentrates of 1.3 Mt with 312.1 kt being specialty grade concentrates. Third-party chrome concentrate produced was 241.1 kt. Production of specialty grade concentrates accounted for 24.1% of total chrome production during the 2019 financial year and will be maintained at current levels to ensure that it maintains a strategic market share.

Labour relations

Labour relations at Tharisa Minerals remained stable during the year. The establishment of the in-house Tharisa Minerals mining division during the 2018 financial year saw the recognition of AMCU (a trade union) as the majority trade union representing employees at Tharisa Minerals.

Sustainability

Sustainability is at the heart of the business model. The Group is proud of its track record in minimising the environmental impact of its operations and, while striving to improve further, takes pride in the mature and mutually beneficial relationships with the communities that border the Tharisa Minerals Mine.

Tharisa Minerals not only understands its obligations to create social capital as enshrined in the MPRDA, but also strives to achieve these obligations in ways that create ongoing sustainable social capital. Its commitment to the neighbouring communities is evidenced in all aspects of the business, not only from the corporate social initiatives and local economic development plans, but also underpinned by equity ownership by the community in Tharisa Minerals.

The Group has policies in place to ensure that neither the Group nor its suppliers participate in any form of human rights violation, including human trafficking and modern slavery. The Group acts ethically and with integrity in all business dealings and is committed to ensuring systems and controls are in place to safeguard against corruption.

MANAGEMENT REPORT

for the year ended 30 September 2019

Arxo Metals Proprietary Limited

Arxo Metals Proprietary Limited ('Arxo Metals') owns the Challenger Plant which was commissioned in July 2013, which is integrated into the feed circuit of Tharisa Minerals' Genesis Plant. The Challenger Plant is dedicated to the production of specialty grade chrome concentrates, namely chemical and foundry grade concentrates. Specialty grade concentrates carry more stringent specifications and therefore achieve a higher selling price. Arxo Metals has an offtake agreement for the marketing and sales of its concentrates to customers in the chemical and foundry industries globally.

Arxo Metals produced 64.3 kt of chemical grade chrome concentrate (2018: 81.9 kt) and 15.5 kt of foundry grade chrome concentrate (2018: 25.9 kt) during the 2019 financial year. The decrease in production was driven both by the overall reduction in mining and milling as well as a reduced demand for the product in the chosen markets.

In August 2017, Arxo Metals entered into an agreement with Western Platinum Limited ('Western Platinum') on the operations of its K3 UG2 chrome plant and for the sales and marketing of the UG2 chrome concentrate produced. Arxo Metals unlocks greater value for Western Platinum from the K3 UG2 chrome plant using innovative processing already in use at Tharisa's operations. The chrome production during the 2019 financial year from the Western Platinum K3 UG2 chrome plant was 241.1 kt, up from 221.8 kt during the 2018 financial year.

Arxo Metals is also the beneficiation, research and development arm of the Group. Arxo Metals conducts extensive research into technologies and downstream beneficiation opportunities that have the potential to improve yields and recoveries. The creation of increased value PGM and chrome products through the expansion and optimisation of the Group's processing operations is its core focus. Arxo Metals has commissioned a 1 MW DC furnace to produce PGM-rich alloys on a pilot scale. The furnace, operated by Tharisa Minerals, has produced its first PGM alloy, and is ramping up to full production. The production of PGM-rich alloys will further develop Tharisa's beneficiation capability and thereby the profitability of Tharisa's PGM segment. Arxo Metals continues to evaluate low capital, low energy, value-adding beneficiation projects through in-house research and development.

Arxo Resources Limited

Arxo Resources Limited ('Arxo Resources') has the exclusive right to sell the metallurgical grade chrome concentrate produced by Tharisa Minerals to customers in China and other international markets. It has established a strong platform with global customers in China including stainless steel and ferrochrome producers, as well as global commodity traders. Arxo Resources has a marketing agreement with Noble, a global commodities trading company listed on the Singapore Stock Exchange, whereby Noble acts as an agent for the marketing of 600.0 ktpa of metallurgical grade chrome concentrate produced by Tharisa Minerals.

Arxo Resources also has a joint marketing agreement for Tharisa Minerals' chemical grade chrome concentrate production. During the 2019 financial year, Arxo Resources sold 1.1 Mt (2018: 1.3 Mt) metallurgical grade chrome concentrates, of which 0.9 Mt was Tharisa Minerals' production. The scale of Arxo Resources operations allows for direct access to market and price discovery. Its established contacts with customers also directly creates an excellent platform for additional sales of third-party products.

Arxo Logistics Proprietary Limited

Arxo Logistics Proprietary Limited ('Arxo Logistics') provides an integrated logistics platform that reduces the risk and costs of transporting concentrates. It manages the road transportation of Tharisa's PGM concentrates to Impala Platinum and the long haul transportation of chrome concentrates from the Tharisa Mine and Western Platinum's K3 UG2 chrome plant to international customers through bulk and container vessels. Exports take place via the Richards Bay Dry Bulk Terminal and the Durban container port on the South African coast.

Arxo Logistics has a good relationship with both South Africa's transport parastatals, Transnet and the port authorities. Arxo Logistics currently has the exclusive use of the Marikana railway siding for chrome exports. Arxo Logistics shipped a total of 1.1 Mt (2018: 1.3 Mt) of chrome concentrate during the 2019 financial year, mostly to main ports in China, including third-party materials. Of this, 99.6% was shipped in bulk with bulk shipments being preferred by customers due to ease of handling and reduced port charges, as well as reduced levels of administration. The logistics arm of the Group has the necessary road and rail transport capacity, warehousing facilities and port facilities at the Richards Bay Dry Bulk Terminal and the Durban container port to manage Tharisa Minerals' full production capacity. It also serves as a platform from which the Group can provide services to additional third-party customers. Arxo Logistics provided third-party logistics services during the year under review and is planning to expand this service offering in the year ahead.

MANAGEMENT REPORT
for the year ended 30 September 2019

SALES AND MARKETING

		30 September 2019	30 September 2018	Change %
PGM basket price	US\$/oz	1 081	923	17.1
PGM basket price	ZAR/oz	15 531	12 038	29.0
42% metallurgical grade chrome concentrate contract price	US\$/t	162	186	(12.9)
42% metallurgical grade chrome concentrate contract price	ZAR/t	2 322	2 415	(3.9)
Average exchange rate	ZAR:US\$	14.4	13.1	9.9

The Group's market advantage is its exposure to both the PGM and chrome markets. This dual exposure gives the Group a hedge against volatility in either of the commodity prices. Tharisa Minerals continues to supply the majority of its PGM concentrate to Impala Platinum in terms of its offtake agreement and is paid a variable percentage of the contained PGMs and base metals contained within each tonne of concentrate in terms of an agreed market formula. The PGM basket price improved by 17% to US\$1 081/oz during the 2019 financial year.

Chrome concentrate sales totalled 1.4 Mt, 314.7 kt of which was Tharisa's higher value-add specialty chemical and foundry grade chrome concentrates. The bulk of the sales are metallurgical grade chrome concentrate, sales of which included 207.5 kt of third-party chrome concentrates. Specialty grade chrome concentrates produced by Tharisa are sold in terms of an agency and offtake agreement. The chemical grade chrome concentrate is jointly marketed with Tharisa and an independent third party. Spot metallurgical chrome concentrate prices were volatile during the financial year, but overall lower than in the previous year, with prices received ranging between US\$142/t and US\$190/t with the average price for metallurgical grade chrome concentrate on a CIF main ports China basis decreasing in US dollar terms to US\$162/t from US\$186/t for the previous year.

The production of the higher value specialty chrome concentrates, which typically command a premium of greater than US\$50/t, provided a further buffer against fluctuations in the metallurgical grade chrome price. The PGM basket price improved by 17% to US\$1 081/oz during the 2019 financial year.

Tharisa continued to deliver metallurgical grade chrome concentrate in terms of its five-year strategic cooperation agreement with Taiyuan Iron & Steel's ('Tisco's') joint venture company Shanxi Taigang Wanbang Furnace Charge Co. In terms of the agreement, which was effective as of September 2017, Tharisa Minerals will supply Tisco with a minimum of 240.0 ktpa of metallurgical grade chrome concentrate.

Metallurgical chrome production is shipped in bulk and containers via South African ports to major stainless steel and ferrochrome producers in China.

FINANCIAL OVERVIEW

With an operating environment of volatile commodity prices, sustaining investment in both the mining fleet and processing optimisation at the Tharisa mine together with investing in external growth opportunities, a strong focus during this year remained on the determination and implementation of the Company's capital requirements and matching those with the internally generated cash and external forms of capital available to the Company. Critical in this process is an understanding of capital markets trends, the changing nature of the Company and the capital sources available in its lifecycle.

Tharisa's growth has been measured by and aligned with the above financial strategy, creating a business that is cash generative, with a development pipeline that sees both internal growth projects and external diversification projects being implemented within agreed/managed risk and return parameters.

Balancing the above growth aspirations is the commitment to capital discipline and to provide returns to shareholders. Tharisa has a stated dividend policy of returning a minimum of 15% of consolidated net profit after tax to shareholders. The Board has proposed paying a dividend for the third successive year, comprising the interim dividend of US\$ 0.5 cent per share and a US\$ 0.25 cent per share final dividend, being 23.7% of NPAT. This dividend demonstrates our commitment to capital discipline notwithstanding the capital opportunities being pursued including as part of Vision 2020.

MANAGEMENT REPORT

for the year ended 30 September 2019

The financial results of the Group once again benefited from the co-product business model for both PGMs and chrome concentrates, with prices for our key commodities reflecting vastly opposing trends. The PGM basket price on a 6E basis increased by 17.1% to US\$1 081/oz (2018: US\$923/oz), as palladium (at 16.7%) and rhodium (at 9.8%) showed robust price increases based on strong market fundamentals. The metallurgical grade chrome concentrate price, however, decreased by 12.9% to US\$162/t (2018: US\$186/t).

The Group's commodities are priced in US\$ and the base cost currency for the Group's South African mining operations, is mainly in ZAR. The ZAR exchange rate remained volatile on the back of global markets suffering from 'trade wars', a weak South African economy and a possible sovereign downgrade by Moody's to sub investment grade, with the ZAR depreciating on average against the US\$ by 9.9% to ZAR14.4 (2018: ZAR13.1).

Group revenue totalled US\$342.9 million (2018: US\$406.3 million) of which US\$130.1 million (2018: US\$117.4 million) was derived from the sales of PGM concentrate and US\$177.9 million (2018: US\$250.4 million) derived from the sale of chrome concentrates. The agency and trading segment contributed US\$34.9 million (2018: US\$38.5 million). Overall, revenue decreased by 15.6%, as a result of lower commodity volumes sold and a decrease in the chrome price compared to FY2018.

The contribution to revenue and gross profit from the respective segments is summarised below:

	30 September 2019				30 September 2018			
US\$ million	Agency and trading				Agency and trading			
	PGM	Chrome		Total	PGM	Chrome		Total
Revenue	130.1	177.9	34.9	342.9	117.4	250.4	38.5	406.3
Cost of sales	101.7	148.1	32.7	282.5	88.2	174.7	34.9	297.8
Manufacturing	100.8	88.9	17.0	206.7	87.8	106.5	21.6	215.9
Selling costs	0.9	41.3	10.0	52.2	0.4	48.4	9.7	58.5
Freight services	-	17.9	5.7	23.6	-	19.8	3.6	23.4
Gross profit	28.4	29.8	2.2	60.4	29.2	75.7	3.6	108.5
Gross profit margin	21.8%	16.9%	6.3%	17.7%	24.9%	30.2%	9.4%	26.7%
Sales volumes	134.7 koz	1 200.5 kt	207.5 kt		152.2 koz	1 429.6 kt	216.6 kt	

As a co-producer of PGMs and chrome concentrates, the shared costs of production for segmental reporting purposes are based on the relative contribution to revenue on an ex-works basis, allocated 55% to the PGM segment and 45% to the chrome segment. This is in accordance with the accounting policy of the Group and IFRS. The comparable period allocations were equally to the PGM and chrome segments. The change to the basis of allocation of the shared costs is, in effect, a 10% increase in respect of the allocation to the PGM segment and a 10% decrease in respect of the allocation to the chrome segment.

Gross profit amounted to US\$60.4 million (2018: US\$108.5 million) with a gross profit margin of 17.7% (2018: 26.7%).

The major factors contributing to the reduced gross margin were the lower production levels with the embedded fixed cost component and an increase in the stripping ratio moving 0.7% more waste while producing 5.1% fewer ROM tonnes. Overall inflationary pressures in South Africa as measured by the PPI were well contained at 4.1% (2018: 6.2%), there were however a number of above inflation pricing pressures such as diesel and electricity. Diesel consumption comprises 14.3% of the on-mine cost of production with an increase in the average price per litre of diesel from ZAR12.7 to ZAR14.25. Electricity costs, while not being a significant input cost at 6.4% of the on-mine cost of production, increased by 6.8% per kilowatt hour.

On a unit cost basis, the reef mining cost per tonne increased by 17.6% from US\$21.0/t to US\$24.7/t. This cost per reef tonne was incurred on a stripping ratio of 8.3 (m³ waste: m³ reef). On a per cube mined basis i.e. including both waste and reef, the cost increased by 11.0% from US\$8.2/m³ to US\$9.1/m³ (the prior year stripping ratio was 7.9).

Selling costs incurred with the transport of the metallurgical grade chrome concentrate from the mine to the customer at China main ports increased marginally by 1.6% from US\$62.0/t to US\$63.0/t.

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Administrative expenses decreased from US\$39.2 million to US\$37.3 million. After accounting for administrative expenses, the Group achieved an operating profit of US\$24.2 million (2018: US\$72.5 million).

The consolidated cash cost per tonne milled (i.e. including mining but excluding transport and freight) increased by 11.7% from US\$37.5/t to US\$41.9/t.

Finance costs (totalling US\$8.8 million) principally relate to the term loan and various OEM financing facilities due by Tharisa Minerals for the funding of mining fleet additions, the trade finance facilities of Arxo Resources and the limited recourse discounting of the PGM receivables.

The Group generated a profit before tax of US\$11.2 million compared to the comparable period of US\$65.0 million.

The tax charge amounted to US\$2.8 million, an effective rate of 24.9%. The cash tax paid amounted to US\$4.4 million. The Group has fully utilised its tax losses however, as at the year end, the Group had unredeemed capex for tax purposes available for off-set against taxable mining income of US\$100.2 million. The net deferred tax liability amounted to US\$25.0 million.

Basic earnings per share and headline earnings per share for the year amounted to US\$ 4 cents (2018: US\$ 19 cents) with headline earnings per share of US\$ 5 cents (2018: US\$ 19 cents). Diluted earnings per share were US\$ 4 cents (2018: US\$ 18 cents), with diluted headline earnings per share of US\$ 5 cents (2018: US\$ 19 cents).

The total debt amounted to US\$71.2 million, resulting in a debt to total equity ratio of 24.7%. Tharisa had cash and cash equivalent of US\$59.2 million at year end resulting in a net debt to total equity ratio of 4.2%.

The current capex spend focused on stay in business capex, mining fleet additions to optimise the fleet and ongoing projects aimed at improving recoveries of both PGMs and chrome concentrates. Additions to property, plant and equipment for the year amounted to US\$43.9 million of which US\$27.5 million related to additions to the mining fleet. The depreciation charge amounted to US\$27.2 million (2018: US\$29.9 million).

During the 2018 financial year, Tharisa acquired 26.8% of the shares in Karo Mining Holdings Limited for a total cash consideration of US\$4.5 million. An amount of US\$2.5 million was paid to Leto Settlement in the prior financial year, with an amount of US\$2.0 million paid during the period under review. This investment is equity accounted.

The Company has an option to acquire a shareholding in Salene Chrome Zimbabwe (Private) Limited. It has a commitment to fund the exploration spend of up to US\$3.2 million. This investment is accounted for as other financial asset at the cost of the exploration spend.

The Group generated net cash from operations of US\$69.9 million (2018: US\$89.8 million) and after taking into account the capex, a free cash flow of US\$26.0 million (2018: US\$49.3 million). Cash on hand amounted to US\$59.2 million (2018: US\$66.8 million).

There is continued focus on working capital management, with the current ratio at 1.6 times.

From time to time, the Group concludes transactions with related parties. These transactions are disclosed in the ensuing condensed consolidated annual financial statements (refer to note 34).

Dividend

In accordance with Tharisa's dividend policy of distributing at least 15% of annual net profit after tax, the Board has proposed a final dividend of US\$ 0.25 cent per ordinary share subject to the necessary shareholder approval. The Company declared an interim cash dividend during the year of US\$ 0.5 cent per share.

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FUTURE DEVELOPMENTS

The Vision 2020 projects are targeting an increase in Tharisa' production to 200 kozpa of PGMs and 2.0 Mt per annum of chrome concentrates in 2020 on an annualised basis. The FY2020 production guidance for Tharisa is 155 koz to 165 koz of PGMs and 1.45 Mt to 1.55 Mt of chrome concentrates.

Upgrade of the crusher circuit at the Genesis Plant

The additional crusher circuit at the Genesis Plant aims to increase the Genesis Plant throughput by 15% or about 180 ktpa, targeting an increase in the higher value specialty grade chrome concentrates by adding approximately 24 kt per annum of chemical grade chrome concentrate, approximately 18 kt per annum of foundry grade chrome concentrate, and approximately 19 kt per annum of metallurgical grade chrome concentrate.

PGM optimisation at the Voyager Plant

The addition of flotation capacity and the installation of high energy mechanisms at the Voyager Plant is aimed at improving PGM recoveries and increasing PGM production. The project was completed and is in the process of being optimised for maximum recovery.

Vulcan Fine Chrome Recovery Plant

Tharisa's research and development team has developed the Vulcan process to extract the fine chrome from current in line tailings from the combined feed of the Genesis and Voyager plants. The primary aim of the Vulcan plant is to increase chrome recovery from the current 65% to 82% at the Tharisa Mine, capable of adding an additional 400 ktpa (ca. 28% of current production) of chrome concentrate output. Vulcan will use a proprietary process using existing technologies to improve chrome recoveries with the process having been rigorously tested and proven through pilot plant test work and the operation of a production scale demonstration plant.

Exploration projects

The Great Dyke in Zimbabwe is a geological feature of great significance as it hosts the world's second largest deposits of PGMs and chrome, outside of South Africa's Bushveld Complex. The Great Dyke is over 550 km long and up to 11 km wide. There are two mineralised horizons, namely the main sulphide zone ('MSZ') and the lower sulphide zone ('LSZ'). Current mining operations located on the Great Dyke exploit the MSZ, while the LSZ is largely under explored.

Karo Mining Holdings Limited

In June 2018, Tharisa acquired a 26.8% shareholding in Karo Mining Holdings Limited ('Karo Holdings'). Karo Holdings entered into an investment agreement with the Republic of Zimbabwe on 22 March 2018 in terms of which Karo Holdings has undertaken to establish an integrated PGM mining complex. The project will include PGM mines, concentrators, smelters, a base metal and precious metals refinery, as well as renewable power generation capacity made available to the Zimbabwe power grid.

Karo Platinum (Private) Limited ('Karo Platinum'), an indirect 50% held subsidiary of Karo Holdings, applied for and was awarded PGM rights under a Special Grant under the Zimbabwe Mines and Minerals Act, covering an area of 23 903 ha. The licence area is situated on the Great Dyke in the Mashonaland West District of Zimbabwe. This area of land had been released by Zimbabwe Platinum Mines (Private) Limited from its mining lease area in support of the government of Zimbabwe's efforts to enable participation by other investors in the platinum mining industry in Zimbabwe. In terms of the Special Grant, Karo Platinum will be entitled to mine PGMs situated within the licence area. Karo Platinum will be responsible for the mine development and mining operations, which will deliver run of mine ore to Karo Refining (Private) Limited ('Karo Refining'). Karo Refining, 75% owned by Karo Holdings, will build, own and operate the concentrators and smelters, as well as the base metal and PGM refinery.

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Most recently Karo Platinum completed 238 boreholes, comprising 32 400 m drilled. Drilling has focused on the western boundary of the Great Dyke, with average depths of 50 m to 150 m below surface targeted. Various approvals have been received. Significantly, the Zimbabwe Special Economic Zones Authority ("Zimseza") has declared a portion of Selous measuring 50 667 hectares as a special economic zone ("SEZ"). The zone is located on certain pieces of land covered by special mining grants issued to a subsidiary of Karo Zimbabwe Holdings (Private) Limited.

Karo Holdings, through its 75% held subsidiary, Karo Power Generation (Private) Limited has agreed to identify and establish a phased development of a renewable energy source of 300 MW of solar power, to be fed into the national grid. Technical and financial partners have been identified for this project.

Salene Chrome (Private) Limited

Tharisa was granted a call option to acquire a 90% shareholding in Salene Chrome (Private) Limited ('Salene Chrome'), exercisable on completion of the exploration programme. Salene Chrome was awarded three Special Grants covering an area of approximately 9 500 ha on the eastern side of the Great Dyke in Zimbabwe. The Special Grants entitle Salene Chrome to mine the minerals thereon including illuvial chrome, being at surface chrome fines generated from seams as a result of weathering. In addition, Salene Chrome has been awarded three Prospecting Special Grants on the western side of the Great Dyke to undertake prospecting activities for all commodities including PGMs, gold and base metals. The western area is approximately 12 000 ha.

In the year under review, Salene Chrome completed 78 boreholes or 3 000 meters of drilling, the ultimate aim being the mining of surface chrome and gravity separation with lumpy product being sold to local off takers. At the date of this report, the call option has not yet been exercised.

Salene Manganese Proprietary Limited

On 18 September 2019 the Company has been granted a call option to acquire a 70.0% shareholding in Salene Manganese Proprietary Limited ('Salene Manganese'), a company incorporated in South Africa. Salene Manganese's principal activity is a manganese exploration and mining company. Salene Manganese has entered into an agreement for the purchase of a Mining Right issued over the farm Macarthy 559, Kuruman district in South Africa. The Mining Right is for the mining of iron ore and manganese ore.

At the date of this report, the call option has not yet been exercised.

RESULTS

The Group's results are set out on page 47 of the consolidated financial statements while the results of the Company are set out on page 128.

DIVIDENDS AND CAPITAL DISTRIBUTION

During the year ended 30 September 2019, the Company declared and paid a final dividend of US\$ 2 cents per share in respect of the year ended 30 September 2018. In addition, an interim dividend of US\$ 0.5 cent per share was declared and paid in respect of the financial year ended 30 September 2019.

During the year ended 30 September 2018, a final dividend of US\$ 5 cents per share was declared and paid in respect to the financial year ended 30 September 2017. In addition, an interim dividend of US\$ 2 cents per share was declared and paid in respect of the financial year ended 30 September 2018.

MANAGEMENT REPORT

for the year ended 30 September 2019

RELATED PARTIES

From time to time, the Group concludes transactions with related parties. Outstanding balances at year-end are unsecured and settlement occurs in cash and are disclosed in the ensuing consolidated financial statements (refer to note 34) and the Company financial statements (refer to note 20).

SHARE CAPITAL AND PREMIUM

The authorised share capital of the Company comprises 10 000 million ordinary shares of US\$0.001 each and 1 051 convertible redeemable preference shares of US\$1 each. At 30 September 2019, the issued and fully paid ordinary share capital comprised 266 610 322 (2018: 260 902 429) ordinary shares. During the year ended 30 September 2019, the Company issued 5 000 000 (2018: 4 000 000) ordinary shares to be held as treasury shares mainly for the purpose of settling obligations in respect of the conditional awards and share appreciation rights as employees exercise their rights. As at 30 September 2019 and the date of this report, treasury shares totalled 3 389 678 (2018: 4 097 571) ordinary shares (refer to note 25 of the consolidated financial statements and note 15 of the Company financial statements).

The convertible redeemable preference shares are not admitted for trading nor are any in issue.

All ordinary shares other than for the treasury shares rank equally with regard to the Company's residual assets. The holders of ordinary shares, other than the treasury shares, are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

TREASURY SHARES

As at 30 September 2019 and the date of this report, the Company held 3 389 678 (2018: 4 097 571) ordinary shares as treasury shares which were issued to satisfy the potential future settlement of conditional awards and appreciation rights of the participants of the Tharisa Share Award Plan. Treasury shares do not carry voting rights and are not entitled to receive dividends. Refer to note 25 of the consolidated financial statements and note 15 of the Company financial statements.

SIGNIFICANT SHAREHOLDERS

The shareholders holding more than 5% (directly or indirectly) of the issued share capital:

	Number of shares	30 September 2019 %	Number of shares	30 September 2018 %
Medway Development Limited	109 627 006	41.1	111 627 006	42.8
Rance Holdings Limited	40 548 241	15.2	40 548 241	15.5
Fujian Wuhang Stainless Steel Products Co. Limited	19 419 920	7.3	19 419 920	7.4
Maaden Invest Limited	11 587 917	4.4	14 985 577	5.7

There has been no change in the shareholders holding more than 5% of the issued share capital of the Company between the end of the financial year and the date of the approval of the consolidated financial statements.

MANAGEMENT REPORT
for the year ended 30 September 2019

Public and non-public shareholders:

2019	Number of shareholders	Number of shares	% of issued share capital
Public	979	107 098 098	40.2
Non public:			
Directors and associates of the Company and its subsidiaries	15	9 336 977	3.5
Persons interested (other than directors), directly or indirectly, in 10.0% or more	2	150 175 247	56.3
	996	266 610 322	100.00
2018			
Public	886	100 553 040	38.6
Non public:			
Directors and associates of the Company and its subsidiaries	15	8 174 142	3.1
Persons interested (other than directors), directly or indirectly, in 10.0% or more	2	152 175 247	58.3
	903	260 902 429	100.00

The shareholding percentage represents the percentage of voting rights.

THE ROLE OF THE BOARD OF DIRECTORS

The Company is governed by its Board of Directors which is collectively responsible to the shareholders for the performance of the Group.

The Board of Directors sets corporate strategic objectives, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and reviewing management performance.

The Board of Directors sets the Group's values and standards and ensures all obligations to shareholders are understood and met. The Board of Directors believes it maintains a sound system of internal control to safeguard the Group's assets and shareholders' investments.

In accordance with the Articles of Association of the Company, one-third of Non-Executive Directors must retire from office at each Annual General Meeting. The Non-Executive Directors retiring at each Annual General Meeting will be those Directors who have been the longest serving since their last election. Retiring Directors are eligible for re-election, and if so re-elected, are deemed to not have vacated their office.

MANAGEMENT REPORT
for the year ended 30 September 2019

MEMBERS OF THE BOARD OF DIRECTORS

The Board of Directors, during the year, as at 30 September 2019 and the date of this report are:

Loucas Christos Pouroulis	Executive Chairman
Phoevos Pouroulis	Chief Executive Officer
Michael Gifford Jones	Chief Finance Officer
John David Salter	Lead Independent Non-Executive Director
Antonios Djakouris	Independent Non-Executive Director
Omar Marwan Kamal	Independent Non-Executive Director
Carol Bell	Independent Non-Executive Director
Roger Owen Davey	Independent Non-Executive Director
Joanna Ka Ki Cheng	Non-Executive Director
Zhong Liang Hong	Non-Executive Director

There has been no change in the composition or the allocation of responsibilities of the Board of Directors' of the Company between 30 September 2019 and the date of approval of the consolidated and Company financial statements.

DIRECTORS' INTEREST

The interest in the share capital of the Company, both direct and indirect, of the Board of Directors is disclosed below:

	30 September 2019 %	30 September 2018 %
LC Pouroulis	0.24	0.11
P Pouroulis	2.80	2.74
MG Jones	0.18	0.08
A Djakouris	0.02	0.02
C Bell	0.01	0.01
Total	3.25	2.96

The interest percentage represents the percentage of voting rights.

At 30 September 2018, conditional awards that vested on 30 June 2018 were not yet transferred to the respective executive directors. These conditional awards were transferred during the year ended 30 September 2019.

There has been no change in the Board of Directors' interests in the share capital of the Company between 30 September 2019 and the date of approval of the consolidated and Company financial statements.

MANAGEMENT REPORT

for the year ended 30 September 2019

COMPANY SECRETARIES

Sanet Findlay serve as the Company Secretary. Lysandros Lysandrides serve as the Assistant Company Secretary. The Board of Directors formally assessed and considered the performance and qualifications of the Company Secretaries and is satisfied that they are competent, suitably qualified and experienced. They are not directors of the Company, nor are they related or connected to any of the Directors and the Board of Directors is satisfied that they maintain an arm's length relationship with the Board of Directors. Their contact details are as follows:

Sanet Findlay
2nd Floor, The Crossing
372 Main Road
Bryanston, 2191
South Africa

Lysandros Lysandrides
26 Vyronos Avenue
1096, Nicosia
Cyprus

The Company Secretaries are available to advise all Directors to ensure compliance with the Board procedures. A procedure is also in place to enable Directors, if they so wish, to seek independent professional advice at the Group's expense.

EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are disclosed in note 38 to the consolidated financial statements and note 22 to the Company financial statements.

DIRECTORS' AND MANAGEMENT REMUNERATION

Directors' remuneration is disclosed in note 11 to the consolidated financial statements and note 6 to the Company financial statements. Key management's remuneration is disclosed in note 34 to the consolidated financial statements. There has been no significant change in the remuneration of the Board of Directors' and key management of the Company between 30 September 2019 and the date of approval of the consolidated financial statements.

ARTICLES OF ASSOCIATION

The Company's Articles of Association may only be amended by Special Resolution at the Annual General Meeting.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors established an Audit Committee to provide additional assurance regarding the quality and reliability of financial information and to review the internal and financial control systems, accounting systems and reporting and internal audit functions.

ENVIRONMENTAL

The Group has a legal obligation to rehabilitate the mining area, once the mining operations cease (refer to note 26 to the consolidated financial statements).

BRANCHES

During the year the Group and the Company did not operate any branches.

MANAGEMENT REPORT

for the year ended 30 September 2019

RESEARCH AND DEVELOPMENT

The Group's approach to research and development is founded in its core value of innovation. The Group strives to push through established boundaries and limitations within existing processing and product development, optimizing processes and challenging convention. The development of this downstream beneficiation of the Group's PGMs is part of its philosophy of capturing value and margin down the supply chain and ultimately being in control of metal flows through direct sales. On fulfilment of the current PGM offtake obligation, the intention would be to construct a larger smelter and refining complex to refine the Group's PGMs to final concentrate or refined metal, subject to final viability.

GOING CONCERN

After making enquiries, which include reviews of current cash resources, forecasts and budgets, timing of cash flows, borrowing facilities and sensitivity analyses and considering the associated uncertainties to the Group's operations, the Directors have a reasonable expectation that the Group has adequate financial resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements which assumes that the Group will be able to meet its liabilities as they fall due for the foreseeable future.

Refer to note 33 to the consolidated financial statements and note 19 of the Company financial statements for statements on the Group's objectives, policies and processes for managing its capital, details of its financial instruments and hedging activities; its exposures to market risk in relation to commodity prices and foreign exchange risks; interest rate risk; credit risk; and liquidity risk.

INDEPENDENT AUDITORS

The independent auditors, Ernst & Young Cyprus Ltd, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

CORPORATE SOCIAL RESPONSIBILITY

Sustainability starts with a corporate value system that upholds responsibilities to the planet and to people. This corporate value system is based on a principled approach to doing business and is guided by the need to protect the environment, human rights and stakeholders that are affected by the Group's businesses.

Sustainability is a blueprint for shared value and it is through sustainability that the Group is able to create additional value for its investors and for all of its stakeholders including employees, contractors, suppliers, the communities in which it operates, and various levels of government.

On a broader basis, the Group subscribes to the Equator Principles and has embraced the Ten Principles of the UN Global Compact.

The Equator Principles are a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects. They are primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making.

The safety and health of the Group's employees is a core value. Tharisa Minerals is proud of its track record in minimising its environmental impact and, while it strives to improve further, it takes similar pride in its mature and mutually beneficial relationships with the communities that border the Tharisa Minerals' Mine.

The Group not only understands its obligations to create social capital as enshrined in the MPRDA, but also strives to achieve these obligations in ways that create ongoing positive social impacts.

MANAGEMENT REPORT

for the year ended 30 September 2019

The Group will be publishing its sustainability report within its annual report and it will be available on the Company's website. The sustainability report will contain information about safety and health, human resources, environmental matters, social development and human rights.

CORPORATE GOVERNANCE STATEMENT

The Board is of the opinion that the Company is compliant with the JSE Listings Requirements and King IV in all material respects, other than having an Executive Chairman and not having an in-house internal audit function. The former has been mitigated by the appointment of David Salter as the Lead Independent Director and the latter by the appointment of Deloitte as the internal auditors of the Group (refer to the Corporate Governance Report).

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's critical estimates and judgements and financial risk management are disclosed in notes 3 and 33 to the consolidated financial statements and notes 3 and 19 of the Company financial statements.

The Group's contingencies, commitments and guarantees are disclosed in notes 35 and 36 to the consolidated financial statements and notes 20 and 21 to the Company financial statements.

Tharisa regards principal business risks as issues that may, if they materialise, substantially affect the Group's ability to create and sustain value in the short, medium and long term.

The risks that are material to Tharisa and its stakeholders are determined by an analysis of the Group's risks, the external environment and the Group's engagement with stakeholders.

Material risks may impact the achievement of the Group's strategy. Each risk also carries with it challenges and opportunities. The Group's strategy takes into account known risks, but risks may exist of which the Group is currently unaware.

Material risks are considered and reported on an ongoing basis by those members of the management team responsible for risk management. The Tharisa Risk Committee comprises all members of the Board.

Risks are identified in the Group Risk Register and are considered by management on a quarterly basis and reported to the Board at least twice a year.

The following tables summarise the material risks identified by management in consultation with stakeholders and with reference to the Group's business model and strategy.

MANAGEMENT REPORT
for the year ended 30 September 2019

Risk	Impact	Mitigation
Safety		
Keeping people safe is of paramount importance to Tharisa. Mining and processing safely is a key performance indicator for all executives and managers at Tharisa	Disruptions to operations pending root cause investigations Potential section 54 and section 55 instructions from the DMRE in terms of the South African Mine Health Safety Act	Strive for zero harm working environment Comprehensive training on standard operating procedures Implement culture of safety risk intolerance Transparent and open relationships with DMR inspectorate Key performance indicator in Group cash bonus scheme to incentivise safe behaviour Ensuring Zimbabwe operations align with Group safety standards
Political uncertainty		
South Africa – the burgeoning unemployment, increasing government debt and negligible GDP growth have led to a negative response to political certainty Negative business confidence Zimbabwe – international sanctions still exist and may affect the stability of the economy Hyper-inflation and exclusion of foreign currencies as legal tender Negative business confidence Lack of currency liquidity	Unattractive investment destination(s) for international investors Potential for sovereign credit rating downgrade Political civil unrest adversely impacting on mine production	State President Cyril Ramaphosa has shown commitment and intent in ensuring South Africa remains politically stable and that the economy advances Pledges by global concerns to invest in the country which will serve to improve business confidence, unlock investment by local concerns and build GDP growth The political uncertainty and volatility in Zimbabwe has stabilised with the inauguration of President Mnangagwa Lifting of certain indigenisation restrictions The President's willingness to attract international investment by his declaration that "Zimbabwe is open for business" Investor friendly laws and dispensations Establishment and awarding of Special Economic Zones to assist capital flows and investment

MANAGEMENT REPORT
for the year ended 30 September 2019

Risk	Impact	Mitigation
Regulatory compliance		
Tharisa Minerals' right to mine is dependent on strict adherence to various legal and legislative requirements Non-compliance with the MPRDA and/or Mining Charter and/or the Group's Social and Labour Plan. Routine audits are carried out by the DMR to ensure compliance The Group is required to comply with a range of health and safety laws and regulations in connection with its mining, processing and on mine logistics activities. Regular inspections are conducted by the DMR to ensure compliance. Any perceived violation of the regulations could lead to a temporary shutdown of all or a portion of the Group's mining activities. Non-compliance with the Mines and Minerals Act of Zimbabwe and mining regulations promulgated under such Act	Cost of compliance to changes in the Mining Charter Non-compliance resulting in potential legal sanction including fines, penalties and risks to the right to mine via a forfeiture or cancellation Capital raising hindered	Ensure compliance with current MPRDA and applicable legislation Proposed amendment to the MPRDA has been abolished Mining Charter has been published and provides certainty Ensure compliance with the terms of the Mining Charter while making use of the phasing in period Ensure compliance with the Group's Social and Labour Plan Engagement with regulatory authorities and industry organisations Ongoing communication and awareness with investors Ensure compliance with all relevant Zimbabwean legislation including the Mines and Minerals Act, Mining regulations promulgated under section 403 of the Mines and Minerals Act, the Labour Act, Exchange Control regulations and other laws and enactments governing investment
Production/location concentration		
Tharisa currently owns and operates one producing asset, located in South Africa The Group has made early entry investments into Zimbabwean exploration projects, however the Group is still exposed to the potential of political risk and instability within the country of its operation	Exposure to potential macroeconomic, social and socio-political risks and instability Sovereign ratings downgrades of the country of operation can limit the Group's ability to raise financing and increase the cost thereof Exposure to only two main commodities	Third-party operations such as the operations of Western Platinum's K3 UG2 chrome plant, provides additional revenue from an alternate operation Exploration projects in Zimbabwe provide geographic diversification as well as higher grade chrome products Considering opportunities to diversify commodities as they arise

MANAGEMENT REPORT
for the year ended 30 September 2019

Risk	Impact	Mitigation
Global commodity prices and currency volatility		
The Group's revenues, profitability and future rate of growth depend on the prices of PGMs and chrome The state of the world's economies impact on demand and market prices for PGMs and chrome Volatility in the ZAR:US\$ exchange rate affects the Group's profitability of which South Africa's land reform uncertainty and effects of other emerging markets are contributing factors	Downward pressure on the prices of PGMs and/or chrome may negatively affect the Group's profitability and cash flows The Group's reporting currency is US dollar. The Group's current operations are predominately based in South Africa, with a ZAR cost base while the majority of the revenue stream is in US dollar, exposing the Group to the volatility and movement in the currencies Risk of competitor product dumping and undercutting market prices	Monitor costs closely to ensure that the Group remains in the lowest cost quartile Stringent cost control Improved operating efficiencies and production driving down unit costs Service providers appointed to manage the Group foreign exchange and PGM hedging policy Production of higher value-add specialty grade chrome concentrates comprising 25% of Group chrome concentrate production
Financing and liquidity		
The activities of the Group expose it to a variety of financial risks including market, commodity prices, credit, foreign exchange and interest rate risks Static share price trading	Significant changes in the financial assumptions made by the Group could impact on its ability to continue operating and jeopardise its ability to raise financing in the future Adverse impact on the ability to raise capital for growth and acquisitions	Position as a low-cost producer of both PGM and chrome concentrates Production of higher value-add specialty grade chrome concentrates Leveraging third-party operations Diversified customers and markets Stable Group performance assisted by free cash flows generated from operating activities Undrawn banking facilities Trade finance facilities assist with working capital requirements Secondary listing on the LSE and an additional listing on A2X in South Africa provide additional trading platforms and increased liquidity Marketing and roadshow efforts have enhanced the Group's profile and investor awareness
Market/customer concentration		
The bulk of Tharisa's chrome production is exported to China. This gives the Group a significant exposure to a single market	Customer base largely located in China, with accompanying exposure to Chinese markets	No reliance on a dominant customer within that market Tharisa has strategically diversified its production through the increase of specialty grade chrome concentrates, which make up approximately 25% of Tharisa's total chrome production Chemical and foundry grade chrome concentrates sold into diversified global markets Exploration project in Zimbabwe is focusing on higher grade chrome products PGM concentrate sold to leading precious metal refiners on a long-term offtake basis

MANAGEMENT REPORT
for the year ended 30 September 2019

Risk	Impact	Mitigation
Environment		
Tharisa is obliged in terms of its undertaking to stakeholders, including government, providers of capital and the community, to monitor, minimise and mitigate our impact on the physical environment and not to infringe on the rights to a safe and healthy environment. Non-compliance with this undertaking may infringe on the terms of the mining licence and the ability to continue mining	Harm to the environment Increased costs of remediation and rehabilitation due to legislative changes Potential legal sanction and class action suits Poor image of mining companies	Conduct all mining and processing operations in an environmentally responsible manner Compliance with applicable national and local laws and regulations Monitor compliance against Equator Principles Financial provision for rehabilitation and mine closure Ongoing environmental impact monitoring In Zimbabwe, we are fully compliant with all relevant legislation governing the environment, including the Environmental Management Act, and legislation covering air quality, emissions, land-use planning, soil conservation/soil improvement, waste management, hazardous substances, hazardous waste, water quality standards and biodiversity
Local stakeholders		
Tharisa Minerals' neighbours are impacted by its operations in terms of dust, noise, water and security The perceptions of stakeholders, including different sections of the community and various levels of government, are varied and multi-layered Consultations with Zimbabwean stakeholders have taken place in line with legislated requirements	Local stakeholder discontent has the potential to disrupt operations Safety and health of community Complaints to regulatory authorities and risk of intervention Potential for adverse litigation Poor image of mining companies	Ongoing environmental impact monitoring Agreements concluded with local landowners Partner with government and local municipality to develop identified land within the municipal spatial development area to which the community may be relocated Ongoing discussions with the DMR Positive engagements with the local community with focus on sustainable community projects Focus on recruiting from local communities as much as possible if there is a skills match
Access to resources and infrastructure		
Tharisa's mining, processing and marketing operations rely on sustainable access to water, electricity and road and rail infrastructure	Production interruptions Failure to meet delivery commitments	Two independent processing plants provide flexibility in times of electricity and water curtailments Multi-modal transport optionality via bulk or containers, road and/or rail Integrated agreement for rail transportation and port facilities concluded with Transnet Improved water supply through application for a permanent conversion of temporary rights and transfer of water rights from Buffelspoort Dam Open pit diesel powered mining fleet reduces reliance on electricity Generators installed at the processing plants to mitigate load shedding

MANAGEMENT REPORT
for the year ended 30 September 2019

Risk	Impact	Mitigation
Labour		
The consistent, assured availability of appropriately skilled human resources at economical rates is essential to the sustainability of Tharisa's operations. Similarly important is the efficiency and discipline of the Group's workforce	Labour disruptions in South Africa remain a risk, particularly with the current political climate which may contribute to heightened labour and community unrest Potential damage to property Loss of production exacerbated by low ROM stockpiles ahead of the plants	Recognition agreement with the relevant trade union Two-year wage agreement with majority union provides certainty and stability Monthly liaison with shop stewards and regular contact with regional leadership Ongoing training programmes Adequate insurance cover in the event of damage to property arising from unrest All levels of employees incentivised through bonus and incentive schemes leading to improved productivity and employee retention
Management of resources and reserves		
Management and planning of the extraction of the multiple MG layers of reef is critical to its business model Tharisa's success depends on it extracting the maximum value per tonne of reef while avoiding in pit dilution and undue sterilisation of the resource	Sub-optimal quantity and quality of reef results in poor processing plant recoveries, which impacts on production and financial performance Sterilisation of resources reduces life of mine and inhibits mining flexibility Loss of production as a result of low ROM stockpiles ahead of the plants	Owner mining model enables in-house management and control of all mining activities, with focus on correct mining practices with optimal quality and quantity of ROM In-house mining skills Accuracy and execution of mine plan Mining employees managed on KPIs
Unscheduled breakdowns		
The Group's performance is reliant on the consistent mining and production of PGM and chrome concentrates from the Tharisa Mine	Any unscheduled breakdown leading to a prolonged reduction in mining and/or production may have a material impact on the Group's financial performance and results of operations Loss of production as a result of low ROM stockpiles ahead of the plants	Optimisation of the existing mining fleet Developed engineering and geological skills that are integral to in-house mining Preventative maintenance programme for the fleet and plant Long lead item spares in stock Purchase of ROM from third parties to alleviate low ROM stockpiles
Cyber security		
The Group performance may be materially and adversely impacted by a cyber attack on its IT system	The processing plants at the mine are controlled by a supervisory control and data acquisition operating system and a cyber attack could potentially subject the Group to a ransomware demand and/or cause a shutdown of the processing operations until a back-up system is operational or a work-around solution is obtained	The Group has carried out an audit of its potential exposure to a cyber attack in respect all its IT and has implemented mitigating measures which limit its exposure to internal and third-party access. The Group is in the process of implementing globally accepted best-in-class software and protocols to filter malicious and criminal content, as well as the latest antivirus and security programmes Insurance against cyber attack including back-up and restoration assistance Internal backups and scheduled backup tests for integrity and continuity

On behalf of the Board of Directors



Phoevos Pouroulis



Michael Jones

Cyprus
26 November 2019

CORPORATE GOVERNANCE REPORT

Introduction

Tharisa is incorporated in Cyprus and is therefore subject to the requirements of the Cyprus Companies Law, Cap.113. With a primary listing on the JSE under the general mining sector, Tharisa is subject to the JSE Listings Requirements and King IV. Tharisa also has a secondary, standard listing of its depositary interests on the LSE and is subject to the LSE Listing Rules and Disclosure and Transparency Rules applicable to a secondary standard listing. In addition, Tharisa listed on the A2X exchange in South Africa with effect from 6 February 2019. Tharisa's primary listing on the JSE and secondary standard listing on the main board of the LSE remain unaffected by the secondary listing on A2X. The A2X is a licensed stock exchange authorised to provide a secondary listing venue for companies and is regulated by the South African Financial Sector Conduct Authority in terms of the Financial Markets Act 19 of 2012. The listing on A2X is seen as an opportunity to improve liquidity and attract new investors through the lower trading costs offered by the A2X trading platform. There are no additional regulatory requirements or ongoing obligations to comply with.

The Company has its registered office in Cyprus and is subject to Cyprus disclosure and transparency legislation, Cyprus market abuse legislation and the European Commission Market Abuse Regulation EU596/2014, and for such purposes considers Cyprus as its home state, where such term requires interpretation. The LSE Listing Rules invoke the application of certain provisions of the UK Disclosure and Transparency Rules where similar provisions do not exist under the national law of its home state. The Company considers that the requirements under the UK Disclosure and Transparency Rules are met under corresponding national law, but nonetheless the Company aims to apply the relevant UK Disclosure and Transparency Rules applicable to the Company in circumstances where there may be a deemed discrepancy. For the purposes of the present corporate governance report a reference to Disclosure and Transparency Rules shall be a joint reference to applicable UK and Cyprus transparency rules. While the UK Corporate Governance Code published by the Financial Reporting Council does not apply to the Company, the Board recognises the importance of good governance and considers the principles and recommendations contained therein.

The Board is fully committed to the fact that accountability, integrity, fairness, transparency and integrated thinking is essential to the Group's long-term sustainability and to its ongoing ability to create value for investors and other stakeholders. It endorses and accepts full responsibility for the application of the principles necessary to ensure that effective corporate governance is practised consistently throughout the Group.

In discharging this responsibility, the Board strives to comply with the requirements of the South African Code of Corporate Practices and Conduct as set out in King IV.

The Board is of the opinion that the Company is compliant with the JSE Listings Requirements and King IV in all material respects, other than having an Executive Chairman and not having an in-house independent internal audit function.

The former has been mitigated by the appointment of David Salter as the Lead Independent Director and the latter by the appointment of Deloitte as the internal auditor of the Group.

The Company has a unitary board, which both leads and controls the Company. It comprises three executive directors and seven non-executive directors. Five of the seven non-executive directors are independent of management.

The Board is structured in such a way that there is a clear balance of authority, ensuring that no one director has unfettered powers. The size of the Board is regulated by the Company's Articles of Association and directors are appointed through a formal process.

The Nomination Committee identifies suitable candidates for appointment as directors. Directors are required to be individuals of calibre and credibility with the necessary skills and experience to bring judgement, independent of management, on issues of strategy, performance, resources, diversity, standards of conduct and evaluation of performance. Merit, commitment, integrity and diversity are the core considerations in ensuring that the Board and its committees have an appropriate blend and balance of perspectives, knowledge and experience to discharge their duties effectively and competently, having regard to the strategic direction of the Group.

CORPORATE GOVERNANCE REPORT

Board diversity

The Nomination Committee reviews and assesses the size, structure and composition of the Board on an ongoing basis to ensure it is appropriately diversified. In this assessment, it takes into account that the perspective of board members is influenced by a combination of three different sets of attributes, being experiential attributes such as education, functional experience, industry experience and accomplishments, demographic attributes such as gender, race, ethnicity, culture, religion and generational cohort, and personal attributes such as personality, interests and values. The Board recognises that having a blend of attributes across all facets of diversity will lead to more thorough and robust decision-making processes and direction and therefore strives to ensure its diverse composition.

Acknowledging the benefits that can be achieved through diversity, and specifically the meaningful participation of women who possess the appropriate skills and experience, as members of the Board, the Board will continue to focus on the long-term goal of improving gender representation at Board level. At present, the two female directors represent 20% of the total number of directors and 29% of the non-executive directors.

Similarly, recognising the value of ethnic and cultural diversity at Board level, the Board encourages the inclusion and consideration of prospective candidates with diverse backgrounds, a range of suitable skills, based on merit and against objective criteria, and with due regard for the benefits of diversity on the Board.

In compliance with King IV, the JSE Listings Requirements and international best practice, the Nomination Committee and Board have adopted a Board level diversity policy, without introducing voluntary targets with regard to gender and racial diversification of the Board. The Nomination Committee and the Board believe that fixed targets will not necessarily result in the best candidates being identified for appointment to the Board, given that the achievement of specific targets would be dependent on a number of factors outside of the Board's control, including the frequency at which Board positions become vacant, the need to appoint additional Board members and the availability of appropriately skilled candidates. It is, however, the objective to include diverse candidates in the process of identifying suitably qualified candidates for appointment as Board members and to pursue opportunities to increase the number of female and racially and ethnically diverse Board members over time, provided that it is consistent with the skills and diversity requirements of the Board. In identifying suitable candidates, the Nomination Committee considers diverse candidates with a range of suitable skills against objective criteria and with due regard for the benefits of diversity on the Board, and whenever practically and commercially possible, give preference to those candidates whose appointment will contribute to the achievement of suitable diversity of the Board.

During the assessment process, the Nomination Committee also considers the relationship between executive and non-executive directors. The Board believes that there is an appropriate balance between executive and non-executive directors and is satisfied that the current members of the Board collectively possess the skills, knowledge and experience required to effectively discharge the responsibilities of the Board to achieve the Group's objectives, promote shareholder interests and to create value for stakeholders over the long term.

Role and responsibilities of the Board

The Board is the ultimate governing authority, responsible for the Company's strategy, key policies, ethics and corporate governance, as well as approving the Company's financial objectives and targets. The Board recognises that strategy, performance, risk and sustainability are inseparable and that the execution of strategy can have a material impact on the Company's creation of value and its various stakeholders. The Board is fundamentally important to the achievement of the Company's mission, financial objectives and fulfilment of its corporate responsibilities in a sustainable manner and provides effective leadership on an ethical foundation.

The Board is the ultimate custodian of the governance framework, which commits the Company and its representatives to act according to the highest standards of fairness, accountability, responsibility, transparency, ethics and sustainability. The Company's approach to corporate governance strives to be stakeholder inclusive, based on good communication, and is integrated into every aspect of the Company's business.

The Board ensures that the Group is, and is seen to be, a responsible corporate citizen, by having regard not only to the financial aspects of the business of the Group, but also the impact that the business operations have on the environment and the society in which it operates.

The Board has adopted a Board Charter setting out the role, functions, obligations, rights, responsibilities and powers of the Board and the policies and practices of the Board in respect of its duties, functions and responsibilities. The Board has also adopted terms of reference for each of its committees. The Board Charter and terms of reference are available on the Company's website.

CORPORATE GOVERNANCE REPORT

The directors who are also members of the Executive Committee of the Company are involved in the day-to-day business activities of the Company and are responsible for ensuring that the decisions of the Executive Committee as approved by the Board, are implemented in accordance with the mandate given by the Board and Executive Committee.

All non-executive directors have unrestricted access to the Chairman, management, the Company Secretary, the Assistant Company Secretary and the external and internal auditors. Directors are entitled to seek independent professional advice on any matter pertaining to the Company and the Group, at the Company's expense.

The Board considers and satisfies itself, on an annual basis, of the qualifications, experience and arm's length relationship between the Company Secretaries and the Board.

Board meetings are held on a regular basis, at least quarterly, and all directors participate in the key areas of decision-making.

Role of the Executive Chairman

There is a clear distinction between the roles of the Executive Chairman and the Chief Executive Officer. The Executive Chairman is responsible for ensuring the integrity and effectiveness of the Board and its committees, which includes:

- providing overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions
- presiding over meetings of the Board and meetings of shareholders
- acting as facilitator at Board meetings to ensure that no director, or group of directors, dominate the discussion, that sufficient debate takes place, that the opinions of all directors relevant to the subject under discussion are solicited and expressed freely, that conflicts of interests are managed and that Board discussions lead to appropriate decisions
- actively participating in the selection of Board members and overseeing a formal succession plan for the Board and certain senior management appointments
- encouraging collegiality among Board members and management while at the same time maintaining an arm's length relationship
- mentoring to enhance directors' confidence, especially new or inexperienced directors and encouraging them to make an active contribution at meetings.

The Chairman's performance is appraised by the non-executive directors on an annual or such other basis as the Board may determine.

Role of the Chief Executive Officer

The Board's authority conferred on management is delegated through the Chief Executive Officer and the authority and accountability of management is accordingly considered to be the authority and accountability of the Chief Executive Officer.

The Chief Executive Officer provides executive leadership and is accountable to the Board for the implementation of strategies, objectives and decisions within the framework of the delegated authorities, values and policies of the Company, which includes:

- recommending or appointing the executive members and ensuring proper succession planning and performance appraisals
- developing the Company's strategy and vision for Board consideration and approval
- developing and recommending annual business plans and budgets that support the Company's long-term strategy to the Board
- monitoring and reporting to the Board on performance against and conforming with strategic imperatives
- ensuring that the Company has appropriate management structures and a management team to effectively carry out the Company's objectives, strategy and business plans
- ensuring that the assets of the Company are properly maintained and safeguarded and not unnecessarily placed at risk
- setting the tone from the top in providing ethical leadership and creating an ethical environment and not causing or permitting any decision, internal or external practice or activity by the Company that may be contrary to commonly accepted business practice, good corporate governance or professional ethics
- acting as the chief spokesperson of the Company.

The non-executive directors monitor and evaluate the Chief Executive Officer in achieving the approved targets and objectives and the results of such evaluation are considered by the Remuneration Committee to guide it in its appraisal of the performance and remuneration of the Chief Executive Officer.

CORPORATE GOVERNANCE REPORT

Role of the Lead Independent Director

The Lead Independent Director chairs the Nomination Committee, Safety, Health and Environment Committee and Social and Ethics Committee, facilitates meetings of the non-executive directors and is a member of the Audit, Remuneration, Risk and New Business Committees. He acts as a sounding board to the Executive Chairman and the Chief Executive Officer and leads the non-executive directors in the appraisal of the Executive Chairman and Chief Executive Officer. He provides leadership and advice to the Board when the Executive Chairman has a conflict of interest, without detracting from the authority of the Executive Chairman. He acts as an intermediary for the other Board members and shareholders with regard to concerns that have not been resolved through the normal channels.

Role of the non-executive directors

The role of non-executive directors is to bring independent judgement and to challenge executive directors in a constructive manner, without becoming involved in the day-to-day running of the business.

The key responsibilities of non-executive directors include oversight to the board on issues relating to:

- Strategic direction, by providing an objective, informed and creative insight based on own experience, to act as a constructive critic in assessing the strategic objectives devised by the CEO and to ensure that the necessary financial and human resources are in place for the Company to meet its objectives.
- Monitoring performance of executive management with regard to the progress made towards achieving the Company's strategy and objectives and in doing so playing an important role in key executive appointments, and removals where necessary, and succession planning.
- Remuneration, through the work of the Remuneration Committee, by objectively and independently determining appropriate levels of remuneration of executive directors.
- Risk and strategic risk in particular, through the work of the Risk Committee, by reviewing the risk philosophy, strategy and policies as recommended by executive management, ensuring compliance with such policies, and with the overall risk profile of the Company.
- Integrity of financial information, through the work of the Audit Committee, by ensuring that the Company accounts properly to its shareholders by presenting a true and fair reflection of its actions and financial performance and that the necessary internal control systems are implemented and monitored on a regular basis.
- Standards of conduct.

Tharisa's non-executive directors bring diverse experience and expertise to the Board. They are required to have a clear understanding of the Group's strategy and must be sufficiently familiar with the Group's businesses to be effective contributors to the development of the Group's strategy and identification and monitoring of risks faced by the Group. Non-executive directors are required to have sufficient time to perform their duties as directors and to make a meaningful contribution. They should be prepared to question and challenge the opinions of executive directors and provide fresh insight into the Group's strategic direction. Non-executive directors assess the performance of the Executive Chairman and Chief Executive Officer and serve on various Board committees. Non-executive directors meet without the presence of the executive directors at least twice a year.

Board appointments

Members of the Board are appointed by the Company's shareholders. The Board also has the power to appoint directors, subject to such appointments being approved by shareholders at the next annual general meeting ('AGM') following such appointment. Pursuant to the terms of the Board Charter, appointments to the Board are made on recommendation of the Nomination Committee. A formal policy detailing the procedures for appointments to the Board has been adopted by the Company.

Non-executive directors are required to be individuals of calibre and credibility, be independent of management and possess the necessary skills and expertise to bring judgement to bear on issues of strategy, performance, resources, diversity, standards of conduct and evaluation of performance.

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Directors are required to conduct themselves, at all times, in a professional manner, having due regard to their fiduciary duties and responsibilities to the Company and to ensure that sufficient time is made available to devote to their duties as Board members. Directors are further required to be diligent in discharging their duties to the Company, seek to acquire sufficient knowledge of the business of the Company and endeavour to keep abreast of changes and trends in the business environment and markets in which the Company operates, in order to be able to provide meaningful direction to the Company's business activities and operations.

Director induction

Upon appointment, all new directors are provided with induction materials to familiarise them with the Group's operations, business environment, executive management and to induct them in their fiduciary duties and responsibilities. The induction programme typically involves an information pack comprising, *inter alia*, the Group structure, a list of the top shareholders, Board packs and minutes of previous Board meetings, annual and interim reports, Articles of Association, the Board Charter, committee terms of reference, information on directors' and officers' insurance, a guide to the JSE Listings Requirements and a memorandum on dealings in securities, market abuse and insider trading. Periodic site visits are arranged for existing and new non-executive directors to improve their understanding of the Group's operations.

Retirement by rotation and re-election of directors

In terms of the Company's Articles of Association, any directors appointed by the Board during the course of the financial year shall hold office only until the next AGM of the Company following their appointment and shall then retire and be eligible for election. No new directors had been appointed during the financial year under review.

In accordance with the Company's Articles of Association, one-third of non-executive directors must retire from office at each AGM. Executive directors are not subject to retirement by rotation. The non-executive directors retiring at each AGM are those directors who have been the longest serving since their last election. Retiring directors are eligible for re-election, and if so re-elected, are deemed to not have vacated their office. Omar Kamal, Carol Bell and Joanna Cheng will be retiring by rotation at the upcoming AGM. Both Omar and Carol will be available for re-election. Joanna will not be available for re-election. The Board thanks Joanna for the contribution she has made to the Company since her appointment as non-executive director on 1 February 2017. A brief *curriculum vitae* of each director standing for election or re-election will be disclosed in the Annual Report.

Board support for election or re-election is not automatic. The Nomination Committee assesses the composition of the Board and performance of individual Board members on an annual basis prior to recommending any directors for election or re-election by shareholders at the AGM. Upon recommendation by the Nomination Committee, the Board makes a determination as to whether it will endorse a director standing for election or re-election. Having assessed the performance of the directors standing for election, it is the recommendation of the Board that Omar Kamal and Carol Bell be re-elected.

Board meetings

The Board meets at least four times per year and at such other times as may be required. The Board met four times during the year under review.

Board committees

Certain responsibilities are reserved for the Board, while others are delegated to Board committees, each with formal mandates and terms of reference, without reducing the individual and collective responsibilities of Board members' overall fiduciary duties and responsibilities. The terms of reference of each Board committee determines, *inter alia*, the composition, purpose, scope of mandate, and powers and duties of the committee. Board committees provide feedback to the Board through reports by their respective chairmen and provide the Board with copies of minutes of committee meetings. All directors receive notice and packs for Committee meetings and are welcome to join meetings of Board committees they are not members of. Terms of reference of the various committees are compliant with the provisions of the Company's Articles of Association and the JSE Listings Requirements. The terms of reference are reviewed on a regular basis and are available on the Company's website. All committees have satisfied their responsibilities in compliance with their respective terms of reference during the year under review.

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The Company's Board committees are constituted as follows:

	Chairman	Members	By standing invitation
Audit Committee	Antonios Djakouris	David Salter Omar Kamal Carol Bell	CFO CEO
Risk Committee	Antonios Djakouris	Loucas Pouroulis Phoevos Pouroulis Michael Jones David Salter Omar Kamal Carol Bell Joanna Cheng Roger Davey Zhong Liang Hong	COO Group Executive: Legal
Nomination Committee	David Salter	Loucas Pouroulis Antonios Djakouris	
Remuneration Committee	Antonios Djakouris	David Salter Carol Bell Roger Davey	CEO CFO
Safety, Health and Environment Committee	David Salter	Antonios Djakouris Carol Bell Roger Davey	CEO COO
Social and Ethics Committee	David Salter	Antonios Djakouris Omar Kamal Carol Bell Phoevos Pouroulis	
New Business Committee	Roger Davey	David Salter Carol Bell Loucas Pouroulis Phoevos Pouroulis	CFO COO

Audit Committee

The Audit Committee, which must comprise at least three independent non-executive directors, is chaired by Antonios Djakouris, an independent non-executive director. Other members of the Audit Committee are David Salter, Omar Kamal and Carol Bell, all independent non-executive directors. The Board is satisfied that the members of the Committee have the appropriate mix of qualifications and experience in order to fulfil their responsibilities appropriately. The Group's independent external auditor, independent internal auditors, Chief Finance Officer and Chief Executive Officer attend Committee meetings by invitation. The Audit Committee meets with the internal and external auditor, without any executive directors being present.

Both the internal and external auditors have unrestricted access to the Chairman of the Committee and to the Chairman of the Board.

The Audit Committee provides the Board with additional assurance regarding the quality and reliability of financial information used by the Board and the financial statements of the Group. The Committee reviews the internal and financial control systems, accounting systems and reporting and internal audit functions. It liaises with the Group's external auditor and monitors compliance with legal requirements.

CORPORATE GOVERNANCE REPORT

Furthermore, the Audit Committee assesses the performance of financial management, approves external audit fees and budgets, monitors non-audit services provided by the external auditor against an approved policy and ensures that management addresses any identified internal control weakness. In addition, the Audit Committee oversees the integrated reporting process, risk management systems, information technology risks (as they relate to financial reporting), the Group's whistleblowing arrangements and policies and procedures for preventing corrupt behaviour and detecting fraud and bribery.

The Committee has unrestricted access to all Company and Group information and may seek information from any employee. The Committee may also consult external professional advisers in executing its duties.

The Chairman of the Audit Committee is required to report to the Board after each meeting of the Committee and the minutes of meetings of the Audit Committee are provided to the Board.

The Audit Committee is satisfied as to the appropriateness of the expertise of Michael Jones, the Chief Finance Officer. The appropriateness of the expertise and experience of the Chief Finance Officer is considered on an annual basis.

The Audit Committee meets as often as is deemed necessary, but is required to meet at least twice a year. The committee met four times during the year under review.

Risk Committee

Control of the complete process of risk management, the evaluation of its effectiveness and approval of recommended risk management and internal control strategies, systems and procedures are key Board responsibilities. For this reason, the Risk Committee comprises the entire Board. The Risk Committee is chaired by Antonios Djakouris.

The Risk Committee reviews management reports on the adequacy and effectiveness of the Group's operational risk management functions, ensures compliance with the Group's risk management policies and reviews the adequacy of the Group's insurance coverage.

During the year under review, the Committee conducted a high-level review of the residual risks identified by management following a facilitated risk assessment workshop and subsequent business risk reviews undertaken at operating subsidiary level. It continues to monitor progress made by risk owners in identifying mitigating factors, performing gap analyses and implementing additional mitigating measures where required. In addition, the Risk Committee identifies reviews and evaluates non-operational and strategic risks impacting on the Company and the Group on an ongoing basis. The Risk Committee meets as often as is deemed necessary and met twice during the year under review.

Nomination Committee

The Nomination Committee is chaired by David Salter, the Lead Independent Director. Other members of the Nomination Committee are Antonios Djakouris, an independent non-executive director, and Loucas Pouroulis, the Executive Chairman. Loucas Pouroulis is entitled to participate and contribute to the Nomination Committee, but is not entitled to vote on any matter before the Nomination Committee. In the event of a tied vote, David Salter has a casting vote. The Chief Executive Officer, Phoevos Pouroulis, attends meetings by invitation, if required.

The Nomination Committee ensures that the procedures for appointments to the Board are formal and transparent by making recommendations to the Board on all new Board appointments in accordance with the Company's policy for Board appointments. It does so by regularly evaluating the Board performance, undertaking performance appraisals of the Chairman and directors, evaluating the effectiveness of Board committees and making recommendations to the Board. The Nomination Committee also considers and approves the Board succession plans.

The work of the Nomination Committee during the year followed both its terms of reference and established good practice in corporate governance. The Committee conducted a review of the structure, size and composition of the Board, with specific emphasis on skills, knowledge, independence and diversity of the Board members.

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The Committee also considered the independence of non-executive directors. Consideration was given, among others, as to whether the individual non-executive directors are sufficiently independent of the Company so as to effectively carry out their responsibilities as directors, whether they are independent in judgement and character and that there are no conflicts of interest in the form of contracts, relationships, shareholding, remuneration, employment or related-party disclosures that could affect their independence.

The Committee determined that David Salter, Antonios Djakouris, Omar Kamal, Carol Bell and Roger Davey are independent. Joanna Cheng and Zhong Liang Hong are not considered independent due to their association with significant shareholders.

The Nomination Committee met once during the year under review.

Remuneration Committee

All members of the Remuneration Committee are independent non-executive directors. The Committee is chaired by Antonios Djakouris and other members of the Committee are David Salter, Carol Bell and Roger Davey. The Chief Executive Officer and Chief Finance Officer are invited to attend meetings of the Committee to make presentations, except when their own remuneration is under consideration.

The Remuneration Committee considers the remuneration framework of the Executive Chairman, Chief Executive Officer, Chief Finance Officer and other members of the executive management of the Company and its subsidiaries, with reference to local and international benchmarks. As far as the remuneration of the Executive Chairman and the Chief Executive Officer is concerned, the Committee considers and if appropriate, recommends the remuneration of the Executive Chairman and the Chief Executive Officer to the Board for final approval.

The Committee also considers bonuses, which are discretionary and based upon general economic variables, the performance of the Company and each individual's performance against personalised key performance indicators, allocations in terms of the Group's incentive schemes and certain other employee benefits and schemes.

During the year, the Committee reviewed various aspects of the Group's remuneration structure, including executive salaries, performance-based remuneration schemes and the Share Award Plan. The Committee is satisfied with the prevailing policies, remuneration and structure.

The Committee met three times during the year under review.

Safety, Health and Environment Committee

All members of the Committee are independent non-executive directors. The Committee is chaired by David Salter and other members are Antonios Djakouris, Carol Bell and Roger Davey. The Chief Executive Officer and Chief Operating Officer attend the meeting by invitation.

The Safety, Health and Environment Committee develops and reviews the Group's framework, policies and guidelines on safety, health and environmental management, monitors key indicators on accidents and incidents and considers developments in relevant safety, health and environmental practices and regulations.

The Committee met four times during the year under review.

Social and Ethics Committee

As required by the JSE Listings Requirements, the Board established a Social and Ethics Committee. The Committee is chaired by David Salter and other members are Antonios Djakouris, Omar Kamal, Carol Bell and Phoevos Pouroulis.

The Committee's objective is, *inter alia*, to assist the Board in ensuring that the Company and the other entities in the Group are and remain committed, socially responsible corporate citizens by creating a sustainable business and having regard to the Company's economic, social and environmental impact on the communities in which it operates, which among others, include public safety, HIV/Aids, environmental management, corporate social investment, consumer relationships, labour and employment, the promotion of equality and ethics management.

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The Committee has an independent role with accountability to both the Board and the Company's shareholders. The Committee does not assume the functions of management of the Company. These functions remain the responsibility of the Company's executive directors, executive management and senior managers.

It is the Committee's responsibility to monitor the Group's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to, among others, the following:

- (i) Social and economic development, focusing on:
the Company's standing in terms of the goals and purposes of the 10 United Nations Global Compact Principles, among others:
 - upholding and respecting human rights
 - fair labour practices, which include the freedom of association, right to collective bargaining and the elimination of forced labour, child labour and discrimination
 - promotion of greater responsibility toward the environment
 - prevention of bribery and corruption
 - the Organisation for Economic Co-operation and Development's recommendations regarding corruption
 - the Equator Principles
 - the Employment Equity Act and the Broad-Based Black Economic Empowerment Act, applicable to South African subsidiaries.
- (ii) Good corporate citizenship and the impact of the Group's activities and of its products or services on the environment, health and public safety and the Company's employment relationships and its contribution toward the educational development of its employees. In order to ensure that Tharisa is seen to be a responsible corporate citizen, the Committee oversees and monitors, on an ongoing basis, the consequences of the Group's activities and outputs on:
 - the workplace, by ensuring employment equity, fair remuneration, safety, health, dignity and development of employees and the Group's standing in relation to the International Labour Organisation Protocol on decent work and working conditions
 - the economy, by working towards economic transformation
 - the prevention, detection and response to fraud and corruption
 - society, by upholding public health and safety, consumer protection, community development and protection of human rights
 the environment, by ensuring the prevention of pollution, minimising waste disposal and protecting biodiversity.
- (iii) Ethical leadership and ethical behaviour, by reviewing the Company's Code of Ethics and making recommendations to the Board for approval, reviewing results of whistleblowing activities, reviewing significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the Company and ensuring that the Company's ethics performance is assessed, monitored, reported and disclosed.

The Committee meets as often as it deems necessary but in any case at least once a year and at such other times as determined. The Committee met once during the year under review.

New Business Committee

The New Business Committee is responsible for the investigation and assessment of new projects and business opportunities, particularly from a strategic, technical and operational point of view, and the identification of project-related risks, and safety, health and environmental risks. The Committee is not authorised to approve individual projects or investments or commit the Company, but works with executive management to review and evaluate new business opportunities and initiatives and make recommendations to the Board for approval. The Committee has the right of access to management and/or external consultants and the right to seek additional information or explanations.

The Committee is chaired by Roger Davey and other members are David Salter, Carol Bell, Loucas Pouroulis and Phoevos Pouroulis. Michael Jones attends meetings as a permanent invitee.

Meetings of the Committee will be held as often as necessary to undertake its role effectively. The Committee met five times during the year under review.

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Attendance at meetings

Attendance at Board and committee meetings is set out below:

Director	Board	Audit Committee	Nomination Committee	Remuneration Committee	Risk Committee	SHE Committee	Social and Ethics Committee	New Business Committee
Number of meetings held	4	4	1	3	2	4	1	5
Loucas Pouroulis	4	–	1	–	2	–	–	3
Phoevos Pouroulis	4	4 [#]	–	3 [#]	2	4 [#]	1	5
Michael Jones	4	4 [#]	–	3 [#]	2	1 [#]	–	5 [#]
David Salter	4	4	1	3	2	4	1	5
Antonios Djakouris	4	4	1	3	2	4	1	2 [#]
Omar Kamal	4	4	1 [#]	–	2	2 [#]	1	2 [#]
Carol Bell	4	4	–	3	1	4	1	5
Joanna Cheng	4	–	–	–	2	–	–	1 [#]
Roger Davey	4	3 [#]	1 [#]	3	2	4	–	5
Zhong Liang Hong	2	–	–	–	1	–	–	–
[#] By invitation								

Summarised Curriculum Vitae's of the Board of Directors will be included in the Group's annual report which will be available on the website: www.tharisa.com.

Group Company Secretary

The role of the Group Company Secretary is, *inter alia*, to provide guidance and advice to the Board with respect to matters relating to the JSE Listings Requirements, the LSE Listings Rules, Disclosure and Transparency Rules, Cyprus Companies Law, King IV, market abuse laws and regulations and other corporate governance-related matters. In addition to her statutory duties, the Company Secretary provides individual directors, the Board as a whole, and the various committees with guidance as to the manner in which their responsibilities should be discharged in the best interests of the Group.

Sanet Findlay is a full-time employee within the Group and based in South Africa. She holds a Bachelor of Science and a Bachelor of Law, a CIS professional post-graduate qualification: Company Secretarial and Governance Practice and is an Associate member of the Chartered Secretaries Southern Africa (2003). She has experience as a Group Company Secretary of JSE and LSE listed companies since 2009. She is not a director of Tharisa or any of its subsidiaries and maintains an arm's length relationship with the Board.

Lysandros Lysandrides acts as the Assistant Company Secretary and holds a Bachelor of Laws and a post-graduate diploma in Legal Practice (UK). He is an associate member of the Institute of Chartered Secretaries and Administrators (UK), a Fellow of the Chartered Institute of Legal Executives (UK) and a registered practising Cyprus attorney at law. He has experience as Company Secretary and legal adviser to companies listed on the LSE and CSE. Lysandros is appointed as an external adviser to Tharisa and its Cyprus subsidiaries and maintains an arm's length relationship with the Board.

The Board formally assessed and considered the performance and qualifications of the Company Secretaries and is satisfied that the Company Secretaries are competent, suitably qualified and experienced. The appointment and removal of the Company Secretaries are matters reserved for the Board as a whole.

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Board evaluation

The Nomination Committee, under leadership of the Lead Independent Director, conducts an evaluation of the performance of the Board, its committees, the Executive Chairman, Chief Executive Officer, Chief Finance Officer, the Company Secretary and the performance and contribution of the individual non-executive directors. The Board committees conduct a self-evaluation against their respective terms of reference and each individual Board member is evaluated by fellow Board members using an evaluation questionnaire. The results of the evaluation process are considered by the Nomination Committee prior to their presentation to the Board. Results and any identified training requirements are discussed with individual directors if deemed necessary. Board evaluations are performed on an annual or bi-annual basis. An extensive evaluation was conducted during October 2019.

Conflicts of interest

Disclosure of other directorships, personal financial interests and any other conflicts of interest, and those of related persons, in any matter before the Board is a standing Board agenda item and a register is kept of all such disclosures. Directors recuse themselves from discussion on any matters in which they may have a conflict of interest. Non-executive directors are required to inform the Board of any proposed new directorships and the Board reserves the right to review such additional appointments to ensure that no conflict of interest would arise and to ensure that a director accepting a new appointment would be able to continue to fulfil his or her obligations as a member of the Board.

Share dealing and insider trading

All directors of the Company and its major subsidiaries, senior executives, the Company Secretaries and employees and advisors who, by virtue of their positions have access to financial and other price sensitive information, are regarded as insiders and are required, at all times, to obtain prior authorisation to deal in the Company's shares.

Directors of the Company and its major subsidiaries and senior executives are reminded of their obligation to inform all their associates, as defined by the JSE Listings Requirements, and investment managers of the fact that dealings by the directors and their associates in Tharisa shares have to be preapproved and/or disclosed to the Company within the stipulated timeframe to facilitate release of the required announcements in terms of the JSE Listings Requirements. A similar requirement exists under the European Union's Market Abuse Regulations for persons discharging managerial responsibilities and persons closely associated with them.

The Company's directors, executives and employees who are classified as insiders are not permitted to deal in the Company's shares during closed periods or when they are in possession of non-public information.

An appropriate communication is sent to all such employees alerting them that the Company is entering a closed period. Closed periods are observed as required by the JSE Listings Requirements, including the period from the end of the interim and annual financial reporting periods to the announcement of the financial results for the respective periods, and during periods that the Company is under a cautionary announcement. The EU Market Abuse Regulation stipulates for a closed period of 30 calendar days before announcement of the interim and/or annual results. The Company applies the longer duration in any given financial reporting period.

Refer to the Management Report for Director's direct and indirect interest in the share capital of the Company as well as significant shareholders of the Company.

Succession planning

The Board, assisted by the Nomination Committee, is responsible for overseeing succession planning and ensuring that appropriate strategies are in place to ensure the smooth continuation of roles and responsibilities of members of the Board and senior management.

Compliance

Compliance with financial reporting requirements and accounting standards falls within the ambit of the Audit Committee. The Group's statutory and regulatory compliance resides with the Legal, Risk and Compliance Officer and reports on compliance are presented to the Audit and Social and Ethics Committees. In addition to the formal authorisation processes required for dealings in the Company's shares, the Group has various policies and procedures in place governing the declaration of interests, accepting and granting of gifts and an approved delegation of authorities matrix which governs the delegation of authority and value limits within the Group and ensures that all transactions are approved appropriately.

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No incidents of non-compliance were identified and no significant penalties or regulatory censures were imposed on the Company or any of its subsidiaries during the year under review.

The Board is satisfied that the Company complied with the requirements of the JSE Listings Requirements pursuant to the Company's primary listing on the JSE during the year under review. The Board also acknowledges the role and responsibilities of its JSE sponsor, Investec Bank Limited, and is of the opinion that the sponsor has discharged its responsibilities with due care during the period.

Information technology governance

The Board Charter commits the Board to assuming ultimate responsibility for ensuring that effective information technology ('IT') systems, internal control, auditing and compliance policies, procedures and processes are implemented in order to avoid or mitigate key IT-related business risks. The Board has delegated responsibility for the governing of IT to the Audit Committee. Assurance on the IT systems and processes is provided by the Group's internal auditors and findings are reported to the Audit Committee, which ensures that any and all material findings are addressed appropriately.

External audit

Ernst & Young Cyprus Limited acts as external auditor to the Group and its independence is reviewed by the Audit Committee on an annual basis. The appointment of the external auditor was approved at the AGM on 10 January 2018. The external auditor has unrestricted access to the Chairman of the Audit Committee.

Internal audit

The Company does not have an in-house independent internal audit function.

The Audit Committee reviews, on a regular basis, whether there is a need for an in-house internal audit function and makes the necessary recommendation to the Board. The Audit Committee is of the opinion that given the size and stage of development of the Company and the Group, an in-house internal audit function is not currently justified. The appointment of Deloitte as internal auditor for the Group is considered to sufficiently mitigate the risk of not having an in-house internal audit function.

Internal control systems

To meet the Company's responsibility to provide reliable financial information, the Company maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material losses, unauthorised acquisition, use or disposal and that transaction are properly authorised and recorded.

The systems include a documented organisational structure and division of responsibility, established policies and procedures, which are communicated throughout the Group, and the careful selection, training and development of people.

The Audit Committee monitors the operation of the internal control systems to determine whether there are deficiencies. Corrective actions are taken to address control deficiencies as they are identified. The Board, operating through the Audit Committee, oversees the financial reporting process and internal control systems.

There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls.

CORPORATE GOVERNANCE REPORT

Code of Business Ethics and Conduct

The Group's Code of Business Ethics and Conduct reaffirms the high standards of business conduct required of all employees, officers and directors of Tharisa. It forms part of the Company's continuing effort to ensure that it complies with all applicable laws, to ensure that it has an effective programme to prevent and detect violations of law, and for the education and training of employees, officers and directors. In most circumstances, the code sets standards that are higher than the law requires and adherence to the code aims to preserve the confidence and support of the public and Tharisa's shareholders.

Tharisa expects its employees, officers and directors to:

- act with honesty, integrity and fairness in all dealings, both internally and externally
- comply with all laws and regulations applicable to the Group
- comply with Group policies and procedures
- protect the health, safety and wellbeing of co-workers, suppliers and the communities in which the Group operates
- protect the environment by prudent use of resources such as water and energy and to limit waste disposal by recycling
- protect and not disclose Tharisa's confidential information
- avoid any potential conflicts of private interests with the interests of the Group, including but not limited to improper communications with competitors or suppliers regarding bids for contracts, having close relationships with contractors or suppliers, involvement with any other businesses that have interests adverse to Tharisa, interests in Tharisa or compete with Tharisa
- not give or accept gifts, gratuities, or hospitality from customers or suppliers of inappropriate value, that could incur obligations or that could influence judgement
- avoid any situations or relationships that could interfere with an individual's ability to make decisions in Tharisa's best interests
- to act in a courteous, dignified and respectful manner when dealing with co-workers and third parties and to refrain from discriminatory, harassing or bullying behaviour, whether expressed verbally, in gesture or through behaviour.

Furthermore, it is Tharisa's policy not to discriminate against any employee on the basis of race, religion, national origin, language, gender, sexual orientation, HIV status, age, political affiliation or physical or other disability. Tharisa desires to create a challenging and supportive environment where individual contributions and teamwork are highly valued. In order to establish such an environment, all individuals are expected to support this policy of non-discrimination and the equal employment opportunity policies.

Modern slavery and human trafficking

Tharisa has a zero tolerance approach to any form of modern slavery and is committed to ensuring that there is no slavery or human trafficking in its supply chain or in any part of its business. Modern slavery encapsulates slavery, servitude and forced or compulsory labour. Tharisa acts ethically and with integrity in all business dealings and has the necessary systems and controls in place to safeguard against any form of transgression of human rights. Tharisa will continue to raise awareness of human rights among its employees, suppliers and the communities in which it operates.

Anti-bribery and corruption policy

Tharisa is committed to doing business ethically. Tharisa does not tolerate corruption, fraud and bribery and does not allow donations to any political parties by any of its operations. The Group's anti-corruption policy outlines potential risks, steps to mitigate the risk of bribery and corruption, together with a reporting guideline. All employees, suppliers and other associated persons are made aware of these policies and procedures with regard to ethical behaviour, business conduct and transparency.

Independent anonymous safety and ethics hotline

The Group has a zero tolerance approach to safety transgressions, theft, fraud, corruption, violation of the law and unethical business practices by employees or suppliers.

A 24-hour independent anonymous safety and ethics hotline monitored by an independent external party is fully operational and facilitates the reporting and resolution of safety and ethical violations. This confidential and anonymous hotline provides an impartial facility for employees, service providers, customers and other stakeholders to report any safety or ethics-related matter such as safety concerns, unsafe behaviour and practices, hazardous conditions, fraudulent activity, corruption, statutory malpractice, financial and accounting reporting irregularities and other deviations from safe and ethical behaviour. It is the duty of the Audit Committee to ensure that arrangements are in place for the independent investigation of such matters and appropriate follow-up action. No action will be taken

CORPORATE GOVERNANCE REPORT

against anyone reporting legitimate concerns, even if there is no proven unlawful conduct.

Investor relations

The Chief Executive Officer and Chief Finance Officer, supported by the Investor Relations function, interact with institutional investors on a regular basis on the performance of the Group through presentations and scheduled meetings. The Company also participates in selected international conferences and conducts roadshows internationally.

A wide range of information and documents, including copies of presentations given to investors, Annual Reports and notices of shareholder meetings, are made available on the Company's website www.tharisa.com on an ongoing basis.

Shareholders are encouraged to visit the investors' section of the website frequently to be kept informed of the corporate timetable, including dates for the AGMs, forms of proxy and relevant shareholder information relating thereto.

STATEMENT BY THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY OFFICIALS RESPONSIBLE FOR THE DRAFTING OF THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS IN ACCORDANCE WITH THE PROVISIONS OF CYPRUS LAW 190(I)/2007 ON TRANSPARENCY REQUIREMENTS

We, the Members of the Board of Directors and the Company officials responsible for the drafting of the consolidated and company financial statements of Tharisa plc for the year ended 30 September 2019, the names of whom are listed below, confirm that, to the best of our knowledge:

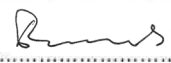
- a) the consolidated financial statements on pages 47 to 127 and company financial statements on pages 128 to 164:
 - have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB and in accordance with Article 9 subsection 4 of the Transparency Law, the provisions of the Cyprus Companies Law, and
 - give a true and fair view of the assets, liabilities, financial position and profit or loss of Tharisa plc and the undertakings included in the consolidated and company financial statements taken as a whole; and
- b) the Management Report includes a fair review of the development and performance of the business and the position of Tharisa plc and the undertakings included in the consolidated and company financial statements as a whole, together with a description of the principal risks and uncertainties that they face; and
- c) the adoption of a going concern basis for the preparation of the consolidated and company financial statements continues to be appropriately based on the foregoing and having reviewed the forecast financial position of the Group and Company.

The Directors of the Company as at the date of this statement are as set out below:

Executive Directors

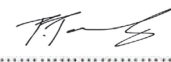
Loucas Pouroulis

Chairman



Phoevos Pouroulis

Chief Executive Officer



Michael Jones

Chief Finance Officer

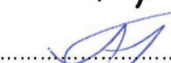


Independent Non-Executive Directors

David Salter



Antonios Djakouris



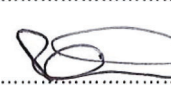
Omar Kamal



Carol Bell

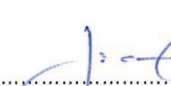


Roger Davey

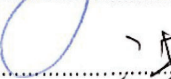


Non-Executive Directors

Joanna Ka Ki Cheng



Zhong Liang Hong



Cyprus, 26 November 2019

Independent Auditor's Report

To the Members of Tharisa plc

Report on the Audit of the Consolidated and Parent Company Financial Statements

Opinion

We have audited the accompanying consolidated and parent company financial statements of Tharisa plc (the "Company" and together with its subsidiaries the "Group"), which are presented in pages 47 to 164 and comprise the consolidated and parent company statements of financial position as at 30 September 2019, and the consolidated and parent company statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated and parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and parent company financial statements give a true and fair view of the consolidated and parent company financial position of the Group and the Company as at 30 September 2019, and of its consolidated and parent company financial performance and its consolidated and parent company cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the IASB and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements* section of our report. We remained independent of the Group throughout the period of our appointment in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)* and the ethical requirements that are relevant to our audit of the consolidated and parent company financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and parent company financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and parent company financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and parent company financial statements.

Key Audit Matters	Our response to the Key Audit Matters
<u>Revenue recognition:</u> Revenue for the year ended 30 September 2019 amounted to US\$342.9m. Refer to notes 2.5, 3, 4 and 5 of the consolidated financial statements. The identification as a key audit matter primarily relates to the following: The significant number of sales transactions and complex terms under which title and control pass to the customer increases the risk of measurement and cut-off errors. We have also identified risks in relation to the calculation of the adjustment for provisional pricing. ▶ Cut-off: the complexity of terms that define when the title and control are transferred to the customer, as well as the high value of transactions, give rise to the risk that revenue is not recognised in the correct period. ▶ Measurement: the determination of revenue from the sale of PGM concentrates from the time of initial recognition of the sale through to final pricing requires management to re-estimate fair value of the price adjustment feature continuously. Management determines this with reference to actual spot prices. Estimation is used in the valuation of these transactions and the profit or loss impact of the mark to market movement is recorded as a fair value adjustment in the statement of profit or loss and other comprehensive income. These calculations are based on estimations and are susceptible to potential manipulation.	In this area, we performed the following procedures, among others: ▶ We obtained an understanding of the key controls around the revenue recognition process in order to assess whether it is designed to prevent, detect or correct material misstatements in the reported revenue figures; ▶ We analysed the terms and conditions for a sample of sales contracts and evaluated whether they have been accounted for in line with the Group's revenue recognition policy. We have reviewed revenue recognition policies for compliance with the requirements of IFRS 15 "Revenue from contracts with customers" (IFRS 15), which was early adopted by the Group with initial date of application 1 October 2017; ▶ For a risk-based sample of revenue transactions we performed test of details including: agreeing the main inputs to supporting evidence (such as provisional and final invoices, shipment confirmations, market prices, agreements and bank statements), recalculating the amounts invoiced and recorded as revenue, performing cut off testing over the revenue recognition in the correct period; ▶ For a risk-based sample of revenue transactions selected, we obtained third party confirmations, to check their completeness and accuracy; ▶ We assessed the methodology adopted by management to identify the provisional pricing terms and the determination of estimates of metal in concentrate sold to third parties; ▶ For open sales where provisional pricing applied, we compared to external sources the inputs used and recalculated the provisional price adjustment to evaluate whether it was correctly measured; ▶ We considered and analysed the nature of any significant credits raised post year-end to evaluate that revenue transactions were recorded at the correct value in the relevant period; ▶ We performed substantive analytical review procedures; and ▶ We assessed whether the financial statements include disclosures in respect of revenue and the provisional pricing in accordance with the applicable IFRS.

Impairment of property, plant and equipment:

The carrying value of the Group's property, plant and equipment as at 30 September 2019 amounted to US\$264.0m, representing mainly mining and beneficiation assets. Refer to Notes 2.14, 2.20, 3 and 14 of the consolidated financial statements.

The volatility in expected future prices of certain commodities key to the Group (particularly chrome), foreign exchange rates, production levels, operating costs, discount rates and macro-economic developments require management to closely monitor the carrying values of non-current assets, particularly mining assets.

Chrome prices have declined in the current period and remain volatile with possible adverse impact on the impairment risk of property, plant and equipment. The foreign exchange rates between the South African Rand and the US Dollar also remain volatile with fluctuations noted during the year, thus further increasing the risk for impairment.

Companies are required under IFRS to assess on an annual basis whether there are any impairment indicators affecting their cash generating units (CGUs), the determination of which can be judgemental. Management must determine the recoverable amount for the CGU when impairment indicators are identified.

The determination of recoverable amount, being the higher of value-in-use ("VIU") and fair value less costs of disposal ("FVLCD"), requires judgement and estimation on the part of management in identifying and then determining the recoverable amount for the relevant CGUs. Recoverable amounts are based on management's view of key internal value driver inputs and external market conditions such as future commodity prices, foreign currency exchange rates, the timing and approval of future capital and operating expenditure, and the most appropriate discount rate.

The main CGU of the Group, as determined by management, is the Tharisa Minerals mine. Management observed a deterioration in some internal and external indicators of value for the main CGU and, therefore, prepared an assessment of the recoverable amount.

In this area, we performed the following procedures, among others:

- ▶ We obtained an understanding of management's annual process to assess non-current assets at CGU level for impairment;
- ▶ We evaluated management's determination of the recoverable amount of the main CGU of the Group, being the Tharisa Minerals Mine;
- ▶ We involved our valuations experts to evaluate the appropriateness of the valuation methodology and to provide consensus forecasts for the key macroeconomic assumptions used, and to independently calculate a discount rate and compare it with management's own calculation;
- ▶ We analysed the significant inputs and assumptions used in impairment testing for property, plant and equipment, including comparing inputs and significant assumptions to third party forecasts and EY developed discount rates. Production assumptions were compared to life of mine plans, as well as reserves and resources estimates. Operating costs and production levels were also compared to the current period actual results and management approved budgets;
- ▶ We have performed independent sensitivities to assess whether headroom calculations are reasonable;
- ▶ We tested the integrity of formulae and mathematical accuracy of management's valuation model;
- ▶ We considered the current project status and the length of time remaining to complete the related open pit mine and related uncertainties;
- ▶ We obtained an understanding of management's annual process to assess individual assets for impairment and reassessment of the useful economic lives of such assets;
- ▶ We reviewed management's assessment and considered the results of the individual assets identified for impairment or scrapping; and
- ▶ We assessed the adequacy of impairment related disclosures in the consolidated financial statements in accordance with the applicable IFRS.

Other than the de-recognition and write-off of individual assets of the mining fleet amounting to \$4.1m, no impairment was deemed necessary for the main CGU of the Group. Due to the significance of the value of property, plant and equipment (58% of the Group's total assets) and the significant estimation uncertainty and subjectivity in certain judgements and key assumptions applied by management in the impairment assessment, including the potential for management bias, we consider this to be a key audit matter.	
<u>Rehabilitation provision:</u> The carrying value of the Group's rehabilitation provision as at 30 September 2019 amounted to US\$13.1m. Refer to Notes 2.21, 3 and 26 of the consolidated financial statements. The calculation of this provision requires management judgement in estimating the quantum and timing of future costs taking into consideration the unique nature of the site and the long timescales involved. This calculation also requires management to determine an appropriate future long term inflation rate as well as a rate to discount future costs to their present value. The judgement required to estimate such costs is further increased by the limited historical precedent available to accurately determine the future costs. Management reviews the close-down, restoration and environmental obligations on an annual basis, using experts to provide support in the assessment where appropriate. This review incorporates the effects of any changes in local regulations and management's anticipated approach to restoration and rehabilitation. Due to the high level of uncertainty and judgement involved in the determination of the estimate and assumptions used, we consider this to be a key audit matter.	In this area, we performed the following procedures, among others: ▶ We assessed management's process for the review of the rehabilitation provision and assessed the movements in the provision in the year, taking into consideration the intended method of rehabilitation and the associated cost estimate; ▶ We tested the mathematical accuracy of management's calculations, assessed the appropriateness of the future inflation and discount rates, and evaluated the assumptions used in determining the provision, considering also the impact of significant regulatory changes, if any; ▶ We considered the competence, capabilities and objectivity of the expert used by management in estimating the relevant costs and we evaluated the work performed by the expert; and ▶ We evaluated the classification of the expenditure and assessed the appropriateness of the related disclosures in the financial statements in accordance with IFRS.

<u>Impairment of investments in subsidiaries (parent company only):</u> As at 30 September 2019, the carrying value of the Company's investments in subsidiary companies amounted to US\$340.5m. Refer to Notes 2.10, 2.12, 10 and 12 of the parent company financial statements. The Company is required under IFRS to assess on an annual basis whether there are any impairment indicators affecting the recoverability of the carrying amounts of its investments in subsidiary companies. The impairment assessment on these investments mainly depends on the financial performance of the subsidiary, Tharisa Minerals Proprietary Limited ("Tharisa Minerals"), which owns the Tharisa mine and operates in the chrome and PGM industries. Management observed a deterioration in some internal and external indicators of value impacting its investment in subsidiary companies and therefore, prepared an assessment of the recoverable amount. The determination of recoverable amount, being the higher of value-in-use ("VIU") and fair value less costs of disposal ("FVLCD"), requires judgement and estimation on the part of management in identifying and then determining the recoverable amount for the relevant investment in subsidiary. Recoverable amounts are based on management's view of key internal value driver inputs and external market conditions such as future commodity prices, foreign currency exchange rates, the timing and approval of future capital and operating expenditure, and the most appropriate discount rate. Due to the significance of the value of investments in subsidiaries (90% of the Company's total assets) and the significant estimation uncertainty and subjectivity in certain judgements and key assumptions applied by management in the impairment assessment, including the potential for management bias, we consider this to be a key audit matter.	In this area, we performed the following procedures, among others: ▶ We obtained an understanding of management's annual process to assess the impairment of the Company's investments in subsidiary companies; ▶ We evaluated management's determination of the recoverable amount of its investment in subsidiaries; ▶ We involved our valuations experts to evaluate the appropriateness of the valuation methodology and to provide consensus forecasts for the key macroeconomic assumptions used; ▶ We analysed the significant inputs and assumptions used in the impairment testing for investments in subsidiaries, comparing inputs and significant assumptions to third party forecasts and EY developed discount rates. Production assumptions were compared to life of mine plans, as well as reserves and resources estimates. Operating costs and production levels were also compared to the current period actual results and management approved budgets; ▶ We have performed independent sensitivities to assess whether headroom calculations are reasonable; ▶ We tested the integrity of formulae and mathematical accuracy of management's valuation model; ▶ We considered the sensitivity on the commodity prices, foreign exchange rates and estimated production and the impact on future cash flows and the determination of the recoverable amount. Additionally, estimated operating costs and production levels were compared to current year actual results; and ▶ We assessed the adequacy of impairment related disclosures in the financial statements in accordance with the applicable IFRS.
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Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the Management Report and the Corporate Governance Report but does not include the consolidated and parent company financial statements and our auditor's report thereon.

Our opinion on the consolidated and parent company financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and parent company financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and parent company financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the Consolidated and Parent Company Financial Statements

The Board of Directors is responsible for the preparation of consolidated and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as issued by the IASB and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and parent company financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and parent company financial statements, including the disclosures, and whether the consolidated and parent company financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and parent company financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and parent company financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Pursuant to the requirements of Article 10(2) of the EU Regulation 537/2014 we provide the following information in our Independent Auditor's Report, which is required in addition to the requirements of International Standards on Auditing.

Appointment of the Auditor and Period of Engagement

We were first appointed as auditors of the Group at the Company's Annual General Meeting on 10 January 2018. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 1 year.

Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the consolidated and parent company financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 25 November 2019 in accordance with Article 11 of the EU Regulation 537/2014.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Group and which have not been disclosed in the consolidated and parent company financial statements or the Management Report.

Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated and parent company financial statements.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management Report. We have nothing to report in this respect.
- In our opinion, based on the work undertaken in the course of our audit, the information included in the Corporate Governance Statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included in the Management Report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and is consistent with the consolidated and parent company financial statements.
- In our opinion, based on the work undertaken in the course of our audit, the Corporate Governance Statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Corporate Governance Statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113. We have nothing to report in this respect.

Other Matter

- (i) This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Stavros Pantzaris.



Stavros Pantzaris
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia
26 November 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 September 2019

	Notes	2019 US\$'000	2018 US\$'000
Revenue	5	342 885	406 268
Cost of sales	6	(282 461)	(297 782)
Gross profit		60 424	108 486
Other income	7	687	2 432
Net foreign exchange gain		354	852
Administrative expenses	9	(37 252)	(39 232)
Results from operating activities		24 213	72 538
Finance income	10	1 437	1 279
Finance costs	10	(8 812)	(10 189)
Changes in fair value of financial assets at fair value through profit or loss		312	1 262
Changes in fair value of financial liabilities at fair value through profit or loss		(4 343)	155
Share of loss of investment accounted for using the equity method	16	(1 652)	(62)
Profit before tax		11 155	64 983
Tax	12	(2 779)	(14 011)
Profit for the year		8 376	50 972
Other comprehensive income			
<i>Items that may be classified subsequently to profit or loss:</i>			
Foreign currency translation differences for foreign operations, net of tax		(13 985)	(10 663)
Other comprehensive income, net of tax		(13 985)	(10 663)
Total comprehensive income for the year		(5 609)	40 309
Profit for the year attributable to:			
Owners of the company		10 616	48 433
Non-controlling interest		(2 240)	2 539
		8 376	50 972
Total comprehensive income for the year attributable to:			
Owners of the company		1 835	41 790
Non-controlling interest		(7 444)	(1 481)
		(5 609)	40 309
Earnings per share			
Basic earnings per share (US\$ cents)	13	4	19
Diluted earnings per share (US\$ cents)	13	4	18

The notes on pages 52 to 127 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2019

	Notes	2019 US\$'000	2018 US\$'000
Assets			
Non-current assets			
Property, plant and equipment	14	263 980	264 311
Goodwill	15	750	804
Investment accounted for using the equity method	16	8 781	4 438
Other financial assets	18	6 080	5 012
Deferred tax assets	19	1 013	1 880
Total non-current assets		280 604	276 445
Current assets			
Inventories	20	36 334	23 043
Trade and other receivables	21	73 857	86 202
Contract assets	22	1 039	2 229
Other financial assets	18	1 390	986
Current taxation	23	926	228
Cash and cash equivalents	24	59 201	66 791
Total current assets		172 747	179 479
Total assets		453 351	455 924
Equity and liabilities			
Share capital and premium	25	285 193	280 806
Other reserve	25	47 245	47 245
Foreign currency translation reserve	25	(88 985)	(80 204)
Retained earnings	25	79 318	77 025
Equity attributable to owners of the Company		322 771	324 872
Non-controlling interests	25	(33 982)	(26 538)
Total equity		288 789	298 334
Non-current liabilities			
Provisions	26	13 101	12 634
Borrowings	27	19 903	27 281
Deferred tax liabilities	19	25 984	29 892
Total non-current liabilities		58 988	69 807
Current liabilities			
Borrowings	27	51 313	50 138
Other financial liabilities	28	2 384	1 000
Current taxation	23	60	1 013
Trade and other payables	29	50 778	33 403
Contract liabilities	30	1 039	2 229
Total current liabilities		105 574	87 783
Total liabilities		164 562	157 590
Total equity and liabilities		453 351	455 924

The consolidated financial statements were authorised for issue by the Board of Directors on 26 November 2019.


Phoevos Pouroulis
Director


Michael Jones
Director

The notes on pages 52 to 127 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2019

	Note	Attributable to owners of the Company						Non-controlling interest US\$'000	Total equity US\$'000
		Share capital US\$'000	Share premium US\$'000	Other reserve US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000	Total US\$'000		
Balance at 1 October 2017		260	280 082	47 245	(73 561)	42 862	296 888	(25 057)	271 831
Total comprehensive income for the year									
Profit for the year		-	-	-	-	48 433	48 433	2 539	50 972
<i>Other comprehensive income:</i>									
Foreign currency translation differences	25	-	-	-	(6 643)	-	(6 643)	(4 020)	(10 663)
Total comprehensive income for the year		-	-	-	(6 643)	48 433	41 790	(1 481)	40 309
Transactions with owners of the Company									
<i>Contributions by and distributions to owners</i>									
Dividends paid	39	-	-	-	-	(18 214)	(18 214)	-	(18 214)
Issue of ordinary shares	25	1	463	-	-	-	464	-	464
Equity-settled share based payments	25	-	-	-	-	3 638	3 638	-	3 638
Deferred tax on equity-settled share based payments	19	-	-	-	-	306	306	-	306
Contributions by owners of the Company		1	463	-	-	(14 270)	(13 806)	-	(13 806)
Total transactions with owners of the Company		1	463	-	-	(14 270)	(13 806)	-	(13 806)
Balance at 30 September 2018		261	280 545	47 245	(80 204)	77 025	324 872	(26 538)	298 334

The notes on pages 52 to 127 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2019

	Note	Attributable to owners of the Company					Total US\$'000	Non- controlling interest US\$'000	Total equity US\$'000
		Share capital US\$'000	Share premium US\$'000	Other reserve US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000			
Balance at 1 October 2018		261	280 545	47 245	(80 204)	77 025	324 872	(26 538)	298 334
Total comprehensive income for the year									
Profit for the year		-	-	-	-	10 616	10 616	(2 240)	8 376
<i>Other comprehensive income:</i>									
Foreign currency translation differences	25	-	-	-	(8 781)	-	(8 781)	(5 204)	(13 985)
Total comprehensive income for the year		-	-	-	(8 781)	10 616	1 835	(7 444)	(5 609)
Transactions with owners of the Company									
<i>Contributions by and distributions to owners</i>									
Dividends paid	39	-	-	-	-	(6 594)	(6 594)	-	(6 594)
Issue of ordinary shares	25	6	4 381	-	-	-	4 387	-	4 387
Equity-settled share based payments	25	-	-	-	-	(859)	(859)	-	(859)
Deferred tax on equity-settled share based payments	19	-	-	-	-	(870)	(870)	-	(870)
Contributions by owners of the Company		6	4 381	-	-	(8 323)	(3 936)	-	(3 936)
Total transactions with owners of the Company		6	4 381	-	-	(8 323)	(3 936)	-	(3 936)
Balance at 30 September 2019		267	284 926	47 245	(88 985)	79 318	322 771	(33 982)	288 789

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 17% will be payable on such deemed dividend to the extent that the ultimate shareholders at the end date of the period of two years from the end of the year of assessment to which the profits refer are both Cypriot tax residents and Cypriot domiciled entities. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the company for the account of the shareholders. These provisions do not apply for ultimate beneficial owners that are non-Cypriot tax resident individuals. Retained earnings is the only reserve that is available for distribution.

The notes on pages 52 to 127 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 September 2019

	Notes	2019 US\$'000	2018 US\$'000
Cash flows from operating activities			
Profit for the year		8 376	50 972
Adjustments for:			
Depreciation of property, plant and equipment	14	27 236	29 858
Loss on disposal of property, plant and equipment	14	33	37
Gain on bargain purchase	37	-	(1 884)
Share of loss of investment accounted for using the equity method	16	1 652	62
Impairment loss and net realisable value write down of inventory	20	114	117
Impairment and write off of property, plant and equipment	14	4 141	3 897
Changes in fair value of financial assets at fair value through profit or loss		(312)	(1 262)
Changes in fair value of financial liabilities at fair value through profit or loss		4 343	(155)
Net foreign exchange gain		(354)	(852)
Interest income	10	(1 437)	(1 279)
Interest expense	10	8 812	10 189
Tax	12	2 779	14 011
Equity-settled share based payments		3 583	4 019
		58 966	107 730
Changes in:			
Inventories		(15 207)	(2 456)
Trade and other receivables and contract assets		8 607	(18 639)
Trade and other payables and contract liabilities		21 734	2 979
Provisions		250	5 614
Cash from operations		74 350	95 228
Income tax paid	31	(4 408)	(5 457)
Net cash flows from operating activities		69 942	89 771
Cash flows from investing activities			
Interest received		1 333	1 172
Additions to property, plant and equipment	14	(43 881)	(40 454)
Net cash outflow from business combination	37	-	(21 840)
Proceeds from disposal of property, plant and equipment	14	403	119
Additions to investments accounted for using the equity method	16	(7 995)	(2 500)
Additions to other financial assets	18	(2 277)	(4 008)
Refund of long term deposits		-	7 110
Net cash flows used in investing activities		(52 417)	(60 401)
Cash flows from financing activities			
Net (payment of)/proceeds from bank credit facilities	27	(14 347)	114
Advances received	27	28 476	68 220
Repayment of borrowings	27	(19 024)	(48 503)
Lease payments	27	(6 647)	(6 463)
Dividends	39	(6 594)	(18 214)
Interest paid		(4 665)	(6 619)
Net cash flows used in financing activities		(22 801)	(11 465)
Net (decrease)/increase in cash and cash equivalents		(5 276)	17 905
Cash and cash equivalents at the beginning of the year		66 791	49 742
Effect of exchange rate fluctuations on cash held		(2 314)	(856)
Cash and cash equivalents at the end of the year	24	59 201	66 791

The notes on pages 52 to 127 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

1. CORPORATE INFORMATION

Tharisa plc ('the Company') was incorporated in Cyprus on 20 February 2008 under registration number HE223412. The name of the Company was changed from Tharisa Limited to Tharisa plc on 19 January 2012. On 10 April 2014, the Company listed its ordinary share capital on the main board of the Johannesburg Stock Exchange ('JSE') as the primary listing. On 8 June 2016 the Company listed its ordinary share capital as a standard listing on the main board of the London Stock Exchange ('LSE'). On 6 February 2019 the Company listed its ordinary share capital as a secondary listing on the A2X Exchange in South Africa.

Its registered office is at Sofoklis Pittokopitis Business Centre, Offices 108-110, 17 Neophytou Nicolaidis and Kilkis Streets, 8011 Paphos, Cyprus.

The principal activity of the Group is the exploitation of metals and minerals, principally platinum group metals ('PGMs') and chrome, and associated sales and logistics operations

On 9 February 2009, the Company acquired 74.0% of the share capital of Tharisa Minerals Proprietary Limited, a company established in South Africa. The principal activity of Tharisa Minerals Proprietary Limited is PGM and chrome mining and processing.

On 2 November 2010, the Company incorporated Tharisa Investments Limited, a company established in Cyprus. The principal activity of Tharisa Investments Limited is that of investment holding.

On 15 February 2012, Tharisa Investments Limited incorporated Tharisa Fujian Industrial Co., Ltd, a company established in China. The principal activity of Tharisa Fujian Industrial Co., Ltd is that of ferrochrome smelting. Tharisa Fujian Industrial Co., Ltd has not commenced operations up to the date of this report. During April 2011, Tharisa Investments Limited issued additional shares representing 15.0% of its expanded share capital to Fujian Wuhang Stainless Steel Products Co. Ltd ('Fujian'). On 22 November 2011, the Company and Fujian signed an agreement, according to which Fujian transferred its 15.0% equity interests in Tharisa Investments Limited to the Company. The consideration for this transfer was the par value of the shares transferred of US\$22.5 and a call option written by the Company which conferred to Fujian a right to purchase 15.0% of the equity capital of Tharisa Fujian Industrial Co., Ltd at Chinese Yuan Renminbi ('YUAN') 100 at any time after 31 December 2012. As at 30 September 2019, the call option had yet to be exercised.

On 24 August 2011, Tharisa Investments Limited incorporated Tharisa Investments (Hong Kong) Limited, a company established in Hong Kong. Tharisa Investments (Hong Kong) Limited has not commenced operations up to the date of this report.

On 4 February 2011, the Company incorporated Arxo Resources Limited, a company established in Cyprus. The principal activity of Arxo Resources Limited is the selling and distribution of chrome concentrates. On 7 December 2011, Arxo Resources Limited incorporated Arxo Metals Proprietary Limited, a company established in South Africa. The principal activity of Arxo Metals Proprietary Limited is metal processing. It currently produces foundry and chemical grade chrome concentrates, operates a chrome plant owned by a third party and is involved in the beneficiation of PGM concentrates.

On 1 March 2011, the Company acquired 100% of the share capital of Arxo Logistics Proprietary Limited, a company established in South Africa. The principal activity of Arxo Logistics Proprietary Limited is the provision of logistics services.

On 31 May 2011, the Company incorporated Tharisa Administration Services Limited, a company established in Cyprus. Tharisa Administration Services Limited provides management and administration services to the Group. On 1 April 2013, Tharisa Administration Services Limited acquired Braeston Corporate Consulting Services Proprietary Limited, a company established in South Africa. The principal activity of Braeston Corporate Consulting Services Proprietary Limited is the provision of management services to the Group. On 19 July 2018, Braeston Corporate Consulting Services Proprietary Limited incorporated Ubhova Security Proprietary Limited, a company incorporated in South Africa. The principal activity of Ubhova Security Proprietary Limited is the provision of security services.

On 30 May 2013, the Company incorporated Dinami Limited, a company established in Guernsey. The principal activity of Dinami Limited is the provision of consultancy services in relation to the sale of the Group's foundry and chemical grade chrome concentrate products.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

1. CORPORATE INFORMATION (continued)

On 12 June 2018, the Company acquired a 26.8% shareholding in Karo Mining Holding Limited, a company incorporated in Cyprus. The principal activity of Karo Mining Holdings Limited is that of an investment holding company. Karo Mining Holdings Limited entered into an Investment Project Framework Agreement with the Republic of Zimbabwe in terms of which Karo Mining Holdings Limited, through any of its subsidiaries, has undertaken to establish a platinum group metals mine, concentrators, smelters, a base metal and precious metals refinery as well as power generation capacity for the operations with surplus energy capacity made available to the Zimbabwe power grid.

On 29 June 2018, the Company incorporated Arxo Finance Limited, a company incorporated in Cyprus. The principal activity of Arxo Finance Limited is to provide funding arrangements for Group entities.

On 18 September 2018, the Company has been granted a call option to acquire a 90.0% shareholding in Salene Chrome Zimbabwe (Private) Limited, a company incorporated in Zimbabwe. Salene Chrome Zimbabwe (Private) Limited's principal activity is exploration and mining. Salene Chrome Zimbabwe (Private) Limited has been awarded special grants under the Zimbabwe Mines and Minerals Act on the Eastern and Western sides of the Great Dyke in Zimbabwe, which entitles it to mine the minerals thereon. At the date of this report the call option has not yet been exercised.

On 9 July 2019, the Company has been granted a call option to acquire a 70.0% shareholding in Salene Manganese Proprietary Limited, a company incorporated in South Africa. Salene Manganese Proprietary Limited's principal activity is a manganese exploration and mining company. Salene Manganese Proprietary Limited has entered into an agreement for the purchase of a Mining Right issued over the farm Macarthy 559, Kuruman district in South Africa. The Mining Right is for the mining of iron ore and manganese ore. At the date of this report the call option has not yet been exercised.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs'). IFRS comprise the standards issued by the International Accounting Standards Board ('IASB') and IFRS Interpretations Committee ('IFRIC') as issued by the IASB. In addition, the consolidated financial statements have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap.113.

Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except as otherwise stated in the accounting policies set out below.

Functional and presentation currency

The consolidated financial statements are presented in United States Dollars ('US\$') which is the Company's functional currency and presentation currency. Amounts are rounded to the nearest thousand.

Going concern

After making enquiries which include reviews of current cash resources, forecasts and budgets, timing of cash flows, borrowing facilities and sensitivity analyses and considering the associated uncertainties to the Group's operations, the Directors have a reasonable expectation that the Group has adequate financial resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements, which assumes that the Group will be able to meet its liabilities as they fall due for the foreseeable future.

These consolidated financial statements have been prepared on a going concern basis.

Refer to note 33 for statements on the Group's objectives, policies and processes for managing its capital, details of its financial instruments and hedging activities; its exposures to market risk in relation to commodity prices and foreign exchange risks; interest rate risk; credit risk; and liquidity risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2. STANDARDS AND INTERPRETATIONS ADOPTED IN THE CURRENT YEAR

The Group early adopted IFRS 9: Financial Instruments, IFRS 15: Revenue from Contracts with Customers and IFRS 16: Leases with effect from 1 October 2017 and the consolidated financial statements for the year ended 30 September 2018 have been prepared in accordance with these standards.

The Group has adopted the following new and/or revised standards and interpretations which became effective for the year ended 30 September 2019:

IFRIC 22 – Foreign Currency Transaction and Advance Consideration

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation did not have any impact on the Group's consolidated financial statements.

IFRS 2 – Classification and Measurement of Share Based Payment Transactions (Amendment)

The amendment is intended to eliminate diversity in practice in three main areas:

- The effects of vesting conditions on the measurement of a cash-settled share based payment transaction.
- The classification of a share based payment transaction with net settlement features for withholding tax obligations.
- The accounting where a modification on the terms and conditions of a share based payment transaction changes its classification from cash-settled to equity-settled.

The amendment did not have an impact on the consolidated financial results as the clarifications are consistent with current practices applied by the Group

2.3. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

A number of standards, amendments to standards and interpretations have been issued but are not yet effective for annual periods beginning on 1 October 2018. Other than IFRS 16: Leases, the Group has elected not to early adopt any of these standards, amendments to standards and interpretations. Those that are relevant to the Group are presented below.

IFRIC 23 – Uncertainty over Income Tax Treatment

This new interpretation standard clarifies application of recognition and measurement requirements in IAS 12 – Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: whether an entity considers uncertain tax treatments separately, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and how an entity considers changes in facts and circumstances. The impact of the interpretation will be assessed and applied to uncertain tax positions in future. The interpretation is effective for reporting periods beginning on or after 1 January 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

IAS 23 – Borrowing Costs (Amendment)

The amendment clarifies that an entity treats as part of general borrowings and borrowings originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. This amendment will be taken into account when determining general borrowing costs, which can be capitalised to qualifying assets, in accordance with the transitions provisions.

IFRS 3 – Business Combinations (Amendment)

The IASB issued amendments to the definition of a business in IFRS 3 – Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, entities do not have to revisit such transactions that occurred in prior periods. Early application is permitted and must be disclosed.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on transition.

IAS 1 and IAS 8 – Definition of material (Amendment)

During October 2018, the IASB issued amendments to IAS 1 – Presentation of Financial Statement ('IAS 1') and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ('IAS 8') to align the definition of material across the standards and to clarify certain aspects of the definition. The new definition states that, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific entity.

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The definition of material in the Conceptual Framework and IFRS Practice Statement 2: Making Materiality Judgements were amended to align with the revised definition of materiality in IAS 1 and IAS 8.

The amendments are effective for reporting periods beginning on or after 1 January 2020 and must be applied prospectively. Early application is permitted and must be disclosed.

Although the amendments to the definition of material are not expected to have a significant impact on the Group's consolidated financial statements, the introduction of the term obscuring information in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how information is communicated and organised in the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

Conceptual Framework

The IASB has revised its Conceptual Framework. The primary purpose of the Framework is to assist the IASB (and the Interpretations Committee) by identifying concepts that it will use when setting standards.

Key changes include:

- Increasing the prominence of stewardship in the objective of financial reporting, which is to provide information that is useful in making resource allocation decisions;
- Reinstating prudence, defined as the exercise of caution when making judgements under conditions of uncertainty, as a component of neutrality;
- Defining a reporting entity, which might be a legal entity or a portion of a legal entity;
- Revising the definition of an asset as a present economic resource controlled by the entity as a result of past events;
- Revising the definition of a liability as a present obligation of the entity to transfer an economic resource as a result of past events;
- Removing the probability threshold for recognition, and adding guidance on derecognition;
- Adding guidance on the information provided by different measurement bases, and explaining factors to consider when selecting a measurement basis;
- Stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where the relevance or true representation of the financial statements would be enhanced.

The IAS and Interpretations Committee will apply the revised Framework immediately. The Group will consider the revised Framework when needed in terms of the IAS 8 hierarchy dealing with selecting accounting policies not covered by an IFRS standard.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4. BASIS OF CONSOLIDATION

The consolidated financial statements include, on a line-by-line basis, the financial statements of all subsidiaries.

The following policies have been applied during the consolidation process:

Business combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at the fair value at the date of acquisition. If an obligation to pay the contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists where the Group is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the control commenced until the date on which the control is ceased.

Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4. BASIS OF CONSOLIDATION (continued)

Joint ventures

Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint ventures are accounted for at cost and are adjusted for impairments where appropriate in the Company financial statements.

Non-controlling interest

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of the acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control, are accounted for as equity transactions.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4. BASIS OF CONSOLIDATION (continued)

Foreign operations

As at the reporting date, on consolidation, the assets and liabilities of foreign subsidiaries, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency of the Group ('US\$') at the rate of exchange ruling at the reporting date and their statements of comprehensive income are translated at the weighted average exchange rate for the period. The exchange differences arising in the translation on consolidation are recognised in other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

Monetary assets and liabilities that are receivable from or payable to a foreign subsidiary and for which settlement is neither planned nor likely to occur in the foreseeable future, forms part of the net investment in a foreign operation and the resulting exchange differences are recognised in other comprehensive income. The repayment of such a balance is not considered to be a partial disposal and the cumulative exchange differences recognised in other comprehensive income is not reclassified to profit and loss, until the foreign entity is disposed of.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any relating gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

2.5. REVENUE FROM CONTRACTS WITH CUSTOMERS

Sales revenue is recognised on individual sales when control transfers to the customer. Control transfers to the customer upon satisfaction of performance obligations within each contract. In most instances, control passes and sales revenue is recognised when the product is delivered to the vessel or vehicle on which it will be transported once loaded, the destination port or the customer's premises. There may be circumstances when judgment is required based on the five indicators of control below:

- The customer has the significant risks and rewards of ownership and has the ability to direct the use of, and obtain substantially all of the remaining benefits from the good or service.
- The customer has a present obligation to pay in accordance with the terms of the sales contract. For shipments under the Incoterms Cost, Insurance and Freight ('CIF') this is generally when the ship is loaded, at which time the obligation for payment is for both product and freight.
- The customer has accepted the asset. Sales revenue may be subject to adjustment if the product specification does not conform to the terms specified in the sales contract but this does not impact the passing of control. Assay and specification adjustments have been immaterial historically.
- The customer has legal title to the asset. The Group usually retains legal title until payment is received for credit risk purposes only.
- The customer has physical possession of the asset. This indicator may be less important as the customer may obtain control of an asset prior to obtaining physical possession, which may be the case for goods in transit.

Revenue is presented net of Value Added Tax, rebates and discounts and after eliminating intergroup sales. Multiple performance obligations exist which are described in the following paragraphs.

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations. The Board of Directors is of the view that the Group had three operating segments during the reporting period, the PGM segment, the chrome segment and the agency and trading segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

The following is a description of the Group's current principal activities separated by reportable segment, from which the Group recognises its revenue.

PGM segment

The PGM segment principally generates revenue from the sale of PGM concentrate, which consists of the sale of platinum, palladium, rhodium, gold, ruthenium, iridium, nickel and copper. The Group enters into off-take agreements with customers for the supply of PGM concentrate. Revenue from the sale of PGM concentrate is recognised based on the quantity of PGM concentrate delivered, prevailing market prices and exchange rates, when delivered to the customers in terms of the off-take agreements. Revenue recognised includes variable consideration as revenue is subject to quantity adjustments, final pricing and currency adjustments after the beneficiation process is completed. Revenue recognised is adjusted for expected final adjustments based on finally determined quantity and spot rates, which are estimated based on prevailing market information and recognised as a separate component within revenue. Adjustments to the sale price occur based on movements in the metal market price and exchange rates up to the date of final pricing.

Any subsequent changes that arise due to differences between initial and final assay are still considered within the scope of IFRS 15 and are subject to the constraint on estimates of variable consideration. When considering the initial assay estimate, the Group has considered the requirements of IFRS 15 in relation to the constraint on estimates of variable consideration. It will only include amounts in the calculation of revenue where it is highly probable that a significant revenue reversal will not occur when the uncertainty relating to final quantity/assay/quality is subsequently determined.

Consequently, at the time the concentrate passes to the customer, the Group will recognise a receivable as from that time it considers it has an unconditional right to consideration. This receivable is accounted for in accordance with IFRS 9.

The provisional pricing features means the concentrate receivable fails to meet the requirements to be measured at amortised cost. Instead, the entire receivable is measured at fair value, with subsequent movements being recognised in profit or loss.

Chrome segment

The Group currently produces metallurgical chrome concentrate and specialty chrome concentrates. It generates revenue from the sale of these products. The chrome market is typically a 'spot' market. The Group enters into short-term sale contracts. The Group also enters into long-term volume off-take agreements for the supply of chrome concentrates.

Revenue arising from chrome concentrate sales under short-term sale contracts and off-take agreements is recognised when the chrome concentrate is delivered and a customer takes control of the chrome concentrate. Revenue is recognised based on the fixed sale price in terms of the contract, the quantity delivered and the quality as determined by an independent survey. Export sales may, as specified in the contract, be subject to a final survey upon arrival at destination port. Revenue recognised for export sales is adjusted for expected final adjustments, which are estimated based on historical data for similar transactions.

The majority of the Group's metallurgical chrome concentrate is exported. For these export sales, the point of revenue recognition is dependent on the contract sales terms, known as the International Commercial Terms ('Incoterms'). For the Incoterms Cost, Insurance and Freight ('CIF') the seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination. This means that the Group is responsible (acts as principal) for providing shipping services and, in some instances, insurance after the date at which control of goods passes to the customer at the loading port.

Consequently, the freight service on export commodity contracts with CIF Incoterms represents a separate performance obligation as defined under IFRS 15 and as such, a portion of the revenue earned under these contracts, representing the obligation to perform the freight service, is deferred and recognised when this obligation has been fulfilled, along with the associated costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Chrome segment (continued)

Since separate performance conditions exist for export commodity contracts with CIF Incoterms, the Group allocates the transaction price to the separate performance conditions on a relative stand-alone selling price basis. Observable information with specific reference to sea freight costs is used for allocation of the transaction price.

Agency and trading segment

The Group operates a third party chrome plant and markets and sells the chrome concentrate produced at this plant. The Group determines whether it acts as principal or agent by assessing whether the Group controls the transaction and what its performance obligations are. Considerations to determine control include whether the Group provides the performance obligation itself, the Group is primarily responsible for fulfilling the promise to provide the specified chrome concentrates, the Group has inventory risk before the specified products are transferred to the customer and the Group determines the selling price. In the absence of any of the aforementioned factors, control of the transaction may be doubtful and the Group would recognise the margin achieved in revenue as an agent.

Metallurgical and specialty chrome concentrates are produced at this plant. The Group enters into short-term contracts for the sale of these chrome concentrates. Revenue arising from short-term sale contracts is recognised when the chrome concentrate is delivered and a customer takes control of the chrome concentrates. This occurs in accordance with the terms of each contract. Delivery terms also vary between the sale of metallurgical chrome concentrate and specialty chrome concentrates. Sales from chrome concentrates are subject to surveys to determine the chrome quality and quantity. Revenue is recognised based on the fixed sale price in terms of the contract, the quantity delivered and the quality as determined by an independent survey. Export sales may, as specified in the contract, be subject to a final survey upon arrival at destination port. Revenue recognised for export sales is adjusted for expected final adjustments, which are estimated based on historical data for similar transactions.

The majority of the Group's metallurgical chrome concentrate produced at the third party chrome plant is exported on a CIF basis.

Consequently, the freight service on export commodity contracts with CIF Incoterms represents a separate performance obligation as defined under IFRS 15 and as such, a portion of the revenue earned under these contracts, representing the obligation to perform the freight service, is deferred and recognised when this obligation has been fulfilled, along with the associated costs.

Since separate performance conditions exist for export commodity contracts with CIF Incoterms, the Group allocates the transaction price to the separate performance conditions on a relative stand-alone selling price basis. Observable information with specific reference to sea freight costs is used for allocation of the transaction price.

The Group also provides inland logistics services to customers. These services include long-term contracts and ad hoc logistics services. Revenue is recognised at a point in time as the performance obligation has been fulfilled which is the delivery of the specified goods. Any earned consideration, which is conditional, will be recognised as a contract asset rather than a trade and other receivable.

Revenue is also generated from consulting services rendered. These services include geological, marketing and administration services. Revenue is recognised over time, using an input method to measure progress towards complete customer satisfaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Contract balances

Timing of revenue recognition may differ from the timing of invoicing to customers. The Group records a receivable in the statement of financial position, when revenue is recognised prior to invoicing. Similarly, unearned revenue received (income received in advance), is disclosed as a current liability in the statement of financial position, if it will be earned within one year.

Payment terms and conditions vary by contract type and delivery method, although for local sales terms generally include a requirement of payment upon completion of delivery of the products. For export chrome concentrate transactions, payment terms vary from 30 to 90 days, however, the Group obtains a letter of credit from a reputable bank in most instances before shipment occurs.

In the instance where the timing of revenue recognition differs from the timing of invoicing, the Group has determined that due to the short-term nature, the contracts with customers generally do not include a significant financing component. The primary purpose of the Group's invoicing terms is to provide customers with simplified and predictable ways of purchasing products, not to receive financing from customers or to provide financing to customers. Similarly, due to the short-term nature of unearned revenue received, being less than 12 months. No financing component exists in line with the practical expedient.

Commissions recognised from costs to obtain a contract with a customer

The Group recognises the incremental costs, arising from the concluding of sale contracts, as expenses in cost of sales in the statement of profit or loss when incurred. Such commission fees relate to the chrome segment and are short-term in nature.

2.6. OTHER INCOME

Rental income

Rental income is recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

2.7. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign currency gains and losses are reported on a net basis.

2.8. FINANCE INCOME

Finance income comprises interest income on funds invested. Interest income is recognised in profit or loss as it accrues using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9. FINANCE COSTS

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, impairment losses recognised on financial assets (other than trade receivables). Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

2.10. EMPLOYEE BENEFITS

Provident funds

The Group's salaried employees in South Africa are members of defined contribution retirement benefit plans. The contributions to the plans range from a minimum of 3.0% to a maximum of 15.0% of staff's pensionable salary. Contributions to the plans vest immediately. Contributions are accrued in the year in which the associated services are rendered by employees.

The Group's employees in Cyprus do not participate in retirement benefit plans.

Share based payment transactions

Equity settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share based transactions are set out in the supporting notes.

The fair value determined at the grant date of the equity settled share based payment is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in the equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The amount recognized as an expense is adjusted to reflect the revision of the original estimate.

Equity settled share based payment transactions with parties other than the employees are measured at fair value of the goods and services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Where the Company has the right to elect settlement either equity settled or cash settled, the share based payment transactions will be treated as equity settled share based payments.

Short term benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months from the reporting date are calculated at undiscounted amounts based on remuneration rates that the Group expects to pay as at the reporting date including related costs, such as workers compensation insurance and payroll tax. Non-accumulating monetary benefits such as medical aid contribution are expensed as the benefits are taken by the employees.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11. TAX

Income tax comprises current and deferred taxes. Income tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but which they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is established.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12. EARNINGS PER SHARE

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise instruments convertible into ordinary shares and share options granted to employees. The Group also presents headline earnings per share according to the JSE requirements, by adjusting the earnings as determined in IAS 33, excluding separate identifiable re-measurements, net of related tax (current and deferred) and related non-controlling interests other than re-measurements specifically included in headline earnings (included re-measurements).

2.13. DIVIDENDS

Dividends are recognised as a liability in the period they are declared according to IAS 10.

2.14. PROPERTY, PLANT AND EQUIPMENT

Mining assets and infrastructure

Mining assets and infrastructure typically include those costs incurred for the development of the mine, including the design of the mine plan, constructing and commissioning the facilities and preparation of the mine and necessary infrastructure for production. The mine development phase generally begins after completion of a feasibility study and ends upon the commencement of commercial production. Mining assets are measured at cost less accumulated depreciation and less any accumulated impairment losses. Expenditure, including evaluation costs, incurred to establish or expand productive capacity, to support and maintain that productive capacity prior to the commencement of commercial levels of production, are capitalised to assets under construction and transferred to mining plant and infrastructure when the mining venture reaches commercial production. Maintenance costs incurred to maintain current production are expensed.

The remaining useful life of mine and infrastructure is currently estimated to be 15 years.

Deferred stripping costs

All stripping costs incurred (costs incurred in removing overburden to expose the reef) during the production phase of a mine are treated as variable production costs and as a result are included in the cost of inventory during the period in which the stripping costs are incurred. However, any costs of overburden stripping in excess of the expected open-pit life average stripping ratio are deferred. Any costs deferred are capitalised to property, plant and equipment. This asset is depreciated using the units of production method over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14. PROPERTY, PLANT AND EQUIPMENT (continued)

General

General assets are initially measured at cost and are subsequently measured at cost less accumulated depreciation and less any accumulated impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate portion of normal production overheads. Directly attributable expenses relating to major capital projects and site preparation are capitalised until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs. Administrative and other general overhead costs are expensed as incurred. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Borrowing costs directly attributable to the construction or acquisition of qualifying assets are capitalised directly to the cost of the qualifying asset. To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, these borrowing costs shall be determined as the actual borrowing costs incurred on that borrowing.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs shall be determined by applying a capitalisation rate to the expenditure on that asset. Borrowing costs specifically to finance the establishment of qualifying mining assets are capitalised until commercial levels of production are achieved. Otherwise, capitalisation of borrowing costs ceases when the asset is substantially complete.

Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised when the costs can be reliably measured and if it is probable that the future economic benefits embodied within the component will flow to the Group. The carrying amount of the replaced component, if any, are derecognised.

Maintenance and day to day servicing and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are recognised in profit or loss.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognised in profit or loss.

Government grants

Government grants are recognized as a deduction in the carrying amount of the item of property, plant and equipment they relate to, when there is reasonable assurance that they will be received, and the Group will comply with the conditions associated with the grant.

Depreciation

Depreciation of mining assets and infrastructure is calculated using the units-of-production method based on estimated economically recoverable proved and probable mineral reserves. Proved and probable reserves reflect estimated quantities of economically recoverable resources which can be recovered in the future from known mineral deposits. Depreciation is first charged on mining assets and infrastructure from the date on which they are available for use.

Mining fleet is depreciated using the units-of-production method based on estimated achievable machine hours.

For other property, plant and equipment, depreciation is recognised in profit or loss on a straight-line basis at rates that will reduce the carrying amounts to estimated residual values over the estimated useful lives of the assets. Leasehold improvements on premises occupied under operating leases are expensed over the shorter of the lease term and the useful lives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14. PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation (continued)

Depreciation, unless otherwise stated, is calculated as follows:

- buildings at 10.0% pa
- motor vehicles at 20.0% pa
- computer equipment and software at 33.3% pa
- office equipment between 10.0% and 33.3% pa
- furniture at 20.0% pa

No depreciation is provided on freehold land and mine development assets under construction.

Depreciation methods, residual values and useful lives are reviewed at least annually, and adjusted prospectively if appropriate, at each reporting date.

2.15. LEASES

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of identified assets for a specified period. The commencement date is the date on which a lessor makes an underlying asset available for use by the lessee.

The right-of-use assets are initially measured at cost, which comprises the amount of initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located, less any lease incentives.

Subsequent to initial measurement, the right-of-use assets are depreciated from the commencement date using the straight-line method over the shorter of the estimated useful lives of the right-of-use assets or the end of lease term. These are as follows:

Right-of-use asset

Buildings and premises
Mining fleet

Depreciation term in years

Straight-line over the respective lease terms, between 3 and 5 years
Based on estimated production hours

After the commencement date, the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include the following:

- Fixed payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- Lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- Payments of penalties for early terminating the lease, unless the Group is reasonably certain not to terminate early.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15. LEASES (continued)

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, an extension or a termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets:

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of vehicles that have a lease term of 12 months or less and leases of low-value assets such as computer equipment.

As a lessor

In the event of lease contracts based on which the Group is acting as a lessor, each of its leases is classified as either an operating or finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. Indicators of a finance lease include whether the lease is for the major part of the economic life of the asset, whether the lease transfers ownership of the asset to the lessee by the end of the lease term and whether at inception date of the lease, the present value of the minimum lease payments amount to substantially all of the fair value of the leased asset.

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor, are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

Rental income is classified in other income.

2.16. MINERAL RESERVES

The estimation of reserves impacts the amortisation of property, plant and equipment, the recoverable amount of property, plant and equipment and the timing of rehabilitation expenditure.

Factors impacting the determination of proved and probable reserves:

- commodity prices;
- the grade of mineral reserves;
- operational issues at the mine; and
- the reliability of the measurement of the fair value or cost of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17. INTANGIBLE EXPLORATION AND EVALUATION ASSETS

The Group expenses all exploration and evaluation expenditures prior to the directors concluding that a future economic benefit is more likely than not to be realised, i.e. probable, thereafter exploration and evaluation expenses are capitalised. Exploration on greenfield sites, being those where the Group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a final feasibility study has been completed, after which the expenditure is capitalised within development costs, if the final feasibility study demonstrates that future economic benefits are probable.

Exploration and evaluation expenditure on brownfield sites, being those adjacent to mineral deposits which are already being mined or developed, is expensed as incurred until the directors are able to demonstrate that future economic benefits are probable through the completion of a prefeasibility study, after which the expenditure is capitalised as a mine development cost if the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating economic factors and the evaluation of other relevant factors.

The prefeasibility study, when combined with existing knowledge of the mineral property that is adjacent to mineral deposits that are already being mined or developed, allows the directors to conclude that it is more likely than not that the Group will obtain future economic benefit from the expenditures. These commercial reserves are capitalised to assets under construction and subsequently tested for impairment.

Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised as a mine development cost following the completion of an economic evaluation equivalent to a prefeasibility study. This economic evaluation is distinguished from a prefeasibility study in that some of the information that would normally be determined in a prefeasibility study is instead obtained from the existing mine or development. This information when combined with existing knowledge of the mineral property already being mined or developed allows the directors to conclude that the Group will more likely than not obtain future economic benefit from the expenditures.

The initial costs of exploration and evaluation assets acquired in a business combination are based on the fair value at acquisition. Subsequently it is stated at cost less impairment provision. No amortisation is charged during the exploration and evaluation phase.

Exploration for and evaluation of mineral resources

Exploration and evaluation costs, including the costs of acquiring prospecting rights and directly attributable exploration expenditure, are capitalised as intangible exploration and evaluation assets on a project-by-project basis, pending determination of the technical feasibility and commercial viability. Costs are recognised as exploration and evaluation costs from the date of granting of a prospecting right. The capitalised costs are presented as intangible exploration and evaluation assets as a result of the nature of the assets acquired.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proved reserves are determined to exist. Upon determination of proved reserves intangible exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from intangible exploration and evaluation assets to other appropriate categories of non-current assets. Amortisation of these assets commences once these assets are appropriately reclassified and are in commercial production. Intangible exploration and evaluation assets are assessed for impairment based on the policy provided under the impairment note.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17. INTANGIBLE EXPLORATION AND EVALUATION ASSETS (continued)

Additional guidance as provided by IFRS 6 is used to determine indicators of impairment. These include:

- the period to explore, as granted in terms of the prospecting rights acquired, has expired during the period; or will expire in the near future; or is not expected to be renewed;
- further exploration on the projects is neither budgeted nor planned for in the near future;
- a decision was made not to develop a project; and
- there is an indication that the carrying amount of the intangible exploration and evaluation assets is unlikely to be recovered in full from a successful development or the sale of the project.

If a project is abandoned, the related costs are expensed in the statement of profit or loss immediately.

2.18. INVENTORIES

Inventories comprising PGM and chrome concentrates, ore stockpiled, in-process metal contained in ore and consumable items are measured at the lower of cost and net realisable value. The cost is determined using the weighted average method and includes direct mining expenditure and an appropriate portion of overhead expenditure. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs to sell. Obsolete, redundant and slow moving inventories are identified and written down to net realisable value.

2.19. FINANCIAL INSTRUMENTS

Classification

The Group classifies its financial instruments in the following categories:

- At fair value through profit or loss
- At fair value through other comprehensive income
- At amortised cost

The Group determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Group's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified at fair value through profit or loss, for other equity instruments, on the day of acquisition the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at fair value through other comprehensive income. Financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through profit or loss (such as derivatives) or the Group has designated to measure them at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19. FINANCIAL INSTRUMENTS (continued)

Classification (continued)

The following table presents the classification of the Group's financial instruments:

Financial assets	Classification
Long-term deposits	Amortised cost
Other financial assets	
Investments in money markets, current accounts, cash funds and income funds	Fair value through profit or loss
Discount facility	Fair value through profit or loss
Forward exchange contracts	Fair value through profit or loss
Investment in equity instruments	Fair value through profit or loss
Option to acquire shares	Fair value through profit or loss
Prepaid investment in Salene Chrome (Private) Limited	Amortised cost
Trade and other receivables	Amortised cost
Contract assets	Amortised cost
PGM receivable	Fair value through profit or loss
Cash and cash equivalents	Amortised cost
Financial liabilities	Classification
Borrowings	Amortised cost
Discount facility	Fair value through profit or loss
Trade and other payables	Amortised cost
Contract liabilities	Amortised cost

Upon adoption of IFRS 9, the Group made an irrevocable election to classify marketable securities at fair value through profit or loss.

Measurement: Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost less any impairment.

Measurement: Financial assets and liabilities at fair value through profit or loss

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets and liabilities carried at fair value through profit or loss are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at fair value through profit or loss are included in the statement of profit or loss in the period in which they arise. Where management has designated to recognise a financial liability at fair value through profit or loss, any changes associated with the Group's own credit risk will be recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19. FINANCIAL INSTRUMENTS (continued)

Derecognition: Financial assets

The Group derecognises financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognised in the statement of profit or loss. However, gains and losses on derecognition of financial assets classified as fair value through other comprehensive income remain within equity.

Derecognition: Financial liabilities

The Group derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Hedge accounting

The Group does not apply hedge accounting.

2.20. IMPAIRMENT

Financial asset at amortised cost

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest' ('SPPI') on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Impairment requirements are based on expected credit losses (expected credit loss model). Expected credit losses ('ECLs') are an estimate of credit losses over the life of a financial instrument, and are recognised as a loss allowance or provision. The amount of ECLs to be recognised depends on the extent of credit deterioration since initial recognition.

The Group applies the expected credit loss model to all debt instruments classified as measured at amortised cost, or at fair value through other comprehensive income, including lease receivables and contract assets.

The Group considers both approaches: the general approach and the simplified approach. For trade receivables (not subject to provisional pricing) due in less than 12 months, the group applies the simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Group considers its historical credit loss experience, adjusted for forward looking factors, that could indicate impairments taking into account the specific debtors and the economic environment.

The general approach requires the assessment of financial assets to be split into 3 stages:

Stage 1: no significant deterioration in credit quality. This identifies financial assets as having a low credit risk, and the asset is considered to be performing as anticipated. At this stage, a 12 month expected credit loss assessment is required.

Stage 2: significant deterioration in credit quality of the financial asset but no indication of a credit loss event. This stage identifies assets as under-performing. Lifetime expected credit losses are required to be assessed.

Stage 3: clear and objective evidence of impairment is present. This stage identifies assets as non-performing financial instruments. Lifetime expected credit losses are required to be assessed

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20. IMPAIRMENT (continued)

Financial asset at amortised cost (continued)

Once a default has occurred, it is considered a deterioration of credit risk and therefore an increase in the credit risk.

The Group considers a wide variety of indicators when assessing the increase in credit risk as well as the probability of the default happening for impairment purposes. Some indicators considered include: Significant changes in the expected performance and behaviour of the debtor; past due information; significant changes in external market indicators including market information related to the debtor, existing or forecast adverse changes in business, financial or economic conditions; an actual or expected significant adverse change in the regulatory, economic, or technological environment; actual or expected significant internal credit rating downgrade or decrease; actual or expected significant change in the operating results of the debtor.

The expected credit loss value is determined as the estimated cash shortfall that would be incurred, multiplied by the probability of the default occurring

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its related CGU exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs (group of units) and then, to reduce the carrying amount of the other assets in the CGU (group of units) on a pro rata basis.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash inflows of the other assets of the CGU.

For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed through profit or loss if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.21. PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Long-term environmental obligations are based on the Group's environmental management plans, in compliance with the current environmental and regulatory requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21. PROVISIONS (continued)

Where it is not possible that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Rehabilitation costs

The net present value of estimated future costs for mine closure and rehabilitation is recognised and provided for in the consolidated financial statements and capitalised within mining assets on initial recognition. Rehabilitation will generally occur on closure or after closure of a mine. Initial recognition of the provision is at the time that the disturbance occurs and thereafter as and when additional disturbances take place.

The estimates are reviewed bi-annually to take into account the effects of inflation and changes in estimates and are discounted using rates that reflect the time value of money. Bi-annual increases in the provision due to the passage of time are recognised in profit or loss as an unwinding of the value of the provision expense. The present value of additional disturbances and changes in the estimate of the rehabilitation liability are taken to inventory as a direct cost against an increase in the rehabilitation provision. The rehabilitation asset is depreciated as per the Group's accounting policy on depreciation. Rehabilitation projects undertaken, included in the estimates, are charged to the provision as incurred.

Costs for restoration and rehabilitation which are created on an ongoing basis during production of inventories are provided for at their net present values and included as part of inventory costs. Environmental liabilities, other than rehabilitation costs, which relate to liabilities arising from specific events, are recognised in the consolidated statement of financial position when they are known, probable and may be reasonably estimated.

Gains or losses from the expected disposal of assets are not taken into account when determining the provision.

2.22. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value, having been within three months of maturity at acquisition.

2.23. SHARE CAPITAL

The share capital is stated at nominal value. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

When share options are exercised, the Company issues new shares or issues shares from the treasury shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24. RELATED PARTY TRANSACTIONS

For the purpose of these consolidated financial statements, a party is considered to be related to the Group if:

- the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- the Group and the party are subject to common control;
- the party is an associate of the Group or a joint venture in which the Group is a venturer;
- the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such individual, or is an entity under the control, joint control or significant influence of such individuals;
- the party is a close family member of a party referred to in the first bullet point above or is an entity under the control, joint control or significant influence of such individuals; or
- the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the Group.

2.25. EVENTS AFTER THE REPORTING PERIOD

Assets and liabilities are adjusted for events that occurred during the period from the reporting date to the date of approval of the financial statements by the Board of Directors, when these events provide additional information for the valuation of amounts relating to events existing at the reporting date or imply that the going concern concept in relation to part or whole of the Group is not appropriate.

3. USE OF JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimates made by management in the application of IFRS that have a significant effect on the consolidated financial statements and major sources of estimation uncertainty are as follows:

Aggregation of segments

Third-party logistics, third-party trading and third party chrome operations are evaluated individually but aggregated together as the agency and trading segment. The Group believes that the nature of these operations are similar and it will be impractical to report on these operations individually. Consequently, these operations have been aggregated together as the agency and trading segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

3. USE OF JUDGEMENTS AND ESTIMATES (continued)

Revenue from contracts with customers

A significant portion of the Group's chrome revenue is derived from commodity sales for which the point of recognition is dependent on the contract sales terms known as the International Commercial Terms ('Incoterms'). Under Incoterms cost, insurance and freight ('CIF'), the seller is required to contract, and pay, for the costs and freight necessary to bring the goods to a named port of destination.

Consequently, the Group believes that the freight service on export commodity contracts with CIF Incoterms represents a separate performance obligation as defined under IFRS 15 and as such, a portion of the revenue earned under these contracts, representing the obligation to perform the freight service, is deferred and recognised when this obligation has been fulfilled, along with the associated costs.

Since separate performance conditions exist for export commodity contracts with CIF Incoterms, the Group allocates the transaction price to the separate performance conditions on a relative stand-alone selling price basis. Observable information with specific reference to sea freight costs is used for allocation of the transaction price.

The determination of revenue from the sale of PGM concentrates from the time of initial recognition of the sale through to final pricing requires management to re-estimate fair value of the price adjustment feature continuously. Management determines this with reference to actual spot prices.

Joint arrangement

The Group acquired 26.8% of the issued share capital of Karo Mining Holdings Limited during the year ended 30 September 2018. The Group entered into a Shareholders Agreement with Leto Settlement, whereby decisions about the relevant activities require unanimous consent.

Judgement is required to determine when the Group has joint control of joint arrangements. This requires an assessment when the decisions in relation to relevant activities require unanimous consent. Relevant activities are those relating to the operating and capital decisions of the arrangement, such as the approval of the capital expenditure programme for each year, and appointing, remunerating and terminating the key management personnel or service providers of the operations.

Judgement is also required in determining the classification of a joint arrangement between a joint venture or a joint operation through an evaluation of the rights and obligations arising from the arrangement and in particular, if the joint arrangement has been structured through a separate vehicle, further consideration is required of whether:

- the legal form of the separate vehicle gives the parties rights to the assets and obligations for the liabilities;
- the contractual terms and conditions give the parties rights to the assets and obligations for the liabilities; and
- other facts and circumstances give the parties rights to the assets and obligations for the liabilities.

Differing conclusions around these judgements may materially impact how these businesses are presented in the consolidated financial statements.

Joint arrangements typically convey substantially all the economic benefits of the assets to the parties and judgement is required in assessing whether the terms of the agreements and any other obligations for liabilities of the arrangement result in the parties being substantially the only source of cash flows contributing to the continuity of the operations of the arrangement.

The investment in Karo Mining Holdings Limited, a separate entity, is accounted for as a joint venture. The parties are not obligated to cover any potential funding shortfalls. In management's judgement, the Group is not the only possible source of funding and does not have a direct or indirect obligation to the liabilities of the arrangement, but rather shares in its net assets and, therefore, the arrangement has been accounted for as joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

3. USE OF JUDGEMENTS AND ESTIMATES (continued)

Impairment of joint venture

The application of the Group's accounting policy for the assessment of impairment of joint ventures involved in exploration and evaluation activities requires judgment to determine whether future economic benefits are probable, specifically when activities have not yet reached a stage which permits a reasonable assessment of the existence of reserves and resources. The determination of reserves and resources is in itself an estimation process that requires consideration to varying degrees of uncertainty. The Group periodically evaluates the recoverability of its investments in joint ventures whenever indicators of impairment are present. Indicators of impairment include such items as unfavourable results in exploration activities or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is no longer recoverable. If facts and circumstances indicate that the Group's investment in joint ventures may be impaired, the estimated recoverable amount of the investment would be compared to its carrying amount to determine if a write down is required. The Group believes that no impairment is required as at 30 September 2019.

Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment allowance of trade receivables and the carrying value of trade payables are assumed to approximate their fair values as the short term effect of discounting is not material. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

Impairment of assets

The recoverable amount of each non-financial asset or cash-generating-unit ('CGU') is determined as the higher of the value-in-use and fair value less costs to sell, in accordance with the Group's accounting policies. Determination of the value-in-use of an asset or CGU based on a discounted cash flow model, requires the use of estimates and assumptions, including: the appropriate rate at which to discount the cash flows, the timing of cash flows and expected life of the asset or CGU, exchange rates, commodity prices, ore reserves, future capital requirements and future operating performance. Changes in these estimates and assumptions impact the recoverable amount of the asset or the CGU and, accordingly, could result in an adjustment to the carrying amount of that asset or CGU.

Even though no impairment indicators were identified, the Group prepared an impairment test for its CGU's. In arriving at the recoverable amount, the Group prepared a discounted cash flow model to determine the value-in-use. The following underlying assumptions were used in the discounted cash flow model:

- a discount rate equal to the Group's weighted average cost of capital;
- forecast timing of cash flows reflects actual practices;
- the remaining useful life of the open pit mine is estimated at 15 years which is based on the ore reserve and forecast mining profile;
- an exchange rate of ZAR15.35:US\$1 for short term and ZAR16.04:US\$1 for long term;
- spot PGM basket price and spot chrome concentrate prices for short term and externally obtained forecast prices for long term;
- future ongoing capital requirements were included; and
- production guidance for the 2020 financial year of 179 koz of PGMs and 1.6 Mt of chrome concentrates were used.

Sensitivity analyses were performed by adjusting the above assumptions individually and collectively by 90% and 110%. The recoverable amount of the Group's CGU's was higher than the current carrying value and consequently no impairment indication exists.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

3. USE OF JUDGEMENTS AND ESTIMATES (continued)

Assessment of intergroup loans as net investments in foreign operations

Settlement of certain intergroup loans to South African entities denominated in US\$ is neither planned nor likely to occur in the foreseeable future and the loans are therefore considered to be in substance part of the Group's net investment in the foreign operations. The exchange differences arising on these loans are recognised in the Group's other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

Share based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by present valuing the share price on grant date less the expected dividends and by using a Binomial Tree model, using the assumptions detailed in note 8.

Taxes

Judgement is required in determining the liability for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws.

Mineral reserves

Economically recoverable ore reserves represent the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions. The determination of ore reserves includes estimates and assumptions about a range of geological, technical and economic factors, including: quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Changes in ore reserves impact the assessment of recoverability of exploration and evaluation assets, property, plant and equipment, the carrying amount of assets depreciated on a units-of-production basis, provision for site rehabilitation and the recognition of deferred tax assets, including tax losses. The mineral reserve is re-assessed annually.

Rehabilitation provision

The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in future periods can differ materially from these estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates can affect the carrying amount of the provision. The estimated long-term environmental provision, comprising rehabilitation and mine closure is based on the Group's environmental policy taking into account the current technological, environmental and regulatory requirements. The provision for future rehabilitation was determined using calculations, which required the use of estimates.

These estimates are summarised in note 26 of the consolidated financial statements.

Inventories

Net realisable value tests are performed at least annually based on the estimated future sales price of the products based on prevailing metal prices, less estimated costs to complete production and bring the product to sale. The nature of the net realisable value test inherently limits the ability to precisely monitor recoverability levels and may result in additional write-downs of inventories in future periods.

The prevailing PGM basket price and chrome concentrate prices as at 30 September 2019 were used as estimated selling prices less forecast selling costs to determine the net realisable value of the Group's inventories. At 30 September 2019, the calculated net realisable values exceeded the cost of inventories.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

4. OPERATING SEGMENTS

For management purposes, the chief operating decision maker of the Group, being the executive directors of the Company and the executive directors of the subsidiaries, reports its results per segment. The Group currently has the following three segments:

- PGM segment
- Chrome segment
- Agency and trading segment

The operating results of each segment are monitored separately by the chief decision maker in order to assist them in making decisions regarding resource allocation as well as enabling them to evaluate performance. Segment performance is evaluated on a PGM ounce production and sales basis and a chrome concentrate tonnes production and sales basis. Third-party logistics, third-party trading and third party chrome operations are evaluated individually but aggregated together as the agency and trading segment. Refer to note 3 for significant judgement applied to aggregate reportable segments.

The Group's administrative costs, financing (including finance income and finance costs) and income taxes are managed on a group basis and are not allocated to a segment.

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 2 of the consolidated financial statements.

Due to the intrinsic nature of the Group's PGM and chrome concentrate production processes, assets are reported on a consolidated basis and cannot necessarily be allocated to a specific segment. Consequently, assets are not disclosed per segment in the following segmental information.

	PGM US\$'000	Chrome US\$'000	Agency and trading US\$'000	Total US\$'000
2019				
Revenue	130 064	177 881	34 940	342 885
Cost of sales				
Manufacturing costs	(100 735)	(88 861)	(17 061)	(206 657)
Selling costs	(899)	(41 302)	(10 012)	(52 213)
Freight services	-	(17 910)	(5 681)	(23 591)
	(101 634)	(148 073)	(32 754)	(282 461)
Gross profit	28 430	29 808	2 186	60 424
2018				
Revenue	117 381	250 351	38 536	406 268
Cost of sales				
Manufacturing costs	(87 745)	(106 485)	(21 695)	(215 925)
Selling costs	(399)	(48 343)	(9 711)	(58 453)
Freight services	-	(19 836)	(3 568)	(23 404)
	(88 144)	(174 664)	(34 974)	(297 782)
Gross profit	29 237	75 687	3 562	108 486

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

4. OPERATING SEGMENTS (continued)

The shared costs relating to the manufacturing of PGM and chrome concentrates are allocated to the relevant operating segments based on the relative sales value per product on an ex-works basis. During the year ended 30 September 2019, the relative sales value of PGM concentrate increased compared to the relative sales value of chrome concentrates and consequently the allocation basis of shared costs was amended to 55.0% for PGM concentrate and 45.0% for chrome concentrates. Shared costs were allocated equally in the comparative year.

Cost of sales includes a charge for the write off/impairment of property, plant and equipment totalling US\$4.1 million (2018: US\$3.6 million) which mainly relates to mining equipment. The write off/impairment has been allocated to the PGM and chrome segments in accordance with the allocation basis of shared costs as described in the preceding paragraph.

Geographical information

The following table sets out information about the geographical location of:

- (i) the Group's revenue from external customers and
- (ii) the Group's property, plant and equipment and goodwill ('specified non-current assets').

The geographical location analysis of revenue from external customers is based on the country of establishment of each customer. The geographical location of the specified non-current assets is based on the physical location of the asset in the case of property, plant and equipment and the location of the operation to which they are allocated in the case of goodwill.

(i) Revenue from external customers

	PGM US\$'000	Chrome US\$'000	Agency and trading US\$'000	Total US\$'000
2019				
South Africa	130 064	40 320	695	171 079
China	-	53 070	3 558	56 628
Singapore	-	10 046	30 182	40 228
Hong Kong	-	67 106	-	67 106
Other countries	-	7 339	505	7 844
	130 064	177 881	34 940	342 885
2018				
South Africa	117 381	62 464	969	180 814
China	-	86 866	9 894	96 760
Singapore	-	10 942	17 088	28 030
Hong Kong	-	89 733	9 453	99 186
Other countries	-	346	1 132	1 478
	117 381	250 351	38 536	406 268

Revenue represents the sales value of goods supplied to customers, net of value-added tax. The following table summarises sales to customers with whom transactions have individually exceeded 10.0% of the Group's revenues.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

4. OPERATING SEGMENTS (continued)

	2019 Segment	US\$'000	2018 Segment	US\$'000
Customer 1	PGM	110 209	PGM	101 560
Customer 2	Chrome	42 582	Chrome	62 583
Customer 3	Chrome	41 858	Chrome	46 186
Customer 4	Chrome	39 769	Chrome	24 372

(ii) Specified non-current assets	2019 US\$'000	2018 US\$'000
South Africa	264 627	264 933
Zimbabwe	8 781	4 438
Cyprus	103	73
	273 511	269 444

Non-current assets includes property, plant and equipment, goodwill and the investment accounted for using the equity method.

5. REVENUE

	PGM US\$'000	Chrome US\$'000	Agency and trading US\$'000	Total US\$'000
2019				
Revenue recognised at a point in time				
Variable revenue based on initial results	118 188	118 604	28 891	265 683
Quantity adjustments	1 788	1 048	64	2 900
Revenue based on fixed selling prices	-	40 319	304	40 623
Revenue recognised over time				
Freight services	-	17 910	5 681	23 591
Revenue from contracts with customers	119 976	177 881	34 940	332 797
Fair value adjustments	10 088	-	-	10 088
Total revenue	130 064	177 881	34 940	342 885
2018				
Revenue recognised at a point in time				
Variable revenue based on initial results	110 619	169 092	33 957	313 668
Quantity adjustments	254	(1 041)	42	(745)
Revenue based on fixed selling prices	-	62 464	915	63 379
Revenue recognised over time				
Freight services	-	19 836	3 622	23 458
Revenue from contracts with customers	110 873	250 351	38 536	399 760
Fair value adjustments	6 508	-	-	6 508
Total revenue	117 381	250 351	38 536	406 268

During the year ended 30 September 2019, revenue from freight services of US\$2.2 million was recognised which was classified as a contract liability at 30 September 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

5. REVENUE (continued)

	2019 US\$'000	2018 US\$'000
Variable revenue recognised:		
PGM revenue recognised in preceding year based on initial results	(29 352)	(28 994)
PGM revenue based on final results	28 957	30 823
PGM revenue adjustment recognised in current year	(395)	1 829
Chrome revenue recognised in preceding year based on initial results	(45 805)	(41 197)
Chrome revenue based on final results	45 618	41 177
Chrome revenue adjustment recognised in current year	(187)	(20)

The period ended 30 September 2019 includes PGM revenue of US\$39.9 million and chrome revenue of US\$37.7 million that was based on provisional results as final prices and surveys were not yet available at the date of this report. Contract balances are disclosed in note 22.

6. COST OF SALES

	2019 US\$'000	2018 US\$'000
Mining	109 526	105 376
Salaries and wages	13 906	15 124
Utilities	11 586	10 319
Diesel*	640	650
Materials and consumables	12 335	11 174
Re-agents	4 267	4 471
Steel balls	5 168	6 715
Overhead	3 067	4 117
State royalties	4 267	2 916
Depreciation – property, plant and equipment	26 420	29 008
Cost of commodities	22 391	18 644
Impairment and write off of property, plant and equipment	4 141	3 630
Change in inventories – finished products and ore stockpile	(11 057)	3 781
Total cost of sales excluding selling costs	206 657	215 925
Selling costs	52 213	58 453
Freight services	23 591	23 404
Cost of sales	282 461	297 782

* Not relating to mining activities

7. OTHER INCOME

	2019 US\$'000	2018 US\$'000
Gain on bargain purchase (refer to note 37)	-	1 884
Sundry sales	375	-
Consulting fees received	305	282
Rental income	7	14
Other income	-	252
	687	2 432

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

8. SHARE BASED PAYMENTS

At 30 September 2019, the Group had the following share based payment arrangements:

First issue - 2014 Conditional Awards ('LTIP') and Appreciation Rights ('SARS')

LTIP is the grant of shares in the Company where the risks and rewards of share ownership will vest on specific vesting dates with the employee subject to certain conditions. The inaugural award will vest in three equal annual tranches. The award, on vesting, may at the election of the Company, be either cash-settled or share-settled as provided for in the rules of the Plan.

SARS is the grant of an award by the Company where the employee is, subject to certain conditions, entitled to receive the increase in the share value above the award price. The appreciation in value may, at the election of the Company, be either cash settled or share settled as provided for in the rules of the Plan.

Second to Sixth issues LTIP and SARS

The LTIP and SARS are contingent on there being no fatality at the Tharisa Mine in the case of Tranche 1 between the date of grant and the first twelve month period (refer to the following table), in the case of Tranche 2 between the twelve months following the first twelve month period ('second twelve month period') and in the case of Tranche 3 between the twelve months following the second twelve month period ('3rd twelve month period'). For example if there was a fatality during the first twelve month period, the Tranche 1 LTIP and SARS would lapse, however if there was no fatality during the 2nd twelve month period, the Tranche 2 LTIP and SARS would be eligible for vesting subject to the remaining performance conditions 1 and 2 disclosed in the following paragraphs.

Performance conditions applicable to Second to Sixth issues

1. Subject to there being no fatality during the vesting periods as detailed above for the LTIP and the SARS:
 - 33.3% of each tranche of the LTIP and the SARS will be subject to continuing employment in good standing (as determined by the Remuneration Committee) during the applicable vesting period.
 - The upper vesting % of each tranche of the LTIP and SARS will be subject to the production of a minimum of the upper PGM ounces production target during the first twelve month period, second twelve month period or third twelve month period, respectively (in the case of the SARS the 1st twelve month period or 2nd twelve month period, respectively). However the median vesting % of each such tranche of the LTIP and SARS will vest (subject to paragraph 1 above) if the production during the applicable twelve month period is below the upper PGM ounces production target but above the median PGM ounces production target. The award will be forfeited if production in any applicable twelve month period falls below the median PGM ounces production target.
 - The upper vesting % of each tranche of the LTIP and SARS will be subject to the production of a minimum of the upper chrome concentrates production target comprising metallurgical grade, foundry grade and chemical grade within contract specifications during the first twelve month period, second twelve month period or third twelve month period, respectively (in the case of the SARS the first twelve month period or second twelve month period, respectively). However the median vesting % of each tranche of the LTIP and SARS will vest (subject to paragraph 1 above) if the production during the applicable 12 month period is below the upper chrome concentrates production target but above the median chrome concentrates production target. The award will be forfeited if production in any applicable twelve month period falls below the median chrome concentrates production target.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

8. SHARE BASED PAYMENTS (continued)

Performance conditions applicable to Fifth and Sixth issues only

- The upper vesting % of each tranche of the LTIP and SARS will be subject to the Earnings Before Interest, Tax, Depreciation and Amortization ('EBITDA') of the Tharisa Group at least meeting the board approved budget for the twelve month period commencing on 1 July and ending the following year on 30 June, with the EBITDA being adjusted for the actual commodity selling prices and exchange rate (US\$:ZAR). However, the median vesting % of each tranche of the LTIP and SARS will vest if the applicable EBITDA is below the budgeted EBITDA (as recalculated) but equal to or above 95% of the budgeted EBITDA (as recalculated). The award will be forfeited if EBITDA in the applicable twelve month period falls below 95% of the budgeted EBITDA (as adjusted).
2. For the avoidance of doubt, if any tranche of the LTIP or SARS is forfeited (either wholly or partially) as a result of failure to achieve the above PGM and chrome production targets and/or EBITDA target in any applicable 12 month period but the said targets (for full or partial vesting) are achieved in subsequent 12 month periods during the applicable vesting periods, provided there has not been a fatality as detailed above, the awards will vest (wholly or partially as applicable) for that period as provided.

	Second issue	Third issue	Fourth issue	Fifth issue	Sixth issue
Vesting period					
Grant date – 30 June	2015	2016	2017	2018	2019
First twelve month period – 30 June	2016	2017	2018	2019	2020
Performance conditions					
Employment in good faith					
Vesting %	33.33%	33.33%	33.33%	33.33%	33.33%
6E PGM production					
Upper production target	> 147.4 koz	> 147.4 koz	> 147.4 koz	>163.7 koz	>177.6 koz
Upper vesting %	33.33%	33.33%	33.33%	16.67%	16.67%
Median production target	> 140.0 koz	> 140.0 koz	> 140.0 koz	> 155.5 koz	> 168.7 koz
Median vesting %	16.67%	16.67%	16.67%	8.34%	8.34%
Chrome concentrates production					
Upper production target	> 1.33 Mt	> 1.33 Mt	> 1.33 Mt	> 1.49 Mt	> 1.57 Mt
Vesting %	33.33%	33.33%	33.33%	16.67%	16.67%
Median production target	> 1.26 Mt	> 1.26 Mt	> 1.26 Mt	> 1.42 Mt	> 1.49 Mt
Vesting %	16.67%	16.67%	16.67%	8.34%	8.34%
Tharisa Group EBITDA					
Upper target				> 100% of budget	> 100% of budget
Vesting %	-	-	-	33.33%	33.33%
Median target				> 95% of budget	> 95% of budget
Vesting %	-	-	-	16.67%	16.67%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

8. SHARE BASED PAYMENTS (continued)

The awards are subject to the rules governing the Plan and the final discretion of the Tharisa plc Remuneration Committee will prevail should there be any discrepancy. The LTIP and SARS vest in three and two annual equal tranches respectively.

LTIP

Valuation of share award at grant date:	First tranche	Second tranche	Third tranche
First issue – 2014	R23.94	R23.10	R22.29
Second issue – 2015	R3.31	R3.18	R3.06
Third issue – 2016	R10.54	R10.33	R10.12
Fourth issue – 2017	R14.21	R13.93	R13.66
Fifth issue - 2018	R17.42	R16.87	R16.33
Sixth issue - 2019	R20.34	R19.48	R18.49

A reconciliation of the movement in the Group's LTIP and SARS in the period under review is as follows:

	Opening balance	Allocated	Vested/ exercised	Forfeited	Total
LTIP 2019 Ordinary shares					
LTIP	5 884 203	3 144 990	(2 428 353)	(750 851)	5 849 989
	Opening balance	Allocated	Vested/ exercised*	Forfeited	Total
LTIP 2018 Ordinary shares					
LTIP	5 801 889	3 028 380	(2 781 336)	(164 730)	5 884 203

* At 30 September 2018, the 2018 vested number of shares were not yet transferred to the respective employees. An expense of US\$2.5 million (2018: US\$2.7 million) was recognised in profit or loss.

SARS

				First tranche	Second tranche
Valuation of share option at grant date:					
First issue – 2014				R4.18	R4.32
Second issue - 2015				R1.95	R2.07
Third issue – 2016				R4.16	R4.90
Fourth issue – 2017				R5.28	R6.25
Fifth issue - 2018				R6.96	R7.89
Sixth issue - 2019				R8.30	R8.72
		</			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

8. SHARE BASED PAYMENTS (continued)

SARS (continued)

	Opening balance	Allocated	Vested	Forfeited	Total
SARS 2018 Ordinary shares					
SARS	4 515 204	3 028 380	(3 082 141)	(146 033)	4 315 410

An expense of US\$1.1 million (2018: US\$1.3 million) was recognised in profit or loss.

Number of SARS vested, not yet exercised:

Vesting date	Expiry date	Number of rights 2019	2018
9 April 2015	9 April 2019	-	947 471
30 June 2016	30 June 2020	542 972	798 437
30 June 2017	30 June 2021	1 550 198	1 484 742
30 June 2018	30 June 2022	2 620 217	2 866 033
30 June 2019	30 June 2023	694 313	-

Information on awards granted during the year

The fair value for the LTIP awards were determined by present valuing the share price on grant date less the expected dividends (2018: Black Scholes model). The fair value of the SARS awards were determined by a Modified Binomial Tree model (2018: Binomial Tree model).

The method in determining fair value in the current year was changed from the method used to determine fair value in the previous year. This represents a change in accounting estimate. The impact relating to the change in accounting estimate had no impact on the Group's results for the year.

The following inputs were used:

	2019	2018
Spot price	R21.00	R17.50
Strike price	R20.08	R17.96
Expected volatility	57.95%	65.00%
Dividend yield	4.75%	3.25%
The risk-free interest rate	Swap yield curve	BESA curve
Forfeiture assumption	5.00%	5.00%

The expected volatility is based on historical share price data of the Company and similar companies in the mining sector incorporating a range of weekly and monthly volatilities over different maturities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

9. ADMINISTRATIVE EXPENSES

	2019 US\$'000	2018 US\$'000
Directors and staff costs		
Non-Executive Directors (refer to note 11)	629	612
Employees: salaries	15 234	15 459
bonuses	1 518	3 262
pension fund, medical aid and other contributions	1 836	1 707
	19 217	21 040
Audit – external audit services	353	490
Audit – other services *	6	90
Consulting	2 678	2 376
Corporate and social investment	198	157
Depreciation	816	850
Discount facility and related fees	759	701
Equity-settled share based payment expense	3 583	4 019
Internal audit	60	206
Listing fees and investor relations	180	461
Health and safety	1 132	1 019
Impairment and write off of property, plant and equipment	-	267
Insurance	743	697
Legal and professional	600	634
Loss on disposal of property, plant and equipment	33	37
Office administration, rent and utilities	985	1 296
Research and development	351	235
Security	1 443	1 776
Telecommunications and IT related	2 331	1 374
Training	505	504
Travelling and accommodation	702	410
Sundry	577	593
	37 252	39 232

* Other services paid to the former external auditor relates to tax and accounting services as approved by the Audit Committee.

	2019	2018
Number of employees	1 872	1 758

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

10. FINANCE INCOME AND FINANCE COSTS

	2019 US\$'000	2018 US\$'000
Finance income		
Interest received	1 437	1 279
Finance costs		
Interest expense	(7 672)	(9 448)
Unwinding of present value adjustment for rehabilitation costs (refer note 26)	(1 140)	(741)
	(8 812)	(10 189)

11. DIRECTORS REMUNERATION

The remuneration of the Directors is set out in the following tables:

2019	Directors' fees US\$'000	Salary US\$'000	Bonus US\$'000	Expense allowance US\$'000	Share based payments US\$'000	Provident fund and risk benefits US\$'000	Total US\$'000
LC Pouroulis	-	717	89	-	472	-	1 278
P Pouroulis	-	476	73	8	395	41	993
MG Jones	-	397	57	-	311	35	800
JD Salter	177	-	-	-	-	-	177
A Djakouris	129	-	-	-	-	-	129
OM Kamal	61	-	-	-	-	-	61
C Bell	97	-	-	-	-	-	97
J Ka Ki Cheng	43	-	-	-	-	-	43
R Davey	79	-	-	-	-	-	79
ZL Hong	43	-	-	-	-	-	43
Total	629	1 590	219	8	1 178	76	3 700

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for the year ended 30 September 2019

11. DIRECTORS REMUNERATION (continued)

2018	Directors' fees US\$'000	Salary US\$'000	Bonus US\$'000	Expense allowance US\$'000	Share based payments US\$'000	Provident fund and risk benefits US\$'000	Total US\$'000
LC Pouroulis	-	549	253	-	476	-	1 278
P Pouroulis	-	443	233	9	404	46	1 135
MG Jones	-	369	214	-	356	37	976
JD Salter	182	-	-	-	-	-	182
A Djakouris	129	-	-	-	-	-	129
OM Kamal	61	-	-	-	-	-	61
C Bell	97	-	-	-	-	-	97
J Ka Ki Cheng	43	-	-	-	-	-	43
R Davey	79	-	-	-	-	-	79
ZL Hong	21	-	-	-	-	-	21
Total	612	1 361	700	9	1 236	83	4 001

Directors' share awards

Details of each plan are disclosed in note 8. Non-Executive Directors are not entitled to participate in the Group's share award plan. The number of LTIP and SARS awarded to the Executive Directors are set out in the following tables:

LTIP 2019 Ordinary shares	Opening balance	Allocated	Vested	Forfeited	Total
LC Pouroulis	612 632	325 530	(285 321)	(44 023)	608 818
P Pouroulis	539 931	359 568	(245 977)	(39 932)	613 590
MG Jones	452 860	196 164	(212 226)	(32 246)	404 552
	1 605 423	881 262	(743 524)	(116 201)	1 626 960

LTIP 2018 Ordinary shares	Opening balance	Allocated	Vested *	Forfeited	Total
LC Pouroulis	695 382	264 138	(346 888)	-	612 632
P Pouroulis	594 376	239 592	(294 037)	-	539 931
MG Jones	518 558	193 476	(259 174)	-	452 860
	1 808 316	697 206	(900 099)	-	1 605 423

* At 30 September 2018 these shares were not yet transferred to the relevant directors'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

11. DIRECTORS REMUNERATION (continued)

SARS 2019 Ordinary shares	Opening balance	Allocated	Vested	Forfeited	Total
LC Pouroulis	424 932	325 530	(226 829)	(66 035)	457 598
P Pouroulis	381 033	359 568	(201 339)	(59 898)	479 364
MG Jones	312 582	196 164	(167 475)	(48 369)	292 902
	1 118 547	881 262	(595 643)	(174 302)	1 229 864

SARS 2018 Ordinary shares	Opening balance	Allocated	Vested	Forfeited	Total
LC Pouroulis	522 741	264 138	(361 947)	-	424 932
P Pouroulis	450 509	239 592	(309 068)	-	381 033
MG Jones	389 077	193 476	(269 971)	-	312 582
	1 362 327	697 206	(940 986)	-	1 118 547

12. TAX

	2019 US\$'000	2018 US\$'000
Corporate income tax for the year		
Cyprus	1 243	2 913
South Africa	1 488	3 002
	2 731	5 915
Special contribution for defence in Cyprus	3	5
Deferred tax		
Originating and reversal of temporary differences (note 19)	45	7 933
Dividend withholding tax	-	158
Tax charge	2 779	14 011

The entities within the Group are taxed in the countries in which they are incorporated and operate at the relevant tax rates as follows:

	Country	2019	2018
Tharisa plc	Cyprus	12.5%	12.5%
Arxo Resources Limited	Cyprus	12.5%	12.5%
Arxo Finance Limited	Cyprus	12.5%	12.5%
Tharisa Administration Services Limited	Cyprus	12.5%	12.5%
Tharisa Investments Limited	Cyprus	12.5%	12.5%
Dinami Limited	Guernsey	0.0%	0.0%
Tharisa Investments (Hong Kong) Limited	Hong Kong	16.5%	16.5%
Tharisa Fujian Industrial Co., Ltd	China	25.0%	25.0%
Tharisa Minerals Proprietary Limited	South Africa	28.0%	28.0%
Arxo Logistics Proprietary Limited	South Africa	28.0%	28.0%
Arxo Metals Proprietary Limited	South Africa	28.0%	28.0%
Braeston Corporate Consulting Services Proprietary Limited	South Africa	28.0%	28.0%
Ubhova Security Proprietary Limited	South Africa	28.0%	28.0%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

12. TAX (continued)

	2019 US\$'000	2018 US\$'000
Reconciliation between tax charge and accounting profit at applicable tax rates:		
Profit before tax	11 155	64 983
Add share of loss of investment accounted for using the equity method	1 652	62
Tharisa plc and subsidiary companies' profit before tax	12 807	65 045
Notional tax on profit before tax, calculated at the Cypriot income tax rate of 12.5% (2018: 12.5%)	1 601	8 131
Tax effects of:		
Different tax rates from the standard Cypriot income tax rate	860	4 978
Tax exempt income		
Gain on bargain purchase	-	(230)
Interest received	(2)	(12)
Non-deductible expenses		
Investment related	146	856
Interest paid	8	5
Capital expenses	76	63
Other	13	152
Recognition of deemed interest income for tax purposes	77	68
Tax charge	2 779	14 011

Tax is recognised on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the year.

Under certain conditions interest income may be subject to defence contribution at the rate of 30.0% in Cyprus. Such interest income is treated as non-taxable in the computation of corporation taxable income. In certain instances, dividends received from abroad may be subject to defence contribution at the rate of 17.0%.

The Group's consolidated effective tax rate for the year ended 30 September 2019 was 24.9% (2018: 21.6%).

At 30 September 2019, the Group's unredeemed capital balance available for offset against future mining taxable income in South Africa amounted to US\$100.2 million (2018: US\$111.1 million).

Special contribution for defence is provided in Cyprus on certain interest income at the rate of 30%. 100% of such interest income is treated as non taxable in the computation of chargeable income for corporation tax purposes.

Other than Cyprus and South Africa, no provision for tax in other jurisdictions was made as these entities either sustained losses for taxation purposes or did not earn any assessable profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

13. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share and headline and diluted headline per share have been based on the profit attributable to the ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding. Treasury shares are excluded from the weighted average number of ordinary shares outstanding. Vested Share Appreciation Rights ('SARS') issued to employees at award prices lower than the current share price, results in a potential dilutive impact on the weighted average number of issued ordinary shares and have been included in the calculation of dilutive weighted average number of issued ordinary shares. The average market value of the Company's shares for the purposes of calculating the potential dilutive effect of SARS was based on quoted market prices for the year during which the options were outstanding.

Basic and diluted earnings per share

	2019	2018
Profit for the year attributable to ordinary shareholders (US\$'000)	10 616	48 433
Weighted average number of issued ordinary shares for basic earnings per share ('000)	263 131	260 329
Weighted average number of issued ordinary shares for diluted earnings per share ('000)	264 877	264 531

Earnings per share

Basic (US\$ cents)	4	19
Diluted (US\$ cents)	4	18

Headline and diluted headline earnings per share

	2019	2018
Headline earnings for the year attributable to ordinary shareholders (US\$'000)	12 840	49 134
Weighted average number of issued ordinary shares for basic headline earnings per share ('000)	263 131	260 329
Weighted average number of issued ordinary shares for diluted headline earnings per share ('000)	264 877	264 531

Headline earnings per share

Basic (US\$ cents)	5	19
Diluted (US\$ cents)	5	19

Reconciliation of profit to headline earnings

				2019	2018
	Gross US\$'000	Tax US\$'000	Non- controlling interest US\$'000	Net US\$'000	Net US\$'000
Profit attributable to ordinary shareholders	-	-	-	10 616	48 433
Adjustments:					
Gain on bargain purchase	-	-	-	-	(1 394)
Impairment of property, plant and equipment	4 140	(1 159)	(775)	2 206	2 076
Loss on disposal of property, plant and equipment	33	(9)	(6)	18	19
Headline earnings				12 840	49 134

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings US\$'000	Mining assets and infrastructure US\$'000	Mining fleet US\$'000	Right-of-use asset: mining fleet US\$'000	Motor vehicles US\$'000	Computer equipment and software US\$'000	Office equipment and furniture, community and site office improvements US\$'000	Right-of-use asset: buildings US\$'000	Total US\$'000
30 September 2019									
Cost									
Balance at 30 September 2018	14 861	276 345	36 872	14 182	651	7 223	771	2 296	353 201
Additions	918	12 620	27 474	-	715	2 061	93	-	43 881
Lease agreements entered into	-	-	-	5 854	-	-	-	70	5 924
Transfers	-	3 528	1 622	(1 622)	-	(3 528)	-	-	-
Disposals	-	(86)	(1 278)	-	-	(2)	(3)	-	(1 369)
Re-measurement	-	407	-	2	-	-	-	-	409
Impairment and write offs	-	(26)	(2 781)	(733)	-	(26)	(7)	(77)	(3 650)
Exchange differences on translation	(1 048)	(19 442)	(3 824)	(1 140)	(82)	(390)	(47)	(181)	(26 154)
Balance at 30 September 2019	14 731	273 346	58 085	16 543	1 284	5 338	807	2 108	372 242
Accumulated depreciation									
Balance at 30 September 2018	740	72 390	8 274	2 732	341	3 340	541	532	88 890
Charge for the year	185	12 691	8 763	3 273	85	1 732	86	421	27 236
Transfers	-	-	682	(682)	(1)	1	-	-	-
Disposals	-	(39)	(889)	-	-	(2)	(3)	-	(933)
Impairment	-	(16)	955	(346)	-	(25)	(5)	(72)	491
Exchange differences on translation	(60)	(5 543)	(1 066)	(303)	(27)	(305)	(33)	(85)	(7 422)
Balance at 30 September 2019	865	79 483	16 719	4 674	398	4 741	586	796	108 262

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings US\$'000	Mining assets and infrastructure US\$'000	Mining fleet US\$'000	Right-of-use asset: mining fleet US\$'000	Motor vehicles US\$'000	Computer equipment and software US\$'000	Office equipment and furniture, community and site office improvements US\$'000	Right-of-use asset: buildings US\$'000	Leasehold improvements US\$'000	Total US\$'000
30 September 2018										
Cost										
Balance at 1 October 2017	15 354	266 019	7 030	-	594	5 542	796	1 503	-	296 838
Additions	150	21 429	16 473	6 910	88	2 167	147	791	-	48 155
Business combination (refer to note 37)	-	1 886	21 466	6 527	-	-	-	-	-	29 879
Transfers	-	-	(2 203)	2 203	-	(15)	(114)	129	-	-
Disposals	-	-	(145)	-	-	(97)	(29)	-	-	(271)
Impairment	-	(266)	(2 539)	(159)	-	(1)	-	-	-	(2 965)
Exchange differences on translation	(643)	(12 723)	(3 210)	(1 299)	(31)	(373)	(29)	(127)	-	(18 435)
Balance at 30 September 2018	14 861	276 345	36 872	14 182	651	7 223	771	2 296	-	353 201
Accumulated depreciation										
Balance at 1 October 2017	592	59 337	299	-	289	1 914	518	164	-	63 113
Charge for the year	188	16 761	7 700	2 963	69	1 712	93	372	-	29 858
Transfers	-	-	(80)	80	-	(6)	(23)	29	-	-
Disposals	-	-	-	-	-	(87)	(28)	-	-	(115)
Impairment	-	-	1 020	(88)	-	-	-	-	-	932
Exchange differences on translation	(40)	(3 708)	(665)	(223)	(17)	(193)	(19)	(33)	-	(4 898)
Balance at 30 September 2018	740	72 390	8 274	2 732	341	3 340	541	532	-	88 890

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	2019 US\$'000	2018 US\$'000
Net book value		
Freehold land and buildings	13 866	14 121
Mining assets and infrastructure	193 863	203 955
Mining fleet	41 366	28 598
Right-of-use mining fleet	11 869	11 450
Motor vehicles	886	310
Computer equipment and software	597	3 883
Office equipment and furniture, community and site office improvements	221	230
Right-of-use buildings and premises	1 312	1 764
	263 980	264 311

Included in additions to mining assets and infrastructure are additions to the deferred stripping asset of US\$0.2 million (2018: US\$1.3 million).

The estimated economically recoverable proved and probable mineral reserve was reassessed at 1 October 2018 which gave rise to a change in accounting estimate. The remaining reserve that management had previously assessed was 97.0 Mt (at 1 October 2017) and at 1 October 2018 was assessed to be 92.9 Mt.

As a result, and taking into account depletion of the reserve during the year ended 30 September 2018 (4.9 Mt), the expected useful life of the plant increased. The impact of the change on the actual depreciation expense, included in cost of sales, is a reduced depreciation charge of US\$0.1 million. The change in estimate was recognised prospectively.

Included in mining assets and infrastructure are projects under construction of US\$14.8 million (2018: US\$20.5 million).

Freehold land and buildings comprises various portions of the farms Elandsdrift 467 JQ, Buffelspoort 343 JQ and 342 JQ, North West Province, South Africa. All land is freehold.

Property, plant and equipment, with the exception of motor vehicles, is insured at approximate cost of replacement. Motor vehicles are insured at market value. Land is not insured.

Capital commitments

At 30 September 2019, the Group's capital commitments for contracts to purchase property, plant and equipment amounted to US\$17.9 million (2018: US\$6.0 million).

Securities

At 30 September 2019, the majority of the Group's mining fleet was pledged as security against the equipment loan facility.

Impairment

During the year ended 30 September 2019, the Group impaired and scrapped individual assets totalling US\$4.1 million (2018: US\$3.9 million). The impairment during the year relate to yellow fleet equipment identified as no longer fit for use and premature component failures.

The impairment during the previous year relate to costs that were capitalised to the construction of a plant and to yellow fleet equipment identified as no longer fit for use. The Group decided not to proceed with the construction of the plant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

15. GOODWILL

	2019 US\$'000	2018 US\$'000
Reconciliation of carrying amount		
Cost		
Balance at 1 October	1 072	1 118
Effect of movement in exchange rates	(72)	(46)
Balance at 30 September	1 000	1 072
Accumulated impairment losses		
Balance at 1 October	268	280
Effect of movement in exchange rates	(18)	(12)
Balance at 30 September	250	268
Carrying amount	750	804

Impairment losses

At 30 September 2019, the recoverable amounts of the CGU's of Arxo Logistics Proprietary Limited and Braeston Corporate Consulting Services Proprietary Limited exceeded their carrying amounts and thus no impairment was recognised. The recoverable amounts were determined based on discounted cash flows approved by management covering a fifteen-year period. The cash flows were discounted using a real discount rate of 8%. The discount rate used was a pre-tax real rate and reflects specific risks relating to the relevant segment.

16. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

During the year ended 30 September 2018, the Group acquired 26.8% of the issued share capital of Karo Mining Holdings Limited ('Karo Holdings'), a company incorporated in Cyprus, for a total cash consideration of US\$4.5 million from the Leto Settlement, a related party.

Karo Holdings entered into an Investment Project Framework Agreement with the Republic of Zimbabwe in terms of which Karo Holdings, through any of its subsidiaries, has undertaken to establish a platinum group metals mine, concentrators, smelters, a base metal and precious metals refinery as well as power generation capacity for the operations with surplus energy capacity made available to the Zimbabwe power grid (collectively referred to as 'the Project').

Karo Holdings' principal place of business is in Cyprus. The functional and presentation currency of Karo Holdings and its subsidiaries is the US\$. The table below details Karo Holdings' interest in subsidiaries as at 30 September 2019 and 30 September 2018.

Company name	Effective interest	Country of incorporation and principal place of business	Principal activity
Karo Zimbabwe Holdings (Private) Limited	100%	Zimbabwe	Investment holding
Karo Platinum (Private) Limited*	100%	Zimbabwe	Platinum mining
Karo Coal Mines (Private) Limited**	100%	Zimbabwe	Coal
Karo Power Generation (Private) Limited**	100%	Zimbabwe	Power generation
Karo Refinery (Private) Limited**	100%	Zimbabwe	PGM smelting and refining

* In terms of the Investment Project Framework Agreement, 50% of the shareholding in this company is required to be transferred to an investment entity owned by the Republic of Zimbabwe, the communities and employees.

** In terms of the Investment Project Framework Agreement, 25% of the shareholding in this company is required to be transferred to an investment entity owned by the Republic of Zimbabwe, the communities and employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

16. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD (continued)

The Group entered into a Shareholders Agreement with Leto Settlement whereby management of the Project will exclusively vest in the Company or any of its subsidiaries. Any decisions about the relevant activities require unanimous consent of the shareholders. The Group has determined that a joint arrangement exists and consequently has classified its investment in Karo Holdings as a joint venture. The Group accounts for joint ventures using the equity method in the consolidated financial statements.

	2019 US\$'000	2018 US\$'000
Investment in Karo Holdings		
Opening balance	4 438	-
Shares acquired	-	4 500
Loan receivable	5 995	-
Share of total comprehensive loss	(1 652)	(62)
	8 781	4 438
Total share of comprehensive loss from joint venture	(1 652)	(62)

	2019 US\$'000	2018 US\$'000
Summarised consolidated financial information of Karo Holdings		
Summarised statement of financial position		
Non-current assets	574	122
Current assets	27	3
Non-current liabilities	(5 995)	(264)
Current liabilities	(1 000)	(91)
Net deficit (100%)	(6 394)	(230)

Summarised statement of comprehensive income

Operating expenses	(6 106)	(290)
Tax	(60)	60
Total comprehensive loss	(6 166)	(230)

Carrying amount of investment in joint venture

Opening carrying amount	4 438	-
Group's share of net deficit (26.8%)	(1 652)	(62)
Loan receivable	5 995	-
Purchase consideration	-	4 500
Carrying amount	8 781	4 438

Contingencies and commitments

The Group has undertaken to provide funding up to US\$8.0 million to Karo Holdings as a repayable debt facility. This will be utilised to undertake initial geological exploration and sampling work to determine a compliant mineral resource which will enhance the value of the investment in Karo Holdings. At 30 September 2019, US\$6.0 million had been advanced to Karo Holdings.

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17. GROUP COMPOSITION

Details of the subsidiaries including direct and indirect holdings are disclosed in note 1.

The Group holds 100% of the voting rights in all subsidiaries apart from Tharisa Minerals Proprietary Limited.

The following table summarises the information relating to the Company's subsidiary, Tharisa Minerals Proprietary Limited, that is 74.0% owned by the Company and which has material non-controlling interests before any inter-group eliminations:

	2019 US\$'000	2018 US\$'000
Non-current assets	250 053	251 135
Current assets	101 410	83 086
Non-current liabilities	(390 582)	(380 846)
Current liabilities	(86 123)	(60 437)
Net assets	(125 242)	(107 062)
Carrying amount of non-controlling interest	(32 563)	(27 836)
Revenue	269 279	321 175
Net (loss)/profit after tax	(27 951)	(4 001)
Non-controlling interest in (loss)/profit after tax	(7 267)	(1 040)
Cash flows from operating activities	37 874	41 602
Cash flows from investing activities	(49 242)	(54 060)
Cash flows from financing activities	19 771	3 258
Net change in cash and cash equivalents	8 403	(9 200)

18. OTHER FINANCIAL ASSETS

		2019 US\$'000	2018 US\$'000
	<i>Fair value hierarchy</i>		
<i>Non-current assets:</i>			
Investments in money markets, current accounts, cash funds and income funds	Level 2	6 080	5 012
<i>Current assets:</i>			
Investments in equity instruments	Level 1	23	40
Forward exchange contracts (refer to note 28)	Level 2	-	804
Prepaid investment in Salene Chrome Zimbabwe (Private) Limited	Amortised cost	1 367	142
		1 390	986

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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18. OTHER FINANCIAL ASSETS

Investments in money markets, current accounts, cash funds and income funds – fair value through profit or loss

Investment in money market and current accounts totalling US\$4.8 million (2018: US\$3.8 million) is managed by Centriq Insurance Company Limited ('Centriq'). The investment serves as security for the guarantee issued by Centriq to the Department of Mineral Resources (DMR) for the rehabilitation provision. The guarantee issued by Centriq has a fixed cover period from 1 December 2014 to 30 November 2020.

Investment in cash funds and income funds of US\$1.3 million (2018: US\$1.2 million) managed by Stanlib Collective Investments. The investment is ceded to Lombard Insurance Group ('Lombard') against a ZAR12.0 million (2018: ZAR12.0 million) guarantee issued by Lombard on behalf of Arxo Logistics Proprietary Limited to Transnet Freight Rail, a division of Transnet SOC Limited.

The investments in cash funds and income funds are held at fair value through profit or loss (designated). The underlying investments are in money market and other funds and the fair value has been determined by reference to their quoted prices.

Investments in equity instruments – fair value through profit or loss

Investments at fair value through profit or loss are valued based on quoted market prices at the end of the reporting period without any deduction for transaction costs. The investment represents shares in the Bank of Cyprus Public Co Limited.

Forward exchange contracts – fair value through profit or loss

The Group entered into a number of forward exchange contracts to hedge certain aspects of the foreign exchange risk associated to the conversion of the US\$ to the ZAR. At 30 September 2018 the net exposure of these contracts was US\$28.6 million with various expiries no later than 20 December 2018 (refer to note 28).

Prepaid investment in Salene Chrome Zimbabwe (Private) Limited

The Company has been granted a call option to acquire a 90.0% shareholding in Salene Chrome Zimbabwe (Private) Limited ('Salene') a company incorporated in Zimbabwe from the Leto Settlement, a related party (refer to note 34). Salene has been awarded special grants under the Zimbabwe Mines and Minerals Act covering an area of approximately 9 500 hectares (95 km²) on the eastern and western sides of the Great Dyke in Zimbabwe, which entitles it to mine the minerals thereon including illuvial chrome, being at surface chrome fines generated from seams as a result of weathering. The call option is exercisable upon completion of an initial exploration programme. In consideration of the call option, the Group will undertake the initial exploration programme including the costs thereof up to an amount of US\$3.2 million. The decision to exercise the call option is at the Group's election. At the date of this report, the call option has not yet been exercised.

At the date of this report, insufficient information was available to accurately determine the fair value of the call option, more specifically the value of the net assets of the special grants or the profits attributable thereto. The Group believes that the fair value as at 30 September 2019 may only be possible to be determined once the initial exploration programme has been completed. At 30 September 2019, the Group has invested US\$1.4 million (2018: US\$0.1 million) in Salene which represents the costs of exploration activities. The exploration costs incurred will be capitalised to the cost of investment upon the exercise of the call option.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

19. DEFERRED TAX

	2019 US\$'000	2018 US\$'000
Deferred tax assets	1 013	1 880
Deferred tax liabilities	(25 984)	(29 892)
Net deferred tax liability	(24 971)	(28 012)
Deferred tax assets		
Property, plant and equipment	(7)	(35)
Unrealised foreign currency exchange losses	-	610
Accrued leave	188	165
Share based payments	741	1 040
Other	91	100
	1 013	1 880
Deferred tax liabilities		
Property, plant and equipment	(34 153)	(63 212)
Tax losses not utilised	3 144	28 755
Provisions	4 567	3 573
Share based payments	393	782
Other	65	210
	(25 984)	(29 892)
Reconciliation of deferred tax liability		
Balance at the beginning of the year	(28 012)	(21 864)
Temporary differences recognised in profit or loss and equity in relation to:		
Capital allowances on property, plant and equipment	(3 722)	(8 470)
Provisions	472	440
Tax losses utilised/available for future set off against profits	2 062	(79)
Currency losses	2 722	-
Share based payments	(962)	-
Other	744	482
	1 316	(7 627)
Exchange differences	1 725	1 479
Balance at the end of the year	(24 971)	(28 012)
Amounts recognised in:		
Profit and loss (refer to note 12)	(45)	(7 933)
Equity		
Share based payments	(870)	306
Foreign currency translation reserve: tax impact of currency movements relating to intergroup funding arrangements	2 231	-
	1 316	(7 627)

Deferred tax assets and deferred tax liabilities are not offset unless the Group has a legally enforceable right to offset such assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

19. DEFERRED TAX (continued)

All of the above amounts have used the currently enacted income taxation rates of the respective tax jurisdictions the Group operates in. South African taxation losses normally expire within 12 months of the respective entities not trading. The deductible temporary timing differences do not expire under current taxation legislation. Deferred tax assets have only been recognised in terms of these items when it is probable that taxable profit will be available in the immediate future against which the respective entities can utilise the benefits therefrom.

The estimates used to assess the recoverability of recognised deferred tax assets include a forecast of the future taxable income and future cash flow projections based on a three year period. The Group did not have tax losses and temporary differences for which deferred tax was not recognised.

20. INVENTORIES

	2019 US\$'000	2018 US\$'000
Finished products	16 436	7 199
Ore stockpile	3 158	1 338
Consumables	16 854	14 623
	36 448	23 160
Impairment of consumables	(114)	(117)
Total carrying amount	36 334	23 043

Inventories are stated at the lower of cost or net realisable value. The Group impaired certain consumables and spares as the operational use became doubtful with no anticipated recoverable amount or value in use. The balance of the impaired consumables is allocated 55.0% and 45.0% respectively to the PGM and chrome operating segments) (2018: allocated equally to the PGM and chrome operating segments).

PGM finished products were written down to the net realisable value during the year ended 30 September 2019. The net realisable write down amounted to US\$0.2 million (2018: no net realisable value write down) and is allocated to the PGM segment.

Inventories serve as collateral for the bank credit facilities, refer to note 27.

21. TRADE AND OTHER RECEIVABLES

	2019 US\$'000	2018 US\$'000
Trade receivables	26 119	38 645
PGM receivable	33 686	25 355
Total trade receivables	59 805	64 000
Other receivables – related parties (refer to note 34)	342	417
Deposits, prepayments and other receivables	3 757	1 000
Accrued income	1 659	5 088
Value added tax receivable (VAT)	8 294	14 577
Provision for royalty tax	-	1 120
	73 857	86 202

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

21. TRADE AND OTHER RECEIVABLES (continued)

Trade and other receivables of the Group are expected to be recoverable within one year from each reporting date. Trade receivables terms vary from 0 to 120 days (2018: 0 to 120 days). No impairment of trade receivables was recognised during the year ended 30 September 2019 (2018: no impairment).

The Group applies a simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and credit rating if available, adjusted as appropriate for current observable data. The following table details the risk profile of trade receivables based on the Group's provision matrix.

	2019 US\$'000	2018 US\$'000
Current	58 714	61 674
Less than 90 days past due but not impaired	164	2 143
Greater than 90 days past due but not impaired	927	183
	59 805	64 000

Included in VAT is an amount of US\$5.4 million (ZAR82.3 million) (2018: US\$10.0 million (ZAR141.3 million)) that relates to diesel rebates receivable from the South African Revenue Service ('SARS') in respect of the mining operations. SARS has rejected the Group's claim to the refund. The Group is strongly of the view that it fully complied with all the regulations to be entitled to this refund. The Group's recourse is to appeal to the High Court of South Africa before May 2020.

Based on current observable data, available credit quality information of clients and client's past default experience, management believes that no impairment allowance (2018: no impairment allowance) is required in respect of the trade and other receivables as balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is disclosed in note 33.

22. CONTRACT ASSETS

	2019 US\$'000	2018 US\$'000
Freight services	1 039	2 229

The balance represents prepaid freight costs.

23. CURRENT TAXATION

	2019 US\$'000	2018 US\$'000
Current taxation in the statement of financial position represents:		
Corporate income tax recoverable	923	228
Special contribution to the defence fund - Cyprus	3	-
	926	228
Corporate income tax payable	60	1 012
Special contribution to the defence fund - Cyprus	-	1
	60	1 013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

24. CASH AND CASH EQUIVALENTS

	2019 US\$'000	2018 US\$'000
Bank balances	55 409	55 433
Short-term bank deposits	3 792	11 358
	59 201	66 791

The amounts reflected above approximate fair value.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are generally call deposit accounts and earn interest at the respective short-term deposit rates.

At 30 September 2019, an amount of US\$1.3 million (2018: US\$1.6 million) was provided as security for a bank guarantee issued in favour of a trade creditor of a subsidiary of the Group and US\$0.3 million (2018: US\$0.3 million) was provided as security against certain credit facilities of the Group.

25. SHARE CAPITAL AND RESERVES

Share capital

	30 September 2019		30 September 2018	
	Number of Shares	US\$'000	Number of Shares	US\$'000
Authorised – ordinary shares of US\$0.001 each				
As at 30 September	10 000 000 000	10 000	10 000 000 000	10 000
Authorised – convertible redeemable preference shares of US\$1 each				
As at 30 September	1 051	1	1 051	1
Issued				
Ordinary shares				
Balance at the beginning of the year	265 000 000	265	261 000 000	261
Issued to treasury shares	5 000 000	5	4 000 000	4
Balance at the end of the year	270 000 000	270	265 000 000	265
Treasury shares				
Balance at the beginning of the year	4 097 571	4	987 274	1
Issued	5 000 000	5	4 000 000	4
Transferred as part of management share award plans	(5 707 893)	(6)	(889 703)	(1)
Balance at the end of the year	3 389 678	3	4 097 571	4
Issued and fully paid	266 610 322	267	260 902 429	261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

25. SHARE CAPITAL AND RESERVES (continued)

Share premium	30 September 2019		30 September 2018	
	Number of Shares	US\$'000	Number of Shares	US\$'000
Balance at the beginning of the year	260 902 429	280 545	260 012 726	280 082
Shares issued	5 707 893	4 381	889 703	463
Balance at the end of the year	266 610 322	284 926	260 902 429	280 545
Total share capital and premium		285 193		280 806

Share capital

Allotments during the year were in respect of 5 000 000 (2018: 4 000 000) ordinary shares issued as treasury shares to satisfy the vesting of Conditional Awards and potential future settlement of Appreciation Rights of the participants' of the Tharisa Share Award Plan.

During the year ended 30 September 2019, 5 707 893 (2018: 889 703) ordinary shares were transferred from treasury shares to satisfy the exercise of Appreciation Rights by the participants of the Tharisa Share Award Plan.

At 30 September 2019, 3 389 678 (2018: 4 097 571) ordinary shares were held in treasury.

All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares, other than treasury shares, are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share premium

The share premium represents the excess of the issue price of ordinary shares over their nominal value, to the extent that it is registered at the Registrar of Companies in Cyprus, less share issue costs. The share premium is not distributable for dividend purposes.

During the years ended 30 September 2019 and 30 September 2018, the increases in the share premium account related to the issue and allotment of ordinary shares granted in terms of the Share Award Plan.

Other reserve

Other reserve represents the excess of the issue price of the Company's ordinary shares over the sum of their nominal value and share premium arising from such issuance, as registered with the Registrar of Companies in Cyprus.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations with a functional currency other than US\$ and foreign currency differences relating to translation of intergroup loans and funding arrangements which are considered to be part of the Company's net investment in a foreign operation.

Retained earnings

The retained earnings includes the accumulated retained profits and losses of the Group and the share based payment reserve. Retained earnings are distributable for dividend purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

25. SHARE CAPITAL AND RESERVES (continued)

Capital management

The Group's target is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business in a way that optimises the cost of capital and matches the current strategic business plan. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital. Capital is defined as equity attributable to owners of the Company. Management is aware of the risks associated to capital management. Capital needs are monitored on a regular basis and whenever needed management takes steps in an attempt to effectively manage any corresponding risks.

Non-controlling interests

Non-controlling interests comprise amounts attributable to Black Economic Empowerment shareholders in South Africa for their respective shareholding in the ordinary shares of Tharisa Minerals Proprietary Limited together with associated foreign exchange translations. The non-controlling interest share of total comprehensive income amounts to a loss of US\$7.4 million (2018: US\$1.5 million).

26. PROVISIONS

The Group has a legal obligation to rehabilitate the mining area, once the mining operations cease. The provision has been calculated based on total estimated rehabilitation costs, discounted back to their present values. The pre-tax discount rates are adjusted annually and reflect current market assessments. These costs are expected to be utilised mostly towards the end of the life of mine and associated infrastructure, which is currently estimated to be within 15 years. The provision is determined using commercial closure cost assessments and not the inflation adjusted Department of Mineral Resources published rates.

Provision for rehabilitation	Restoration US\$'000	2019 Decommis- sioning US\$'000	Total provision US\$'000	Restoration US\$'000	2018 Decommis- sioning US\$'000	Total provision US\$'000
Opening balance	5 921	6 713	12 634	3 962	2 961	6 923
Recognised in profit and loss	415	-	415	1 693	-	1 693
(Reversal of)/capitalised to mining assets and infrastructure	-	(166)	(166)	-	3 922	3 922
Business combination (note 37)	-	-	-	76	57	133
Unwinding of discount (note 10)	536	604	1 140	529	212	741
Exchange differences	(448)	(474)	(922)	(339)	(439)	(778)
Closing balance	6 424	6 677	13 101	5 921	6 713	12 634

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for the year ended 30 September 2019

26. PROVISIONS (continued)

The table below illustrates the movement in the provision as a result of mining operations and changes in variables. During the year ended 30 September 2018 the Group adopted commercial rates in comparison to the previously used Department of Mineral Resources rates.

30 September 2019	Opening balance US\$'000	Mining operations US\$'000	Changes in variables US\$'000	Commercial rates US\$'000	Exchange differences US\$'000	Closing Balance US\$'000
Provision for restoration	5 921	3 057	(2 106)	-	(448)	6 424
Provision for decommissioning	6 713	162	276	-	(474)	6 677
	12 634	3 219	(1 830)	-	(922)	13 101
30 September 2018						
Provision for restoration	3 962	1 839	882	(423)	(339)	5 921
Provision for decommissioning	2 961	(597)	368	4 420	(439)	6 713
	6 923	1 242	1 250	3 997	(778)	12 634

The current estimated rehabilitation cost to be incurred mostly at the end of the life of mine taking escalation factors into account is US\$25.6 million (2018: US\$21.8 million). The estimate was calculated by an independent external expert.

In determining the amounts attributable to the rehabilitation provisions at 30 September 2019, management used a discount rate of 9.0% (2018: 9.4%) which represents the rate associated to a 10-year and longer daily average yield based on South African government bonds (2018: 10-year and longer daily average yield based on South African government bonds), estimated rehabilitation timing of 15 years (2018: 15 years) and an inflation rate of 5.5% (2018: 6.3%).

An insurance company has provided a guarantee to the Department of Mineral Resources to satisfy the legal requirements with respect to environmental rehabilitation and the Group has pledged as collateral its investments in interest-bearing instruments to the insurance company to support this guarantee.

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for the year ended 30 September 2019

27. BORROWINGS

	2019 US\$'000	2018 US\$'000
<i>Non-current</i>		
Facilities	4 279	13 711
Equipment loan facility	7 901	1 931
Finance leases	5 873	7 505
Loan	1 850	4 134
	19 903	27 281
<i>Current</i>		
Facilities	25 000	9 104
Equipment loan facility	3 698	5 564
Finance leases	5 707	4 299
Loan	2 008	1 928
Bank credit facilities	14 900	29 243
	51 313	50 138

Facilities

Effective 28 March 2018, the Group concluded the US\$52.8 million (ZAR800 million) Facilities which comprises of:

- a three year senior secured amortising term loan of US\$26.4 million (ZAR400 million) ('Term loan'),
- a three year secured committed revolving facility of US\$19.8 million (ZAR300 million) ('Revolving facility'); and
- an overdraft facility of US\$6.6 million (ZAR100 million) ('Overdraft').

The financing was obtained by Tharisa Minerals Proprietary Limited and guaranteed by the Company.

The Term loan bears interest at the three-month JIBAR plus 320 basis points nominal annual compounded quarterly and is repayable in twelve equal consecutive quarterly instalments commencing on 30 June 2018. The Revolving facility is available for three years and bears interest at the one-month JIBAR plus 340 basis points nominal annual compounded quarterly and is repayable in full at least once every twelve months. Interest is payable monthly in arrears. The Overdraft facility is available for one year and bears interest at the South African prime rate payable monthly in arrears.

The Facilities contains the following financial covenants for Tharisa Minerals Proprietary Limited:

- Debt to equity ratio of less than 0.67 times;
- Net debt to EBITDA of less than 2.0 times; and
- EBITDA to interest of greater than 3.0 times.

During the year ended 30 September 2019, the EBITDA to interest financial covenant was reduced from greater than 4.0 times to greater than 3.0 times.

At 30 September 2019, Tharisa Minerals Proprietary Limited complied with all financial covenants.

The Term loan was utilised, *inter alia*, to settle the secured bank borrowings at 29 March 2018 and in part to settle the bridge loan at 31 March 2018. The unutilised facilities at 30 September 2019 amounted to US\$9.9 million (ZAR150 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

27. BORROWINGS (continued)

Equipment loan facility

During the year ended 30 September 2018, Tharisa Minerals Proprietary Limited entered into an equipment loan facility of US\$25 million with Caterpillar Financial Services Corporation for the funding of certain Caterpillar mining equipment. The funding was partially utilised for the purchase of existing mining equipment acquired from MCC Contracts Proprietary Limited as well as replacement parts and new mining equipment. The loan is structured in three tranches and repayment of each tranche varies between twenty-four and forty-eight equal monthly instalments, payable in arrears. Interest is calculated on the three month US\$ Libor plus between 350 and 400 basis points.

The equipment loan facility is secured by a first notarial bond over the equipment and is guaranteed by the Company.

The equipment loan facility contains the following Group financial covenants:

- Net debt to tangible net worth not higher than 1.4 times;
- Net debt to EBITDA lower than 2.0 times; and
- EBITDA to interest greater than 4.0 times.

At 30 September 2019, the Group complied with all financial covenants.

Finance leases

The Group entered into a number of lease arrangements for the renting of office buildings, premises, computer equipment, vehicles and mining fleet. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of vehicles that have a lease term of 12 months or less and leases of low-value assets such as computer equipment.

Lease expenses of US\$0.1 million (2018: US\$ US\$0.2 million) and US\$0.1 million (2018: US\$0.1 million) were included in cost of sales and administrative expenses respectively for the year ended 30 September 2019.

The duration of leases relating to buildings and premises are for a period of five years, payments are due at the beginning of the month escalating annually on average by 8.0%. At 30 September 2019, the remaining term of these leases vary between four and four and a half years. These leases are secured by cash deposits varying from one to three times the monthly lease payments.

The duration of leases relating to the mining fleet are for periods between fourteen and thirty-six months and bear interest at interest rates between the South African prime interest rate and the South African prime interest rate plus 300 basis points. The leases are secured by the mining fleet leased.

	2019 US\$'000	2018 US\$'000
Minimum lease payments due:		
Within one year	6 682	5 284
Two to five years	6 491	8 930
	13 173	14 214
Less future finance charges	(1 593)	(2 410)
Present value of minimum lease payments due	11 580	11 804
 Present value of minimum lease payments due:		
Within one year	5 687	4 293
Two to five years	5 893	7 511
	11 580	11 804

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

27. BORROWINGS (continued)

Loan

A subsidiary of the Company, Arxo Metals Proprietary Limited, entered into a loan agreement with Rand York Minerals Proprietary Limited for the advance of ZAR90 million. The loan is repayable in thirty six equal monthly instalments that commenced on 31 August 2018. The loan is unsecured and interest is calculated at the South African prime rate plus 100 basis points.

Bank credit facilities

The bank credit facilities relate to pre-shipment finance and discounting of the letters of credit by the Group's banks following performance of the letter of credit conditions by the Group, which results in funds being received in advance of the normal payment date. Interest on these facilities at the reporting date varied between US Libor plus 1.6% pa and US Libor plus 3.0% pa (2018: US Libor plus 1.6% pa).

Secured bank borrowings

Effective 29 March 2018, the secured bank borrowings of ZAR1 billion obtained from a consortium of banks was prepaid and settled in full. The financing was obtained by Tharisa Minerals Proprietary Limited, a subsidiary of the Group, and was for a period of seven years repayable in twenty two equal quarterly instalments with the first repayment date at 31 December 2013. The Group was required to maintain funds in a debt service reserve account, which was consequently released.

Guardrisk loan

The loan payable was settled in full during the year ended 30 September 2018.

Bridge loan

During the year ended 30 September 2018, Tharisa Minerals Proprietary Limited concluded a bridge loan of ZAR250 million from Absa Bank Limited. The bridge loan part funded the acquisition of mining fleet and equipment of MCC Contracts Proprietary Limited (refer to note 37). The bridge loan was repayable by 31 March 2018 and carried interest at JIBAR plus 325 basis points. The bridge loan was repaid in full on 29 March 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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27. BORROWINGS (continued)

	Facilities US\$'000	Equipment loan facility US\$'000	Finance leases US\$'000	Bank credit facilities US\$'000	Loan US\$'000	Total borrowings US\$'000
Balance 30 September 2018	22 815	7 495	11 804	29 243	6 062	77 419
Changes from financing cash flows						
Advances: bank credit facilities	-	-	-	151 626	-	151 626
Repayment: bank credit facilities	-	-	-	(165 973)	-	(165 973)
Net repayment of bank credit facilities	-	-	-	(14 347)	-	(14 347)
Advances received	17 426	11 050	-	-	-	28 476
Repayment of borrowings	(9 294)	(7 831)	-	-	(1 899)	(19 024)
Lease payments	-	-	(6 647)	-	-	(6 647)
Repayment of interest	(2 549)	(602)	-	(524)	(570)	(4 245)
Changes from financing cash flows	5 583	2 617	(6 647)	(14 871)	(2 469)	(15 787)
Foreign currency translation differences	(1 986)	(764)	(821)	-	(305)	(3 876)
Liability-related changes						
Lease agreements entered into	-	-	5 924	-	-	5 924
Interest expense	2 867	759	1 320	528	570	6 044
Revaluation of foreign denominated loan	-	1 492	-	-	-	1 492
Total liability-related changes	2 867	2 251	7 244	528	570	13 460
Balance at 30 September 2019	29 279	11 599	11 580	14 900	3 858	71 216
Non-current borrowings	4 279	7 901	5 873	-	1 850	19 903
Current borrowings	25 000	3 698	5 707	14 900	2 008	51 313
Total borrowings	29 279	11 599	11 580	14 900	3 858	71 216

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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27. BORROWINGS (continued)

	Facilities US\$'000	Equipment loan facility US\$'000	Finance leases US\$'000	Bank credit facilities US\$'000	Loan US\$'000	Secured bank borrowings US\$'000	Guardrisk loan US\$'000	Bridge loan US\$'000	Total borrowings US\$'000
Balance at 1 October 2017	-	-	3 549	29 072	-	17 754	231	-	50 606
Changes from financing cash flows									
Advances: bank credit facilities	-	-	-	192 834	-	-	-	-	192 834
Repayment: bank credit facilities	-	-	-	(192 720)	-	-	-	-	(192 720)
Net repayment of bank credit facilities	-	-	-	114	-	-	-	-	114
Advances received	29 523	12 694	-	-	6 883	-	-	19 120	68 220
Repayment of borrowings	(5 099)	(5 295)	-	-	(326)	(18 424)	(239)	(19 120)	(48 503)
Lease payments	-	-	(6 463)	-	-	-	-	-	(6 463)
Repayment of interest	(1 464)	(528)	-	(395)	(62)	(1 088)	(7)	(889)	(4 433)
Changes from financing cash flows	22 960	6 871	(6 463)	(281)	6 495	(19 512)	(246)	(889)	8 935
Foreign currency translation differences	(1 865)	(612)	(982)	-	(495)	661	8	-	(3 285)
Liability-related changes									
Lease agreements entered into	-	-	7 656	-	-	-	-	-	7 656
Business combination (refer to note 37)	-	-	7 003	-	-	-	-	-	7 003
Interest expense	1 720	708	1 086	452	62	1 097	7	889	6 021
Revaluation of foreign denominated loan	-	528	(45)	-	-	-	-	-	483
Total liability-related changes	1 720	1 236	15 700	452	62	1 097	7	889	21 163
Balance at 30 September 2018	22 815	7 495	11 804	29 243	6 062	-	-	-	77 419
Non-current borrowings	13 711	1 931	7 505	-	4 134	-	-	-	27 281
Current borrowings	9 104	5 564	4 299	29 243	1 928	-	-	-	50 138
Total borrowings	22 815	7 495	11 804	29 243	6 062	-	-	-	77 419

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

28. OTHER FINANCIAL LIABILITIES

		2019 US\$'000	2018 US\$'000
	<i>Fair value hierarchy</i>		
Discount facility	Level 2	2 085	1 000
Forward exchange contracts (refer to note 19)	Level 2	299	-
		2 384	1 000

Discount facility

Discount facility relates to fair value adjustments on the limited recourse disclosed receivables discounting facility with ABSA and Nedbank in terms of which 98.0% of the sales of platinum, palladium and gold (included in PGM) are discounted at LIBOR plus 265 basis points. The facility is for an amount in US\$ equivalent to ZAR300.0 million. The balance is held at fair value through profit or loss.

Forward exchange contracts – fair value through profit or loss

The Group entered into a number of forward exchange contracts to hedge certain aspects of the foreign exchange risk associated to the conversion of the US\$ to the ZAR and the EUR to the ZAR. At 30 September 2019 the net exposure of these contracts was US\$12.8 million (2018: US\$28.6 million) and EUR1.5 million (2018: no EUR exposure) with various expiries no later than 15 January 2020 (2018: no later than 20 December 2018). The forward exchange contracts were mark-to-market by using applicable closing exchange rates at 30 September 2019.

29. TRADE AND OTHER PAYABLES

	2019 US\$'000	2018 US\$'000
Trade payables	34 381	18 363
Accrued expenses	11 670	8 314
Leave pay accrual	3 990	3 738
Value added tax payable	436	794
Other payables – related parties (note 34)	27	2 175
Other payables	274	19
	50 778	33 403

The amounts above are payable within one year from the reporting period. The amounts reflected above approximate fair value.

30. CONTRACT LIABILITIES

	2019 US\$'000	2018 US\$'000
Freight services	1 039	2 229

Timing of revenue recognition may differ from the timing of invoicing to customers. The balance represents deferred revenue for which performance conditions still have to be satisfied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

31. TAX PAID

	2019 US\$'000	2018 US\$'000
Opening balance		
Current taxation receivable	228	132
Current taxation payable	(1 013)	(212)
Corporate income tax for the year	(2 731)	(5 915)
Special contribution for defence in Cyprus	(3)	(5)
Dividend withholding tax	-	(158)
Tax refunds received	-	(83)
Interest received	5	-
Closing balance		
Current taxation receivable	(926)	(228)
Current taxation payable	60	1 013
Exchange differences on translation	(28)	(1)
Tax paid	(4 408)	(5 457)

32. DIRECTORS INTEREST IN STATED CAPITAL

	2019 %	2018 %
LC Pouroulis	0.24	0.11
P Pouroulis	2.80	2.74
MG Jones	0.18	0.08
A Djakouris	0.02	0.02
C Bell	0.01	0.01
Total	3.25	2.96

Where a member of the Board of Directors holds no direct or indirect interest, the director is not reflected in the table above.

At 30 September 2018, conditional awards that vested on 30 June 2018 were not yet transferred to the respective executive directors, refer to note 8.

There has been no change in the Director's interests in the share capital of the Company between the end of the financial year and the date of the approval of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

33. FINANCIAL RISK MANAGEMENT

In the ordinary course of business the Group is exposed to credit risk, liquidity risk, and market risk. This note presents information about the Group's exposure to each of the above risks and its objectives, policies and processes for measuring and managing risks. Further quantitative disclosures are included throughout this note.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade and other receivables and cash and cash equivalents and long term deposits.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, as these factors may have an influence on credit risk. In monitoring customer credit risk, management reviews on a regular basis the ageing of trade and other receivables to obtain comfort that there are no past due amounts.

The Group establishes an allowance for credit losses that represents its estimate of expected credit losses in respect of trade and other receivables. The Group applies a simplified approach to measure the loss allowance for trade receivables, using the lifetime expected loss provision. The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and credit rating if available, adjusted as appropriate for current observable data.

The main component of the allowance for credit losses (if applicable) is a specific loss component that relates to individually significant exposures. As at 30 September 2019 and 30 September 2018, none of the carrying amounts of trade and other receivables is either past due or impaired, for which an allowance for credit losses is necessary. Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default and who have a good track record with the Group.

The allowance for credit losses in respect of trade and other receivables is used to record credit losses unless management is satisfied that no recovery of the amount owing is possible and at that point the amount considered irrecoverable is written off against the financial asset directly.

The most significant exposure of the Group to credit risk is represented by the carrying amount of trade receivables. The Board of Directors performs regular ageing reviews of trade receivables to identify any doubtful balances. Based on the review performed for the reporting period, the Board of Directors concluded that no allowance for credit losses is required in respect of trade receivables. 56.3% and 33.7% of the trade receivables were due from the Group's largest customer as at 30 September 2019 and 30 September 2018, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

33. FINANCIAL RISK MANAGEMENT

Credit risk (continued)

Cash and cash equivalents and long term deposits

The Group limits its exposures on cash and cash equivalents by dealing only with well-established financial institutions of high quality credit standing. The majority of the Group's cash resources were deposited with HSBC based in Hong Kong and South Africa, Bank of China in South Africa and Nedbank in South Africa.

Investments in money markets, current accounts, cash funds and income funds

The Group invests only in well-known reputable financial institutions. The majority of the investment in money markets, current accounts, cash funds and income funds are kept in cash at financial institutions of high credit quality standing.

The maximum exposure to credit risk at the reporting date of the consolidated financial statements was:

	2019 US\$'000	2018 US\$'000
Trade and other receivables	73 857	86 202
Contract balances	1 039	2 229
Cash and cash equivalents	59 201	66 791
	134 097	155 222

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. At 30 September 2019 the Group had undrawn banking facilities of US\$9.9 million (ZAR150 million) (2018: US\$28.3 million (ZAR400 million)) available (refer note 27).

Management is aware of the above risk. Liquidity risk is monitored on a regular basis and management is taking steps deemed necessary in an attempt to manage the corresponding risk. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, financial risk management may not be possible for instances where weakened commodity prices persist, forecast production not being achieved and further funding is not raised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

33. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

The following table presents the remaining contractual maturities of the Group's financial liabilities at the end of the reporting period, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

30 September 2019

	Contractual undiscounted cash flow				Total US\$'000	Carrying amount US\$'000
	Within 1 year or on demand US\$'000	More than 1 year but less than 2 years US\$'000	More than 2 years but less than 5 years US\$'000	More than 5 years US\$'000		
Borrowings	54 334	14 455	6 941	-	75 730	71 216
Trade and other payables	34 408	-	-	-	34 408	34 408
	88 742	14 455	6 941	-	110 138	105 624

30 September 2018

	Contractual undiscounted cash flow				Total US\$'000	Carrying amount US\$'000
	Within 1 year or on demand US\$'000	More than 1 year but less than 2 years US\$'000	More than 2 years but less than 5 years US\$'000	More than 5 years US\$'000		
Borrowings	54 162	18 647	12 943	-	85 752	77 419
Trade and other payables	20 538	-	-	-	20 538	20 538
	74 700	18 647	12 943	-	106 290	97 957

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income and the values of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency.

The Group is exposed to currency risk on transactions that are denominated in a currency other than the respective functional currency of the Group entities. These currency risk exposures arise primarily from exchange rate movements in ZAR, Euro ('€'), British Sterling ('GBP') and US\$.

Management is aware of the above risk. Currency risk arising from currency fluctuations is monitored on a regular basis and management is taking steps deemed necessary in an attempt to manage the corresponding risk. These steps may include to enter, from time to time, into forward exchange contracts within board-approval limits. Financial risk management may not be possible for instances where weakened commodity prices persist, forecast production not being achieved and further funding is not raised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

33. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

The following table details the Group's exposure at the end of each reporting period to currency risk arising from recognised assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate. Exposures in US\$ relate to recognised assets and liabilities denominated in US\$ of entities of the Group that have a functional currency other than US\$. For presentation purposes, the amounts of the exposure are shown in US\$, translated using the spot rate at the reporting date. The spot rates used at the reporting date against the US\$ are a) US\$:ZAR, 15.16 (2018: 14.14); b) US\$:EUR, 0.92 (2018: 0.86) and c) US\$:GBP, 0.81 (2018: 0.77). Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

The Group entered into a number of forward exchange contracts to hedge certain aspects of the foreign exchange risk associated to the conversion of the US\$ to the ZAR and the EUR against the ZAR. The net exposure of these contracts was US\$9.9 million (2018: US\$28.6 million) and EUR1.5 million (2018: no EUR exposure) with various expiries no later than 15 January 2020 (2018: no later than 20 December 2018).

At the reporting date the Group's exposure to currency risk was as follows:

	30 September 2019				30 September 2018			
	US\$	ZAR	€	GBP	US\$	ZAR	€	GBP
Amounts in US\$'000								
Other financial assets	-	-	23	-	-	-	156	-
Trade and other receivables	38 112	1 834	52	27	4 679	491	206	22
Cash and cash equivalents	6 814	186	327	7	4 369	717	164	6
Borrowings	(11 787)	-	(53)	-	-	-	-	-
Trade and other payables	-	(108)	(228)	(9)	(362)	(121)	(71)	(9)
Current taxation	-	-	(460)	-	-	-	(724)	-
	33 139	1 912	(339)	25	8 686	1 087	(269)	19

A 10.0% strengthening of the US\$ against the above currencies at the reporting date would have changed profits and equity by the amounts presented below. This analysis assumes that all other variables, and in particular interest rates, remain constant. The analysis has been performed on the same basis for each reporting date.

	2019 Increase/ (decrease) in profit or loss and equity US\$'000	2018 Increase/ (decrease) in profit or loss and equity US\$'000
ZAR	(174)	(95)
€	31	24
US\$	3 314	650
STG	(2)	(2)

A 10.0% weakening of the US\$ against the above currencies at each reporting date would have had an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

33. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

Interest rate risk is the Group's exposure to adverse movements in interest rates. It arises as a result of timing differences on the repricing of assets and liabilities. Management is aware of the above risk. Interest rate risk is monitored on a regular basis and management is taking steps deemed necessary in an attempt to manage the corresponding risk. As at the reporting date, the interest rate profile of the Group was as follows :

	2019	2018	2019 US\$'000	2018 US\$'000
Variable rate financial assets				
Investments in money markets, current accounts, cash funds and income funds	3.5%	3.5%	6 080	5 012
Cash and cash equivalents	0.5% - 5.7%	5.5% - 5.7%	59 201	21 701
			65 281	26 713
Variable rate financial liabilities				
Facilities	3-month JIBAR + 3.2%	3-month JIBAR + 3.2%	29 279	22 815
Equipment loan facility	US LIBOR + 3.5%	US LIBOR + 3.5%	11 599	7 495
Finance leases	RSA prime + 3.0%	RSA prime + 3.0%	11 580	11 804
Loan facility	RSA prime + 1.0%	RSA prime + 1.0%	3 858	6 062
Bank credit facilities	US LIBOR + 1.6% - US LIBOR + 3.0%	US LIBOR + 1.6%	14 900	29 243
			71 216	77 419

A change of 100 basis points in interest rates at each reporting date would have changed profits and equity by the amounts presented below. This analysis assumes that all other variables, and in particular foreign currency rates, remain constant. The analysis has been performed on the same basis for each reporting date.

	2019 Increase/ (decrease) in profit or loss and equity US\$'000	2018 Increase/ (decrease) in profit or loss and equity US\$'000
Investments in money markets, current accounts, cash funds and income funds	57	34
Cash and cash equivalents	636	199
Facilities	(314)	(148)
Equipment loan facility	(124)	(97)
Finance leases	(118)	(109)
Loan facility	(52)	(18)
Bank credit facilities	(130)	(256)
Secured bank borrowings	-	(84)
Guardrisk loan	-	(1)
Interest bearing - accrued dividends	-	(434)
	(45)	(914)

A decrease of 100 basis points in interest rates at each reporting date would have had an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

33. FINANCIAL RISK MANAGEMENT (continued)

Fair values

The Board of Directors considers that the fair values of significant financial assets and financial liabilities approximate to their carrying values at each reporting date.

Financial instruments carried at fair value:

The following table presents the carrying values of financial instruments measured at fair value at the end of each reporting period across the three levels of the fair value hierarchy defined in IFRS 13, *Fair Value Measurement*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement.

The levels are defined as follows:

Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments (highest level).

Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation methodologies in which all significant inputs are directly or indirectly based on observable market data.

Level 3: fair values measured using valuation methodologies in which any significant inputs are not based on observable market data.

	Fair value level	2019 US\$'000	2018 US\$'000
Financial assets measured at fair value			
Investments in equity instruments	Level 1	23	40
Investments in money markets, current accounts, cash funds and income funds	Level 2	6 080	5 012
Forward exchange contracts	Level 2	-	804
Trade and other receivables measured at fair value			
PGM receivable	Level 2	33 686	25 355
Financial liabilities measured at fair value			
Discount facility	Level 2	2 085	1 000
Forward exchange contracts	Level 2	299	-
Financial assets at amortised cost			
Trade and other receivables		26 119	38 645
Prepaid investment in Salene Chrome Zimbabwe (Private) Limited		1 367	142
Contract assets		1 039	2 229
Cash and cash equivalents		59 201	66 791
Financial liabilities at amortised cost			
Borrowings		71 216	77 419
Contract liabilities		1 039	2 229
Trade and other payables		34 381	18 363

Estimation of fair values

The fair value of financial assets and liabilities at amortised cost approximates its fair value. The fair value of financial instruments traded in an organised financial market is measured at the applicable quoted prices. The fair values of financial instruments not traded in an organised financial market are determined using a variety of methods and assumptions that are based on market conditions and risk existing at the reporting date, including independent appraisals and discounted cash flow methodology. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

34. RELATED PARTY TRANSACTIONS AND BALANCES

In the normal course of the business, the Group enters into various transactions with related parties. Related party transactions exist between shareholders, joint ventures, directors, directors of subsidiaries and key management personnel. Outstanding balances at the year-end are unsecured and settlement occurs in cash. All intergroup transactions have been eliminated on consolidation.

	2019 US\$'000	2018 US\$'000
Trade and other receivables (note 21)		
The Tharisa Community Trust	4	1
Rocasize Proprietary Limited	13	71
Karo Mining Holdings Limited	-	20
Karo Zimbabwe Holdings (Private) Limited	26	254
Karo Platinum (Private) Limited	18	40
Karo Power Generation (Private) Limited	2	-
Salene Chrome Zimbabwe (Private) Limited	264	12
Salene Technologies Proprietary Limited	-	4
Salene Mining Proprietary Limited	15	15
	342	417
Trade and other payables (note 29)		
The Leto Settlement	-	2 000
Karo Mining Holdings Limited	5	-
Karo Platinum (Private) Limited	21	-
Rocasize Proprietary Limited	1	31
	27	2 031
Amounts due to Directors		
A Djakouris	-	22
JD Salter	-	31
OM Kamal	-	16
C Bell	-	25
R Davey	-	20
J Ka Ki Chen	-	11
ZL Hong	-	19
	-	144
Total other payables	27	2 175
Acquisition of 26.8% of Karo Mining Holdings Limited from:		
The Leto Settlement	-	4 500
Loan receivable		
Karo Mining Holdings Limited	5 995	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

34. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Transactions and balances with related parties: (continued):

	2019 US\$'000	2018 US\$'000
Cost of sales		
Rocasize Proprietary Limited	393	234
Other income		
Karo Zimbabwe Holdings (Private) Limited	42	-
Karo Platinum (Private) Limited	37	-
Karo Power Generation (Private) Limited	3	-
Rocasize Proprietary Limited	9	-
Salene Chrome Proprietary Limited	2	-
		-
Consulting fees received		
Rocasize Proprietary Limited	15	32
Salene Chrome Proprietary Limited	43	-
Karo Platinum (Private) Limited	189	-
Karo Power Generation (Private) Limited	59	-
Karo Zimbabwe Holdings (Private) Limited	213	128
Consulting fees paid		
Rocasize Proprietary Limited	-	234
Salene Mining Proprietary Limited	-	17
Donations paid		
The Music for the Children Foundation	12	4
Interest expense		
Arti Trust	-	514
Ditodi Trust	-	47
Makhaye Trust	-	47
The Phax Trust	-	93
The Rowad Trust	-	47
MJ Jacquet-Briner	-	47
	-	795

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

34. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Compensation to key management:

	Salary and fees US\$'000	Expense allowances US\$'000	Share based payments US\$'000	Provident fund and risk benefits US\$'000	Bonus US\$'000	Total US\$'000
2019						
Non-Executive Directors	629	-	-	-	-	629
Executive Directors	1 590	8	1 178	76	219	3 071
Other key management*	1 196	29	907	129	190	2 451
	3 415	37	2 085	205	409	6 151

* four employees

	Salary and fees US\$'000	Expense allowances US\$'000	Share based payments US\$'000	Provident fund and risk benefits US\$'000	Bonus US\$'000	Total US\$'000
2018						
Non-Executive Directors	612	-	-	-	-	612
Executive Directors	1 361	9	760	83	700	2 913
Other key management*	932	31	1 222	107	420	2 712
	2 905	40	1 982	190	1 120	6 237

* three employees

Share based awards to the Directors are disclosed in note 11. Details of each plan are disclosed in note 8. Awards to the key management in the period under review are as follows:

2019 Ordinary shares	Opening balance	Inclusion of additional employee	Allocated	Vested	Forfeited	Total
LTIP	1 099 439	286 656	587 838	(619 289)	(108 398)	1 246 246

2018 Ordinary shares	Opening balance	Inclusion of additional employee	Allocated	Vested*	Forfeited	Total
LTIP	1 202 153	-	483 348	(586 062)	-	1 099 439

2019 Ordinary shares	Opening balance	Inclusion of additional employee	Allocated	Vested	Forfeited	Total
SARS	765 744	221 868	587 838	(499 821)	(162 597)	913 032

2018 Ordinary shares	Opening balance	Inclusion of additional employee	Allocated	Vested	Forfeited	Total
SARS	924 136	-	483 348	(641 740)	-	765 744

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

34. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Relationships between parties:

The Tharisa Community Trust and Rocasize Proprietary Limited

The Tharisa Community Trust is a shareholder of Tharisa Minerals Proprietary Limited and owns 100% of the issued ordinary share capital of Rocasize Proprietary Limited.

The Music for the Children Foundation

A Director of the company is a Trustee of the non-profit organisation.

Arti Trust, Phax Trust and Rowad Trust

A Director of the Company is a beneficiary of these trusts.

Ditodi Trust and Makhaye Trust

Certain of the non-controlling shareholders of Tharisa Minerals Proprietary Limited are beneficiaries of these trusts.

MJ Jaquet-Briner

MJ Jaquet-Briner is a director of Tharisa Minerals Proprietary Limited and is a shareholder in the non-controlling interest of Tharisa Minerals Proprietary Limited.

The Leto Settlement

The beneficial shareholder of Medway Developments Limited, a material shareholder in the Company.

Salene Chrome Zimbabwe (Private) Limited

This company is a wholly owned subsidiary of the Leto Settlement, the beneficial shareholder of Medway Developments Limited, a material shareholder in the Company.

Salene Mining Proprietary Limited

A Director of the Company is a director.

Karo Mining Holdings Limited, Karo Zimbabwe Holdings (Private) Limited, Karo Platinum (Private) Limited and Karo Power Generation (Private) Limited

The Company owns 26.8% of the issued share capital of Karo Mining Holdings Limited. Karo Mining Holdings Limited owns 100% of the issued share capital of Karo Zimbabwe Holdings (Private) Limited, Karo Platinum (Private) Limited and Karo Power Generation (Private) Limited.

35. CONTINGENT LIABILITIES

As at 30 September 2019, there is no litigation (2018: no litigation), current or pending, which is considered likely to have a material adverse effect on the Group. Refer to note 24 for guarantees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

36. CAPITAL COMMITMENTS AND GUARANTEES

	2019 US\$'000	2018 US\$'000
Capital commitments		
Authorised and contracted	17 062	4 929
Authorised and not contracted	805	1 091
	17 867	6 020

The above commitments are with respect to property, plant and equipment and are outstanding at the respective reporting period. All contracted amounts will be funded through existing funding mechanisms within the Group and cash generated from operations. Balances denominated in currencies other than the US\$ were converted at the closing rates of exchange ruling at 30 September 2019.

The Group has made a commitment to Karo Mining Holdings Limited to fund the initial exploration programme, feasibility study and development of the projects in Zimbabwe not exceeding US\$8.0 million. Refer to note 11.

Guarantees

The Company issued a guarantee to ABSA Bank Limited and Nedbank Limited amounting to US\$52.8 million (ZAR800 million) (2018: ZAR800 million) for the Facilities entered into with Tharisa Minerals Proprietary Limited.

Tharisa Minerals Proprietary Limited entered into an equipment loan facility of US\$25.0 million with Caterpillar Financial Services Corporation. The equipment loan facility is secured by a first notarial bond over the equipment and is guaranteed by the Company.

The Company issued a guarantee to ABSA Bank Limited which guarantees the payment of certain liabilities of Arxo Logistics Proprietary Limited to Transnet totalling US\$1.3 million (ZAR19.4 million) (2018: ZAR19.4 million).

The Company guarantees performance of payment due from time to time between a third party supplier and Tharisa Minerals Proprietary Limited for the supply and sale of mining materials.

The Company issued guarantees limited to US\$12.5 million (2018: US\$12.5 million) and US\$20.0 million (2018: US\$20.0 million) as securities for trade finance facilities provided by two banks to Arxo Resources Limited.

A guarantee was issued to Lombard Insurance Company Limited which guarantees the payment of certain liabilities of Arxo Logistics Proprietary Limited to Transnet totalling US\$0.8 million (ZAR12.0 million) (2018: ZAR12.0 million).

The Company and Arxo Metals Proprietary Limited jointly indemnify a third party for any claims which may result from negligence or breach in terms of the plant operating agreement between Arxo Metals Proprietary Limited and the third party.

The Company holds an indirect 100% equity interest in Tharisa Fujian Industrial Co., Limited, the registered capital of which is US\$10.0 million. Up to 30 September 2019, US\$6.0 million has been paid up. The remaining US\$4.0 million needs to be paid up by 14 February 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

37. BUSINESS COMBINATION

Effective 1 October 2017, the acquisition of mining equipment, spares and consumables from MCC Contracts Proprietary Limited ('MCC'), the previous mining contractor of Tharisa Minerals Proprietary Limited, became unconditional. The transaction included the transfer of the employment of 876 personnel of MCC. In addition, Tharisa Minerals Proprietary Limited took cession and assignment of certain leases entered into by MCC.

The fair value of plant and equipment and inventories acquired was determined by an external independent valuator. The carrying values of trade and other receivables acquired and liabilities assumed were equal to their fair values on date of acquisition. The bargain purchase gain arose due to differences in the carrying values and fair values of plant and equipment.

The total cash consideration paid for the acquisition was ZAR279.5 million. No deferred consideration or contingent consideration exists.

The purchase consideration was funded by a bridge loan from ABSA Bank Limited and an original equipment manufacturer finance facility from Caterpillar Financial Services Corporation (refer to note 27).

The fair values of the identifiable assets and liabilities of MCC as at the date of acquisition were:

	Fair value recognised on acquisition US\$'000
Assets	
Property, plant and equipment (refer to note 14)	29 879
Inventories	1 051
Trade and other receivables	150
	31 080
Liabilities	
Borrowings (refer to note 27)	(7 003)
Provisions (refer to note 26)	(133)
Trade and other payables	(220)
	(7 356)
Total identifiable net assets at fair value	23 724
Bargain purchase arising on acquisition (refer to note 7)	(1 884)
Purchase consideration transferred	21 840
	21 840
Net cash flow on acquisition	21 840

Transaction costs of US\$0.1 million relating to the acquisition were included in administrative expenses during the year ended 30 September 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

38. EVENTS AFTER THE REPORTING PERIOD

Effective 1 October 2019, the Company acquired 100.0% of the issued share capital of a company that manufactures equipment used in the mining industry for a total purchase consideration of US\$2.6 million (ZAR40.0 million). Of the total purchase consideration, US\$1.8 million (ZAR27.5 million) was settled in cash on the effective acquisition date while US\$0.8 million (ZAR12.5 million) will be settled in cash after one year from the acquisition date. Settlement of the US\$0.8 million is subject to the company achieving certain profit targets which represents a contingent consideration. The Company has recognised the total contingent consideration as a liability at 1 October 2019.

The following summarises the initial fair value of the company's assets and liabilities at the acquisition date:

	Fair value recognised on acquisition US\$'000
Assets	
Property, plant and equipment	1 420
Deferred tax	39
Inventories	580
Trade and other receivables	332
Cash and cash equivalents	116
	2 487
Liabilities	
Borrowings	(660)
Other financial liabilities	(22)
Trade and other payables	(189)
	(871)
Total identifiable net assets at fair value	1 616
Goodwill arising on acquisition	1 022
Purchase consideration	2 638

The purchase consideration was funded by existing cash resources of the Group. The transaction cost is anticipated to be US\$0.1 million.

Management is currently in the process of finalising the fair value of the company's assets and liabilities. The goodwill recognised is attributed to existing relationships with customers, industry knowledge and technical expertise relating to the manufacture of the mining equipment.

On 26 November 2019, the Board has proposed a final dividend of US\$ 0.25 cents per share, subject to the necessary shareholder approval at the Annual General Meeting.

The Board of Directors are not aware of any matter or circumstance arising since the end of the financial year that will impact these financial results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

39. DIVIDENDS

During the year ended 30 September 2019, the Company declared and paid a final dividend of US\$ 2 cents per share in respect of the year ended 30 September 2018. In addition, an interim dividend of US\$ 0.5 cents per share was declared and paid in respect of the financial year ended 30 September 2019.

During the year ended 30 September 2018, a final dividend of US\$ 5 cents per share was declared and paid in respect of the financial year ended 30 September 2017. In addition, an interim dividend of US\$ 2 cents per share was declared and paid in respect of the financial year ended 30 September 2018.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30 September 2019

	Notes	2019 US\$'000	2018 US\$'000
Income	5	28 362	31 241
Administrative expenses	7	(4 161)	(4 310)
Operating profit		24 201	26 931
Finance income	8	11	10
Finance costs	8	(1 038)	(2 769)
Changes in fair value of financial assets at fair value through profit or loss		(16)	(10)
Profit before tax		23 158	24 162
Tax	9	(68)	(62)
Profit for the year		23 090	24 100
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>		-	-
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		23 090	24 100

The notes on pages 132 to 164 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

as at 30 September 2019

	Notes	2019 US\$'000	2018 US\$'000
Assets			
Non-current assets			
Investment in subsidiaries	10	340 506	325 880
Investment in joint arrangements	11	4 500	4 500
Other receivables and investments	12	19 442	8 138
Total non-current assets		364 448	338 518
Current assets			
Other receivables and investments	12	5 504	17 881
Financial assets at fair value through profit or loss	13	23	181
Cash and cash equivalents	14	6 653	1 816
Total current assets		12 180	19 878
Total assets		376 628	358 396
Equity and liabilities			
Share capital and premium	15	285 193	280 806
Other reserve	15	47 245	47 245
Retained earnings	15	43 536	27 904
Total equity		375 974	355 955
Current liabilities			
Other payables	16	594	2 373
Current taxation	17	60	68
Total current liabilities		654	2 441
Total liabilities		654	2 441
Total equity and liabilities		376 628	358 396

The financial statements were authorised for issue by the Board of Directors on 26 November 2019.



Phoevos Pouroulis
Director



Michael Jones
Director

The notes on pages 132 to 164 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2019

	Note	Share capital US\$'000	Share premium US\$'000	Other reserve US\$'000	Retained earnings US\$'000	Total equity US\$'000
Balance at 1 October 2017		260	280 082	47 245	18 380	345 967
Total comprehensive income for the year						
Profit for the year		-	-	-	24 100	24 100
Total comprehensive income for the year		-	-	-	24 100	24 100
Transactions with owners of the Company						
<i>Contributions by and distributions to owners</i>						
Issue of ordinary shares	15	1	463	-	-	464
Dividends paid	23	-	-	-	(18 214)	(18 214)
Equity-settled share based payments	15	-	-	-	3 638	3 638
Contributions by owners of the Company		1	463	-	(14 576)	(14 112)
Total transactions with owners of the Company		1	463	-	(14 576)	(14 112)
Balance at 30 September 2018		261	280 545	47 245	27 904	355 955
Total comprehensive income for the year						
Profit for the year		-	-	-	23 090	23 090
Total comprehensive income for the year		-	-	-	23 090	23 090
Transactions with owners of the Company						
<i>Contributions by and distributions to owners</i>						
Issue of ordinary shares	15	6	4 381	-	-	4 387
Dividends paid	23	-	-	-	(6 594)	(6 594)
Equity-settled share based payments	15	-	-	-	(864)	(864)
Contributions by owners of the Company		6	4 381	-	(7 458)	(3 071)
Total transactions with owners of the Company		6	4 381	-	(7 458)	(3 071)
Balance at 30 September 2019		267	284 926	47 245	43 536	375 974

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 17% will be payable on such deemed dividend to the extent that the ultimate shareholders at the end of the period of two years from the end of the year of assessment to which the profits refer are both Cyprus tax residents and Cyprus domiciled entities. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the Company for the account of the shareholders. These provisions do not apply for ultimate beneficial owners that are non-Cyprus tax resident individuals. Retained earnings is the only reserve that is available for distribution.

The notes on pages 132 to 164 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
for the year ended 30 September 2019

	Notes	2019 US\$'000	2018 US\$'000
Cash flows from operating activities			
Profit for the year		23 090	24 100
Adjustments for:			
Impairment loss	7	150	146
Changes in fair value of financial assets at fair value through profit or loss	13	16	10
Dividend income	5	(28 362)	(31 241)
Interest income	8	(11)	(10)
Tax	9	68	62
Equity-settled share based payments	7	54	18
		(4 995)	(6 915)
Changes in:			
Other receivables		(1 620)	104
Other payables		2 624	873
Cash flows used in operations		(3 991)	(5 938)
Income tax paid		(74)	(29)
Net cash flows used in operating activities		(4 065)	(5 967)
Cash flows from investing activities			
Additions to investment in joint arrangements		(2 000)	(2 500)
Increase in investment in subsidiaries		-	(146)
Additions to other receivables and investments		(9 915)	(142)
Repayment of other receivables and investments		6 200	2 322
Dividends received		21 200	21 325
Interest received		11	10
Net cash flows from investing activities		15 496	20 869
Cash flows from financing activities			
Proceeds from long-term deposits		-	2 267
Repayment of other payables		-	(423)
Dividends paid		(6 594)	(18 214)
Net cash flows from financing activities		(6 594)	(16 370)
Net increase/(decrease) in cash and cash equivalents		4 837	(1 468)
Cash and cash equivalents at the beginning of the year		1 816	3 284
Cash and cash equivalents at the end of the year	14	6 653	1 816

The notes on pages 132 to 164 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

1. INCORPORATION AND PRINCIPAL ACTIVITIES

Tharisa plc (the 'Company') was incorporated in Cyprus on 20 February 2008 under registration number HE223412 as a private limited liability company under the Cyprus Companies Law, Cap. 113. The name of the Company was changed from Tharisa Limited to Tharisa plc on 19 January 2012. The registered office is at Sofoklis Pittokopitis Business Center, Office 108-110, 17 Neophytou Nicolaides & Kilikis Street, 8011, Paphos, Cyprus. On 10 April 2014, the Company listed its ordinary share capital on the main board of the Johannesburg Stock Exchange ('JSE'). On 8 June 2016 the Company listed its ordinary share capital as a standard listing on the main board of the London Stock Exchange ('LSE'). On 6 February 2019 the Company listed its ordinary share capital as a secondary listing on the A2X Exchange in South Africa.

The principal activity of the Company is that of an investment holding company with controlling interests in PGM and chrome mining and processing operations and associated sales and logistics operations.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') and the requirements of the Cyprus Companies Law, Cap. 113. IFRS comprises the standards issued by the International Accounting Standards Board ('IASB') and IFRS Interpretation Committee ('IFRIC') as issued by the IASB.

These financial statements are the separate financial statements of the Company.

The Company has also prepared consolidated financial statements in accordance with IFRSs for the Company and its subsidiaries ('the Group'). The consolidated financial statements can be obtained from Sofoklis Pittokopitis Business Center, Office 108-110, 17 Neophytou Nicolaides & Kilikis Street, 8011, Paphos, Cyprus.

Users of these separate financial statements of the Company should read them together with the Group's consolidated financial statements as at and for the year ended 30 September 2019 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and its subsidiaries.

Basis of measurement

The financial statements are prepared on the historical cost basis, except as otherwise stated in the accounting policies set out below.

Functional and presentation currency

The financial statements are presented in United States Dollars ('US\$') which is the functional and presentation currency of the Company.

Going concern

After making enquiries which include reviews of current cash resources, forecasts and budgets, timing of cash flows, borrowing facilities and sensitivity analyses and considering the associated uncertainties to the Company's operations, the Directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements which assumes that the Company will be able to meet its liabilities as they fall due for the foreseeable future.

Refer to note 19 for statements on the Company's objectives, policies and processes for managing its capital, details of its financial instruments; its exposures to market risk in relation to commodity prices and foreign exchange risks; interest rate risk; credit risk; and liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2. STANDARDS AND INTERPRETATIONS ADOPTED IN THE CURRENT YEAR

The Company early adopted IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases with effect from 1 October 2017 and the financial statements for the year ended 30 September 2018 were prepared in accordance with these standards.

The Company has adopted the following new and/or revised standards and interpretations which became effective for the year ended 30 September 2019:

IFRIC 22 – Foreign Currency Transaction and Advance Consideration

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation did not have any impact on the Company's financial statements.

IFRS 2 – Classification and Measurement of Share Based Payment Transactions (Amendment)

The amendment is intended to eliminate diversity in practice in three main areas.

- The effects of vesting conditions on the measurement of a cash-settled share based payment transaction.
- The classification of a share based payment transaction with net settlement features for withholding tax obligations.
- The accounting where a modification on the terms and conditions of a share based payment transaction changes its classification from cash-settled to equity-settled.

The amendment did not have an impact on the financial results as the clarifications are consistent with current practices applied by the Company.

2.3. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

A number of standards, amendments to standards and interpretations have been issued but are not yet effective for annual periods beginning on 1 October 2018. Other than IFRS 16 Leases, the Company has elected not to early adopt any of these standards, amendments to standards and interpretations. Those that are relevant to the Company are presented below.

IFRIC 23 – Uncertainty over Income Tax Treatment

This new interpretation standard clarifies application of recognition and measurement requirements in IAS 12 – Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: whether an entity considers uncertain tax treatments separately, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and how an entity considers changes in facts and circumstances. The impact of the interpretation will be assessed and applied to uncertain tax positions in future. The interpretation is effective for reporting periods beginning on or after 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

IAS 23 – Borrowing Costs (Amendment)

The amendment clarifies that an entity treats as part of general borrowings and borrowings originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. This amendment will be taken into account when determining general borrowing costs, which can be capitalised to qualifying assets, in accordance with the transitions provisions.

IFRS 3 – Business Combinations (Amendment)

The IASB issued amendments to the definition of a business in IFRS 3 – Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, entities do not have to revisit such transactions that occurred in prior periods. Early application is permitted and must be disclosed.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on transition.

IAS 1 and IAS 8 – Definition of material (Amendment)

During October 2018, the IASB issued amendments to IAS 1 – Presentation of Financial Statement ('IAS 1') and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ('IAS 8') to align the definition of material across the standards and to clarify certain aspects of the definition. The new definition states that, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific entity.

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The definition of material in the Conceptual Framework and IFRS Practice Statement 2: Making Materiality Judgements were amended to align with the revised definition of materiality in IAS 1 and IAS 8.

The amendments are effective for reporting periods beginning on or after 1 January 2020 and must be applied prospectively. Early application is permitted and must be disclosed.

Although the amendments to the definition of material are not expected to have a significant impact on the Company's financial statements, the introduction of the term obscuring information in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how information is communicated and organised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

Conceptual Framework

The IASB has revised its Conceptual Framework. The primary purpose of the Framework is to assist the IASB (and the Interpretations Committee) by identifying concepts that it will use when setting standards.

Key changes include:

- Increasing the prominence of stewardship in the objective of financial reporting, which is to provide information that is useful in making resource allocation decisions;
- Reinstating prudence, defined as the exercise of caution when making judgements under conditions of uncertainty, as a component of neutrality;
- Defining a reporting entity, which might be a legal entity or a portion of a legal entity;
- Revising the definition of an asset as a present economic resource controlled by the entity as a result of past events;
- Revising the definition of a liability as a present obligation of the entity to transfer an economic resource as a result of past events;
- Removing the probability threshold for recognition, and adding guidance on derecognition;
- Adding guidance on the information provided by different measurement bases, and explaining factors to consider when selecting a measurement basis;
- Stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where the relevance or true representation of the financial statements would be enhanced.

The IAS and Interpretations Committee will apply the revised Framework immediately. The Company will consider the revised Framework when needed in terms of the IAS 8 hierarchy dealing with selecting accounting policies not covered by any IFRS standard.

2.4. FINANCE INCOME

Finance income comprises interest income on funds invested and net foreign currency gains. Interest income is recognised as it accrues using the effective interest method.

2.5. FINANCE COSTS

Finance costs comprise interest expense on borrowings and net foreign currency losses. Interest expense is recognised using the effective interest method. Foreign currency gains and losses are reported on a net basis.

2.6. FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7. DIVIDENDS

Dividends are recognized as a liability in the period they are declared according to International Accounting Standard 10.

2.8. TAX

Income tax comprises current and deferred taxes. Income tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Company controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but which they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is established.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9. FINANCIAL INSTRUMENTS

Classification

The Company classifies its financial instruments in the following categories:

- At fair value through profit or loss
- At fair value through other comprehensive income
- At amortised cost

The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified at fair value through profit or loss, for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at fair value through other comprehensive income. Financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through profit or loss (such as derivatives) or the Group has designated to measure them at fair value through profit or loss.

The following table presents the classification of financial instruments:

Financial assets	Classification
Long-term deposits	Amortised cost
Other financial assets	
Investment in equity instruments	Fair value through profit or loss
Option to acquire shares	Fair value through profit or loss
Other receivables	Amortised cost
Prepaid investment in Salene Chrome (Private) Limited	Amortised cost
Cash and cash equivalents	Amortised cost
Financial liabilities	Classification
Other payables	Amortised cost

Upon adoption of IFRS 9, the Company made an irrevocable election to classify marketable securities at fair value through profit or loss.

Measurement: Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost less any impairment.

Measurement: Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities carried at fair value through profit or loss are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at fair value through profit or loss are included in the statement of profit or loss in the period in which they arise. Where management has designated to recognise a financial liability at fair value through profit or loss, any changes associated with the Group's own credit risk will be recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9. FINANCIAL INSTRUMENTS

Derecognition: Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognised in the statement of profit or loss. However, gains and losses on derecognition of financial assets classified as fair value through other comprehensive income remain within equity.

Derecognition: Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss.

Hedge accounting

The Company does not apply hedge accounting.

2.10. SUBSIDIARY COMPANIES

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

2.11. INVESTMENTS IN JOINT ARRANGEMENTS

Joint arrangements

The Company applies IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Joint ventures

Joint ventures are accounted for using the equity method. Under the equity method of accounting, joint ventures are accounted for at cost and are adjusted for impairments where appropriate in the Company financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12. IMPAIRMENT

Financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition and the loss event had a negative effect on the estimated future cash flows of that asset, that can be estimated reliably.

Objective evidence of impairment includes observable data that comes to the attention of the Company about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

All impairment losses are recognised in profit or loss and reflected in an allowance account against such financial assets. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal is recognised in profit or loss.

Financial assets at amortised cost

The Company recognises a forward-looking expected credit loss for all financial assets that are measured at amortised cost. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For contract assets and trade and other receivables, the Company applies the standard's simplified approach and calculates estimated credit losses based on lifetime expected credit losses. The Company establishes a provision matrix that is based on the Company's historical loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets held at amortised cost, at each reporting date, the Company measures the loss allowance (if applicable) for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve months expected credit losses.

Impairment losses on financial assets carried at amortised cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12. IMPAIRMENT (continued)

Non financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its related CGU exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs (group of units) and then, to reduce the carrying amount of the other assets in the CGU (group of units) on a pro rata basis.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash inflows of the other assets of the CGU.

For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed through profit or loss if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and demand deposits with banks.

2.14. SHARE CAPITAL

The share capital is stated at nominal value. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

When share options are exercised, the Company issues new shares or issues shares from the treasury shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

2.15. PROVISIONS

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16. EVENTS AFTER THE REPORTING PERIOD

Assets and liabilities are adjusted for events that occurred during the period from the reporting date to the date of approval of the financial statements by the Board of Directors, when these events provide additional information for the valuation of amounts relating to events existing at the reporting date or imply that the going concern concept in relation to part or whole of the Company is not appropriate.

2.17. SHARE BASED PAYMENT TRANSACTIONS

Equity settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share based transactions are set out in the supporting notes.

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in the equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimate, if any, is recognised with a corresponding increase in its investment in each subsidiary such that the cumulative increase reflects the revised estimate, with a corresponding adjustment to the equity. An asset is recognised for the reimbursement by the subsidiary of the portion of the capital contribution with a corresponding adjustment to the carrying amount of the investment in subsidiary.

The asset is initially measured at the fair value. At the end of each reporting period until the asset is settled, and at the date of settlement, the fair value of the asset is remeasured, with any changes in fair value recognised as an adjustment in investment in subsidiaries.

Equity settled share based payment transactions with parties other than the employees are measured at fair value of the goods and services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Where the Company has the right to elect settlement either equity settled or cash settled, the share based payment transactions will be treated as equity settled share based payments.

2.18. RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, a party is considered to be related to the Company if:

- The party has the ability, directly or indirectly through one or more intermediaries, to control the Company or exercise significant influence over the Company in making financial and operating policy decisions, or has joint control over the Company;
- The Company and the party are subject to common control;
- The party is an associate of the Company or a joint venture in which the Company is a venturer;
- The party is a member of key management personnel of the Company or the Company's parent, or a close family member of such individual, or is an entity under the control, joint control or significant influence of such individuals;
- The party is a close family member of a party referred to in the first bullet point or is an entity under the control, joint control or significant influence of such individuals; or
- The party is a post-employment benefit plan which is for the benefit of employees of the Company or of any entity that is a related party of the Company.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

3. USE OF JUDGEMENTS AND ESTIMATES

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimates made by management in the application of IFRS that have a significant effect on the financial statements and major sources of estimation uncertainty are as follows:

Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment allowance of trade receivables and the carrying value of trade payables are assumed to approximate their fair values as the short term effect of discounting is not material. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

Recoverability of investment in subsidiaries and other receivables

The recoverable amounts of the Company's investment in subsidiaries and other receivables have been based on cash flow projections as at 30 September 2019. The internal financial model is based on the known and confirmed resources and circumstances of each investment and receivable and includes cash flow projections resulting from approved capital projects and the *in situ* value of the inferred underground resource, and no future credit losses are expected.

The following underlying assumptions were used in the discounted cash flow model:

- a discount rate equal to the Group's weighted average cost of capital;
- forecast timing of cash flows reflects actual practices;
- the remaining useful life of the Tharisa Minerals Proprietary Limited open pit mine is estimated at 15 years which is based on the ore reserve and forecast mining profile;
- an exchange rate of ZAR15.35:US\$1 for short term and ZAR16.04:US\$1 for long term;
- spot PGM basket price and spot chrome concentrate prices for short term and externally obtained forecast prices for long term;
- future ongoing capital requirements were included; and
- production guidance for the 2020 financial year of 179 koz of PGMs and 1.6 Mt of chrome concentrates were used.

Sensitivity analyses were performed by adjusting the above assumptions individually and collectively by 90% and 110%.

The recoverable amount was higher than the carrying amount and consequently no impairment or allowance for credit losses has been made.

Share based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by present valuing the share price on grant date less the expected dividends for the LTIP and by using a Modified Binomial Tree model for the SARS, using the assumptions detailed in note 4.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

3. USE OF JUDGEMENTS AND ESTIMATES (continued)

Taxes

Judgement is required in determining the liability for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws.

Joint arrangement

The Company acquired 26.8% of the issued share capital of Karo Mining Holdings Limited during the year ended 30 September 2018. The Company entered into a Shareholders Agreement with Leto Settlement, whereby decisions about the relevant activities require unanimous consent.

Judgement is required to determine when the Company has joint control of joint arrangements. This requires an assessment when the decisions in relation to relevant activities require unanimous consent. Relevant activities are those relating to the operating and capital decisions of the arrangement, such as the approval of the capital expenditure programme for each year, and appointing, remunerating and terminating the key management personnel or service providers of the operations.

Judgement is also required in determining the classification of a joint arrangement between a joint venture or a joint operation through an evaluation of the rights and obligations arising from the arrangement and in particular, if the joint arrangement has been structured through a separate vehicle, further consideration is required of whether:

- the legal form of the separate vehicle gives the parties rights to the assets and obligations for the liabilities;
- the contractual terms and conditions give the parties rights to the assets and obligations for the liabilities; and
- other facts and circumstances give the parties rights to the assets and obligations for the liabilities.

Differing conclusions around these judgements may materially impact how these businesses are presented in the consolidated financial statements.

Joint arrangements typically convey substantially all the economic benefits of the assets to the parties and judgement is required in assessing whether the terms of the agreements and any other obligations for liabilities of the arrangement result in the parties being substantially the only source of cash flows contributing to the continuity of the operations of the arrangement.

The investment in Karo Mining Holdings Limited, a separate entity, is accounted for as a joint venture. The parties are not obligated to cover any potential funding shortfalls. In management's judgement, the Company is not the only possible source of funding and does not have a direct or indirect obligation to the liabilities of the arrangement, but rather shares in its net assets and, therefore, the arrangement has been accounted for as a joint venture.

Impairment of joint venture

The application of the Group's accounting policy for the assessment of impairment of joint ventures involved in exploration and evaluation activities requires judgment to determine whether future economic benefits are probable, specifically when activities have not yet reached a stage which permits a reasonable assessment of the existence of reserves and resources. The determination of reserves and resources is in itself an estimation process that requires consideration to varying degrees of uncertainty. The Group periodically evaluates the recoverability of its investments in joint ventures whenever indicators of impairment are present. Indicators of impairment include such items as unfavourable results in exploration activities or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is no longer recoverable. If facts and circumstances indicate that the Group's investment in joint ventures may be impaired, the estimated recoverable amount of the investment would be compared to its carrying amount to determine if a write down is required. The Group believes that no impairment is required as at 30 September 2019.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

4. SHARE BASED PAYMENTS

At 30 September 2019, the Company had the following share based payment arrangements:

First issue - 2014 Conditional Awards ('LTIP') and Appreciation Rights ('SARS')

LTIP is the grant of shares in the Company where the risks and rewards of share ownership will vest on specific vesting dates with the employee subject to certain conditions. The inaugural award will vest in three equal annual tranches. The award, on vesting, may at the election of the Company, be either cash-settled or share-settled as provided for in the rules of the Plan.

SARS is the grant of an award by the Company where the employee is, subject to certain conditions, entitled to receive the increase in the share value above the award price. The appreciation in value may, at the election of the Company, be either cash settled or share settled as provided for in the rules of the Plan.

Second to Sixth issues LTIP and SARS

The LTIP and SARS are contingent on there being no fatality at the Tharisa Mine in the case of Tranche 1 between the date of grant and the first twelve month period (refer to the following table), in the case of Tranche 2 between the twelve months following the first twelve month period ('second twelve month period') and in the case of Tranche 3 between the twelve months following the second twelve month period ('3rd twelve month period'). For example if there was a fatality during the first twelve month period, the Tranche 1 LTIP and SARS would lapse, however if there was no fatality during the 2nd twelve month period, the Tranche 2 LTIP and SARS would be eligible for vesting subject to the remaining performance conditions 1 and 2 disclosed in the following paragraphs.

Performance conditions applicable to Second to Sixth issues

- 1) Subject to there being no fatality during the vesting periods as detailed above for the LTIP and the SARS:
 - 33.3% of each tranche of the LTIP and the SARS will be subject to continuing employment in good standing (as determined by the Remuneration Committee) during the applicable vesting period.
 - The upper vesting % of each tranche of the LTIP and SARS will be subject to the production of a minimum of the upper PGM ounces production target during the first twelve month period, second twelve month period or third twelve month period, respectively (in the case of the SARS the 1st twelve month period or 2nd twelve month period, respectively). However the median vesting % of each such tranche of the LTIP and SARS will vest (subject to paragraph 1 above) if the production during the applicable twelve month period is below the upper PGM ounces production target but above the median PGM ounces production target. The award will be forfeited if production in any applicable twelve month period falls below the median PGM ounces production target.
 - The upper vesting % of each tranche of the LTIP and SARS will be subject to the production of a minimum of the upper chrome concentrates production target comprising metallurgical grade, foundry grade and chemical grade within contract specifications during the first twelve month period, second twelve month period or third twelve month period, respectively (in the case of the SARS the first twelve month period or second twelve month period, respectively). However the median vesting % of each tranche of the LTIP and SARS will vest (subject to paragraph 1 above) if the production during the applicable 12 month period is below the upper chrome concentrates production target but above the median chrome concentrates production target. The award will be forfeited if production in any applicable twelve month period falls below the median chrome concentrates production target.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

4. SHARE BASED PAYMENTS (continued)

Performance conditions applicable to Fifth and Sixth issues only

- The upper vesting % of each tranche of the LTIP and SARS will be subject to the Earnings Before Interest, Tax, Depreciation and Amortization ('EBITDA') of the Tharisa Group at least meeting the board approved budget for the twelve month period commencing on 1 July and ending the following year on 30 June, with the EBITDA being adjusted for the actual commodity selling prices and exchange rate (US\$:ZAR). However, the median vesting % of each tranche of the LTIP and SARS will vest if the applicable EBITDA is below the budgeted EBITDA (as recalculated) but equal to or above 95% of the budgeted EBITDA (as recalculated). The award will be forfeited if EBITDA in the applicable twelve month period falls below 95% of the budgeted EBITDA (as adjusted).
- 2) For the avoidance of doubt, if any tranche of the LTIP or SARS is forfeited (either wholly or partially) as a result of failure to achieve the above PGM and chrome production targets and/or EBITDA target in any applicable 12 month period but the said targets (for full or partial vesting) are achieved in subsequent 12 month periods during the applicable vesting periods, provided there has not been a fatality as detailed above, the awards will vest (wholly or partially as applicable) for that period as provided.

	Second issue	Third issue	Fourth issue	Fifth issue	Sixth issue
Vesting period					
Grant date – 30 June	2015	2016	2017	2018	2019
First twelve month period – 30 June	2016	2017	2018	2019	2020
Performance conditions					
Employment in good faith					
Vesting %	33.33%	33.33%	33.33%	33.33%	33.33%
6E PGM production					
Upper production target	> 147.4 koz	> 147.4 koz	> 147.4 koz	>163.7 koz	>177.6 koz
Upper vesting %	33.33%	33.33%	33.33%	16.67%	16.67%
Median production target	> 140.0 koz	> 140.0 koz	> 140.0 koz	> 155.5 koz	> 168.7 koz
Median vesting %	16.67%	16.67%	16.67%	8.34%	8.34%
Chrome concentrates production					
Upper production target	> 1.33 Mt	> 1.33 Mt	> 1.33 Mt	> 1.49 Mt	> 1.57 Mt
Vesting %	33.33%	33.33%	33.33%	16.67%	16.67%
Median production target	> 1.26 Mt	> 1.26 Mt	> 1.26 Mt	> 1.42 Mt	> 1.49 Mt
Vesting %	16.67%	16.67%	16.67%	8.34%	8.34%
Tharisa Group EBITDA					
Upper target				> 100% of budget	> 100% of budget
Vesting %	-	-	-	33.33%	33.33%
Median target				> 95% of budget	> 95% of budget
Vesting %	-	-	-	16.67%	16.67%

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

4. SHARE BASED PAYMENTS (continued)

The awards are subject to the rules governing the Plan and the final discretion of the Tharisa plc Remuneration Committee will prevail should there be any discrepancy. The LTIP and SARS vest in three and two annual equal tranches respectively.

LTIP

Valuation of share award at grant date:	First tranche	Second tranche	Third tranche
First issue – 2014	R23.94	R23.10	R22.29
Second issue – 2015	R3.31	R3.18	R3.06
Third issue – 2016	R10.54	R10.33	R10.12
Fourth issue – 2017	R14.21	R13.93	R13.66
Fifth issue - 2018	R17.42	R16.87	R16.33
Sixth issue - 2019	R20.34	R19.48	R18.49

A reconciliation of the movement in the Group's LTIP and SARS in the period under review is as follows:

	Opening balance	Allocated	Vested/ exercised*	Forfeited	Total
LTIP 2019 Ordinary shares					
LTIP	5 884 203	3 144 990	(2 428 353)	(750 851)	5 849 989
LTIP 2018 Ordinary shares					
LTIP	5 801 889	3 028 380	(2 781 336)	(164 730)	5 884 203

* At 30 September 2018, the 2018 vested shares were not yet transferred to the respective employees.

An expense of US\$2.5 million (2018: US\$2.7 million) was recognised in consolidated profit or loss while an expense of US\$0.1 million (2018: US\$0.1 million) was included in the Company's profit or loss.

SARS

	First tranche	Second tranche
Valuation of share option at grant date:		
First issue – 2014	R4.18	R4.32
Second issue - 2015	R1.95	R2.07
Third issue – 2016	R4.16	R4.90
Fourth issue – 2017	R5.28	R6.25
Fifth issue - 2018	R6.96	R7.89
Sixth issue - 2019	R8.30	R8.72

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

4. SHARE BASED PAYMENTS (continued)

	Opening balance	Allocated	Vested	Forfeited	Total
SARS 2019 Ordinary shares					
SARS	4 315 410	3 144 990	(2 028 552)	(925 887)	4 505 961
SARS 2018 Ordinary shares					
SARS	4 515 204	3 028 380	(3 082 141)	(146 033)	4 315 410

An expense of US\$1.1 million (2018: US\$1.3 million) was recognised in consolidated profit or loss while an expense of US\$0.1 million (2018: US\$0.1 million) was included in the Company's profit or loss.

Number of SARS vested, not yet exercised:

Vesting date	Expiry date	Number of rights 2019	2018
9 April 2015	9 April 2019	-	947 471
30 June 2016	30 June 2020	542 972	798 437
30 June 2017	30 June 2021	1 550 198	1 484 742
30 June 2018	30 June 2022	2 620 217	2 866 033
30 June 2019	30 June 2023	694 313	-

Information on awards granted during the year

The fair value for the LTIP awards were determined by present valuing the share price on grant date less the expected dividends (2018: Black Scholes model). The fair value of the SARS awards were determined by a Modified Binomial Tree model (2018: Binomial Tree model).

The method in determining fair value in the current year was changed from the method used to determine fair value in the previous year. This represents a change in accounting estimate. The impact relating to the change in accounting estimate had no impact on the company's results for the year.

The following inputs were used:

	2019	2018
Spot price	R21.00	R17.50
Strike price	R20.08	R17.96
Expected volatility	57.95%	65.00%
Dividend yield	4.75%	3.25%
The risk-free interest rate	Swap yield curve	BESA curve
Forfeiture assumption	5.00%	5.00%

The expected volatility is based on historical share price data of the Company and similar companies in the mining sector incorporating a range of weekly and monthly volatilities over different maturities.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

5. INCOME

	2019 US\$'000	2018 US\$'000
Dividend income (note 20)	28 362	31 241

6. DIRECTORS REMUNERATION

The remuneration of the Directors is set out in the following table:

	2019				2018			
	Salary US\$'000	Bonus US\$'000	Directors' fees US\$'000	Total US\$'000	Salary US\$'000	Bonus US\$'000	Directors' fees US\$'000	Total US\$'000
Paid by the Company:								
LC Pouroulis	73	15	-	88	128	16	-	144
JD Salter	-	-	129	129	-	-	129	129
A Djakouris	-	-	129	129	-	-	129	129
OM Kamal	-	-	60	60	-	-	60	60
C Bell	-	-	96	96	-	-	96	96
R Davey	-	-	79	79	-	-	79	79
J Ka Ki Cheng	-	-	43	43	-	-	43	43
ZL Hong	-	-	43	43	-	-	21	21
Total	73	15	579	667	128	16	557	701

Directors' share awards

Details of each plan are disclosed in note 4. Non-Executive Directors are not entitled to participate in the Group's share award plan. The number of LTIP and SARS awarded to the Executive Director by the Company, are set out in the following tables:

LTIP 2019 Ordinary shares	Opening balance	Allocated	Vested	Forfeited	Total
LC Pouroulis	72 594	29 838	(12 099)	(12 099)	78 234

LTIP 2018 Ordinary shares	Opening balance	Allocated	Vested*	Forfeited	Total
LC Pouroulis	-	72 594	-	-	72 594

* At 30 September 2018 these shares were not yet transferred to the Director yet.

SARS 2019 Ordinary shares	Opening balance	Allocated	Vested	Forfeited	Total
LC Pouroulis	72 594	29 838	(18 149)	(18 148)	66 135

SARS 2018 Ordinary shares	Opening balance	Allocated	Vested*	Forfeited	Total
LC Pouroulis	-	72 594	-	-	72 594

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2019

7. ADMINISTRATIVE EXPENSES

	2019 US\$'000	2018 US\$'000
Directors remuneration (note 6)	667	701
Business development	160	301
Equity-settled share based payments	54	18
Audit*	141	205
Audit – other services**	7	34
Consulting and professional	446	320
Management and administration (note 20)	1 809	1 806
Impairment losses (note 10)	150	16 300
Impairment reversal (note 10)	-	(16 154)
Listing fees	180	180
Sundry expenses	547	599
	4 161	4 310

* External audit services

** Other services relates to tax and accounting services as approved by the Audit Committee.

8. FINANCE INCOME AND FINANCE COSTS

	2019 US\$'000	2018 US\$'000
Interest income	11	10
Finance income	11	10
Net foreign currency losses	(1 024)	(2 769)
Bank charges	(14)	-
Finance costs	(1 038)	(2 769)

9. TAX

	2019 US\$'000	2018 US\$'000
Corporation tax – current year	66	60
Special contribution to the defence fund – current year	2	2
	68	62

Current tax comprises corporation tax and special contribution for defence. Corporation tax is provided on the chargeable income of the Company at the rate of 12.5% (2018: 12.5%). Special contribution for defence is provided on passive interest at the rate of 30%. 100% of passive interest income is disallowed in the computation of chargeable income for corporation tax purposes (2018: 100%).

There were no significant timing differences between the carrying amounts of assets and liabilities and their tax bases, and as a result no provision for deferred tax has been made in the financial statements.

Tax losses are carried forward for a period of five years.

The tax on the Company's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2019

9. TAX (continued)

	2019 US\$'000	2018 US\$'000
Profit before tax	23 158	24 162
Tax calculated at the applicable tax rates	2 895	3 020
Tax effect of expenses not deductible for tax purposes	642	879
Tax effect of allowances and income not subject to tax	(3 545)	(3 906)
Recognition of deemed interest income for tax purposes	76	69
Tax charge	68	62

10. INVESTMENTS IN SUBSIDIARIES

	2019 US\$'000	2018 US\$'000
Unlisted ordinary shares	11 448	8 184
Unlisted preference shares	329 058	317 696
	340 506	325 880

The following table contains the particulars of all direct subsidiaries of the Company. Unless stated otherwise, the class of shares is ordinary.

Name	Country of establishment/ incorporation and operation	Principal activities	2019 Holding %	2018 Holding %	Date of incorporation/ establishment/ acquisition	Particulars of issued and paid up capital and other securities	Type of entity
Arxo Resources Limited	Cyprus	Selling and distribution of chrome products	100	100	04/02/2011	1 ordinary share of EUR1 each	Limited liability company
Tharisa Minerals Proprietary Limited	South Africa	Mining of platinum group metals and chrome concentrates	74	74	09/02/2009	370 ordinary shares of ZAR1 each and 2 632 redeemable preference shares of ZAR0.01 each	Limited liability company
Tharisa Investments Limited	Cyprus	Investment holding	100	100	02/11/2010	15 125 class A shares of US\$0.01 each	Limited liability company
Arxo Logistics Proprietary Limited	South Africa	Logistics operations	100	100	01/03/2011	170 ordinary shares of ZAR1 each	Limited liability company
Arxo Finance Limited	Cyprus	Financing	100	-	29/06/2018	1 000 ordinary shares of US\$1 each	Limited liability company

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2019

10. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of establishment/ incorporation and operation	Principal activities	2019 Holding %	2018 Holding %	Date of incorporation/ establishment/ acquisition	Particulars of issued and paid up capital and other securities	Type of entity
Tharisa Administration Services Limited	Cyprus	Management and administration services to other entities of the Group and of the Company	100	100	31/05/2011	1 100 ordinary shares of US\$1 each	Limited liability company
Dinami Limited	Guernsey	Marketing of chrome products	100	100	30/05/2013	1 000 ordinary shares of £1 each	Limited liability company

During the year ended 30 September 2018, the Company subscribed for 100 ordinary shares issued by Tharisa Investments Limited for a consideration of US\$16.3 million. As part of the transaction, the outstanding balance payable to the Company by Tharisa Investments Limited amounting to US\$16.2 million was settled by off setting an amount receivable from Tharisa Investments Limited, previously provided for. The impairment provision previously accounted for by the Company against the outstanding balance of US\$16.2 million was reversed and a subsequent impairment was made against the acquisition cost of the investment in Tharisa Investments Limited of US\$16.3 million.

As at 30 September 2019, unlisted ordinary shares include a credit amount of US\$1.1 million (2018: US\$4.0 million) that relates to share based payments granted to employees and other approved consultants of the Group. A credit amount of US\$0.6 million (2018: US\$2.0 million) relates to Braeston Corporate Consulting Services Proprietary Limited and Arxo Metals Proprietary Limited, which are indirect subsidiaries of the Company.

Terms of preference shares of Tharisa Minerals Proprietary Limited

The preference shares confer on the holder the right to receive out of distributable profits of the subsidiary a cumulative preferential cash dividend calculated at the rate of LIBOR + 1% pa, on the basis that it shall be due and payable annually on the dividend date (30 September) with the final preference dividend in respect of each preference share being due and payable on the date on which the preference shares are due. The preference dividend shall, in respect of each preference share which has not been redeemed, be declared and paid on each dividend date and will be calculated at the dividend rate on the subscription price. The redemption date is the earlier of the tenth business day after receipt by the preference shareholder of a written notice given by the subsidiary company, which notice the subsidiary company may give at any time, or the tenth business day after receipt by the subsidiary company of a written notice given by the preference shareholder, which the preference shareholder may give only after the third anniversary of the subscription date. Investments in such shares are treated by the Company as investments in preference shares of the subsidiary. The preference shares are subordinated in favour of the subsidiary's bank borrowings.

Acquisition of 15% equity interest in Tharisa Investments Limited

On 22 November 2011, the Company and Fujian Wuhang Stainless Steel Products Co. Ltd ('Fujian') signed an agreement, according to which Fujian transferred its 2 250 class A shares in Tharisa Investments Limited, representing 15% equity interest, to the Company. The consideration for this transfer was the par value of the shares transferred and a call option written by the Company which conferred to Fujian a right to purchase 15% of the equity capital of Tharisa Fujian Industrial Co., Ltd, a subsidiary of Tharisa Investments Limited, at Chinese Yuan Renminbi 100 any time after 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

11. INVESTMENT IN JOINT ARRANGEMENTS

The Company acquired 26.8% of the issued share capital of Karo Mining Holdings Limited ('Karo Holdings'), a company incorporated in Cyprus, for a total cash consideration of US\$4.5 million from the Leto Settlement, a related party (refer to note 20).

Karo Holdings entered into an Investment Project Framework Agreement with the Republic of Zimbabwe in terms of which Karo Holdings, through any of its subsidiaries, has undertaken to establish, a platinum group metals mine, concentrators, smelters, a base metal and precious metals refinery as well as power generation capacity for the operations with surplus energy capacity made available to the Zimbabwe power grid (collectively referred to as 'the Project').

Karo Holdings' principal place of business is in Cyprus. The table below details Karo Holdings' interest in subsidiaries as at 30 September 2019:

Company name	Effective interest	Country of incorporation and principal place of business	Principal activity
Karo Zimbabwe Holdings (Private) Limited	100%	Zimbabwe	Investment holding
Karo Platinum (Private) Limited*	100%	Zimbabwe	Platinum mining
Karo Coal Mines (Private) Limited**	100%	Zimbabwe	Coal
Karo Power Generation (Private) Limited**	100%	Zimbabwe	Power generation
Karo Refinery (Private) Limited**	100%	Zimbabwe	PGM smelting and refining

* In terms of the Investment Project Framework Agreement, 50% of the shareholding in this company is required to be transferred to an investment entity owned by the Republic of Zimbabwe, the communities and employees.

** In terms of the Investment Project Framework Agreement, 25% of the shareholding in this company is required to be transferred to an investment entity owned by the Republic of Zimbabwe, the communities and employees.

	2019 US\$'000	2018 US\$'000
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Investment in Karo Holdings

Shares acquired	4 500	4 500
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Summarised consolidated financial information of Karo Holdings

Summarised statement of financial position

Non-current assets	574	122
Current assets	27	3
Non-current liabilities	(5 995)	(264)
Current liabilities	(1 000)	(91)
Net deficit (100%)	(6 394)	(230)

Summarised statement of comprehensive income

Operating expenses	(6 106)	(290)
Tax	(60)	60
Total comprehensive loss	(6 166)	(230)

Contingencies and commitments

The Company has undertaken to provide, directly or through one of its subsidiaries, funding up to US\$8.0 million to Karo Holdings as a repayable debt facility. This will be utilised to undertake initial geological exploration and sampling work to determine a compliant mineral resource which will enhance the value of the investment in Karo Holdings.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2019

12. OTHER RECEIVABLES AND INVESTMENTS

	2019 US\$'000	2018 US\$'000
Non-current assets		
Loans receivable from related parties (note 20)	10 734	7 946
Receivables from related parties (note 20)	7 341	192
Prepaid investment in Salene Chrome (Private) Limited	1 367	-
	19 442	8 138
Current assets		
Loans receivable from related parties (note 20)	83	200
Dividends receivable (note 20)	-	4 200
Receivables from related parties (note 20)	3 553	13 424
Deposits and prepayments	1 868	57
	5 504	17 881

The fair values of other receivables due within one year approximate their carrying amounts. The Directors are of the opinion that no allowance for credit losses in respect of other receivables is required.

The exposure of the Company to credit risk and impairment losses in relation to other receivables is reported in note 19 of the financial statements

The Company has been granted a call option to acquire a 90.0% shareholding in Salene Chrome Zimbabwe (Private) Limited ('Salene') a company incorporated in Zimbabwe. Salene has been awarded special grants under the Zimbabwe Mines and Minerals Act covering an area of approximately 9 500 hectares (95 km²) on the eastern and western sides of the Great Dyke in Zimbabwe, which entitles it to mine the minerals thereon including illuvial chrome, being at surface chrome fines generated from seams as a result of weathering. The call option is exercisable upon completion of an initial exploration programme. In consideration of the call option, the Company will undertake the initial exploration programme including the costs thereof. The decision to exercise the call option is at the Company's election. At the date of this report, the call option has not yet been exercised.

At the date of this report, insufficient information was available to accurately determine the fair value of the call option, more specifically the value of the net assets of the special grants or the profits attributable thereto. The Company believes that the fair value as at 30 September 2019 may only be possible to be determined once the initial exploration programme has been completed. At 30 September 2019, the Company has invested US\$1.4 million (2018: US\$0.1 million) in Salene which represents the costs of exploration activities. The exploration costs incurred will be capitalised to the cost of investment upon the exercise of the call option.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 US\$'000	2018 US\$'000
Balance at the beginning of the year	181	49
Fair value adjustment	(16)	(10)
Reclassification to other receivables and investments	(142)	-
Additions	-	142
Balance at the end of the year	23	181
Shares in Bank of Cyprus Public Co Limited	23	39
Prepaid investment in Salene Chrome Zimbabwe (Private) Limited (note 12)	-	142
	23	181

The financial assets at fair value through profit or loss represent shares in Bank of Cyprus Public Co Limited that are marketable securities and are valued at market value at the close of business on 30 September 2019 by reference to latest available stock exchange quoted bid prices and are subject to an impairment provision. Financial assets at fair value through profit or loss are classified as current assets because they are expected to be realised within twelve months from the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2019

14. CASH AND CASH EQUIVALENTS

	2019 US\$'000	2018 US\$'000
Cash at bank	6 393	1 556
Bank deposits	260	260
	6 653	1 816

As at 30 September 2019, US\$0.3 million (2018: US\$0.3 million) served as security against certain credit facilities of the Company and its subsidiaries. The amounts reflected above approximate their fair values.

15. SHARE CAPITAL AND RESERVES

Share capital

	30 September 2019		30 September 2018	
	Number of Shares	US\$'000	Number of Shares	US\$'000
Authorised – ordinary shares of US\$0.001 each				
As at 30 September	10 000 000 000	10 000	10 000 000 000	10 000
Authorised – convertible redeemable preference shares of US\$1 each				
As at 30 September	1 051	1	1 051	1
Issued				
Ordinary shares				
Balance at the beginning of the year	265 000 000	265	261 000 000	261
Issued to treasury shares	5 000 000	5	4 000 000	4
Balance at the end of the year	270 000 000	270	265 000 000	265
Treasury shares				
Balance at the beginning of the year	4 097 571	4	987 274	1
Issued	5 000 000	5	4 000 000	4
Transferred as part of management share award plans	(5 707 893)	(6)	(889 703)	(1)
Balance at the end of the year	3 389 678	3	4 097 571	4
Issued and fully paid	266 610 322	267	260 902 429	261

Share premium

	30 September 2019		30 September 2018	
	Number of Shares	US\$'000	Number of Shares	US\$'000
Balance at the beginning of the year	260 902 429	280 545	260 012 726	280 082
Shares issued	5 707 893	4 381	889 703	463
Balance at the end of the year	266 610 322	284 926	260 902 429	280 545

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

15. SHARE CAPITAL AND RESERVES (continued)

Share capital

Allotments during the year were in respect of 5 000 000 (2018: 4 000 000) ordinary shares issued as treasury shares to satisfy the vesting of Conditional Awards and potential future settlement of Appreciation Rights of the participants of the Tharisa Share Award Plan.

During the year ended 30 September 2019, 5 707 893 (2018: 889 703) ordinary shares were transferred from treasury shares to satisfy the exercise of Appreciation Rights by the participants of the Tharisa Share Award Plan.

At 30 September 2019, 3 389 678 (2018: 4 097 571) ordinary shares were held in treasury.

All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares, other than treasury shares, are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share premium

The share premium represents the excess of the issue price of ordinary shares over their nominal value, to the extent that it is registered at the Registrar of Companies in Cyprus, less share issue costs. The share premium is not distributable for dividend purposes.

During the years ended 30 September 2019 and 30 September 2018, the increases in the share premium account related to the issue and allotment of ordinary shares granted in terms of the Share Award Plan.

Other reserve

Other reserve represents the excess of the issue price of the Company's ordinary shares over the sum of their nominal value and share premium arising from such issuance, as registered with the Registrar of Companies in Cyprus.

Retained earnings

The retained earnings includes the accumulated retained profits and losses of the Company and the share based payment reserve. Retained earnings are distributable for dividend purposes.

Capital management

The Company's target is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business in a way that optimises the cost of capital and matches the current strategic business plan. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital. Capital is defined as total equity. Management is aware of the risks associated to capital management. Capital needs are monitored on a regular basis and whenever needed management takes steps in an attempt to effectively manage any corresponding risks.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

16. OTHER PAYABLES

	2019 US\$'000	2018 US\$'000
Accruals	535	197
Other payables	59	31
Payables to related parties (note 20)	-	2 000
Payables to other related parties (note 20)	-	145
	594	2 373

The amounts above are payable within one year from the reporting period. The exposure of the Company to liquidity risk is disclosed in note 19. The amounts reflected above approximate their fair values.

17. CURRENT TAXATION

	2019 US\$'000	2018 US\$'000
Corporation tax	60	68

The amounts above are payable within one year from the reporting period. The exposure of the Company to liquidity risk is disclosed in note 19.

18. DIRECTORS INTEREST IN STATED CAPITAL

	2019 %	2018 %
LC Pouroulis	0.24	0.11
P Pouroulis	2.80	2.74
MG Jones	0.18	0.08
A Djakouris	0.02	0.02
C Bell	0.01	0.01
Total	3.25	2.96

Where a member of the Board of Directors holds no direct or indirect interest, the director is not reflected in the table above.

At 30 September 2018, conditional awards that vested on 30 June 2018 were not yet transferred to the respective executive directors, refer to note 4.

There has been no change in the Director's interests in the share capital of the Company between the end of the financial year and the date of the approval of the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

19. FINANCIAL RISK MANAGEMENT

In the ordinary course of business the Company is exposed to credit risk, liquidity risk, and market risk. This note presents information about the Group's exposure to each of the above risks and its objectives, policies and processes for measuring and managing risks. Further quantitative disclosures are included throughout this note.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's financial assets. The most significant exposure of the Company to credit risk is represented by the carrying amount of receivables from related parties, loans receivable from related parties, long term deposits and cash and cash equivalents.

Loans receivable from related parties and receivables from related parties

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each party. However, management also considers the demographics of each party including the default risk of the industry and country in which they operate, as these factors may have an influence on credit risk. In monitoring credit risk, management reviews on a regular basis the ageing and the current and anticipated financial position and profitability of entities included in loans receivable from related parties and receivables from related parties. The Company establishes an allowance for credit losses that represents its estimate of incurred losses. The main component of this allowance is a specific loss component that relates to individually significant exposures. At the reporting date, the Board of Directors is of the opinion that other than the impairment made for the balance owing by Tharisa Investments Limited, none of the other carrying amounts of loans receivable from related parties and receivables from related parties are impaired.

Cash and cash equivalents and long term deposits

The Company limits its exposures on cash and cash equivalents and long term deposits by dealing only with well-established financial institutions of high quality credit standing. At the reporting date, the majority of the Company's cash resources was deposited with HSBC based in Hong Kong.

The maximum exposure to credit risk at the reporting date of the financial statements was:

	2019 US\$'000	2018 US\$'000
Other receivables	23 579	26 019
Cash and cash equivalents	6 653	1 816
	30 232	27 835

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

19. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Management is aware of the above risk. Liquidity risk is monitored on a regular basis and management is taking steps deemed necessary in an attempt to manage the corresponding risk. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, financial risk management may not be possible for instances where weakened commodity prices exist, forecast production not being achieved and funding is not raised.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Equity price risk

Equity price risk is the risk that changes in equity prices will affect the Company's income or the value of its investment holdings. The maximum exposure to equity price risk is represented by the carrying amount of investments in subsidiaries as disclosed in note 10 to the financial statements.

The Board of Directors has performed an impairment assessment of the investments in subsidiaries based on value in use calculation and has concluded that there are no immediate indications for impairment. This calculation uses discounted cash flows of the subsidiaries approved by management.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates. Other than cash at bank which attracts interest at normal commercial rates, the Company has no other significant interest bearing financial assets. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. Management is aware of the above risks. Interest rate risk is monitored on a regular basis and management is taking steps deemed necessary in an attempt to manage the corresponding risk.

At the reporting date the interest rate profile of interest-bearing financial instruments were:

	Effective interest rate	2019 US\$'000	2018 US\$'000
Variable rate instruments	Libor + 1%	329 058	317 696

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2019

19. FINANCIAL RISK MANAGEMENT (continued)

Market risk

Sensitivity analysis

An increase of 100 basis points in interest rates at the reporting date would have increased equity and profit or loss by approximately US\$3.3 million (2018: US\$3.2 million). This analysis assumes that all other variables and in particular foreign exchange rates, remain constant. The analysis is performed on the same basis for 30 September 2018. A decrease of 100 basis points in interest rates at the reporting date would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the exchange rate movement in South African Rand ('ZAR'), British Pound ('GBP') and Euro ('€') against the US\$. Management is aware of the above risk. Currency risk arising from currency fluctuations is monitored on a regular basis and management is taking steps deemed necessary in an attempt to manage the corresponding risk. In addition, financial risk management may not be possible for instances where weakened commodity prices exist, forecast production not being achieved and funding is not raised.

The following table details the Company's exposure at the end of the reporting period to currency risk arising from recognized assets and liabilities denominated in a currency other than the functional currency of the Company. For presentation purposes, the amounts of the exposure are shown in US\$, translated using the spot rate at the reporting date. The spot rates used at the reporting date against the US\$ are US\$:ZAR, 15.16 (2018: 14.14); US\$:EUR, 0.92 (2018: 0.86) and US\$:STG, 0.81 (2018: 0.77).

	€	2019 ZAR	GBP	€	2018 ZAR	GBP
Amounts in US\$'000						
Financial assets at fair value through profit and loss	23	-	-	39	-	-
Other receivables	9	8 637	27	5	15 381	20
Cash and cash equivalents	(1)	182	7	5	50	-
Other payables	(104)	(94)	(5)	(31)	(8)	(11)
Current tax liabilities	(60)	-	-	(68)	-	-
	(133)	8 725	29	(50)	15 423	9

Sensitivity analysis

A 10% strengthening of the US\$ against the currencies disclosed in the previous table at 30 September 2019, would have increased/(decreased) equity and profit or loss by the amounts disclosed in the following table. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the US\$ against the relevant currency, there would be an equal and opposite impact on the profit or loss and equity.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2019

19. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

	Profit or loss 2019 US\$'000	2018 US\$'000
ZAR	(1 074)	(1 402)
€	12	5
STG	(2)	(2)
	(1 064)	(1 399)

Fair values

The Board of Directors considered that the fair values of significant financial assets and liabilities approximate to their carrying amounts at the reporting date.

Fair value hierarchy

The carrying value of the Company's financial instruments at fair value through profit or loss at the end of the reporting period across the three levels of the fair value hierarchy defined in IFRS 13, *Fair Value Measurement*, is represented by the carrying amounts of the financial assets at fair value through profit or loss and share based payment assets. The fair value is categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets at fair value through profit or loss amounting to US\$0.1 million (2018: US\$0.1 million) are categorised as Level 1. Refer to note 4 for the valuations of the LTIP and SARS.

20. RELATED PARTY TRANSACTIONS

Related party transactions exist between shareholders, subsidiaries of the Company, joint ventures and its directors.

	2019 US\$'000	2018 US\$'000
Dividend income (note 5)		
Tharisa Minerals Proprietary Limited	11 362	10 716
Arxo Resources Limited	17 000	8 600
Dinami Limited	-	11 925
	28 362	31 241
Management and administration fees (note 7)		
Tharisa Administration Services Limited	187	138
Tharisa Minerals Proprietary Limited	69	119
Braeston Corporate Consulting Services Proprietary Limited	1 553	1 549
	1 809	1 806
Business development costs		
Salene Mining Proprietary Limited	-	17

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2019

20. RELATED PARTY TRANSACTIONS (continued)

	2019 US\$'000	2018 US\$'000
Receivables from related parties (note 12)		
Non-current assets		
Tharisa Administration Services Limited	13	92
Tharisa Minerals Proprietary Limited	3 296	-
Braeston Corporate Consulting Services Proprietary Limited	3 660	-
Dinami Limited	35	-
Arxo Logistics Proprietary Limited	158	-
Arxo Metals Proprietary Limited	84	-
Arxo Resources Limited	35	-
Ubhova Security Proprietary Limited	15	-
Tharisa Fujian Industrial Co., Limited	45	100
	7 341	192
Current assets		
Tharisa Minerals Proprietary Limited	1 792	6 365
Braeston Corporate Consulting Services Proprietary Limited	1 271	6 137
Arxo Logistics Proprietary Limited	126	510
Dinami Limited	7	-
Ubhova Security Proprietary Limited	3	-
Tharisa Administration Services Limited	5	-
Arxo Metals Proprietary Limited	35	70
Arxo Resources Limited	13	8
Arxo Finance Limited	21	2
Karo Mining Holdings Limited	-	40
Karo Platinum (Private) Limited	-	21
Karo Zimbabwe Holdings (Private) Limited	-	243
Salene Chrome Zimbabwe (Private) Limited	265	13
Salene Mining Proprietary Limited	15	15
	3 553	13 424

Receivables from related parties are unsecured, interest free and with no fixed repayment dates. The Company has issued financial support commitments to Tharisa Investments Limited, Arxo Finance Limited and Tharisa Fujian Industrial Co., Limited confirming that it will not demand repayment of outstanding balances, until the entities are in a position to repay their balance.

Receivables from related parties include a share based payment asset of US\$11.1 million (2018: US\$13.9 million) for the reimbursement of the portion of the capital contribution for both the LTIP and SARS awards. Refer to note 4 for the valuation of LTIP and SARS awards.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2019

20. RELATED PARTY TRANSACTIONS (continued)

	2019 US\$'000	2018 US\$'000
Loans receivable from related parties (note 12)		
Non-current assets		
Arxo Logistics Proprietary Limited	-	6 000
Braeston Corporate Consulting Services Proprietary Limited	-	83
Arxo Finance Limited	5 995	-
Tharisa Minerals Proprietary Limited	4 739	1 863
	10 734	7 946
Current assets		
Braeston Corporate Consulting Services Proprietary Limited	83	200
	83	200

The loan to Arxo Finance Limited is unsecured, interest-free and no fixed term of repayment exists.

The non-current loan receivable from Tharisa Minerals Proprietary Limited is unsecured and interest free. An amount US\$1.7 million is repayable by December 2020 and an amount of US\$3.0 million is repayable by September 2022. The loan has been subordinated in favour of Tharisa Minerals Proprietary Limited's lenders.

	2019 US\$'000	2018 US\$'000
Dividends receivable (note 12)		
Dinami Limited	-	4 200
	2019 US\$'000	2018 US\$'000
Payables to related parties (note 16)		
Leto Settlement	-	2 000
	2019 US\$'000	2018 US\$'000
Payables to other related parties (note 16)		
A Djakouris	-	22
JD Salter	-	31
OM Kamal	-	16
C Bell	-	25
J Ka Ki Cheng	-	11
R Davey	-	21
ZL Hong	-	19
	-	145

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

20. RELATED PARTY TRANSACTIONS (continued)

Guarantees and financial support commitments to related parties

The Company has issued the following guarantees with regards to related parties:

Effective 28 March 2018, Tharisa Minerals Proprietary Limited concluded the ZAR800 million Facilities which comprises of:

- a three year senior secured amortising term loan of ZAR400 million ('Term loan'),
- a three year secured committed revolving facility of ZAR300 million ('Revolving facility'); and
- an overdraft facility of ZAR100 million ('Overdraft').

The Facilities are guaranteed by the Company.

The Company issued guarantees limited to US\$12.5 million (2018: US\$12.5 million) and US\$20.0 million (2018: US\$20.0 million) as securities for trade finance facilities provided by two banks to Arxo Resources Limited.

The Company issued a guarantee to ABSA Bank Limited which guarantees payment of certain liabilities of Arxo Logistics Proprietary Limited to Transnet amounting to ZAR19.4 million.

The Company has issued financial support commitments to its subsidiaries, Tharisa Investments Limited, Arxo Finance Limited and Tharisa Fujian Industrial Co. Ltd, confirming that it will continue to provide funding to the companies in order to enable the entities to continue as going concerns and meet all their liabilities as they fall due.

Tharisa Minerals Proprietary Limited entered into an equipment loan facility of US\$30.0 million (2018: US\$25.0 million) with Caterpillar Financial Services Corporation. The equipment loan facility is secured by a first notarial bond over the equipment and is guaranteed by the Company.

The Company guarantees performance of payment due from time to time between a third party supplier and Tharisa Minerals Proprietary Limited for the supply and sale of mining materials.

The Company and Arxo Metals Proprietary Limited jointly indemnify a third party for any claims which may result from negligence or breach in terms of the plant operating agreement between Arxo Metals Proprietary Limited and the third-party.

During the year ended 30 September 2018, the Company has committed to fund, directly or through one of its subsidiaries, the initial exploration, feasibility and development of the Karo Mining Holdings Limited projects in Zimbabwe up to an amount not exceeding US\$8.0 million.

Relationship between related parties and entities

A Djakouris, JD Salter, OM Kamal, C Bell, J Ka Ki Cheng, R Davey and ZL Hong were directors of the Company during the year ended 30 September 2019.

Tharisa Minerals Proprietary Limited, Dinami Limited, Arxo Finance Limited, Arxo Logistics Proprietary Limited, Tharisa Investments Limited and Tharisa Administration Services Limited are subsidiaries of the Company. Braeston Corporate Consulting Services Proprietary Limited, Arxo Metals Proprietary Limited, Ubhova Security Proprietary Limited and Tharisa Fujian Industrial Co., Limited are indirect subsidiaries of the Company.

The Leto Settlement is the beneficial shareholder of Medway Developments Limited, a material shareholder in the Company.

Karo Mining Holdings Limited is an associate of the Company. The Company owns 26.8% of the issued share capital of Karo Mining Holdings Limited. Karo Mining Holdings Limited owns 100% of the issued share capital of Karo Zimbabwe Holdings (Private) Limited, Karo Power Generation (Private) Limited and Karo Platinum (Private) Limited.

Salene Chrome Zimbabwe (Private) Limited is a company that is owned by the Leto Settlement Trust.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

21. CONTINGENT LIABILITIES

As at 30 September 2019, there is no litigation (2018: no litigation), current or pending, which is considered likely to have a material adverse effect on the Company. The Company had no other contingent liabilities at 30 September 2019 (2018: no contingent liabilities).

22. EVENTS AFTER THE REPORTING PERIOD

Effective 1 October 2019, the Company acquired 100.0% of the issued share capital of a company that manufactures equipment used in the mining industry for a total purchase consideration of US\$2.6 million (ZAR40.0 million). Of the total purchase consideration, US\$1.8 million (ZAR27.5 million) was settled in cash on the effective acquisition date while US\$0.8 million (ZAR12.5 million) will be settled in cash after one year from the acquisition date. Settlement of the US\$0.8 million is subject to the company achieving certain profit targets which represents a contingent consideration. The Company has recognised the total contingent consideration as a liability at 1 October 2019.

On 26 November 2019, the Board has proposed a final dividend of US\$ 0.25 cents per share, subject to the necessary shareholder approval at the Annual General Meeting.

The Board of Directors are not aware of any matter or circumstance arising since the end of the financial year that will impact these financial results.

23. DIVIDENDS

During the year ended 30 September 2019, the Company declared and paid a final dividend of US\$ 2 cents per share in respect of the year ended 30 September 2018. In addition, an interim dividend of US\$ 0.5 cents per share was declared and paid in respect of the financial year ended 30 September 2019.

During the year ended 30 September 2018, a final dividend of US\$ 5 cents per share was declared and paid in respect of the financial year ended 30 September 2017. In addition, an interim dividend of US\$ 2 cents per share was declared and paid in respect of the financial year ended 30 September 2018.