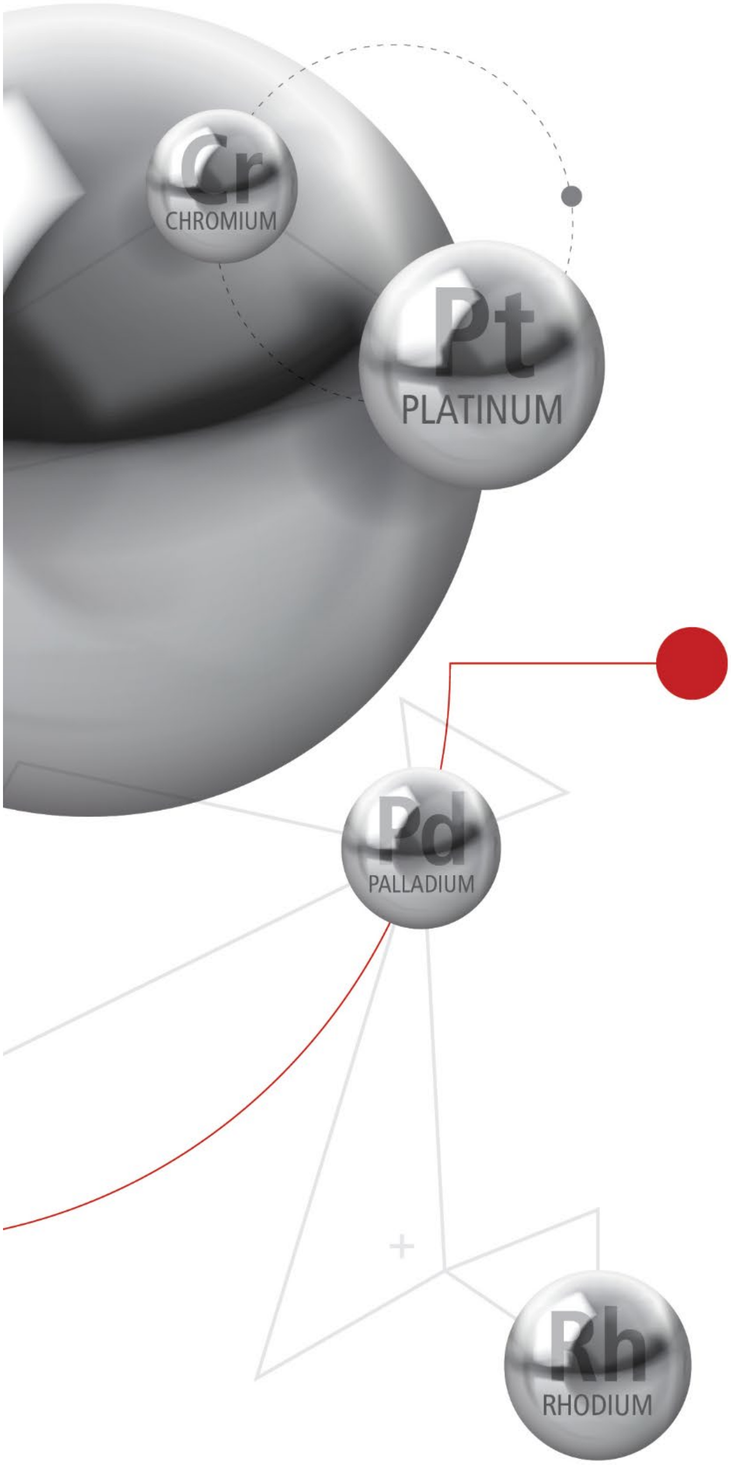
tharisa



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2021

enriching lives through innovating the resources company of the future

Tharisa plc

(Incorporated in the Republic of Cyprus with limited liability)

(Registration number HE223412)

JSE share code: THA

LSE share code: THS

A2X share code: THA

ISIN: CY0103562118

LEI: 213800WW4YWMVVZIJM90

('Tharisa' or the 'Company')

MANAGEMENT REPORT FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

Strong operating performance, significant cash generation and record pay out for shareholders

Key Highlights

- Six-years fatality free, with a Lost Time Injury Frequency Rate ('LTIFR') of 0.34 per 200 000-man hours worked
- ESG strategy to reduce carbon emissions by 30% by 2030, and achieve carbon neutrality by 2050
- Delivered on production guidance
  - PGM production of 157.8 koz, up 11% Year on Year ('YoY') at an average PGM basket price of US$3 074/oz (ZAR45 336/oz), up 80.4%
  - Chrome production of 1 506.1 kt, up 12% YoY, at an average metallurgical grade chrome price of US$154/t (ZAR2 284/t), up 10.2%
- Revenue increased 46.9% to US$596.3 million (2020: US$406.0 million)
- EBITDA increased 97.8% to US$224.3 million (2020: US$113.4 million) at an EBITDA margin of 37.6%
- Profit before tax increased 144.5% to US$185.3 million (2020: US$75.8 million)
- Earnings per share of US 37.4 cents (2020: US$16.2 cents), an increase of 130.9%
- Free cash flow increase of US$100.0 million to US$102.1 million (2020: US$2.4 million)
- Final dividend of US 5 cents per share, proposed, bringing total dividend to US 9 cents per share, 18.5% of NPAT, an increase of 157.1%
- Further deleveraging of the balance sheet, net cash position of US$46.6 million
- Return on invested capital of 25.5% (2020: 18.8%)
- Acquisition of 100% of Salene Chrome Zimbabwe, chrome plant construction near completion, commissioning in Q1 FY2022
- Life of Mine of the open pit extended by an additional 7 years to 2041 (announced post year-end)
- Vulcan Plant on track for first concentrate production in December 2021 (announced post year-end)
- FY2022 production guidance of between 165 koz and 175 koz PGMs (6E basis) and 1.75 Mt and 1.85 Mt of chrome concentrates

Phoevos Pouroulis, CEO of Tharisa, commented:

"This has been a stand-out year for Tharisa on all levels, with safety the core value of our sustainability creating the platform for us to achieve our strategic goals. With more than 3 000 employees and contractors at the Tharisa Mine, we celebrated six fatality-free years and five million fatality-free shifts this year. The Tharisa Mine, the center of our operations has one of the longest life PGM and chrome reserves in South Africa with the open-pit life being extended by a further 7 years to 2041 and with over 50 years of mining ahead of us is set to generate value for all stakeholders for generations to come.

The Company has benefitted from a strong operating performance, allowing Tharisa to leverage the favourable commodity prices and achieve significant cash generation. Revenue increased nearly 47% to US$596.3 million, and EBITDA almost doubled to US$224.3 million. These are exceptional numbers, especially in light of the pandemic. The strong operational performance translated into healthy cash flow generation, enabling the Company to invest in its sustainable growth and deliver a record dividend to shareholders.

This past year's successes have become the new benchmark for our Company. With the updated life of mine at the Tharisa Mine, commissioning of the Vulcan beneficiation plant, establishment of Arxo Metals beneficiation Site, and development of Salene Chrome and exciting project economics for Karo Platinum in Zimbabwe, we are well on the path to diversification and many years of sustainable production and shareholder returns.

Our sincere gratitude goes out to the Tharisa team, the lifeblood of our organisation. The alignment of purpose, and the delivery on commitments in a safe and sustainable manner has allowed us to continue to make a positive impact. These are exciting times and the global objective to decarbonise the planet through new processes and technologies allow Tharisa to play an even greater role in creating the resources company of the future. Through our innovative thinking we are perfectly positioned to support and provide critical metals and solutions to this challenge. Through becoming a globally diversified resources company we are making steady progress in fulfilling our strategy of becoming the investment of choice in our sector. I would like to thank our board, shareholders, and all contributors to the success of Tharisa over the past year and welcome all of you to join us for the next chapter in our growth."

Safety

Safety is a core value and Tharisa continues to strive for zero harm at its operations. A LTIFR of 0.34 per 200 000-man hours worked was recorded, which maintains our industry-leading safety record, especially pleasing when considering the construction of the Vulcan Plant and the man-hours worked.

With more than 3 000 employees and contractors at the Tharisa Mine, we celebrated six fatality-free years and five million fatality-free shifts this year.

We continue to deal with COVID-19, a pandemic that has hit South Africa particularly hard and continues to impact on the lives and livelihoods of all its people. We have put in place the infrastructure to care for our employees with an on-site COVID-19 clinic, isolation and vaccination facilities working together with our health care provider. With the onset of a potential fourth wave and the Omicron variant, we believe that we are well prepared to manage our business and people so as to protect lives, and importantly, livelihoods of our employees and the supply chain eco-system that supports and benefits from our operations.

The Key Numbers

	Unit	**FY2021**	FY2020	Change %
Reef mined	kt	**5 379.9**	4 971.1	8.2
Stripping ratio	m^3 waste: m^3 reef	**11.6**	12.1	(4.1)
Reef milled	kt	**5 600.0**	5 036.1	11.2
PGM flotation feed	kt	**4 248.2**	3 765.9	12.8
PGM rougher feed grade	g/t	**1.49**	1.46	2.1
PGM recovery	%	**77.6**	80.1	(3.1)
PGM ounces produced	5PGE+Au koz	**157.8**	142.1	11.0
Average PGM basket price	US$/oz	**3 074**	1 704	80.4
Average PGM basket price	ZAR/oz	**45 336**	27 691	63.7
Cr_2O_3 ROM grade	%	**17.9**	18.2	(1.6)
Chrome recovery	%	**63.3**	62.1	1.9
Chrome yield	%	**26.9**	26.7	0.7
Chrome concentrates produced (excluding third party)	kt	**1 506.1**	1 344.8	12.0
Metallurgical grade	kt	**1 141.5**	1 023.2	11.6
Specialty grades	kt	**364.6**	321.6	13.4
Third-party chrome production	kt	**223.0**	169.8	31.3
Chrome concentrates sold (including third-party)	kt	**1 700.3**	1 448.3	17.4
Metallurgical grade chrome concentrate contract price	US$/t CIF China	**154**	140	10.0
Metallurgical grade chrome concentrate contract price	ZAR/t CIF China	**2 284**	2 231	2.4
Average exchange rate	US$:ZAR	**14.83**	16.22	-8.6
Group revenue	US$ million	**596.3**	406.0	46.9
Gross profit	US$ million	**207.4**	130.4	59.0
Net profit	US$ million	**131.5**	55.0	139.1
EBITDA	US$ million	**224.3**	113.4	97.8
Headline earnings	US$ million	**103.1**	44.9	129.6
Headline earnings per share	US$ cents	**38.3**	16.9	126.6
Earnings per share	US$ cents	**37.4**	16.2	130.9
Full year dividend	US$ cents	**9.0**	3.5	157.1
Gross profit margin	%	**34.8**	32.1	8.4
EBITDA margin	%	**37.6**	27.9	34.8
Net cash flows from operating activities	US$ million	**208.4**	73.0	185.5
Net (cash)/debt	US$ million	**(46.6)**	21.3	(318.8)
Capital expenditure	US$ million	**106.0**	70.9	49.5

Guidance for FY2022

- FY2022 production guidance of between 165 koz and 175 koz PGMs (6E basis) and 1.75 Mt and 1.85 Mt of chrome concentrates
- COVID-19 remains a risk to the Company and guidance is premised on the current level of economic activity being maintained

Market Review

A second consecutive year of record PGM basket prices, with an increase of over 80% in the past financial year, saw the average basket price for the year at US$3 074/oz, up from an average price of US$1 704/oz for the 2020 financial year. The exchange rate was volatile throughout the year, averaging US$ZAR 14.83 versus US$ZAR 16.22 for the prior period. The PGM basket price in ZAR terms was ZAR45 336/oz up from ZAR27 691/oz in 2020, as compared to ZAR15 531/oz in 2019.

Fundamentals of PGMs in the longer term are robust, driven by a healthy outlook for the internal combustion engine (in the short and medium term), investment demand, industrial demand and hydrogen fuel cell production for renewable energy. While substitution will take place over time between palladium and platinum in catalytic converters, the inability to substitute the minor metals, the major of these being rhodium, ensures that the PGM basket price will remain robust for at least the next five-years.

Chrome prices and sales improved year on year, with an average metallurgical price received of US$154/t, an increase of 10%. Metallurgical chrome prices traded at the US$165/t level at the end of the reporting period. An alleviation of power control measures in China is anticipated post the reporting period, which is expected to spur production and, consequently, the demand for chrome ore consumption. Global supply chain disruptions are likely to contribute to the decline in port inventory in China. Increased costs (particularly with regards to logistics) will disrupt supply/demand balances unless the price is significantly elevated to absorb the additional costs.

Operational Review

Tharisa's ability to mine and beneficiate its products was evidenced in FY2021 where the Company had improvements across all major metrics and the sustainable operational outlook continues to be aligned with the consistent improvements of these parameters.

In FY2019, the Company redesigned the open pit of the Tharisa Mine, in order to ensure optimal operation. With volume ramp up steady in FY2020, despite the impact of COVID-19, the reconfiguration contributed to the Tharisa Mine improving operationally in both FY2020 and, more significantly, FY2021. Driven by the strong performance, the run of mine (ROM) volume increased by 8.2% YoY to 5.38 Mt (2020: 4.97 Mt), while maintaining a healthy stripping ratio of 11.6 m^3:m^3 (2020: 12.1 m^3:m^3), again, well ahead of the LOM requirements of 9.8 m^3:m^3, which created additional crushing flexibility and further de-risked the operations with a stockpile build-up. The Tharisa Mine had approximately two months' ROM stockpile at the end of the FY2021 reporting period. The Company was able to increase grade throughout the year, setting a new benchmark of 1.49 g/t PGM and 17.9% Cr_2O_3. Recoveries at both the smaller volume Genesis Plant (focused more on chrome recovery) and the larger volume Voyager Plant (designed to extract maximum value out of the PGMs), increased. This led to increased PGM and chrome concentrate production year on year, with PGM output up by 11% to 157.8 koz (2020: 142.1 koz) and chrome concentrate production up 12% to 1.51 Mt (2020: 1.34 Mt). Specialty grade chrome concentrates (chemical and foundry) comprised 24% of total chrome concentrate production at 364.6 kt (2020: 321.6 kt).

Third-party chrome production was up 31.3% to 223.0 kt (2019: 169.8 kt).

On 18 November 2021, Tharisa announced an extension of the open pit Life of Mine (LOM) at its flagship Tharisa Mine, following an annual review of its Mineral Resource and Mineral Reserve statement. Tharisa Mine's open-pit mining will now continue through to 2041, seven years longer than previously planned, while also de-risking the development of the transition to underground mining. This development further cements the reputation of the Tharisa Mine as a world-class, long-life asset that underpins our business and will continue to provide a sustainable, low-cost platform for over 50 years.

Reef milled increased by 11.2% to 5 600.0 kt (2020: 5 036.1 kt). The PGM rougher feed grade for the year improved by 2.1% to 1.49 g/t (2020: 1.46 g/t), while the Cr_2O_3 ROM feed grade was marginally weaker at 17.9% (2020: 18.2%) for the year.

Tharisa targets recoveries of 85% for PGMs and 65.0% for chrome. In FY2021 PGM recoveries were 77.6%, below the targeted recovery of 85%, mainly due to weaker recoveries as a result of grade mix in the first half, with many improvements in the second half of the year. Chrome recovery improved to 63.3% from 62.1% in 2020.

Sustainable Investment in the Future

Vulcan Plant

The Vulcan Plant is the first large scale plant to produce chrome concentrates from chrome ultra-fines, consolidating Tharisa's position as a key participant in the beneficiation of chrome production. The concept of the Vulcan Plant was developed entirely by Tharisa's in-house R&D team, to extract the ultra-fine chrome from tailings.

The Vulcan Plant will maximise the Tharisa Mine's chrome production by reducing the deposition of fine chrome on the tailings storage facility and by optimising the recoveries from the non-renewable resource. The plant was cold commissioned in October 2021. Once fully commissioned, it is expected to materially increase the Tharisa Mine's chrome recoveries from ~62% to ~82%, resulting in increased chrome production of approximately 20% at low incremental unit operating costs and driving Tharisa further down the cost curve. The plant, which will process live tailings produced by the independent Voyager and Genesis plants, ensures further beneficiation of the Company's chrome production at the Tharisa Mine, while reducing unit output of carbon emissions.

Of the total project capex, over 90% was procured locally in South Africa, with up to 1 000 contractors locally sourced and over 100 direct new permanent jobs created.

Internally funded by Tharisa, the Vulcan Plant recommenced construction in October 2020, after the lifting of restrictions by the South African government during the height of the first wave of COVID-19.

Karo Holdings

Tharisa has a 26.8% shareholding in Karo Mining Holdings, with subsidiaries Karo Platinum and Karo Refining, comprising the Karo Project with an integrated PGM mining and refining complex, located on the Great Dyke of Zimbabwe.

Karo Platinum was awarded PGM rights under a Special Grant under the Zimbabwe Mines and Minerals Act, covering an area of 23 903 ha on the Great Dyke to develop a PGM mining complex. The PGM complex is in the designated Karo Selous Special Economic Zone, providing numerous incentives. After the Special Grant award in 2018, Karo Platinum was awarded a Mining Lease in March 2021, over the mining area for the life of mine.

Two phases of exploration drilling have been completed over the project area. A maiden long-life open pit resource and reserve for Phase 1 of the operations has been declared. On 12 October 2021, Tharisa announced that the Karo Platinum implementation studies had been completed. The project is now progressing into project execution and development.

Zimplats had previously declared an indicated and inferred resource over the Karo Project area, with the last declaration made in June 2017.The declaration states that the project area contains 96.4 Moz of PGMs (4E basis).

Tharisa is evaluating its option to acquire a controlling interest.

Salene Chrome

Tharisa acquired Salene Chrome for US$3.0 million with effect from 31 March 2021. Salene Chrome is a development stage, low cost, open pit asset, located on the Great Dyke in Zimbabwe. The acquisition provides geographic diversification with access to a premium chrome product, a short development timeline and a low capital requirement.

A Salene Chrome has started mining production, commenced with the construction of the chrome plant and commissioning planned for prior to the end of the Q1 FY2022.

Strategically, the development and operation of Salene Chrome allows the Group to take its first step to develop and operate an asset in Zimbabwe before the construction of the larger Karo Project.

Financial Review

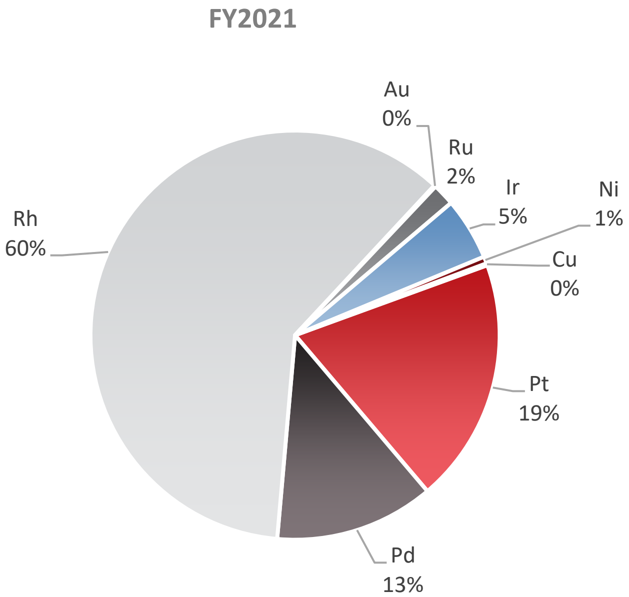
Our strong operational performance, as we delivered increased and sustainable PGM ounces and chrome tonnes into a rising commodity market, set the foundation for an exceptional suite of financial numbers, with the cash we have generated being used for continued on mine investment, growth capital and return of cash to shareholders, However, cost pressures including mining costs as the drill & blast pattern was changed and the increase in logistics costs (inland logistics and sea freight) with constraints on the global supply chain, impacted on the profitability of the Group. Regulatory payments such as the mining royalty, which is effectively the cost for the lease of the mining right due to the government, increased on the back of the increased commodity prices and full utilisation of the available tax shield. With the on-going commitment to limiting the impact of our operations on the environment, a revised Environmental Management Programme has been submitted to the Department of Minerals and Energy (DMRE) with an alternative plan building on the establishment of a post-mining economy with socio-economic benefits. Accordingly the Group has provided an additional amount of US$6.3 million as a charge through the statement of profit or loss for rehabilitation.

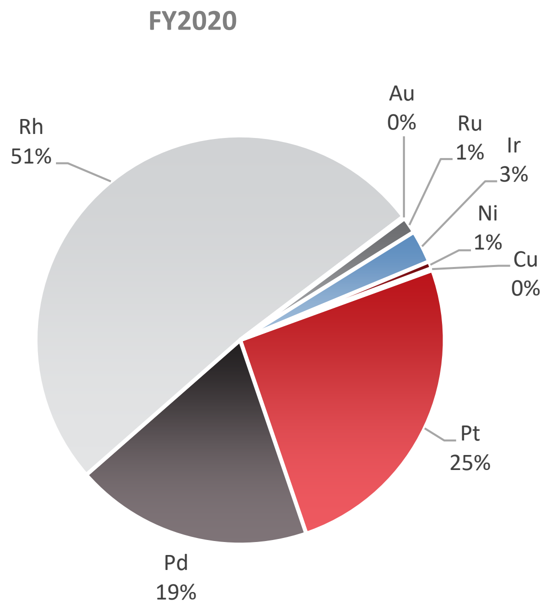
The return on invested capital, calculated as the net operating profit after tax divided by the average invested capital (comprising total assets less cash and non-interest-bearing short-term liabilities), for the period under review was 25.5% (2020: 18.8%).

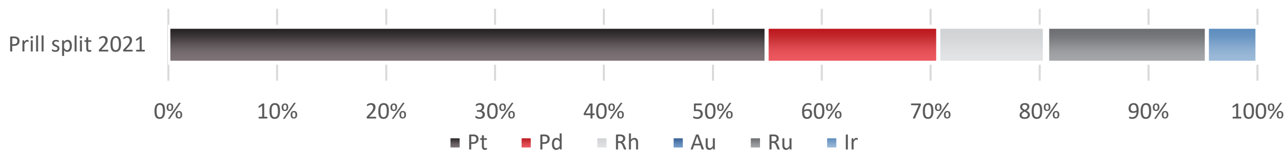
Revenue for the year was US$596.3 million (2020: US$406.0. million), an increase of 46.9% on the previous year. Gross profit amounted to US$207.4 million (2020: US$130.4 million), an increase of 59.0%, benefitting from the increase of 80.4% in the PGM basket price for the period, and a 10.0% increase in the metallurgical grade chrome concentrate price on the back of increased sales volumes of 6.5% and 17.4% for PGMs and chrome respectively.

A breakdown of the PGM revenue is depicted in the graphs below reflecting the strong increase in the rhodium price, which averaged US$19 473/oz (2020: US$8 368/oz) for the period, an increase of 132.7%, and therefore increased contribution to the revenue basket. Platinum prices averaged US$1 074/oz (2020: US$876/oz), an increase of 22.6% and palladium prices averaged US$2 506/oz (2020: US$2 053/oz), an increase of 22.1%.

PGM contribution





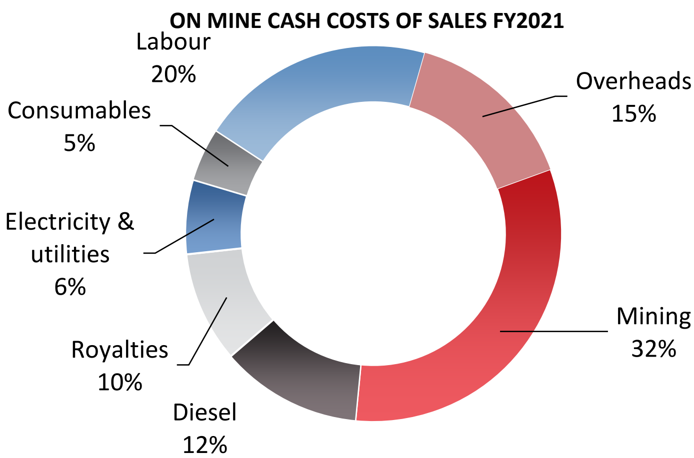


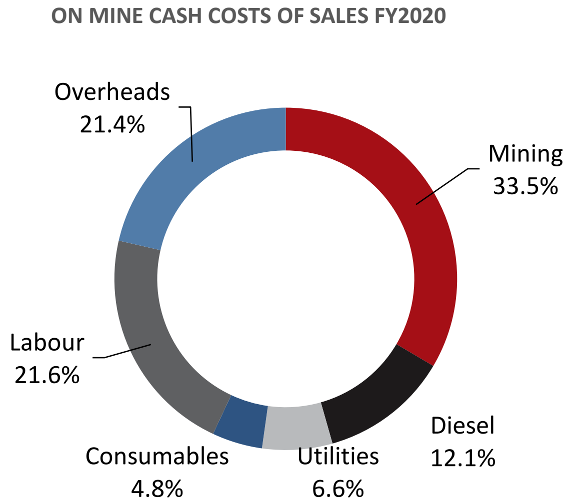
The strong rhodium prices resulted in rhodium contributing the dominant share of revenues at 60% of PGM revenue.

The chrome revenue comprises US$166.4 million from the sale of metallurgical grade chrome concentrates and US$37.5 million from the sale of specialty grade chrome concentrates (chemical and foundry), with the specialty grades typically commanding a premium of between US$30/t and US$50/t.

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 80% (2020: 75%) to the PGM segment and 20% (2020: 25%) to the chrome segment.

The major on-mine segmental cash cost of sales (excluding selling expenses) are summarised in the graph below.





Cash costs (i.e., excluding non-cash flow items such as depreciation) on a per cube and per ROM tonne mined basis are detailed below together with the cash costs per tonne milled. Costs relating to deferred stripping (which are capitalised) of US$25.8 million (2020: US$22.7 million) were excluded from the per tonne milled analysis.

	Units	30 September 2021	30 September 2020	Change %
Cubes mined	Mm^3	19.2	18.9	1.6
Cost per cube mined	US$/$m^3$	8.9	6.9	29.0
Reef tonnes mined	Mt	5.4	5.0	8.2
Cost per reef tonne mined	US$	31.9	26.3	21.3
Tonnes milled	Mt	5.6	5.0	11.2
On mine cash cost per tonne milled	US$	40.5	34.8	16.4
Consolidated cash cost per tonne milled	US$	44.4	38.6	15.0

Mining costs per cube increased primarily due to a change in the drilling pattern to improve grades and fragmentation.

Gross profit amounted to US$207.4 million (2020: US$130.4 million) with a gross profit margin of 34.8% (2020: 32.1%). The overall inflation environment in South Africa, as measured by the PPI, reflected increasing inflationary pressures at 7.8% (2020: 0.5%) with the US$ZAR exchange rate strengthening on average by 8.6%. Diesel cost, which comprises 12% of on-mine cash costs, in South Africa increased by 3.6% per litre from ZAR13.08 (US$0.8) per litre to ZAR13.55 (US$0.9) per litre. Electricity costs, while not being a significant input cost at approximately 6% of the on-mine cash costs, increased by 11.1% per kilowatt hour.

Selling costs (inland logistics and sea freight) incurred with the transport of the metallurgical grade chrome concentrate from the mine to the customer at China Main ports increased by 22.3% from US$59.2/t to US$72.4/t.

Other operating expenses amounted to US$44.8 million (2020: US$35.3 million), an increase of 26.9%. The major cost within other operating expenses was employee costs at US$25.3 million (2020: US$19.9 million) comprising 56.5% (2020: 56.4%).

EBITDA amounted to US$224.3 million (2020: US$113.4 million).

Finance costs of US$4.9 million (2020: US$6.9 million) related primarily to the term loan in Tharisa Minerals (settled on 31 March 2021), asset equipment finance and trade finance facilities utilisation.

The Group generated a profit before tax of US$185.3 million (2020: US$75.8 million).

The tax charge amounted to US$53.7 million (2020: US$20.8 million), an effective charge of 29.0% (2020: 27.5% charge). A normalised tax rate should be circa 25%. Cash taxes paid amounted to US$17.4 million.

Unredeemed capex available within the Group for set-off against future profits has been fully utilised.

Basic earnings per share for the period amounted to US 37.4 cents (2020: US 16.2 cents).

Of the total capex spend for the period of US$106.0 million, approximately US$26.6 million related to additions to the mining fleet and US$73.0 million related to other mining assets. Of the US$73.0 million, US$33.0 million related to expansion capital, principally the Vulcan Plant construction.

Free cash flow amounted to US$102.4 million, an increase of some US$100.0 million compared to the previous year (2020: US$2.4 million).

After taking into account, inter alia, debt and interest repayments, there was a net increase in cash and cash equivalents for the period of US$32.3 million.

The senior debt facilities comprising a term loan, revolving credit facilities and an overdraft were repaid on 31 March 2021. Of the total interest-bearing debt of US$35.8 million, US$31.1 million was US$ denominated and US$4.7 million was ZAR denominated. Tharisa Minerals has negotiated further asset backed finance facilities in the amount of US$15.0 million and an overdraft of US$10.0 million.

Cash and cash equivalents at 30 September 2021 amounted to US$83.4 million resulting in a net debt to equity ratio of -10.5%.

There is continued focus on working capital management, with the current ratio at 2.4 times.

Dividend

In accordance with Tharisa's dividend policy of distributing at least 15% of annual NPAT, the Board has proposed a final dividend of US 5 cents per ordinary share subject to the necessary shareholder approval. This is in addition to the interim dividend of US 4 cents per ordinary share. The total dividend amounts to US 9 cents per ordinary share, a payout ratio of 18.5%.

Conclusion

This past financial year has been the best performance year on record. With the Vulcan Plant scheduled to generate significant chrome production growth and excellent PGM production performance in the new financial year we are positioned to achieve guidance while expanding our footprint into Zimbabwe.

The extension of the open pit by an additional seven- years and a hybrid transition to underground has given us sustainable and continued competitive flexibility from our flagship Tharisa Mine. The import of this expansion has not been fully realized but in essence is an extension of 50% of our open pit mine, allowing us to continue production at the current rates while deferring underground mining and minimizing the transition risk from open pit to underground operations.

The teams focus on maximizing returns through innovation is gaining momentum and our R&D projects are progressing to capture value in a unique manner. The reliance on one industry and end market has proven challenging with global supply chain issues, reinforcing our drive for diversification of products and markets. Creating higher value, lower volume products mitigates many of these challenges.

As a company that is playing a critical role in the energy transition through the metals we mine, we believe Tharisa must embrace the future through the application of innovation and technology to support the global imperative. Our commitment to improving the lives of those we employ and the communities within which we work, combined with the returns we deliver for all our stakeholders, can only be achieved with sustainability at the core of Tharisa's strategy.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements for the year ended 30 September 2021 have been extracted from the audited financial statements of the Group but have not been audited. The auditor’s report on the audited financial statements does not report on all of the information contained herein. Shareholders are therefore advised that in order to obtain a full understanding of the financial position and results of the Group, these condensed consolidated financial statements should be read together with the full audited financial statements and full audit report.

These condensed consolidated financial statements and the audited financial statements, together with the audit report, are available on the Company’s website, www.tharisa.com, and are available for inspection at the registered address of the Company.

The directors take full responsibility for the preparation of this report and the correct extraction of the financial information from the underlying financial statements.

The directors of the Company are responsible for the maintenance of adequate accounting records and the preparation of the financial statements and related information in a manner that fairly presents the state of affairs of the Company. These financial statements are prepared in accordance with International Financial Reporting Standards and incorporate full and responsible disclosure in line with the accounting policies of the Group, which are supported by prudent judgement.

The directors are also responsible for the maintenance of effective systems of internal control, which are based on established organisational structure and procedures. These systems are designed to provide reasonable assurance as to the reliability of the financial statements, and to prevent and detect material misstatement and loss.

Ernst & Young Cyprus Limited has expressed an unmodified audit opinion in the Independent Auditor’s Report dated 30 November 2021 on the audited consolidated financial statements. That report also includes the communication of key audit matters and is available on the Company’s website: www.tharisa.com.

The preparation of these condensed results was supervised by the Chief Finance Officer, Michael Jones, a Chartered Accountant (SA).

The condensed consolidated financial statements have been prepared on a going concern basis, as the directors believe that the Company and Group will continue to be in operation in the foreseeable future. The consolidated annual financial statements have been approved by the Board on 30 November 2021.

The directors, whose names are stated below, hereby confirm that:

- The condensed consolidated annual financial statements set out on pages 14 to 50 of this document, fairly present in all material respects the financial position, financial performance and cash flows of Tharisa plc and subsidiaries;

- No facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

- Internal financial controls have been put in place to ensure that material information relating to Tharisa plc and its consolidated subsidiaries have been provided to effectively prepare the consolidated financial statements and company financial statements of Tharisa plc;

- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King IV Report on Governance for South Africa, 2016. Where we are not satisfied, we have disclosed to the audit and risk committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors and have taken the necessary remedial action.

Phoevos Pouroulis **Michael Jones**

Cyprus
30 November 2021

tharisa
plc

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 September 2021

	Notes	**2021 US$'000**	2020 US$'000
Revenue	5	**596 345**	405 995
Cost of sales	6	**(388 926)**	(275 563)
Gross profit		**207 419**	130 432
Other income		**764**	918
Net foreign exchange gain/(loss)		**15 477**	(8 378)
Other operating expenses	7	**(44 822)**	(35 327)
Results from operating activities		**178 838**	87 645
Finance income		**1 391**	944
Finance costs		**(4 893)**	(6 926)
Changes in fair value of financial assets at fair value through profit or loss	21	**10 540**	476
Changes in fair value of financial liabilities at fair value through profit or loss	21	**(370)**	(5 773)
Share of loss of investment accounted for using the equity method	11	**(251)**	(614)
Profit before tax		**185 255**	75 752
Tax	8	**(53 714)**	(20 801)
Profit for the year		**131 541**	54 951
Other comprehensive income			
Items that may be classified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations, net of tax		**20 450**	(24 118)
Other comprehensive income/(loss), net of tax		**20 450**	(24 118)
Total comprehensive income for the year		**151 991**	30 833
Profit for the year attributable to:			
Owners of the company		**100 469**	43 296
Non-controlling interest		**31 072**	11 655
		131 541	54 951
Total comprehensive income for the year attributable to:			
Owners of the company		**113 471**	27 431
Non-controlling interest		**38 520**	3 402
		151 991	30 833
Earnings per share			
Basic earnings per share (US$ cents)	9	**37.4**	16.2
Diluted earnings per share (US$ cents)	9	**37.3**	16.2

The notes on pages 19 to 50 are an integral part of these condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2021

	Notes	**2021 US$'000**	2020 US$'000
Assets			
Non-current assets			
Property, plant and equipment	10	**380 461**	278 960
Intangible assets		**2 942**	1 427
Investment accounted for using the equity method	11	**10 274**	10 303
Financial and other assets	12	**15 854**	6 791
Deferred tax assets		**1 177**	1 140
Total non-current assets		**410 708**	298 621
Current assets			
Inventories	13	**58 269**	41 864
Trade and other receivables	14	**136 554**	112 056
Contract assets		**2 440**	2 101
Financial and other assets	12	**3 041**	2 169
Current taxation		**8 949**	497
Cash and cash equivalents	15	**83 436**	49 293
Total current assets		**292 689**	207 980
Total assets		**703 397**	506 601
Equity and liabilities			
Share capital and premium	16	**289 818**	286 929
Other reserve		**47 245**	47 245
Foreign currency translation reserve		**(91 848)**	(104 850)
Retained earnings		**199 217**	122 085
Equity attributable to owners of the Company		**444 432**	351 409
Non-controlling interests		**6 842**	(30 580)
Total equity		**451 274**	320 829
Non-current liabilities			
Provisions	17	**19 931**	14 684
Borrowings	18	**20 590**	16 132
Deferred tax liabilities		**87 565**	39 102
Total non-current liabilities		**128 086**	69 918
Current liabilities			
Borrowings	18	**16 260**	54 481
Other financial liabilities		**485**	6 144
Current taxation		**286**	176
Trade and other payables	19	**104 566**	52 952
Contract liabilities		**2 440**	2 101
Total current liabilities		**124 037**	115 854
Total liabilities		**252 123**	185 772
Total equity and liabilities		**703 397**	506 601

The condensed consolidated financial statements were authorised for issue by the Board of Directors on 30 November 2021.

Phoevos Pouroulis
Director

Michael Jones
Director

The notes on pages 19 to 50 are an integral part of these condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2021

		Attributable to owners of the Company							
	Notes	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	Non-controlling interest US$'000	Total equity US$'000
Balance at 1 October 2019		267	284 926	47 245	(88 985)	79 318	322 771	(33 982)	288 789
Total comprehensive (loss)/income for the year									
Profit for the year		-	-	-	-	43 296	43 296	11 655	54 951
Other comprehensive income:									
Foreign currency translation differences		-	-	-	(15 865)	-	(15 865)	(8 253)	(24 118)
Total comprehensive (loss)/income for the year		-	-	-	(15 865)	43 296	27 431	3 402	30 833
Transactions with owners of the Company									
Contributions by and distributions to owners									
Dividends paid	26	-	-	-	-	(667)	(667)	-	(667)
Issue of ordinary shares	16	2	1 734	-	-	-	1 736	-	1 736
Equity-settled share-based payments		-	-	-	-	138	138	-	138
Contributions by and distributions to owners of the Company		2	1 734	-	-	(529)	1 207	-	1 207
Total transactions with owners of the Company		2	1 734	-	-	(529)	1 207	-	1 207
Balance at 30 September 2020		269	286 660	47 245	(104 850)	122 085	351 409	(30 580)	320 829

The notes on pages 19 to 50 are an integral part of these condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2021

		Attributable to owners of the Company							
	Notes	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	Non-controlling interest US$'000	Total equity US$'000
Balance at 1 October 2020		**269**	**286 660**	**47 245**	**(104 850)**	**122 085**	**351 409**	**(30 580)**	**320 829**
Total comprehensive income for the year									
Profit for the year		**-**	**-**	**-**	**-**	**100 469**	**100 469**	**31 072**	**131 541**
Other comprehensive income:									
Foreign currency translation differences		**-**	**-**	**-**	**13 002**	**-**	**13 002**	**7 448**	**20 450**
Total comprehensive income for the year		**-**	**-**	**-**	**13 002**	**100 469**	**113 471**	**38 520**	**151 991**
Transactions with owners of the Company									
Contributions by and distributions to owners									
Dividends paid	26	**-**	**-**	**-**	**-**	**(20 181)**	**(20 181)**	**(1 098)**	**(21 279)**
Issue of ordinary shares	16	**2**	**2 887**	**-**	**-**	**-**	**2 889**	**-**	**2 889**
Equity-settled share-based payments		**-**	**-**	**-**	**-**	**(3 156)**	**(3 156)**	**-**	**(3 156)**
Contributions by and distributions to owners of the Company		**2**	**2 887**	**-**	**-**	**(23 337)**	**(20 448)**	**(1 098)**	**(21 546)**
Total transactions with owners of the Company		**2**	**2 887**	**-**	**-**	**(23 337)**	**(20 448)**	**(1 098)**	**(21 546)**
Balance at 30 September 2021		**271**	**289 547**	**47 245**	**(91 848)**	**199 217**	**444 432**	**6 842**	**451 274**

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% and General Health System contribution at 1,7%-2,65% for deemed distributions after 1 March 2019 will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of the deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 19 to 50 are an integral part of these condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 September 2021

	Notes	**2021 US$'000**	2020 US$'000
Cash flows from operating activities			
Profit for the year		**131 541**	54 951
Adjustments for:			
Depreciation of property, plant and equipment	10	**36 024**	27 949
Profit on disposal of property, plant and equipment	10	**-**	(9)
Share of loss of investment accounted for using the equity method	11	**251**	614
Impairment loss/(reversal) and net realisable value write down of inventory	13	**789**	(114)
Impairment and write off of property, plant and equipment	10	**4 950**	3 090
Expected credit loss allowance		**100**	-
Equity-settled share-based payments		**3 560**	138
Changes in fair value of financial assets at fair value through profit or loss	12	**(10 540)**	(476)
Changes in fair value of financial liabilities at fair value through profit or loss	12	**370**	5 773
Net foreign exchange (gain)/loss		**(15 477)**	8 378
Interest income		**(1 391)**	(944)
Interest expense		**4 893**	6 926
Tax		**53 714**	20 801
		208 784	127 077
Changes in:			
Inventories		**(13 442)**	(7 352)
Trade and other receivables and contract assets		**(11 385)**	(50 577)
Trade and other payables and contract liabilities		**39 674**	5 419
Provisions		**2 150**	1 767
Cash generated from operations		**225 781**	76 334
Income tax paid		**(17 412)**	(3 376)
Net cash flows from operating activities		**208 369**	72 958
Cash flows from investing activities			
Interest received		**1 106**	597
Additions to property, plant and equipment	10	**(106 006)**	(70 558)
Additions to intellectual property		**-**	(311)
Net cash outflow from business combination	20	**(3 079)**	(1 486)
Proceeds from disposal of property, plant and equipment	10	**1**	770
Additions to investments accounted for using the equity method	11	**-**	(1 866)
Additions to other financial assets	12	**(2 282)**	(1 556)
Net cash flows used in investing activities		**(110 260)**	(74 410)
Cash flows from financing activities			
Net (payment of)/proceeds from bank credit facilities	18	**(15 553)**	2 487
Advances received	18	**26 787**	18 118
Repayment of borrowings	18	**(48 208)**	(15 609)
Principal lease payments	18	**(4 597)**	(5 673)
Dividends	26	**(21 279)**	(667)
Interest paid		**(3 003)**	(4 311)
Net cash flows used in financing activities		**(65 853)**	(5 655)
Net increase/(decrease) in cash and cash equivalents		**32 256**	(7 107)
Cash and cash equivalents at the beginning of the year		**49 293**	59 201
Effect of exchange rate fluctuations on cash held		**1 887**	(2 801)
Cash and cash equivalents at the end of the year	15	**83 436**	49 293

The notes on pages 19 to 50 are an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2021

1. REPORTING ENTITY

Tharisa plc ('the Company') is a company domiciled in Cyprus. These condensed consolidated financial statements of the Company for the year ended 30 September 2021 comprise the Company and its subsidiaries (together referred to as 'the Group'). The Group is primarily involved in platinum group metals ('PGM') and chrome mining, processing, trading and the associated logistics. The Company is listed on the main board of the Johannesburg Stock Exchange and has a secondary standard listing on the main board of the London Stock Exchange and a secondary listing on the A2X Exchange in South Africa.

2.1. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with the Listings Requirements of the Johannesburg Stock Exchange and, as a minimum, contain the information required by International Accounting Standards 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to obtain an understanding of the changes in the financial position and performance of the Group since the last consolidated financial statements as at and for the year ended 30 September 2020. These condensed consolidated financial statements do not include all the information required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards ('IFRS'). The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 30 September 2021, which have been prepared in accordance with IFRS.

Statutory consolidated financial statements of the Company were additionally prepared in accordance with IFRS as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113. These have been approved and issued on the same date and there are no differences in the two sets of consolidated financial statements.

These condensed consolidated financial statements were approved by the Board of Directors on 30 November 2021.

Basis of measurement

The condensed 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 condensed 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.

The following US$: ZAR exchange rates were used in preparing the condensed consolidated financial statements:

- Closing rate: ZAR15.05 (2020: ZAR16.70)
- Average rate: ZAR14.83 (2020: ZAR16.22)

Going concern

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

Accounting policies

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended 30 September 2021.

2.2. STANDARDS AND INTERPRETATIONS ADOPTED IN THE CURRENT YEAR

The Group has adopted the following new and/or revised standards and interpretations which became effective for the year ended 30 September 2021:

- *IFRS 3 – Business Combinations (Amendment)*
- *IAS 1 and IAS 8 – Definition of Material (Amendment)*
- *Conceptual Framework*

In addition to the above, the Group has early adopted *Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use.*

The nature and effect of the changes as a result of the adoption of these new accounting standards are described below. The adoption of all other standards, amendments or interpretations had no impact on the results for the year ended 30 September 2021.

2.2. STANDARDS AND INTERPRETATIONS ADOPTED IN THE CURRENT YEAR (continued)

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. It clarifies the minimum requirements for a business, removes the assessment of whether market participants are capable of replacing any missing elements, includes guidance to help entities assess whether an acquired process is substantive, narrows the definitions of a business and of outputs, and introduces an optional fair value concentration test.

The amendment had to be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date was 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 previous periods. The Group acquired Salene Chrome Zimbabwe (Private) Limited during the year ended 30 September 2021 (refer to note 20) and by applying the amendments of IFRS 3 concluded that the activities and relevant outputs of Salene Chrome Zimbabwe (Private) Limited represents a business combination.

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 depends on the nature or magnitude of information, or both. An entity needs 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 was amended to align with the revised definition of materiality in IAS 1 and IAS 8.

The amendments were effective for reporting periods beginning on or after 1 January 2020 and had to be applied prospectively.

Although the amendments to the definition of material did not 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.

Conceptual Framework
The IASB revised its Conceptual Framework. The primary purpose of the Framework is to assist the IASB (and the Interpretations Committee) by identifying concepts that it uses 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 adoption of the revised Conceptual Framework did not have a material impact on the Group.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment must be applied retrospectively, effective for annual periods beginning on or after 1 January 2022 only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. Earlier application is permitted. With the commissioning of the Vulcan Plant expected to be completed during the 2022 financial year, the Group early adopted the Amendment. As the Group did not generate sales from assets not fully operating as intended to during the financial years ended 30 September 2020 and 30 September 2021, the application had no impact on the Group's results.

2.3. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The new standards, interpretations and amendments to standards listed below are not effective and have not been early adopted, but will be adopted once these new standards, interpretations and amendments become effective. The Group notes the new standards, amendments and interpretations which have been issued but not yet effective and does not plan to early adopt any of the standards, amendments and interpretations. There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods.

- *Classification of Liabilities as Current or Non-current - Amendments to IAS 1*
- *Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12*
- *Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*

3. USE OF JUDGEMENTS AND ESTIMATES

Preparing the condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements at and for the year ended 30 September 2021. The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 30 September 2021 which contain detail of significant judgements and estimates.

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 four segments:

PGM segment
Chrome segment
Agency and trading segment
Manufacturing 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. The agency and trading segment performance is evaluated on third-party 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. For the manufacturing segment, performance is evaluated on sales and gross profit basis.

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.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2021

4. OPERATING SEGMENTS (continued)

2021	PGM US$'000	Chrome US$'000	Agency and trading US$'000	Manufacturing US$'000	Total US$'000
Revenue	**353 388**	**203 875**	**36 494**	**2 588**	**596 345**
Cost of sales					
Manufacturing costs	**(205 008)**	**(63 608)**	**(13 600)**	**(2 551)**	**(284 767)**
Selling costs	**(540)**	**(54 297)**	**(14 915)**	**-**	**(69 752)**
Freight services	**-**	**(29 213)**	**(5 194)**	**-**	**(34 407)**
	(205 548)	**(147 118)**	**(33 709)**	**(2 551)**	**(388 926)**
Gross profit	**147 840**	**56 757**	**2 785**	**37**	**207 419**
2020					
Revenue	218 619	161 267	24 109	2 000	405 995
Cost of sales					
Manufacturing costs	(132 038)	(58 761)	(12 584)	(1 598)	(204 981)
Selling costs	(396)	(44 140)	(4 477)	-	(49 013)
Freight services	-	(17 979)	(3 590)	-	(21 569)
	(132 434)	(120 880)	(20 651)	(1 598)	(275 563)
Gross profit	86 185	40 387	3 458	402	130 432

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 2021, 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 revised to 80.0% for PGM concentrate and 20.0% for chrome concentrates. The allocation basis of shared costs was 75.0% (PGM concentrates) and 25.0% (chrome concentrate) for the year ended 30 September 2020.

Cost of sales includes a charge for the write off of property, plant and equipment totalling US$5.0 million (2020: US$3.1 million) which mainly relates to mining equipment. The write off has been allocated to the PGM and chrome segments in accordance with the allocation basis of shared costs as described in the preceding paragraph. Refer to the consolidated statement of profit or loss for a reconciliation between the gross profit and net profit after tax.

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, intangible assets and investment accounted for using the equity method ('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 intellectual property and the location of the operation to which they are allocated in the case of goodwill.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2021

4. OPERATING SEGMENTS (continued)

(i) Revenue from external customers

2021	PGM US$'000	Chrome US$'000	Agency and trading US$'000	Manufacturing US$'000	Total US$'000
South Africa	**353 388**	**37 502**	**4 961**	**2 567**	**398 418**
China	**-**	**52 433**	**27 496**	**-**	**79 929**
Singapore	**-**	**43 796**	**-**	**-**	**43 796**
Hong Kong	**-**	**53 277**	**3 774**	**-**	**57 051**
United Arab Emirates	**-**	**7 923**	**-**	**-**	**7 923**
Australia	**-**	**5 802**	**-**	**-**	**5 802**
Japan	**-**	**3 142**	**-**	**-**	**3 142**
Other countries	**-**	**-**	**263**	**21**	**284**
	353 388	**203 875**	**36 494**	**2 588**	**596 345**
2020					
South Africa	218 619	24 497	918	2 000	246 034
China	-	39 719	12 108	-	51 827
Singapore	-	33 918	8 075	-	41 993
Hong Kong	-	50 005	2 382	-	52 387
United Arab Emirates	-	9 344	-	-	9 344
Other countries	-	3 784	626	-	4 410
	218 619	161 267	24 109	2 000	405 995

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 5.0% (2020: 10.0%) of the Group's revenues.

	2021 Segment	**2021** US$'000	2020 Segment	2020 US$'000
Customer 1	PGM	**296 020**	PGM	174 592
Customer 2	PGM and Agency and trading	**57 518**	PGM and Agency and trading	44 433
Customer 3	Chrome and Agency and trading	**41 036**	Chrome and Agency and trading	33 416
Customer 4	Chrome	**40 661**	Chrome	24 507
Customer 5	Chrome	**35 167**	-	-

(ii) Specified non-current assets	2021 US$'000	2020 US$'000
South Africa	**373 418**	280 029
Zimbabwe	**19 874**	10 303
Cyprus	**385**	358
	393 677	290 690

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2021

5. REVENUE

2021	PGM US$'000	Chrome US$'000	Agency and trading US$'000	Manufacturing US$'000	Total US$'000
Revenue recognised at a point in time					
Variable revenue based on initial results	**375 036**	**138 169**	**26 539**	**-**	**539 744**
Quantity adjustments	**(15 350)**	**(1 009)**	**(316)**	**-**	**(16 675)**
Revenue based on fixed selling prices	**-**	**37 502**	**5 077**	**2 588**	**45 167**
Revenue recognised over time					
Freight services	**-**	**29 213**	**5 194**	**-**	**34 407**
Revenue from contracts with customers	**359 686**	**203 875**	**36 494**	**2 588**	**602 643**
Fair value adjustments	**(6 298)**	**-**	**-**	**-**	**(6 298)**
Total revenue	**353 388**	**203 875**	**36 494**	**2 588**	**596 345**
2020					
Revenue recognised at a point in time					
Variable revenue based on initial results	191 066	119 081	19 427	-	329 574
Quantity adjustments	(2 465)	211	(47)	-	(2 301)
Revenue based on fixed selling prices	-	23 996	1 139	2 000	27 135
Revenue recognised over time					
Freight services	-	17 979	3 590	-	21 569
Revenue from contracts with customers	188 601	161 267	24 109	2 000	375 977
Fair value adjustments (refer to note 21)	30 018	-	-	-	30 018
Total revenue	218 619	161 267	24 109	2 000	405 995

During the year ended 30 September 2021, revenue from freight services of US$2.1 million (2020: US$1.0 million) was recognised which was classified as a contract liability at 30 September 2020.

	2021 US$'000	2020 US$'000
Variable revenue recognised:		
PGM revenue recognised in preceding year based on initial results	**(50 023)**	(35 296)
PGM revenue based on final results	**64 369**	36 715
PGM revenue adjustment recognised in current year	**14 346**	1 419
Chrome revenue recognised in preceding year based on initial results	**(32 394)**	(35 153)
Chrome revenue based on final results	**32 238**	35 199
Chrome revenue adjustment recognised in current year	**(156)**	46

The period ended 30 September 2021 includes PGM revenue of US$78.4 million (2020: US$62.0 million) and chrome revenue of US$45.4 million (2020: US$32.4 million) that was based on provisional results as final prices and surveys were not yet available at 30 September 2021.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2021

6. COST OF SALES

Mining	2021 US$'000	2020 US$'000
Drill and blast	**29 573**	21 496
Load and haul	**26 197**	16 011
Diesel	**25 614**	17 117
Salaries and wages	**26 980**	19 546
Provident fund contributions	**3 727**	2 978
Maintenance	**28 160**	23 090
Depreciation	**18 932**	15 506
Cost of commodities	**23 156**	14 870
Impairment and write off of property, plant and equipment	**4 950**	3 090
	187 289	133 704
Processing		
Salaries and wages	**15 122**	11 890
Provident fund contributions	**2 024**	1 697
Utilities	**15 129**	11 699
Materials and consumables	**21 384**	15 862
Contractor and equipment hire	**12 115**	8 830
Overhead	**3 416**	2 250
Depreciation	**16 085**	11 581
	85 275	63 809
State royalties	**23 788**	9 814
Change in inventories – finished products and ore stockpile	**(11 585)**	(2 346)
Selling costs	**69 752**	49 013
Freight services	**34 407**	21 569
Cost of sales	**388 926**	275 563

7. OTHER OPERATING EXPENSES

Directors and staff costs		
Non-Executive Directors	**631**	626
Employees: salaries	**17 504**	14 701
bonuses	**1 831**	784
provident fund, medical aid and other contributions	**1 823**	1 854
	21 789	17 965
Audit – external audit services	**579**	436
Audit – other services	**-**	19
Bank charges and related fees	**809**	711
Consulting and business development cost	**2 082**	2 454
Corporate and social investment	**246**	366
Depreciation	**1 007**	862
Equity-settled share-based payment expense	**3 560**	1 939
Internal audit	**91**	28
Expected credit loss allowance	**100**	-
Listing fees and investor relations	**346**	152
Health and safety	**1 818**	1 426
Insurance	**2 619**	1 817
Legal and professional	**1 763**	556
Office administration, rent and utilities	**1 557**	1 060
Research and development	**605**	183
Security	**919**	1 110
Telecommunications and IT related	**3 929**	3 259
Training	**403**	159
Travelling and accommodation	**94**	304
Sundry	**506**	521
	44 822	35 327

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for the year ended 30 September 2021

8. TAX

Corporate income tax for the year	2021 US$'000	2020 US$'000
Cyprus	**1 774**	1 032
South Africa	**5 895**	2 535
	7 669	3 567
Special contribution for defence in Cyprus*	**-**	1
Deferred tax: originating and reversal of temporary differences	**44 814**	17 128
Dividend withholding tax	**1 231**	105
Tax charge	**53 714**	20 801

* Amount is less than US$1 000.

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	2021	2020
Cyprus	**12.5%**	12.5%
South Africa	**28.0%**	28.0%
Zimbabwe*	**-**	-
Guernsey	**0.0%**	0.0%
Hong Kong	**16.5%**	16.5%
China	**25.0%**	25.0%

* Tax exempt for the first five years, thereafter 15% income tax rate (special economic zone companies).

Reconciliation between tax charge and accounting profit at applicable tax rates:	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Profit before tax	**185 255**	75 752	**185 255**	75 752
Notional tax on profit before tax, calculated at the Cypriot/South African income tax rate of 12.5%/28.0% (2020: 12.5%/28.0%)	**23 157**	9 469	**51 871**	21 211
Tax effects of:				
Different tax rates from the standard Cypriot/South African income tax rate	**26 989**	10 895	**(6 097)**	(1 388)
Tax exempt income				
Fair value adjustments	**(722)**	(22)	**(1 616)**	(50)
Interest received	**(6)**	(137)	**(14)**	(306)
Currency gains	**(37)**	(18)	**(82)**	(41)
Other	**(5)**	(1)	**(11)**	(1)
Non-deductible expenses				
Share of loss of equity-accounted investments	**31**	77	**70**	171
Investment related	**558**	345	**1 249**	773
Interest paid	**-**	9	**-**	20
Currency losses	**192**	-	**430**	-
Capital expenses	**240**	50	**538**	111
Special contribution for defence in Cyprus	**2**	1	**5**	2
Dividend withholding tax - accrued preference dividends	**2 068**	-	**4 577**	-
Dividend withholding tax - current year dividends	**1 232**	105	**2 760**	236
Recognition of deemed interest income for tax purposes	**15**	28	**34**	63
Tax charge	**53 714**	20 801	**53 714**	20 801

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%. In terms of the Double Taxation Agreement between Cyprus and South Africa, dividend withholding tax at a rate of 5.0% (2020: 5.0%) is charged on dividends declared. The Group's consolidated effective tax rate for the year ended 30 September 2021 was 29.0% (2020: 27.5%).

At 30 September 2021, the Group's unredeemed capital balance available for offset against future mining taxable income in South Africa was fully utilised (2020: US$106.2 million). 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share and headline and diluted headline earnings 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.

	2021	2020
Basic and diluted earnings per share		
Profit for the year attributable to ordinary shareholders (US$'000)	**100 469**	43 296
Weighted average number of issued ordinary shares for basic earnings per share ('000)	**268 859**	266 611
Dilutive impact of SARS ('000)	**599**	744
Weighted average number of issued ordinary shares for diluted earnings per share ('000)	**269 458**	267 355
Earnings per share		
Basic (US$ cents)	**37.4**	16.2
Diluted (US$ cents)	**37.3**	16.2
Headline and diluted headline earnings per share		
Headline earnings for the year attributable to ordinary shareholders (US$'000)	**103 107**	44 938
Weighted average number of issued ordinary shares for basic headline earnings per share ('000)	**268 859**	266 611
Dilutive impact of SARS ('000)	**599**	744
Weighted average number of issued ordinary shares for diluted headline earnings per share ('000)	**269 458**	267 355
Headline earnings per share		
Basic (US$ cents)	**38.3**	16.9
Diluted (US$ cents)	**38.3**	16.8

Reconciliation of profit to headline earnings

	2021				2020
	Gross US$'000	**Tax US$'000**	**Non-controlling interest US$'000**	**Net US$'000**	Net US$'000
Profit attributable to ordinary shareholders				**100 469**	43 296
Adjustments:					
Impairment of property, plant and equipment	**4 950**	**(1 386)**	**(926)**	**2 638**	1 646
Profit on disposal of property, plant and equipment	**-**	**-**	**-**	**-**	(4)
Headline earnings				**103 107**	44 938

10. PROPERTY, PLANT AND EQUIPMENT

30 September 2021	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
Cost									
Balance at 30 September 2020	14 280	289 263	70 885	14 799	1 325	3 868	567	1 891	396 878
Additions	3 747	73 004	26 574	-	862	1 427	392	-	106 006
Lease agreements entered into	-	-	-	1 985	-	-	-	172	2 157
Business combination (note 20)	-	4 687	-	-	-	-	17	-	4 704
Disposals	-	-	-	-	-	(4)	(1)	-	(5)
Re-measurement	-	-	-	(175)	-	-	-	196	21
Write offs	(30)	(917)	(5 559)	(624)	-	(1 390)	(11)	(492)	(9 023)
Transfers	(216)	159	237	(810)	12	(3)	7	-	(614)
Exchange differences on translation	1 512	30 705	7 448	1 615	132	351	43	201	42 007
Balance at 30 September 2021	19 293	396 901	99 585	16 790	2 331	4 249	1 014	1 968	542 131
Accumulated depreciation									
Balance at 30 September 2020	982	80 916	24 245	6 305	489	3 528	366	1 087	117 918
Charge for the year	267	16 244	14 803	3 028	190	972	128	392	36 024
Business combination (note 20)	-	11	-	-	-	-	1	-	12
Disposals	-	-	-	-	-	(4)	-	-	(4)
Write offs	-	(241)	(1 693)	(518)	-	(1 081)	(11)	(529)	(4 073)
Transfers	-	(42)	(73)	(499)	-	-	-	-	(614)
Exchange differences on translation	104	8 624	2 462	661	51	365	25	115	12 407
Balance at 30 September 2021	1 353	105 512	39 744	8 977	730	3 780	509	1 065	161 670

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for the year ended 30 September 2021

10. PROPERTY, PLANT AND EQUIPMENT (continued)

30 September 2020	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
Cost									
Balance at 30 September 2019	14 731	273 346	58 085	16 543	1 284	5 338	807	2 108	372 242
Additions	303	44 067	24 731	-	175	1 194	88	-	70 558
Lease agreements entered into	-	-	-	617	-	-	-	-	617
Transfers	11	254	-	-	-	(265)	-	-	-
Business combination	660	682	-	-	58	25	40	-	1 465
Disposals	-	-	(3 017)	-	(66)	(8)	-	-	(3 091)
Re-measurement	-	-	-	74	-	(4)	-	(31)	39
Write offs	-	(2 759)	(3 040)	(919)	-	(1 912)	(308)	-	(8 938)
Exchange differences on translation	(1 425)	(26 327)	(5 874)	(1 516)	(126)	(500)	(60)	(186)	(36 014)
Balance at 30 September 2020	14 280	289 263	70 885	14 799	1 325	3 868	567	1 891	396 878
Accumulated depreciation									
Balance at 30 September 2019	865	79 483	16 719	4 674	398	4 741	586	796	108 262
Charge for the year	202	11 439	11 772	2 867	122	1 086	89	372	27 949
Business combination	-	340	-	-	31	12	29	-	412
Disposals	-	-	(2 303)	-	(19)	(8)	-	-	(2 330)
Write offs	-	(2 759)	(140)	(745)	-	(1 906)	(298)	-	(5 848)
Exchange differences on translation	(85)	(7 587)	(1 803)	(491)	(43)	(397)	(40)	(81)	(10 527)
Balance at 30 September 2020	982	80 916	24 245	6 305	489	3 528	366	1 087	117 918

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2021

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	2021 US$'000	2020 US$'000
Net book value		
Freehold land and buildings	**17 940**	13 298
Mining assets and infrastructure	**291 389**	208 347
Mining fleet	**59 841**	46 640
Right-of-use mining fleet	**7 813**	8 494
Motor vehicles	**1 601**	836
Computer equipment and software	**469**	340
Office equipment and furniture, community and site office improvements	**505**	201
Right-of-use buildings and premises	**903**	804
	380 461	278 960

Included in additions to mining assets and infrastructure are additions to the deferred stripping asset of US$25.8 million (2020: US$22.7 million).

The estimated economically recoverable proved and probable mineral reserve was reassessed at 1 October 2020 which gave rise to a change in accounting estimate. The remaining reserve that management had previously assessed was 97.5 Mt (at 1 October 2019). At 1 October 2020, the remaining reserve was assessed to be consistent at 97.5 Mt. Therefore, the reserve increased by 5.4 Mt which equals the depletion of the reserve during the year ended 30 September 2020.

As a result, 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$0.6 million. The change in estimate was recognised prospectively.

Included in mining assets and infrastructure are projects under construction of US$61.0 million (2020: US$25.6 million) and included in computer equipment and software are projects under construction of US$0.5 million (2020: no balance).

Freehold land and buildings comprises various portions of the farms Elandsdrift 467 JQ, Buffelspoort 343 JQ and Farm 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. No borrowing costs were capitalised during the year ended 30 September 2021 (2020: no capitalisation of borrowing costs).

Capital commitments

At 30 September 2021, the Group's capital commitments for contracts to purchase property, plant and equipment amounted to US$31.9 million (2020: US$30.7 million).

Securities

At 30 September 2021, the majority of the Group's mining fleet was pledged as security against the equipment loan facility (refer to note 18).

Write offs

During the year ended 30 September 2021, the Group scrapped individual assets totalling US$5.0 million (2020: US$3.1 million). The write offs during both the financial years relate to certain computer software programmes no longer in use and yellow fleet equipment identified as no longer fit for use and premature component failures.

The mining component pre-mature failures are identified through the measurement of the hours depreciated for each component in relationship to the expected useful live. A write off is recognised for each component that did not reach its expected useful life. Further to this, mining fleet is also written off as identified from fleet that is confirmed as obsolete by management.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2021

11. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

The investment accounted for using the equity method represents the investment of 26.8% of the issued share capital of Karo Mining Holdings Limited ('Karo Holdings'), a company incorporated in Cyprus.

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 2021 and 30 September 2020.

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

* 50% of the shareholding in this company will be transferred to an investment entity owned by the Republic of Zimbabwe, the communities and employees.

** 25% of the shareholding in this company will be transferred to an investment entity owned by the Republic of Zimbabwe, the communities and employees.

The Group entered into a Shareholders Agreement with Leto Settlement, a related party, whereby management of the Karo 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.

The Company has an option, at its election, to subscribe for shares directly in Karo Platinum by way of a farm-in agreement. In terms of the option, the Company has the right but not the obligation, to fund Karo Platinum in return for a direct shareholding in Karo Platinum. As a consequence of the farm-in arrangement, the Company may at its election, in addition to its indirect shareholding through the 26.8% shareholding in Karo Holdings, acquire a direct shareholding in Karo Platinum of up to 40.0% of the issued share capital of Karo Platinum.

The price payable for any new equity shares to be subscribed for in Karo Platinum will be determined with reference to an independent valuation of Karo Platinum at that time in accordance with the South African code for the reporting of mineral asset valuation 'SAMVAL Code', taking into account factors including country risk and the leverage of Karo Platinum. Depending on the status of the project, the following valuation methodologies as provided for in the SAMVAL Code together with the agreed discount rates shall be applied:

- Up to an inferred resource – historical cost multiple, less a 60% discount;
- Up to a measured resource and reserve – comparable company market multiples less a 50% discount;
- On or after completion of a bankable feasibility study - income approach (which is determined using a discounted cash flow valuation) less a discount of 30%.

Karo Holdings will retain a minimum 10% indirect shareholding in Karo Platinum should the Company exercise its farm-in option in full.

During the year ended 30 September 2021, Karo Platinum completed the mining section of the pre-feasibility study with the objective to declare a Mineral Reserve that is compliant with the SAMREC Code (2016). A detailed life of mine plan was completed to declare the Mineral Reserve estimate for the open pit operations. The Mineral Reserve estimate was derived from the Measured and Indicated Mineral Resources contained within the life of mine plan. Consequently, at 30 September 2021, a measured resource and reserve exist which in terms of the Shareholders Agreement will attract a discount of 50% to the comparable company market multiple valuation. Refer to notes 15 and 21.

Investment in Karo Holdings	2021 US$'000	2020 US$'000
Opening balance	**10 303**	8 781
Interest capitalised	**222**	270
Advances during the year	**-**	1 866
Share of total comprehensive loss	**(251)**	(614)
	10 274	10 303
Shares acquired	**4 500**	4 500
Loan advance	**8 353**	8 131
Total share of comprehensive loss from joint venture	**(2 579)**	(2 328)
Total investment	**10 274**	10 303

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2021

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

Summarised consolidated financial information of Karo Holdings	**2021 US$'000**	2020 US$'000
Summarised statement of financial position		
Non-current assets	**207**	216
Current assets (excluding cash and cash equivalents)	**360**	107
Cash and cash equivalents	**54**	227
Loan payable	**(8 353)**	(8 131)
Trade and other payables and income tax payable	**(1 892)**	(1 105)
Net deficit (100%)	**(9 624)**	(8 686)
Summarised statement of comprehensive income		
Operating expenses	**(696)**	(2 004)
Finance costs	**(223)**	(274)
Tax	**(19)**	(14)
Total comprehensive loss	**(938)**	(2 292)

Summarised statement of changes in equity

	2021			2020		
	Share capital US$'000	**Retained earnings US$'000**	**Total US$'000**	Share capital US$'000	Retained earnings US$'000	Total US$'000
Balance at 1 October	**1**	**(8 687)**	**(8 686)**	1	(6 395)	(6 394)
Net loss for the year	**-**	**(938)**	**(938)**	-	(2 292)	(2 292)
Balance at 30 September	**1**	**(9 625)**	**(9 624)**	1	(8 687)	(8 686)

Arxo Finance plc, a wholly-owned subsidiary of the Company provided funding of US$7.9 million (2020: US$7.9 million) to Karo Holdings as a repayable debt facility. In addition, interest receivable of US$0.5 million (2020: US$0.3 million) was capitalised to the loan receivable. The loan bears interest at US Libor plus 250 basis points and is unsecured.

12. FINANCIAL AND OTHER ASSETS

Non-current assets	*Fair value hierarchy*	**2021 US$'000**	2020 US$'000
Financial assets			
Investments in money markets, current accounts, cash funds and income funds	Level 2	**7 702**	6 791
Right to acquire shares in Karo Platinum (Private) Limited	Level 3	**5 870**	-
Other assets			
Prepaid investment in Karo Platinum (Private) Limited	Amortised cost	**2 282**	-
		15 854	6 791
Current assets			
Financial assets			
Discount facility	Level 1	**3 023**	-
Investments in equity instruments	Level 1	**18**	8
Option to acquire shares in Salene Chrome Zimbabwe (Private) Limited	Level 3	**-**	178
Other assets			
Prepaid investment in Salene Chrome Zimbabwe (Private) Limited	Amortised cost	**-**	1 976
Loan receivable	Amortised cost	**-**	7
		3 041	2 169

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

Investment in money market and current accounts totalling US$6.3 million (2020: US$5.6 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 and Energy for the rehabilitation provision. The guarantee issued by Centriq has a fixed cover period from 1 December 2020 to 30 November 2023.

12. FINANCIAL AND OTHER ASSETS (continued)

Investments in money markets, current accounts, cash funds and income funds (continued)

Investment in cash funds and income funds of US$1.4 million (2020: US$1.2 million) managed by Stanlib Collective Investments. The investment is ceded to Lombard Insurance Group ('Lombard') against a US$0.8 million (ZAR12.0 million) (2020: US$0.7 million (ZAR12.0 million)) guarantee issued by Lombard on behalf of Arxo Logistics Proprietary Limited to Transnet Freight Rail, a division of Transnet SOC Limited.

These investments are separately administered and the Group's right of access to these funds is restricted.

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.

Right to acquire shares in Karo Platinum (Private) Limited ('Karo Platinum')

The Company had been granted the right to acquire up to 40% of the issued share capital of Karo Platinum, a company incorporated in Zimbabwe, at a discount to the market value (refer to note 14). The asset represents the fair value gain (50% discount to the market value as the project is at a measured resource and reserve stage) of the discount on the purchase (refer to note 21).

Prepaid investment in Karo Platinum

As part of the evaluation of the right to acquire shares in Karo Platinum, the Company incurred exploration and evaluation costs which have been capitalised.

Discount facility

Discount facility relates to fair value adjustments on the limited recourse disclosed receivables discounting facility in terms of which 98.0% of the sales value of platinum, palladium and gold (included in PGM) and 45% of the sales value of rhodium are discounted at LIBOR plus 302 basis points (2020: LIBOR plus 326 points). The facility is for US$33.0 million (2020: US$33.0 million). The balance is held at fair value through profit or loss.

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.

Option to acquire shares in Salene Chrome Zimbabwe (Private) Limited

At 30 September 2020, the Company had a call option to acquire a 90.0% shareholding in Salene Chrome, a company incorporated in Zimbabwe, at an exercise price of US$90. At 30 September 2020, the Company completed a discounted cash flow model to determine the fair value of the project. A fair value gain of US$0.2 million was recognised in profit or loss. The call option originally expired on 30 September 2020 but was extended to 31 March 2021.

The call option lapsed at 31 March 2021 and at the same date, the Company entered into a purchase agreement whereby the Company acquired 100% of the issued share capital of Salene Chrome at a purchase consideration of US$3.0 million. Consequently during the year ended 30 September 2021, the Company derecognised the fair value asset of the call option.

13. INVENTORIES

	2021 US$'000	2020 US$'000
Finished products	**15 972**	12 978
Ore stockpile	**17 553**	8 962
Consumables	**25 533**	19 810
	59 058	41 750
Impairment/(impairment reversal) and net realisable value write down	**(789)**	114
Total carrying amount	**58 269**	41 864

Inventories are stated at the lower of cost or net realisable value. Low-grade chrome concentrates to the value of US$1.2 million are carried at the realisable value after a net realisable value write down of US$0.1 million. The net realisable write down was allocated to the chrome segment.

Certain PGM finished products, which were written down to the net realisable value (2020: US$0.5 million write down) during the year ended 30 September 2020, were provided for in full during the year ended 30 September 2021. The provision and the net realisable value write down were allocated to the PGM segment. In addition, certain consumables and spares were provided for during the year ended 30 September 2021 as its operational use became doubtful. The provision is allocated 80.0% and 20.0% to the PGM and chrome operating segments respectively.

14. TRADE AND OTHER RECEIVABLES

	2021 US$'000	2020 US$'000
Trade receivables	**33 596**	61 474
PGM discounting receivable	**77 286**	37 059
Total trade receivables	**110 882**	98 533
Other receivables – related parties (refer to note 22)	**1 951**	1 440
Deposits, prepayments and other receivables	**8 901**	4 250
Accrued income	**2 902**	1 119
Value added tax receivable (VAT)	**11 918**	6 714
	136 554	112 056

Trade and other receivables of the Group are expected to be recoverable within one year from each reporting date. Trade receivables are unsecured, non-interest bearing and payment terms vary from 0 to 120 days (2020: 0 to 120 days). An expected credit loss allowance of US$0.1 million was recognised during the year ended 30 September 2021. The expected credit loss allowance relates to the manufacturing segment, is customer specific and is based on the respective customer's observable current financial position. No impairment of trade receivables was recognised during the year ended 30 September 2020. Refer to note 21 for the fair value and financial risk disclosure.

The table below summarises the maturity of trade receivables:	**2021 US$'000**	2020 US$'000
Current	**109 986**	98 011
Less than 90 days past due but not impaired	**53**	13
Greater than 90 days past due but not impaired	**843**	509
	110 882	98 533
The credit exposure of trade receivables by country is as follows:		
South Africa	**93 139**	70 873
China	**5 923**	10 723
Hong Kong	**297**	8 890
Singapore	**9 827**	4 232
Australia	**1 696**	-
United Arab Emirates	**-**	3 815
	110 882	98 533
The foreign currency denominated balances, included in trade receivables were as follows:		
ZAR'000	**7 383**	58 783
EUR'000	**-**	7
US$'000	**103 499**	-
GBP'000	**-**	34

At 30 September 2021, the Group had certain unresolved tax matters. Included in the VAT receivable, is an amount of US$5.5 million (ZAR82.3) million which relates to diesel rebates receivable from the South African Revenue Service ('SARS') in respect of the mining operations. SARS rejected diesel claims relating to the periods from September 2011 to April 2017 (US$3.6 million) and May 2017 to February 2018 (US$1.9 million). On 27 February 2020, a Founding Affidavit was filed with the High Court of South Africa to which no formal response has been received from SARS. The Group is in process of filing a supplementary affidavit to re-enforce its position, to which SARS has a period of 15 days to respond to. Failing which the Group will then put the matter on the Courts' unopposed roll for finalisation.

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for the year ended 30 September 2021

15. CASH AND CASH EQUIVALENTS

		2021 US$'000	2020 US$'000
Bank balances		**72 945**	47 103
Short-term bank deposits		**10 491**	2 190
		83 436	49 293
The credit exposure by country is as follows:			
South Africa		**55 669**	29 093
Hong Kong		**18 831**	13 813
Mauritius		**1 017**	644
United Kingdom		**2 338**	-
Zimbabwe		**1 385**	-
Cyprus		**3 872**	5 247
Other countries		**324**	496
		83 436	49 293
The credit exposure by bank and credit ratings are as follows:			
Nedbank	BB-	**42 597**	19 679
HSBC	A+	**18 841**	13 843
Bank of China	A	**6 350**	6 345
Bank of Cyprus	B-	**3 872**	5 259
Citibank	A	**4 409**	2 652
Stanlib Corporate Money Market	AA+	**5 748**	-
Absa	BB-	**1 272**	994
Other	AA+ to BB-	**347**	521
		83 436	49 293

The amounts reflected 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 2021, an amount of US$1.0 million (2020: US$0.9 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 (2020: US$0.3 million) was provided as security against certain credit facilities of the Group.

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16. SHARE CAPITAL AND RESERVES

Share capital	30 September 2021 Number of Shares	30 September 2021 US$'000	30 September 2020 Number of Shares	30 September 2020 US$'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	**275 000 000**	**275**	270 000 000	270
Issued to treasury shares	**-**	**-**	5 000 000	5
Balance at the end of the year	**275 000 000**	**275**	275 000 000	275
Treasury shares				
Balance at the beginning of the year	**6 523 686**	**6**	3 389 678	3
Issued	**-**	**-**	5 000 000	5
Transferred as part of management share award plans	**(2 808 065)**	**(2)**	(1 865 992)	(2)
Balance at the end of the year	**3 715 621**	**4**	6 523 686	6
Issued and fully paid	**271 284 379**	**271**	268 476 314	269
Share premium				
Balance at the beginning of the year	**268 476 314**	**286 660**	266 610 322	284 926
Shares issued	**2 808 065**	**2 887**	1 865 992	1 734
Balance at the end of the year	**271 284 379**	**289 547**	268 476 314	286 660
Total share capital and premium		**289 818**		286 929

Share capital

There were no allotments during the year ended 30 September 2021. Allotments during the year ended 30 September 2020 were in respect of 5 000 000 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 2021, 2 808 065 (2020: 1 865 992) ordinary shares were transferred from treasury shares to satisfy the vesting/exercise of Conditional Awards and Appreciation Rights by the participants of the Tharisa Share Award Plan.

At 30 September 2021, 3 715 621 (2020: 6 523 686) 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 2021 and 30 September 2020, the increases in the share premium account related to the issue and allotment of ordinary shares granted in terms of the Share Award Plan.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2021

17. 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. The provision is determined using commercial closure cost assessments and not the inflation adjusted Department of Mineral Resources and Energy published rates.

	2021			2020		
Provision for rehabilitation	**Restoration US$'000**	**Decommis-sioning US$'000**	**Total provision US$'000**	Restoration US$'000	Decommis-sioning US$'000	Total provision US$'000
Opening balance	**6 181**	**8 503**	**14 684**	6 424	6 677	13 101
Recognised in profit and loss	**6 333**	**-**	**6 333**	(183)	-	(183)
Capitalised/(reversal) to mining assets and infrastructure	**-**	**(4 182)**	**(4 182)**	-	1 949	1 949
Unwinding of discount	**649**	**893**	**1 542**	541	562	1 103
Exchange differences	**574**	**980**	**1 554**	(601)	(685)	(1 286)
Closing balance	**13 737**	**6 194**	**19 931**	6 181	8 503	14 684

The table below illustrates the movement in the provision as a result of mining operations and changes in variables.

30 September 2021	**Opening balance US$'000**	**Mining operations US$'000**	**Changes in variables/ estimates US$'000**	**Exchange differences US$'000**	**Closing Balance US$'000**
Provision for restoration	**6 181**	**3 049**	**3 933**	**574**	**13 737**
Provision for decommissioning	**8 503**	**1 119**	**(4 408)**	**980**	**6 194**
	14 684	**4 168**	**(475)**	**1 554**	**19 931**
30 September 2020					
Provision for restoration	6 424	(363)	722	(602)	6 181
Provision for decommissioning	6 677	1 164	1 348	(686)	8 503
	13 101	801	2 070	(1 288)	14 684

The current estimated rehabilitation cost to be incurred mostly between financial years 2032 and 2046 (2020: between financial years 2032 and 2046) taking escalation factors into account is US$60.5 million (ZAR911.1 million) (2020: US$24.2 million (ZAR404.9 million)). The estimate was calculated by an independent external expert. The increase is due to the changes in future inflation and discount rates, the considerations of the closure objectives as set out in the Environmental Management Plan and what is most likely to occur as these impacts are being reconsidered, and then also the expected timing of performing this work which is driven to a large extent by the most likely life of mine.

The current estimated rehabilitation cost is projected to a future value based on a weighted average long-term inflation rate of 6.8% (2020: 6.7%). The net present value of the rehabilitation estimated future value is discounted based on a weighted average SWAP curve. The calculated interest rate was 9.6% (2020: 9.3%).

An insurance company has provided a guarantee to the Department of Mineral Resources and Energy 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 2021

18. BORROWINGS

	2021 US$'000	2020 US$'000
Non-current		
Equipment loan facility	**14 307**	12 738
Lease liabilities	**2 273**	2 838
Atrafin loan	**2 951**	-
Property loans	**617**	556
Loan from related party	**442**	-
	20 590	16 132
Current		
Equipment loan facility	**10 527**	7 730
Lease liabilities	**3 112**	3 844
Atrafin loan	**700**	-
Property loans	**47**	43
Loan from related party	**100**	-
Bank credit facilities	**1 774**	17 345
Facilities	**-**	23 849
Loan	**-**	1 670
	16 260	54 481

Equipment loan facility

The equipment loan facility represents funding for certain Caterpillar mining equipment, both replacement parts and new mining equipment, from Caterpillar Financial Services Corporation. The total facility amounts to US$30 million, bears interest rates between the one-month US Libor plus 325 basis points and the one-month US Libor plus 350 basis points and is repayable over 48 months. The acquired equipment serves as security for the loan facility.

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 2021, the Group complied with all financial covenants.

Lease liabilities

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 that have a lease term of 12 months or less and leases of low-value assets such as computer equipment. Lease expenses of US$0.3 million (2020: US$0.1 million) and US$0.1 million (2020: US$0.1 million) were included in cost of sales and administrative expenses respectively for the year ended 30 September 2021.

The duration of leases relating to buildings and premises is 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 2021, the remaining term of these leases vary between two and four and a half years (2020: three and three 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 and manufacturing equipment are for periods between twenty four and sixty months (2020: fourteen and sixty one months) and bear interest at interest rates between the South African prime interest rate and the South African prime interest rate plus 375 basis points (2020: South African prime interest rate plus 375 basis points). The leases are secured by the mining fleet leased.

18. BORROWINGS (continued)

Lease payments due:	2021 US$'000	2020 US$'000
Within one year	**3 406**	4 281
Two to five years	**2 505**	3 018
	5 911	7 299
Less future finance charges	**(526)**	(617)
Present value of minimum lease payments due	**5 385**	6 682
Present value of minimum lease payments due:		
Within one year	**3 302**	3 840
Two to five years	**2 083**	2 842
	5 385	6 682

Atrafin loan

The loan from Atrafin LLC is for a total amount of US$3.7 million, bears interest at the six-month US Libor plus 200 basis points and is repayable in ten equal bi-annual instalments ending May 2026.

Property loans

As part of the business combination (refer to note 32), the Group acquired industrial premises and buildings. MetQ Proprietary Limited acquired these buildings and premises immediately before the business combination and secured funding in the form of loans owing to the previous owners. These loans bear interest at the RSA prime rate and are repayable in 10 years from 1 October 2019. The acquired properties serve as security for the loans.

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 one-month US Libor plus 1.6% pa and the three-month US Libor plus 3.05% pa (2020: one-month US Libor plus 1.6% pa and three-month US Libor plus 3.0% pa). Inventory serves as security for credit facilities.

Loan from related party

The loan from related party arose as part of the business combination of Salene Chrome Zimbabwe (Private) Limited (refer to note 20). The loan is repayable in 36 equal monthly instalments commencing on 1 April 2022, bears interest at the three-month US Libor plus 500 basis points and is unsecured.

Facilities

The Facilities (ZAR800 million) comprised of:

- a three year senior secured amortising term loan of US$26.6 million (ZAR400 million),
- a three year secured committed revolving facility of US$19.9 million (ZAR300 million); and
- an overdraft facility of US$6.6 million (ZAR100 million).

The Facilities were paid off in full during the year ended 30 September 2021.

Other 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 US$6.0 million (ZAR90 million). The loan was settled in full during the year ended 30 September 2021.

Commercial Asset Finance

Tharisa Minerals Proprietary Limited entered into a commercial asset finance facility with Absa Bank Limited to the value of US$10.0 million (ZAR150.0 million) during the year ended 30 September 2021. The facility bears interest at the South African Prime rate less 125 basis points and is repayable monthly in arrears over 36 months. In addition, Tharisa Minerals Proprietary Limited obtained a bank overdraft from Absa Bank Limited to the value of US$10.0 million (ZAR150.0 million). At 30 September 2021, neither the facility nor the overdraft has been drawn on.

tharisa plc

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18. BORROWINGS (continued)

	Facilities US$'000	Equipment loan facility US$'000	Lease liabilities US$'000	Atrafin loan US$'000	Bank credit facilities US$'000	Other loan US$'000	Property loans US$'000	Loan from related party US$'000	Total borrowings US$'000
Balance 30 September 2020	23 849	20 468	6 682	-	17 345	1 670	599	-	70 613
Changes from financing cash flows									
Advances: bank credit facilities	-	-	-	-	115 174	-	-	-	115 174
Repayment: bank credit facilities	-	-	-	-	(130 727)	-	-	-	(130 727)
Net repayment of bank credit facilities	-	-	-	-	(15 553)	-	-	-	(15 553)
Advances received	10 068	13 349	-	3 370	-	-	-	-	26 787
Repayment of borrowings	(37 095)	(9 232)	-	-	-	(1 881)	-	-	(48 208)
Lease payments	-	-	(4 597)	-	-	-	-	-	(4 597)
Repayment of interest	(447)	(775)	(560)	-	(151)	(70)	(28)	-	(2 031)
Changes from financing cash flows	(27 474)	3 342	(5 157)	3 370	(15 704)	(1 951)	(28)	-	(43 602)
Foreign currency translation differences	3 008	2 211	761	(54)	-	211	65	-	6 202
Liability-related changes									
Lease agreements entered into	-	-	2 354	-	-	-	-	-	2 354
Re-measurement of lease liabilities	-	-	214	-	-	-	-	-	214
Business combination (note 20)	-	-	-	-	-	-	-	529	529
Interest expense	617	876	567	26	133	70	28	13	2 330
Revaluation of foreign denominated loan	-	(2 063)	(36)	309	-	-	-	-	(1 790)
Total liability-related changes	617	(1 187)	3 099	335	133	70	28	542	3 637
Balance at 30 September 2021	-	24 834	5 385	3 651	1 774	-	664	542	36 850
Non-current borrowings	-	14 307	2 273	2 951	-	-	617	442	20 590
Current borrowings	-	10 527	3 112	700	1 774	-	47	100	16 260
Total borrowings	-	24 834	5 385	3 651	1 774	-	664	542	36 850

18. BORROWINGS (continued)

	Facilities US$'000	Equipment loan facility US$'000	Lease liabilities US$'000	Bank credit facilities US$'000	Other loan US$'000	Property loans US$'000	Other US$'000	Total borrowings US$'000
Balance 30 September 2019	29 279	11 599	11 580	14 900	3 858	-	-	71 216
Changes from financing cash flows								
Advances: bank credit facilities	-	-	-	95 326	-	-	-	95 326
Repayment: bank credit facilities	-	-	-	(92 839)	-	-	-	(92 839)
Net repayment of bank credit facilities	-	-	-	2 487	-	-	-	2 487
Advances received	6 164	11 954	-	-	-	-	-	18 118
Repayment of borrowings	(9 394)	(4 323)	-	-	(1 886)	-	(6)	(15 609)
Lease payments	-	-	(5 673)	-	-	-	-	(4 764)
Repayment of interest	(2 272)	(865)	-	(269)	(273)	-	-	(4 588)
Changes from financing cash flows	(5 502)	6 766	(5 673)	2 218	(2 159)	-	(6)	(4 356)
Foreign currency translation differences	(2 612)	(1 359)	(948)	-	(302)	(61)	-	(5 282)
Liability-related changes								
Lease agreements entered into	-	-	715	-	-	-	-	715
Re-measurement of lease liabilities	-	-	40	-	-	-	-	40
Business combination	-	-	-			660	6	666
Interest expense	2 684	957	906	227	273	-	-	5 047
Revaluation of foreign denominated loan	-	2 505	62	-	-	-	-	2 567
Total liability-related changes	2 684	3 462	1 723	227	273	660	6	9 035
Balance at 30 September 2020	23 849	20 468	6 682	17 345	1 670	599	-	70 613
Non-current borrowings	-	12 738	2 838	-	-	556	-	16 132
Current borrowings	23 849	7 730	3 844	17 345	1 670	43	-	54 481
Total borrowings	23 849	20 468	6 682	17 345	1 670	599	-	70 613

19. TRADE AND OTHER PAYABLES

	2021 US$'000	2020 US$'000
Trade payables	**44 467**	23 924
Accrued expenses	**22 767**	14 163
Leave pay accrual	**5 328**	4 481
Value added tax payable	**261**	1 531
Provision for mining royalty	**30 953**	8 571
Other payables – related parties (note 22)	**509**	237
Other payables	**281**	45
	104 566	52 952
Trade payables denominated in foreign currency balances were as follows:		
US$	**94**	1 483
ZAR	**44 366**	22 150
EUR	**3**	291
GBP	**4**	-
	44 467	23 924

The amounts above are unsecured, non-interest bearing and payable within one year from the reporting period. The amounts reflected above approximate fair value, due to the short-term thereof.

20. BUSINESS COMBINATION

Effective 31 March 2021, the Company acquired 100% of the issued share capital of Salene Chrome Zimbabwe (Private) Limited ('Salene Chrome'), a company incorporated in Zimbabwe from the Leto Settlement, a related party (refer to note 35) for a cash consideration of US$3.0 million. The cash consideration excludes capital expenses previously incurred by the Company on exploration activities. Salene Chrome holds six special grants on the Great Dyke in Zimbabwe for the prospecting and mining of minerals including chrome.

The Company previously had a call option to acquire 90.0% of the issued share capital of Salene Chrome for a consideration of US$90 and was required to fund and undertake an initial exploration programme with a spend of up to US$3.2 million. Leto Settlement would have retained a 10% free carried shareholding in Salene Chrome and would have been entitled to a 3% commission on the Cost, Insurance and Freight ('CIF') sales value of the chrome concentrates and any other commodities sold.

The call option agreement lapsed at 31 March 2021. On the same day, the Company entered into a purchase agreement to acquire 100% of the issued share capital of Salene Chrome. Commission payable to Leto Settlement on the CIF sales value of the chrome concentrates and any other commodities sold remains unchanged at 3% of CIF sales value, except that it is to be capped at US$10.0 million and subject to certain profitability measures. The commission payable represents a contingent consideration. The profitability measures will be impacted by a number of unknown future events of which certain are outside the control of the Group, and as such, no contingent consideration has been recognised. The following table summarises the fair value of the assets and liabilities of Salene Chrome at 31 March 2021:

Assets	**Fair value recognised on acquisition US$'000**
Property, plant and equipment	**4 692**
Trade and other receivables	**109**
Cash and cash equivalents	**2**
	4 803
Liabilities	
Borrowings	**(529)**
Trade and other payables	**(609)**
	(1 138)
Total identifiable net assets at fair value	**3 665**
Less cash and cash equivalents acquired	**(2)**
Goodwill arising on acquisition	**1 392**
Total cash flow on acquisition	**5 055**
Less amounts already spent	**(1 976)**
Cash outflow on business combination	**3 079**

20. BUSINESS COMBINATION (continued)

Below a summary of Salene Chrome's statement of profit or loss for the year ended 30 September 2021 as if the acquisition has taken place as at 1 October 2020, as well as a summary of Salene Chrome's statement of profit or loss since the acquisition date for the six-months ended 30 September 2021 included in the consolidated statement of profit or loss for the year ended 30 September 2021.

	Year ended 30 September 2021 US$'000	Six months ended 30 September 2021 US$'000
Operating expenses	(359)	(248)
Profit on exchange differences	174	174
Operating loss	(185)	(74)
Finance costs	(33)	(20)
Net loss after tax	(218)	(94)

The purchase consideration was funded from existing cash resources of the Group. The transaction cost was US$0.1 million which is classified as other operating expenses. The goodwill recognised is attributed to the Special Economic Zone status of Salene Chrome, existing bilateral relationships with the Government of Zimbabwe, supplier relationships and knowledge of the workforce. The goodwill is not tax deductible.

21. FINANCIAL RISK MANAGEMENT

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 impact of COVID-19 should already be priced into the inputs, which for the Group, mostly relates to commodity price risk used in the level 1 and 2 fair valuation techniques as determined by the market. The level 3 valuation techniques were adjusted internally by amending the cash flows associated with the discounted cash flow valuations.

Financial instrument	Fair value level	Fair value 2021 US$'000	Fair value 2020 US$'000	Valuation technique and key inputs
Financial assets measured at fair value				
Investments in money markets, current accounts, cash funds and income funds	Level 2	**7 702**	6 791	Quoted market price for similar instruments
Right to acquire shares in Karo Platinum (Private) Limited	Level 3	**5 870**	-	Comparable company market multiple valuation and a Monte Carlo Simulation model
Discount facility	Level 2	**3 023**	-	Quoted market metal prices and exchange rate
Investments in equity instruments	Level 1	**18**	8	Quoted market price
Option to acquire shares in Salene Chrome Zimbabwe (Private) Limited	Level 3	**-**	178	Discounted cash flow model
Trade and other receivables measured at fair value				
PGM receivable	Level 2	**85 472**	37 059	Quoted market metal prices and exchange rate (refer below)
Financial liabilities measured at fair value				
Discount facility	Level 2	**-**	6 035	Quoted market metal prices and exchange rate
Forward exchange contracts	Level 2	**485**	109	Quoted market closing exchange rates

There have been no transfers between fair value hierarchy levels in the current year. Refer to note 14 for the fair value recognised relating to the PGM receivable.

21. FINANCIAL RISK MANAGEMENT (continued)

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 gains and losses recognised in the financial instruments during the year:

Changes in fair value of financial assets at fair value through profit or loss	2021 US$'000	2020 US$'000
Investments in equity instruments	10	(15)
Investments in money markets, current accounts, cash funds and income funds	223	313
Discount facility	4 615	-
Right to acquire shares in Karo Platinum (Private) Limited	5 870	-
Option to acquire shares in Salene Chrome Zimbabwe (Private) Limited	(178)	178
	10 540	476
Changes in fair value of financial liabilities at fair value through profit or loss		
Discount facility	-	(5 940)
Forward exchange contracts	(370)	167
	(370)	(5 773)

22. RELATED PARTY TRANSACTIONS AND BALANCES

Loans receivable	2021 US$'000	2020 US$'000
Karo Mining Holdings Limited	8 353	8 131
Alta Steenkamp	-	7
Trade and other receivables (note 14)		
Thys and Alta Steenkamp	188	169
The Tharisa Community Trust	65	4
Rocasize Proprietary Limited	3	27
Karo Mining Holdings Limited	796	348
Karo Zimbabwe Holdings (Private) Limited	321	255
Karo Platinum (Private) Limited	417	223
Karo Power Generation (Private) Limited	146	135
Salene Chrome Zimbabwe (Private) Limited	-	265
Salene Mining Proprietary Limited	15	14
	1 951	1 440
Trade and other payables (note 19)		
Karo Mining Holdings Limited	-	94
Karo Zimbabwe Holdings (Private) Limited	315	6
Karo Platinum (Private) Limited	29	28
Rocasize Proprietary Limited	55	1
	399	129
Amounts due to Directors		
A Djakouris	21	20
J Salter	23	22
O Kamal	12	12
C Bell	17	18
R Davey	16	15
Z Hong	9	9
V Chu	-	2
Lo Wai Man	10	-
J Hu	-	10
	110	108
Total other payables	509	237

22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	2021 US$'000	2020 US$'000
Loan payable (note 18)		
Leto Settlement	542	-
Property loans		
Ross Two-10-Properties Proprietary Limited	153	138
Rohcon Engineering Proprietary Limited	193	174
PCMQ Proprietary Limited	199	180
Thys & Alta Properties Proprietary Limited	119	107
	664	599
Revenue		
Salene Manganese Proprietary Limited	420	80
Karo Platinum (Private) Limited	5	-
Salene Technologies Proprietary Limited	-	2
Cost of sales		
Rocasize Proprietary Limited	511	331
Salene Chrome Zimbabwe (Private) Limited	-	38
Other income		
Karo Zimbabwe Holdings (Private) Limited	-	3
Karo Platinum (Private) Limited	-	2
Rocasize Proprietary Limited	9	9
Consulting fees received		
Rocasize Proprietary Limited	14	12
Salene Chrome Zimbabwe (Private) Limited (before acquisition)	54	88
Karo Platinum (Private) Limited	183	224
Karo Power Generation (Private) Limited	10	133
Karo Zimbabwe Holdings (Private) Limited	10	181
Rent paid		
Ross Two-10-Properties Proprietary Limited	-	4
Rohcon Engineering Proprietary Limited	-	4
PCMQ Proprietary Limited	23	34
Thys & Alta Properties Proprietary Limited	9	16
Donations paid		
The Music for the Children Foundation	-	25
Interest receivable		
Karo Mining Holdings Limited	222	270
Interest paid		
Ross Two-10-Properties Proprietary Limited	11	11
Thys & Alta Properties Proprietary Limited	4	-
Rohcon Engineering Proprietary Limited	14	14
Dividends paid		
Thari Resources Proprietary Limited	845	-
The Tharisa Community Trust	253	-

22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Compensation to key management:

2021	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
Non-Executive Directors	**631**	**-**	**-**	**-**	**-**	**631**
Executive Directors	**1 622**	**8**	**3 315**	**82**	**356**	**5 383**
Other key management	**988**	**22**	**1 034**	**97**	**220**	**2 361**
	3 241	**30**	**4 349**	**179**	**576**	**8 375**
2020						
Non-Executive Directors	626	-	-	-	-	626
Executive Directors	1 637	7	387	73	59	2 163
Other key management	1 098	24	279	113	60	1 574
	3 361	31	666	186	119	4 363

Share-based awards to the Directors and to the key management for the year under review are as follows:

2021 Ordinary shares	Opening balance	Resignation	Allocated	Vested	Forfeited	Total
LTIP – executive directors	**2 379 802**	**-**	**-**	**(1 046 120)**	**-**	**1 333 682**
LTIP – key management	**1 576 158**	**(272 700)**	**-**	**(608 182)**	**-**	**695 276**

2020 Ordinary shares	Opening balance	Inclusion of additional employee	Allocated	Vested	Forfeited	Total
LTIP – executive directors	1 626 960	-	1 559 892	(456 262)	(350 788)	2 379 802
LTIP – key management	1 246 246	-	967 470	(362 384)	(275 174)	1 576 158
2021 Ordinary shares						
SARS – executive directors	**440 631**	**-**	**-**	**(440 631)**	**-**	**-**
SARS – key management	**293 919**	**(50 907)**	**-**	**(243 012)**	**-**	**-**
2020 Ordinary shares						
SARS – executive directors	1 229 864	-	-	(263 053)	(526 180)	440 631
SARS – key management	913 032	-	-	(206 350)	(412 763)	293 919

22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Option to acquire shares in Salene Manganese Proprietary Limited

On 9 July 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. The purchase consideration to acquire 70.0% of the shareholding will be equal to 70.0% of the market value of Salene Manganese. Salene Manganese's principal activity is a manganese exploration and mining company. Salene Manganese purchased 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 30 September 2021 the call option has not yet been exercised. The call option is exercisable on or before 14 August 2022.

Management assessed the terms and conditions of this call option and considered whether potential voting rights in Salene Manganese from the future exercise of the option are substantive, as defined in IFRS 10. This assessment took into account, among others, a number of conditions precedent, including the current status of the Group's internal review and approval processes of the transaction, the status of the required internal Group approval, JSE Listings Requirements pertaining to related party transactions, as well as other regulatory approvals. Based on this evaluation, management concluded that the Group did not control Salene Manganese, nor did it have the ability to exercise the right as at 30 September 2021.

Relationships between parties:

Thari Resources Proprietary Limited
A shareholder of Tharisa Minerals Proprietary Limited.

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.

Salene Technologies Proprietary Limited, Salene Manganese Proprietary Limited and Salene Mining Proprietary Limited
A director of the Company is also a director of these companies.

Thys and Alta Steenkamp
Former shareholders of MetQ Proprietary Limited.

Ross Two-10-Properties Proprietary Limited, Rohcon Engineering Proprietary Limited, PCMQ Proprietary Limited & Thys & Alta Properties Proprietary Limited
A former director of MetQ Proprietary Limited is also a director of these companies.

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

Salene Chrome Zimbabwe (Private) Limited
This company was a wholly owned subsidiary of the Leto Settlement, the beneficial shareholder of Medway Developments Limited, a material shareholder in the Company until 31 March 2021.

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.

23. CONTINGENT LIABILITIES

Diesel rebates

At 30 September 2021, the Group had certain unresolved tax matters. Included in trade and other receivables is an amount of US$5.5 million (ZAR82.3 million) which relates to diesel rebates receivable from the South African Revenue Service ('SARS') in respect of the mining operations. SARS rejected diesel claims relating to the period from September 2011 to February 2018. The Group is taking the necessary action to recover the amount due.

Mining royalty

The Group has objected and appealed to the assessments issued by SARS imposing an additional mining royalty in relation to the 2015 and 2017 years of assessment in an amount of US$6.8 million (ZAR102.3 million) (inclusive of penalties and interest). Due to the technical nature of the matter at hand, the matter underwent two separate Alternate Dispute Resolution processes and the matter is now set to be heard at the tax court on a yet to be determined date. SARS increased the gross sales value of the PGM sales to the minimum specified condition (of 150 parts per million) as set out in the legislation by adjusting the average PGM grade on a linear basis. SARS did not take into account the increase in the associated costs to bring the concentrate to the minimum specified condition whether on a linear basis or otherwise. This is inconsistent with both past practice by SARS and industry applied norms. The Group objected and appealed against the assessment on the basis that it is not in terms of the applicable legislation. The Group, together with its legal adviser, has re-assessed the basis on which it is liable for payment of the mining royalty challenging both the linear basis of grossing up the sales value and determining the incremental costs which would be incurred in bringing the concentrate to the minimum specified standard.

In the event that SARS would be successful, the Group estimates the incremental mining royalty for the period up to the current year of assessment to be US$16.7 million (ZAR250.9 million) (2020: US$8.3 million (ZAR124.2 million)), with the amount net of tax estimated to be US$12.0 million (ZAR180.6 million) (2020: US$5.9 million (ZAR89.4 million)). If the Group is successful with a favourable outcome of calculating the mining royalty on the re-assessed basis, it would result in a refund of past royalty payments with a net inflow to the Group.

The principles being applied have not been tested by either SARS or the judiciary and there is therefore uncertainty on the possible outcome of the legal process which could lead to an outflow (royalty payable to SARS) or inflow (amount recovered by the Group from SARS). Furthermore, the time period to reach finality may be protracted. Accordingly, no estimate of the contingent amount receivable has therefore been made.

Rehabilitation provision

The Group's mining and exploration activities are subject to extensive environmental laws and regulations. The Group has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future rehabilitation costs are based principally on legal and regulatory requirements. Tharisa Minerals Proprietary Limited's approved Environmental Management Programme ('EMPr') commits the company to completely backfill the pit voids to natural ground level and restore the pre-mining land potential, namely agricultural land with grazing and wilderness capabilities. The company has evaluated alternative mine closure strategies building on the establishment of a post-mining economy with socio-economic benefits. An amended application has been submitted to the Department of Mineral Resources and Energy ('DMRE') seeking its approval for a backfill of the pit voids concurrent with mining only, also called in-pit dumping, which results in a partial void and associated pit lake which is profiled and 'made safe' before rehabilitation of the surface with the residual waste rock stockpiles remaining on surface ('pit-lake option'). In conjunction with the submission of this application, the company has also engaged with the relevant government departments to ensure their support for this submission. This application has been submitted supported by the necessary specialty studies. As there is uncertainty as to the successful outcome of the application, the company has applied a probability weighted factor in calculating the mine closure liability applying a 60% probability to the successful approval of the pit-lake option. In the alternative, the company has applied a 40% probability to an alternative 'make safe' option with the partial backfilling of the pit whereby the walls of the pit will be profiled at 24 degrees and, with the passage of time, result in a pit-lake forming in the void. The rehabilitation expense and provision referenced in note 17 has been accounted for on this basis. The company is confident of the successful outcome in its engagement with the DMRE. No adjustment for any effects on the company that may result from a complete backfill of the voids, if any, has been made in the financial statements. It is not possible to determine and measure any additional requirements that may be required as the amended EMP is at an advanced stage through the various approval levels, hence no provision has been made for these potential additional requirements.

Other

As at 30 September 2021, there is no litigation (2020: no litigation), current or pending, which is considered likely to have a material adverse effect on the Group. Refer to note 24 for guarantees.

24. CAPITAL COMMITMENTS AND GUARANTEES

	2021 US$'000	2020 US$'000
Capital commitments		
Authorised and contracted	**30 639**	20 015
Authorised and not contracted	**1 298**	10 682
	31 937	30 697

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 2021.

Guarantees

Tharisa Minerals Proprietary Limited entered into an equipment loan facility of US$30.0 million (2020: US$30.0 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 US$20 million (ZAR300.0 million) in respect of the Commercial Asset Finance and overdraft facilities available to Tharisa Minerals Proprietary Limited to Absa Bank Limited.

The Company has provided suretyship for the payment of certain consumables by Tharisa Minerals Proprietary Limited up to US$10.0 million (ZAR150 million) for a period up to 31 December 2030.

An insurance company has provided a guarantee to the Department of Mineral Resources and Energy 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. The total value of the guarantee is US$19.2 million (ZAR288.4 million) (2020: ZAR255.8 million).

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) (2020: US$1.2 million (ZAR19.4 million)).

The Company guarantees performance of payment to a maximum amount of US$2.7 million (ZAR40.5 million) due from time to time between two third party suppliers and Tharisa Minerals Proprietary Limited for the supply and sale of mining materials.

The Company issued guarantees limited to US$40.0 million (2020: US$30.0 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) (2020: US$0.7 million (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 2021, US$6.1 million has been paid up.

The Company issued guarantees limited to US$0.6 million (ZAR9 million) (2020: US$0.5 million (ZAR9 million)) as securities for bank facilities to be provided to MetQ Proprietary Limited.

25. EVENTS AFTER THE REPORTING PERIOD

On 18 November 2021 Tharisa Minerals Proprietary Limited announced an extension of the open pit life of mine, following an annual review of its Mineral Resource and Mineral Reserve statement. The open-pit mine will now continue through to 2041, seven years longer than previously indicated. The amended Life of Mine will result in a change in accounting estimate relating to the depreciation of Property, plant and equipment.

On 30 November 2021, the Board has proposed a final dividend of US$ 5.00 cents per share, subject to the necessary shareholder approval at the Annual General Meeting.

The Board of Directors is not aware of any matter or circumstance arising since the end of the financial year that will impact these financial results.

26. DIVIDENDS

During the period ended 30 September 2021, the Company declared and paid a final dividend of US$ 3.5 cents per share in respect of the financial year ended 30 September 2020. In addition, an interim dividend of US$ 4.0 cents per share was declared and paid in respect of the financial year ended 30 September 2021.

A subsidiary of the Company, Tharisa Minerals Proprietary Limited, declared and paid an ordinary dividend of US$4.2 million (2020: no dividend) during the year ended 30 September 2021. The dividend paid to non-controlling shareholders amounted to US$1.1 million.

During the year ended 30 September 2020, the Company declared and paid a final dividend of US$ 0.25 cents per share in respect of the financial year ended 30 September 2019.

CORPORATE INFORMATION

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LSE share code: THS
A2X share code: THA
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LEI: 213800WW4YWMVVZIJM90

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David Salter (Independent non-executive director)
Antonios Djakouris (Independent non-executive director)
Omar Marwan Kamal (Independent non-executive director)
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