Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2018

24. Contingent liabilities

As at 30 September 2018, there is no litigation (2017: no litigation), current or pending, which is considered likely to have a material adverse effect on the Group.

25. Capital commitments and guarantees

	2018 US$'000	2017 US$'000
Capital commitments		
Authorised and contracted	4 929	6 455
Authorised and not contracted	1 091	25
	6 020	6 480

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 2018.

The Company 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 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 ZAR19.4 million (2017: 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 (2017: US$12.5 million) and US$20.0 million (2017: no guarantee) 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 ZAR12.0 million (2017: 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 2018, US$6.5 million has been paid up. The remaining US$3.5 million needs to be paid up by 14 February 2021.

26. Events after the reporting period

On 26 November 2018, the Board has proposed a final dividend of US$ 2 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.

27. Dividends and capital distribution

During the year ended 30 September 2018, the Company declared and paid a final dividend of US$ 5 cents per share in respect of the year ended 30 September 2017.

During the year ended 30 September 2018, an interim dividend of US$ 2 cents per share was declared and paid. On 26 November 2018, the Board has proposed a final dividend of US$ 2 cents per share with respect to the year ended 30 September 2018. The proposed dividend is subject to shareholder approval at the Annual General Meeting.

A capital distribution of US$2.6 million (US$ 1 cent per share) was declared as a reduction of share premium during the year ended 30 September 2017.