

**Tharisa plc**

(Incorporated in the Republic of Cyprus with limited liability)

(Registration number HE223412)

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LSE share code: THS

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('Tharisa' or the 'Company')

**Second quarter production report for the quarter ended 31 March 2020**

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

- Lockdown imposed as of afternoon shift on 25 March 2020 for 21 days
- Reduced mining activities commenced week of 6 April 2020 utilising the 300 ktpm Voyager Plant
- Force majeure declared on metallurgical chrome contracts
- Tharisa has received force majeure notifications from its PGM concentrate off-takers
- Ongoing capital projects have been suspended
- Lenders proactively supporting business
- Stockpile financing in progress

**Salient features for the quarter ended 31 March 2020**

- Reef tonnes mined 1 131.1 kt and tonnes milled 1 166.9 kt
- Platinum Group Metals ('PGMs') recovery at 83.7% with the production of 32.1 koz on a 6E basis
- Chrome recovery at 61.8% with concentrate production of 310.1 kt
- Stripping ratio of 12.2 m<sup>3</sup>:m<sup>3</sup> ahead of life of open pit requirements
- LTIFR of 0.08 per 200 000 operating hours worked

**Salient features for the six months ended 31 March 2020**

- Reef tonnes mined 2 274.1 kt with 2 414.1 kt milled
- PGMs recovery at 82.9% with production of 66.5 koz on a 6E basis
- Chrome recovery at 62.5% with concentrate production of 652.6 kt
- Third party chrome production of 117.0 kt
- Stripping ratio ahead of life of open pit requirements at 11.6 m<sup>3</sup>:m<sup>3</sup>
- PGM basket price of US\$1 612/oz (ZAR24 178/oz)
- ZAR:US\$: Exchange rate weakened to 15.0:1.0

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

*“The quarter under review showed a strong performance with Tharisa operating at consistent mining and stripping rates, with solid performances from ore processing. As such, we are pleased with the stable performance over this past quarter which was in line with reaching our Vision 2020 targets for the end of calendar 2020.*

*The impact of COVID-19 remains a significant and unquantifiable threat to South Africa’s economy – Tharisa fully supports the Government’s initiatives to combat this global pandemic. Since the commencement of the lockdown, Tharisa has fully complied with the DMRE to ensure that the Tharisa Mine is able to continue reduced operations during the lockdown period. Tharisa is a significant producer of chemical and foundry grade chrome concentrates which are used in a number of essential industries.*

*I am extremely proud of our team working tirelessly with the DMRE and the Minerals Council to enable the Tharisa Mine to continue operations during the lockdown period, whilst safeguarding our employees in terms of social distancing and improved health measures in an already open air, low labour intensive environment.”*

### **Safety**

Safety is a core value and Tharisa continues to strive for zero harm at its operations. An LTIFR of 0.08 per 200 000 man hours worked was recorded at the end of the quarter.

Tharisa fully supports the Cypriot, South African and Zimbabwean government’s initiatives in dealing with the COVID-19 pandemic and has implemented and will continue to adhere to all measures as instructed by the respective governments, applying best practice protocols.

## Production update

The production update for the quarter and six months ended 31 March 2020 is as follows:

		Quarter ended 31 Mar 2020	Quarter ended 31 Dec 2019	Quarter on quarter movement %	Quarter ended 31 Mar 2019	Half year ended 31 Mar 2020
Reef mined	kt	<b>1 131.1</b>	1 143.0	(1.0)	1 132.9	<b>2 274.1</b>
Stripping ratio	m <sup>3</sup> : m <sup>3</sup>	<b>12.2</b>	10.9	11.9	7.4	<b>11.6</b>
Reef milled	kt	<b>1 166.9</b>	1 247.1	(6.4)	1 145.0	<b>2 414.1</b>
PGM flotation feed	kt	<b>872.4</b>	921.0	(5.3)	850.3	<b>1 793.5</b>
PGM rougher feed grade	g/t	<b>1.37</b>	1.41	(2.8)	1.46	<b>1.39</b>
PGM recovery	%	<b>83.7</b>	82.2	1.8	85.5	<b>82.9</b>
6E PGMs produced	koz	<b>32.1</b>	34.4	(6.7)	34.0	<b>66.5</b>
Average PGM contained metal basket price	US\$/oz	<b>1 822</b>	1 406	29.6	1 048	<b>1 612</b>
Average PGM contained metal basket price	ZAR/oz	<b>27 690</b>	20 745	33.5	14 694	<b>24 178</b>
Cr <sub>2</sub> O <sub>3</sub> ROM grade	%	<b>18.2</b>	18.3	(0.5)	18.0	<b>18.2</b>
Chrome recovery	%	<b>61.8</b>	63.1	(2.1)	62.9	<b>62.5</b>
Chrome yield	%	<b>26.6</b>	27.5	(3.3)	27.0	<b>27.0</b>
Chrome concentrates produced (excluding third party)	kt	<b>310.1</b>	342.5	(9.5)	308.7	<b>652.6</b>
Metallurgical grade	kt	<b>233.6</b>	261.0	(10.5)	232.6	<b>494.6</b>
Specialty grades	kt	<b>76.5</b>	81.5	(6.1)	76.1	<b>158.0</b>
Third party chrome production	kt	<b>54.7</b>	62.3	(12.2)	60.3	<b>117.0</b>
Metallurgical grade chrome concentrate contract price	US\$/t CIF China	<b>129</b>	145	(11.0)	162	<b>138</b>
Metallurgical grade chrome concentrate contract price	ZAR/t CIF China	<b>1 965</b>	2 120	(7.3)	2 268	<b>2 052</b>
Average exchange rate	ZAR:US\$	<b>15.3</b>	14.7	4.1	14.2	<b>15.0</b>

## **Mining**

Tharisa's mining performance was tracking the requirements to attain the Vision 2020 production volumes. This was enabled primarily through the pit redesign, which was an area of focus during the 2019 financial year, and is bearing fruit as reef volume availability and bench length provide the necessary flexibility to attain the increased production targets planned under Vision 2020.

Mining was interrupted by the government imposed lockdown on 25 March 2020, impacting the last ten days of March. Tharisa is fully supportive of the measures put in place by the South African Government and is committed to applying best practice protocols as advised by the relevant authorities. The safety and wellbeing of our employees, contractors and stakeholders is paramount to the business.

Reef tonnes mined for the quarter totalled 1 131.1 kt, comparable to the 1 143.0 kt mined in Q1 2020, totalling 2 274.1 kt for the six months ended 31 March 2020. The stripping ratio improved to 12.2 m<sup>3</sup>:m<sup>3</sup> for the quarter and recorded 11.6 m<sup>3</sup>:m<sup>3</sup> for the six month period.

The pit and the mining equipment was placed safely on care and maintenance, prior to Tharisa receiving permission to continue limited mining production during the lockdown.

## **Processing**

The two independent processing plants at Tharisa, namely Genesis and Voyager, continued to perform above nameplate capacity prior to the lockdown. Pleasingly the quarter saw an increase in PGM recovery, up by 1.8% to 83.7% and averaged 82.9% for the six months, resulting in the production of 32.1 koz and 66.5 koz respectively on a 6E basis. Rougher feed grade was 1.37 g/t for the quarter and 1.39 g/t for the half year.

Chrome concentrate production was 310.1 kt for the quarter, comprising 233.6 kt of metallurgical grade and 76.5 kt of specialty grade, which when added to Q1 performance resulted in total chrome concentrate production of 652.6 kt for the six months, split into 494.6 kt of metallurgical grade chrome and 158.0 kt of speciality grades.

Third party chrome production was lower this quarter at 54.7 kt, as the K3 plant started work late in January 2020 aligned to the operations of the concentrator. Six months third party chrome production was 117.0 kt. K3 remains fully suspended during the lockdown.

As a result of the lockdown, Tharisa's Vulcan Project is suspended until further notice.

## **Update on South African government imposed lockdown due to COVID-19**

Tharisa makes reference to its announcements of 24 March 2020 and 26 March 2020, noting the decision by the President of South Africa, Cyril Ramaphosa, to implement a three-week national shutdown, as part of wide-ranging interventions to combat the spread of COVID-19. Lockdown for 21 days began at midnight on Thursday, 26 March 2020, and will continue until midnight on Thursday, 16 April 2020.

Since the imposed lockdown, Tharisa has developed and submitted an interim essential production plan that would see operations continue with a significantly reduced number of personnel on a shift basis.

This plan has received government support and permission, particularly as Tharisa is one of the world's key suppliers of chemical grade chrome concentrates, a material used in a number of essential industries.

The safety and health of our people at Tharisa is a core value and one that will not be compromised. And as such, only the required operational teams will be onsite during the essential production plan. Included in the staff complement are the necessary health and safety crews.

Notwithstanding the reduced staff complement and as part of our commitment to our local communities, Tharisa will also continue to supply essential services to parts of the greater Marikana community, including freshwater and waste collection services, and maintain road infrastructure within the community.

The interim essential production plan has since commenced, and production on the reduced basis has been steady since Monday, 6 April 2020. The plan sees run of mine material fed only into the Voyager Plant (nameplate capacity of 300 ktpm), and aiming to have the Voyager Plant operate at an economically optimal rate.

We believe this interim plan is a sustainable solution, and as part of the mining plan, we continue to move waste material at the stipulated life of mine strip ratio. Tharisa will ensure optimal balance between ROM material to feed the Voyager Plant and waste removal so as to ensure the pit development is not compromised.

### **Market update**

The period under review saw a further divergence of the prices for our products, with PGM's achieving record highs during the quarter and half-year under review, resulting in an average PGM basket price of US\$1 822/oz (ZAR27 690/oz) for the quarter and US\$1 612/oz (ZAR24 178/oz) for the six months, with palladium and rhodium again being the driving force.

The average metallurgical chrome price received for the quarter was US\$129/t with current Chinese domestic prices trading at ~US\$130/t, on the back of reduced pipeline supplies from South Africa as a result of the operational lockdown experienced by most large producers. For the six months, Tharisa achieved an average metallurgical price of US\$138/t which is 14.8% lower than the average price of US\$162/t received for FY2019.

Subsequent to the reporting period, there is additional margin support for Rand based costs, with the South African Rand trading at above ZAR:US\$ 18.00 and oil prices having weakened significantly with South African diesel costs dropping by ~10% per litre in April 2020.

### **Outlook**

As stated in the announcement on 24 March 2020, Tharisa's guidance for the year was suspended and will remain so until the Company is in a position to quantify the impact of the COVID-19 pandemic and the South African lockdown.

Our co-product model utilising mechanised and low labour intensive mining in an open pit environment, is optimally positioned to rapidly resume full-scale operations upon lifting of the lockdown restrictions.

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

Paphos, Cyprus

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