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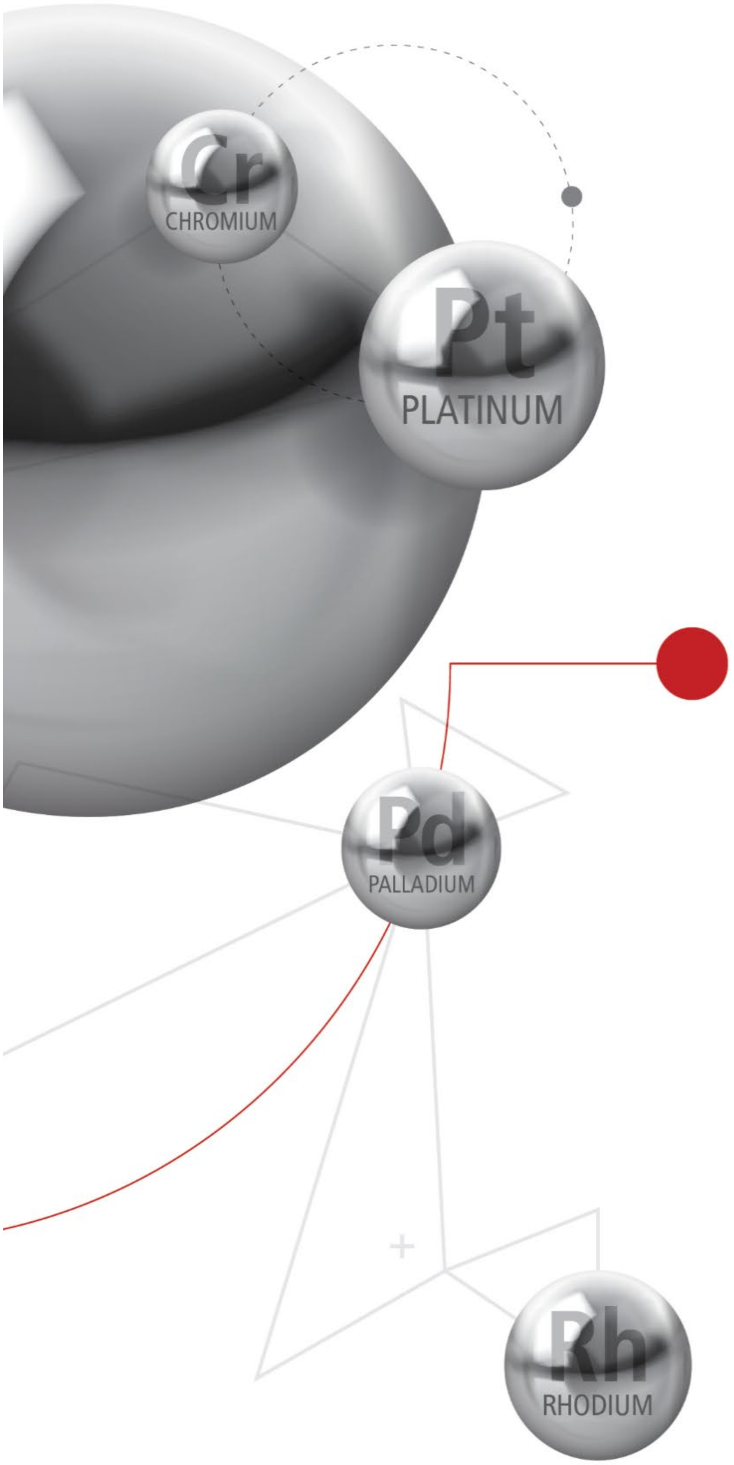


# REPORTS AND
# CONSOLIDATED FINANCIAL STATEMENTS
# 30 September 2022

enriching lives through innovating the resources company of the future

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**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 2022 AND CASH DIVIDEND DECLARATION

**Growing sustainably from a robust operational base driving record financial performance**

### Key Highlights

- **Safety:**
  - As at 30 September 2022, Tharisa had achieved seven fatality free years and over six million fatality free shifts, with a Lost Time Injury Frequency Rate ('LTIFR') of 0.40 per 200 000-man hours worked
  - Legohu Raymond Mothapo succumbed to his injuries in a tragic accident in the open pit on the evening of Tuesday, 18 October 2022 and later passed on Friday, 21 October 2022
- **Operations:**
  - Annual PGM production up 13.6% at 179.2 koz (FY2021: 157.8 koz) at an average PGM basket price of US$2 564/oz (FY2021: US$3 074/oz), down 16.6%
  - Annual chrome production up 5.1% at 1 582.7 kt (FY2021: 1 506.1 kt) at an average metallurgical grade chrome price of US$209/t (FY2021: US$154/t), up 35.7%
- **Corporate actions:**
  - Acquisition of remaining 26% minority shareholding in Tharisa Minerals in a landmark BEE transaction for a purchase consideration of US$25.6 million
  - Acquired controlling interest in Karo Mining Holdings with exercise of farm-in option at a discount to the project NPV for a purchase consideration of US$27.0 million with construction having commenced
- **Financials:**
  - Revenue increased 15% to US$686.0 million (FY2021: US$596.3 million)
  - EBITDA increased 5.8% to US$236.3 million (FY2021: US$224.3 million) at an EBITDA margin of 34% (FY2021: 37.6%)
  - Profit before tax increased 25.1% to US$231.7 million (FY2021: US$185.3 million)
  - Earnings per share of US 53.8 cents (FY2021: US 37.4 cents), an increase of 44%
  - Free cash flow of US$61.8 million
  - Final dividend of US 4 cents per share proposed, bringing total dividend to US 7 cents per share, 17.7% of adjusted NPAT
  - Net cash position of US$80.4 million, well-positioned for growth
  - Return on invested capital of 23.8% (FY2021: 25.5%)
- **Guidance for FY2023:**
  - Production guidance for FY2023 is set between 175 koz and 185 koz PGMs (6E basis) and 1.75 Mt to 1.85 Mt of chrome concentrates

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**Phoevos Pouroulis, CEO of Tharisa, commented:**
*"This year has been characterised by an extraordinary performance from the Tharisa Mine, with a strong financial performance driven by record PGM and chrome production in a highly challenging environment. This has been achieved through our innovative approach to maximising the more than sixty years of life of mine of the Tharisa Mine, and the significant commitment and capabilities of the Tharisa team. The FY2022 year has provided not only record production of the metals which we mine, but also the consolidation of the foundations of the next stage of our growth for the coming decade and beyond. This has materialised through the completion of the world's largest chrome fines processing plant, the commencement of the construction of the Karo Platinum Project in Zimbabwe, the significant progress made in the beneficiation strategies across all our businesses, and the landmark BEE transaction which will deliver value to all our shareholders for years to come."*

**Safety**

Safety is a core value and Tharisa continues to strive for zero harm at its operations. A LTIFR of 0.40 per 200 000-man hours worked was recorded. Sadly, post year end, Legohu Raymond Mothapo lost his life on Friday, 21 October 2022 following a serious accident in the open pit on the evening of Tuesday, 18 October 2022. The Tharisa family extends their deepest condolences to the family and colleagues of Raymond.

Tharisa achieved 7 fatality free years and over 6 million fatality free shifts prior to 21 October 2022.

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**Key Operational Metrics**

| | Units | **Year ended 30 Sep 2022** | Year ended 30 Sep 2021 | Year on year change % |
|---|---|---|---|---|
| Reef mined | kt | **5 505.4** | 5 379.9 | 2.3 |
| Stripping ratio | $m^3$: $m^3$ | **12.8** | 11.6 | 10.3 |
| Reef milled | kt | **5 608.2** | 5 600.0 | 0.1 |
| PGM flotation feed | kt | **4 274.5** | 4 248.2 | 0.6 |
| PGM rougher feed grade | g/t | **1.70** | 1.49 | 14.1 |
| PGM recovery | % | **76.6** | 77.6 | (1.3) |
| 6E PGMs produced | koz | **179.2** | 157.8 | 13.6 |
| Platinum produced | koz | **99.0** | 86.7 | 14.2 |
| Palladium produced | koz | **30.0** | 24.9 | 20.5 |
| Rhodium produced | koz | **17.2** | 15.4 | 11.7 |
| Average PGM contained metal basket price | US$/oz | **2 564** | 3 074 | (16.6) |
| Platinum price | US$/oz | **968** | 1 080 | (10.4) |
| Palladium price | US$/oz | **2 107** | 2 513 | (16.2) |
| Rhodium price | US$/oz | **14 962** | 18 860 | (20.7) |
| Average PGM contained metal basket price | ZAR/oz | **40 437** | 45 336 | (10.8) |
| $Cr_2O_3$ ROM grade | % | **17.4** | 17.9 | (2.8) |
| Chrome recovery | % | **68.3** | 63.3 | 7.9 |
| Chrome yield | % | **28.2** | 26.9 | 4.8 |
| Chrome concentrates produced (excluding third party) | kt | **1 582.7** | 1 506.1 | 5.1 |
| Metallurgical grade | kt | **1 233.2** | 1 141.5 | 8.0 |
| Specialty grades | kt | **349.5** | 364.6 | (4.1) |
| Third party chrome production | kt | **188.2** | 223.0 | (15.6) |
| Metallurgical grade chrome concentrate contract price | US$/t CIF China | **209** | 154 | 35.7 |
| Metallurgical grade chrome concentrate contract price | ZAR/t CIF China | **3 345** | 2 284 | 46.5 |
| Average exchange rate | ZAR:US$ | **15.8** | 14.8 | 6.8 |

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**Key Financial Metrics**

| | | **Year ended 30 Sep 2022** | Year ended 30 Sep 2021 | Year on year change % |
|---|---|---|---|---|
| Revenue | US$ million | **686.0** | 596.3 | 15.0 |
| Gross profit | US$ million | **245.7** | 207.4 | 18.4 |
| Net profit | US$ million | **167.1** | 131.5 | 27.0 |
| EBITDA | US$ million | **236.3** | 224.3 | 5.3 |
| Headline earnings | US$ million | **117.4** | 103.1 | 13.9 |
| Headline earnings per share | US cents | **41.1** | 38.3 | 7.3 |
| Earnings per share | US cents | **53.8** | 37.4 | 43.9 |
| Full year dividend | US cents | **7.0** | 9.0 | (22.2) |
| Gross profit margin | % | **35.8** | 34.8 | 2.0 |
| EBITDA margin | % | **34.1** | 37.6 | 34.8 |
| Net cash flows from operating activities | US$ million | **173.7** | 208.4 | (16.0) |
| Net cash/(debt) | US$ million | **80.4** | 46.6 | 72.6 |
| Capital expenditure | US$ million | **105.0** | 106.0 | - |

**Market Review**

The PGM basket price retreated during FY2022. Nevertheless, the prices received, both in USD and ZAR, continued to contribute meaningfully to the healthy financial performance of Tharisa.

The average basket price of US$2 564/oz (FY2021: US$3 074/oz) for the year was down 16.6% but still significantly higher than the average price of US$1 704/oz for the 2020 financial year.

The unique properties of PGMs, which underpin the long-term demand for the metals, are contrasted against a reduced and disciplined producer supply of new ounces into the market. The complex operating environment in the major producing region, South Africa, which has had to deal with inflationary pressures and erratic electricity supply, does mean that the supply side will remain constrained for some time. With mines generally becoming deeper, we believe that any new projects are mere replacement ounces rather than new supply coming into the market. The recycling of PGMs remains the most significant determining factor for the supply-demand fundamentals.

Although PGM prices are trading in the lower half of their 12-month range, primarily driven by the global economic slowdown, prices have not retreated as much as forecast. Demand-supply fundamentals, particularly for palladium and rhodium, remain in deficit, with platinum projected to be in a deficit within the next 18 months, according to consensus market analysis. While supply from Russia is difficult to predict, primary supply from South Africa is slowing, driven by a lack of development, rising costs and electricity curtailments, affecting deep-level mines in particular. At the same time, the increasing importance of PGMs for the future of the hydrogen economy underpins our conviction that the fundamentals for these precious metals remain strong.

Chrome prices and sales volumes improved year on year, with Tharisa increasing output by 5.11% to 1.6 Mt, with an average metallurgical price received of US$209/t (2021 US$154/t), an increase of 35.7%.

Chrome prices were volatile, particularly in the latter part of our financial year. They retreated in line with expectations, mostly due to China's stainless steel and ferrochrome production curtailments. Inflationary cost pressures, supply chain constraints and the COVID-19 policy in China remained key macro-issues to the market. Two major factors drove the price movements in the year under review. Destocking and historically low port stocks meant an increase in demand in H1 FY2022, leading to a significant price rise for the metal. With COVID-19 uncertainty impacting global markets, prices did retreat over the European summer period, but nevertheless demand for our product remained strong, with all contracts honoured driven in part by a push in demand as logistical issues inland, in particular in South Africa, meant buyers were ensuring certainty of supply over best price.

Tharisa remains a major player in the global chrome industry, supplying approximately 10% to 12% of China's annual demand for the metal.

Tharisa also remains a significant player in the speciality chrome market, with roughly a quarter of annual chrome output being delivered into these markets. The prices of these products (chemical and foundry chrome) have attracted and continue to attract a premium over metallurgical grade chrome ore.

The volatility of the exchange rate movements of the ZAR against the US$ benefitted the Company's financial performance with the weaking of the ZAR. For FY2021, the average exchange rate against the US$ was 14.80, while the average exchange rate for FY2022 was 15.80.

**Operational Review**

Our multi-operational business has transformed from a single pit mine to a portfolio of assets complementing the business and operating in metals that we believe are vital for the future sustainability of this planet.

The total reef mined for the year amounted to 5 505.4 kt (FY2021: 5 379.9 kt), an improvement of 2.3% compared to the prior year. As highlighted throughout the year, this was achieved while continuously mining ahead of the life of mine strip ratio, creating the in-pit flexibility necessary to optimise the blend into the processing plants. Annualised stripping ratio was 12.8 $m^3$: $m^3$ (FY2021: 11.6 $m^3$: $m^3$).

A strong mining performance meant milling throughput reached a record in the last quarter of the year totalling 5 608.2 kt (FY2021: 5 600.0 kt) for the year. The strong mining performance has provided a run of mine stockpile ahead of the crushing circuit equivalent to around six weeks of milling requirements.

The consistency in the mining, which is a result of several factors, including continued investment, investment in training of the operators and detailed mine planning, has improved the quality of our grade control, and has allowed Tharisa to drive further output, resulting in a much improved PGM rougher feed grade of 14.1% to 1.7 g/t compared to 1.49 g/t in FY2021 (rougher feed grade is the grade measured into the metallurgical circuit post the first mass chrome extraction).

Overall PGM recoveries were slightly lower for the year at 76.6% (FY2021: 77.6%) as additional oxidised ore was fed into the milling circuit. The Company maintains that PGM recoveries in the low 80% range are being targeted, a number that has historically been met on numerous occasions.

Chrome output increased 5.1% to 1 582.7 kt (FY2021: 1 506.1 kt). While feed grade was slightly lower at 17.4% Cr2O3 (FY2021: 17.9% Cr2O3), a better recovery performance, in part due to the commissioning of the Vulcan Plant, meant that annualised recovery was 68.3% (FY2021: 63.3%). Of the total chrome output, 1 233.2 kt was metallurgical chrome and 349.5 kt specialty-grade chrome, approximately 22.1% of the total.

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**Development Project**

***Karo Mining Holdings***
The Mining Lease area for the Karo Platinum Project covers an area of 23 903 ha and is located within the Great Dyke in the Mashonaland West District of Zimbabwe, approximately 80 km southwest of Harare and 35 km southeast of Chegutu.

The Great Dyke is a PGM-bearing geological feature that runs north to south. At approximately 550 km in length and up to 11 km wide, it is second largest PGM resource base after the Bushveld Complex of South Africa. The project, situated within a designated special economic zone ('SEZ'), is in the southern portion of the middle chamber of the Great Dyke and is supported by good infrastructure, including road and power access in the project area.

On 31 March 2022, Tharisa exercised its farm-in option and acquired a controlling interest in Karo Mining Holdings for a purchase consideration of US$27.0 million, which was settled through the issue of 13.69 million new Tharisa shares to The Leto Settlement, a related party, thereby increasing Tharisa’s shareholding in Karo Mining Holdings from 26.8% to 66.3%. After the acquisition on 31 March 2022, Tharisa has increased its stake in Karo Mining Holdings to 70%, with Leto Settlement holding 30%.

The increased shareholding in the Karo Platinum Project is in line with Tharisa’s growth strategy and is a natural evolution for Tharisa as it fulfils its strategy of becoming an integrated diversified developer of new metal assets. It also considers the Company’s strict capital allocation policy, ensuring all three aspects of capital are met, namely continuous investment, growth capital and shareholder returns, while the Karo Platinum Project meets all the strategic investment criteria for Tharisa, being open pit, quick to market, providing returns in line with Tharisa’ stated strategy while providing diversification for the Group.

The Karo Platinum Project has been well funded to date and Tharisa has spent significant capital developing the project.

Investment to date of US$70.3 million:
- US$4.5 million cash - acquisition of 26.8% shareholding
- US$8.0 million Phase 1 exploration capital
- US$3.4 million technical studies
- US$25.0 million early development funding (not fully drawn to date)
- US$29.4 million in shares - acquisition of 39.5% shareholding

The project continues to show strong fundamentals,
- Tier 1 world-class PGM asset
- 17 years open-pit life of mine
- Annual production of 190 koz of PGMs with significant base metal credits
- Licensed for the life of mine

The Karo Platinum Project has a 24-month design and construction schedule - starting 1 July 2022, with the first ore in the mill (FOIM) planned for July 2024. The cost to FOIM is budgeted at US$391 million.

The first-time consolidation of Karo Mining Holdings resulted in the recognition of US$201.8 million in assets related to the mineral right of the Karo Platinum Project. Furthermore, the consolidation entries resulted in a US$33.5 million fair value gain on the 26.8% shareholding held by the Company before the exercise of the farm-in option and a US$14.9 million bargain purchase income from acquiring control of Karo Mining Holdings at a discount to the valuation metrics as provided in the agreement between the parties.

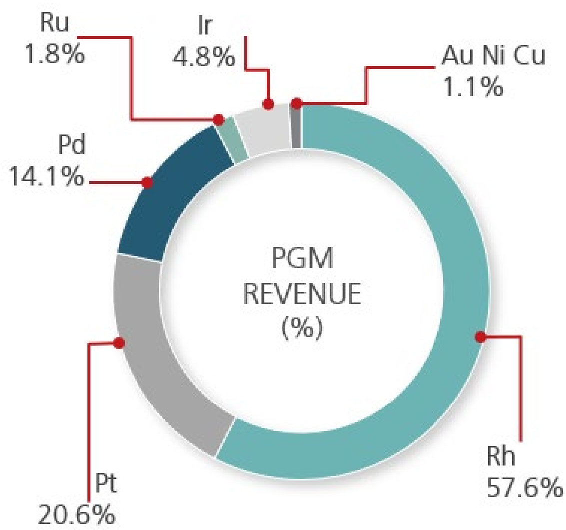
Karo Mining Holdings controls an indirect 85% of the shareholding of Karo Platinum with the Republic of Zimbabwe holding the remaining 15% on a free funded carry basis. Furthermore, the Zimbabwean Government holds an option to increase its shareholding in Karo Platinum by 11% from the current 15% to 26% after 24 months but before 36 months from 30 March 2022. The fair value of the option liability relating to the 11% of Karo Platinum was valued at US$16.8 million.

**Financial Review**

Despite the macro challenges that have impacted global supply chains, inflation, and the mining sector, the operational performance and sales into a continued strong commodity price environment meant that the Company has presented its strongest set of financial results to date. With Tharisa's commitment to pursue its sustainable growth strategy, this performance will undoubtedly set the financial framework for this growth, especially with the development of the Karo Platinum Project underway. At the heart of Tharisa's financial discipline lies a strong adherence to a carefully considered capital allocation policy, which targets sustainable growth through investing in our assets, commensurate with shareholder returns, with our dividend, again, exceeding our dividend policy with a pay-out ratio of 17.7% of adjusted net profit after tax.

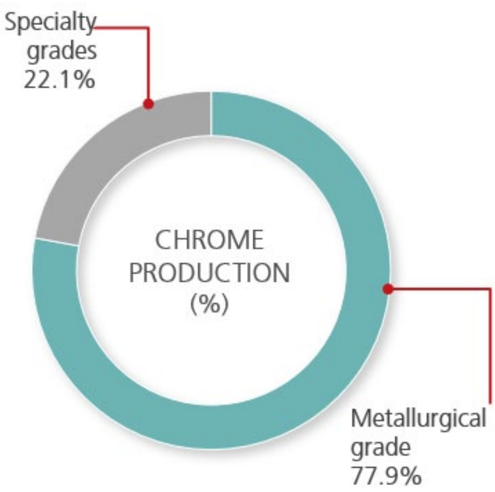
Revenue for the period amounted to US$686.0 million (2021: US$596.3 million), an increase of 15.0% YoY.

PGM revenue for the period was at 50.6% of the total revenue or US$346.8 million. The breakdown of the PGM revenue is shown in the graphs below reflecting the continued strength in the rhodium price and therefore dominant share of the revenue basket.




Rhodium prices averaged US$14 972/oz (2021: US$19 473/oz) for the period, a decrease of 23.1%. Platinum prices averaged US$968/oz (2021: US$1 074/oz), a decrease of 9.9% and palladium prices averaged US$2 108/oz (2021: US$2 506/oz), a decrease of 15.9%.

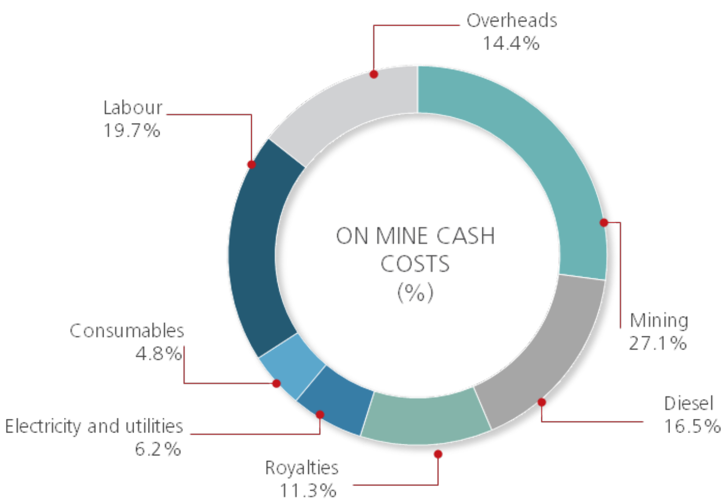
Chrome contributed 34.2% of total revenue, with revenue increasing 44.8% primarily due to a 35.7% increase in metallurgical grade selling prices. In terms of volumes sold, metallurgical grade sales totalled 1 219.2 kt (2021: 1 123.1 kt) an increase of 8.6% and specialty grade sales totalled 306.8 kt (2021: 371.9 kt) a decrease of 17.5%.




Average sea freight rates increased 38.9% during the period to US$35.7/t (2021: US$25.7/t). Average sea freight rates were elevated due to shipping capacity constraints in the first half of the year, however reduced into the second half of the year.

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 70% (2021: 80%) to the PGM segment and 30% (2021: 20%) to the chrome segment.

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



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The following analysis computes the cash costs (i.e., excluding non-cash flow items such as depreciation) on a per cube and per ROM tonne mined for mining costs and then analyses the major cost categories on a per tonne milled basis. Costs relating to deferred stripping (which are capitalised) of US$13.2 million (2021: US$25.4 million) were excluded from the per tonne milled analysis.

| | Units | **Year ended 30 Sep 2022** | Year ended 30 Sep 2021 | Year on year change % |
|---|---|---|---|---|
| Cost per cube mined | US$/m3 | **8.5** | 8.9 | -4.5 |
| Reef tonnes mined | tonnes | **5 505 369** | 5 379 913 | +2.3 |
| Cost per reef tonne mined | US$ | **32.4** | 31.9 | +1.6 |
| Tonnes milled | tonnes | **5 608 212** | 5 600 011 | +0.1 |
| On mine cash cost per tonne milled | US$ | **46.7** | 41.0 | +14.1 |
| Consolidated cash cost per tonne milled | US$ | **47.0** | 44.9 | +4.9 |

Gross profit amounted to US$245.7 million (2021: US$207.4 million). The gross profit margin increased 100 bps to 35.8% (2021: 34.8%) mainly due to higher metallurgical chrome prices, as well as the benefits of the weaker ZAR to US$ exchange rate, notwithstanding lower PGM prices.

Diesel cost, a material input in the mining operations, in South Africa increased by 46.5% per litre due to a weakening ZAR to US$ exchange rate from ZAR13.55 (US$1.3) per litre to ZAR19.85 (US$0.9) per litre.

EBITDA amounted to US$237.3 million (2021: US$224.3 million).

Finance costs of US$4.8 million (2021: US$4.9 million) relate primarily to the asset equipment finance and trade finance facilities utilisation.

The Group generated a profit before tax of US$231.7 million (2021: US$185.3 million) benefiting from US$55.8 million in net fair value gains (2021: US$15.4 million net gains).

The tax charge amounted to US$53.1 million (2021: US$53.7 million), an effective charge of 22.9% (2021: 29.0% charge). Cash taxes paid amounted to US$41.2 million.

The total comprehensive income for the period, as a consequence of foreign currency translation difference charge of US$69.7 million (2021: US$20.4 million (gain)), amounted to US$108.9 million (2021: US$152.0 million).

Basic earnings per share for the period amounted to US 56.7 cents (2021: US 37.4 cents).

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 23.8% (2021: 25.5%).

Of the total capex spend for the period of US$104.2 million, approximately US$34.8 million was related to additions to the mining fleet and US$59.2 million was related to other mining assets. Of the US$59.2 million allocated to other mining assets, US$12.4 million was spent on the expansion capital, primarily allocated to the construction of the Vulcan Plant.

Cash flows from operations before movements in working capital for the period amounted to US$230.6 million. Working capital requirements include (i) an increase in trade and other receivables of US$30.1 million, (ii) an increase in trade and other payables of US$43.2 million (iii) an increase in inventories of US$28.2 million and (iv) a decrease in provisions of US$7.6 million, which resulted in net cash flows from operating activities after tax of US$166.7 million.

Additions to property, plant and equipment amounted to US$105.0 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$69.5 million.

Cash and cash equivalents on hand totalled US$143.3 million.

**Dividend**

In accordance with Tharisa's dividend policy of distributing at least 15% of annual NPAT, after adjusting for the fair value accounting of the Karo Mining Holdings business combination, the Board has proposed a final dividend of US 4 cents per ordinary share subject to the necessary shareholder approval. This is in addition to the interim dividend of US 3 cents per ordinary share. The total dividend amounts to US 7 cents per ordinary share, a pay-out ratio of 17.7% of adjusted net profit after tax.

**Conclusion**

Operationally, this has been a rewarding year, despite the macro challenges that have impacted global supply chains, inflation, and the mining sector. This operational performance is built on critical decisions Tharisa put in place several years ago, intending to accelerate our growth strategy and thus build a highly innovative, stronger, and more sustainable company.

Central to the success has been the continued efficiency at the flagship Tharisa Mine, where production has increased across the board. The Vulcan Plant contributed to increased production, resulting in improved recoveries.

Tharisa has simplified its structure by fully aligning the long-term BEE partners as shareholders in the broader Tharisa business.

The long-life Karo Platinum Project, when added to the 60+year LOM of the Tharisa PGM and chrome operations in South Africa, sets the foundation for Tharisa's growth, particularly in the downstream value-enhancing beneficiation sector. The development of the Karo Platinum Project will consolidate Tharisa as one of the world's most forward-thinking and low-cost producers of PGMs in Africa.

Tharisa remains a key participant in the global transition to a low-carbon economy through the critical metals we produce. The development of the ESG pathway into 2030 and 2050 respectively, further propels Tharisa to transition to low-carbon and renewable energy frontiers with an end goal of decarbonisation. We are committed to carbon neutrality by 2050 and contributing to the transition through the development of new technologies that will help industries transition into a low-carbon economy.

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## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements for the year ended 30 September 2022 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 1 December 2022 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 Group will continue to be in operation in the foreseeable future. The consolidated annual financial statements have been approved by the Board on 1 December 2022.

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

- The condensed consolidated financial statements, fairly present in all material respects the financial position, financial performance and cash flows of Tharisa plc and subsidiaries and of Tharisa plc company in terms of IFRS;
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the condensed consolidated 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 condensed consolidated financial statements 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 as executive directors with primary responsibility for implementation and execution of controls;
- Where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have *remediated the deficiencies / taken steps to remedy the deficiencies"; and
- We are not aware of any fraud involving directors.

**Phoevos Pouroulis** **Michael Jones**

Cyprus
1 December 2022

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# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

**for the year ended 30 September 2022**

| | Notes | **2022 US$'000** | 2021 US$'000 |
|---|---|---|---|
| Revenue | 5 | **685 996** | 596 345 |
| Cost of sales | 6 | **(440 336)** | (388 926) |
| Gross profit | | **245 660** | 207 419 |
| Other income | | **720** | 764 |
| Net foreign exchange gain | | **2 049** | 15 477 |
| Other operating expenses | 7 | **(63 880)** | (44 822) |
| Results from operating activities | | **184 549** | 178 838 |
| Finance income | | **1 376** | 1 391 |
| Finance costs | | **(4 758)** | (4 893) |
| Changes in fair value of financial assets at fair value through profit or loss | 21 | **(5 627)** | 10 540 |
| Changes in fair value of financial liabilities at fair value through profit or loss | 21 | **1 521** | (370) |
| Gain on acquisition of subsidiary | 20 | **48 391** | - |
| Share of loss of investment accounted for using the equity method | 11 | **(5 229)** | (251) |
| Profit before tax | | **220 223** | 185 255 |
| Tax | 8 | **(53 067)** | (53 714) |
| **Profit for the year** | | **167 156** | 131 541 |
| **Other comprehensive income** | | | |
| *Items that may be classified subsequently to profit or loss:* | | | |
| Foreign currency translation differences for foreign operations, net of tax | | **(69 749)** | 20 450 |
| Other comprehensive (loss)/income, net of tax | | **(69 749)** | 20 450 |
| **Total comprehensive income for the year** | | **97 407** | 151 991 |
| Profit for the year attributable to: | | | |
| Owners of the company | | **153 881** | 100 469 |
| Non-controlling interest | | **13 275** | 31 072 |
| | | **167 156** | 131 541 |
| Total comprehensive income for the year attributable to: | | | |
| Owners of the company | | **87 942** | 113 471 |
| Non-controlling interest | | **9 465** | 38 520 |
| | | **97 407** | 151 991 |
| Earnings per share | | | |
| Basic earnings per share (US cents) | 9 | **53.8** | 37.4 |
| Diluted earnings per share (US cents) | 9 | **53.8** | 37.3 |

The notes are an integral part of these condensed consolidated financial statements.

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# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**as at 30 September 2022**

| | Notes | 2022 US$'000 | 2021 US$'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 10 | **569 580** | **380 461** |
| Intangible assets | | **940** | **2 942** |
| Investment accounted for using the equity method | 11 | **-** | **10 274** |
| Financial and other assets | | **6 019** | **15 854** |
| Deferred tax assets | | **1 174** | **1 177** |
| **Total non-current assets** | | **577 713** | **410 708** |
| | | | |
| **Current assets** | | | |
| Inventories | 12 | **73 240** | **58 269** |
| Trade and other receivables | 13 | **149 669** | **136 554** |
| Contract assets | | **2 078** | **2 440** |
| Financial and other assets | | **19** | **3 041** |
| Current taxation | | **7 302** | **8 949** |
| Cash and cash equivalents | 14 | **143 300** | **83 436** |
| **Total current assets** | | **375 608** | **292 689** |
| **Total assets** | | **953 321** | **703 397** |
| | | | |
| **Equity and liabilities** | | | |
| Share capital and premium | 15 | **345 897** | 289 818 |
| Other reserve | | **47 245** | 47 245 |
| Foreign currency translation reserve | | **(192 519)** | (91 848) |
| Retained earnings | | **358 403** | 199 217 |
| Equity attributable to owners of the Company | | **559 026** | 444 432 |
| Non-controlling interests | 15 | **61 355** | 6 842 |
| **Total equity** | | **620 381** | 451 274 |
| | | | |
| **Non-current liabilities** | | | |
| Provisions | 16 | **12 376** | 19 931 |
| Borrowings | 17 | **23 048** | 20 590 |
| Other financial liabilities | 18 | **16 779** | - |
| Deferred tax liabilities | | **112 341** | 87 565 |
| **Total non-current liabilities** | | **164 544** | 128 086 |
| | | | |
| **Current liabilities** | | | |
| Borrowings | 17 | **39 836** | 16 260 |
| Other financial liabilities | 18 | **526** | 485 |
| Current taxation | | **2 056** | 286 |
| Trade and other payables | 19 | **123 900** | 104 566 |
| Contract liabilities | | **2 078** | 2 440 |
| **Total current liabilities** | | **168 396** | 124 037 |
| **Total liabilities** | | **332 940** | 252 123 |
| **Total equity and liabilities** | | **953 321** | 703 397 |

The condensed consolidated financial statements were authorised for issue by the Board of Directors on 1 December 2022.

**Phoevos Pouroulis**
Director

**Michael Jones**
Director

The notes 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 2022**

| | 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 |
|---|---|---|---|---|---|---|---|---|---|
| | | **Attributable to owners of the Company** | | | | | | | |
| **Balance at 1 October 2021** | | **271** | **289 547** | **47 245** | **(91 848)** | **199 217** | **444 432** | **6 842** | **451 274** |
| **Total comprehensive income for the year** | | | | | | | | | |
| Profit for the year | | **-** | **-** | **-** | **-** | **153 881** | **153 881** | **13 275** | **167 156** |
| *Other comprehensive income:* | | | | | | | | | |
| Foreign currency translation differences | 15 | **-** | **-** | **-** | **(65 939)** | **-** | **(65 939)** | **(3 810)** | **(69 749)** |
| **Total comprehensive income for the year** | | **-** | **-** | **-** | **(65 939)** | **153 881** | **87 942** | **9 465** | **97 407** |
| **Transactions with owners of the Company** | | | | | | | | | |
| *Contributions by and distributions to owners* | | | | | | | | | |
| Dividends paid | 26 | **-** | **-** | **-** | **-** | **(23 106)** | **(23 106)** | **(164)** | **(23 270)** |
| Issue of ordinary shares | 15 | **29** | **56 050** | **-** | **-** | **-** | **56 079** | **-** | **56 079** |
| Acquisition of non-controlling interest – Tharisa Minerals (Pty) Ltd | 15 | **-** | **-** | **-** | **(34 732)** | **25 578** | **(9 154)** | **(16 473)** | **(25 627)** |
| Increase in shareholding of subsidiaries – Karo Mining Holdings plc | 15 | **-** | **-** | **-** | **-** | **4 509** | **4 509** | **(4 509)** | **-** |
| Acquired through business combination | 20 | **-** | **-** | **-** | **-** | **-** | **-** | **66 181** | **66 181** |
| Shares issued by subsidiary to non-controlling shareholders | 20 | **-** | **-** | **-** | **-** | **-** | **-** | **13** | **13** |
| Equity-settled share-based payments | | **-** | **-** | **-** | **-** | **(1 676)** | **(1 676)** | **-** | **(1 676)** |
| Contributions by and distributions to owners of the Company | | **29** | **56 050** | **-** | **(34 732)** | **5 305** | **26 652** | **45 048** | **71 700** |
| Total transactions with owners of the Company | | **29** | **56 050** | **-** | **(34 732)** | **5 305** | **26 652** | **45 048** | **71 700** |
| **Balance at 30 September 2022** | | **300** | **345 597** | **47 245** | **(192 519)** | **358 403** | **559 026** | **61 355** | **620 381** |

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 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 2022**

| | | 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 | 15 | - | - | - | 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 | 15 | 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 |

The notes 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 2022**

| | *Notes* | **2022 US$'000** | 2021 US$'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the year | | **167 156** | 131 541 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 10 | **38 796** | 36 024 |
| Loss on disposal of property, plant and equipment | 10 | **1 482** | - |
| Share of loss of investment accounted for using the equity method | 11 | **5 229** | 251 |
| Impairment of goodwill | | **1 852** | - |
| Net realisable value write down of inventory | 12 | **3 562** | 789 |
| Impairment of property, plant and equipment | 10 | **8 366** | - |
| Write off of property, plant and equipment | 10 | **1 328** | 4 950 |
| Expected credit loss allowance | 13 | **47** | 100 |
| Equity-settled share-based payments | | **1 709** | 3 560 |
| Changes in fair value of financial assets at fair value through profit or loss | 21 | **5 627** | (10 540) |
| Changes in fair value of financial liabilities at fair value through profit or loss | 21 | **(1 521)** | 370 |
| Gain on acquisition of subsidiary | 20 | **(48 391)** | - |
| Net foreign exchange gain | | **(2 049)** | (15 477) |
| Interest income | | **(1 376)** | (1 391) |
| Interest expense | | **4 758** | 4 893 |
| Tax | 9 | **53 067** | 53 714 |
| | | **239 642** | 208 784 |
| Changes in: | | | |
| Inventories | | **(28 172)** | (13 442) |
| Trade and other receivables and contract assets | | **(30 126)** | (11 385) |
| Trade and other payables and contract liabilities | | **41 128** | 39 674 |
| Provisions | | **(7 599)** | 2 150 |
| Cash generated from operations | | **214 873** | 225 781 |
| Income tax paid | | **(41 197)** | (17 412) |
| **Net cash flows from operating activities** | | **173 676** | 208 369 |
| **Cash flows from investing activities** | | | |
| Interest received | | **1 327** | 1 106 |
| Additions to property, plant and equipment | 10 | **(105 014)** | (106 006) |
| Cash inflow/(outflow) from business combination | 20 | **4 984** | (3 079) |
| Proceeds from disposal of property, plant and equipment | 10 | **1 727** | 1 |
| Additions to investments accounted for using the equity method | 11 | **(4 965)** | - |
| Refunds from/(additions to) other assets | | **316** | (2 282) |
| **Net cash flows used in investing activities** | | **(101 625)** | (110 260) |
| **Cash flows from financing activities** | | | |
| Net proceeds from/(repayment of) bank credit facilities | 17 | **22 026** | (15 553) |
| Advances received | 17 | **20 942** | 26 787 |
| Repayment of borrowings | 17 | **(14 406)** | (48 208) |
| Principal lease payments | 17 | **(3 793)** | (4 597) |
| Dividends paid | 26 | **(23 270)** | (21 279) |
| Interest paid | | **(4 017)** | (3 003) |
| **Net cash flows used in financing activities** | | **(2 518)** | (65 853) |
| **Net increase in cash and cash equivalents** | | **69 533** | 32 256 |
| Cash and cash equivalents at the beginning of the year | | **83 436** | 49 293 |
| Effect of exchange rate fluctuations on cash held | | **(9 669)** | 1 887 |
| **Cash and cash equivalents at the end of the year** | 14 | **143 300** | 83 436 |

The notes are an integral part of these condensed consolidated financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**for the year ended 30 September 2022**

## 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 2022 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 2021. 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 2022, 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 1 December 2022.

**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: ZAR18.07 (2021: ZAR15.05)
- Average rate: ZAR15.82 (2021: ZAR14.83)

**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 2022.

## 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 2022:

- *Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IAS 39, IFRS 4, IFRS 7 and IFRS 16*

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 2022.

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

*Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IAS 39, IFRS 4, IFRS 7 and IFRS 16*
The Amendments focus on the effects on financial statements when an entity replaces the old interest rate benchmark with an alternative benchmark rate as a consequence of the global regulatory reform of key interbank offered rates ('IBORs'). For the transition from an IBOR benchmark rate with an alternative nearly risk-free interest rate ('RFR'), the amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform and that the transition from an IBOR benchmark rate to an RFR takes place on an economically equivalent basis with no value transfer having occurred, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.

The US Libor that the Group is exposed to will cease to exist by June 2023. The Group is in discussions with debt counterparties as to new reference rates on the IBOR linked borrowings, including the consideration of the Secured Overnight Financing Rate ('SOFR') which is the recommended US$ Libor alternative. The adoption and initial application of these amendments had no impact on the Group's results, but the Group will assess the impact on the balances and cash flows linked to the rate changes arising from the IBOR reform once negotiations with debt counterparties are more advanced and more information is available on the replacement interest rates.

Refer to note 17 for the IBOR linked borrowings that at the date of this report have not yet transitioned to alternative risk free rates in terms of the IBOR reform and its contractual maturities.

For the Caterpillar equipment loan facility and the bank credit facilities which transitioned from US$ Libor to SOFR, the Group applied the practical expedient available within the amendments as the transition was as a direct consequence of the IBOR reform and was completed on an economically equivalent basis. The transition had no material impact on the results for the year ended 30 September 2022.

### 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*
- *Annual Improvements to IFRS Standards 2018-2020*
- *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*
- *Lease Liability in a Sale and Leaseback – Amendments to IFRS 16*
- *Reference to the Conceptual Framework – Amendments to IFRS 3*
- *Definition of Accounting Estimate – Amendments to IAS 8*
- *Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2*

## 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 2022. The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 30 September 2022 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

## 4. OPERATING SEGMENTS (continued)

The operating results of each segment are monitored separately by the chief operating 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 integrated 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.

| 2022 | PGM US$'000 | Chrome US$'000 | Agency and trading US$'000 | Manufacturing US$'000 | Total US$'000 |
|---|---|---|---|---|---|
| Revenue | **346 781** | **295 178** | **40 526** | **3 511** | **685 996** |
| Cost of sales | | | | | |
| Manufacturing costs | **(193 362)** | **(90 799)** | **(21 190)** | **(3 229)** | **(308 580)** |
| Selling costs | **(785)** | **(69 490)** | **(9 238)** | **-** | **(79 513)** |
| Freight services | **-** | **(45 475)** | **(6 768)** | **-** | **(52 243)** |
| | **(194 147)** | **(205 764)** | **(37 196)** | **(3 229)** | **(440 336)** |
| Gross profit | **152 634** | **89 414** | **3 330** | **282** | **245 660** |
| 2021 | | | | | |
| 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 |

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 2022, the relative sales value of chrome concentrates increased compared to the relative sales value of PGM concentrate compared to the comparative year and consequently the allocation basis of shared costs was revised to 70.0% for PGM concentrate and 30.0% for chrome concentrates. The allocation basis of shared costs was 80.0% (PGM concentrates) and 20.0% (chrome concentrate) for the year ended 30 September 2021.

Cost of sales includes a charge for the write off of property, plant and equipment totalling US$1.3 million (2021: US$5.0 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 2022**

## 4. OPERATING SEGMENTS (continued)

### (i) Revenue from external customers

| 2022 | PGM US$'000 | Chrome US$'000 | Agency and trading US$'000 | Manufacturing US$'000 | Total US$'000 |
|---|---|---|---|---|---|
| South Africa | **346 781** | **47 276** | **4 040** | **2 703** | **400 800** |
| China | **-** | **96 388** | **24 554** | **-** | **120 942** |
| Singapore | **-** | **79 779** | **5 485** | **-** | **85 264** |
| Hong Kong | **-** | **59 536** | **1 433** | **-** | **60 969** |
| Australia | **-** | **3 358** | **-** | **-** | **3 358** |
| Japan | **-** | **8 748** | **4 846** | **-** | **13 594** |
| Other countries | **-** | **93** | **168** | **808** | **1 069** |
| | **346 781** | **295 178** | **40 526** | **3 511** | **685 996** |
| 2021 | | | | | |
| 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 |

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% (2021: 5.0%) of the Group's revenues.

| | 2022 Segment | US$'000 | 2021 Segment | US$'000 |
|---|---|---|---|---|
| Customer 1 | **PGM** | **262 073** | PGM | 296 020 |
| Customer 2 | **PGM and Agency and trading** | **84 449** | PGM and Agency and trading | 57 518 |
| Customer 3 | **Chrome** | **53 721** | Chrome and Agency and trading | 41 036 |
| Customer 4 | **Chrome and Agency and trading** | **49 160** | Chrome | 40 661 |
| Customer 5 | **Chrome and Agency and trading** | **37 487** | Chrome | 35 167 |

| (ii) Specified non-current assets | 2022 US$'000 | 2021 US$'000 |
|---|---|---|
| South Africa | **350 008** | 373 418 |
| Zimbabwe | **220 152** | 19 874 |
| Cyprus | **360** | 385 |
| | **570 520** | 393 677 |

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 2022**

## 5. REVENUE

| 2022 | 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 | **360 082** | **204 178** | **29 856** | **-** | **594 116** |
| Quality and quantity adjustments | **(27 573)** | **(1 751)** | **(24)** | **-** | **(29 348)** |
| Revenue based on fixed selling prices | **-** | **47 276** | **3 926** | **3 511** | **54 713** |
| **Revenue recognised over time** | | | | | |
| Freight services | **-** | **45 475** | **6 768** | **-** | **52 243** |
| **Revenue from contracts with customers** | **332 509** | **295 178** | **40 526** | **3 511** | **671 724** |
| Fair value adjustments (refer to note 21) | **14 272** | **-** | **-** | **-** | **14 272** |
| **Total revenue** | **346 781** | **295 178** | **40 526** | **3 511** | **685 996** |
| 2021 | | | | | |
| Revenue recognised at a point in time | | | | | |
| Variable revenue based on initial results | 375 036 | 138 169 | 26 539 | - | 539 744 |
| Quality and 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 (refer to note 21) | (6 298) | - | - | - | (6 298) |
| Total revenue | 353 388 | 203 875 | 36 494 | 2 588 | 596 345 |

During the year ended 30 September 2022, revenue from freight services of US$2.4 million (2021: US$2.1 million) was recognised which was classified as a contract liability at 30 September 2021 (2021: 30 September 2020).

## 6. COST OF SALES

| 2022 | Mining US$'000 | Processing US$'000 | Manufacturing US$'000 | Total US$'000 |
|---|---|---|---|---|
| Drill and blast | **26 842** | **-** | **-** | **26 842** |
| Load and haul | **25 379** | **-** | **-** | **25 379** |
| Diesel | **36 707** | **-** | **-** | **36 707** |
| Maintenance | **29 964** | **-** | **-** | **29 964** |
| Salaries and wages | **29 172** | **16 376** | **1 277** | **46 825** |
| Provident fund contributions | **3 738** | **2 109** | **118** | **5 965** |
| Mining contractor | **2 210** | **-** | **-** | **2 210** |
| Depreciation | **21 303** | **15 186** | **104** | **36 593** |
| Cost of commodities | **20 270** | **-** | **-** | **20 270** |
| Write off of property, plant and equipment | **1 313** | **-** | **-** | **1 313** |
| Utilities | **-** | **16 408** | **50** | **16 458** |
| Materials and consumables | **-** | **19 927** | **2 073** | **22 000** |
| Overheads | **-** | **6 528** | **235** | **6 763** |
| Contractor and equipment hire | **-** | **14 840** | **-** | **14 840** |
| | **196 898** | **91 374** | **3 857** | **292 129** |
| State royalties | | | | **31 082** |
| Change in inventories – finished products and ore stockpile | | | | **(14 631)** |
| Selling costs | | | | **79 513** |
| Freight services | | | | **52 243** |
| Cost of sales | | | | **440 336** |

## 6. COST OF SALES (continued)

| 2021 | Mining US$'000 | Processing* US$'000 | Manufacturing* US$'000 | Total US$'000 |
|---|---|---|---|---|
| Drill and blast | 29 573 | - | - | 29 573 |
| Load and haul | 26 197 | - | - | 26 197 |
| Diesel | 25 614 | - | - | 25 614 |
| Maintenance | 28 160 | - | - | 28 160 |
| Salaries and wages | 26 980 | 13 879 | 1 243 | 42 102 |
| Provident fund contributions | 3 727 | 1 861 | 163 | 5 751 |
| Depreciation | 18 932 | 15 993 | 92 | 35 017 |
| Cost of commodities | 23 156 | - | - | 23 156 |
| Write off of property, plant and equipment | 4 950 | - | - | 4 950 |
| Utilities | - | 15 056 | 73 | 15 129 |
| Materials and consumables | - | 17 853 | 3 531 | 21 384 |
| Overheads | - | 2 956 | 460 | 3 416 |
| Contractor and equipment hire | - | 12 115 | - | 12 115 |
| | 187 289 | 79 713 | 5 562 | 272 564 |
| State royalties | | | | 23 788 |
| Change in inventories – finished products and ore stockpile | | | | (11 585) |
| Selling costs | | | | 69 752 |
| Freight services | | | | 34 407 |
| Cost of sales | | | | 388 926 |

* The manufacturing cost of sales were previously disclosed as part of processing cost of sales. For improved disclosure and to be consistent with disclosure for the year ended 30 September 2022, the manufacturing cost of sales were disaggregated. The disaggregation of the disclosure had no impact on the net profit after tax and earnings per share for the year ended 30 September 2021.

## 7. OTHER OPERATING EXPENSES

| | **2022 US$'000** | 2021 US$'000 |
|---|---|---|
| Directors and staff costs | | |
| Non-Executive Directors | **642** | 631 |
| Employees: salaries | **19 215** | 17 504 |
| bonuses | **2 889** | 1 831 |
| provident fund, medical aid and other contributions | **2 226** | 1 823 |
| | **24 972** | 21 789 |
| Audit – external audit services | **808** | 579 |
| Bank charges and related fees | **774** | 809 |
| Consulting and business development cost | **1 798** | 2 082 |
| Corporate and social investment | **247** | 246 |
| Depreciation | **2 203** | 1 007 |
| Equity-settled share-based payment expense | **1 709** | 3 560 |
| Internal audit | **20** | 91 |
| Expected credit loss allowance | **47** | 100 |
| Consumables and repairs and maintenance | **2 138** | - |
| Impairment of goodwill (note 10) | **1 852** | - |
| Impairment of property, plant and equipment | **8 366** | - |
| Write offs of property, plant and equipment | **15** | - |
| Loss on disposal of property, plant and equipment | **1 482** | - |
| Listing fees and investor relations | **735** | 346 |
| Health and safety | **2 572** | 1 818 |
| Insurance | **3 318** | 2 619 |
| Legal and professional | **1 653** | 1 763 |
| Office administration, rent and utilities | **1 747** | 1 557 |
| Research and development | **692** | 605 |
| Security | **1 036** | 919 |
| Telecommunications and IT related | **4 471** | 3 929 |
| Training | **499** | 403 |
| Travelling and accommodation | **333** | 94 |
| Sundry | **393** | 506 |
| | **63 880** | 44 822 |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
**for the year ended 30 September 2022**

## 8. TAX

| | **2022 US$'000** | 2021 US$'000 |
|---|---|---|
| Corporate income tax for the year | | |
| Cyprus | **4 121** | 1 774 |
| South Africa | **36 474** | 5 895 |
| | **40 595** | 7 669 |
| Special contribution for defence in Cyprus* | **1** | - |
| Deferred tax: originating and reversal of temporary differences | **9 899** | 44 814 |
| Dividend withholding tax | **2 572** | 1 231 |
| Tax charge | **53 067** | 53 714 |

* 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** | **2022** | 2021 |
|---|---|---|
| Cyprus | **12.5%** | 12.5% |
| South Africa | **28.0%** | 28.0% |
| Zimbabwe* | **-** | - |
| Guernsey | **0.0%** | 0.0% |
| 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:** | **2022 US$'000** | 2021 US$'000 | **2022 US$'000** | 2021 US$'000 |
|---|---|---|---|---|
| Profit before tax | **220 223** | 185 255 | **220 223** | 185 255 |
| Notional tax on profit before tax, calculated at the Cypriot/South African income tax rate of 12.5%/28.0% (2021: 12.5%/28.0%) | **27 528** | 23 157 | **61 662** | 51 871 |
| Tax effects of: | | | | |
| Different tax rates from the standard Cypriot/South African income tax rate | **27 722** | 26 989 | **(3 716)** | (6 097) |
| Impact of change in South African tax rate – deferred tax | **(1 486)** | - | **(3 333)** | - |
| Tax exempt income | | | | |
| Gain on business combination | **(6 049)** | - | **(13 550)** | - |
| Fair value adjustments | **-** | (722) | **-** | (1 616) |
| Interest received | **(50)** | (6) | **(113)** | (14) |
| Currency gains | **(55)** | (37) | **(127)** | (82) |
| Other | **-** | (5) | **-** | (11) |
| Non-deductible expenses | | | | |
| Share of loss of equity-accounted investments | **654** | 31 | **1 464** | 70 |
| Fair value adjustments | **734** | - | **1 644** | - |
| Investment related expenses | **1 014** | 558 | **2 271** | 1 249 |
| Interest paid | **30** | - | **70** | - |
| Currency losses | **27** | 192 | **98** | 430 |
| Capital expenses | **147** | 240 | **322** | 538 |
| Impairment of goodwill (note 10) | **232** | - | **519** | - |
| Impairment of property, plant and equipment (note 10) | **539** | - | **1 208** | - |
| Special contribution for defence in Cyprus | **1** | 2 | **2** | 5 |
| Dividend withholding tax - accrued preference dividends | **444** | 2 068 | **995** | 4 577 |
| Dividend withholding tax - current year dividends | **184** | 1 232 | **411** | 2 760 |
| Deferred tax - unremitted distributable reserves of foreign subsidiaries | **1 252** | - | **2 804** | - |
| Prior year under provision of current income tax | **102** | - | **229** | - |
| Deferred tax not raised: assessed losses | **89** | - | **199** | - |
| Recognition of deemed interest income for tax purposes | **8** | 15 | **8** | 34 |
| Tax charge | **53 067** | 53 714 | **53 067** | 53 714 |

## 8. TAX (continued)

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% (2021: 5.0%) is charged on dividends declared. The Group's consolidated effective tax rate for the year ended 30 September 2022 was 24.1% (2021: 29.0%).

At 30 September 2022, the Group's unredeemed capital balance available for offset against future mining taxable income in South Africa was fully utilised (2021: fully utilised).

Effective for the 2023 financial year, the South African corporate tax rate will decrease from 28.0% to 27.0%. For the year ended 30 September 2022, the Group's South African deferred tax assets and liabilities have been adjusted by applying the newly enacted 27.0% South African corporate tax rate.

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. At 30 September 2022, the Group had unutilised tax losses of US$0.7 million (2021: US$nil) available for offset against future taxable income. No deferred tax asset has been raised as it is doubtful whether future taxable profits will exist for offset against these tax losses. The tax losses don't expire provided that the entity remains operational.

## 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.

| | **2022** | 2021 |
|---|---|---|
| **Basic and diluted earnings per share** | | |
| Profit for the year attributable to ordinary shareholders (US$'000) | **153 881** | 100 469 |
| Weighted average number of issued ordinary shares for basic earnings per share ('000) | **285 776** | 268 859 |
| Dilutive impact of SARS ('000) | **125** | 599 |
| Weighted average number of issued ordinary shares for diluted earnings per share ('000) | **285 901** | 269 458 |
| **Earnings per share** | | |
| Basic (US$ cents) | **53.8** | 37.4 |
| Diluted (US$ cents) | **53.8** | 37.3 |
| **Headline and diluted headline earnings per share** | | |
| Headline earnings for the year attributable to ordinary shareholders (US$'000) | **117 393** | 103 107 |
| **Headline earnings per share** | | |
| Basic (US$ cents) | **41.1** | 38.3 |
| Diluted (US$ cents) | **41.1** | 38.3 |

| **Reconciliation of profit to headline earnings** | **2022** | | | | 2021 |
|---|---|---|---|---|---|
| | **Gross US$'000** | **Tax US$'000** | **Non-controlling interest US$'000** | **Net US$'000** | Net US$'000 |
| Profit attributable to ordinary shareholders | | | | **153 881** | 100 469 |
| Adjustments: | | | | | |
| Gain on acquisition: fair value re-measurement of existing 28.38% shareholding | **(33 503)** | **-** | **-** | **(33 503)** | - |
| Gain on acquisition: purchase of shares at a discount | **(14 888)** | **-** | **-** | **(14 888)** | - |
| Write off of property, plant and equipment | **1 328** | **(372)** | **(304)** | **652** | 2 638 |
| Impairment of property, plant and equipment | **8 366** | **(34)** | **-** | **8 332** | |
| Impairment of goodwill | **1 852** | **-** | **-** | **1 852** | |
| Loss on disposal of property, plant and equipment | **1 482** | **(415)** | **-** | **1 067** | - |
| Headline earnings | | | | **117 393** | 103 107 |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**for the year ended 30 September 2021**

**10. PROPERTY, PLANT AND EQUIPMENT**

| 30 September 2022 | Freehold land and buildings US$'000 | Mineral rights US$'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 2021 | 19 293 | - | 396 901 | 99 585 | 16 790 | 2 331 | 4 249 | 1 014 | 1 968 | 542 131 |
| Additions | 7 559 | - | 59 243 | 34 794 | - | 1 005 | 1 929 | 484 | - | 105 014 |
| Lease agreements entered into | - | - | - | - | 163 | - | - | - | 59 | 222 |
| Business combination (note 20) | - | 201 750 | 1 570 | - | - | 152 | 18 | 20 | - | 203 510 |
| Disposals | - | - | (790) | (5 486) | - | (18) | (4) | (2) | - | (6 300) |
| Re-measurement | - | - | - | - | 4 | - | - | - | 4 | 8 |
| Write offs | (3) | - | (87) | (5 219) | - | - | (196) | (8) | - | (5 513) |
| Transfers | 494 | - | 399 | 8 277 | (8 765) | 18 | (429) | 6 | - | - |
| Exchange differences on translation | (4 143) | - | (69 907) | (20 680) | (1 736) | (499) | (1 370) | (182) | (298) | (98 815) |
| **Balance at 30 September 2022** | 23 200 | 201 750 | 387 329 | 111 271 | 6 456 | 2 989 | 4 197 | 1 332 | 1 733 | 740 257 |
| **Accumulated depreciation and impairment** | | | | | | | | | | |
| Balance at 30 September 2021 | 1 353 | - | 105 512 | 39 744 | 8 977 | 730 | 3 780 | 509 | 1 065 | 161 670 |
| Depreciation charge for the year | 257 | - | 16 566 | 18 325 | 1 663 | 400 | 1 087 | 167 | 331 | 38 796 |
| Business combination (note 20) | - | - | 17 | - | - | 65 | 10 | 9 | - | 101 |
| Disposals | - | - | (106) | (2 967) | - | (13) | (3) | (2) | - | (3 091) |
| Write offs | (3) | - | (37) | (3 943) | - | - | (193) | (9) | - | (4 185) |
| Impairment | - | - | 8 356 | - | - | 6 | - | 4 | - | 8 366 |
| Transfers | - | - | - | 5 394 | (5 394) | - | 16 | (16) | - | - |
| Exchange differences on translation | (254) | - | (19 818) | (8 738) | (1 036) | (166) | (703) | (80) | (185) | (30 980) |
| **Balance at 30 September 2022** | 1 353 | - | 110 490 | 47 815 | 4 210 | 1 022 | 3 994 | 582 | 1 211 | 170 677 |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**for the year ended 30 September 2021**

## 10. PROPERTY, PLANT AND EQUIPMENT (continued)

| 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 | - | 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 |
| Depreciation charge for the year | 267 | 16 244 | 14 803 | 3 028 | 190 | 972 | 128 | 392 | 36 024 |
| Business combination | - | 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 |

## 10. PROPERTY, PLANT AND EQUIPMENT (continued)

| Net book value | 2022 US$'000 | 2021 US$'000 |
|---|---|---|
| Freehold land and buildings | **21 847** | 17 940 |
| Mineral right | **201 750** | - |
| Mining assets and infrastructure | **276 839** | 291 389 |
| Mining fleet | **63 456** | 59 841 |
| Right-of-use mining fleet | **2 246** | 7 813 |
| Motor vehicles | **1 967** | 1 601 |
| Computer equipment and software | **203** | 469 |
| Office equipment and furniture, community and site office improvements | **750** | 505 |
| Right-of-use buildings and premises | **522** | 903 |
| | **569 580** | 380 461 |

Included in additions to mining assets and infrastructure are additions to the deferred stripping asset of US$15.1 million (2021: US$25.8 million).

The estimated economically recoverable proved and probable mineral reserve of Tharisa Minerals Proprietary Limited was reassessed at 18 November 2021 which gave rise to a change in accounting estimate. Following an annual review of its Minerals Resource and Mineral Reserve statement, the open pit life of mine was extended by seven years. The remaining reserve that management had previously assessed was 97.5 Mt (at 1 October 2020). At 18 November 2021, the remaining reserve was assessed to be 113.6 Mt. As a result, the expected useful life of the plant, included in mining assets and infrastructure, increased. The impact of the change on the actual depreciation expense, included in cost of sales, is a reduced depreciation charge of US$2.1 million. The change in estimate was recognised prospectively.

Included in mining assets and infrastructure are projects under construction of US$28.7 million (2021: US$61.0 million and included in computer equipment and software were projects under construction of US$0.5 million).

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 2022 (2021: no capitalisation of borrowing costs).

**Capital commitments**
At 30 September 2022, the Group's capital commitments for contracts to purchase property, plant and equipment amounted to US$32.0 million (2021: US$31.9 million).

**Securities**
At 30 September 2022, the majority of the Group's mining fleet was pledged as security against the asset backed facilities (refer to note 17).

**Write offs**
During the year ended 30 September 2022, the Group scrapped individual assets with net book values totalling US$1.3 million (2021: US$5.0 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.

**Impairment of assets**
During the year ended 30 September 2022, it became evident that the operational performance of MetQ Proprietary Limited ('MetQ') is not as expected and the Group believes that an impairment indicator is present. MetQ was tested for impairment on a MetQ CGU level by using its value in use. The recoverable amounts of the CGU with a net book value of US$2.0 million were calculated and amount to US$1.4 million at 30 September 2022. Consequently, a provision for impairment of US$0.6 million was recognised in other operating costs. An impairment charge of US$0.4 million was firstly allocated to the goodwill within the CGU and the remaining amount of the impairment charge has been allocated to property, plant and equipment within the mining assets and infrastructure (US$113 thousand), motor vehicles (US$6 thousand) and office equipment and furniture (US$6 thousand) asset categories. The cash flows were discounted using a real discount rate of 12.6%. The MetQ CGU forms part of the manufacturing segment.

## 10. PROPERTY, PLANT AND EQUIPMENT (continued)

**Impairment of assets (continued)**

Effective 1 July 2022, the Zimbabwean government enacted an export ban on chrome concentrates to support the local beneficiation industry. Local downstream selling prices of chrome concentrates are unfavourable to Salene Chrome Zimbabwe (Private) Limited ('Salene Chrome') and consequently operations were ceased while allowing the Group to evaluate and develop downstream opportunities. The Group believes that the change in operational circumstances during the year ended 30 September 2022 represents an impairment indicator. The Group performed a value in use calculation on a Salene Chrome CGU level by using a discounted cash flow forecast covering a period of 72 months, which equals the mine plan, a chrome concentrate selling price of US$132 and a weighted average cost of capital of 10.5%. The Group believes that the CGU with a carrying amount of US$12.4 million has a recoverable amount of US$2.8 million and consequently has made a provision for impairment of US$9.6 million. The impairment charge has been recognised in other operating costs. The impairment charge was first allocated to the goodwill within the CGU and the remainder of the impairment charge of US$8.2 million has been allocated to property, plant and equipment within the mining asset and infrastructure asset category. The Salene Chrome CGU forms part of the chrome segment.

## 11. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

The investment accounted for using the equity method represented the investment of 28.38% (2021: 26.8%) of the issued share capital of Karo Mining Holdings plc ('Karo Mining'), a company incorporated in Cyprus. Karo Mining's principal place of business is in Cyprus. The functional and presentation currency of Karo Mining and its subsidiaries is the US$.

As there were certain contractual arrangements requiring decisions about the relevant activities to be unanimous consent, the Group determined that a joint arrangement existed and consequently classified its investment in Karo Mining as a joint venture at 30 September 2021. The Group accounts for joint ventures using the equity method in the consolidated financial statements.

Effective 7 February 2022, the Company acquired an additional 1.58% of the issued share capital of Karo Mining increasing its shareholding to 28.38% for a cash subscription of 22 new ordinary shares for US$5.0 million.

Effective 30 March 2022, the Company acquired a controlling interest in Karo Mining by increasing its shareholding to 66.34% of the issued share capital of Karo Mining. The additional 37.96% of the issued share capital of Karo Mining was acquired from the Leto Settlement, a related party (refer to note 22) for a purchase consideration of US$29.4 million. The purchase consideration was settled through the issue of 13 693 000 new ordinary shares of the Company to the Leto Settlement.

The call option that existed at 30 September 2021 allowing the Company, at its election, to directly subscribe for shares in Karo Platinum (Private) Limited ('Karo Platinum') (up to 40.0% of the issued share capital of Karo Platinum) by way of a farm-in agreement was restructured on 30 March 2022 and replaced by the acquisition of the additional 37.96% in Karo Mining at a discount to the fair value (refer to note 20).

| Investment in Karo Mining | **2022 US$'000** | 2021 US$'000 |
|---|---|---|
| Opening balance | **10 274** | 10 303 |
| Interest capitalised | **112** | 222 |
| Share of total comprehensive loss | **(5 229)** | (251) |
| Additional investment (1.58%) | **4 965** | - |
| Reclassification of loan receivable to other financial assets | **(8 466)** | - |
| Carrying value of pre-existing shareholding prior to the acquisition of controlling interest on 30 March 2022 | **1 656** | 10 274 |
| Acquisition of subsidiary (note 20) | **(1 656)** | - |
| Carrying value | **-** | 10 274 |
| Shares acquired | **-** | 4 500 |
| Loan advance | **-** | 8 353 |
| Total share of comprehensive loss from joint venture | **-** | (2 579) |
| Total investment | **-** | 10 274 |

The Company provided funding of US$8.5 million (including accrued interest) (2021: US$8.4 million) to Karo Mining as a repayable debt facility. The loan, subsequently transferred and held through a wholly-owned subsidiary Arxo Finance plc, was previously classified as part of the investment in Karo Mining. At 30 March 2022 (acquisition date, refer to note 20), the Group reclassified the loan to other financial assets and transferred the loan from Arxo Finance plc to the Company. Subsequent to the acquisition, the loan was eliminated on consolidation. Effective 19 May 2022, Karo Mining converted the loan to ordinary shares and issued an additional 38 new ordinary shares to the Company as consideration. The additional shares issued represented 1.21% of the issued share capital of Karo Mining which increased the Company's shareholding to 67.55%.

## 11. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

| Summarised consolidated financial information of Karo Mining | 2022 US$'000 | 2021 US$'000 |
|---|---|---|
| **Summarised statement of financial position*** | | |
| Non-current assets | 1 659 | 207 |
| Current assets (excluding cash and cash equivalents) | 339 | 360 |
| Cash and cash equivalents | 4 984 | 54 |
| Loan payable | (8 466) | (8 353) |
| Other financial liabilities | (17 879) | - |
| Trade and other payables and income tax payable | (3 741) | (1 892) |
| Net deficit (100%) | (23 104) | (9 624) |
| **Summarised statement of comprehensive income*** | | |
| Operating expenses | (444) | (696) |
| Option granted to NCI to call upon shares in Karo Platinum (Private) Limited | (17 879) | - |
| Finance costs | (112) | (223) |
| Tax | (10) | (19) |
| Total comprehensive loss | (18 445) | (938) |
| **Summarised statement of changes in equity*** | | |
| Opening balance | (9 624) | (8 686) |
| Shares issued during the period | 4 965 | - |
| Net loss for the period/year | (18 445) | (938) |
| Balance at the end of the period/year | (23 104) | (9 624) |

* Balances are reflected at 30 March 2022 immediately prior to the acquisition of a controlling shareholding in Karo Mining.

## 12. INVENTORIES

| | 2022 US$'000 | 2021 US$'000 |
|---|---|---|
| Finished products | 31 778 | 15 972 |
| Ore stockpile | 19 939 | 17 553 |
| Consumables | 25 085 | 25 533 |
| | 76 802 | 59 058 |
| Net realisable value write down | (3 562) | (789) |
| Total carrying amount | 73 240 | 58 269 |

Inventories are stated at the lower of cost or net realisable value. Low-grade chrome concentrates to the value of US$1.6 million (2021: US$1.2 million) are carried at the realisable value after a net realisable value write down of US$0.7 million (2021: US$0.1 million). The net realisable write down was allocated to the chrome segment.

Certain PGM finished products were provided for in full to the value of US$2.0 million (2021: US$0.7 million). The provision was allocated to the PGM segment.

In addition, certain consumables and spares were provided for during the year ended 30 September 2022 as their operational use became doubtful. The provision to the value of US$0.9 million (2021: no provision) is allocated 70.0% and 30.0% to the PGM and chrome operating segments respectively.

## 13. TRADE AND OTHER RECEIVABLES

| | 2022 US$'000 | 2021 US$'000 |
|---|---|---|
| Trade receivables | 54 925 | 33 596 |
| PGM discounting receivable | 76 750 | 77 286 |
| Total trade receivables | 131 675 | 110 882 |
| Other receivables – related parties (refer to note 22) | 57 | 1 951 |
| Deposits, prepayments and other receivables | 4 342 | 8 901 |
| Accrued income | 4 660 | 2 902 |
| Value added tax receivable (VAT) | 8 935 | 11 918 |
| | 149 669 | 136 554 |

# NOTES TO THE FINANCIAL STATEMENTS

**for the year ended 30 September 2021**

### 13. TRADE AND OTHER RECEIVABLES (continued)

| The table below summarises the maturity of trade receivables: | **2022 US$'000** | 2021 US$'000 |
|---|---|---|
| Current | **130 916** | 109 986 |
| Less than 90 days past due but not impaired | **390** | 53 |
| Greater than 90 days past due but not impaired | **369** | 843 |
| | **131 675** | 110 882 |

At 30 September 2022, the Group had certain unresolved tax matters. Included in the VAT receivable, is an amount of US$4.6 million (ZAR82.3 million) (2021: 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$3.0 million) and May 2017 to February 2018 (US$1.6 million).

### 14. CASH AND CASH EQUIVALENTS

| | **2022 US$'000** | 2021 US$'000 |
|---|---|---|
| Bank balances | **106 873** | 72 945 |
| Short-term bank deposits and money market investments | **36 427** | 10 491 |
| | **143 300** | 83 436 |

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 2022, an amount of US$2.1 million (2021: US$1.0 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 (2021: US$0.3 million) was provided as security against certain credit facilities of the Group.

### 15. SHARE CAPITAL AND RESERVES

| **Share capital** | **30 September 2022 Number of Shares** | **US$'000** | 30 September 2021 Number of Shares | US$'000 |
|---|---|---|---|---|
| **Authorised – ordinary shares of US$0.001 each** | | | | |
| As at 30 September | **10 000 000 000** | **10 000** | 10 000 000 000 | 10 000 |
| **Authorised – convertible redeemable preference shares of US$1 each** | | | | |
| As at 30 September | **1 051** | **1** | 1 051 | 1 |
| **Issued** | | | | |
| **Ordinary shares** | | | | |
| Balance at the beginning of the year | **275 000 000** | **275** | 275 000 000 | 275 |
| Issued during the year | **27 596 743** | **28** | - | - |
| Balance at the end of the year | **302 596 743** | **303** | 275 000 000 | 275 |
| **Treasury shares** | | | | |
| Balance at the beginning of the year | **3 715 621** | **4** | 6 523 686 | 6 |
| Transferred as part of management share award plans | **(865 243)** | **(1)** | (2 808 065) | (2) |
| Balance at the end of the year | **2 850 378** | **3** | 3 715 621 | 4 |
| **Issued and fully paid** | **299 746 365** | **300** | 271 284 379 | 271 |
| **Share premium** | | | | |
| Balance at the beginning of the year | **271 284 379** | **289 547** | 268 476 314 | 286 660 |
| Shares issued | **28 461 986** | **56 050** | 2 808 065 | 2 887 |
| Balance at the end of the year | **299 746 365** | **345 597** | 271 284 379 | 289 547 |
| Total share capital and premium | | **345 897** | | 289 818 |

## 15. SHARE CAPITAL AND RESERVES (continued)

**Share capital**
During the year ended 30 September 2022, the Company issued 13 693 000 ordinary shares to The Leto Settlement, a related party, as consideration for the controlling interest in Karo Mining Holdings plc (refer to note 20). In addition, the Company issued 10 695 187 and 3 208 556 ordinary shares to Thari Resources Proprietary Limited and The Tharisa Community Trust respectively, both related parties, as consideration for the acquisition of the non-controlling interest in Tharisa Minerals Proprietary Limited.

During the year ended 30 September 2022, 865 243 (2021: 2 808 065) 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 2022, 2 850 378 (2021: 3 715 621) 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.

**Non-controlling interests**
Non-controlling interests at 30 September 2022 comprise amounts attributable to the Government of Zimbabwe for its 15% share in Karo Platinum (Private) Limited as well as amounts attributable to the Leto Settlement for its 30% share in Karo Mining Holdings plc.

Non-controlling interests at 30 September 2021 comprised amounts attributable to Black Economic Empowerment shareholders in South Africa for their respective shareholding in the ordinary shares of Tharisa Minerals Proprietary Limited together with associated foreign exchange translations.

The non-controlling interest share of total comprehensive income for the year amounts to US$9.5 million (2021: US$38.5 million).

**Acquisition of non-controlling interest of Tharisa Minerals (Proprietary) Limited**
Effective 16 February 2022, the Company acquired 20.0% of the issued share capital of Tharisa Minerals (Proprietary) Limited ('Tharisa Minerals') for a purchase consideration of US$19.9 million (ZAR300.0 million) from Thari Resources Proprietary Limited, a related party (refer to note 22). The purchase consideration was settled through the issue of 10 695 187 new ordinary shares in the Company. Post the acquisition, the Company owned 94.0% of the issued ordinary shares of Tharisa Minerals.

On 20 May 2022, the Company purchased the remaining 6.0% of the issued ordinary shareholding of Tharisa Minerals from the Tharisa Community Trust for a purchase consideration of US$5.7 million (ZAR90.0 million) with the purchase consideration being settled through the issue of 3 208 556 new ordinary shares in the Company.

| | **2022 US$'000** |
|---|---|
| Shares issued as consideration | **25 627** |
| Reduction in non-controlling interest | **(16 473)** |
| Reduction to equity attributable to ordinary shareholders | **9 154** |

**Increase in shareholding in Karo Mining Holdings plc ('Karo Mining')**
The Company acquired the controlling interest in Karo Mining at 30 March 2022 (refer to note 20) increasing its shareholding to 66.34%. Subsequent to the acquisition, the Company subscribed for additional new shares issued by Karo Mining, increasing its shareholding to 70.0% at 30 September 2022.

| | **2022 US$'000** |
|---|---|
| Consideration for additional new shares issued by Karo Mining | **-** |
| Reduction in non-controlling interest | **(4 509)** |
| Increase to equity attributable to ordinary shareholders | **4 509** |

# NOTES TO THE FINANCIAL STATEMENTS

**for the year ended 30 September 2021**

## 16. 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.

| | **2022** | | | 2021 | | |
|---|---|---|---|---|---|---|
| **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 | **13 737** | **6 194** | **19 931** | 6 181 | 8 503 | 14 684 |
| Recognised in profit and loss | **(6 071)** | **-** | **(6 071)** | 6 333 | - | 6 333 |
| Capitalised/(reversal) to mining assets and infrastructure | **-** | **(622)** | **(622)** | - | (4 182) | (4 182) |
| Unwinding of discount | **1 197** | **543** | **1 740** | 649 | 893 | 1 542 |
| Exchange differences | **(1 673)** | **(929)** | **(2 602)** | 574 | 980 | 1 554 |
| Closing balance | **7 190** | **5 186** | **12 376** | 13 737 | 6 194 | 19 931 |

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

| **30 September 2022** | **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 | **13 737** | **918** | **(5 792)** | **(1 673)** | **7 190** |
| Provision for decommissioning | **6 194** | **1 132** | **(1 211)** | **(929)** | **5 186** |
| | **19 931** | **2 050** | **(7 003)** | **(2 602)** | **12 376** |
| 30 September 2021 | | | | | |
| 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 |

The current estimated rehabilitation cost to be incurred taking escalation factors into account is US$41.3 million (ZAR745.9 million) (2021: US$60.5 million (ZAR911.1 million)). The estimate was calculated by an independent external expert. The change 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. Refer to note 23.

The current estimated rehabilitation cost is projected to a future value based on a weighted average long-term inflation rate of 6.81% (2021: 6.87%). The net present value of the rehabilitation estimated future value is discounted based on a weighted average SWAP curve. The calculated interest rate was 9.61% (2021: 9.64%). 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.

## 17. BORROWINGS

| *Non-current* | **2022 US$'000** | 2021 US$'000 |
|---|---|---|
| Asset backed facilities | **21 262** | 17 258 |
| Lease liabilities | **1 786** | 2 273 |
| Property loans | **-** | 617 |
| Loan from related party | **-** | 442 |
| | **23 048** | 20 590 |
| *Current* | | |
| Asset backed facilities | **13 681** | 11 227 |
| Lease liabilities | **1 793** | 3 112 |
| Property loans | **553** | 47 |
| Loan from related party | **-** | 100 |
| Bank credit facilities | **23 809** | 1 774 |
| | **39 836** | 16 260 |

The fair value of borrowings approximates its carrying amounts as the interest rates charged are variable and considered to be market related. At 30 September 2022, the Group has unutilised borrowing facilities available of US$31.2 million (2021: US$28.8 million).

**Asset backed facilities**
Asset backed facilities comprise of the equipment loan facility, the loan from Atrafin, the commercial asset finance and the Wesbank revolving facility. These facilities were disclosed on a disaggregated basis for the year ended 30 September 2021. Since the purpose of these facilities are similar in nature, all utilised for acquiring equipment which serves as security against these facilities, these facilities have been disclosed on an aggregated basis for the year ended 30 September 2022. The aggregation of the disclosure had no impact on the balance sheet as at 30 September 2021 nor any impact on the net profit after tax and earnings per share for the year ended 30 September 2021.

| | **2022 US$'000** | 2021 US$'000 |
|---|---|---|
| **Non-current** | | |
| Equipment loan facility | **12 725** | 14 307 |
| Atrafin loan | **2 143** | 2 951 |
| Commercial asset finance | **5 407** | - |
| Revolving facility | **987** | - |
| **Asset backed facilities** | **21 262** | 17 258 |
| **Current liabilities** | | |
| Equipment loan facility | **10 974** | 10 527 |
| Atrafin loan | **812** | 700 |
| Commercial asset finance | **1 478** | - |
| Revolving facility | **417** | - |
| **Asset backed facilities** | **13 681** | 11 227 |

**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. On 2 June 2022, the interest rate was changed from the one-month US Libor to the one-month Secured Overnight Finance Rate ('SOFR'). The total facility amounts to US$35 million (2021: US$30 million), bears interest rates between the one-month SOFR plus 325 basis points and the one-month SOFR plus 350 basis points (2021: one-month US Libor plus 325 basis points and 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 2022 and 30 September 2021, the Group complied with all financial covenants.

**Atrafin loan**
The loan from Atrafin LLC is for a total amount of US$3.7 million (2021: 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. The balance outstanding at 30 September 2022 amounted to US$3.0 million (2021: US$3.7 million).

## 17. BORROWINGS (continued)

**Commercial Asset Finance**

Tharisa Minerals Proprietary Limited entered into a commercial asset finance facility with Absa Bank Limited to the value of US$8.3 million (ZAR150.0 million) during the year ended 30 September 2021. The balance outstanding at 30 September 2022 amounted to US$6.9 million (2021: US$nil). The facility bears interest at the South African Prime rate less 115 basis points and is repayable monthly in arrears over 48 months. The equipment acquired by utilising this facility serves as security. As part of the commercial asset finance facility, Absa Bank Limited provided Tharisa Minerals Proprietary Limited with a bank overdraft facility to the value of US$8.3 million (ZAR150.0 million). At 30 September 2022, the overdraft facility was available in full.

**Revolving facility**

Tharisa Minerals Proprietary Limited entered into a revolving facility with Wesbank Corporate Finance for a facility of US$6.9 million (ZAR125 million) during the year ended 30 September 2022. The facility bears interest at the RSA prime rate less between 65 and 115 basis points and is repayable monthly in arrears between 36 and 48 months commencing in November 2022. The facility is for financing mining equipment and specifically includes drill rigs and excavators. Such equipment serves as security for the facility.

**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 do not contain a purchase option and that have a lease term of 12 months or less and leases of low-value assets such as computer equipment. Lease expenses of US$0.2 million (2021: US$0.3 million) and US$0.1 million (2021: US$0.1 million) were included in cost of sales and other operating expenses respectively for the year ended 30 September 2022.

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 2022, the remaining term of these leases vary between one and five and a half years (2021: two and four 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 twelve and forty eight months (2021: twenty four and sixty 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 (2021: South African prime interest rate plus 375 basis points). The leases are secured by the mining fleet leased.

| Lease payments due: | **2022 US$'000** | 2021 US$'000 |
|---|---|---|
| Within one year | **2 030** | 3 406 |
| Two to five years | **1 883** | 2 505 |
| | **3 913** | 5 911 |
| Less future finance charges | **(334)** | (526) |
| Present value of lease payments due | **3 579** | 5 385 |
| Present value of lease payments due: | | |
| Within one year | **1 793** | 3 112 |
| Two to five years | **1 786** | 2 273 |
| | **3 579** | 5 385 |

**Property loans**

As part of the acquisition of MetQ Proprietary Limited during the year ended 30 September 2020, 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 are repayable upon securing external financing. 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 the one-month SOFR plus 165 basis points and the one-month SOFR plus 305 basis points and the one-month US Libor plus 1.6%, (2021: one-month US Libor plus 1.6% pa and three-month US Libor plus 3.05% 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. The loan was settled in full during the year ended 30 September 2022

## 17. BORROWINGS (continued)

| | Asset backed facilities US$'000 | Lease liabilities US$'000 | Bank credit facilities US$'000 | Property loans US$'000 | Loan from related party US$'000 | Total borrowings US$'000 | Total borrowings US$'000 |
|---|---|---|---|---|---|---|---|
| **Balance 30 September 2021** | **28 485** | **5 385** | **1 774** | **664** | **542** | **36 850** | 70 613 |
| **Changes from financing cash flows** | | | | | | | |
| Advances: bank credit facilities | **-** | **-** | **209 904** | **-** | **-** | **209 904** | 115 174 |
| Repayment: bank credit facilities | **-** | **-** | **(187 878)** | **-** | **-** | **(187 878)** | (130 727) |
| Net proceeds/(repayment of) bank credit facilities | **-** | **-** | **22 026** | **-** | **-** | **22 026** | (15 553) |
| Advances received | **20 942** | **-** | **-** | **-** | **-** | **20 942** | 26 787 |
| Repayment of borrowings | **(13 906)** | **-** | **-** | **-** | **(500)** | **(14 406)** | (48 208) |
| Principal lease payments | **-** | **(3 793)** | **-** | **-** | **-** | **(3 793)** | (4 597) |
| Repayment of interest | **(1 403)** | **(406)** | **(306)** | **-** | **(55)** | **(2 170)** | (2 031) |
| **Changes from financing cash flows** | **5 633** | **(4 199)** | **21 720** | **-** | **(555)** | **22 599** | (43 602) |
| **Foreign currency translation differences** | **(6 358)** | **(766)** | **-** | **(111)** | **-** | **(7 235)** | 6 202 |
| **Liability-related changes** | | | | | | | |
| Lease agreements entered into | **-** | **2 712** | **-** | **-** | **-** | **2 712** | 2 354 |
| Re-measurement of lease liabilities | **-** | **8** | **-** | **-** | **-** | **8** | 214 |
| Business combination | **-** | **-** | **-** | **-** | **-** | **-** | 529 |
| Interest expense | **1 515** | **448** | **315** | **-** | **13** | **2 291** | 2 330 |
| Revaluation of foreign denominated loan | **5 668** | **(9)** | **-** | **-** | **-** | **5 659** | (1 790) |
| **Total liability-related changes** | **7 183** | **3 159** | **315** | **-** | **13** | **10 670** | 3 637 |
| **Balance at 30 September 2022** | **34 943** | **3 579** | **23 809** | **553** | **-** | **62 884** | 36 850 |
| Non-current borrowings | **21 262** | **1 786** | **-** | **-** | **-** | **23 048** | 20 590 |
| Current borrowings | **13 681** | **1 793** | **23 809** | **553** | **-** | **39 836** | 16 260 |
| **Total borrowings** | **34 943** | **3 579** | **23 809** | **553** | **-** | **62 884** | 36 850 |

## 18. OTHER FINANCIAL LIABILITIES

| **Non-current liabilities** | *Fair value hierarchy* | **2022 US$'000** | 2021 US$'000 |
|---|---|---|---|
| Option granted to NCI to call upon shares in Karo Platinum (Private) Limited | Level 3 | **16 779** | - |
| **Current liabilities** | | | |
| PGM discount facility hedging derivative | Level 2 | **337** | - |
| Forward exchange contracts | Level 2 | **189** | 485 |
| | | **526** | 485 |

**Option granted to NCI to call upon shares in Karo Platinum (Private) Limited** (refer to note 20)
As part of the Amendment to the Project Framework Agreement, the Republic of Zimbabwe has an option to increase its shareholding in Karo Platinum (Private) Limited ('Karo Platinum') by 11.0% exercisable after 24 months of the signing of the Amendment dated 30 March 2022, but before 36 months, payable in cash at the net present value of Karo Platinum at 30 March 2022. The increase in the shareholding may, at the election of Karo Mining Holdings, be affected either through a sale of shares in Karo Platinum by Karo Zimbabwe Holdings (Private) Limited or by means of a share subscription by the Republic of Zimbabwe. This shareholding will not be on a free funded carry basis.

## 19. TRADE AND OTHER PAYABLES

| | 2022 US$'000 | 2021 US$'000 |
|---|---|---|
| Trade payables | **42 753** | 44 467 |
| Accrued expenses | **24 982** | 22 767 |
| Leave pay accrual | **4 932** | 5 328 |
| Value added tax payable | **89** | 261 |
| Provision for mining royalty | **50 444** | 30 953 |
| Other payables – related parties (note 22) | **113** | 509 |
| Other payables | **587** | 281 |
| | **123 900** | 104 566 |

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

**Acquisition of Karo Mining Holdings plc**

Effective 30 March 2022, the Group acquired an additional 37.96% of the issued share capital of Karo Mining Holdings plc ('Karo Mining'), a company incorporated in Cyprus. The investment in Karo Mining previously was recognised as an investment accounted for using the equity method (note 11). Following the acquisition of the controlling interest in Karo Mining, the Group's shareholding in Karo Mining was 66.34%.

The additional 37.96% of the issued share capital of Karo Mining was acquired from the Leto Settlement, a related party (refer to note 22) for a purchase consideration of US$29.4 million. The purchase consideration was settled through the issue of 13 693 000 new ordinary shares of the Company to the Leto Settlement. The Group determined that the acquisition of Karo Mining represented a business and accordingly accounted for the acquisition as a business combination in terms of IFRS 3.

The Group assessed that from 30 March 2022 it exercises control over Karo Mining. The Group concluded that it has power over Karo Mining as the Group has the ability to appoint the majority of the board of directors of Karo Mining, owns the majority of the issued share capital and has the majority of the decision-making rights over relevant activities. From 30 March 2022, the Group is exposed and has the right to variable returns from Karo Mining which results from its 66.34% shareholding and has the ability to use the shareholding to affect its return on its investment. The Group controls the development activities and is actively involved with the development of Karo Mining and more specifically Karo Platinum.

Effective 30 March 2022, the Investment Project Framework Agreement entered into between the Republic of Zimbabwe and the Leto Settlement was amended by changing the shareholding in Karo Platinum (Private) Limited ('Karo Platinum'), an indirect subsidiary of Karo Mining to 85.0% by Karo Zimbabwe Holdings (Private) Limited and 15.0% by the Republic of Zimbabwe, on a free funded carry basis. Before the amendment, the Republic of Zimbabwe was entitled to a 50.0% shareholding in Karo Platinum. The remaining entities are all indirect wholly owned subsidiaries of Karo Mining.

The table below details Karo Mining's interest in subsidiaries as at 30 March 2022 (acquisition date) and at 30 September 2022 (collectively referred to as 'Karo Group'):

| 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* | 85% | Zimbabwe | Platinum mining, smelting and refining |
| Karo Coal Mines (Private) Limited | 100% | Zimbabwe | Dormant |
| Karo Power Generation (Private) Limited | 100% | Zimbabwe | Power generation |
| Karo Refinery (Private) Limited | 100% | Zimbabwe | Dormant |

*At 30 September 2022 the shares equalling 15.0% of the issued share capital of Karo Platinum has not been transferred to the Republic of Zimbabwe. The Group believes that there are no substantive barriers preventing the shares from being transferred. Consequently, the 15.0% shareholding of the Republic of Zimbabwe in Karo Platinum has been accounted for as non-controlling interest in the acquisition accounting of Karo Mining and subsidiaries.

The transaction cost on the acquisition was US$0.1 million which is classified as other operating expenses.

The fair values of the net identifiable assets acquired were determined independently by using the sum of the parts methodology. The market multiple approach was used to determine the fair value of Karo Platinum (Private) Limited while the net asset value approach was used to determine the fair values of the remaining entities. Since the effective acquisition date is 30 March 2022, the Karo Group's results have been consolidated within the Group's results. Up to the effective acquisition date the Karo Group's results were equity accounted at the Group's proportionate share in the investment (refer to note 11).

**20. BUSINESS COMBINATION (continued)**

Below a summary of the Karo Group's statement of profit or loss for the year ended 30 September 2022 as if the acquisition took place as at 1 October 2021, as well as a summary of Karo Group's statement of profit or loss since the acquisition date for the six-months ended 30 September 2022 included in the consolidated statement of profit or loss for the year ended 30 September 2022.

| | Year ended 30 September 2022 US$'000 | Six months ended 30 September 2022 US$'000 |
|---|---|---|
| Operating expenses | (2 207) | (1 763) |
| Fair value adjustments | (10 909) | 6 970 |
| Finance costs | (139) | (27) |
| Tax | (31) | (21) |
| Net (loss)/profit after tax | (13 286) | (5 159) |

The following table summarises the fair value of the assets and liabilities of the Karo Group comprising Karo Mining and its subsidiaries at the date of acquisition:

| | Fair value recognised on acquisition US$'000 |
|---|---|
| **Assets** | |
| Property, plant and equipment | 203 409 |
| Inventories | 2 |
| Trade and other receivables | 337 |
| Cash and cash equivalents | 4 984 |
| | 208 732 |
| **Liabilities** | |
| Borrowings | (8 466) |
| Other financial liabilities | (17 879) |
| Deferred tax | (30 263) |
| Tax liability | (6) |
| Trade and other payables | (3 735) |
| | (60 349) |
| Total identifiable net assets at fair value | 148 383 |
| Non-controlling interest | (66 181) |
| Total attributable net assets acquired | 82 202 |
| **Consideration** | |
| Book value of existing shareholding (note 11) | (1 656) |
| Prepaid investment in Karo Platinum (Private) Limited | (2 710) |
| Gain on acquisition: fair value of existing 28.38% shareholding | (33 503) |
| Gain on acquisition: purchase of shares at a discount | (14 888) |
| Total purchase price to be settled by the issue of ordinary shares | (29 445) |
| Net cash acquired | 4 984 |
| Cash inflow from business combination | 4 984 |

**20. BUSINESS COMBINATION (continued)**

The fair value of receivables acquired approximates their carrying amount due to the short-term nature thereof. The purchase of shares at a discount represents a bargain purchase on the acquisition (US$14.9 million). The non-controlling interest represents the proportionate share of the fair value of the net identifiable assets.

Subsequent to acquiring the controlling interest in Karo Mining, the Group increased its shareholding in Karo Mining by converting the loan receivable to ordinary shares and by subscribing to additional shares issued by Karo Mining (described in the following paragraphs). Refer to note 15 for the consequential decrease in the non-controlling interest in Karo Mining.

The loan payable (by Karo Mining) to Arxo Finance plc (a wholly owned subsidiary of the Company) was transferred to the Company, refer to note 11. Effective 19 May 2022, the loan was converted to ordinary shares issued by Karo Mining. Karo Mining issued an additional 38 new ordinary shares to the Company as consideration. The loan payable (including accrued interest) amounted to US$8.5 million. The additional shares issued represented 1.21% of the issued share capital of Karo Mining which increased the Company's shareholding to 67.55%.

Effective 2 June 2022, Karo Mining issued an additional 44 new ordinary shares for a cash subscription of US$9.9 million to the Company. The additional shares issued represented 1.29% of the issued share capital of Karo Mining which increased the Company's shareholding to 68.84%.

Effective 7 September 2022, Karo Mining issued an additional 44 051 new ordinary shares for a cash subscription of US$44 thousand to the Company and the non-controlling shareholder. The Company subscribed to 30 835 ordinary shares while the non-controlling shareholder subscribed to 13 216 ordinary shares. The shares were subscribed to according to the existing proportionate share of each shareholder. The cash subscription was not settled at 30 September 2022 by the non-controlling shareholder.

Effective 7 September 2022, Karo Mining issued an additional 44 051 new ordinary shares for a cash subscription of US$44 thousand to the Company and the non-controlling shareholder. The Company subscribed to 30 835 ordinary shares while the non-controlling shareholder subscribed to 13 216 ordinary shares. The shares were subscribed to according to the existing proportionate share of each shareholder.

**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.

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.

| Financial instrument | Fair value level | Fair value 2022 US$'000 | Fair value 2021 US$'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 | **6 019** | 7 702 | 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 |
| PGM discount facility hedging derivative | Level 2 | **-** | 3 023 | Quoted market metal prices and exchange rate |
| Investments in equity instruments | Level 1 | **19** | 18 | Quoted market price |
| **Trade and other receivables measured at fair value** | | | | |
| PGM discounting receivable | Level 2 | **76 750** | 77 286 | Quoted market metal prices and exchange rate (refer below) |

**21. FINANCIAL RISK MANAGEMENT (continued)**

| Financial instrument | Fair value level | 2022 US$'000 | Fair value 2021 US$'000 | Valuation technique and key inputs |
|---|---|---|---|---|
| **Financial liabilities measured at fair value** | | | | |
| Option granted to NCI to call upon shares in Karo Platinum (Private) Limited | Level 3 | **16 779** | - | Discounted cash flow valuation and a Monte Carlo Simulation model |
| PGM discount facility hedging derivative | Level 2 | **337** | - | Quoted market metal prices and exchange rate |
| Forward exchange contracts | Level 2 | **189** | 485 | Quoted market closing exchange rates |

There have been no transfers between fair value hierarchy levels in the current year.

Refer to note 13 for the fair value recognised relating to the PGM discounting receivable.

| Fair value gains and losses recognised in the financial instruments during the year: | 2022 US$'000 | 2021 US$'000 |
|---|---|---|
| **Changes in fair value of financial assets at fair value through profit or loss** | | |
| Investments in equity instruments | **1** | 10 |
| Investments in money markets, current accounts, cash funds and income funds | **242** | 223 |
| PGM discount facility hedging derivative | **-** | 4 615 |
| Right to acquire shares in Karo Platinum (Private) Limited | **(5 870)** | 5 870 |
| Option to acquire shares in Salene Chrome Zimbabwe (Private) Limited | **-** | (178) |
| | **(5 627)** | 10 540 |
| **Changes in fair value of financial liabilities at fair value through profit or loss** | | |
| PGM discount facility hedging derivative | **174** | - |
| Option granted to NCI to call upon shares in Karo Platinum (Private) Limited | **1 100** | - |
| Forward exchange contracts | **247** | (370) |
| | **1 521** | (370) |

**Level 3: Option granted to NCI to call upon shares in Karo Platinum (Private) Limited ('Karo Platinum')**

Refer to notes 11 and 20. The Republic of Zimbabwe has an option to increase its shareholding in Karo Platinum by 11.0% exercisable after 24 months from 30 March 2022, but before 36 months, payable in cash at the current net present value of Karo Platinum at 30 March 2022. The option represents a financial instrument which is recognised at fair value through profit or loss. At 30 September 2022, the Group completed an independent reviewed valuation of Karo Platinum. In determining the fair value, the discounted cash flow valuation technique was used. The following significant inputs were used in determining the fair value:

The initial fair value loss of US$17.9 million recognised during the interim period ending 31 March 2022 was recognised in the profit or loss of Karo Zimbabwe Holdings (Private) Limited immediately prior to the acquisition of the controlling interest in Karo Mining Holdings Limited by the Group. The Group's proportionate share of the loss is classified in the share of loss of investment accounted for using the equity method in the statement of profit or loss.

| | | |
|---|---|---|
| PGM basket price (6E) | US$/oz | 2 140 |
| Base metal basket price | US$/t | 15 099 |
| Life of Mine | | 17 years |
| Annual throughput | kt | 205 |
| 6E PGM grade per tonne feed | g/t | 3.6 |
| Annual production (6E) | koz | 194 |
| PGM recovery | % | 78% first two years, thereafter 82% |
| WACC | % | 10.3% |
| Tax holiday | years | First 5 |

## 21. FINANCIAL RISK MANAGEMENT (continued)

The Monte-Carlo simulation was used in determining the fair value of Karo Platinum at the end of the 36-month period (31 March 2025). The option value has been determined by averaging the discounted values between month 25 and 36 (the period in which the option can be exercised). The following significant inputs were used:

| | | |
|---|---|---|
| Strike price: | US$71.8 million | Independently verified net present value of Karo Platinum as at 30 March 2022 using a discounted cash flow model |
| Valuation of 11.0% of Karo Platinum at 30 September 2022: | US$59.5 million | Discounted cash flow model |
| Volatility: | 4.4% | Sector volatility (converted to monthly) |
| Drift: | 1.5% | Risk free rate (converted to monthly) based on the US risk free zero yield curve at 31 August 2022 based on the Svensson method and includes a country risk premium for the operations being in Zimbabwe. The country risk premium for Zimbabwe was sourced from Damodaran. |
| Time step: | 1.0 | Annual time intervals |
| Discount rate: | 0.83% | Converted to monthly |

A sensitivity analysis was performed on the option value with the following results in the fair value of the option:

| Sensitivity | Option value US$'000 | (Decrease)/increase in profit or loss and equity US$'000 |
|---|---|---|
| Discount rate minus 5.0% | 16 795 | (16) |
| Discount plus 5.0% | 16 763 | 16 |
| Volatility minus 10.0% | 16 299 | 480 |
| Volatility plus 10.0% | 17 296 | (517) |

## 22. RELATED PARTY TRANSACTIONS AND BALANCES

| | 2022 US$'000 | 2021 US$'000 |
|---|---|---|
| **Loans receivable** (note 11) | | |
| Karo Mining Holdings plc (before acquisition) | **-** | 8 353 |
| **Trade and other receivables** (note 13) | | |
| Thys and Alta Steenkamp* | **-** | 188 |
| The Tharisa Community Trust | **-** | 65 |
| Rocasize Proprietary Limited | **31** | 3 |
| Karo Mining Holdings plc ((before acquisition) | **-** | 796 |
| Karo Zimbabwe Holdings (Private) Limited (before acquisition) | **-** | 321 |
| Karo Platinum (Private) Limited (before acquisition) | **-** | 417 |
| Karo Power Generation (Private) Limited (before acquisition) | **-** | 146 |
| The Leto Settlement | **13** | - |
| Salene Mining Proprietary Limited | **13** | 15 |
| | **57** | 1 951 |
| **Loan payable** (note 17) | | |
| Leto Settlement | **-** | 542 |
| **Trade and other payables** (note 19) | | |
| Karo Zimbabwe Holdings (Private) Limited (before acquisition) | **-** | 315 |
| Karo Platinum (Private) Limited (before acquisition) | **-** | 29 |
| Rocasize Proprietary Limited | **-** | 57 |
| | **-** | 401 |
| **Amounts due to Directors** | | |
| A Djakouris | **18** | 21 |
| J Salter | **21** | 23 |
| O Kamal | **13** | 12 |
| C Bell | **23** | 17 |
| R Davey | **20** | 16 |
| Z Hong | **9** | 9 |
| Lo Wai Man | **9** | 10 |
| | **113** | 108 |
| **Total other payables** | **113** | 509 |

## 22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

| | 2022 US$'000 | 2021 US$'000 |
|---|---|---|
| **Property loans payable** | | |
| Ross Two-10-Properties Proprietary Limited* | **-** | 153 |
| Rohcon Engineering Proprietary Limited* | **-** | 193 |
| PCMQ Proprietary Limited* | **-** | 199 |
| Thys & Alta Properties Proprietary Limited* | **-** | 119 |
| | **-** | 664 |
| **Revenue** | | |
| Salene Manganese Proprietary Limited | **1 035** | 420 |
| Karo Platinum (Private) Limited (before acquisition) | **-** | 5 |
| **Cost of sales** | | |
| Rocasize Proprietary Limited | **541** | 511 |
| **Other income** | | |
| Rocasize Proprietary Limited | **23** | 9 |
| **Consulting fees received** | | |
| Salene Manganese Proprietary Limited | **45** | - |
| Rocasize Proprietary Limited | **8** | 14 |
| Salene Chrome Zimbabwe (Private) Limited (before acquisition) | **-** | 54 |
| Karo Mining Holdings plc (before acquisition) | **6** | - |
| Karo Platinum (Private) Limited (before acquisition) | **188** | 183 |
| Karo Power Generation (Private) Limited (before acquisition) | **7** | 10 |
| Karo Zimbabwe Holdings (Private) Limited (before acquisition) | **28** | 10 |
| **Rent paid** | | |
| PCMQ Proprietary Limited* | **-** | 23 |
| Thys & Alta Properties Proprietary Limited* | **-** | 9 |
| **Interest receivable** | | |
| Karo Mining Holdings plc (before acquisition) | **112** | 222 |
| **Interest paid** | | |
| The Leto Settlement | **13** | - |
| Ross Two-10-Properties Proprietary Limited* | **-** | 11 |
| Thys & Alta Properties Proprietary Limited* | **-** | 4 |
| Rohcon Engineering Proprietary Limited* | **-** | 14 |
| **Dividends paid** | | |
| Thari Resources Proprietary Limited | **-** | 845 |
| The Tharisa Community Trust | **164** | 253 |

* The Group previously disclosed related party transactions with Thys and Alta Steenkamp, PCMQ Proprietary Limited, Thys & Alta Properties Proprietary Limited, Ross Two-10-Properties Proprietary Limited and Rohcon Engineering Proprietary Limited. These related party relationships have ceased.

## 22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

**Compensation to key management:**

| 2022 | 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 | **642** | **-** | **-** | **-** | **-** | **642** |
| Executive Directors | **1 712** | **8** | **828** | **76** | **319** | **2 943** |
| Other key management | **1 380** | **20** | **817** | **95** | **588** | **2 900** |
| | **3 734** | **28** | **1 645** | **171** | **907** | **6 485** |
| 2021 | | | | | | |
| 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 |

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

| 2022 Ordinary shares | Opening balance | Inclusion of employee | Allocated | Vested | Forfeited | Total |
|---|---|---|---|---|---|---|
| LTIP – executive directors | **1 333 682** | **-** | **1 751 608** | **(611 816)** | **(201 902)** | **2 271 572** |
| LTIP – key management | **695 276** | **145 650** | **1 319 717** | **(388 628)** | **(129 808)** | **1 642 207** |

| 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 |
| 2021 Ordinary shares | | | | | | |
| SARS – executive directors | 440 631 | - | - | (440 631) | - | - |
| SARS – key management | 293 919 | (50 907) | - | (243 012) | - | - |

**Option to acquire shares in Salene Manganese Proprietary Limited**

On 9 July 2019, the Company was granted a call option to acquire a 70.0% shareholding in Salene Manganese Proprietary Limited, a company incorporated in South Africa. The option was exercisable at the fair market value and consequently had no impact on the Group's statement of profit or loss. The call option was exercisable on or before 14 August 2022, consequently the option lapsed.

**Relationships between parties:**

*Thari Resources Proprietary Limited*

A former shareholder of Tharisa Minerals Proprietary Limited, refer to note 15.

*The Tharisa Community Trust and Rocasize Proprietary Limited*

The Tharisa Community Trust is a former shareholder of Tharisa Minerals Proprietary Limited, refer to note 15. The Tharisa Community Trust 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 Manganese Proprietary Limited and Salene Mining Proprietary Limited*

A director of the Company is also a director of these companies.

*The Leto Settlement*

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

*Karo Mining Holdings plc, Karo Zimbabwe Holdings (Private) Limited, Karo Platinum (Private) Limited, Karo Power Generation (Private) Limited, Karo Coal Mines (Private) Limited and Karo Refinery (Private) Limited*

The Company owned 26.8% of the issued share capital of Karo Mining Holdings plc before acquiring the controlling interest at 30 March 2022 (refer to note 20). Karo Mining Holdings Limited owns 100% of the issued share capital of Karo Zimbabwe Holdings (Private) Limited, Karo Power Generation (Private) Limited, Karo Coal Mines (Private) Limited and Karo Refinery (Private) Limited and 85% of the issued share capital of Karo Platinum (Private) Limited.

## 23. CONTINGENT LIABILITIES

**Diesel rebates**

At 30 September 2022, the Group had certain unresolved tax matters. Included in trade and other receivables is an amount of US$4.6 million (ZAR82.3 million) (2021: US5.5 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$5.7 million (ZAR102.3 million) (2021: 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 14 August 2023. 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$20.0 million (ZAR361.9 million) (2021: US$16.7 million (ZAR250.9 million)), with the amount net of tax estimated to be US$10.0 million (ZAR180.6 million) (2021: US$12.0 million (ZAR180.6 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 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 26 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 2022, there is no litigation (2021: 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

| | 2022 US$'000 | 2021 US$'000 |
|---|---|---|
| **Capital commitments** | | |
| Authorised and contracted | **28 937** | 30 639 |
| Authorised and not contracted | **3 027** | 1 298 |
| | **31 964** | 31 937 |

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 2022.

**Guarantees**

Tharisa Minerals Proprietary Limited entered into an equipment loan facility of US$35.0 million (2021: 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.

Tharisa Minerals Proprietary Limited guarantees US$16.6 million (ZAR300.0 million) (2021: US$20 million (ZAR300.0 million)) to Absa Bank Limited in respect of the Commercial Asset Finance and overdraft facilities.

The Company guarantees a total of US$12.7 million (ZAR229 million) (2021: US$12.2 million (ZAR183 million)) to third party suppliers of Tharisa Minerals Proprietary Limited.

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$18.7 million (ZAR337.5 million) (2021: US$19.2 million (ZAR288.4 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$1.1 million (ZAR19.4 million) (2021: US$1.3 million (ZAR19.4 million)).

The Company issued guarantees limited to US$20.0 million (2021: US$20.0 million) as securities for trade finance facilities provided by two banks to Arxo Resources Limited.

A guarantee was issued to Lombard Insurance Company Limited which guarantees the payment of certain liabilities of Arxo Logistics Proprietary Limited to Transnet totalling US$0.7 million (ZAR12.0 million) (2021: US$0.8 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 2022, US$6.1 million has been paid up.

## 25. EVENTS AFTER THE REPORTING PERIOD

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

On 1 December 2022, the Board has proposed a final dividend of US 4.0 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

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

During the period ended 30 September 2022, the Company declared and paid a final dividend of US 5.0 cents per share in respect of the financial year ended 30 September 2021. In addition, an interim dividend of US 3.0 cents per share was declared and paid in respect of the financial year ended 30 September 2022.

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$2.7 million (2021: US$4.2 million) during the year ended 30 September 2022. The dividend paid to non-controlling shareholders amounted to US0.2 million (2021: US$1.1 million).

A subsidiary of the Company, Arxo Logistics Proprietary Limited, declared an ordinary dividend of US$1.0 million (2021: no dividend) during the year ended 30 September 2022.

# CORPORATE INFORMATION

**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
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LEI: 213800WW4YWMVVZIJM90

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Carol Bell (Lead Independent Director)
David Salter (Independent non-executive director)
Antonios Djakouris (Independent non-executive director)
Omar Marwan Kamal (Independent non-executive director)
Roger Davey (Independent non-executive director)
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