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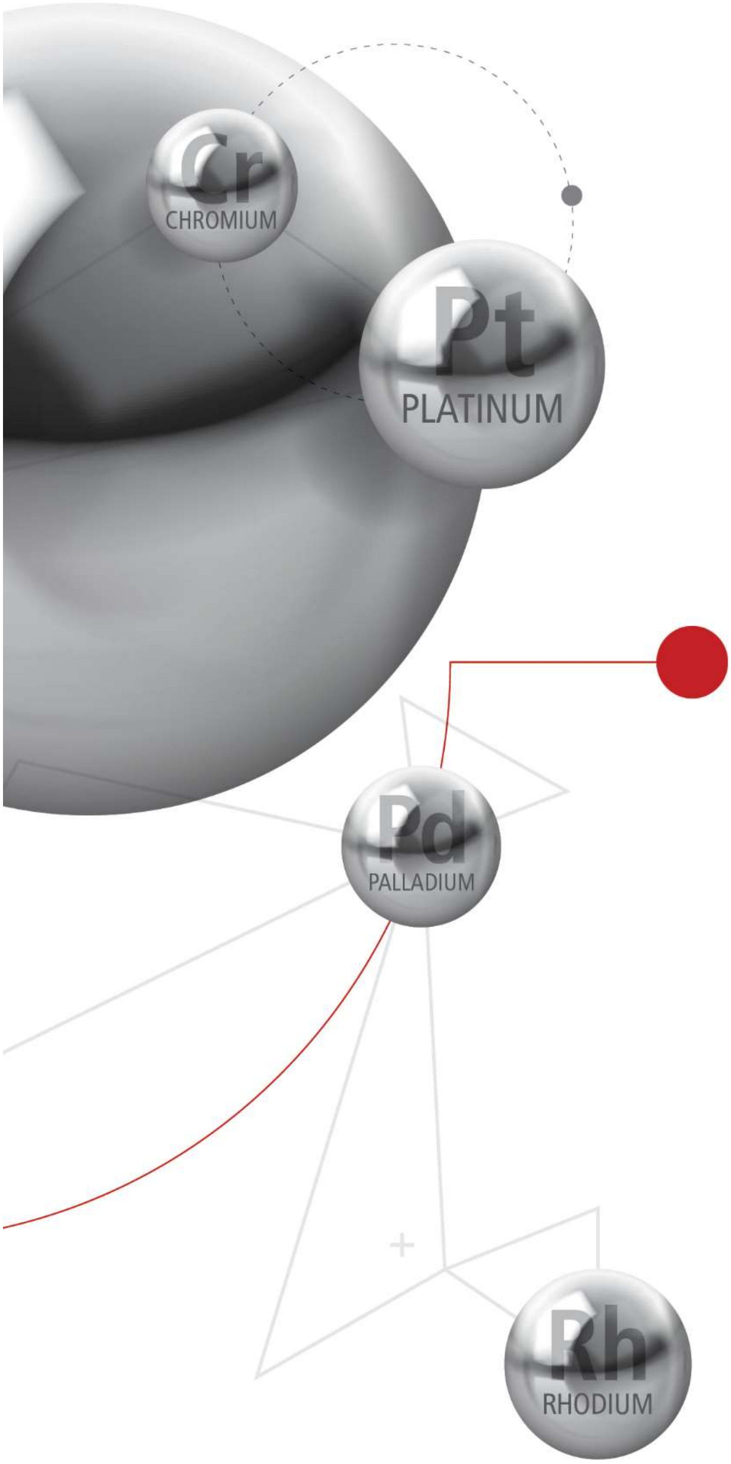
REPORTS AND
CONSOLIDATED FINANCIAL STATEMENTS
30 September 2021



enriching lives through innovating the resources company of the future

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MANAGEMENT REPORT
for the year ended 30 September 2021

The Board of Directors of Tharisa plc ('the Company' or 'Tharisa') presents to the members its Management Report together with the audited consolidated financial statements of the Company and its subsidiaries (together with the Company, 'the Group') and the Company financial statements for the year ended 30 September 2021.

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

PRINCIPAL ACTIVITY

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

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

OPERATIONAL REVIEW

Key Operating Numbers

		Year ended 30 Sep 2021	Year ended 30 Sep 2020	Year on year movement %
Reef mined	kt	5 379.9	4 971.1	8.2
PGMs produced (6E)	koz	157.8	142.1	11.0
Chrome concentrates produced (excluding third party)	kt	1 506.1	1 344.8	12.0
Average PGM basket price	US$/oz	3 074	1 704	80.4
Average metallurgical grade chrome concentrate contract price	US$/t	154	140	10.0

Tharisa Minerals recorded its five million fatality free shifts and six years fatality free on 28 September 2021.

Driven by a strong volumetric performance that has seen run of mine ('ROM') volume increase by 8.2% to 5.38 Mt (2020: 4.97Mt), including creating additional crushing flexibility due to an increased stockpile ahead of the processing plants. Tharisa Minerals was able to increase grade steadily and consistently throughout the year. With the plant design based on performing optimally with consistent and correct feed grade, recoveries at both the smaller Genesis Plant (focused more on chrome recovery) and the larger Voyager Plant (designed to extract maximum value out of the PGMs), increased, leading to increased PGM and chrome concentrate production year on year, with PGM output up by 11% to 157.8 koz (2020: 142.1 koz) and chrome concentrate production up 12% to 1.51 Mt (2020:1.34 Mt), with specialty grade comprising 24% of total chrome concentrate production at 364.6 kt (2020: 321.6 kt).

Third party chrome production was up 31.3% to 223.0 kt (2020:169.8 kt).

As detailed in the sales and marketing review, the prices of the two commodity groups improved year on year, up 80.4% for the PGM basket to US$3 074/oz (2020: US$1 704/oz) while the average metallurgical grade chrome concentrate contract price was up 10% to US$154/t CIF China (2020: US$140/t CIF China).

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe.

Many governments took and continue to take stringent and economically costly steps to help contain the spread of the virus. Initial steps included self-isolation/ quarantine by those potentially affected, implementing social distancing measures, controlling or closing borders and "locking-down" cities/regions or even entire countries. In addition, many countries, while slowly opening up their economies, remain cautious with work from home and limited public engagement still taking place, with immunisation drives being implemented. While economies have opened, they are by no means back to their full capacity, and this has a continued effect on economic growth and activity.

The financial effect of this pandemic continues to have an impact on the global economy and overall business activities and cannot be estimated with reasonable certainty at this stage, although a better understanding of the effects has been documented. Management continues to consider the unique circumstances and the risk exposures of the Group and has concluded that the main impact on the Group's business may arise from:

- an interruption of production either on a partial or whole basis;
- a disruption of the logistics operations;
- partial supply chain disruptions;
- the unavailability of personnel; and
- the impact on the demand fundamentals for its products thereby impacting on commodity prices.

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

Safety
The safety and health of our people is a core value and Tharisa acknowledges that the safety of its people in turn is critical to its success. The LTIFR for FY2021 was 0.34 (2020: 0.09) per 200 000 man hours worked. The mine achieved six years fatality free and five million fatality-free shifts.

Tharisa Minerals
Tharisa Minerals is 74% owned by Tharisa and is uniquely positioned as the world's only co-producer of both PGMs and chrome concentrates. Tharisa Minerals' core asset is the Tharisa Mine, which is situated on South Africa's Western Limb of the Bushveld Complex – home to more than 70% of the world's platinum and chrome resources.

Tharisa Minerals mines and processes five MG Chromitite Layers. Through innovative engineering, the mined reef is processed at two independent integrated plants extracting both PGMs and chrome concentrates. This reduces unit costs and positions Tharisa Minerals in the lower cost quartile of operating costs in South Africa for both PGMs and chrome concentrates.

Tharisa Minerals' low unit costs and multiple polymetallic products have ensured that it is well placed to manage commodity price volatility.

Its dual revenue streams provide a natural hedge against different commodity cycles with the products being used in different applications.

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

Mining operations
Tharisa Minerals holds a Mining Right over 5 475 ha of land near the town of Rustenburg in the North West province of South Africa. The Mining Right was granted on 19 September 2008 for an initial period of 30 years, providing access to MG Chromitite Layers, which outcrop with a strike length of approximately 5 km.

The Tharisa Mine has a remaining open pit life of 20 years. The open pit is divided into the east pit and west pit, and extracts reef from the five MG Chromitite Layers.

In FY2019, the Company redesigned the open pit of the Tharisa Mine, to ensure optimal use of our non-renewable resource. With volume ramp up steady in FY2020, despite the impact of COVID-19, the reconfiguration contributed to the mine improving operationally on nearly all metrics in both FY2020 and more significantly, in FY2021.

This lead to Tharisa Minerals' mining 8.2% more ROM tonnage at 5.4 Mt of ROM for FY2021, while maintaining a healthy stripping ratio of 11.6 m^3:m^3 (2020: 12.1 m^3:m^3), again, well ahead of the LOM requirements of 9.8 m^3:m^3. Together with the improvements already shown in FY2020, the operational flexibility created, in particular in the second half of the FY2021 year, meant the mining mix once again approached close to optimal levels. The mine had approximately 2-months ROM stockpile ahead of the plants at the end of the FY2021 reporting period.

Processing

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

Tharisa Minerals' two independent processing plants are designed specifically to treat the MG Chromitite Layers of the Bushveld Complex. The smaller Genesis Plant, which processed 1.4 Mt of ROM ore for FY2021, was commissioned in August 2011 with the PGM circuit being commissioned in December 2011. The larger Voyager Plant, which processed 4.2 Mt of ROM ore for FY2021, was commissioned in December 2012. The plants milled a combined 5.6 Mt (2020: 5.0 Mt) for FY2021. The plants have a similar process flow that includes crushing and grinding, primary removal of chrome concentrate by spirals, followed by PGM flotation from the chrome tails and a second spiral recovery of chrome from the PGM tails.

Operating in parallel, the independent plants provide processing flexibility and production stability by allowing one plant to be shut down without hampering the production of the other. The modular design of the processing circuits allows sections of the plant to be stopped without affecting the rest of the operation (i.e. a crushing circuit can be stopped independently of the milling, spiral and flotation circuits). While the Tharisa Mine has stand by generating capacity to withstand Stage 4 national grid electricity curtailments, the operational flexibility of the two independent processing plants, adds to additional insurance of uninterrupted production during times of electricity curtailments, which were prominent in the latter part of the financial year under review and have, unfortunately, continued into the new reporting period.

Using off-the-shelf technology, the Genesis and Voyager processing circuits are uniquely engineered to produce both PGM and chrome concentrates. This innovative approach to production has made Tharisa a world-class PGM and chrome concentrate co-producer.

The PGM rougher feed grade for the year improved by 2.1% to 1.49 g/t (2020: 1.46 g/t), while the Cr_2O_3 ROM feed grade was marginally lower at 17.9% (2020: 18.2%) for the year.

Tharisa targets recoveries of 85.0% for PGMs and 65.0% for chrome. In FY2020. PGM recoveries were 77.6%.

During the year, the Group increased PGM output by 11% to 157.8 koz (2020: 142.1 koz) and chrome concentrate production up 12% to 1.51 Mt (2020:1.34 Mt), with specialty grade comprising 24.2% of total chrome concentrate production at 364.6 kt (2020: 321.6 kt). Third party chrome production was up 31.3% to 223.0 kt (2020:169.8 kt).

Specialty chrome recovery circuits are integrated into the feed circuit of the Genesis Plant, known as the Challenger Plant, commissioned in July 2013, and produces higher value chemical and foundry grade chrome concentrates, significantly adding to the revenue diversification strategy of Tharisa.

Vulcan Plant

Developed by Tharisa's R&D team, the Vulcan Plant was cold commissioned in October 2021 and, once fully commissioned, is expected to materially increase the chrome recoveries from ~62% to ~82% resulting in increased chrome production of approximately 20% at low incremental unit operating costs and driving Tharisa further down the cost curve. The plant, which will process live tailings produced by the independent Voyager and Genesis plants, will ensure further beneficiation of the chrome production at the Tharisa Mine, while reducing unit output of carbon emissions.

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

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

Internally funded by Tharisa, the Vulcan Plant recommenced construction in October 2020, after the lifting of restrictions by the South African government during the height of wave 1 of the COVID-19 pandemic.

Arxo Metals

Arxo Metals owns the Challenger Plant, which is integrated into Tharisa Minerals' Genesis Plant. The Challenger Plant is dedicated to the production of chemical and foundry grade chrome concentrates. Specialty grade concentrates carry more stringent specifications and therefore fetch a higher selling price. Arxo Metals has an offtake agreement for the sale of its concentrates to customers in the chemical and foundry industries globally. Arxo Metals accounted for 127.5 kt of chemical grade chrome concentrate (2020: 83.9 kt) and 25.5 kt of foundry grade chrome concentrate (2020: 30.1 kt) in FY2021.

In August 2017, Arxo Metals entered into an agreement with Sibanye-Stillwater on the operation of its K3 UG2 chrome plant and for the sales and marketing of the UG2 chrome concentrate produced. Arxo Metals unlocks greater value from the K3 UG2 chrome plant using innovative processing already in use at our operations. The chrome production for FY2021 from the K3 UG2 chrome plant was 223.0 kt, up from 169.8 kt in FY2020, as more normal production was resumed following many months of COVID-19 induced curtailments in the prior year.

Sales and marketing

		30 September 2021	30 September 2020	Change %
PGM basket price	US$/oz	**3 074**	1 704	80.4
PGM basket price	ZAR/oz	**45 336**	27 691	63.7
42% metallurgical grade chrome concentrate contract price	US$/t	**154**	140	10.0
42% metallurgical grade chrome concentrate contract price	ZAR/t	**2 284**	2 231	2.4
Average exchange rate	ZAR:US$	**14.8**	16.2	(8.6)

The Group's market advantage is its exposure to both the PGM and chrome markets. This dual exposure gives the Group a hedge against volatility in either of the commodity prices.

Tharisa Minerals continues to supply the majority of its PGM concentrate to Impala Platinum in terms of its offtake agreement. It is paid a variable percentage of the contained PGMs and base metals within each tonne of concentrate in terms of an agreed market formula. The remainder of the PGM concentrate is sold to Sibanye-Stillwater.

The average PGM basket price was US$3 074/oz, up 80.4% year on year.

Chrome concentrate sales totalled 1.5 Mt, 400 kt of which was Tharisa's higher margin specialty chemical and foundry grade chrome concentrates. The bulk of Tharisa's chrome sales are derived from metallurgical grade chrome concentrate, which included 200 kt of third-party chrome concentrates.

Specialty grade chrome concentrates produced within the Group are sold in terms of an agency and offtake agreement.

Chrome prices and sales improved year on year, with Tharisa increasing year on year output by 12% to 1.6 Mt with an average metallurgical price received of US$150/t, an increase year on year of 10%.

Metallurgical chrome prices traded at the US$165/t level at the end of the reporting period. An alleviation of power control measures in China is anticipated post the reporting period which will spur production and consequently the demand for the consumption of chrome ore.

The production of the higher value specialty chrome concentrates, which typically command a premium of US$30/t to US$50/t, provided additional margin.

Metallurgical chrome production, at a market-related price, is shipped in bulk and containers via South African ports to major stainless steel and ferrochrome producers in China and Indonesia.

Arxo Resources
Arxo Resources has the exclusive right to sell the metallurgical grade chrome concentrate produced by Tharisa Minerals to customers in China and other international markets. It has established a strong platform with global customers in China, including stainless steel and ferrochrome producers, as well as global commodity traders.

Arxo Resources also has a joint marketing agreement for Tharisa Minerals' chemical grade chrome concentrate production.

In FY2021, Arxo Resources sold 1.3 Mt (2020: 1.1 Mt) metallurgical grade chrome concentrates, of which 1.1 Mt was produced by Tharisa Minerals.

The scale of Arxo Resources' operations allows for direct access to market and price discovery. Its established contact with customers also directly creates an excellent platform for additional sales of third-party products.

Arxo Metals is also the beneficiation, research and development arm of the Group. Arxo Metals conducts extensive research into technologies and downstream beneficiation opportunities that have the potential to improve yields and recoveries at the Tharisa Mine. The creation of increased value PGM and chrome products through the expansion and optimisation of the Group's processing operations is its core focus.

Arxo Metals operates a 1 MW DC furnace which produces PGM alloy, and is continuing its research work into refining processes.

Arxo Metals continues to evaluate low-capital, low-energy, value-adding beneficiation projects through in-house research and development.

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

Arxo Logistics has the exclusive use of the Marikana railway siding for chrome exports. Arxo Logistics also has a good relationship with both South Africa's transport parastatals, Transnet, and the port authorities,

Arxo Logistics shipped a total of 1.3 Mt (2020: 1.2 Mt) of chrome concentrate in FY2021, mostly to main ports in China, including third-party materials.

Of this, 99.6% was shipped in bulk, which is preferred by customers due to ease of handling and reduced port charges, as well as reduced levels of administration.

The logistics arm of the Group has the necessary road and rail transport capacity, warehousing facilities and port facilities at the Richards Bay Dry Bulk Terminal and the Durban container port to manage Tharisa Minerals' full production capacity. It also serves as a platform from which the Group can provide services to additional third-party customers.

Arxo Logistics provided third-party logistics services during the year under review and is planning to expand this service offering in the year ahead.

During the year under review, more material was moved utilising road transport, as transport disruptions by Transnet necessitated the switch to greater road usage. Notwithstanding this, all material was delivered on time to the ports by Arxo Logistics.

MetQ
MetQ is a South African based company, based in Rosslyn, Pretoria, that specializes in the manufacturing and distribution of mineral processing equipment. MetQ was acquired by Tharisa with effect 1 October 2019.

MetQ manufactures spirals and hydrocyclones and assembles complete plants. The first such plant was built and exported in 1986. Since then, MetQ has added more product ranges that include hydrosizers, steel fabrication, building of modular plants, research and development and other services associated with mining.

Development projects
The Great Dyke in Zimbabwe is a geological feature of great significance, as it hosts the world's second largest deposits of PGMs and chrome, outside of South Africa's Bushveld Complex. The Great Dyke, which hosts the Main Sulphide Zone ('MSZ') is an elongated, slightly sinuous, 550 km long, layered igneous intrusion, with a width of 4 km – 11 km, in central Zimbabwe. The Great Dyke bisects the country in a north-north-east orientation and is a 2.5-billion-year-old layered igneous intrusion comprising igneous rocks ranging in composition from ultramafic to mafic.

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

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

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

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

Tharisa is evaluating its farm-in rights to acquire a controlling interest.

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

The Salene Chrome project is located in a Special Economic Zone, which permits the import/export of capital without any trade barriers. Benefits beyond the expatriation of capital include a reduced tax rate, duty-free importation of raw materials and exchange control dispensations.

Certain geological exploration work has been undertaken over a seven-kilometre strike from the south of the Salene Chrome East special grant areas including trenching, pitting and drilling and limited trial mining as well as metallurgical test work and infrastructure planning, thereby de-risking the investment. Tharisa incurred an amount of US$2.0 million on the initial exploration programme. Based on the results of the exploration and metallurgical test work, an internal discounted cash flow model produced a net present value for Salene Chrome East of US$6.9 million premised on a life of open pit of seven years, annual chrome concentrate production of 80 kt, a medium term chrome concentrate price of US$252/t CIF China, capex spend of US$5.0 million and applying a discount rate of 11.8%. Salene Chrome, as a development stage asset, is not presently income producing.

Limited exploration work, including airborne geophysics, has to date been undertaken on the Salene Chrome West special grant area. Based on historical mining activity in the Salene Chrome West area, it is considered to be prospective for gold, copper and nickel.

Production at the Salene Chrome project is scheduled to commence prior to the end of the 2021 calendar year.

Outlook
The continued improved performance over the past twelve months was achieved safely even in the face of COVID-19 uncertainty. The challenge of the pandemic persists on numerous fronts, yet Tharisa has set increased FY2022 production guidance for the Tharisa Mine, particularly due to the investment made in the Vulcan Plant. In Zimbabwe, the exciting developments with Salene Chrome, in the construction phase, as well as the progress on the development of Karo Platinum, will contribute to Tharisa's growth trajectory over the next two years.

Tharisa remains a key participant in the global transition to a low carbon economy through the critical metals we produce. Not only will Tharisa contribute to this, but the Company will deliver on its stated goals of reaching 30% reduction in emissions by 2030 and carbon neutrality by 2050 through the extraordinary skills and initiatives of our own research and development team as well as the adoption of leading technologies.

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

PRODUCTS
The Tharisa Mine produces the following products:

PGM concentrate: PGM concentrate is produced from both processing facilities typically processing different chromitite reefs. The major element of the PGMs is platinum, followed by palladium and rhodium.

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

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

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

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MANAGEMENT REPORT
for the year ended 30 September 2021

FINANCIAL OVERVIEW

The results of the Group for the year ended 30 September 2021 presented in this report have been audited and the auditors have expressed an unqualified audit opinion.

The comparable financial and production information, unless otherwise stated, is for the preceding financial year ended 30 September 2020.

Key financial metrics

		30 September 2021	30 September 2020	Change %
Revenue	US$'000	**596 345**	405 995	46.9
EBITDA	US$'000	**224 292**	113 386	97.8
Profit before tax	US$'000	**185 256**	75 752	144.6
Profit attributable to owners of the Company	US$'000	**100 469**	43 296	132.1
Earnings per share	US$ cents	**37.4**	16.2	130.9
Equity attributable to owners of the Company	US$'000	**444 432**	351 408	26.5
Free cash flow	US$'000	**102 363**	2 400	-
Return on invested capital	%	**25.5**	18.8	35.6
Total debt	US$'000	**36 850**	70 614	(47.8)
Net debt/(cash)	US$'000	**(46 586)**	21 320	-
Net debt/EBITDA		**(0.2)**	0.2	-
Net debt/equity	%	**(10.3)**	6.6	-
Net current assets	US$'000	**168 651**	92 125	83.1
Current ratio		**2.4**	1.8	33.3

Economic, commodity and financial indicators at a glance

		30 September 2021	30 September 2020
Exchange rate (ZAR:US$)		**14.83**	16.22
PGM basket price	US$/oz	**3 074**	1 704
Contracted chrome concentrate price			
Metallurgical grade CIF basis	US$/t	**154**	140

On 18 November 2021 the South African Monetary Policy Committee increased the Repo rate from 3.50% to 3.75%, the first rate increase in three years, with an expectation of further increases to manage inflation within the policy parameters of 3% to 6%.

The ZAR:US$ exchange rate since the commencement of the financial year has remained volatile with a midpoint upper and lower trading range of ZAR16.64 and ZAR13.41 respectively, with a trading average of ZAR14.83. At the date of preparing this report, the exchange rate was ZAR15.64.

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MANAGEMENT REPORT
for the year ended 30 September 2021

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

	30 September 2021					30 September 2020				
US$ million	**PGM**	**Chrome**	**Agency and trading**	**Manufacturing**	**Total**	PGM	Chrome	Agency and trading	Manufacturing	Total
Revenue	353.4	203.9	36.5	2.6	596.4	218.6	161.3	24.1	2.0	406.0
Cost of sales	(205.6)	(147.1)	(33.7)	(2.6)	(389.0)	(132.4)	(120.9)	(20.7)	(1.6)	(275.6)
Manufacturing	(205.0)	(63.6)	(13.6)	(2.6)	(284.8)	(132.0)	(58.8)	(12.6)	(1.6)	(205.0)
Selling costs	(0.6)	(54.3)	(14.9)	-	(69.8)	(0.4)	(44.1)	(4.5)	-	(49.0)
Freight services	-	(29.2)	(5.2)	-	(34.4)	-	(18.0)	(3.6)	-	(21.6)
Gross profit	147.8	56.8	2.8	-	207.4	86.2	40.4	3.4	0.4	130.4
Gross profit margin	41.8%	27.9%	7.7%	-	34.8%	39.4%	25.1%	14.1%	20.0%	32.1%
Sales volumes	151.5 koz	1 480.8 kt	219.5 kt	-		142.3 koz	1 278.7 kt	169.6 kt		

The basis of the allocation of shared costs is 80% for the PGM segment (2020: 75%) and 20% for the chrome segment (2020: 25%). The allocation is reviewed half yearly.

The increase in PGM revenue is due to the increase in the PGM basket price and volumes sold. The increase in costs is primarily driven by an increase in royalties.

Rhodium prices averaged US$19 473.41/oz (2020: US$8 368/oz) for the period, an increase of 132.7%, resulting in rhodium contributing the dominant share of PGM revenues. Platinum prices averaged US$1 074/oz (2020: US$876/oz), an increase of 22.6% and palladium prices averaged US$2 506/oz (2020: US$2 053/oz), an increase of 22.1%.

Chrome revenue increased 26.4% due mainly to an increase of 16.1% in sales volumes and a 10.0% increase in chrome selling prices. In terms of volumes sold, metallurgical grade sales totalled 1 123.1 kt (2020: 964.2 kt) an increase of 16.5% and specialty grade sales totalled 371.9 kt (2020: 274.4 kt) an increase of 35.6%.

Average sea freight rates, with metallurgical grade chrome concentrate being sold on a CIF Main Ports China basis, increased 41.2% during the period to US$25.7/t (2020: US$18.2/t). Average sea freight rates have been reflecting an upward trend due to shipping capacity shortages.

Costs
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$25.4 million (2020: US$22.7 million) were excluded from the per tonne milled analysis.

		30 September 2021	30 September 2020	Change %
Cubes mined	**m^3**	**19 191 407**	18 971 066	1.2
Cost per cube mined	**US$/$m^3$**	**8.9**	6.9	29.0
Reef tonnes mined	**tonnes**	**5 379 913**	4 971 057	8.2
Cost per reef tonne mined	**US$/t**	**31.9**	26.3	21.3
Tonnes milled	**tonnes**	**5 600 011**	5 036 062	11.2
Consolidated cash cost per tonne milled	**US$**	**49.4**	38.6	28.0

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

Summary of results

In summary, revenue for the period amounted to US$596.3 million (2020: US$406.0 million), an increase of 46.9%. Gross profit amounted to US$207.4 million (2020: US$130.4 million), an increase of 59.0%, benefitting from the increase of 80.4% in the PGM basket price for the period, in addition to the 10.0% increase in the metallurgical grade chrome concentrate price on the back of increased chrome sales volumes of 17.4%. The gross profit margin was 34.8% (2020: 32.1%).

Other operating expenses amounted to US$44.8 million (2020: US$35.3 million), an increase of 26.9%.

The major cost within administration expenses was employee costs at US$25.3 million (including equity settled share-based payment expenses) (2020: US$19.9 million) comprising 56.6% of the administrative costs (2020: 56.3%).

After accounting for the other operating expenses, results from operating activities amounted to US$178.8 million (2020: US$87.6 million).

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

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

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

The tax charge amounted to US$53.7 million (2020: US$20.8 million), an effective charge of 29.0% (2020: 27.4% charge). A normalised tax rate should be circa 25%. However, certain expenditure incurred by the Company is not tax deductible. Cash taxes paid amounted to US$17.4 million.

The comprehensive income for the period, as a consequence of foreign currency translation differences of US$20.4 million (2020: -US$24.1 million), amounted to US$152.0 million (2020: US$30.8 million).

Basic earnings per share for the period amounted to US 37.4 cents (2020: US 16.2 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 25.5% (2020: 18.8%).

Funding

Tharisa Minerals has an OEM funding facility from CAT Finance for new mining equipment. The facility is available on a revolving basis with the maximum debt exposure of US$30.0 million.

The revolving credit facility and term loan were fully repaid on 31 March 2021.

The debt (interest bearing) to total equity ratio for the Group was 8.2% (2020: 21.9%). Of the total interest-bearing debt US$35.8 million was US$ denominated and US$4.7 million was ZAR denominated.

Cash and cash equivalents at 30 September 2021 amounted to US$83.4 million resulting in a net debt to equity ratio of -10.3%.

The net debt to EBITDA multiple is -0.2.

With the settlement of the term loan and revolving credit facility in full at the end of March 2021 Tharisa secured debt facilities from ABSA comprising of an overdraft facility in the amount of ZAR150 million and an asset backed finance facility in the amount of ZAR150 million.

Credit Rating
Sovereign debt rating as per the latest available information at the reporting date:

Country	Agency	30 September 2021	30 September 2020
Cyprus	Standard & Poor's	BBB-*	BBB-*
	Fitch's	BBB-*	BBB-*
	Moody's	Ba2*	Ba2*
South Africa	Standard & Poor's	BB-*	BB-*
	Fitch's	BB*	BB*
	Moody's	Ba2*	Ba2*
Zimbabwe	*Credit rating not available at date of report*		

*Speculation grade/non-investment grade

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

Cash flows and working capital
Cash flows from operations before movements in working capital for the period amounted to US$208.4 million. Working capital requirements including (i) an increase in trade and other receivables of US$11.3 million, (ii) an increase in trade and other payables of US$39.6 million, (iii) an increase in inventories of US$13.4 million, and (iv) an increase in provisions of US$2.2 million resulted in net cash flows from operating activities after tax of US$208.3 million.

Additions to property, plant and equipment amounted to US$106.0 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$32.3 million.

Cash and cash equivalents on hand totalled US$83.4 million.

Net current assets amounted to US$168.7 million.

Commitments
Capital commitments excluding capital related to the Vulcan Plant, amount to US$19.2 million.

The remaining estimated capital cost for the Vulcan Plant's construction is ZAR268.3 million (US$17.8 million). The expenditure is being funded using internally generated cash.

Environmental rehabilitation
The approved Environmental Management Programme ('EMPr') commits Tharisa Minerals 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. Tharisa Minerals 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'). As there is uncertainty as to the successful outcome of the application, Tharisa Minerals has applied a probability weighted factor in calculating the mine closure liability applying a 60% probability (2020: 80% 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 accounting impact is to increase the restoration provision recognized in profit and loss by ZAR93.9 million (US$6.0 million) increasing the restoration provision to ZAR206.7 million (US$13.2 million). The decommissioning provision is ZAR93.2 million (US$6.0 million).

Mining Royalties
SARS imposed a mining royalty liability of ZAR92.8 million (US$6.2 million) for the assessments issued for the 2015 to 2017 years. SARS has also imposed an understatement penalty in the amount of ZAR9.5 million (US$0.6 million) and interest in the amount of ZAR18.9 million (US$1.3 million). Tharisa strongly disagrees with these assessments and following the unsuccessful alternative dispute resolution process with SARS is proceeding to the tax court to argue the technical aspects of its position.

Definitions to non-IFRS financial information
EBITDA represents the sum of: results from operating activities, depreciation and impairments and write offs of property, plant and equipment as stated in the consolidated statement of cash flows and changes in fair value of financial assets and liabilities as stated in the consolidated statement of profit or loss

Return to the ordinary shareholders on the equity attributable to the owners of the company: calculated as the profit attributable to the owners of the company divided by the average equity attributable to the owners of the company

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)

Debt to equity ratio is calculated by dividing the total of the non-current and current borrowings by the total equity as stated in the statement of financial position

Net debt to equity ratio is calculated by dividing the total of the non-current and current borrowings less the cash and cash equivalents by the total equity as stated in the statement of financial position

Headroom: undrawn available funding in terms of the relevant financing facility

Net debt to EBITDA multiple: the total of the non-current and current borrowings less the cash and cash equivalents divided by the EBITDA as defined previously

Current ratio: represents the current assets divided by the current liabilities.

Free cash flow: represents the cash flows from operations less the additions to property, plant and equipment.

Total debt: represents the total of the non-current and current borrowings.

CHANGES IN THE GROUP STRUCTURE
Effective 31 March 2021, the Company acquired 100.0% of the issued share capital of Salene Chrome Zimbabwe (Private) Limited ('Salene Chrome'), a company incorporated in Zimbabwe. Salene Chrome is a development stage, low cost, open pit asset, located in the Great Dyke in Zimbabwe, refer to note 32 of the Consolidated Financial Statements.

RESULTS
The Group's results are set out on page 49 of the consolidated financial statements while the results of the Company are set out on page 124.

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

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

RELATED PARTIES
From time to time, the Group concludes transactions with related parties. Outstanding balances at year-end are unsecured and settlement occurs in cash and are disclosed in the ensuing consolidated financial statements (refer to note 35) and the Company financial statements (refer to note 21).

CONTINGENCIES AND COMMITTMENTS
The Group's contingencies and commitments are disclosed in notes 36 and 37 to the consolidated financial statements and notes 21 and 22 to the Company financial statements.

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MANAGEMENT REPORT
for the year ended 30 September 2021

SHARE CAPITAL AND PREMIUM AND TREASURY SHARES

The authorised share capital of the Company comprises 10 000 million ordinary shares of US$0.001 each and 1 051 convertible redeemable preference shares of US$1 each. At 30 September 2021, the issued and fully paid ordinary share capital comprised 271 284 379 (2020: 268 476 314) ordinary shares. During the year ended 30 September 2020, the Company issued 5 000 000 ordinary shares to be held as treasury shares mainly for the purpose of settling obligations in respect of the conditional awards and share appreciation rights as employees exercise their rights. As at 30 September 2021 and the date of this report, treasury shares totalled 3 715 621 (2020: 6 523 686) ordinary shares (refer to note 25 to the consolidated financial statements and note 15 to the Company financial statements).

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

There are no restrictions in the exercising of voting rights of shares issued by the Company.

SIGNIFICANT SHAREHOLDERS

Refer to the Corporate Governance report for stakeholders holding more than 5% of the issued share capital of the Company.

MEMBERS OF THE BOARD OF DIRECTORS

The Board of Directors, during the year, as at 30 September 2021 and the date of this report are:

Loucas Christos Pouroulis	Executive Chairman
Phoevos Pouroulis	Chief Executive Officer
Michael Gifford Jones	Chief Finance Officer
Carol Bell*	Lead Independent Non-Executive Director
John David Salter**	Independent Non-Executive Director
Antonios Djakouris	Independent Non-Executive Director
Omar Marwan Kamal	Independent Non-Executive Director
Roger Owen Davey	Independent Non-Executive Director
Zhong Liang Hong	Non-Executive Director
Shelley Wai Man Lo***	Non-Executive Director
Vaneese Wing Yee Chu****	Non-Executive Director

* *Appointed as lead independent director effective 1 October 2021*
** *Lead independent director from 1 April 2014 to 30 September 2021*
*** *Appointed 10 February 2021*
*** *Retired by rotation on 10 February 2021*

Dr Carol Bell has been appointed as a member and chairman of the Nomination Committee and chairman of the Remuneration Committee. She replaces Dr David Salter, who relinquishes the chairmanship of the Nomination Committee, and Mr Antonios Djakouris, who has stepped down as the chairman of the Remuneration Committee. Both Dr Salter and Mr Djakouris will remain as independent non-executive directors and members of the Nomination Committee and Remuneration Committee. These changes are effective from 1 October 2021. Dr Bell has served as an independent non-executive director on Tharisa's board since 2016.

There has been no other change in the composition or the allocation of responsibilities of the Board of Directors' of the Company between 30 September 2021 and the date of approval of the consolidated and Company financial statements.

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MANAGEMENT REPORT
for the year ended 30 September 2021

DIRECTORS' INTEREST

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

	30 September 2021 %	30 September 2020 %
LC Pouroulis	**0.38**	0.30
P Pouroulis	**2.90**	2.84
MG Jones	**0.25**	0.21
A Djakouris	**0.02**	0.02
C Bell	**0.02**	0.02
Total	**3.57**	3 39

The interest percentage represents the percentage of voting rights.

There has been no change in the Board of Directors' interests in the share capital of the Company between 30 September 2021 and the date of approval of the consolidated and Company financial statements.

COMPANY SECRETARIES

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

Sanet Findlay	Lysandros Lysandrides
2nd Floor, The Crossing	31 Evagoras Avenue
372 Main Road	Evagoras House, 6yh Floor
Bryanston, 2191	Nicosia
South Africa	Cyprus

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

EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are disclosed in note 38 to the consolidated financial statements and note 23 to the Company financial statements.

DIRECTORS' AND MANAGEMENT REMUNERATION

Directors' remuneration is disclosed in note 11 to the consolidated financial statements and note 6 to the Company financial statements. Key management's remuneration is disclosed in note 35 to the consolidated financial statements. There has been no significant change in the remuneration of the Board of Directors' and key management of the Company between 30 September 2021 and the date of approval of the consolidated financial statements.

ARTICLES OF ASSOCIATION

Refer to the Corporate Governance Report for provisions relating to how Articles of Association may be amended.

COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS

Refer to the Corporate Governance Report for provisions relating to internal control and risk management.

INDEPENDENT AUDITORS

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

BRANCHES

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

GOING CONCERN

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

Refer to note 34 to the consolidated financial statements and note 20 to the Company financial statements for statements on the Group's objectives, policies and processes for managing its capital, details of its financial instruments and hedging activities; its exposures to market risk in relation to commodity prices and foreign exchange risks; interest rate risk; credit risk; and liquidity risk.

ENVIRONMENTAL

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

RESEARCH AND DEVELOPMENT

The Group's approach to research and development is founded on its core value of innovation. The Group strives to push through established boundaries and limitations within existing processing and product development, optimizing processes and challenging convention. The development of downstream beneficiation of the Group's PGMs is part of its philosophy of capturing value and margin down the supply chain and ultimately being in control of metal flows through direct sales.

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

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

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

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

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

STAKEHOLDER ENGAGEMENT

The Group believes that stakeholder engagement is a business imperative and that strong lines of communication between stakeholders ensure the success of the Group and secure its place within the community. The Group's stakeholder engagement strategy aims to maintain good working relations, manages social risk and develops solutions to social challenges faced by its stakeholders. Tharisa's stakeholder engagement framework will be further developed for the new jurisdictions that it is entering as those operations are established.

HUMAN RESOURCES

The Group considers the wellbeing of employees central to its success and strives to maintain exemplary working standards, ensure job satisfaction and create opportunities for professional growth. The Group's human resources policy focuses on creating a positive atmosphere at all offices and facilities to maximise productivity. The Group's future success will partly depend on its ability to continue to attract, retain and motivate key employees and qualified personnel, in particular an experienced management team.

Adequate remuneration packages, which are in line with or in excess of market levels, are offered to all employees and key managers and remuneration is linked to the Group's financial results. The Human Resource function regularly monitors salary levels and other benefits offered by competitors to ensure that the Group's remuneration packages are adequate.

NON-FINANCIAL INFORMATION

The Group will be publishing its non-financial information within its Annual Report that will be issued within four months after the balance sheet date and will be available on the company's website: www.tharisa.com.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's critical estimates and judgements and financial risk management are disclosed in notes 3 and 34 to the consolidated financial statements and notes 3 and 20 to the Company financial statements. Additional disclosure on financial risk and judgement is disclosed in each note to the financial statements.

The Group's contingencies, commitments and guarantees are disclosed in notes 36 and 37 to the consolidated financial statements and notes 21 and 22 to the Company financial statements.

Tharisa regards principal business risks as issues that may, if they materialise, substantially affect the Group's ability to create and sustain value in the short, medium and long term. The risks that are material to Tharisa and its stakeholders are determined by an analysis of the Group's risks, the external environment and the Group's engagement with stakeholders. Material risks may impact the achievement of the Group's strategy. Each risk also carries with it challenges and opportunities. The Group's strategy takes into account known risks, but risks may exist of which the Group is currently unaware.

Material risks are considered and reported on an ongoing basis by those members of the management team responsible for risk management. The Tharisa Risk Committee comprises all members of the Board. Risks are identified in the Group Risk Register and are considered by management on a quarterly basis and reported to the Board at least twice a year.

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

Risk	Impact	Mitigation
Safety		
The safety and health of our people is our core value Operating in a safe manner is a key performance indicator for all executives and managers at Tharisa and its subsidiaries	Harm to people, the environment and assets' Potential Section 54 and Section 55 instructions from the DMRE in terms of the South African Mine Health and Safety Act and the impact on production	Strive for zero harm working environment Implement a culture where safety risks will not be tolerated Comprehensive training on mandatory code of practices and standard operating procedures Continuous training and adherence to global best practices Transparent and open relationships with DMRE inspectorate and other regulatory bodies Key performance indicator in Group cash bonus scheme to incentivise safe behaviour Ensuring alignment and standardisation across all jurisdictions and operations.
COVID-19 pandemic		
Keeping people safe is of paramount importance to Tharisa	Employees contracting COVID-19 Decrease in face-to-face safety interaction and reinforcement High absenteeism Loss of cohesive operating teams Remote access failure Logistics constraints Global economic slowdown Cybercrime targeting business operations The impact of the COVID-19 pandemic is as yet not fully quantifiable as the pandemic is ongoing	Tharisa has put in place measures that at a minimum comply with government regulations and adhere to best practices. Rigorous screening and testing measures are in place. Succession planning is in place in the event of illness. Quarantine and health facilities have been established as well as a vaccination site where employees and contractors can receive a COVID-19 vaccines. A comprehensive communication strategy to employees and contractors is in place to providing educational awareness to employees on the impact, prevention and treatment of COVID-19. The Company has taken these steps proactively but there are no guarantees that the measures put in place will ensure the Company and its operations will not be affected by the pandemic.
Political uncertainty		
South Africa – the burgeoning unemployment, increasing government debt and negligible	Unattractive investment destination(s) for international investors	The South African government has indicated commitment and intent in ensuring South Africa remains politically stable and that the economy

MANAGEMENT REPORT
for the year ended 30 September 2021

Risk	Impact	Mitigation
GDP growth has led to a negative response to political certainty Negative business confidence Zimbabwe – limited international sanctions still exist and may affect the stability of the economy Hyper-inflation and monetary policy uncertainty Negative business confidence and political uncertainty Lack of currency liquidity	Potential for further credit rating downgrades Political and civil unrest adversely impacting mine production	advances Pledges by global concerns to invest in the country will serve to improve business confidence, unlock investment by local concerns and build GDP growth Continuous drive by the Government of Zimbabwe to create investor-friendly environment Establishment and awarding of Special Economic Zones in Zimbabwe to assist capital flows and investment
Regulatory compliance		
Tharisa Minerals' right to mine is dependent on strict adherence to various legal and legislative requirements Non-compliance with the MPRDA and/or Mining Charter and/or the Group's Social and Labour Plan. The Group is required to comply with a range of health and safety laws and regulations in connection with its mining, processing, manufacturing and logistics activities. Any perceived violation of the regulations could lead to a temporary shutdown of all or a portion of the Group's mining activities. Non-compliance with the Mines and Minerals Act of Zimbabwe and mining regulations promulgated under such Act	Cost of compliance to changes in the Mining Charter Non-compliance resulting in potential legal sanctions including fines, penalties and risks to the right to mine via a forfeiture or cancellation Access to forms of capital hindered	Ensure compliance with current MPRDA and applicable legislation Mining Charter provides some certainty Ensure compliance with the terms of the Mining Charter while making use of the phasing in period Ensure compliance with the Group's Social and Labour Plan Proactive engagement with regulatory authorities and industry organisations Ongoing communication and awareness with investors Ensure compliance with all relevant Zimbabwean legislation including the Mines and Minerals Act, Mining regulations promulgated under section 403 of the Mines and Minerals Act, the Labour Act, Exchange Control regulations and other laws and enactments governing investment Routine audits are carried out by regulatory/competent authorities in line with the relevant legislative prescripts to ensure compliance Regular internal inspections are conducted by the SHE Department to ensure compliance with regulatory requirements.

Risk	Impact	Mitigation
Production/location concentration		
Tharisa currently owns and operates one primary producing asset, located in South Africa The Group has made early entry investments into Zimbabwean development projects; however, the Group is still exposed to the potential of political risk and instability within the country of its operation	Exposure to potential macroeconomic, social and socio-political risks and instability Sovereign rating downgrades of the country of operation can limit the Group's ability to raise financing and increase the cost thereof Exposure to only two main commodities	Third-party operations such as the operations of Sibanye Stillwater's K3 UG2 chrome plant provide additional revenue from an alternate operation Diversification into higher grade chrome products has opened new markets for Tharisa Development of the Salene Chrome project in Zimbabwe will provide geographic diversification as well as higher grade chrome products Considering opportunities to diversify commodities as they arise
Global commodity prices and currency volatility		
The Group's revenues, profitability and future rate of growth depend on the prices of PGMs and chrome The state of the world's economies impacts on demand and market prices for PGMs and chrome Volatility in the ZAR:US$ exchange rate affects the Group's profitability of which South Africa's land reform uncertainty and effects of other emerging markets are contributing factors	Downward pressure on the prices of PGMs and/or chrome may negatively affect the Group's profitability and cash flows The Group's reporting currency is US dollar. The Group's dominant current operations are predominately based in South Africa, with a ZAR cost base, while the majority of the revenue stream is in US dollar, exposing the Group to the volatility and movement in the currencies Risk of competitor product dumping and undercutting market prices in respect of the chrome market.	Monitor costs closely to ensure that the Group remains in the lowest cost quartile Stringent cost control Improved operating efficiencies and production driving down unit costs Service providers appointed to manage the Group foreign exchange and PGM hedging strategy Production of higher value-add speciality grade chrome concentrates comprising ~25% of Group chrome concentrate production Diversification into higher priced chrome products through the development of the Salene Chrome operation
Financing and liquidity		
The activities of the Group expose it to a variety of financial risks including market, commodity prices, credit, foreign exchange and interest rate risks Static share price trading Non-compliance to ESG standards and requirements may affect capital raising abilities	Significant changes in the financial assumptions made by the Group could impact its ability to continue operating and jeopardise its ability to raise financing in the future Adverse impact on the ability to raise capital for growth and acquisitions	Positioned as a low-cost producer of both PGM and chrome concentrates Production of higher value-add speciality grade chrome concentrates Leveraging third-party operations Diversified customers and markets Undrawn banking facilities Trade finance facilities assist with working capital requirements Secondary listing on the LSE and an additional listing on A2X in South Africa provide additional trading platforms and increased liquidity Marketing and roadshow efforts have significantly enhanced the Group's profile and investor awareness and investor spread Compliance and audit of ESG standards Employment of relevant skills to manage ESG effectively
Market/customer concentration		
The bulk of Tharisa's chrome production is exported to China. This gives the Group significant exposure to a single geographic market Proposal by the South African government to impose a chrome tax	Customer base largely located in China, with accompanying exposure to Chinese markets	No reliance on a dominant customer within that market Tharisa has strategically diversified its production through the increase of speciality grade chrome concentrates, which make up approximately 25% of Tharisa's total chrome production Chemical and foundry grade chrome concentrates sold into diversified global markets Development project in Zimbabwe is focusing on higher-grade chrome products Diversified commodities with PGM concentrate sold to leading precious metal refiners on a long-term offtake basis Lobbying of government has thus far shelved the proposed chrome tax

MANAGEMENT REPORT

for the year ended 30 September 2021

		in South Africa
Risk	**Impact**	**Mitigation**
Environment		
Tharisa is obliged in terms of its undertaking to stakeholders, including the government, providers of capital and the community, to monitor, minimise and mitigate our impact on the physical environment and not to infringe on the rights to a safe and healthy environment. Non-compliance with this undertaking may infringe on the terms of the mining licence and the ability to continue mining	Harm to the environment Increased costs of remediation and rehabilitation due to legislative changes Potential legal sanctions including mine stoppage and class action suits Poor image of mining companies	Conduct all mining and processing operations in an environmentally responsible manner Compliance with applicable national and local laws and regulations Monitor compliance against EMPR, licenses and Equator Principles Compliance with provision for rehabilitation and mine closure Ongoing environmental impact monitoring, management and evaluation Ongoing internal and external compliance audits/ inspections Update/ amendment of licenses, permits and authorisations Community engagements through SLP and local forums Ongoing engagements with competent authorities to source advice on new or amended regulations
Climate change		
The Group is exposed to risks arising from climate change. The risks can be divided into physical risks, arising from the impact of climate change on operations, and reputational risk (arising from Tharisa being perceived as not contributing to addressing climate risk in a timely and meaningful way by providers of capital).	Rising temperature levels can affect the availability of natural elements that are required by the mine, such as access to water Rising temperatures can affect the physical wellbeing of the workforce The availability of capital will reflect how well companies are seeking to decarbonise their operations and supply chains. Implement carbon taxes to encourage companies to improve their carbon footprints	Disclosure and reporting on annual CO_2 emissions Expand and implement a roadmap to reduce operational CO_2 emissions with a targeted reduction of 30% set by 2030 and a drive to become net carbon neutral by 2050. Engaging with our supply chain on their commitment to decarbonisation. Closer co-operation with suppliers and ensuring the latest technology is employed to reduce CO_2 emissions. In South Africa Introduction and implementation of energy and water-efficient ways of product processing Construction of new water storage facilities to cater for projected water shortages. Forming part of the water management forums in the catchment area Electricity generation from renewable sources wherever possible. Replacement of diesel fuel within fleet at end of asset life
Local stakeholders		
Tharisa Minerals' neighbours are impacted by its operations in terms of dust, noise, water usage and security The perceptions of stakeholders, including different sections of the community and various levels of government, are varied and multi-layered	Local stakeholder discontent has the potential to disrupt operations Safety and health of the community Complaints to regulatory authorities and risk of intervention Potential for adverse litigation Poor image of mining companies	Ongoing environmental impact monitoring Property purchase agreements being concluded with local landowners Partner with government and local municipality to develop identified land within the municipal spatial development area to which the community may be relocated Ongoing discussions with the DMRE and other government bodies Positive engagements with the local community with a focus on sustainable community projects Focus on recruiting from local communities as much as possible if there is a skills match Rolling our vaccination site to the greater community as per government regulations

Risk	Impact	Mitigation
Access to resources and infrastructure		
Tharisa's mining, processing, manufacturing logistics and marketing operations rely on sustainable access to water, electricity and road and rail infrastructure	Production interruptions Failure to meet delivery and customer commitments and contracts	Two independent processing plants provide flexibility in times of electricity and water curtailments Multi-modal transport optionality via bulk or containers, road and/or rail Integrated agreement for rail transportation and port facilities concluded with Transnet Improved water supply through close collaboration with the custodian of the water resource. Agricultural water rights from Buffelspoort as a result of the additional properties that were purchased Mine water reticulation system and construction of new water storage facilities Salt and water balancing have improved water quality. Supply potable water from Samancor Mine (Randwater line) Drilling and licensing of new boreholes to ensure water supply volumes remain positive The increased depth of the mine pit is providing more ingression of water which is dewatered for surface use The deeper the open pits (current mining area) the more water ingression into the pit leading to more water being dewatered to the surface for use Open-pit diesel-powered mining fleet reduces reliance on electricity Generators installed at the processing plants to mitigate electrical supply curtailments
Labour		
The consistent, assured availability of appropriately skilled human resources at economical rates is essential to the sustainability of Tharisa's operations. Similarly important is the efficiency and discipline of the Group's workforce	Labour disruptions in South Africa remain a risk, particularly with the current political climate which may contribute to heightened labour and community unrest Potential damage to property Loss of production	Monthly liaison with shop stewards and regular contact with regional leadership Ongoing training programmes Adequate insurance cover in the event of damage to property arising from unrest All levels of employees are incentivised through bonus and incentive schemes leading to improved productivity and employee retention Tharisa has completed year 1 of a 4-year wage agreement without disruptions, providing certainty for both parties Care for employees during COVID-19 with additional safety and health measures put in place while Tharisa managed through Waves 1,2&3 without any retrenchments of workforce
Management of resources and reserves		
Management and planning of the extraction of the multiple MG layers of the reef is critical to the business model Tharisa's success depends on it extracting the maximum value per tonne of the reef while avoiding pit dilution and undue sterilisation of the resource	Sub-optimal quantity and quality of reef results in poor processing plant recoveries, which impacts production and financial performance Sterilisation of resources reduces the life of mine and inhibits mining flexibility Loss of production as a result of low ROM stockpiles ahead of the plants	Owner mining model enables in-house management and control of all mining activities, with a focus on correct mining practices with optimal quality and quantity of ROM Investment in the latest technology and machinery for optimal mining practices In-house mining skills Accuracy and execution of mine plan Mining employees managed on KPIs

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MANAGEMENT REPORT
for the year ended 30 September 2021

Risk	Impact	Mitigation
Unscheduled breakdowns		
The Group's performance is reliant on the consistent mining and production of PGM and chrome concentrates from the Tharisa Mine	Any unscheduled breakdown leading to a prolonged reduction in mining and/or production may have a material impact on the Group's financial performance and results of operations Loss of production as a result of low ROM stockpiles ahead of the plants	Optimisation of the existing mining fleet Developed engineering and geological skills that are integral to the in-house mining Preventative maintenance programme for the fleet and plant Long lead item spares in stock Ensure adequate ROM stockpiles (target 2 months) while supplementing times of low ROM with purchases of ROM from third parties
Cyber security		
The Group performance may be materially and adversely impacted by a cyber-attack on its IT system	The processing plants at the mine are controlled by a supervisory control and data acquisition operating system and a cyber-attack could potentially subject the Group to a ransomware demand and/or cause a shutdown of the processing operations until a backup system is operational or a work-around solution is obtained	The Group has carried out an audit of its potential exposure to a cyber-attack in respect of all its IT and has implemented mitigating measures which limit its exposure to internal and third-party access The Group has implemented and continuously ensures globally accepted best-in-class software and protocols to filter malicious and criminal content, as well as the latest antivirus and security programmes Insurance against cyber-attack including backup and restoration assistance Internal backups and scheduled backup tests for integrity and continuity

CORPORATE GOVERNANCE STATEMENT

The Board is of the opinion that the Company is compliant with the JSE Listings Requirements and King IV in all material respects, other than having an Executive Chairman. The former has been mitigated by the appointment of a Lead Independent Director (refer to the Corporate Governance Report).

On behalf of the Board of Directors

Phoevos Pouroulis **Michael Jones**

Cyprus
30 November 2021

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

Loucas Pouroulis (83)	Phoevos Pouroulis (47)	Michael Jones (59)	David Salter (63)	Antonios Djakouris (74)
Chairman	**Chief Executive Officer (CEO)**	**Chief Finance Officer (CFO)**	**Independent non-executive director *(Former Lead Independent Director from 13 February 2014 to 30 September 2021)***	**Independent non-executive director**
Appointed: **27 October 2010**	Appointed: **27 October 2010**	Appointed: **30 January 2013**	Appointed: **27 October 2010**	Appointed: **11 October 2011**
Mining and Metallurgical Engineering (Hons) (National Technical University, Athens, Greece)	Bachelor of Science and Business Administration (Boston University, USA)	Bachelor of Accounting (University of KwaZulu-Natal, Pietermaritzburg, South Africa); CA (SA); Member of the South African Institute of Chartered Accountants	Bachelor of Science Engineering (Hons); PhD in Mineral Technology (Imperial College, London); Fellow of the South African Institute of Mining and Metallurgy (FSAIMM)	Chartered Accountant and Fellow of the Institute of Chartered Accountants in England and Wales
Loucas Pouroulis is the Executive Chairman of the Group, with responsibility for the development of strategy and the identification of new opportunities for the Group. He began his career in Cyprus in 1962, and his initial post-graduate training took place in Germany, Sweden and Cyprus. Loucas is trained as a mining and metallurgical engineer and has more than 50 years' experience in mining exploration, project management, financing and production in open pit and underground mining operations, including PGM and gold mines. He immigrated to South Africa in 1964 and joined Anglo American, where he rose rapidly through the management ranks and received extensive training and experience. In 1971, Loucas began to pursue his own mining interests, initially focusing on gold mining opportunities considered uneconomical by the majors. By the 1990s, he had established Petra Diamonds and, since 2000, has established among others, Eland Platinum, Tharisa, Kameni, Keaton Energy, Salene Chrome and the Karo Mining Group.	Phoevos Pouroulis is the Chief Executive Officer of the Group, with responsibility for overall strategy and management. Phoevos has held various senior managerial and operational positions in his career spanning more than 19 years. He has extensive experience in project management, mining design, commissioning and mining operations, including coal, chrome and PGM mines, having been involved in South Africa's mining industry since 2003. He has served as Commercial Director for Chromex Mining and was a founding member of Keaton Energy. Phoevos currently serves on the board of the World Platinum Investment Council.	Michael Jones is the Chief Finance Officer of the Group and is responsible for the overall financial operation, funding and the financial reporting management of the Group. Michael has more than 12 years' executive financial management experience in the mining sector. In addition, he has 20 years' experience in investment banking, focusing on mergers and acquisitions and capital raisings of both equity and debt.	David Salter has more than 30 years' experience in the development and management of mining companies, including both open pit and underground PGM mining operations. David's most recent public company roles were Chairman of Keaton Energy until its sale to Wescoal in 2017, and Managing Director of Eland Platinum until its sale to Xstrata in 2007. He serves on the board of Sirius Finance (Guernsey) Limited and is a non-executive director of a number of unlisted companies in the mining, property and agricultural sectors.	Antonios Djakouris is a qualified Chartered Accountant and has over 30 years' experience as a manager and director, having served in the accounting profession and in a number of posts with the Bank of Cyprus, including internal audit, credit review and retail banking, and as Group General Manager in charge of operations. From 2003 to 2009, he directed the Bank of Cyprus group's overseas operations, including banks in the United Kingdom, Australia, Russia, Romania and Ukraine. Antonios currently serves in an honorary capacity on the Board and Executive Committee of the Cyprus Anti-Cancer Society, one of the largest charities in Cyprus.

BOARD OF DIRECTORS

Omar Kamal (49)

Independent non-executive director

Appointed: **11 June 2014**

Bachelor in Economics and Political Science (University of Jordan); PhD in Management (Finance and Banking) (Coventry University in collaboration with Harvard Islamic Finance Programme at Harvard University)

Omar Kamal has more than 27 years' international experience in banking, investment management, strategic advisory services and high-growth entrepreneurship. He has served at high-growth companies and multibillion-dollar corporates in various executive capacities.

Until August 2015, he was the co-Group CEO of a business group owned by a prominent family with global reach based in Geneva, Switzerland. Prior to that he was one of the initial founders and acted as the CIO of a regional bank in the Middle East and, before that, was a partner with Ernst & Young on the advisory and consulting side.

Carol Bell (63)

Lead Independent Director from 1 October 2021

Appointed: **22 March 2016**

Master of Arts in Natural Sciences (University of Cambridge); PhD Archaeology (University College, London)

Carol Bell has more than 40 years' experience in the energy and allied industries, including a successful career as a Managing Director of Chase Manhattan Bank's Global Oil & Gas Group, Head of European Equity Research at JP Morgan and several years as an equity research analyst in the oil and gas sector at Credit Suisse First Boston and UBS Phillips & Drew. Carol began her career in corporate planning and business development at Charterhouse Petroleum and RTZ Oil and Gas.

Roger Davey (76)

Independent non-executive director

Appointed: **1 June 2017**

Master of Science in Mineral Production Management (Royal School of Mines, Imperial College, London); Master of Science in Water Resource Management and Water Environment (Bournemouth University); Associate of the Camborne School of Mines ('ACSM'); Chartered Engineer; European Engineer; Member of the Institute of Materials, Minerals and Mining ('IMMM')

Roger Davey, a British national, has more than 40 years' operational experience at senior management and director level in the mining industry in South America, Africa and Europe. His experience at senior management level includes financing, feasibility studies, construction, development, commissioning and operational management of both underground and surface mining operations in gold and base metals.

Zhong Liang Hong (58)

Non-executive director

Appointed: **1 April 2018**

Bachelor (Ferrous Metallurgy) (Shanghai Metallurgy Technology Academy)

Zhong Liang Hong is a Chinese national with 35 years' experience in commodity trading. Representing Fujian Wuhang Stainless Steel Co. Limited and Huachuang Singapore Pte Limited, Zhong has a strong understanding of analysis and forecasting of commodity markets and end-user demand. He started his career in 1980 at the Baosteel Group. In 2001 he founded Shanghai Hongli Metal Material Co. Limited and is still the Chairman of this company. In 2002 he expanded his business to import manganese into China and became the sole manganese agent in China acting for BHP Billiton.

Shelley Wai Man Lo (46)

Non-executive director

Appointed: **10 February 2021**

Bachelor of Economics (University of Hong Kong)

Shelley Wai Man Lo, a Chinese National, has more than 20 years' experience in accounting, project investment and management in the infrastructure business in Hong Kong and mainland China. She is the General Manager- Roads of NWS Holdings Limited. Before joining the NWS group, she worked in the audit department of Deloitte, Hong Kong. Ms Lo is a member of both the Hong Kong and American Institutes of Certified Public Accountants.

BOARD OF DIRECTORS

Omar Kamal (49)

Omar continues to serve on the boards of a number of listed and unlisted companies, among others, Cambridge Scientific Innovation (CSI), Cybsafe, Crowdemotion, Quiqup and Arab Bank Switzerland as Chairman of the Fintech Committee. In the same context, Omar makes a personal strategic contribution towards digital innovation and transformation.

Omar is a member of the Young President Organisation (YPO) and a Learning Chair of the London Stars Chapter in the UK.

Carol Bell (63)

Carol has broad public company experience and currently serves on the Bonheur board. She is also a non-executive director of the BlackRock Energy and Resources Income Trust and serves on the Board of the Development Bank of Wales and The Football Association of Wales. Carol is one of the founder-directors of Chapter Zero, a network for non-executive directors to engage with climate risk. She is also Vice President the National Museum of Wales, Vice Chair of the Wales Millennium Centre, Chair of the British School at Athens, and Treasurer of the Institute for Archaeo-metallurgical Studies.

Roger Davey (76)

Previous positions include being the Senior Mining Engineer at NM Rothschild (London) (1998 to 2010) in the Mining and Metals project finance team, where he had responsibility for the assessment of the technical risk associated with current and prospective project loans; Director, Vice-President and General Manager of Minorco (AngloGold) subsidiaries in Argentina (1994 to 1997), where he was responsible for the development of the Cerro Vanguardia open pit gold-silver mine in Patagonia; Operations Director of Greenwich Resources plc, London (1984 to 1992), with gold interests in Sudan, Egypt and Australia; Production Manager for Blue Circle Industries in Chile (1979 to 1984); and various production roles from graduate trainee to mine manager, in Gold Fields of South Africa (1971 to 1978).

Roger serves on a number of boards, including Atalaya Mining Plc, Atalaya Riotinto Project UK, Ltd, Atalaya Touro (UK) Ltd, Central Asia Metals plc, Piazza Barnaloft Mgt Ltd and Highfield Resources Limited.

Zhong Liang Hong (58)

Shelley Wai Man Lo (46)

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CORPORATE GOVERNANCE REPORT

INTRODUCTION

Tharisa is incorporated in the Republic of Cyprus and is therefore subject to the Cyprus Companies Law CAP113. With a primary listing on the JSE under the general mining sector, Tharisa is subject to the JSE Listings Requirements and the requirements of the South African Code of Corporate Practices and Conduct laid out in King IV. Tharisa also has a secondary standard listing of its shares, through the settlement of corresponding depositary interests, on the main market of the London Stock Exchange ('LSE') and is thus subject to the Listing Rules, Disclosure Guidance and Transparency Rules, the Prospectus Regulation Rules, as well as the UK Market Abuse Regime as implemented through the EU Market Abuse Regulation 596/2014 and as amended by the Market Abuse Exit Regulations 2019. In addition, Tharisa listed on the A2X exchange in South Africa with effect from 6 February 2019. Tharisa's primary listing on the JSE and secondary standard listing on the main board of the LSE remain unaffected by the secondary listing on A2X. The A2X is a licensed stock exchange authorised to provide a secondary listing venue for companies and is regulated by the South African Financial Sector Conduct Authority in terms of the Financial Markets Act 19 of 2012. The listing on A2X provides an opportunity to improve liquidity and attract new investors through the lower trading costs offered by this trading platform and there are no additional regulatory requirements or ongoing obligations to comply with.

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

In discharging this responsibility, the Board strives to comply with the requirements set out in King IV. The complete King IV Report on Corporate Governance for South Africa 2016 can be found on www.iodsa.co.za. The Group does not apply the UK Corporate Governance Code published by the Financial Reporting Council. However, the Board recognises the importance of good governance and considers certain principles and recommendations contained therein.

The Board believes that the Company is compliant with the Cyprus Companies Law and the Company's Articles of Association.

In terms of King IV, independent non-executive directors serving for more than nine years are subject to a rigorous annual review by the Board to evaluate their continued independence. Having served for more than nine years, David Salter and Antonios Djakouris' independence was considered and reviewed by the Board during the year under review. In doing so, the Board considered and assessed the presence or absence of any interest, position, association or relationship which could potentially influence or cause bias in their decision-making process and concluded that it was satisfied that there were no such factors present that impaired their independence. Both David Salter and Antonios Djakouris continued to bring an independent and objective view and unfettered judgement distinct from that of shareholders and management and continue to be classified as independent non-executive directors.

In light of his tenure on the board and as Lead Independent Director, David Salter has handed over the reins of the Lead Independent Director role to Carol Bell. This change is effective from 1 October 2021.

The Board is also of the opinion that the Company is compliant with the JSE Listings Requirements and King IV in all material respects, other than having an Executive Chairman, which has been mitigated by the appointment of the Lead Independent Director.

BOARD COMPOSITION

Executive directors
Loucas Pouroulis (Executive Chairman)
Phoevos Pouroulis (CEO)
Michael Jones (CFO)

Independent non-executive directors
Carol Bell (Lead Independent Director from 1 October 2021)
David Salter (Lead Independent Director until 30 September 2021)
Antonios Djakouris
Omar Kamal
Roger Davey

Non-executive directors
Zhong Liang Hong
Shelley Wai Man Lo

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

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

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

BOARD DIVERSITY

The Nomination Committee reviews and assesses the size, structure and composition of the Board on an ongoing basis to ensure it is appropriately diversified. In this assessment, it takes into account that the perspective of Board members is influenced by a combination of three different sets of attributes, being

- experiential attributes such as skills, education, functional experience, industry experience and accomplishments,
- demographic attributes such as gender, race, ethnicity, culture, religion and generational cohort, and
- personal attributes such as personality, interests and values. The Board recognises that having a blend of attributes across all facets of diversity will lead to more thorough and robust decision-making processes and direction and therefore strives to ensure its diverse composition.

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

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

In compliance with King IV, the JSE Listings Requirements and international best practice, the Nomination Committee and Board have adopted a Board level diversity policy, without introducing voluntary targets with regard to gender and racial diversification of the Board. The Nomination Committee and the Board are committed to maintaining a diverse board of directors with appropriate skills, without setting numerical targets. When undertaking searches for new board members, diversity and inclusion are key considerations within these processes alongside recruiting for skills and experience relevant to governing the Company effectively. The Board will also pursue opportunities to increase the number of female and racially and ethnically diverse Board members over time, provided that it is consistent with the skills and diversity requirements of the Board.

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

ROLE AND RESPONSIBILITIES OF THE BOARD

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

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

The Board ensures that the Group is, and is seen to be, a responsible corporate citizen, by having regard not only for the financial aspects of the business of the Group, but also the impact that the business operations have on the environment and the society in which they operate. In recognition of the importance of this aspect of the Group's business, the Board has established a Climate Change and Sustainability Committee.

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

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

The Board is satisfied that the approved delegation of authority framework contributes to role clarity and the effective exercise of responsibilities.

All non-executive directors have unrestricted access to the Chairman, management, the Company Secretary, the Assistant Company Secretary and the external and internal auditors.

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

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

ROLE OF THE EXECUTIVE CHAIRMAN

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

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

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

ROLE OF THE CEO

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

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

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

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

ROLE OF THE LEAD INDEPENDENT DIRECTOR

The Lead Independent Director:

- chairs the Nomination Committee and is a member of all other board committees
- facilitates meetings of the non-executive directors
- acts as a sounding board to the Executive Chairman and the CEO
- leads the non-executive directors in the appraisal of the Executive Chairman and CEO
- provides leadership and advice to the Board when the Executive Chairman has a conflict of interest, without detracting from the authority of the Executive Chairman and
- acts as an intermediary for the other Board members and shareholders with regard to concerns that have not been resolved through the normal channels.

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

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

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

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

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

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

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

RETIREMENT BY ROTATION AND RE-ELECTION OF DIRECTORS
In terms of the Company's Articles of Association, any directors appointed by the Board during the course of the financial year shall hold office only until the next AGM of the Company following their appointment and shall then retire and be eligible for election. Shelley Wai Man Lo was appointed on 10 February 2021 and will accordingly retire at the next AGM and will be eligible for election.

In accordance with the Company's Articles of Association, one-third of non-executive directors must retire from office at each AGM. Executive directors are not subject to retirement by rotation. The non-executive directors retiring at each AGM are those directors who have been the longest serving since their last election. Retiring directors are eligible for re-election, and if so re-elected, are deemed to not have vacated their office. David Salter, Antonios Djakouris and Shelley Wai Man Lo will be retiring by rotation at the upcoming AGM. All three directors have made themselves available for re-election.

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

BOARD MEETINGS

The Board meets formally at least four times per year and at such other times as may be required. The Board met four times during the year under review. In addition, four informal mid-cycle briefing calls had been held during the period. Furthermore, the Board participated in two strategy sessions during the year.

BOARD COMMITTEES

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

The Company's Board committees during the year were constituted as follows:

	Chairman	**Members**	**By standing invitation**
Audit Committee	Antonios Djakouris	David Salter Omar Kamal Carol Bell	CFO CEO Group Head of Internal Audit
Risk Committee	Antonios Djakouris	Loucas Pouroulis Phoevos Pouroulis Michael Jones David Salter Omar Kamal Carol Bell Roger Davey Zhong Liang Hong Shelley Wai Man Lo	COO Group Executive: Legal CTO Group Head of Internal Audit
Nomination Committee	David Salter	Loucas Pouroulis Antonios Djakouris	CEO
Remuneration Committee	Antonios Djakouris	David Salter Carol Bell Roger Davey	CEO CFO
Safety, Health and Environment Committee	David Salter	Antonios Djakouris Carol Bell Roger Davey	CEO COO
Social and Ethics Committee	David Salter	Antonios Djakouris Omar Kamal Carol Bell Phoevos Pouroulis	
New Business Committee	Roger Davey	David Salter Carol Bell Loucas Pouroulis Phoevos Pouroulis	CFO COO Group Executive: Legal CTO
Climate Change and Sustainability Committee	Carol Bell	Loucas Pouroulis Phoevos Pouroulis Michael Jones David Salter Antonios Djakouris Omar Kamal Roger Davey Zhong Liang Hong Shelley Wai Man Lo	COO Group Executive: Legal CTO Group ESG Manager

Post year-end changes to the composition and chairmanship of board committees, effective from 1 October 2021

	Chairman	Members	By standing invitation
Nomination Committee	Carol Bell	Loucas Pouroulis David Salter Antonios Djakouris	CEO
Remuneration Committee	Carol Bell	David Salter Antonios Djakouris Roger Davey	CEO CFO

AUDIT COMMITTEE

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

Both the internal and external auditors have unrestricted access to the Chairman of the Audit Committee and to the Lead Independent Director.

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

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

In terms of the committee's oversight role in the integrated reporting process, it takes into account all factors and risks that may impact on the integrity of the integrated report. In this regard, the committee considers and reviews the findings and recommendations of the Risk and Safety, Health and Environment Committees insofar as they are relevant to the functions of the Audit Committee. The committee also reviews and evaluates the disclosure of material sustainability issues in the integrated report, in conjunction with the Risk and Safety Health and Environment Committees, with specific focus on ensuring that the disclosure is reliable and does not conflict with the financial information. It recommends and/or approves the engagement of external assurance providers on material sustainability issues and ensures that the appropriate measures of progress towards achieving disclosed climate change risk mitigation actions are included in the integrated report disclosures.

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

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

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

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

RISK COMMITTEE

Control of the complete process of risk management, the evaluation of its effectiveness and approval of recommended risk management and internal control strategies, systems and procedures are key Board responsibilities. For this reason, the Risk Committee comprises the entire Board. The Risk Committee is chaired by Antonios Djakouris. Risk Committee meetings are attended by the Chief Operating Officer (COO), Group Executive: Legal, Chief Technical Officer (CTO) and Group Head of Internal Audit by invitation.

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

During the year under review, in-depth risk reviews had been undertaken at operating subsidiary and business unit level throughout the Tharisa Group, with specific focus on COVID-19 specific risks and the committee conducted a high-level review of the residual risks identified by management during these reviews. It continues to monitor progress made by risk owners in identifying mitigating factors, performing gap analyses and implementing additional mitigating measures where required. In addition, the Risk Committee identifies reviews and evaluates non-operational and strategic risks impacting on the Company and the Group on an ongoing basis. The Risk Committee meets as often as is deemed necessary and met only once during the year under review due to the impact of the COVID-19 pandemic.

NOMINATION COMMITTEE

During the year under review, the Nomination Committee was chaired by David Salter in his capacity as the Lead Independent Director. Other members of the Nomination Committee were Antonios Djakouris, an independent non-executive director, and Loucas Pouroulis, the Executive Chairman. Loucas Pouroulis is entitled to participate and contribute to the Nomination Committee, but is not entitled to vote on any matter before the Nomination Committee. In the event of a tied vote, the chairman of the committee has a casting vote. The CEO attends meetings by invitation, if required.

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

The work of the Nomination Committee during the year followed both its terms of reference and established good practice in corporate governance. The committee conducted a review of the structure, size and composition of the Board, with specific emphasis on skills, knowledge, independence and diversity of the Board members. During the period under review, the committee considered the proposal to appoint Shelley Wai Man Lo as non-executive director to replace Vaneese Wing Ye Chu, who retired by rotation at the AGM held in February 2021, and recommended the appointment to the Board.

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

The committee determined that David Salter, Antonios Djakouris, Omar Kamal, Carol Bell and Roger Davey are independent. Zhong Liang Hong and Shelley Wai Man Lo are not considered independent due to their association with significant shareholders.

The Nomination Committee met once during the year under review.

Carol Bell has been appointed to, and has taken over the chairmanship of the Nomination Committee in line with her appointment as Lead Independent Director, with effect from 1 October 2021.

REMUNERATION COMMITTEE

All members of the Remuneration Committee are independent non-executive directors. During the year under review, the committee was chaired by Antonios Djakouris and other members of the committee were David Salter, Carol Bell and Roger Davey. The CEO and CFO are invited to attend meetings of the committee to make presentations, except when their own remuneration is under consideration.

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

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

During the year, the committee reviewed various aspects of the Group's remuneration structure, including executive salaries, and performance-based remuneration schemes. The committee had also deliberated extensively on the performance criteria of the 2018 and 2019 awards in terms of the Tharisa Share Award Plan, which had been based on the respective budgets at the time of the awards, and the performance criteria of the 2020 awards, which had been based on market guidance. Taking into account the excellent production results achieved by the Group, despite interruptions, and management's outstanding response to the COVID-19 pandemic by keeping operations running and employees safe, the committee exercised its discretion and approved the full vesting of the respective tranches of the 2018, 2019 and 2020 awards on 30 June 2021. The main principles on which the committee had based its decision, had been the outstanding performance of management and all employees of the Group under extremely challenging circumstances, the experience of employees during the period, with no COVID-19 related layoffs, and the experience of shareholders during the period in the form of a significant improvement in the share price and return of cash to shareholders through the continued payment of dividends by the Company. In addition, the committee had considered the impact of the COVID-19 pandemic on the construction of the Vulcan Plant and the consequential impact on production and economic KPIs, which were not achievable as a result of COVID-19 induced delays. Construction had recommenced early October 2020, the cost of which had been funded internally.

The committee met twice during the year under review.

Carol Bell has been appointed as chairman of the Remuneration Committee with effect from 1 October 2021. Antonios Djakouris, David Salter and Roger Davey remain members of the committee.

SAFETY, HEALTH AND ENVIRONMENT COMMITTEE

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

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

The committee met four times during the year under review.

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

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

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

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

(i) Social and economic development, focusing on the Company's standing in terms of the goals and purposes of the 10 United Nations Global Compact Principles, among others:
- upholding and respecting human rights
- fair labour practices, which include the freedom of association, right to collective bargaining and the elimination of forced labour, child labour and discrimination
- promotion of greater responsibility toward the environment
- prevention of bribery and corruption
- the Organisation for Economic Co-operation and Development's recommendations regarding corruption
- the Equator Principles
- the Employment Equity Act and the Broad-Based Black Economic Empowerment Act, applicable to South African subsidiaries.

(ii) Good corporate citizenship and the impact of the Group's activities and of its products or services on the environment, health and public safety and the Company's employment relationships and its contribution toward the educational development of its employees. In order to ensure that Tharisa is and is seen to be a responsible corporate citizen, the committee oversees and monitors, on an ongoing basis, the consequences of the Group's activities and outputs on:
- the workplace, by ensuring employment equity, fair remuneration, safety, health, dignity and development of employees and the Group's standing in relation to the International Labour Organisation Protocol on decent work and working conditions
- the economy, by working towards economic transformation
- the prevention, detection and response to fraud and corruption
- society, by upholding public health and safety, consumer protection, community development and protection of human rights
- the environment, by ensuring the prevention of pollution, minimising waste disposal and protecting biodiversity.

(iii) Ethical leadership and ethical behaviour, by reviewing the Company's Code of Ethics and making recommendations to the Board for approval, reviewing results of whistleblowing activities, reviewing significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the Company and ensuring that the Company's ethics performance is assessed, monitored, reported and disclosed.

The committee is pleased to report that it has fulfilled its mandate in terms of its Terms of Reference and that there are no instances of material non-compliance to report.

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

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

The committee is chaired by Roger Davey and other members are David Salter, Carol Bell, Loucas Pouroulis and Phoevos Pouroulis. The CFO, COO, Group Executive: Legal and CTO attend meetings as invitees.

During the year, the committee considered various opportunities presented to it and recommended the acquisition of 100% of the shareholding in Salene Chrome Zimbabwe to the Board for approval. The acquisition was approved by the Board, effective 31 March 2021.

The committee meets as often as necessary to undertake its role effectively. The committee met three times during the year under review.

CLIMATE CHANGE AND SUSTAINABILITY COMMITTEE

During the year under review, the Board established the Climate Change and Sustainability Committee, delegating the responsibility for overseeing the climate change and sustainability strategy, policies and functions of the Group. This new committee will function alongside the Safety, Health and Environment and the Social and Ethics Committees. Given the significance of the subject matter, not only for the business, but also for all stakeholders and the planet, the committee comprises, for the time being, all members of the Board and will be chaired by Carol Bell. Meetings of the committee will be attended by the Chief Operating Officer (COO), Group Executive: Legal, Chief Technical Officer (CTO), Head of Investor Relations and Communications and the Group ESG Manager by invitation.

The purpose of the committee is to provide stewardship and enhance the Group's, and in particular Tharisa Minerals', efforts in fighting climate change and driving sustainability and maintaining the social license to operate within communities. Furthermore, the Committee will provide support to management in ensuring that the Company addresses issues of climate change and sustainability through the development and implementation of a Climate change and Sustainability Policy and Sustainability framework. The Committee will also provide oversight on the Company's sustainability strategy and reporting and all matters under the theme of climate change and sustainability.

The focus of this committee, in the near term, is oversight of the implementation of the Company's carbon action plan to becoming net carbon neutral by 2050. It will also guide the Group towards its goal of creating a circular economy while producing critical metals for the decarbonisation of global economies.

The Committee shall have access to sufficient resources in order to carry out its duties, including the authority to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference and to invite those persons to attend meetings of the Committee.

Meetings will be held as often as necessary, but at least twice a year. The committee held its first meeting in November 2021.

ATTENDANCE AT MEETINGS

Attendance at Board and committee meetings is set out below:

Director	Board	Audit Committee	Nomination Committee	Remunera-tion Committee	Risk Committee	SHE Committee	Social and Ethics Committee	New Business Committee
Number of meetings held	**4**	**5**	**1**	**2**	**1**	**4**	**1**	**3**
Loucas Pouroulis	4	–	1	-	1	–	–	2℧
Phoevos Pouroulis	4	4#	1#	2#	1	4#	1	2℧
Michael Jones	4	5#	–	2#	1	–	–	3
David Salter	4	5	1	2	1	4	1	3
Antonios Djakouris	4	5	1	2	1	4	1	2#
Omar Kamal	4	5	–	-	1	3#	1	3#
Carol Bell	4	5	1#	2	1	4	0	3
Roger Davey	4	1#	-	2	1	4	-	3
Zhong Liang Hong	3	–	–	–	0	–	–	1#
Vaneese Wing Ye Chu*	1	1#	–	–	0	–	–	–
Shelley Wai Man Lo**	3	3#	-	-	1	2#	-	3#

\# *By invitation*
℧ *Recused from one meeting*
* *Retired by rotation on 10 February 2021*
** *Appointed 10 February 2021*

GROUP COMPANY SECRETARY

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

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

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

The Board assessed and considered the performance and qualifications of the Company Secretaries formally and is satisfied that the Company Secretaries are competent, suitably qualified and experienced.

The appointment and removal of the Company Secretaries are matters reserved for the Board as a whole.

BOARD EVALUATION

The Nomination Committee, under leadership of the Lead Independent Director, conducts an evaluation of the performance of the Board, its committees, the Executive Chairman, CEO, CFO, the Company Secretary and the performance and contribution of the individual non-executive directors. The Board committees conduct a self-evaluation against their respective terms of reference and each individual Board member is evaluated by fellow Board members using an evaluation questionnaire. The results of the evaluation process are considered by the Nomination Committee prior to their presentation to the Board. Results and any identified training requirements are discussed with individual directors if deemed necessary. Board evaluations are performed on an annual or biennial basis. An extensive evaluation was conducted during October 2019. There were no material findings and remedial action is being taken to address areas that can be improved upon. The Board is satisfied that the evaluation process assists in the improvement of performance and effectiveness of the Board.

Board evaluations are generally undertaken on an annual or biennial basis. Due to the challenges presented by the global COVID-19 pandemic, the evaluation that was due to have been undertaken in 2021 has been postponed to 2022.

CONFLICTS OF INTEREST

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

SHARE DEALING AND INSIDER TRADING

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

Directors of the Company and its major subsidiaries and Persons Discharging Managerial Responsibilities (PDMRs) are reminded of their obligation to inform all their associates, as defined by the JSE Listings Requirements, and investment managers of the fact that dealings by the directors and their associates in Tharisa shares have to be pre-approved and/or disclosed to the Company within the stipulated timeframe to facilitate release of the required announcements in terms of the JSE Listings Requirements. A similar requirement exists under the United Kingdom's Market Abuse Regulations for persons discharging managerial responsibilities and persons closely associated with them. The Company's directors, executives and employees who are classified as insiders are not permitted to deal in the Company's shares during closed periods or when they are in possession of non-public information.

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

Directors of the Company and its major subsidiaries and PDMRs were made aware of an amendment to the JSE Listings Requirements, which expands the definition of a transaction (for purposes of directors' dealings in securities) to include the use of the issuer's securities as security, guarantee, collateral or otherwise granting a charge, lien or other encumbrance over the securities. In the past, disclosure of such security arrangements had only been required at the time of enforcement against the security, and not at the time that the relevant security agreement was entered into. In terms of the amended Listings Requirements, separate transactions are regarded to occur, and an announcement is required, at the time a security agreement is entered into, at the time when a right of the secured party is exercised, and at the time that an existing security agreement is amended or terminated. All existing transactions entered into prior to the amendment of the Listings Requirements must be disclosed in the annual report. None of the directors or company secretaries of the Company, or of its major subsidiaries, or any PDMRs had entered into any such transactions prior to the amendment to the Listings Requirements which came into effect on 2 December 2019.

SUCCESSION PLANNING

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

COMPLIANCE

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

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

The Board is satisfied that the Company complied with the Cyprus Companies Law, its Articles of Association and the requirements of the JSE Listings Requirements pursuant to the Company's primary listing on the JSE, as well as the LSE Listing Rules, Disclosure Guidance and Transparency Rules and the UK Market Abuse Regime, during the year under review. The Board also acknowledges the role and responsibilities of its JSE sponsor, Investec Bank Limited, and holds the opinion that the sponsor has discharged its responsibilities with due care during the period.

INFORMATION TECHNOLOGY GOVERNANCE

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

CLIMATE CHANGE GOVERNANCE

The Board is ultimately responsible for strategic direction of the Group and monitoring that Tharisa and its subsidiaries are operating responsibly. Tharisa has evolved its approach to dealing with stakeholders, focusing on actively healing, rather than merely avoiding harm. Both the risks and opportunities presented by climate change are debated actively by the Board when developing the Group's strategy. Investment decisions, likewise, factor in climate risk as well as the business opportunities that arise from decarbonisation of energy in order that the Group's capital investment is allocated appropriately and responsively to ensure that Tharisa's business model remains both sustainable and competitive. The Group produces a number of raw materials required for decarbonising the global economy and it also directs its research and development activities towards not only minimising its direct carbon footprint, but also to contribute to the global goal of achieving net-zero carbon emissions by 2050. The Board supports the Paris Climate Agreement, which was adopted in 2015 to address the negative impact of climate change by substantially reducing global greenhouse gas emissions in an effort to limit the global increase in temperature.

During the year under review, the Board established the Climate Change and Sustainability Committee, delegating the responsibility for overseeing the climate change and sustainability strategy, policies and functions of the Group.

Tharisa has been reviewing its operations with respect to establishing a corporate plan to reduce its carbon emissions while continuing to grow its operations in producing metals that are needed to affect the energy transition away from fossil fuels and deliver the decarbonisation of economies. Tharisa's management is committed to reduce its carbon emissions by 30% by 2030 (from its FY2020 baseline which uses 2019 data) and the development of a roadmap is continuing to net carbon neutral by 2050. Investment decisions taken by Tharisa's board will be informed by these decarbonisation targets, alongside the current financial investment criteria. Furthermore, this roadmap being developed will ensure that the pre-defined decarbonisation targets are achieved through the deployment of numerous sustainability initiatives. The decarbonisation targets are one part of Tharisa's broader sustainability programme, and a further detailed framework will be announced during FY2022.

EXTERNAL AUDIT

Ernst & Young Cyprus Limited acts as external auditor to the Group and its independence is reviewed by the Audit Committee on an annual basis. The appointment of the external auditor was approved at the AGM on 10 February 2021. The external auditor has unrestricted access to the Chairman of the Audit Committee and the Lead Independent Director.

INTERNAL AUDIT

The Audit Committee reviewed, on a regular basis, the need for an in-house internal audit function. During the year under review, the Audit Committee reached the conclusion that the Group had reached a size and stage of development that justified the creation of an in-house internal audit function and recommended the appointment of a Group Head of Internal Audit to the Board. Mr Suren Singh joined Tharisa as Group Head of Internal Audit on 1 June 2021. A Chartered Accountant by profession, he has spent three decades in internal audit, ranging from government, retail, automotive and most recently as Chief Internal Auditor at an international gold producer.

HUMAN RIGHTS, MODERN SLAVERY AND HUMAN TRAFFICKING

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

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

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS

The Board is responsible for the preparation of the consolidated financial statements and Company financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the Board determines is necessary to enable the preparation of consolidated financial statements and Company financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements and Company financial statements, the Board is responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group, Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's and Company's financial reporting process.

To meet the Company's responsibility to provide reliable financial information, the Company maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material losses, unauthorised acquisition, use or disposal and that transactions are properly authorised and recorded. The systems include a documented organisational structure and division of responsibility, established policies and procedures, which are communicated throughout the Group, and the careful selection, training and development of people.

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

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

The JSE undertook a review of the Listings Requirements to introduce several changes that seek to strengthen governance, processes, disclosure and other key areas. Of critical importance is the JSE Requirement 3.84(k) that requires that the CEO and CFO sign a Responsibility Statement in the Annual Report that:

- Financial statements is fairly presented,
- No facts have been omitted or untrue statements made,
- IFC have been implemented to ensure that material information have been provided to effectively prepare financial statements,
- IFC are adequate and effective can be relied upon

Where not satisfied, the undermentioned information is disclosed to the Audit Committee and external auditors:

- Deficiencies in design and operating effectiveness of IFC
- Any fraud that involves directors
- That remedial action has been taken

The Board is primarily responsible for establishing a framework of prudent and effective controls that enables risks to be assessed and managed. The Audit Committee assists the Board in this task by reviewing and assessing the Group's internal control and risk management processes in relation to the Group's financial reporting process.

The system of controls is designed to manage rather than eliminate the risks relevant to the Group's operations and, therefore, can only provide reasonable, and not absolute, assurance against material errors, losses, fraud or breaches of laws and regulations.

The Group has appointed an in-house Group Head of Internal Audit. The internal audit function tests the Group's systems of risk management, internal control and corporate governance to obtain a reasonable assurance that:

- the risk management system functions efficiently material financial,
- management and operating information is accurate,
- reliable and up to date the actions of employees and management bodies are in compliance with the Group's policies,
- standards and procedures and the applicable resources are procured reasonably and used efficiently and their safekeeping is fully guaranteed; and
- group companies conduct their business in compliance with applicable laws.

Each year, the Audit Committee approves an internal audit plan, which is developed by identifying the audit universe, performing a risk analysis and obtaining input from management relative to risks, controls and governance processes. The internal auditor regularly reports to the Audit Committee on the progress of planned audits. If any material internal control deficiencies are identified, they are communicated to the Audit Committee, and consequently to the Board, at once.

ARTICLES OF ASSOCIATION

The Company's Articles of Association may only be amended by Special Resolution at the Annual General Meeting. Subject to the Cyprus Companies Law CAP 113, the JSE Listings Requirements, the Company's Articles of Association, and the terms of any resolution/s passed by shareholders of the Company in General Meeting, the unissued shares from time to time are under the control of the Board, to issue shares for cash or such other consideration which is not cash, with such restrictions and conditions, as the Board deems appropriate. Subject to the provisions of the Cyprus Companies Law CAP 113, the JSE Listings Requirements and the Company's Articles of Association, the Company may buy back shares in its own share capital, provided that the required shareholder authorisation has been obtained by virtue of a special resolution passed at a General Meeting. Such authorisation may be given for no more than twelve months on each occasion, notwithstanding any other provisions.

CORPORATE GOVERNANCE REPORT

SIGNIFICANT SHAREHOLDERS

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

	30 September 2021 Number of shares	30 September 2021 %	30 September 2020 Number of shares	30 September 2020 %
Medway Development Limited	**109 627 006**	**40.4**	109 627 006	40.8
Rance Holdings Limited	**39 226 509**	**14.5**	40 548 241	15.1
FIL Limited	**-**	**-**	26 508 352	9.9
Fujian Wuhang Stainless Steel Products Co. Limited	**27 870 211**	**10.3**	19 419 920	7.2

There has been no significant change in the shareholders holding more than 5% of the issued share capital of the Company between 30 September 2021 and the date of the approval of the consolidated and Company financial statements.

Public and non-public shareholders:

2021	**Number of shareholders**	**Number of shares**	**% of issued share capital**
Public	**1 713**	**83 820 746**	**30.9**
Non public:			
Directors and associates of the Company and its subsidiaries	**15**	**10 739 907**	**4.0**
Persons interested (other than directors), directly or indirectly, in 10.0% or more	**3**	**176 723 726**	**65.1**
	1 731	**271 284 379**	**100.00**

2020			
Public	1 086	108 258 651	40.3
Non public:			
Directors and associates of the Company and its subsidiaries	15	10 042 416	3.8
Persons interested (other than directors), directly or indirectly, in 10.0% or more	2	150 175 247	55.9
	1 103	268 476 314	100.00

The shareholding percentage represents the percentage of voting rights.

CODE OF BUSINESS ETHICS AND CONDUCT

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

Tharisa expects its employees, officers and directors to:

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

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

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

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

Each report received via the Safety and Ethics Hotline, or through any other channel, is considered and assessed by the Group Head of Internal Audit in terms of the nature of the incident and the level of staff implicated. For the following instances, the Group Head of Internal Audit consults with Audit Committee Chairperson and together they decide on the most appropriate follow up action:

- concerns individuals that are at the highest level of management of the Group and/or individuals that are responsible for overseeing one or more departments or
- the incident indicates a serious or pervasive violation which puts Tharisa plc at risk (whether from a reputational or financial perspective).

Based on this assessment the Group Head of Internal Audit, in conjunction with the Chief Financial Officer and/or Chief Operations Officer, determines whether to investigate the matter with internal audit resources or request the senior management within the function/region to investigate where this is appropriate or if required. In certain circumstances it could be appropriate to engage an outside forensic expert to investigate. All incidents are investigated and the outcomes of the investigations are reported to the Audit Committee on a quarterly basis. Based on the outcome of the investigation, appropriate action is taken which may include, where deemed necessary, a disciplinary process in accordance with the Tharisa plc Human Resources Disciplinary Process.

Whistle Blowers (Pty) Ltd operates and ensures confidentiality of the hotline/tip offs process and that the anonymity of the individual using the hotline is protected. while they are in possession of the information as well as protecting the rights of the individuals referred to in the complaint.

INVESTOR RELATIONS
The CEO and CFO, supported by the Investor Relations function, interact with institutional investors and qualified private investors on a regular basis on the performance of the Group through presentations, and scheduled meetings. The Company also participates in selected South African and international conferences and conducts roadshows in South Africa and internationally.

A wide range of information and documents, including copies of presentations given to investors, annual reports and notices of shareholder meetings, are made available on the Company's website www.tharisa.com on an ongoing basis.
Shareholders are encouraged to visit the investors' section of the website frequently to be kept informed of the corporate timetable, including dates for the AGMs, forms of proxy and relevant shareholder information relating thereto.

CHIEF EXECUTIVE OFFICER AND THE CHIEF FINANCE OFFICER RESPONSIBILITY STATEMENT

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

- The consolidated annual financial statements and company annual financial statements set out on pages 49 to 122 and 124 to 155 of this document, 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;

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

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

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

Phoevos Pouroulis **Michael Jones**

Cyprus
30 November 2021

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STATEMENT BY THE MEMBERS OF THE BOARD OF DIRECTORS RESPONSIBLE FOR THE DRAFTING OF THE ANNUAL CONSOLIDATED FINANCIAL REPORT AND FINANCIAL STATEMENTS OF THARISA PLC ACCORDING TO THE UNITED KINGDOM DISCLOSURE GUIDANCE AND TRANSPARENCY RULES ('UK DTR').

In accordance with DTR4.1 on Annual Financial Reporting, providing for the disclosure and transparency requirements for issuers whose transferable securities are admitted to trading on a UK Recognised Investment Exchange, we, the members of the Board of Directors, responsible for the preparation of the annual consolidated financial statements of Tharisa plc for the period ended 30 September 2021, hereby declare that to the best of our knowledge:

(a) the financial statements, prepared in accordance with International Financial Reporting Standards (IFRS), give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and

(b) the management report includes a fair review of the development and performance of the business and the position of the Company, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Loucas Pouroulis *Executive Chairman*

Phoevos Pouroulis *Chief Executive Officer*

Michael Jones *Chief Finance Officer*

Carol Bell *Lead independent non-executive director*

Antonios Djakouris *Independent non-executive director*

Omar Kamal *Independent non-executive director*

David Salter *Independent non-executive director*

Roger Davey *Independent non-executive director*

Zhong Liang Hong *Non-executive director*

Shelley Lo Wai Man *Non-executive director*

Cyprus, 30 November 2021

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Independent Auditor's Report

To the Members of Tharisa plc

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

Opinion

We have audited the accompanying consolidated and parent company financial statements of Tharisa plc (the "Company" and together with its subsidiaries the "Group"), which are presented in pages 49 to 155 and comprise the consolidated and parent company statements of financial position as at 30 September 2021, and the consolidated and parent company statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated and parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and parent company financial statements give a true and fair view of the consolidated and parent company financial position of the Group and the Company as at 30 September 2021, and of its consolidated and parent company financial performance and its consolidated and parent company cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the IASB.

Basis for Opinion

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

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

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

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

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Key Audit Matters	Our response to the Key Audit Matters
Revenue recognition: Revenue for the year ended 30 September 2021 amounted to US$596m. Refer to notes 4 and 5 of the consolidated financial statements. The identification as a key audit matter primarily relates to the following: The significant number of sales transactions and complex terms under which title and control pass to the customer increases the risk of measurement and cut-off errors. We have also identified risks in relation to the calculation of the adjustment for provisional pricing. ▸ Cut-off: the complexity of terms that define when the title and control are transferred to the customer, as well as the high value of transactions, give rise to the risk that revenue is not recognised in the correct period. ▸ Measurement: the determination of revenue from the sale of PGM concentrates from the time of initial recognition of the sale through to final pricing requires management to re-estimate fair value of the price adjustment feature continuously. Management determines this with reference to actual spot prices. Estimation is used in the valuation of these transactions and the profit or loss impact of the mark to market movement is recorded as a fair value adjustment in revenue in the statement of profit or loss and other comprehensive income. These calculations are based on estimations and are susceptible to potential manipulation.	In this area, we performed the following procedures, among others: ▸ We obtained an understanding of the key controls around the revenue recognition process in order to assess whether it is designed to prevent, detect or correct material misstatements in the reported revenue figures; ▸ We analysed the terms and conditions for a sample of sales contracts and evaluated whether they have been accounted for in line with the Group's revenue recognition policy. We have reviewed revenue recognition policies for compliance with the requirements of IFRS 15 "Revenue from contracts with customers" (IFRS 15). ▸ For a risk-based sample of revenue transactions we performed test of details including: agreeing the main inputs to supporting evidence (such as provisional and final invoices, shipment confirmations, assay reports, market prices, agreements and bank statements), recalculating the amounts invoiced and recorded as revenue; ▸ For a risk-based sample of revenue transactions selected, we obtained third party confirmations, to check their completeness and accuracy; ▸ We assessed the methodology adopted by management to identify the provisional pricing terms and the determination of estimates of metal in concentrate sold to third parties; ▸ For a risk-based sample of open sales at year-end where provisional pricing applied, we compared to external sources the inputs used and recalculated the provisional price adjustment to evaluate whether it was correctly measured; ▸ For a risk-based sample of transactions near to the year-end we performed cut off testing over the revenue recognition in the correct period, comparing the date of revenue recognition to supporting evidence such as shipment confirmations and assay reports and considering the appropriate application of terms of sale arrangements; ▸ We considered and analysed the nature of any significant credits raised post year-end to evaluate that revenue transactions were recorded at the correct value in the relevant period; ▸ We performed substantive analytical review procedures, including yearly and monthly trend analysis and reasonableness tests; and ▸ We assessed whether the financial statements include disclosures in respect of revenue and the provisional pricing in accordance with the applicable IFRS.

Rehabilitation provision: The carrying value of the Group's rehabilitation provision as at 30 September 2021 amounted to US$19.9m. Refer to Note 26 of the consolidated financial statements. The calculation of this provision requires management judgement in estimating the quantum and timing of future costs taking into consideration the unique nature of the site and the long timescales involved. This calculation also requires management to determine an appropriate future long term inflation rate as well as a rate to discount future costs to their present value. The judgement required to estimate such costs is further increased by the limited historical precedent available to accurately determine the future costs and the uncertainty regarding the final outcome on the application to amend the Environmental Management Plan. Management reviews the close-down, restoration and environmental obligations on an annual basis, using experts to provide support in the assessment where appropriate. This review incorporates the effects of any changes in local regulations and management's anticipated approach to restoration and rehabilitation. Due to the high level of uncertainty and judgement involved in the determination of the estimate and assumptions used and the expected timing of the cash flows, we consider this to be a key audit matter.	In this area, we performed the following procedures, among others: ▸ We assessed management's process for the review of the rehabilitation provision and assessed the movements in the provision in the year, taking into consideration the intended method of rehabilitation and the associated cost estimate, and how this relates to the Environmental Management Plan; ▸ We tested the mathematical accuracy of management's calculations, assessed the appropriateness of the future inflation and discount rates as well as the variability of the expected timing of the cash flows, including possible expansions of the mine, and evaluated the assumptions used in determining the provision, considering also the impact of significant regulatory changes, if any; ▸ We considered the competence, capabilities and objectivity of the expert used by management in estimating the relevant costs and we evaluated the work performed by the expert; ▸ We evaluated the classification of the expenditure and assessed the appropriateness of the related disclosures in the financial statements in accordance with IFRS; and ▸ We considered the amendments currently being made to the Environmental plans and how management incorporated these into the judgements and estimates.

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Reporting on other information

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

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

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

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and parent company financial statements, including the disclosures, and whether the consolidated and parent company financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and parent company financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(i) This report, including the opinion, has been prepared for and only for the Company's members as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

(ii) As described in Note 2.1 of the consolidated financial statements and Note 2.1 of the parent company financial statements, these financial statements have been prepared in accordance with IFRS as issued by the IASB. We have reported separately on the Cyprus statutory financial statements prepared in accordance with IFRS as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

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

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

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia
1 December 2021

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 September 2021

	Notes	**2021 US$'000**	2020 US$'000
Revenue	5	**596 345**	405 995
Cost of sales	6	**(388 926)**	(275 563)
Gross profit		**207 419**	130 432
Other income	7	**764**	918
Net foreign exchange gain/(loss)		**15 477**	(8 378)
Other operating expenses	9	**(44 822)**	(35 327)
Results from operating activities		**178 838**	87 645
Finance income	10	**1 391**	944
Finance costs	10	**(4 893)**	(6 926)
Changes in fair value of financial assets at fair value through profit or loss	34	**10 540**	476
Changes in fair value of financial liabilities at fair value through profit or loss	34	**(370)**	(5 773)
Share of loss of investment accounted for using the equity method	16	**(251)**	(614)
Profit before tax		**185 255**	75 752
Tax	12	**(53 714)**	(20 801)
Profit for the year		**131 541**	54 951
Other comprehensive income			
Items that may be classified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations, net of tax		**20 450**	(24 118)
Other comprehensive income/(loss), net of tax		**20 450**	(24 118)
Total comprehensive income for the year		**151 991**	30 833
Profit for the year attributable to:			
Owners of the company		**100 469**	43 296
Non-controlling interest		**31 072**	11 655
		131 541	54 951
Total comprehensive income for the year attributable to:			
Owners of the company		**113 471**	27 431
Non-controlling interest		**38 520**	3 402
		151 991	30 833
Earnings per share			
Basic earnings per share (US$ cents)	13	**37.4**	16.2
Diluted earnings per share (US$ cents)	13	**37.3**	16.2

The notes on pages 54 to 122 are an integral part of these financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2021

	Notes	2021 US$'000	2020 US$'000
Assets			
Non-current assets			
Property, plant and equipment	14	**380 461**	278 960
Intangible assets	15	**2 942**	1 427
Investment accounted for using the equity method	16	**10 274**	10 303
Financial and other assets	18	**15 854**	6 791
Deferred tax assets	19	**1 177**	1 140
Total non-current assets		**410 708**	298 621
Current assets			
Inventories	20	**58 269**	41 864
Trade and other receivables	21	**136 554**	112 056
Contract assets	22	**2 440**	2 101
Financial and other assets	18	**3 041**	2 169
Current taxation	23	**8 949**	497
Cash and cash equivalents	24	**83 436**	49 293
Total current assets		**292 689**	207 980
Total assets		**703 397**	506 601
Equity and liabilities			
Share capital and premium	25	**289 818**	286 929
Other reserve	25	**47 245**	47 245
Foreign currency translation reserve	25	**(91 848)**	(104 850)
Retained earnings	25	**199 217**	122 085
Equity attributable to owners of the Company		**444 432**	351 409
Non-controlling interests	25	**6 842**	(30 580)
Total equity		**451 274**	320 829
Non-current liabilities			
Provisions	26	**19 931**	14 684
Borrowings	27	**20 590**	16 132
Deferred tax liabilities	19	**87 565**	39 102
Total non-current liabilities		**128 086**	69 918
Current liabilities			
Borrowings	27	**16 260**	54 481
Other financial liabilities	28	**485**	6 144
Current taxation	23	**286**	176
Trade and other payables	29	**104 566**	52 952
Contract liabilities	30	**2 440**	2 101
Total current liabilities		**124 037**	115 854
Total liabilities		**252 123**	185 772
Total equity and liabilities		**703 397**	506 601

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

Phoevos Pouroulis
Director

Michael Jones
Director

The notes on pages 54 to 122 are an integral part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2021

	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 2019		267	284 926	47 245	(88 985)	79 318	322 771	(33 982)	288 789
Total comprehensive (loss)/income for the year									
Profit for the year		-	-	-	-	43 296	43 296	11 655	54 951
Other comprehensive income:									
Foreign currency translation differences	25	-	-	-	(15 865)	-	(15 865)	(8 253)	(24 118)
Total comprehensive (loss)/income for the year		-	-	-	(15 865)	43 296	27 431	3 402	30 833
Transactions with owners of the Company									
Contributions by and distributions to owners									
Dividends paid	39	-	-	-	-	(667)	(667)	-	(667)
Issue of ordinary shares	25	2	1 734	-	-	-	1 736	-	1 736
Equity-settled share-based payments	25	-	-	-	-	138	138	-	138
Contributions by and distributions to owners of the Company		2	1 734	-	-	(529)	1 207	-	1 207
Total transactions with owners of the Company		2	1 734	-	-	(529)	1 207	-	1 207
Balance at 30 September 2020		269	286 660	47 245	(104 850)	122 085	351 409	(30 580)	320 829

The notes on pages 54 to 122 are an integral part of these financial statements.

tharisa plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2021

	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 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	25	**-**	**-**	**-**	**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	39	**-**	**-**	**-**	**-**	**(20 181)**	**(20 181)**	**(1 098)**	**(21 279)**
Issue of ordinary shares	25	**2**	**2 887**	**-**	**-**	**-**	**2 889**	**-**	**2 889**
Equity-settled share-based payments	25	**-**	**-**	**-**	**-**	**(3 156)**	**(3 156)**	**-**	**(3 156)**
Contributions by and distributions to owners of the Company		**2**	**2 887**	**-**	**-**	**(23 337)**	**(20 448)**	**(1 098)**	**(21 546)**
Total transactions with owners of the Company		**2**	**2 887**	**-**	**-**	**(23 337)**	**(20 448)**	**(1 098)**	**(21 546)**
Balance at 30 September 2021		**271**	**289 547**	**47 245**	**(91 848)**	**199 217**	**444 432**	**6 842**	**451 274**

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

The notes on pages 54 to 122 are an integral part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 September 2021

	Notes	**2021 US$'000**	2020 US$'000
Cash flows from operating activities			
Profit for the year		**131 541**	54 951
Adjustments for:			
Depreciation of property, plant and equipment	14	**36 024**	27 949
Profit on disposal of property, plant and equipment	14	**-**	(9)
Share of loss of investment accounted for using the equity method	16	**251**	614
Impairment loss/(reversal) and net realisable value write down of inventory	20	**789**	(114)
Write off of property, plant and equipment	14	**4 950**	3 090
Expected credit loss allowance		**100**	-
Equity-settled share-based payments		**3 560**	138
Changes in fair value of financial assets at fair value through profit or loss	34	**(10 540)**	(476)
Changes in fair value of financial liabilities at fair value through profit or loss	34	**370**	5 773
Net foreign exchange (gain)/loss		**(15 477)**	8 378
Interest income	10	**(1 391)**	(944)
Interest expense	10	**4 893**	6 926
Tax	12	**53 714**	20 801
		208 784	127 077
Changes in:			
Inventories		**(13 442)**	(7 352)
Trade and other receivables and contract assets		**(11 385)**	(50 577)
Trade and other payables and contract liabilities		**39 674**	5 419
Provisions		**2 150**	1 767
Cash generated from operations		**225 781**	76 334
Income tax paid	31	**(17 412)**	(3 376)
Net cash flows from operating activities		**208 369**	72 958
Cash flows from investing activities			
Interest received		**1 106**	597
Additions to property, plant and equipment	14	**(106 006)**	(70 558)
Additions to intellectual property	15	**-**	(311)
Net cash outflow from business combination	32	**(3 079)**	(1 486)
Proceeds from disposal of property, plant and equipment	14	**1**	770
Additions to investments accounted for using the equity method	16	**-**	(1 866)
Additions to other assets	18	**(2 282)**	(1 556)
Net cash flows used in investing activities		**(110 260)**	(74 410)
Cash flows from financing activities			
Net (payment of)/proceeds from bank credit facilities	27	**(15 553)**	2 487
Advances received	27	**26 787**	18 118
Repayment of borrowings	27	**(48 208)**	(15 609)
Principal lease payments	27	**(4 597)**	(5 673)
Dividends	40	**(21 279)**	(667)
Interest paid		**(3 003)**	(4 311)
Net cash flows used in financing activities		**(65 853)**	(5 655)
Net increase/(decrease) in cash and cash equivalents		**32 256**	(7 107)
Cash and cash equivalents at the beginning of the year		**49 293**	59 201
Effect of exchange rate fluctuations on cash held		**1 887**	(2 801)
Cash and cash equivalents at the end of the year	24	**83 436**	49 293

The notes on pages 54 to 122 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2021

1. CORPORATE INFORMATION

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

The Company's registered office is at Sofoklis Pittokopitis Business Centre, Offices 108-110, 17 Neophytou Nicolaides and Kilkis Streets, 8011 Paphos, Cyprus.

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

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

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

On 15 February 2012, Tharisa Investments Limited incorporated Tharisa Fujian Industrial Co., Ltd, a company established in China. The principal activity of Tharisa Fujian Industrial Co., Ltd is that of ferrochrome smelting. Tharisa Fujian Industrial Co., Ltd has not commenced operations up to the date of this report. During April 2011, Tharisa Investments Limited issued additional shares representing 15.0% of its expanded share capital to Fujian Wuhang Stainless Steel Products Co. Ltd ('Fujian'). On 22 November 2011, the Company and Fujian signed an agreement, according to which Fujian transferred its 15.0% equity interests in Tharisa Investments Limited to the Company. The consideration for this transfer was the par value of the shares transferred of US$22.5 and a call option written by the Company which conferred to Fujian a right to purchase 15.0% of the equity capital of Tharisa Fujian Industrial Co., Ltd at Chinese Yuan Renminbi ('YUAN') 100 at any time after 31 December 2012. As at 30 September 2021, the call option had yet to be exercised.

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

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

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

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

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

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

1. CORPORATE INFORMATION (continued)

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

On 9 July 2019, the Company has been granted a call option to acquire a 70.0% shareholding in Salene Manganese Proprietary Limited, a company incorporated in South Africa. The purchase consideration to acquire 70.0% of the shareholding will be equal to 70.0% of the market value of Salene Manganese Proprietary Limited. Salene Manganese Proprietary Limited's principal activity is a manganese exploration and mining company. Salene Manganese Proprietary Limited purchased a Mining Right issued over the farm Macarthy 559, Kuruman district in South Africa. The Mining Right is for the mining of iron ore and manganese ore. At 30 September 2021 the call option has not yet been exercised. The call option is exercisable on or before 14 August 2022.

On 1 October 2019, the Company acquired 100% of the share capital of MetQ Proprietary Limited, a company established in South Africa. The principal activity of MetQ Proprietary Limited is the manufacturing of mining equipment.

On 31 March 2021, the Company acquired 100.0% of the share capital of Salene Chrome Zimbabwe (Private) Limited, a company incorporated in Zimbabwe. Salene Chrome Zimbabwe (Private) Limited's principal activity is exploration and mining. Salene Chrome Zimbabwe (Private) Limited has been awarded special grants under the Zimbabwe Mines and Minerals Act on the Eastern and Western sides of the Great Dyke in Zimbabwe, which entitles it to mine the minerals thereon.

On 19 April 2021, the Company incorporated Arxo Prospecting (Cyprus) Limited, a company established in Cyprus. The principal activity of Arxo Prospecting Limited is the prospecting for minerals and metals. Limited operations were conducted during the financial year ended 30 September 2021.

On 20 April 2021, the Company incorporated Arxo Exploration (Cyprus) Limited, a company established in Cyprus. The principal activity of Arxo Exploration Limited is the exploration for various metals and minerals. Limited operations were conducted during the financial year ended 30 September 2021.

On 30 June 2021, the Company incorporated Arxo Technologies Limited, a company established in Cyprus. The principal activity of Arxo Technologies Limited is to perform research and development operations. Limited operations were conducted during the financial year ended 30 September 2021.

2.1. BASIS OF PREPARATION

Statement of compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') and the Listings Requirements of the Johannesburg Stock Exchange. IFRS comprise the standards issued by the International Accounting Standards Board ('IASB') and IFRS Interpretations Committee ('IFRIC') as issued by the IASB. 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.

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

Accounting policies
The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. Where an accounting policy is specific to a note, the policy is described in the note which it relates to. These policies have consistently been applied to all years presented.

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

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

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

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

Refer to note 34 for statements on the Group's objectives, policies and processes for managing its capital, details of its financial instruments and hedging activities; its exposures to market risk in relation to commodity prices and foreign exchange risks; interest rate risk; credit risk; and liquidity risk.

2.2. STANDARDS AND INTERPRETATIONS ADOPTED IN THE CURRENT YEAR

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

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

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

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

IFRS 3 – Business Combinations (Amendment)
The IASB issued amendments to the definition of a business in IFRS 3 – Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. It clarifies the minimum requirements for a business, removes the assessment of whether market participants are capable of replacing any missing elements, includes guidance to help entities assess whether an acquired process is substantive, narrows the definitions of a business and of outputs, and introduces an optional fair value concentration test.

The amendment had to be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date was on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, entities do not have to revisit such transactions that occurred in previous periods. The Group acquired Salene Chrome Zimbabwe (Private) Limited during the year ended 30 September 2021 (refer to note 32) and by applying the amendments of IFRS 3 concluded that the activities and relevant outputs of Salene Chrome Zimbabwe (Private) Limited represents a business combination.

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

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

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

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

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

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

Key changes include:

- Increasing the prominence of stewardship in the objective of financial reporting, which is to provide information that is useful in making resource allocation decisions;
- Reinstating prudence, defined as the exercise of caution when making judgements under conditions of uncertainty, as a component of neutrality;
- Defining a reporting entity, which might be a legal entity or a portion of a legal entity;
- Revising the definition of an asset as a present economic resource controlled by the entity as a result of past events;
- Revising the definition of a liability as a present obligation of the entity to transfer an economic resource as a result of past events;
- Removing the probability threshold for recognition, and adding guidance on derecognition;
- Adding guidance on the information provided by different measurement bases, and explaining factors to consider when selecting a measurement basis;

Stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where the relevance or true representation of the financial statements would be enhanced.

The adoption of the revised Conceptual Framework did not have a material impact on the Group.

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

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

2.3. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

Classification of Liabilities as Current or Non-current - Amendments to IAS 1
The International Accounting Standards Board (IASB) issued Classification of Liabilities as Current or Non-current, which amends IAS 1 Presentation of Financial Statements. The amendments affect requirements in IAS 1 for the presentation of liabilities. Specifically, they clarify a criterion for classifying a liability as non-current. The amendment must be applied prospectively and is effective for annual periods beginning on or after 1 January 2023. This amendment is not expected to have a material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g. the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g. depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments must be applied prospectively for annual periods beginning on or after 1 January 2022, to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on transition.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
In May 2021, the IASB issued amendments to IAS 12 Income Taxes which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a decommissioning asset and decommissioning liability (or lease asset or lease liability) give rise to taxable and deductible temporary differences that are not equal.

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented and is effective for annual periods beginning on or after 1 January 2023.

This amendment is not expected to have a material impact on the Group.

Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 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'). The US Libor that the Group is exposed to will cease to exist by June 2023. The group's borrowings that reference US Libor are: the equipment loan facility, Atrafin loan, bank credit facilities and the loan from a related party. 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 which is the recommended US LIBOR alternative. Refer to note 27 for details of LIBOR linked borrowings. The Group will assess the impact on the balances and cash flows linked to the rate changes arising from IBOR reform once negotiations with debt counterparties are more advanced and more information is available on the replacement interest rates.

The Amendments are effective for annual periods beginning on or after 1 January 2021, with early application permitted.

2.4. BASIS OF CONSOLIDATION

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

The following policies have been applied during the consolidation process:

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

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

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

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

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

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

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

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

3. USE OF JUDGEMENTS AND ESTIMATES

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

Judgements and estimates made by management in the application of IFRS that have a significant effect on the consolidated financial statements and major sources of estimation uncertainty are disclosed in the note relevant to the specific judgement or estimate.

4. OPERATING SEGMENTS

Accounting policy

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

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

PGM segment

The PGM segment principally generates revenue from the sale of PGM concentrate, which consists of the sale of platinum, palladium, rhodium, gold, ruthenium, iridium, nickel and copper. The Group enters into off-take agreements with customers for the supply of PGM concentrate.

Chrome segment

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

Agency and trading segment

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

Metallurgical and specialty chrome concentrates are produced at this plant. The Group enters into short-term contracts for the sale of these chrome concentrates.

Manufacturing segment

Following the acquisition of the manufacturing entity, the Group established the manufacturing segment.

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

The Group established the manufacturing segment following the acquisition of the manufacturing entity (refer to note 32).

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

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

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

4. OPERATING SEGMENTS (continued)

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

The shared costs relating to the manufacturing of PGM and chrome concentrates are allocated to the relevant operating segments based on the relative sales value per product on an ex-works basis. During the year ended 30 September 2021, the relative sales value of PGM concentrate increased compared to the relative sales value of chrome concentrates and consequently the allocation basis of shared costs was revised to 80.0% for PGM concentrate and 20.0% for chrome concentrates. The allocation basis of shared costs was 75.0% (PGM concentrates) and 25.0% (chrome concentrate) for the year ended 30 September 2020.

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

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

(i) the Group's revenue from external customers and
(ii) the Group's property, plant and equipment, intangible assets and investment accounted for using the equity method ('specified non-current assets').

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

tharisa plc

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4. OPERATING SEGMENTS (continued)

(i) Revenue from external customers

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

Revenue represents the sales value of goods supplied to customers, net of value-added tax. The following table summarises sales to customers with whom transactions have individually exceeded 5.0% (2020: 10.0%) of the Group's revenues.

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

(ii) Specified non-current assets

	2021 US$'000	2020 US$'000
South Africa	**373 418**	280 029
Zimbabwe	**19 874**	10 303
Cyprus	**385**	358
	393 677	290 690

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

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

5. REVENUE

Accounting policy

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

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

Revenue is presented net of Value Added Tax, rebates and discounts and after eliminating intergroup sales.

PGM revenue

Revenue from the sale of PGM concentrate is recognised based on the quantity of PGM concentrate delivered, prevailing market prices and exchange rates, when delivered to the customers in terms of the off-take agreements. Revenue recognised includes variable consideration as revenue is subject to quantity adjustments, final pricing and currency adjustments after the beneficiation process is completed. Revenue recognised is adjusted for expected final adjustments based on finally determined quantity and spot rates, which are estimated based on prevailing market information and recognised as a separate component within revenue. Adjustments to the sale price occur based on movements in the metal market prices and exchange rates up to the date of final pricing.

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

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

The provisional pricing features means the concentrate receivable fails to meet the requirements to be measured at amortised cost. Instead, the entire receivable is measured at fair value, with subsequent movements being recognised in profit or loss (refer to note 21).

Chrome and agency and trading revenue

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

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

Consequently, the freight service on export commodity contracts with CIF Incoterms represents a separate performance obligation as defined under IFRS 15 and as such, a portion of the revenue earned under these contracts, representing the obligation to perform the freight service, is deferred and recognised when this obligation has been fulfilled, along with the associated costs (refer to note 22).

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

5. REVENUE (continued)

Accounting policy (continued)

Chrome and agency and trading revenue (continued)

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

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

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

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

Commissions recognised from costs to obtain a contract with a customer

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

Manufacturing revenue

Revenue from the sale of mining equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment at the customer's location. The Group considers whether there are other undertakings in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of mining equipment, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer. Currently there aren't any other undertakings. Revenue is presented net of Value Added Tax, rebates and discounts.

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

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

5. REVENUE (continued)

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

The period ended 30 September 2021 includes PGM revenue of US$78.4 million (2020: US$62.0 million) and chrome revenue of US$45.4 million (2020: US$32.4 million) that was based on provisional results as final prices and surveys were not yet available at 30 September 2021. Contract balances are disclosed in note 22.

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

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

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

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

6. COST OF SALES

Accounting policy: provident funds
The Group's salaried employees in South Africa are members of defined contribution retirement benefit plans. The contributions to the plans range from a minimum of 3.0% to a maximum of 15.0% of staff's pensionable salary. Contributions to the plans vest immediately. Contributions are accrued in the year in which the associated services are rendered by employees. The Group's employees in Cyprus do not participate in retirement benefit plans.

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

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

6. COST OF SALES (continued)

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

7. OTHER INCOME

Accounting policy : sundry sales
Proceeds from the sale of scrap metals are recognised as sundry sales when the right to receive payment has been established.

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

	2021 US$'000	2020 US$'000
Sundry sales	**653**	772
Consulting fees received	**110**	130
Rental income	**1**	7
Profit on disposal of property, plant and equipment	**-**	9
	764	918

8. SHARE-BASED PAYMENTS

Accounting policy

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

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

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

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

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

Appreciation rights ('SARS') is the grant of an award by the Company where the employee is, subject to certain conditions, entitled to receive the increase in the share value above the award price. The awards vest in two equal annual tranches with the ability to exercise the award at any time up to five years from the date of the grant. The appreciation in value may, at the election of the Company, be either cash settled or share settled as provided for in the rules of the Plan.

At 30 September 2021, the Group had the following share-based payment arrangements:

Third to Seventh issues LTIP and SARS

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

Performance conditions applicable to Third to Sixth issues

Subject to there being no fatality during the vesting periods as detailed above for the LTIP and the SARS:

- 33.3% of each tranche of the LTIP and the SARS will be subject to continuing employment in good standing (as determined by the Remuneration Committee) during the applicable vesting period.

- The upper vesting % of each tranche of the LTIP and SARS will be subject to the production of a minimum of the upper PGM ounces production target during the first twelve month period, second twelve month period or third twelve month period, respectively (in the case of the SARS the 1st twelve month period or 2nd twelve month period, respectively). However the median vesting % of each such tranche of the LTIP and SARS will vest if the production during the applicable twelve month period is below the upper PGM ounces production target but above the median PGM ounces production target. The award will be forfeited if production in any applicable twelve month period falls below the median PGM ounces production target.

- The upper vesting % of each tranche of the LTIP and SARS will be subject to the production of a minimum of the upper chrome concentrates production target comprising metallurgical grade, foundry grade and chemical grade within contract specifications during the first twelve month period, second twelve month period or third twelve month period, respectively (in the case of the SARS the first twelve month period or second twelve month period, respectively). However the median vesting % of each tranche of the LTIP and SARS will vest if the production during the applicable 12 month period is below the upper chrome concentrates production target but above the median chrome concentrates production target. The award will be forfeited if production in any applicable twelve month period falls below the median chrome concentrates production target.

8. SHARE-BASED PAYMENTS (continued)

Performance conditions applicable to Fifth and Sixth issues only

- The upper vesting % of each tranche of the LTIP and SARS will be subject to the Earnings Before Interest, Tax, Depreciation and Amortization ('EBITDA') of the Tharisa Group at least meeting the board approved budget for the twelve month period commencing on 1 July and ending the following year on 30 June, with the EBITDA being adjusted for the actual commodity selling prices and exchange rate (US$:ZAR). However, the median vesting % of each tranche of the LTIP and SARS will vest if the applicable EBITDA is below the budgeted EBITDA (as recalculated) but equal to or above 95% of the budgeted EBITDA (as recalculated). The award will be forfeited if EBITDA in the applicable twelve month period falls below 95% of the budgeted EBITDA (as adjusted).

Performance conditions applicable to the Seventh issue only

Subject to there being no fatality during the vesting periods and continued employment in good standing for the LTIP's:

- 40% of each tranche will be subject to achieving at least the market guidance for PGM production as publicly disclosed and referenced to the commencement of the respective financial reporting period (it being noted that the vesting period and financial year are not coterminous);
- 40% of each tranche will be subject to achieving at least the market guidance for chrome concentrate production as publicly disclosed and referenced to the commencement of the respective financial reporting period (it being noted that the vesting period and financial year are not coterminous), adjusted to exclude the production from the Vulcan Plant;
- 20% of each tranche will be subject to achieving production targets associated with the construction of, and production from, the Vulcan Plant as follows:
  - Tranche 1 - achieving beneficial production by no later than 12 months from the recommencement of the construction of the Vulcan Plant post lockdown restrictions in South Africa allowing for such construction in conjunction with the necessary funding secured to finance the Vulcan Plant. For the purposes of measuring achievement of this performance metric as at the vesting date, reference will be made to an independent assessment of the percentage of completion over the 12 month period and the probability of achieving completion in the 12 month period.
  - Tranche 2 - achieving at least 80% of the nameplate production capacity of 480 kt of in-spec chrome concentrate production for the vesting period 12 months after the date of achieving beneficial production as contemplated in Tranche 1. As at the vesting date, should the beneficial production be achieved post 30 June 2021, the award will be weighted taking into account the achievement of the milestones.
  - Tranche 3 - achieving at least 90% of the nameplate production capacity of 480 kt of in-spec chrome concentrate production for the vesting period 12 months after the period contemplated in Tranche 2. As at the vesting date, should the 12 month period be carried over to the Tranche 3 vesting period, the award will be weighted taking into account the milestones achieved.

	Third issue	Fourth issue	Fifth issue	Sixth issue	Seventh issue
Vesting period					
Grant date – 30 June	2016	2017	2018	2019	2020
First twelve month period – 30 June	2017	2018	2019	2020	2021
Performance conditions					
Employment in good faith					
Vesting %	33.33%	33.33%	33.33%	33.33%	-
6E PGM production					
Upper production target	> 147.4 koz	> 147.4 koz	>163.7 koz	>177.6 koz	> market guidance
Upper vesting %	33.33%	33.33%	16.67%	16.67%	40.00%
Median production target	> 140.0 koz	> 140.0 koz	> 155.5 koz	> 168.7 koz	-
Median vesting %	16.67%	16.67%	8.34%	8.34%	-
Chrome concentrates production					
Upper production target	> 1.33 Mt	> 1.33 Mt	> 1.49 Mt	> 1.57 Mt	> market guidance
Vesting %	33.33%	33.33%	16.67%	16.67%	40.00%
Median production target	> 1.26 Mt	> 1.26 Mt	> 1.42 Mt	> 1.49 Mt	
Vesting %	16.67%	16.67%	8.34%	8.34%	

8. SHARE-BASED PAYMENTS (continued)

	Third issue	Fourth issue	Fifth issue	Sixth issue	Seventh issue
Tharisa Group EBITDA					
Upper target	-	-	> 100% of budget	> 100% of budget	-
Vesting %	-	-	33.33%	33.33%	-
Median target	-	-	> 95% of budget	> 95% of budget	-
Vesting %	-	-	16.67%	16.67%	-

The awards are subject to the rules governing the Plan and the final discretion of the Tharisa plc Remuneration Committee will prevail should there be any discrepancy. The LTIP and SARS vest in three and two annual equal tranches respectively. The LTIP and SARS have no exercise price.

LTIP

Valuation of share award at grant date:	First tranche	Second tranche	Third tranche
Third issue – 2016	-	-	R10.12
Fourth issue – 2017	-	R13.93	R13.66
Fifth issue - 2018	R17.42	R16.87	R16.33
Sixth issue - 2019	R20.34	R19.48	R18.49
Seventh issue - 2020	R11.65	R10.67	R9.66

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

	Opening balance	Allocated	Vested	Forfeited	Total
LTIP 2021 Ordinary shares					
LTIP	**8 166 229**	**-**	**(3 516 095)**	**(377 392)**	**4 272 742**
LTIP 2020 Ordinary shares					
LTIP	5 849 989	5 591 788	(1 791 295)	(1 484 253)	8 166 229

An expense of US$3.1 million (2020: US$1.7 million) was recognised in profit or loss.

SARS

	First tranche	Second tranche
Valuation of share option at grant date:		
Fourth issue – 2017	-	R6.25
Fifth issue - 2018	R6.96	R7.89
Sixth issue - 2019	R8.30	R8.72

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

	Opening balance	Allocated	Vested	Forfeited	Total
SARS 2021 Ordinary shares					
SARS	**1 510 776**	**-**	**(1 447 742)**	**(63 034)**	**-**
SARS 2020 Ordinary shares					
SARS	4 505 961	-	(959 260)	(2 035 925)	1 510 776

An expense of US$0.4 million (2020: US$0.2 million) was recognised in profit or loss.

8. SHARE-BASED PAYMENTS (continued)

SARS (continued)

Number of SARS vested, not yet exercised:

		Number of rights	
Vesting date	**Expiry date**	**2021**	2020
30 June 2017	30 June 2021	**-**	1 973 180
30 June 2018	30 June 2022	**2 121 393**	2 562 875
30 June 2019	30 June 2023	**769 859**	1 124 175
30 June 2020	30 June 2024	**1 806 612**	508 667

No LTIP awards were granted during the year ended 30 September 2021. The fair value of the historic LTIP awards was determined by present valuing the share price on grant date less the expected dividends. The same approach was followed during the comparative year. No SARS awards were issued during the years ended 30 September 2021 and 30 September 2020. The fair value of the historic SARS awards were determined by a Modified Binomial Tree model during the year ended 30 September 2019.

The following inputs were used for grants issued during the year ended 30 September 2020:

	2020
Spot price	R12.50
Dividend yield	7.83%
The risk-free interest rate	Swap yield curve
Forfeiture assumption	5.00%

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

Judgements and estimates

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

9. OTHER OPERATING EXPENSES

	2021 US$'000	2020 US$'000
Directors and staff costs		
Non-Executive Directors (refer to note 11)	**631**	626
Employees: salaries	**17 504**	14 701
bonuses	**1 831**	784
provident fund, medical aid and other contributions	**1 823**	1 854
	21 789	17 965
Audit – external audit services	**579**	436
Audit – other services	**-**	19
Bank charges and related fees	**809**	711
Consulting and business development cost	**2 082**	2 454
Corporate and social investment	**246**	366
Depreciation	**1 007**	862
Equity-settled share-based payment expense	**3 560**	1 939
Internal audit	**91**	28
Expected credit loss allowance	**100**	-
Listing fees and investor relations	**346**	152
Health and safety	**1 818**	1 426
Insurance	**2 619**	1 817
Legal and professional	**1 763**	556
Office administration, rent and utilities	**1 557**	1 060
Research and development	**605**	183
Security	**919**	1 110
Telecommunications and IT related	**3 929**	3 259
Training	**403**	159
Travelling and accommodation	**94**	304
Sundry	**506**	521
	44 822	35 327

	2021	2020
Number of employees	**1 996**	1 868

Other operating expenses were previously disclosed as administrative expenses. The Group believes other operating expenses is a more accurate reflection of the nature of the expenses classified as part of other operating expenses. The change in line item description had no impact on the balance sheet at 30 September 2020 or balances disclosed as administrative expenses, net profit after tax and earnings per share for the year ended 30 September 2020.

10. FINANCE INCOME AND FINANCE COSTS

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

Accounting policy: Finance costs
Finance costs comprise interest expense on borrowings and unwinding of the discount on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

	2021 US$'000	2020 US$'000
Finance income		
Interest received	**1 391**	944
Finance costs		
Interest expense	**(3 351)**	(5 823)
Unwinding of present value adjustment for rehabilitation costs (refer note 26)	**(1 542)**	(1 103)
	(4 893)	(6 926)

11. DIRECTORS REMUNERATION

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

2021	**Directors' fees US$'000**	**Salary US$'000**	**Bonus US$'000**	**Expense allowance US$'000**	**Share-based payments US$'000**	**Provident fund and risk benefits US$'000**	**Total US$'000**
LC Pouroulis[1]	**-**	**734**	**149**	**-**	**1 314**	**-**	**2 197**
P Pouroulis[1]	**-**	**483**	**110**	**8**	**1 264**	**47**	**1 912**
MG Jones[1]	**-**	**405**	**97**	**-**	**737**	**35**	**1 274**
JD Salter	**180**	**-**	**-**	**-**	**-**	**-**	**180**
A Djakouris	**129**	**-**	**-**	**-**	**-**	**-**	**129**
OM Kamal	**61**	**-**	**-**	**-**	**-**	**-**	**61**
C Bell	**97**	**-**	**-**	**-**	**-**	**-**	**97**
R Davey	**79**	**-**	**-**	**-**	**-**	**-**	**79**
ZL Hong	**43**	**-**	**-**	**-**	**-**	**-**	**43**
VWY Chu*	**15**	**-**	**-**	**-**	**-**	**-**	**15**
SWM Lo**	**27**	**-**	**-**	**-**	**-**	**-**	**27**
Total	**631**	**1 622**	**356**	**8**	**3 315**	**82**	**6 014**

* Retired by rotation on 10 February 2021
** Appointed 10 February 2021
1 These salaries were paid by the Company and subsidiaries by which the directors are employed (Braeston Proprietary Limited and Dinami Limited).

2020	Directors' fees US$'000	Salary US$'000	Bonus US$'000	Expense allowance US$'000	Share-based payments US$'000	Provident fund and risk benefits US$'000	Total US$'000
LC Pouroulis[1]	-	735	25	-	146	-	906
P Pouroulis[1]	-	494	17	7	146	42	706
MG Jones[1]	-	408	17	-	95	31	551
JD Salter	174	-	-	-	-	-	174
A Djakouris	129	-	-	-	-	-	129
OM Kamal	61	-	-	-	-	-	61
C Bell	97	-	-	-	-	-	97
R Davey	79	-	-	-	-	-	79
ZL Hong	43	-	-	-	-	-	43
VWY Chu*	2	-	-	-	-	-	2
JZ Hu**	27	-	-	-	-	-	27
J Ka Ki Cheng***	14	-	-	-	-	-	14
Total	626	1 637	59	7	387	73	2 789

* Appointed 17 September 2020
** Appointed 29 January 2020 and resigned 17 September 2020
*** Retired by rotation on 29 January 2020
1 These salaries were paid by the Company and subsidiaries by which the directors are employed (Braeston Proprietary Limited and Dinami Limited).

11. DIRECTORS REMUNERATION (continued)

Directors' share awards

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

LTIP 2021 Ordinary shares	**Opening balance**	**Allocated**	**Vested**	**Forfeited**	**Total**
LC Pouroulis	**883 490**	**-**	**(389 364)**	**-**	**494 126**
P Pouroulis	**955 240**	**-**	**(411 608)**	**-**	**543 632**
MG Jones	**541 072**	**-**	**(245 148)**	**-**	**295 924**
	2 379 802	**-**	**(1 046 120)**	**-**	**1 333 682**

LTIP 2020 Ordinary shares					
LC Pouroulis	608 818	578 424	(172 708)	(131 044)	883 490
P Pouroulis	613 590	635 664	(160 861)	(133 153)	955 240
MG Jones	404 552	345 804	(122 693)	(86 591)	541 072
	1 626 960	1 559 892	(456 262)	(350 788)	2 379 802

SARS 2021 Ordinary shares					
LC Pouroulis	**162 765**	**-**	(162 765)	-	-
P Pouroulis	**179 784**	**-**	(179 784)	-	-
MG Jones	**98 082**	**-**	(98 082)	-	-
	440 631	**-**	(440 631)	-	-

SARS 2020 Ordinary shares					
LC Pouroulis	457 598	-	(98 269)	(196 564)	162 765
P Pouroulis	479 364	-	(99 850)	(199 730)	179 784
MG Jones	292 902	-	(64 934)	(129 886)	98 082
	1 229 864	-	(263 053)	(526 180)	440 631

12. TAX

Accounting policy

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

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

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

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

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

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

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

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

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

	2021 **US$'000**	2020 US$'000
Corporate income tax for the year		
Cyprus	**1 774**	1 032
South Africa	**5 895**	2 535
	7 669	3 567
Special contribution for defence in Cyprus*	**-**	1
Deferred tax: originating and reversal of temporary differences (note 19)	**44 814**	17 128
Dividend withholding tax	**1 231**	105
Tax charge	**53 714**	20 801

* Amount is less than US$1 000.

12. TAX (continued)

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

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

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

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

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

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

In terms of the Double Taxation Agreement between Cyprus and South Africa, dividend withholding tax at a rate of 5.0% (2020: 5.0%) is charged on dividends declared.

The Group's consolidated effective tax rate for the year ended 30 September 2021 was 29.0% (2020: 27.5%).

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

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

12. TAX (continued)

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

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

Judgement and estimates: most meaningful tax rate
IAS 12 requires entities to disclose a tax rate reconciliation to enable users to understand whether the relationship between the accounting profit and taxation is unusual and to understand significant factors that could affect that relationship in the future. In preparation of the tax rate reconciliation, entities select a most meaningful tax rate to which the profit before tax is applied and to which the tax charge for the year is then reconciled. The Group previously selected the Cyprus corporate income tax rate as the most meaningful tax rate. Since the majority of the Group's profits are currently earned in South Africa, management considers that it is appropriate to include a tax rate reconciliation for which the South African income tax rate is selected as the most meaningful tax rate.

13. EARNINGS PER SHARE

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

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

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

13. EARNINGS PER SHARE (continued)

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

Reconciliation of profit to headline earnings

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

14. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Mining assets and infrastructure

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

The remaining useful life of mine and infrastructure based on the remaining open pit life of mine and excluding future potential underground development, is currently estimated to be 13 years.

Deferred stripping costs

All stripping costs incurred (costs incurred in removing overburden to expose the reef) during the production phase of a mine are treated as variable production costs and as a result are included in the cost of inventory during the period in which the stripping costs are incurred. However, any costs of overburden stripping in excess of the expected open-pit life average stripping ratio are deferred. Any costs deferred are capitalised to property, plant and equipment provided all the following conditions are met:

- it is probable that the future economic benefit associated with the stripping activity will be realised;
- the component of the ore body for which access has been improved can be identified; and
- the costs relating to the stripping activity associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are charged to the consolidated statement of profit or loss as they are incurred.

This deferred stripping asset is depreciated using the units of production method over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Accounting policy (continued)

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

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

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

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

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

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

Depreciation

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

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

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

Depreciation, unless otherwise stated, is calculated as follows:

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

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

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

Exploration and evaluation expenditure

All exploration and evaluation expenditure, prior to obtaining the legal rights to explore a specific area, is recognised in profit or loss. After the legal rights to explore are obtained, exploration and evaluation expenditure, comprising the costs of acquiring prospecting rights and directly attributable exploration expenditure, is capitalised as a separate class of property, plant and equipment, on a project-by-project basis, pending determination of the technical feasibility and commercial viability.

The technical feasibility and commercial viability of extracting a mineral resource is generally considered to be determinable through a feasibility study and when proven reserves are determinable to exist. Upon determination of proven reserves, exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified to another appropriate class of property, plant and equipment. Subsequently, all cost directly incurred to prepare an identified mineral asset for production is capitalised to mine development assets. Amortisation of these assets commences once these assets are available for use. These assets will be measured at cost less accumulated amortisation and impairment losses.

14. PROPERTY, PLANT AND EQUIPMENT (continued)

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

Factors impacting the determination of proved and probable reserves:
- commodity prices;
- the grade of mineral reserves;
- operational issues at the mine; and
- the reliability of the measurement of the fair value or cost of the asset.

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its related CGU exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs (group of units) and then, to reduce the carrying amount of the other assets in the CGU (group of units) on a pro rata basis.

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

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

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

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

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

Right-of-use asset	Depreciation term in years
Buildings and premises	Straight-line over the respective lease terms, between 3 and 5 years
Mining fleet	Based on estimated production hours

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

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

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

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

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

14. 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 (note 32)	-	4 687	-	-	-	-	17	-	4 704
Disposals	-	-	-	-	-	(4)	(1)	-	(5)
Re-measurement	-	-	-	(175)	-	-	-	196	21
Write offs	(30)	(917)	(5 559)	(624)	-	(1 390)	(11)	(492)	(9 023)
Transfers	(216)	159	237	(810)	12	(3)	7	-	(614)
Exchange differences on translation	1 512	30 705	7 448	1 615	132	351	43	201	42 007
Balance at 30 September 2021	19 293	396 901	99 585	16 790	2 331	4 249	1 014	1 968	542 131
Accumulated depreciation									
Balance at 30 September 2020	982	80 916	24 245	6 305	489	3 528	366	1 087	117 918
Charge for the year	267	16 244	14 803	3 028	190	972	128	392	36 024
Business combination (note 32)	-	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

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

14. PROPERTY, PLANT AND EQUIPMENT (continued)

30 September 2020	Freehold land and buildings US$'000	Mining assets and infrastructure US$'000	Mining fleet US$'000	Right-of-use asset: mining fleet US$'000	Motor vehicles US$'000	Computer equipment and software US$'000	Office equipment and furniture, community and site office improvements US$'000	Right-of-use asset: buildings US$'000	Total US$'000
Cost									
Balance at 30 September 2019	14 731	273 346	58 085	16 543	1 284	5 338	807	2 108	372 242
Additions	303	44 067	24 731	-	175	1 194	88	-	70 558
Lease agreements entered into	-	-	-	617	-	-	-	-	617
Transfers	11	254	-	-	-	(265)	-	-	-
Business combination (note 32)	660	682	-	-	58	25	40	-	1 465
Disposals	-	-	(3 017)	-	(66)	(8)	-	-	(3 091)
Re-measurement	-	-	-	74	-	(4)	-	(31)	39
Write offs	-	(2 759)	(3 040)	(919)	-	(1 912)	(308)	-	(8 938)
Exchange differences on translation	(1 425)	(26 327)	(5 874)	(1 516)	(126)	(500)	(60)	(186)	(36 014)
Balance at 30 September 2020	14 280	289 263	70 885	14 799	1 325	3 868	567	1 891	396 878
Accumulated depreciation									
Balance at 30 September 2019	865	79 483	16 719	4 674	398	4 741	586	796	108 262
Charge for the year	202	11 439	11 772	2 867	122	1 086	89	372	27 949
Business combination (note 32)	-	340	-	-	31	12	29	-	412
Disposals	-	-	(2 303)	-	(19)	(8)	-	-	(2 330)
Write offs	-	(2 759)	(140)	(745)	-	(1 906)	(298)	-	(5 848)
Exchange differences on translation	(85)	(7 587)	(1 803)	(491)	(43)	(397)	(40)	(81)	(10 527)
Balance at 30 September 2020	982	80 916	24 245	6 305	489	3 528	366	1 087	117 918

14. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

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

As a result, the expected useful life of the plant increased. The impact of the change on the actual depreciation expense, included in cost of sales, is a reduced depreciation charge of US$0.6 million. The change in estimate was recognised prospectively.

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

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

Property, plant and equipment, with the exception of motor vehicles, is insured at approximate cost of replacement. Motor vehicles are insured at market value. Land is not insured. No borrowing costs were capitalised during the year ended 30 September 2021 (2020: no capitalisation of borrowing costs).

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

Securities
At 30 September 2021, the majority of the Group's mining fleet was pledged as security against the equipment loan facility (refer to note 27).

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

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

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Judgements and estimates: mineral reserves estimates
Economically recoverable ore reserves represent the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions. The determination of ore reserves includes estimates and assumptions about a range of geological, technical and economic factors, including: quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Changes in ore reserves impact the assessment of recoverability of exploration and evaluation assets, property, plant and equipment, the carrying amount of assets depreciated on a units-of-production basis, provision for site rehabilitation and the recognition of deferred tax assets, including tax losses. The mineral reserve is re-assessed annually. The Group estimates and reports mineral reserves in accordance with the principles and guidelines contained in the South African Code for Reporting of Mineral Reserves of 2007, revised in 2016 (SAMREC 2016).

Judgements and estimates: assessment of CGU
The Group's main subsidiary, Tharisa Minerals Proprietary Limited ('Tharisa Minerals') is a vertically integrated operation. The Group believes that there is no active market for the run of mine ore ('ROM') mined at Tharisa Minerals due to the high volume being processed and as the ROM is of a relative low grade compared to other deposits in the same region. Tharisa Minerals' integrated processing plants are specifically designed to treat the volume and low grade ROM. Tharisa Minerals produces PGMs and chrome concentrates on a co-product basis and the operation is managed as a joint product mine. The Group therefore believes that the processing plants together with the mining assets are dependent on each other in order to generate cash inflows.

The Group therefore believes that the mining fleet and mining assets cannot generate cash inflows that are largely independent of the cash inflows from the processing plants and other assets or group of assets and as a result are not separate cash generating units. Consequently the Group believes that the mining assets and the processing plants together represents the smallest identifiable Group of assets that generates cash inflows largely independent from other assets and represents a single CGU.

Judgements and estimates: impairment of assets
Indicators for impairment on non-financial assets are assessed at each reporting period. Should an indication exist, individual assessments of property, plant and equipment are performed based on the technical, economic and business circumstances.

No impairment indicators were identified at 30 September 2021.

Judgements and estimates: depreciation
Mining assets and infrastructure are depreciated using the units-of-production method. Management has elected to use the tonnes mined in relation to tonnes proved and probable mineral reserve as an appropriate units-of-production depreciation method. Changes in the proved and probable mineral reserve will impact the useful lives of the assets depreciated based on this method. The average remaining useful life of the open pit mine is estimated at 13 years.

Refer to the Accounting Policies for the depreciation of the remaining assets.

Judgements and estimates: deferred stripping
IFRIC 20 requires that production stripping costs in a surface mine be capitalised to non-current assets if, and only if, all of the following criteria are met:

- it is probable that the future economic benefit associated with the stripping activity will flow to the entity;
- the entity can identify the component of the ore body for which access has been improved; and
- the costs relating to the stripping activity associated with that component can be measured.

The Group uses a long-term life of opencast mine stripping ratio which consists of actual historical numbers and forecast numbers. The forecast numbers are updated annually according to the Reserve and Resource Statement. In the event that the actual stripping ratio exceeds the life of mine stripping ratio, the actual weighted average stripping cost associated with the stripping ratio that is in excess of the life of mine stripping ratio is deferred and capitalised to property, plant and equipment. Excess deferred stripping costs are only capitalised if it can be reliably measured and if the open pit is improved and/or the ore body is exposed for future benefit.

15. INTANGIBLE ASSETS

Accounting policy
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

15. INTANGIBLE ASSETS (continued)

Accounting policy (continued)

Impairment of goodwill

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment.

For goodwill and intangible assets that have indefinite lives or are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment.

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

An impairment loss in respect of goodwill is not reversed.

	2021			2020		
Goodwill: reconciliation of carrying amount	**Goodwill US$'000**	**Intellectual property US$'000**	**Total US$'000**	Goodwill US$'000	Intellectual property US$'000	Total US$'000
Cost						
Balance at 1 October	**1 344**	**311**	**1 655**	1 000	-	1 000
Acquired during the year	**-**	**-**	**-**	-	311	311
Arisen during the year (note 32)	**1 392**	**-**	**1 392**	480	-	480
Effect of movement in exchange rates	**147**	**-**	**147**	(136)	-	(136)
Balance at 30 September	**2 883**	**311**	**3 194**	1 344	311	1 655
Accumulated impairment losses						
Balance at 1 October	**228**	**-**	**228**	250	-	250
Effect of movement in exchange rates	**24**	**-**	**24**	(22)	-	(22)
Balance at 30 September	**252**	**-**	**252**	228	-	228
Carrying amount	**2 631**	**311**	**2 942**	1 116	311	1 427

The goodwill arose on the acquisitions of Braeston Proprietary Limited, Arxo Logistics Proprietary Limited, MetQ Proprietary Limited and Salene Chrome Zimbabwe (Private) Limited.

The goodwill relating to Braeston Proprietary Limited (US$0.1 million) was attributed to the synergies of operations at the Group's head office and established client and supplier relationships. The goodwill was allocated to the PGM and chrome operating segments.

The goodwill relating to Arxo Logistics Proprietary Limited (US$0.6 million) was attributed to supplier relationships specific to the transport and sea freight industry and skills and knowledge of the workforce. The goodwill was allocated to the chrome operating segment.

The goodwill relating to MetQ Proprietary Limited (US$0.5 million) is attributed to technical expertise and the talent and skills of the workforce, industry knowledge relating to the manufacture of the mining equipment and relationships with customers. The goodwill was allocated to the chrome operating segment.

The goodwill relating to Salene Chrome Zimbabwe (Private) Limited (US$1.4 million) is attributed to existing bilateral relationships with the Government of Zimbabwe, supplier relationships and knowledge of the workforce. The goodwill was allocated to the chrome operating segment.

The goodwill is not tax deductible. The recoverable amount of goodwill was calculated based on the value in use of the operating segment to which the goodwill was allocated and was higher than the carrying values, therefore, a reasonably possible adverse change in the assumptions used would not likely result in an adjustment to the carrying values.

Judgements and estimates: allocation of goodwill

The Group believes that the mining assets and the processing plants together represents the smallest identifiable Group of assets that generates cash inflows largely independent from other assets and represents a single CGU, refer to note 14. IAS 36 doesn't prohibit entities to have a CGU larger than its operating segments. However, in such circumstances where a CGU is larger than operating segments, goodwill should be allocated and tested on an operating segment level. The Group has consequently allocated and tested the goodwill on an operating segments level.

15. INTANGIBLE ASSETS (continued)

The recoverable amounts of the operating segments were determined based on discounted cash flows approved by management covering a thirteen-year period, which represents the estimated opencast life of mine at 30 September 2021. For Salene Chrome Zimbabwe (Private) Limited a period of eight-years was used which represents the estimated opencast life of mine. The cash flows were discounted using a real discount rate of 10.9% (2020: 11.8%) for South African operations and 14.1% specific to operations in Zimbabwe, an exchange rate of ZAR15.05:US$1; (2020: ZAR15.24: US$1) spot PGM basket price of US$3 230/oz (2020: US$2 237/oz), spot chrome concentrate prices of US$160/tonne (2020: US$140/tonne) and a CIF China logistics cost of US$85/tonne (2020:US$57/t). The discount rate used was a post-tax real rate and reflects specific risks relating to the relevant operating segment. Cash flows are based on the life-of-mine plan that takes into account proved and probable ore reserves and appropriate capital expenditure estimates.

Intellectual property
The Group acquired certain intellectual property associated with the development and commercialisation of an electrical energy storage device suitable for large scale static applications and ultimately suitable for large scale usage of chrome concentrates. The Group believes that potential cash inflows resulting from the application of the intellectual property to the Group's existing operational processes and products will exceed the carrying value and hence no impairment was recognised. At 30 September 2021, the Group assessed the intellectual property to have an indefinite useful life.

16. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

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

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

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

Joint ventures are accounted for at cost and are adjusted for impairments where appropriate. The Group considers whether the carrying amount of the investment in joint venture should be impaired by comparing the recoverable amount to the carrying amount. Any impairment losses are recognised in the statement of profit or loss.

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

Karo Holdings' principal place of business is in Cyprus. The functional and presentation currency of Karo Holdings and its subsidiaries is the US$. The table below details Karo Holdings' interest in subsidiaries as at 30 September 2021 and 30 September 2020.

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

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

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

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

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

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

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

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

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

During the year ended 30 September 2021, Karo Platinum completed the mining section of the pre-feasibility study with the objective to declare a Mineral Reserve that is compliant with the SAMREC Code (2016). A detailed life of mine plan was completed to declare the Mineral Reserve estimate for the open pit operations. The Mineral Reserve estimate was derived from the Measured and Indicated Mineral Resources contained within the life of mine plan. Consequently, at 30 September 2021, a measured resource and reserve exist which in terms of the Shareholders Agreement will attract a discount of 50% to the comparable company market multiple valuation. Refer to notes 18 and 34.

Investment in Karo Holdings	**2021 US$'000**	2020 US$'000
Opening balance	**10 303**	8 781
Interest capitalised	**222**	270
Advances during the year	**-**	1 866
Share of total comprehensive loss	**(251)**	(614)
	10 274	10 303
Shares acquired	**4 500**	4 500
Loan advance	**8 353**	8 131
Total share of comprehensive loss from joint venture	**(2 579)**	(2 328)
Total investment	**10 274**	10 303
Summarised consolidated financial information of Karo Holdings		
Summarised statement of financial position		
Non-current assets	**207**	216
Current assets (excluding cash and cash equivalents)	**360**	107
Cash and cash equivalents	**54**	227
Loan payable	**(8 353)**	(8 131)
Trade and other payables and income tax payable	**(1 892)**	(1 105)
Net deficit (100%)	**(9 624)**	(8 686)
Summarised statement of comprehensive income		
Operating expenses	**(696)**	(2 004)
Finance costs	**(223)**	(274)
Tax	**(19)**	(14)
Total comprehensive loss	**(938)**	(2 292)

Summarised statement of changes in equity

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

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

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

Judgements and estimates: joint arrangement

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

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

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

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

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

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

Judgements and estimates: impairment of joint venture

The application of the Group's accounting policy for the assessment of impairment of joint ventures involved in exploration and evaluation activities requires judgment to determine whether future economic benefits are probable, specifically when activities have not yet reached a stage which permits a reasonable assessment of the existence of reserves and resources. The determination of reserves and resources is in itself an estimation process that requires consideration to varying degrees of uncertainty. The Group periodically evaluates the recoverability of its investments in joint ventures whenever indicators of impairment are present. Indicators of impairment include such items as unfavourable results in exploration activities or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is no longer recoverable. If facts and circumstances indicate that the Group's investment in joint ventures may be impaired, the estimated recoverable amount of the investment would be compared to its carrying amount to determine if a write down is required. The Group believes that no impairment is required as at 30 September 2021.

The investment in Karo Holdings was considered against (a) the results of its exploration activities; and (b) the economic and political stability of Zimbabwe as it pertains to its exploration activities.

The results of the exploration programme to date are in line with initial expectations supported by publicly available information relating to PGM projects on the Great Dyke. It is probable that, based on the extensive exploration area, continued drilling programme will be required to properly delineate the resource and reserve and the optimal site for commencement of mining operations. Based on the exploration activity results there is therefore no reason to consider impairing the investment.

While it is common purpose/knowledge based on press coverage that the economic situation in Zimbabwe may be considered unstable, Karo Holdings is undertaking exploration activities and is contributing to the economy of the country. The economic situation in Zimbabwe, while presenting a more challenging environment in which to operate, has not impacted on the exploration programme in such a manner as to require an impairment to the investment. The currency policies and the changes thereto have needed to be navigated. Expenditure is mainly denominated in US$, the functional currency of Karo Holdings. It is worth noting that the major PGM producers have mining operations in Zimbabwe that are operating profitably.

The operations are currently at an exploration phase. The Zimbabwean government has historically respected the sanctity of mining tenements and the special grants awarded to Karo Platinum were awarded in terms of the applicable legal framework. The political position of Zimbabwe is that it 'is open for business' and is endeavouring to attract foreign inward investment. This is supported by the restitution of farm land and/or agreement to settle amounts owing to previous farmers in Zimbabwe. As such, while the political stability of Zimbabwe was considered as part of the impairment review process, there is no indication that the investment should be impaired.

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

Judgements and estimates: impairment of joint venture (continued)
The Karo Platinum exploration area was afforded Special Economic Zone status which provides certain benefits to companies operating within such zones including the importation of equipment on a duty free basis, retention of sales proceeds in US$, payment of certain suppliers in US$ and numerous other benefits. The company needed to navigate the currency regulations which it did in consultation with the Zimbabwean Reserve Bank, finance and mining ministries.

Judgements and estimates: functional currency
In accordance with IAS21, Karo Holdings has considered the following factors in the determination of the functional currency:

- Currency of sales and future sales. While operations are still in exploration phase, PGM concentrates sales are concluded in US$;
- Currency of operating costs. The majority of costs are paid in US$ to service providers in Zimbabwe, South Africa, Cyprus and Australia. Fees for services are quoted in US$. Karo Zimbabwe Holdings (Private) Limited obtained foreign exchange control approval to allow funds to be transferred into its Zimbabwean local account during the 2019 financial year. While local transactions in foreign currency were outlawed on 24 June 2019 as a result of the introduction of the sole Zimbabwean currency, such transactions were limited due to the pending foreign exchange control application. Thus, on the basis of costs, the operating currency would be the US$;
- Funding: the funding made available to Karo Holdings is denominated in US$. Using funding as the basis for the determination of functional currency, it is clear that the functional currency is the US$.
- Cash flows: the cash flows comprised of US$ denominated intergroup loans paid directly to the service providers and suppliers of goods;
- Group considerations: Karo Zimbabwe Holdings is a 100% subsidiary of Karo Holdings domiciled in Cyprus. In terms of degree of autonomy of Karo Zimbabwe Holdings and its subsidiaries, the group is dependent on the Karo Mining Holdings.

The Group concludes that the functional currency of the Karo Group is the US$. The Zimbabwean government has issued a number of Statutory Instruments while it has been managing in a hyper inflationary economic environment with a shortage of hard foreign currency reserves. There are various advantages to a Special Economic Zone ranging from beneficial tax rates for a certain period of time to no licences required and no import duty for the import of equipment. The benefits of the Special Economic Zone therefore mitigated the risks associated with the currency regulations and the functional currency of Karo being US$ addressed the weakening ZWL supported by nominal expenses being denominated in ZWL which would, in any event, benefit Karo Holdings.

17. GROUP COMPOSITION

Details of the subsidiaries including direct and indirect holdings are disclosed in note 1. The Group holds 100% of the voting rights in all subsidiaries apart from Tharisa Minerals Proprietary Limited.

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

	2021 US$'000	2020 US$'000
Non-current assets	**358 556**	268 225
Current assets	**208 938**	128 257
Non-current liabilities	**(393 304)**	(343 868)
Current liabilities	**(139 115)**	(149 618)
Net assets	**35 075**	(97 004)
Carrying amount of non-controlling interest	**9 120**	(25 221)
Revenue	**453 459**	298 295
Net profit after tax and total comprehensive income	**149 068**	16 757
Non-controlling interest in profit after tax	**38 758**	4 357
Cash flows from operating activities	**180 172**	45 910
Cash flows from investing activities	**(94 486)**	(51 789)
Cash flows from financing activities	**(70 986)**	4 290
Net change in cash and cash equivalents	**14 700**	(1 589)

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

18. FINANCIAL AND OTHER ASSETS

Accounting policy

Measurement: Financial assets at amortised cost

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

Measurement: Financial assets at fair value through profit or loss

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

Financial assets carried at fair value through profit or loss are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets held at fair value through profit or loss are included in the statement of profit or loss in the period in which they arise.

Derecognition: Financial assets

The Group derecognises financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognised in the statement of profit or loss.

Hedge accounting

The Group does not apply hedge accounting.

Accounting policy: Impairment

Financial asset at amortised cost

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

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

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

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

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

The general approach requires the assessment of financial assets to be split into 3 stages:
Stage 1: no significant deterioration in credit quality. This identifies financial assets as having a low credit risk, and the asset is considered to be performing as anticipated. At this stage, a 12 month expected credit loss assessment is required.

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2021

18. FINANCIAL AND OTHER ASSETS (continued)

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

The carrying amounts of other non-current and current assets carried at amortised cost approximate its fair value.

Investments in money markets, current accounts, cash funds and income funds
Investment in money market and current accounts totalling US$6.3 million (2020: US$5.6 million) is managed by Centriq Insurance Company Limited ('Centriq'). The investment serves as security for the guarantee issued by Centriq to the Department of Mineral Resources and Energy for the rehabilitation provision. The guarantee issued by Centriq has a fixed cover period from 1 December 2020 to 30 November 2023.

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

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

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

Right to acquire shares in Karo Platinum (Private) Limited ('Karo Platinum')
The Company had been granted the right to acquire up to 40% of the issued share capital of Karo Platinum, a company incorporated in Zimbabwe, at a discount to the market value (refer to note 16). The right has no contractual expiry date. The asset represents the fair value gain (50% discount to the market value as the project is at a measured resource and reserve stage) of the discount on the purchase (refer to note 34).

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

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

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

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18. FINANCIAL AND OTHER ASSETS (continued)

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

The call option lapsed at 31 March 2021 and at the same date, the Company entered into a purchase agreement whereby the Company acquired 100% of the issued share capital of Salene Chrome at a purchase consideration of US$3.0 million. Consequently during the year ended 30 September 2021, the Company derecognised the fair value asset of the call option (refer to note 32).

19. DEFERRED TAX

	2021 US$'000	2020 US$'000
Deferred tax assets	**1 177**	1 140
Deferred tax liabilities	**(87 565)**	(39 102)
Net deferred tax liability	**(86 388)**	(37 962)
Deferred tax assets		
Property, plant and equipment	**(4)**	(10)
Accrued leave	**246**	346
Share-based payments	**684**	759
Other	**251**	45
	1 177	1 140
Deferred tax liabilities		
Property, plant and equipment	**(93 767)**	(49 268)
Tax losses not utilised	**128**	4 155
Provisions and accrued leave	**6 907**	5 440
Share-based payments	**365**	416
Dividend withholding tax	**(2 068)**	-
Exchange losses	**681**	-
Other	**189**	155
	(87 565)	(39 102)
Reconciliation of deferred tax liability		
Balance at the beginning of the year	**(37 962)**	(24 971)
Temporary differences recognised in profit or loss in relation to:		
Business combination	**-**	(54)
Capital allowances on property, plant and equipment	**(39 749)**	(18 826)
Provisions and accrued leave	**1 116**	1 350
Tax losses utilised/available for future set off against profits	**195**	-
Currency losses	**(3 988)**	1 382
Share-based payments	**(259)**	149
Dividend withholding tax	**(2 068)**	-
Other	**(331)**	199
	(45 084)	(15 800)
Exchange differences	**(3 342)**	2 809
Balance at the end of the year	**(86 388)**	(37 962)
Amounts recognised in:		
Profit and loss (refer to note 12)	**(44 814)**	(17 128)
Equity		
Foreign currency translation reserve: tax impact of currency movements relating to intergroup funding arrangements	**-**	1 328
	(44 814)	(15 800)

19. DEFERRED TAX (continued)

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

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

The estimates used to assess the recoverability of recognised deferred tax assets include a forecast of the future taxable income and future cash flow projections based on a three year period.

20. INVENTORIES

Accounting policy

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

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

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

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

Judgement and estimates: net realisable value and measurement of inventories

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

The prevailing PGM basket price and chrome concentrate prices as at 30 September 2021 were used as estimated selling prices less forecast selling costs to determine the net realisable value of the Group's inventories. At 30 September 2021, except for certain PGM finished products and low-grade chrome concentrates, the calculated net realisable values exceeded the cost of inventories.

Below the prices and exchange rate used to determine the net realisable value of inventories:

		2021	2020
Platinum	US$/oz	**976**	909
Palladium	US$/oz	**2 121**	2 296
Rhodium	US$/oz	**13 380**	12 788
Gold	US$/oz	**1 779**	1 923
Ruthenium	US$/oz	**567**	230
Iridium	US$/oz	**4 105**	1 613
Metallurgical chrome concentrate	US$/tonne	**160**	135
Exchange rate		**14.55**	16.71

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21. TRADE AND OTHER RECEIVABLES

Accounting policy

Trade and other receivables, excluding the PGM discounting receivable, prepayments, deposits and value added tax, are non-derivative financial assets categorised as financial assets measured at amortised cost.

These non-derivative financial assets are initially recognised at fair value and subsequently carried at amortised cost less allowance for impairment. Estimates made for impairment are based on a review of all outstanding amounts at year end in line with the impairment policy described in note 18. Irrecoverable amounts are written off during the period in which they are identified.

The Group entered into offtake agreements in terms of which the concentrate of the Platinum Group Metals (PGMs) is treated by the offtake parties. The PGM discounting receivable is measured at fair value through profit or loss from the date of recognition up to date of settlement, as it fails the IFRS 9 amortised cost requirement of cash flows representing solely payment of principal and interest. Payment is due on the last day of the fourth month following delivery.

The fair value changes due to non-market variability (that is, changes based on quantity and quality of the contained metal) are considered to be variable consideration within the scope of IFRS 15 as the Group's right to consideration is contingent upon the physical attributes of the contained metal. Therefore, the variable consideration is not considered to be constrained. At each subsequent reporting date the receivable is restated to reflect the fair value movements in the pricing mechanism which are recognised in revenue. Foreign exchange movements subsequent to the recognition of a sale are recognised as a foreign exchange gain or loss in profit or loss.

	2021 US$'000	2020 US$'000
Trade receivables	**33 596**	61 474
PGM discounting receivable	**77 286**	37 059
Total trade receivables	**110 882**	98 533
Other receivables – related parties (refer to note 35)	**1 951**	1 440
Deposits, prepayments and other receivables	**8 901**	4 250
Accrued income	**2 902**	1 119
Value added tax receivable (VAT)	**11 918**	6 714
	136 554	112 056

The Group has entered into a limited recourse disclosed receivables discounting agreement in respect of part of the receivables relating to the PGM elements being platinum, palladium, rhodium and gold in terms of which the receivable from the aforementioned elements is sold, at the determination of the Group, to a consortium of banks, on a limited recourse basis. The Group is entitled to the receivables from the undiscounted elements and assumes the counterpart credit risk in respect of this amount. The receivable in respect of the discounting, together with certain related PGM commodity price, is ceded to the banks (refer to the discounting facility: note 18). As the discounting is with limited recourse, the banks assume the counterpart credit risk, the unfavourable downward fair value movements within quoted PGM market prices below the amount of proceeds from discounting, as well as the realisation of the related PGM commodity price and therefore the amount of the disposed discounted PGM receivable is not reflected as an amount owing on the statement of financial position of the Group. The Group's continuing involvement within the derecognised PGM discounting receivable represents the Group's retained rights to the favourable upward fair value movements within quoted PGM market prices above the proceeds amount from disposing of the discounted PGM receivable, that remains owing to the Group and is included as PGM discounting receivable. Due to the limited recourse disclosed receivables discounting agreement with the consortium of banks, the Group Is required to take out a derivative to hedge the related PGM commodity price exposure upon the disposal and discounting of the PGM discounting receivable, the Group's retained right to the favourable upward fair value movements within quoted PGM market prices is neutralised by the equal and opposite fair value movement within the hedging derivative. The fair value movements from the hedging derivative is presented on the Group's statement of financial position as the discount facility derivative within note 18 financial and other assets.

	2021 US$'000	2020 US$'000
Proceeds from discounting and disposing of the PGM discounting receivables	**(22 648)**	(30 055)
The impact on the Group's income statement as a result of its continuous involvement is:		
PGM discounting receivable (note 5)	**(4 615)**	5 940
Discounting facility (note 18)	**4 615**	(5 940)
Net effect in statement of profit or loss	**-**	-

21. TRADE AND OTHER RECEIVABLES (continued)

The following table summarises the effect on the Group's statement of financial position and maximum exposure to risk as a result of its continuous involvement:

	30 September 2021			30 September 2020		
	Carrying amount of continuing involvement US$'000	Fair value of continuing involvement US$'000	Maximum exposure to loss US$'000	Carrying amount of continuing involvement US$'000	Fair value of continuing involvement US$'000	Maximum exposure to loss US$'000
PGM discounting receivable	**(3 023)**	**(3 023)**	**(3 023)**	6 035	6 035	6 035
Discount Facility (note 18)	**3 023**	**3 023**	**3 023**	(6 035)	(6 035)	(6 035)
Net effect	**-**	**-**	**-**	-	-	-

Trade and other receivables of the Group are expected to be recoverable within one year from each reporting date. Trade receivables are unsecured, non-interest bearing and payment terms vary from 0 to 120 days (2020: 0 to 120 days). An expected credit loss allowance of US$0.1 million was recognised during the year ended 30 September 2021. The expected credit loss allowance relates to the manufacturing segment, is customer specific and is based on the respective customer's observable current financial position. No impairment of trade receivables was recognised during the year ended 30 September 2020. Refer to note 34 for the fair value and financial risk disclosure.

The fair value of trade and other receivables measured at amortised cost approximate the carrying amount due to the short-term maturity. The fair value of the PGM discounting receivable is determined on ruling quoted market prices and exchange rates (refer to note 34).

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

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

Judgements and estimates: expected credit losses ('ECL')

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

The customer base of the Group consists of a limited number of premium customers of high credit quality and no historical defaults, with relationships that have been established over many years. The sale of products typically is of a high quantity and consequently high value. The Group's policy and preference is to sell products in large quantities to only established premium customers. The Group believes that this policy reduces the overall group credit risk.

21. TRADE AND OTHER RECEIVABLES (continued)

Judgements and estimates: expected credit losses (continued)

PGM concentrate is sold in terms of off-take agreements to a limited number of clients. The following entity-specific observable data was considered for each of the PGM customers:

- An assessment of the accessibility and transparency of the business relationship with the customer, with specific reference to how differences (if any) in assayed results had been resolved and whether any requests to amend contractual terms had been received;
- The payment history and history of credit limits granted;
- A general assessment of the bi-annual financial statements with specific reference to cash flow information, servicing of outstanding debt and outstanding commitments;
- A general review of the quarterly production and operational information; and
- An assessment of the reputation of the customer across the mining industry.

Due to the contractual payment terms for the sale of the PGM concentrates, the Group has a disclosed limited recourse receivables discounting facility in place where the platinum, palladium, gold and the rhodium receivables, are sold to banks on a limited recourse basis with the banks assuming the counterparty credit risk.

The majority of chrome concentrates are exported from South Africa. For export chrome concentrate transactions, payment terms vary from 30 days to 90 days, however, the Group obtains letters of credit from reputable financial institutions before shipment occurs. The Group only accepts letters of credit from financial institutions that are approved by the Group's financiers. Before entering into an export chrome concentrate sale agreement, the Group ensures that the customer/potential customer is able to provide a letter of credit from such an acceptable financial institution.

The Group also sells chrome concentrates locally. The following entity-specific observable data was considered for local customers:

- An assessment of the accessibility and transparency of the business relationship with the customer, with specific reference to the manner how differences (if any) in results and quantities delivered were resolved and whether any requests to amend contractual terms had been received;
- The payment history and record of the credit limit granted;
- A comparison between the Group's balance owing in terms of the unsecured loan financing and the credit provided to the customer; and
- An assessment of the reputation of the customer across the mining industry.

The following entity-specific forward looking information was considered in estimating the ECL allowance:

- PGM pricing forecast and global supply and demand;
- Chrome supply and demand through the value chain i.e. to stainless steel production and general state of growth in the global economy;
- Chinese chrome port stocks;
- Banks credit ratings and inflation;
- Trade facilities available to the Group; and
- For chrome concentrate sales the rail and port infrastructure.

For customers of the manufacturing operating segment, a combination of the aforementioned considerations are taken into account to estimate the ECL allowance.

Based on aforementioned information, available credit quality information of clients and client's past default experience, the Group recognised an expected credit loss allowance of US$0.1 million at 30 September 2021 (2020: no impairment allowance).

22. CONTRACT ASSETS

Accounting policy

Contract assets are non-derivative financial assets categorised as financial assets measured at amortised cost. Timing of revenue recognition may differ from the timing of invoicing to customers. The Group records a contract asset in the statement of financial position, when revenue is recognised prior to invoicing, as a current asset due to its short-term nature.

	2021 US$'000	2020 US$'000
Freight services	**2 440**	2 101

The balance represents prepaid freight costs and will be recognised in cost of sales upon completion of the performance obligations.

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23. CURRENT TAXATION

	2021 US$'000	2020 US$'000
Current asset		
Current taxation in the statement of financial position represents:		
Corporate income tax recoverable	**8 949**	494
Special contribution to the defence fund - Cyprus	**-**	3
	8 949	497
Current liability		
Corporate income tax payable	**286**	175
Special contribution to the defence fund - Cyprus	**-**	1
	286	176

24. CASH AND CASH EQUIVALENTS

Accounting policy

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

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

The amounts reflected approximate fair value.

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

At 30 September 2021, an amount of US$1.0 million (2020: US$0.9 million) was provided as security for a bank guarantee issued in favour of a trade creditor of a subsidiary of the Group and US$0.3 million (2020: US$0.3 million) was provided as security against certain credit facilities of the Group.

tharisa plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2021

25. SHARE CAPITAL AND RESERVES

Accounting policy: share capital

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

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

Accounting policy: non-controlling interest

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

Share capital	30 September 2021 Number of Shares	30 September 2021 US$'000	30 September 2020 Number of Shares	30 September 2020 US$'000
Authorised – ordinary shares of US$0.001 each				
As at 30 September	**10 000 000 000**	**10 000**	10 000 000 000	10 000
Authorised – convertible redeemable preference shares of US$1 each				
As at 30 September	**1 051**	**1**	1 051	1
Issued				
Ordinary shares				
Balance at the beginning of the year	**275 000 000**	**275**	270 000 000	270
Issued to treasury shares	**-**	**-**	5 000 000	5
Balance at the end of the year	**275 000 000**	**275**	275 000 000	275
Treasury shares				
Balance at the beginning of the year	**6 523 686**	**6**	3 389 678	3
Issued	**-**	**-**	5 000 000	5
Transferred as part of management share award plans	**(2 808 065)**	**(2)**	(1 865 992)	(2)
Balance at the end of the year	**3 715 621**	**4**	6 523 686	6
Issued and fully paid	**271 284 379**	**271**	268 476 314	269
Share premium				
Balance at the beginning of the year	**268 476 314**	**286 660**	266 610 322	284 926
Shares issued	**2 808 065**	**2 887**	1 865 992	1 734
Balance at the end of the year	**271 284 379**	**289 547**	268 476 314	286 660
Total share capital and premium		**289 818**		286 929

25. SHARE CAPITAL AND RESERVES (continued)

Share capital
There were no allotments during the year ended 30 September 2021. Allotments during the year ended 30 September 2020 were in respect of 5 000 000 ordinary shares issued as treasury shares to satisfy the vesting of Conditional Awards and potential future settlement of Appreciation Rights of the participants' of the Tharisa Share Award Plan.

During the year ended 30 September 2021, 2 808 065 (2020: 1 865 992) ordinary shares were transferred from treasury shares to satisfy the vesting/exercise of Conditional Awards and Appreciation Rights by the participants of the Tharisa Share Award Plan.

At 30 September 2021, 3 715 621 (2020: 6 523 686) ordinary shares were held in treasury.

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

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

During the years ended 30 September 2021 and 30 September 2020, the increases in the share premium account related to the issue and allotment of ordinary shares granted in terms of the Share Award Plan.

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

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

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

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

Non-controlling interests
Non-controlling interests comprise amounts attributable to Black Economic Empowerment shareholders in South Africa for their respective shareholding in the ordinary shares of Tharisa Minerals Proprietary Limited together with associated foreign exchange translations. The non-controlling interest share of total comprehensive income amounts to US$38.5 million (2020: US$3.4 million).

26. PROVISIONS

Accounting policy

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

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

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

Rehabilitation costs

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

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

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

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

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

	2021			2020		
Provision for rehabilitation	**Restoration US$'000**	**Decommis-sioning US$'000**	**Total provision US$'000**	Restoration US$'000	Decommis-sioning US$'000	Total provision US$'000
Opening balance	**6 181**	**8 503**	**14 684**	6 424	6 677	13 101
Recognised in profit and loss	**6 333**	**-**	**6 333**	(183)	-	(183)
Capitalised/(reversal) to mining assets and infrastructure	**-**	**(4 182)**	**(4 182)**	-	1 949	1 949
Unwinding of discount (note 10)	**649**	**893**	**1 542**	541	562	1 103
Exchange differences	**574**	**980**	**1 554**	(601)	(685)	(1 286)
Closing balance	**13 737**	**6 194**	**19 931**	6 181	8 503	14 684

26. PROVISIONS (continued)

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

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

The current estimated rehabilitation cost to be incurred mostly between financial years 2032 and 2046 (2020: between financial years 2032 and 2046) taking escalation factors into account is US$60.5 million (ZAR911.1 million) (2020: US$24.2 million (ZAR404.9 million)). The estimate was calculated by an independent external expert. The increase is due to the changes in future inflation and discount rates, the considerations of the closure objectives as set out in the Environmental Management Plan and what is most likely to occur as these impacts are being reconsidered, and then also the expected timing of performing this work which is driven to a large extent by the most likely life of mine. Refer to note 36.

The current estimated rehabilitation cost is projected to a future value based on a weighted average long-term inflation rate of 6.8% (2020: 6.7%). The net present value of the rehabilitation estimated future value is discounted based on a weighted average SWAP curve. The calculated interest rate was 9.6% (2020: 9.3%). An insurance company has provided a guarantee to the Department of Mineral Resources and Energy to satisfy the legal requirements with respect to environmental rehabilitation and the Group has pledged as collateral its investments in interest-bearing instruments to the insurance company to support this guarantee.

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

27. BORROWINGS

Accounting policy: borrowings
Borrowings are non-derivative financial liabilities categorised as other financial liabilities. Borrowings are recognised initially at fair value, net of transaction costs incurred, where applicable and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

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

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

27. BORROWINGS (continued)

Accounting policy: leases (continued)

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, an extension or a termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

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

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

The fair value of borrowings approximates its carrying amounts as the interest rates charged are variable and considered to be market related. Refer to note 34 for undrawn credit facilities.

Equipment loan facility

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

The equipment loan facility contains the following Group financial covenants:

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

At 30 September 2021, the Group complied with all financial covenants.

Lease liabilities

The Group entered into a number of lease arrangements for the renting of office buildings, premises, computer equipment, vehicles and mining fleet. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets such as computer equipment. Lease expenses of US$0.3 million (2020: US$0.1 million) and US$0.1 million (2020: US$0.1 million) were included in cost of sales and administrative expenses respectively for the year ended 30 September 2021.

The duration of leases relating to buildings and premises is for a period of five years, payments are due at the beginning of the month escalating annually on average by 8.0%. At 30 September 2021, the remaining term of these leases vary between two and four and a half years (2020: three and three and a half years). These leases are secured by cash deposits varying from one to three times the monthly lease payments.

The duration of leases relating to the mining fleet and manufacturing equipment are for periods between twenty four and sixty months (2020: fourteen and sixty one months) and bear interest at interest rates between the South African prime interest rate and the South African prime interest rate plus 375 basis points (2020: South African prime interest rate plus 375 basis points). The leases are secured by the mining fleet leased.

27. BORROWINGS (continued)

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

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

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

Bank credit facilities
The bank credit facilities relate to pre-shipment finance and discounting of the letters of credit by the Group's banks following performance of the letter of credit conditions by the Group, which results in funds being received in advance of the normal payment date. Interest on these facilities at the reporting date varied between one-month US Libor plus 1.6% pa and the three-month US Libor plus 3.05% pa (2020: one-month US Libor plus 1.6% pa and three-month US Libor plus 3.0% pa). Inventory serves as security for credit facilities.

Loan from related party
The loan from related party arose as part of the business combination of Salene Chrome Zimbabwe (Private) Limited (refer to note 32). The loan is repayable in 36 equal monthly instalments commencing on 1 April 2022, bears interest at the three-month US Libor plus 500 basis points and is unsecured.

Facilities
The Facilities (ZAR800 million) comprised of:

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

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

Other loan
A subsidiary of the Company, Arxo Metals Proprietary Limited, entered into a loan agreement with Rand York Minerals Proprietary Limited for the advance of US$6.0 million (ZAR90 million). The loan was settled in full during the year ended 30 September 2021.

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

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27. BORROWINGS (continued)

	Facilities US$'000	Equipment loan facility US$'000	Lease liabilities US$'000	Atrafin loan US$'000	Bank credit facilities US$'000	Other loan US$'000	Property loans US$'000	Loan from related party US$'000	Total borrowings US$'000
Balance 30 September 2020	23 849	20 468	6 682	-	17 345	1 670	599	-	70 613
Changes from financing cash flows									
Advances: bank credit facilities	-	-	-	-	115 174	-	-	-	115 174
Repayment: bank credit facilities	-	-	-	-	(130 727)	-	-	-	(130 727)
Net repayment of bank credit facilities	-	-	-	-	(15 553)	-	-	-	(15 553)
Advances received	10 068	13 349	-	3 370	-	-	-	-	26 787
Repayment of borrowings	(37 095)	(9 232)	-	-	-	(1 881)	-	-	(48 208)
Principal lease payments	-	-	(4 597)	-	-	-	-	-	(4 597)
Repayment of interest	(447)	(775)	(560)	-	(151)	(70)	(28)	-	(2 031)
Changes from financing cash flows	(27 474)	3 342	(5 157)	3 370	(15 704)	(1 951)	(28)	-	(43 602)
Foreign currency translation differences	3 008	2 211	761	(54)	-	211	65	-	6 202
Liability-related changes									
Lease agreements entered into	-	-	2 354	-	-	-	-	-	2 354
Re-measurement of lease liabilities	-	-	214	-	-	-	-	-	214
Business combination (note 32)	-	-	-	-	-	-	-	529	529
Interest expense	617	876	567	26	133	70	28	13	2 330
Revaluation of foreign denominated loan	-	(2 063)	(36)	309	-	-	-	-	(1 790)
Total liability-related changes	617	(1 187)	3 099	335	133	70	28	542	3 637
Balance at 30 September 2021	-	24 834	5 385	3 651	1 774	-	664	542	36 850
Non-current borrowings	-	14 307	2 273	2 951	-	-	617	442	20 590
Current borrowings	-	10 527	3 112	700	1 774	-	47	100	16 260
Total borrowings	-	24 834	5 385	3 651	1 774	-	664	542	36 850

27. BORROWINGS (continued)

	Facilities US$'000	Equipment loan facility US$'000	Lease liabilities US$'000	Bank credit facilities US$'000	Other loan US$'000	Property loans US$'000	Other US$'000	Total borrowings US$'000
Balance 30 September 2019	29 279	11 599	11 580	14 900	3 858	-	-	71 216
Changes from financing cash flows								
Advances: bank credit facilities	-	-	-	95 326	-	-	-	95 326
Repayment: bank credit facilities	-	-	-	(92 839)	-	-	-	(92 839)
Net repayment of bank credit facilities	-	-	-	2 487	-	-	-	2 487
Advances received	6 164	11 954	-	-	-	-	-	18 118
Repayment of borrowings	(9 394)	(4 323)	-	-	(1 886)	-	(6)	(15 609)
Lease payments	-	-	(5 673)	-	-	-	-	(5 673)
Repayment of interest	(2 272)	(865)	-	(269)	(273)	-	-	(3 679)
Changes from financing cash flows	(5 502)	6 766	(5 673)	2 218	(2 159)	-	(6)	(4 356)
Foreign currency translation differences	(2 612)	(1 359)	(948)	-	(302)	(61)	-	(5 282)
Liability-related changes								
Lease agreements entered into	-	-	715	-	-	-	-	715
Re-measurement of lease liabilities	-	-	40	-	-	-	-	40
Business combination (note 32)	-	-	-			660	6	666
Interest expense	2 684	957	906	227	273	-	-	5 047
Revaluation of foreign denominated loan	-	2 505	62	-	-	-	-	2 567
Total liability-related changes	2 684	3 462	1 723	227	273	660	6	9 035
Balance at 30 September 2020	23 849	20 468	6 682	17 345	1 670	599	-	70 613
Non-current borrowings	-	12 738	2 838	-	-	556	-	16 132
Current borrowings	23 849	7 730	3 844	17 345	1 670	43	-	54 481
Total borrowings	23 849	20 468	6 682	17 345	1 670	599	-	70 613

28. OTHER FINANCIAL LIABILITIES

Accounting policy

Measurement: Financial liabilities at fair value through profit or loss

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

Derecognition: Financial liabilities

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

		2021 US$'000	2020 US$'000
	Fair value hierarchy		
Discount facility	Level 2	**-**	6 035
Forward exchange contracts	Level 2	**485**	109
		485	6 144

Discount facility

Refer to note 18.

Forward exchange contracts – fair value through profit or loss

The Group entered into a number of forward exchange contracts to hedge certain aspects of the foreign exchange risk associated with the conversion of the US$ to the ZAR. At 30 September 2021 the net exposure of these contracts was US$11.2 million (2020: US$12.8 million and EUR1.5 million) with various expiries no later than 22 February 2022 (2020: no later than 15 January 2021). The forward exchange contracts were mark-to-market by using applicable closing exchange rates at 30 September 2021.

29. TRADE AND OTHER PAYABLES

Accounting policy

Trade and other payables, excluding payroll creditors and leave pay accruals are non-derivative financial liabilities categorised as other financial liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. Liabilities arising in respect of salaries, annual leave and other benefits due to be settled within 12 months of the reporting date are measured at rates which are expected to be paid when the liability is settled.

	2021 US$'000	2020 US$'000
Trade payables	**44 467**	23 924
Accrued expenses	**22 767**	14 163
Leave pay accrual	**5 328**	4 481
Value added tax payable	**261**	1 531
Provision for mining royalty	**30 953**	8 571
Other payables – related parties (note 35)	**509**	237
Other payables	**281**	45
	104 566	52 952
Trade payables in foreign currency balances translated to US$ were as follows:		
US$	**94**	1 483
ZAR	**44 366**	22 150
EUR	**3**	291
GBP	**4**	-
	44 467	23 924

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

30. CONTRACT LIABILITIES

Accounting policy

Contract liabilities are non-derivative financial liabilities categorised as other financial liabilities. Contract liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Timing of revenue recognition may differ from the timing of invoicing to customers. Unearned revenue received (income received in advance), is disclosed as a current liability in the statement of financial position due to its short-term nature.

	2021 US$'000	2020 US$'000
Freight services	**2 440**	2 101

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

31. TAX PAID

	2021 US$'000	2020 US$'000
Opening balance		
Current taxation receivable	**497**	926
Current taxation payable	**(176)**	(60)
Corporate income tax for the year	**(7 669)**	(3 567)
Special contribution for defence in Cyprus	**-**	(1)
Dividend withholding tax	**(1 231)**	(105)
Tax refunds received	**(51)**	(207)
Interest received	**(2)**	(4)
Closing balance		
Current taxation receivable	**(8 949)**	(497)
Current taxation payable	**286**	176
Exchange differences on translation	**(117)**	(37)
Tax paid	**(17 412)**	(3 376)

32. BUSINESS COMBINATION

Accounting policy

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

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

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

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

32. BUSINESS COMBINATION (continued)

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

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

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

The following table summarises the fair value of the assets and liabilities of Salene Chrome at 31 March 2021:

	Fair value recognised on acquisition US$'000
Assets	
Property, plant and equipment	4 692
Trade and other receivables	109
Cash and cash equivalents	2
	4 803
Liabilities	
Borrowings	(529)
Trade and other payables	(609)
	(1 138)
Total identifiable net assets at fair value	3 665
Less cash and cash equivalents acquired	(2)
Goodwill arising on acquisition	1 392
Total cash flow on acquisition	5 055
Less amounts already spent (note 18)	(1 976)
Cash outflow on business combination	3 079

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

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

The purchase consideration was funded from existing cash resources of the Group. The transaction cost was US$0.1 million which is classified as other operating expenses.

The goodwill recognised is attributed to the Special Economic Zone status of Salene Chrome, existing bilateral relationships with the Government of Zimbabwe, supplier relationships and knowledge of the workforce. The goodwill is not tax deductible.

32. BUSINESS COMBINATION (continued)

Effective 1 October 2019, the Company acquired 100.0% of the issued share capital of MetQ Proprietary Limited ('MetQ'), a company incorporated in South Africa. MetQ manufactures equipment used in the mining industry. The total purchase consideration was US$2.6 million (ZAR40.0 million). Of the total purchase consideration, US$1.8 million (ZAR27.5 million) was settled in cash on the effective acquisition date while US$0.7 million (ZAR12.5 million) was deferred and subject to MetQ achieving a certain profit target, which represents a contingent considertion. The profit target was the aggregate profit for the six months ended 31 March 2020 and 31 March 2021.

MetQ did not achieve the required profit target and consequently no adjustment was made to the purchase price.

In addition, the purchase agreement stipulates that at 30 September 2020, MetQ was required to maintain a certain working capital balance. In the event that the working capital balance was below the contracted balance, the shortfall would be set-off against any deferred consideration, if applicable. In the event that the amended profit targets are not met, the balance would become due and payable.

At 1 October 2019, the required working capital balance was below the contracted balance and consequently an amount of US$0.2 million was recognised as a receivable and reduction in the purchase consideration.

The following table summarises the fair value of the company's assets and liabilities at the acquisition date:

	Fair value recognised on acquisition US$'000
Assets	
Property, plant and equipment	**1 053**
Inventories	**572**
Trade and other receivables	**380**
Cash and cash equivalents	**118**
	2 123
Liabilities	
Borrowings	**(666)**
Deferred tax	**(54)**
Trade and other payables	**(232)**
	(952)
Total identifiable net assets at fair value	**1 171**
Less cash and cash equivalents acquired	**(118)**
Less amounts receivable from the Group	**(47)**
Goodwill arising on acquisition	**480**
Purchase consideration	**1 486**
Below a summary of MetQ's statement of profit and loss included in the consolidated financial statements:	
Revenue	**2 961**
Cost of sales	**(2 349)**
Gross profit	**612**
Net profit after tax	**44**

The purchase consideration was funded from existing cash resources of the Group. The transaction cost was US$0.1 million.

The goodwill recognised is attributed to existing relationships with customers, industry knowledge and technical expertise relating to the manufacture of the mining equipment. The goodwill is not tax deductible.

33. DIRECTORS INTEREST IN STATED CAPITAL

	2021 **%**	2020 %
LC Pouroulis	**0.38**	0.30
P Pouroulis	**2.90**	2.84
MG Jones	**0.25**	0.21
A Djakouris	**0.02**	0.02
C Bell	**0.02**	0.02
Total	**3.57**	3.39

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

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

34. FINANCIAL RISK MANAGEMENT

Accounting policy: Financial instruments
Classification
The Group classifies its financial instruments in the following categories:

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

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

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

Financial assets	**Classification**
Other financial assets	
Investments in money markets, current accounts, cash funds and income funds	Fair value through profit or loss
Discount facility	Fair value through profit or loss
Investment in equity instruments	Fair value through profit or loss
Option to acquire shares	Fair value through profit or loss
Trade and other receivables	Amortised cost
Contract assets	Amortised cost
PGM receivable	Fair value through profit or loss
Cash and cash equivalents	Amortised cost

Financial liabilities	**Classification**
Borrowings	Amortised cost
Discount facility	Fair value through profit or loss
Trade and other payables	Amortised cost
Contract liabilities	Amortised cost

The Group made an irrevocable election to classify marketable securities at fair value through profit or loss.

34. FINANCIAL RISK MANAGEMENT

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

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

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

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

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, as these factors may have an influence on credit risk. In monitoring customer credit risk, management reviews on a regular basis the ageing of trade and other receivables to obtain comfort that there are no past due amounts without acceptable mitigating credit information available.

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

The main component of the allowance for credit losses (if applicable) is a specific loss component that relates to individually significant exposures. As at 30 September 2021 and 30 September 2020, none of the carrying amounts of trade and other receivables is either past due or impaired, for which an allowance for credit losses is necessary. Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default and for who no current observable adverse credit information is available.

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

The most significant exposure of the Group to credit risk is represented by the carrying amount of trade receivables. The Board of Directors performs regular ageing reviews of trade receivables to identify any doubtful balances. Based on the review performed for the reporting period, the Board of Directors concluded that no allowance for credit losses is required in respect of trade receivables. 77.1% and 37.6% of the trade receivables were due from the Group's largest customer as at 30 September 2021 and 30 September 2020, respectively.

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

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

The maximum exposure to credit risk at the reporting date of the consolidated financial statements was:	**2021 US$'000**	2020 US$'000
Financial assets	**7 702**	6 791
Other assets	**-**	7
Trade and other receivables	**136 554**	112 056
Contract assets	**2 440**	2 101
Cash and cash equivalents	**83 436**	49 293
	230 132	170 248

34. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. At 30 September 2021 the Group had undrawn banking facilities of US$28.8 million (ZAR290 million) (2020: US$17.3 million (ZAR290 million)) available (note 27).

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

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

	Contractual undiscounted cash flow					
30 September 2021	**Within 1 year or on demand US$'000**	**More than 1 year but less than 2 years US$'000**	**More than 2 years but less than 5 years US$'000**	**More than 5 years US$'000**	**Total US$'000**	**Carrying amount US$'000**
Borrowings	**17 598**	**11 403**	**10 179**	**463**	**39 643**	**36 850**
Other financial liabilities	**485**	**-**	**-**	**-**	**485**	**485**
Trade and other payables	**44 976**	**-**	**-**	**-**	**44 976**	**44 976**
	63 059	**11 403**	**10 179**	**463**	**85 104**	**82 311**
30 September 2020						
Borrowings	56 022	10 112	6 741	417	73 292	70 613
Other financial liabilities	6 144	-	-	-	6 144	6 144
Trade and other payables	24 161	-	-	-	24 161	24 161
	86 327	10 112	6 741	417	103 597	100 918

Market risk

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

Currency risk

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

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

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

34. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)
The following table details the Group's exposure at the end of each reporting period to currency risk arising from recognised assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate. Exposures in US$ relate to recognized assets and liabilities denominated in US$ of entities of the Group that have a functional currency other than US$. For presentation purposes, the amounts of the exposure are shown in US$, translated using the spot rate at the reporting date. The spot rates used at the reporting date against the US$ are a) US$:ZAR, 15.05 (2020: 16.70); b) US$:EUR, 0.86 (2020: 0.85) and c) US$:GBP, 0.74 (2020: 0.77). Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

The Group entered into a number of forward exchange contracts to hedge certain aspects of the foreign exchange risk associated to the conversion of the US$ to the ZAR and the EUR against the ZAR. The net exposure of these contracts was US$11.2 million (2020: US$7.1 million) with various expiries no later than 22 February 2022 (2020: no later than 15 January 2021).

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

	30 September 2021				30 September 2020			
	US$	**ZAR**	**€**	**GBP**	US$	ZAR	€	GBP
Amounts in US$'000								
Other financial assets	**3 023**	**-**	**18**	**-**	-	-	8	-
Trade and other receivables	**84 561**	**-**	**13**	**-**	69 975	26	8	44
Current taxation	**-**		**(183)**	**-**	-		209	(4)
Cash and cash equivalents	**7 964**	**2 804**	**270**	**37**	5 284	2 687	193	25
Borrowings	**(28 485)**	**-**	**-**	**-**	(20 951)	-	-	-
Other financial liabilities	**(485)**	**-**	**-**	**-**	(6 144)	-	-	-
Trade and other payables	**(11)**	**(141)**	**(357)**	**(6)**	(79)	(113)	(291)	-
	66 567	**2 663**	**(239)**	**31**	48 085	2 600	127	65

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

	2021 (Decrease)/ increase in profit or loss and equity US$'000	2020 (Decrease)/ increase/ in profit or loss and equity US$'000
ZAR	**259**	(227)
€	**(23)**	12
US$	**8 219**	3 912
STG	**3**	6

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

34. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

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

	2021	2020	2021 US$'000	2020 US$'000
Variable rate financial assets				
Investments in money markets, current accounts, cash funds and income funds	**4.6%**	6.13%	**7 702**	6 791
Cash and cash equivalents	**0% - 4.72%**	0% - 7.5%	**83 436**	49 293
			91 138	56 084
Variable rate financial liabilities				
Facilities	**-**	3-month JIBAR + 3.2% - 3-month JIBAR + 3.3%	**-**	23 849
Equipment loan facility	**1-month US LIBOR + 3.2% - US LIBOR + 3.25%**	US LIBOR + 1.4% - US LIBOR + 3.25%	**24 834**	20 468
Atrafin loan	**6-month US Libor plus 2%**	-	**3 651**	-
Lease liabilities	**8.0% - RSA prime + 3.75%**	8.0% - RSA prime + 3.75%	**5 385**	6 682
Loan facility	**-**	RSA prime + 1.0%	**-**	1 670
Property loans	**RSA prime**	RSA prime	**664**	599
Loan from related party	**3-month US LIBOR + 5%**	-	**542**	-
Bank credit facilities	**1-month US LIBOR + 1.6% - 3-month US LIBOR + 3.05%**	US LIBOR + 1.6% - US LIBOR + 3.0%	**1 774**	17 345
			36 850	70 613

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

	2021 Increase/ (decrease) in profit or loss and equity US$'000	2020 Increase/ (decrease) in profit or loss and equity US$'000
Investments in money markets, current accounts, cash funds and income funds	**157**	70
Cash and cash equivalents	**388**	226
Atrafin loan	**(38)**	-
Facilities	**(66)**	(247)
Equipment loan facility	**(255)**	(215)
Lease liabilities	**(54)**	(79)
Loan from related party	**(3)**	-
Loan facility	**(7)**	(18)
Bank credit facilities	**(16)**	(152)
Property loans	**(2)**	(6)
	104	(421)

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

34. FINANCIAL RISK MANAGEMENT (continued)

Fair values

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

Financial instruments carried at fair value:

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

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

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

Refer to note 21 for the fair value recognised relating to the PGM receivable.

34. FINANCIAL RISK MANAGEMENT (continued)

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

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

Level 3: Right to acquire shares in Karo Platinum (Private) Limited

Refer to note 16, the Group has the option to subscribe for up to 40.0% of the issued share capital of Karo Platinum (Private) Limited ('Karo Platinum'). The price payable for any new equity shares will be determined with reference to an independent valuation of Karo Platinum at the time in accordance with the South African Code for the Reporting of a Minerals Asset Valuation ('SAMVAL code'), taking into account factors including country risk. A discount, determined by the status of the exploration work is to be applied to the independent valuation to arrive at the purchase consideration.

The option represents a financial instrument which is recognised at fair value through profit or loss. As at 30 September 2021, Karo Platinum completed a pre-feasibility study confirming the existence of a Measured Resource and Reserve.

At 30 September 2021, The Group performed an independent valuation of Karo Platinum in accordance with the SAMVAL code. In determining the valuation, the comparable company market multiple valuation technique was used. Consequently a 50.0% discount should be applied to the option value to subscribe to shares in Karo Platinum. The following significant inputs were used in determining the value:

Mineral Resource Category	Total tonnage in Resource area (Mt)	4E Grade (g/t)	4E Moz	Value (US$/oz)	Estimated value (US$'million)
Proven and probable	36	2.18	2.48	58.0	143.7
Indicated	47	1.96	2.71	14.4	39.0
Inferred	53	1.83	3.13	6.9	21.6
Combined	**136**	**1.99**	**8.32**	**24.6**	**204.3**

Mt:	million tonnes
4E	represents Platinum, Palladium, Rhodium and Gold
Moz	million ounces

The Monte-Carlo simulation was used in determining the enterprise valuation of Karo Platinum. The following significant inputs were used:

Valuation of Karo Platinum:	US$204.3 million	Comparable company valuation technique
Volatility:	53.8%	Based on peer volatility
Drift:	14.1%	Based on the US risk free rate
Time step	8.3%	Monthly time intervals
Discount rate:	14.1%	Based on the US risk free rate including country risk for Zimbabwe

Calculated enterprise value:	US$203.7 million
Equity value attributable to the Group (40.0%)	US$81.5 million

34. FINANCIAL RISK MANAGEMENT (continued)

Level 3: Right to acquire shares in Karo Platinum (Private) Limited (continued)

In order to determine the purchase consideration of Karo Platinum, the net debt of Karo Platinum was deducted from the calculated enterprise value to determine the equity value of Karo Platinum. A minority discount of 7.5% was applied to the equity value before the 50.0% discount was applied to determine the purchase consideration.

Purchase consideration:	US$36.3 million

The Group's current shareholding in Karo Mining Holdings and subsidiaries is 26.8%. By subscribing directly to 40.0% of the issued share capital of Karo Platinum and including the Government of Zimbabwe's 50.0% shareholding, the Group's indirect shareholding in Karo Platinum held through Karo Mining Holdings will dilute to 2.68%. The equity value of Karo Mining Holdings Limited and its subsidiaries pre and post exercising the option was calculated in order to determine the impact of the dilution.

Loss of investment through indirect shareholding	US$39.3 million

Calculation of fair value of the option:	
Equity value attributable to the Group (40.0%)	US$81.5 million
Less purchase consideration:	US$36.3 million
Less loss of investment held through indirect shareholding	US$39.3 million
Fair value of option to acquire shares:	US$5.9 million

A potential decrease in the value of the project and consequently a decrease in the fair value of the option will be recognised as a fair value loss in the statement of profit or loss.

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

Sensitivity	Option value US$'million	Decrease in profit or loss and equity US$'million
Volatility less 10.0%	5.6	(0.3)
Volatility plus 10.0%	5.7	(0.2)
Drift minus 1.0%	5.6	(0.3)
Drift plus 1.0%	5.5	(0.4)

Estimation of fair values

The following key inputs were used in determining the fair value of the PGM receivable:

		2021	2020
Platinum	US$/oz	**976**	909
Palladium	US$/oz	**2 121**	2 296
Rhodium	US$/oz	**13 380**	12 788
Gold	US$/oz	**1 779**	1 923
Ruthenium	US$/oz	**567**	230
Iridium	US$/oz	**4 105**	1 613
Metallurgical chrome concentrate +	US$/tonne	**160**	135
Exchange rate		**14.55**	16.71

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

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

The carrying value of financial assets and liabilities at amortised cost approximates its fair value.

35. RELATED PARTY TRANSACTIONS AND BALANCES

Accounting policy: Related party transactions

A party is considered to be related to the Group if:

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

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

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

	2021 US$'000	2020 US$'000
Loans receivable		
Karo Mining Holdings Limited	**8 353**	8 131
Alta Steenkamp	**-**	7
Trade and other receivables (note 21)		
Thys and Alta Steenkamp	**188**	169
The Tharisa Community Trust	**65**	4
Rocasize Proprietary Limited	**3**	27
Karo Mining Holdings Limited	**796**	348
Karo Zimbabwe Holdings (Private) Limited	**321**	255
Karo Platinum (Private) Limited	**417**	223
Karo Power Generation (Private) Limited	**146**	135
Salene Chrome Zimbabwe (Private) Limited	**-**	265
Salene Mining Proprietary Limited	**15**	14
	1 951	1 440
Loan payable (note 32)		
Leto Settlement	**542**	-
Trade and other payables (note 29)		
Karo Mining Holdings Limited	**-**	94
Karo Zimbabwe Holdings (Private) Limited	**315**	6
Karo Platinum (Private) Limited	**29**	28
Rocasize Proprietary Limited	**55**	1
	399	129
Amounts due to Directors		
A Djakouris	**21**	20
J Salter	**23**	22
O Kamal	**12**	12
C Bell	**17**	18
R Davey	**16**	15
Z Hong	**9**	9
V Chu	**-**	2
Lo Wai Man	**10**	-
J Hu	**-**	10
	110	108
Total other payables	**509**	237

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2021

35. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

35. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Compensation to key management:

2021	Salary and fees US$'000	Expense allowances US$'000	Share-based payments US$'000	Provident fund and risk benefits US$'000	Bonus US$'000	Total US$'000
Non-Executive Directors	**631**	**-**	**-**	**-**	**-**	**631**
Executive Directors	**1 622**	**8**	**3 315**	**82**	**356**	**5 383**
Other key management	**988**	**22**	**1 034**	**97**	**220**	**2 361**
	3 241	**30**	**4 349**	**179**	**576**	**8 375**
2020						
Non-Executive Directors	626	-	-	-	-	626
Executive Directors	1 637	7	387	73	59	2 163
Other key management	1 098	24	279	113	60	1 574
	3 361	31	666	186	119	4 363

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

2021 Ordinary shares	Opening balance	Resignation	Allocated	Vested	Forfeited	Total
LTIP	**1 576 158**	**(272 700)**	**-**	**(608 182)**	**-**	**695 276**

2020 Ordinary shares	Opening balance	Inclusion of additional employee	Allocated	Vested	Forfeited	Total
LTIP	1 246 246	-	967 470	(362 384)	(275 174)	1 576 158
2021 Ordinary shares						
SARS	**293 919**	**(50 907)**	**-**	**(243 012)**	**-**	**-**
2020 Ordinary shares						
SARS	913 032	-	-	(206 350)	(412 763)	293 919

35. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Option to acquire shares in Salene Manganese Proprietary Limited

On 9 July 2019, the Company has been granted a call option to acquire a 70.0% shareholding in Salene Manganese Proprietary Limited ('Salene Manganese'), a company incorporated in South Africa. The purchase consideration to acquire 70.0% of the shareholding will be equal to 70.0% of the market value of Salene Manganese. Salene Manganese's principal activity is a manganese exploration and mining company. Salene Manganese purchased a Mining Right issued over the farm Macarthy 559, Kuruman district in South Africa. The Mining Right is for the mining of iron ore and manganese ore. At 30 September 2021 the call option has not yet been exercised. The call option is exercisable on or before 14 August 2022.

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

Relationships between parties:

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

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

The Music for the Children Foundation
A Director of the company is a Trustee of the non-profit organisation.

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

Thys and Alta Steenkamp
Former shareholders of MetQ Proprietary Limited.

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

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

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

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

36. CONTINGENT LIABILITIES

Diesel rebates

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

Mining royalty

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

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

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

Rehabilitation provision

The Group's mining and exploration activities are subject to extensive environmental laws and regulations. The Group has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future rehabilitation costs are based principally on legal and regulatory requirements. Tharisa Minerals Proprietary Limited's approved Environmental Management Programme ('EMPr') commits the company to completely backfill the pit voids to natural ground level and restore the pre-mining land potential, namely agricultural land with grazing and wilderness capabilities. The company has evaluated alternative mine closure strategies building on the establishment of a post-mining economy with socio-economic benefits. An amended application has been submitted to the Department of Mineral Resources and Energy ('DMRE') seeking its approval for a backfill of the pit voids concurrent with mining only, also called in-pit dumping, which results in a partial void and associated pit lake which is profiled and 'made safe' before rehabilitation of the surface with the residual waste rock stockpiles remaining on surface ('pit-lake option'). In conjunction with the submission of this application, the company has also engaged with the relevant government departments to ensure their support for this submission. This application has been submitted supported by the necessary specialty studies. As there is uncertainty as to the successful outcome of the application, the company has applied a probability weighted factor in calculating the mine closure liability applying a 60% probability to the successful approval of the pit-lake option. In the alternative, the company has applied a 40% probability to an alternative 'make safe' option with the partial backfilling of the pit whereby the walls of the pit will be profiled at 24 degrees and, with the passage of time, result in a pit-lake forming in the void. The rehabilitation expense and provision referenced in note 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 2021, there is no litigation (2020: no litigation), current or pending, which is considered likely to have a material adverse effect on the Group. Refer to note 37 for guarantees.

37. CAPITAL COMMITMENTS AND GUARANTEES

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

The above commitments are with respect to property, plant and equipment and are outstanding at the respective reporting period. All contracted amounts will be funded through existing funding mechanisms within the Group and cash generated from operations. Balances denominated in currencies other than the US$ were converted at the closing rates of exchange ruling at 30 September 2021.

Guarantees

Tharisa Minerals Proprietary Limited entered into an equipment loan facility of US$30.0 million (2020: US$30.0 million) with Caterpillar Financial Services Corporation. The equipment loan facility is secured by a first notarial bond over the equipment and is guaranteed by the Company.

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

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

An insurance company has provided a guarantee to the Department of Mineral Resources and Energy to satisfy the legal requirements with respect to environmental rehabilitation and the Group has pledged as collateral its investments in interest-bearing instruments to the insurance company to support this guarantee. The total value of the guarantee is US$19.2 million (ZAR288.4 million) (2020: ZAR255.8 million).

The Company issued a guarantee to Absa Bank Limited which guarantees the payment of certain liabilities of Arxo Logistics Proprietary Limited to Transnet totalling US$1.3 million (ZAR19.4 million) (2020: US$1.2 million (ZAR19.4 million)).

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

The Company issued guarantees limited to US$20.0 million (2020: US$30.0 million) as securities for trade finance facilities provided by two banks to Arxo Resources Limited.

A guarantee was issued to Lombard Insurance Company Limited which guarantees the payment of certain liabilities of Arxo Logistics Proprietary Limited to Transnet totalling US$0.8 million (ZAR12.0 million) (2020: US$0.7 million (ZAR12.0 million)).

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

The Company holds an indirect 100% equity interest in Tharisa Fujian Industrial Co., Limited, the registered capital of which is US$10.0 million. Up to 30 September 2021, US$6.1 million has been paid up.

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

38. 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 18 November 2021 Tharisa Minerals Proprietary Limited announced an extension of the open pit life of mine, following an annual review of its Mineral Resource and Mineral Reserve statement. The open-pit mine will now continue through to 2041, seven years longer than previously indicated. The amended Life of Mine will result in a change in accounting estimate relating to the depreciation of Property, plant and equipment.

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

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

39. 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 2021, the Company declared and paid a final dividend of US$ 3.5 cents per share in respect of the financial year ended 30 September 2020. In addition, an interim dividend of US$ 4.0 cents per share was declared and paid in respect of the financial year ended 30 September 2021.

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

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

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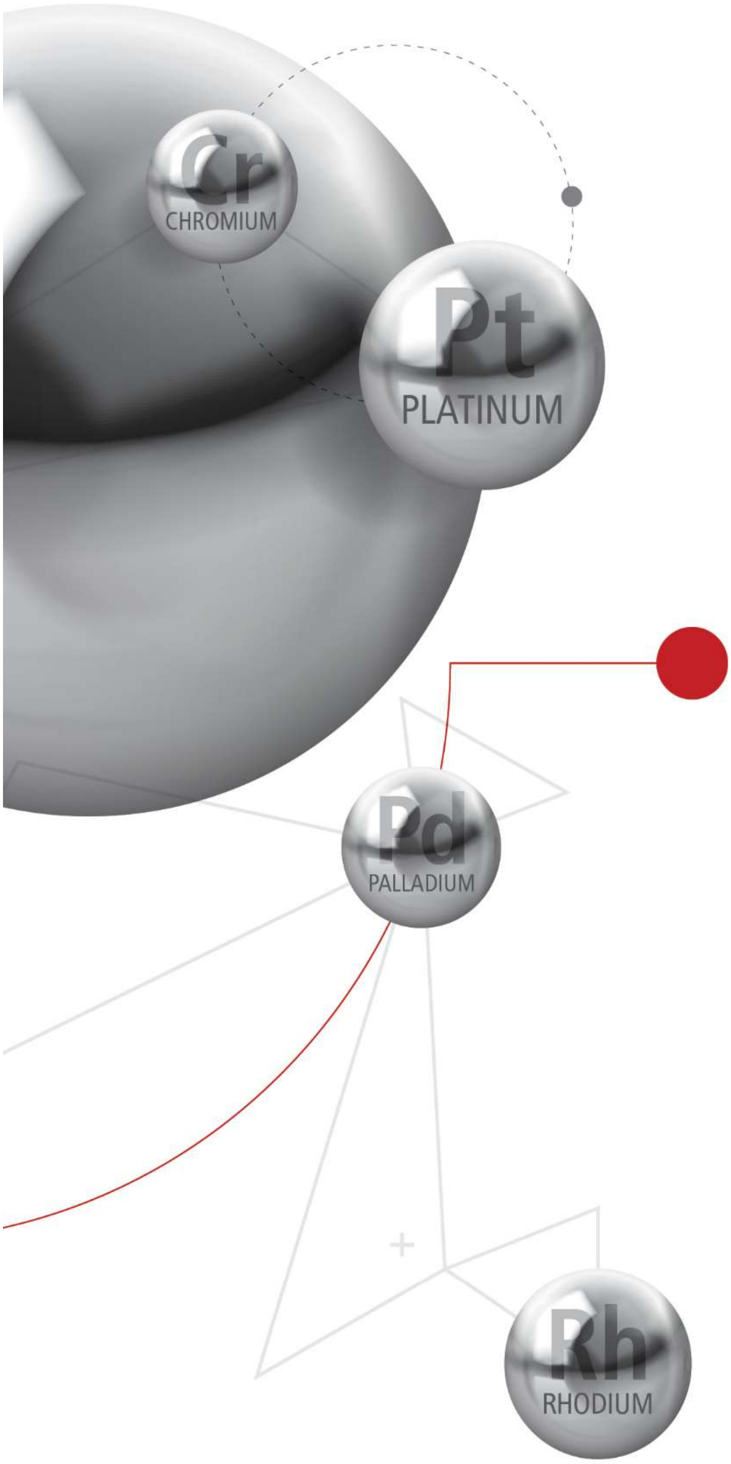

COMPANY FINANCIAL STATEMENTS

30 September 2021

enriching lives through innovating the resources company of the future

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 September 2021

	Notes	**2021 US$'000**	2020 US$'000
Revenue	5	**17 685**	12 958
Foreign exchange gain/(loss)		**1 172**	(1 212)
Operating expenses	7	**(5 847)**	(4 189)
Operating profit		**13 010**	7 557
Finance income	8	**53**	899
Changes in fair value of financial assets at fair value through profit or loss	20	**5 702**	163
Profit before tax		**18 765**	8 619
Tax	9	**(3 311)**	(23)
Profit for the year		**15 454**	8 596
Other comprehensive income			
Items that may not be classified subsequently to profit or loss		**-**	-
Items that may be classified subsequently to profit or loss		**-**	-
Other comprehensive income		**-**	-
Total comprehensive income for the year		**15 454**	8 596

The notes on pages 128 to 155 are an integral part of these financial statements.

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STATEMENT OF FINANCIAL POSITION
as at 30 September 2021

	Notes	2021 US$'000	2020 US$'000
Assets			
Non-current assets			
Investment in subsidiaries	10	**305 917**	356 607
Investment in joint arrangements	11	**4 500**	4 500
Financial and other assets	12	**12 060**	6 498
Total non-current assets		**322 477**	367 605
Current assets			
Financial and other assets	12	**874**	8
Other receivables	13	**43 062**	6 803
Cash and cash equivalents	14	**17 619**	11 719
Total current assets		**61 555**	18 530
Total assets		**384 032**	386 135
Equity and liabilities			
Share capital and premium	15	**289 818**	286 929
Other reserve	15	**47 245**	47 245
Retained earnings	15	**43 720**	51 603
Total equity		**380 783**	385 777
Non-current liabilities			
Deferred taxation	16	**2 068**	-
Current liabilities			
Other payables	17	**1 139**	320
Current taxation	18	**42**	38
Total current liabilities		**1 181**	358
Total liabilities		**3 249**	358
Total equity and liabilities		**384 032**	386 135

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

Phoevos Pouroulis
Director

Michael Jones
Director

The notes on pages 128 to 155 are an integral part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2021

	Note	Share capital US$'000	Share premium US$'000	Other reserve US$'000	Retained earnings US$'000	Total equity US$'000
Balance at 1 October 2019		267	284 926	47 245	43 536	375 974
Total comprehensive income for the year						
Profit for the year		-	-	-	8 596	8 596
Total comprehensive income for the year		-	-	-	8 596	8 596
Transactions with owners of the Company						
Contributions by and distributions to owners						
Issue of ordinary shares	15	2	1 734	-	-	1 736
Dividends paid	24	-	-	-	(667)	(667)
Equity-settled share-based payments	15	-	-	-	138	138
Contributions by owners of the Company		2	1 734	-	(529)	1 207
Total transactions with owners of the Company		2	1 734	-	(529)	1 207
Balance at 30 September 2020		269	286 660	47 245	51 603	385 777
Total comprehensive income for the year						
Profit for the year		**-**	**-**	**-**	**15 454**	**15 454**
Total comprehensive income for the year		**-**	**-**	**-**	**15 454**	**15 454**
Transactions with owners of the Company						
Contributions by and distributions to owners						
Issue of ordinary shares	15	**2**	**2 887**	**-**	**-**	**2 889**
Dividends paid	24	**-**	**-**	**-**	**(20 181)**	**(20 181)**
Equity-settled share-based payments	15	**-**	**-**	**-**	**(3 156)**	**(3 156)**
Contributions by owners of the Company		**2**	**2 887**	**-**	**(23 337)**	**(20 448)**
Total transactions with owners of the Company		**2**	**2 887**	**-**	**(23 337)**	**(20 448)**
Balance at 30 September 2021		**271**	**289 547**	**47 245**	**43 720**	**380 783**

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

The notes on pages 128 to 155 are an integral part of these financial statements.

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STATEMENT OF CASH FLOWS
for the year ended 30 September 2021

	Notes	2021 US$'000	2020 US$'000
Cash flows from operating activities			
Profit for the year		**15 454**	8 596
Adjustments for:			
Impairment loss	7	**183**	155
Changes in fair value of financial assets at fair value through profit or loss	20	**(5 702)**	(163)
Dividend income	5	**(17 685)**	(12 958)
Interest income	8	**(53)**	(899)
Exchange (gains)/losses[1]		**(1 172)**	1 212
Tax	9	**3 311**	23
Equity-settled share-based payments	7	**42**	13
		(5 622)	(4 021)
Changes in:			
Other receivables[1]		**(804)**	4 110
Other payables		**818**	(274)
Cash flows used in operations		**(5 608)**	(185)
Income tax paid		**(1 239)**	(45)
Net cash flows used in operating activities		**(6 847)**	(230)
Cash flows from investing activities			
Additions to investment in subsidiaries[2]		**(7 039)**	(2 517)
Additions to financial and other assets[2]		**(2 282)**	(609)
Repayment of financial and other assets		**3 632**	-
Repayment of other receivables		**-**	83
Dividends received		**38 615**	9 000
Interest received		**2**	6
Net cash flows from investing activities		**32 928**	5 963
Cash flows from financing activities			
Dividends paid	24	**(20 181)**	(667)
Net cash flows used in financing activities		**(20 181)**	(667)
Net increase in cash and cash equivalents		**5 900**	5 066
Cash and cash equivalents at the beginning of the year		**11 719**	6 653
Cash and cash equivalents at the end of the year	14	**17 619**	11 719

1 The US$1.2 million exchange losses for the year ended 30 September 2020 were previously included in changes in other receivables in prior periods. The reclassification had no impact on any reported totals in the statement of cash flows, earnings or on any amounts presented in the statement of financial position.

2 The US$2.5 million additions to investment in subsidiaries were previously included in additions to financial and other assets in the prior period. The reclassification had no impact on any reported totals in the statement of cash flows, earnings or on any amounts presented in the statement of financial position.

The notes on pages 128 to 155 are an integral part of these financial statements.

1. INCORPORATION AND PRINCIPAL ACTIVITIES

Tharisa plc (the 'Company') was incorporated in Cyprus on 20 February 2008 under registration number HE223412 as a private limited liability company under the Cyprus Companies Law, Cap. 113. The name of the Company was changed from Tharisa Limited to Tharisa plc on 19 January 2012. The registered office is at Sofoklis Pittokopitis Business Center, Office 108-110, 17 Neophytou Nicolaides & Kilkis Street, 8011, Paphos, Cyprus. On 10 April 2014, the Company listed its ordinary share capital on the main board of the Johannesburg Stock Exchange ('JSE'). On 8 June 2016 the Company listed its ordinary share capital as a standard listing on the main board of the London Stock Exchange ('LSE'). On 6 February 2019 the Company listed its ordinary share capital as a secondary listing on the A2X Exchange in South Africa.

The principal activity of the Company is that of an investment holding company with controlling interests in PGM and chrome mining and processing operations and associated sales and logistics operations.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual financial statements are set out below. Where an accounting policy is specific to a note, the policy is described in the note which it relates to. These policies have consistently been applied to all the years presented.

2.1. BASIS OF PREPARATION

Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') and the Listings Requirements of the Johannesburg Stock Exchange. IFRS comprises the standards issued by the International Accounting Standards Board ('IASB') and IFRS Interpretation Committee ('IFRIC') as issued by the IASB. Statutory 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 financial statements prepared.

These financial statements are the separate financial statements of the Company.

The Company has also prepared consolidated financial statements in accordance with IFRSs for the Company and its subsidiaries ('the Group'). The consolidated financial statements can be obtained from Sofoklis Pittokopitis Business Center, Office 108-110, 17 Neophytou Nicolaides & Kilkis Street, 8011, Paphos, Cyprus.

Users of these separate financial statements of the Company should read them together with the Group's consolidated financial statements as at and for the year ended 30 September 2021 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and its subsidiaries.

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

Functional and presentation currency
The financial statements are presented in United States Dollars ('US$') which is the functional and presentation currency of the Company.

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

Refer to note 20 for statements on the Company's objectives, policies and processes for managing its capital, details of its financial instruments, its exposures to market risk in relation to commodity prices and foreign exchange risks, interest rate risk, credit risk, and liquidity risk.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2. STANDARDS AND INTERPRETATIONS ADOPTED IN THE CURRENT YEAR

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

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

In addition to the above, the Company has early adopted *Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use.* The adoption did not have any impact on the comparative results or the results for the year ended 30 September 2021.

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

IFRS 3 – Business Combinations (Amendment)
The IASB issued amendments to the definition of a business in IFRS 3 – Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. It clarifies the minimum requirements for a business, removes the assessment of whether market participants are capable of replacing any missing elements, includes guidance to help entities assess whether an acquired process is substantive, narrows the definitions of a business and of outputs, and introduces an optional fair value concentration test.

The amendment had to be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date was on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, entities do not have to revisit such transactions that occurred in previous periods. The adoption had no impact on the Company.

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

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

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

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

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

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

Key changes include:

- Increasing the prominence of stewardship in the objective of financial reporting, which is to provide information that is useful in making resource allocation decisions;
- Reinstating prudence, defined as the exercise of caution when making judgements under conditions of uncertainty, as a component of neutrality;
- Defining a reporting entity, which might be a legal entity or a portion of a legal entity;
- Revising the definition of an asset as a present economic resource controlled by the entity as a result of past events;
- Revising the definition of a liability as a present obligation of the entity to transfer an economic resource as a result of past events;
- Removing the probability threshold for recognition, and adding guidance on derecognition;
- Adding guidance on the information provided by different measurement bases, and explaining factors to consider when selecting a measurement basis;

Stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where the relevance or true representation of the financial statements would be enhanced.

The adoption of the revised Conceptual Framework did not have a material impact on the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2. 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 Company 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 Company in the current or future reporting periods.

Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 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'). The Company has IBOR linked preference share investments in subsidiaries and is in the process of identifying and negotiating with bank syndicates, new reference rates on the IBOR linked investments, including the consideration of the Secured Overnight Financing Rate which is the recommended US$ LIBOR alternative. Refer to note 10 for details of IBOR linked investments.

Phase 2 introduces some significant new disclosure requirements. The Amendments are effective for annual periods beginning on or after 1 January 2021, with early application permitted.

Classification of Liabilities as Current or Non-current - Amendments to IAS 1
The International Accounting Standards Board (IASB) issued Classification of Liabilities as Current or Non-current, which amends IAS 1 Presentation of Financial Statements. The amendments affect requirements in IAS 1 for the presentation of liabilities. Specifically, they clarify a criterion for classifying a liability as non-current. The amendment must be applied prospectively and is effective for annual periods beginning on or after 1 January 2023. This amendment is not expected to have a material impact on the Company.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g. the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g. depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments must be applied prospectively for annual periods beginning on or after 1 January 2022, to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on transition.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
In May 2021, the IASB issued amendments to IAS 12 Income Taxes which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a decommissioning asset and decommissioning liability (or lease asset or lease liability) give rise to taxable and deductible temporary differences that are not equal.

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented and is effective for annual periods beginning on or after 1 January 2023.

This amendment is not expected to have a material impact on the Company.

3. USE OF JUDGEMENTS AND ESTIMATES

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

Judgements and estimates made by management in the application of IFRS that have a significant effect on the financial statements and major sources of estimation uncertainty are disclosed in each note it relates to.

4. SHARE-BASED PAYMENTS

Accounting policy

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

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

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

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

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

Appreciation rights ('SARS') is the grant of an award by the Company where the employee is, subject to certain conditions, entitled to receive the increase in the share value above the award price. The awards vest in two equal annual tranches with the ability to exercise the award at any time up to five years from the date of the grant. The appreciation in value may, at the election of the Company, be either cash settled or share settled as provided for in the rules of the Plan.

At 30 September 2021, the Company had the following share-based payment arrangements:

Third to Seventh issues LTIP and SARS

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

Performance conditions applicable to Third to Sixth issues

Subject to there being no fatality during the vesting periods as detailed above for the LTIP and the SARS:

- 33.3% of each tranche of the LTIP and the SARS will be subject to continuing employment in good standing (as determined by the Remuneration Committee) during the applicable vesting period.

- The upper vesting % of each tranche of the LTIP and SARS will be subject to the production of a minimum of the upper PGM ounces production target during the first twelve month period, second twelve month period or third twelve month period, respectively (in the case of the SARS the 1st twelve month period or 2nd twelve month period, respectively). However the median vesting % of each such tranche of the LTIP and SARS will vest if the production during the applicable twelve month period is below the upper PGM ounces production target but above the median PGM ounces production target. The award will be forfeited if production in any applicable twelve month period falls below the median PGM ounces production target.

- The upper vesting % of each tranche of the LTIP and SARS will be subject to the production of a minimum of the upper chrome concentrates production target comprising metallurgical grade, foundry grade and chemical grade within contract specifications during the first twelve month period, second twelve month period or third twelve month period, respectively (in the case of the SARS the first twelve month period or second twelve month period, respectively). However the median vesting % of each tranche of the LTIP and SARS will vest if the production during the applicable 12 month period is below the upper chrome concentrates production target but above the median chrome concentrates production target. The award will be forfeited if production in any applicable twelve month period falls below the median chrome concentrates production target.

4. SHARE-BASED PAYMENTS (continued)

Performance conditions applicable to Fifth and Sixth issues only

- The upper vesting % of each tranche of the LTIP and SARS will be subject to the Earnings Before Interest, Tax, Depreciation and Amortization ('EBITDA') of the Tharisa Group at least meeting the board approved budget for the twelve month period commencing on 1 July and ending the following year on 30 June, with the EBITDA being adjusted for the actual commodity selling prices and exchange rate (US$:ZAR). However, the median vesting % of each tranche of the LTIP and SARS will vest if the applicable EBITDA is below the budgeted EBITDA (as recalculated) but equal to or above 95% of the budgeted EBITDA (as recalculated). The award will be forfeited if EBITDA in the applicable twelve month period falls below 95% of the budgeted EBITDA (as adjusted).

Performance conditions applicable to the Seventh issue only

Subject to there being no fatality during the vesting periods and continued employment in good standing for the LTIP's:

- 40% of each tranche will be subject to achieving at least the market guidance for PGM production as publicly disclosed and referenced to the commencement of the respective financial reporting period (it being noted that the vesting period and financial year are not coterminous);

- 40% of each tranche will be subject to achieving at least the market guidance for chrome concentrate production as publicly disclosed and referenced to the commencement of the respective financial reporting period (it being noted that the vesting period and financial year are not coterminous), adjusted to exclude the production from the Vulcan Plant;

- 20% of each tranche will be subject to achieving production targets associated with the construction of, and production from, the Vulcan Plant as follows:

  - Tranche 1 - achieving beneficial production by no later than 12 months from the recommencement of the construction of the Vulcan Plant post lockdown restrictions in South Africa allowing for such construction in conjunction with the necessary funding secured to finance the Vulcan Plant. For the purposes of measuring achievement of this performance metric as at the vesting date, reference will be made to an independent assessment of the percenOage of completion over the 12 month period and the probability of achieving completion in the 12 month period.

  - Tranche 2 - achieving at least 80% of the nameplate production capacity of 4.8 Mt of in-spec chrome concentrate production for the vesting period 12 months after the date of achieving beneficial production as contemplated in Tranche 1. As at the vesting date, should the beneficial production be achieved post 30 June 2021, the award will be weighted taking into account the achievement of the milestones.

  - Tranche 3 - achieving at least 90% of the nameplate production capacity of 4.8 Mt of in-spec chrome concentrate production for the vesting period 12 months after the period contemplated in Tranche 2. As at the vesting date, should the 12 month period be carried over to the Tranche 3 vesting period, the award will be weighted taking into account the milestones achieved.

	Third issue	Fourth issue	Fifth issue	Sixth issue	Seventh issue
Vesting period					
Grant date – 30 June	2016	2017	2018	2019	2020
First twelve month period – 30 June	2017	2018	2019	2020	2021
Performance conditions					
Employment in good faith					
Vesting %	33.33%	33.33%	33.33%	33.33%	-
6E PGM production					
Upper production target	> 147.4 koz	> 147.4 koz	>163.7 koz	>177.6 koz	> market guidance
Upper vesting %	33.33%	33.33%	16.67%	16.67%	40.00%
Median production target	> 140.0 koz	> 140.0 koz	> 155.5 koz	> 168.7 koz	-
Median vesting %	16.67%	16.67%	8.34%	8.34%	-
Chrome concentrates production					
Upper production target	> 1.33 Mt	> 1.33 Mt	> 1.49 Mt	> 1.57 Mt	> market guidance
Vesting %	33.33%	33.33%	16.67%	16.67%	40.00%
Median production target	> 1.26 Mt	> 1.26 Mt	> 1.42 Mt	> 1.49 Mt	
Vesting %	16.67%	16.67%	8.34%	8.34%	

4. **SHARE-BASED PAYMENTS (continued)**

	Third issue	Fourth issue	Fifth issue	Sixth issue	Seventh issue
Tharisa Group EBITDA					
Upper target	-	-	> 100% of budget	> 100% of budget	-
Vesting %	-	-	33.33%	33.33%	-
Median target	-	-	> 95% of budget	> 95% of budget	-
Vesting %	-	-	16.67%	16.67%	-

The awards are subject to the rules governing the Plan and the final discretion of the Tharisa plc Remuneration Committee will prevail should there be any discrepancy. The LTIP and SARS vest in three and two annual equal tranches respectively. The LTIP and SARS have no exercise price.

LTIP

Valuation of share award at grant date:	**First tranche**	**Second tranche**	**Third tranche**
Third issue – 2016	-	-	R10.12
Fourth issue – 2017	-	R13.93	R13.66
Fifth issue - 2018	R17.42	R16.87	R16.33
Sixth issue - 2019	R20.34	R19.48	R18.49
Seventh issue - 2020	R11.65	R10.67	R9.66

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

	Opening balance	**Allocated**	**Vested**	**Forfeited**	**Total**
LTIP 2021 Ordinary shares					
LTIP	**8 166 229**	**-**	**(3 516 095)**	**(377 392)**	**4 272 742**
LTIP 2020 Ordinary shares					
LTIP	5 849 989	5 591 788	(1 791 295)	(1 484 253)	8 166 229

An expense of US$37 thousand (2020: US$13 thousand) was recognised in profit or loss.

SARS

	First tranche	**Second tranche**
Valuation of share option at grant date:		
Fourth issue – 2017	-	R6.25
Fifth issue - 2018	R6.96	R7.89
Sixth issue - 2019	R8.30	R8.72

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

	Opening balance	**Allocated**	**Vested**	**Forfeited**	**Total**
SARS 2021 Ordinary shares					
SARS	**1 510 776**	**-**	**(1 447 742)**	**(63 034)**	**-**
SARS 2020 Ordinary shares					
SARS	4 505 961	-	(959 260)	(2 035 925)	1 510 776

An expense of US$5 thousand (2020: nil) was recognised in profit or loss.

4. SHARE-BASED PAYMENTS (continued)

SARS (continued)

Number of SARS vested, not yet exercised:

Vesting date	Expiry date	Number of rights 2021	2020
30 June 2017	30 June 2021	**-**	1 973 180
30 June 2018	30 June 2022	**2 121 393**	2 562 875
30 June 2019	30 June 2023	**769 859**	1 124 175
30 June 2020	30 June 2024	**1 806 612**	508 667

No LTIP awards were granted during the year ended 30 September 2021. The fair value of the historic LTIP awards were determined by present valuing the share price on grant date less the expected dividends. The same approach was followed during the comparative year. No SARS awards were issued during the years ended 30 September 2021 and 30 September 2020. The fair value of the historic SARS awards were determined by a Modified Binomial Tree model during the year ended 30 September 2019.

The following inputs were used for grants issued during the year ended 30 September 2020:

	2020
Spot price	R12.50
Dividend yield	7.83%
The risk-free interest rate	Swap yield curve
Forfeiture assumption	5.00%

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

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

5. REVENUE

Accounting policy
Revenue comprises dividend income received from subsidiaries. Dividend income is recognised on the date that the Company's right to receive payment is established.

	2021 US$'000	2020 US$'000
Dividend income (note 21)	**17 685**	18 639
Reversal of previously recognised dividend income (notes 10 and 21)	**-**	(5 681)
	17 685	12 958

6. DIRECTORS REMUNERATION

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

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

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

	2021					2020				
	Directors' fees US$'000	**Salary US$'000**	**Bonus US$'000**	**Share-based payment US$'000**	**Total US$'000**	Directors' fees US$'000	Salary US$'000	Bonus US$'000	Share-based payment US$'000	Total US$'000
Paid by the Company:										
LC Pouroulis	**-**	**73**	**11**	**42**	**126**	-	68	-	-	68
JD Salter	**129**	**-**	**-**	**-**	**129**	129	-	-	-	129
A Djakouris	**129**	**-**	**-**	**-**	**129**	129	-	-	-	129
OM Kamal	**61**	**-**	**-**	**-**	**61**	61	-	-	-	61
C Bell	**97**	**-**	**-**	**-**	**97**	97	-	-	-	97
R Davey	**79**	**-**	**-**	**-**	**79**	79	-	-	-	79
ZL Hong	**43**	**-**	**-**	**-**	**43**	43	-	-	-	43
SWM Lo*	**27**	**-**	**-**	**-**	**27**	-	-	-	-	-
VWY Chu**	**15**	**-**	**-**	**-**	**15**	2	-	-	-	2
JZ Hu***	**-**	**-**	**-**	**-**	**-**	27	-	-	-	27
J Ka Ki Cheng****	**-**	**-**	**-**	**-**	**-**	14	-	-	-	14
Total	**580**	**73**	**11**	**42**	**706**	581	68	-	-	649

* *Appointed 10 February 2021*
** *Appointed 17 September 2020 and retired by rotation on 10 February 2021*
*** *Appointed 29 January 2020 and resigned 17 September 2020*
**** *Retired by rotation on 29 January 2020*

Directors' share awards
Details of each plan are disclosed in note 4. Non-Executive Directors are not entitled to participate in the Group's share award plan. The number of LTIP and SARS awarded to the Executive Director by the Company, are set out in the following tables:

LTIP 2021 Ordinary shares	**Opening balance**	**Allocated**	**Vested**	**Forfeited**	**Total**
LC Pouroulis	**97 363**	**-**	**(51 902)**	**-**	**45 461**

LTIP 2020 Ordinary shares					
LC Pouroulis	78 234	53 273	(11 380)	(22 764)	97 363

SARS 2021 Ordinary shares	**Opening balance**	**Allocated**	**Vested**	**Forfeited**	**Total**
LC Pouroulis	**14 919**	**-**	**(14 919)**	**-**	**-**

SARS 2020 Ordinary shares					
LC Pouroulis	**66 135**	**-**	**(17 070)**	**(34 146)**	**14 919**

7. OPERATING EXPENSES

	2021 US$'000	2020 US$'000
Directors remuneration (note 6)	**664**	649
Business development	**190**	785
Equity-settled share-based payments	**42**	13
Audit*	**242**	176
Audit – other services**	**-**	1
Consulting and professional	**880**	385
Administration (note 21)	**3 289**	1 569
Impairment losses	**183**	155
Listing fees	**126**	152
Sundry expenses	**231**	304
	5 847	4 189

* External audit services
** Other services relates to tax and accounting services as approved by the Audit Committee.

8. FINANCE INCOME

Accounting policy: finance income
Finance income comprises interest income on funds invested. Interest income is recognised as it accrues using the effective interest method.

	2021 US$'000	2020 US$'000
Gain on derecognition of intergroup receivable	**-**	508
Amortisation of intergroup receivable	**50**	384
Interest income	**3**	7
Finance income	**53**	899

9. TAX

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

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

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

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

9. TAX (continued)

Accounting policy (continued)

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

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

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is established.

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

	2021 US$'000	2020 US$'000
Corporation tax – current year	**12**	22
Special contribution to the defence fund – current year	**-**	1
Dividend withholding tax	**1 231**	-
	1 243	23
Deferred tax (note 16)	**2 068**	-
	3 311	23

Current tax comprises corporation tax, deferred tax, dividend withholding tax and special contribution for defence. Corporation tax is provided at the rate of 12.5% (2020: 12.5%), dividend withholding tax relating to foreign dividends received at 5.0% and deferred tax at the rate the temporary difference relates to. Special contribution for defence is provided on passive interest at the rate of 30%. 100% of passive interest income is disallowed in the computation of chargeable income for corporation tax purposes (2020: 100%).

Tax reconciliation	**2021 US$'000**	2020 US$'000
Profit before tax	**18 765**	8 619
Tax calculated at 12.5% (2020: 12.5%)	**2 346**	1 077
Tax effect of allowances and income not subject to tax	**(2 930)**	(1 752)
Tax effect of expenses not deductible for tax purposes	**581**	669
Dividend withholding tax	**1 231**	-
Special contribution to the defence fund	**-**	1
Recognition of deemed interest income for tax purposes	**15**	28
Tax charge	**1 243**	23

Dividend withholding tax arose on ordinary and preference dividends declared and paid by South African subsidiaries to the Company (refer to notes 10 and 16). Dividend withholding tax is calculated at a tax rate of 5.0% in terms of the Double Taxation Agreement between Cyprus and South Africa.

9. TAX (continued)

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

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

10. INVESTMENTS IN SUBSIDIARIES

Accounting policy
Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Accounting policy: impairment of non-financial assets
The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its related CGU exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs (group of units) and then, to reduce the carrying amount of the other assets in the CGU (group of units) on a pro rata basis.

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

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

	2021 US$'000	2020 US$'000
Unlisted ordinary shares	**20 198**	13 591
Unlisted preference shares	**285 719**	343 016
	305 917	356 607

10. INVESTMENTS IN SUBSIDIARIES (continued)

The following table contains the particulars of all direct subsidiaries of the Company. Unless stated otherwise, the class of shares is ordinary.

Name	Country of establishment/ incorporation and operation	Principal activities	2021 Holding %	2020 Holding %	Date of incorporation/ establishment/ acquisition	Particulars of issued and paid up capital and other securities	Type of entity
Tharisa Minerals Proprietary Limited	South Africa	Mining of platinum group metals and chrome concentrates	74	74	09/02/2009	370 ordinary shares of ZAR1 each and 2 632 redeemable preference shares of ZAR0.01 each	Limited liability company
Tharisa Investments Limited	Cyprus	Investment holding	100	100	02/11/2010	15 128 class A shares of US$0.01 each	Limited liability company
Arxo Resources Limited	Cyprus	Selling and distribution of chrome products	100	100	04/02/2011	1 ordinary share of EUR1 each	Limited liability company
Arxo Logistics Proprietary Limited	South Africa	Logistics operations	100	100	01/03/2011	170 ordinary shares of ZAR1 each	Limited liability company
Tharisa Administration Services Limited	Cyprus	Management and administration services to other entities of the Group and the Company	100	100	31/05/2011	1 100 ordinary shares of US$1 each	Limited liability company
Dinami Limited	Guernsey	Marketing of chrome products	100	100	30/05/2013	1 000 ordinary shares of £1 each	Limited liability company
Arxo Finance plc	Cyprus	Financing	100	100	29/06/2018	48 000 ordinary shares of US$1 each and 15 non-cumulative redeemable preference shares of US$1 each	Limited liability company
MetQ Proprietary Limited	South Africa	Manufacturing	100	100	01/10/2019	100 ordinary shares of ZAR1 each	Limited liability company
Salene Chrome Zimbabwe (Private) Limited	Zimbabwe	Mining of chrome concentrates	100	-	31 March 2021	2 000 ordinary shares of US$1 each	Limited liability company
Arxo Prospecting (Cyprus) Limited	Cyprus	Prospecting	100	-	19 April 2021	1 000 ordinary shares of US$1 each	Limited liability company
Arxo Exploration (Cyprus) Limited	Cyprus	Exploration	100	-	20 April 2021	1 000 ordinary shares of US$1 each	Limited liability company
Arxo Technologies Limited	Cyprus	Research and development	100	-	30 June 2021	1 000 ordinary shares of US$1 each	Limited liability company

10. INVESTMENTS IN SUBSIDIARIES (continued)

Terms of redeemable preference shares of Arxo Finance plc
During the year ended 30 September 2021, the Company acquired 2 non-cumulative redeemable preference shares issued by Arxo Finance plc for a consideration of US$2 million.

During the year ended 30 September 2020, the Company acquired 13 non-cumulative redeemable preference shares issued by Arxo Finance plc for a consideration of US$13 million settled with cash and assignment of loans. The terms of issue of the class of non-cumulative redeemable preference shares for a subscription price of US$1 000 000 per share, of which US$1 allocated as par value and US$999 999 as a share premium and which entitles the holder(s) thereof to an annual dividend at a variable rate equal to 3 - month US Libor + 275 basis points, with such dividend payment rights only accruing for as long as there are sufficient accumulated distributable reserves on the Company's balance sheet after such balance sheet has been subjected to external audit in any given financial year, as well as an express declaration of dividends by the board of directors, without such dividend declaration arising as a matter of course simply due to the existence of distributable reserves, as well as redemption of such preference shares at the behest of the Company or the preference shareholder(s), for the following price:
(i) the original subscription price having been paid for those preference shares;
(ii) all dividends which have been expressly declared and have accrued (but have not been paid); and
(iii) any other interest arrears.

The non-cumulative redeemable preference shares may be redeemed at the earlier of three years at the election of Arxo Finance plc or after five years at election of the Company from 31 March 2020. The Company and Arxo Finance plc have no intention to redeem these preference shares and therefore they are treated by the Company as Investment in Arxo finance plc. Arxo Finance plc has not declared any preference dividends during the year ended 30 September 2021 (2020: no preference dividends declared).

Terms of preference shares of Tharisa Minerals Proprietary Limited
The preference shares confer on the holder the right to receive out of distributable profits of the subsidiary a cumulative preferential cash dividend calculated at the rate of 12 - months US LIBOR + 1% pa, on the basis that it shall be due and payable annually on the dividend date (30 September). The preference dividend shall, in respect of each preference share which has not been redeemed, be declared and paid on each dividend date and will be calculated at the dividend rate on the subscription price. The redemption date is the earlier of the tenth business day after receipt by the preference shareholder of a written notice given by the subsidiary company, which notice the subsidiary company may give at any time, or the tenth business day after receipt by the subsidiary company of a written notice given by the preference shareholder, which the preference shareholder may give only after the third anniversary of the subscription date. Three years since the subscription date have already passed. Investments in such shares are treated by the Company as investments in preference shares of the subsidiary. The preference shares are subordinated in favour of the subsidiary's bank borrowings.

During the year ended 30 September 2020, the accumulated preference dividend relating to unpaid accrued preference dividends was waived (note 5). As a consequence of the change in terms of the agreement, the previously recognised preference dividend has been reversed from inception. The change in terms had less than a 10% impact on the total unpaid accrued preference dividend receivable balance and therefore there was no requirement for the reversal to be fair valued.

During the year ended 30 September 2021, US$21.4 million of accrued preference dividends were paid by Tharisa Minerals Proprietary Limited. The remaining accrued dividends amounting to US$41.4 million were reclassified to short-term as the Company expects settlement in the foreseeable future, refer to note 13.

Acquisition of 15% equity interest in Tharisa Investments Limited
On 22 November 2011, the Company and Fujian Wuhang Stainless Steel Products Co. Ltd ('Fujian') signed an agreement, according to which Fujian transferred its 2 250 class A shares in Tharisa Investments Limited, representing 15% equity interest, to the Company. The consideration for this transfer was the par value of the shares transferred and a call option written by the Company which conferred to Fujian a right to purchase 15% of the equity capital of Tharisa Fujian Industrial Co., Ltd, a subsidiary of Tharisa Investments Limited, at Chinese Yuan Renminbi 100 any time after 31 December 2012.

Incorporation of Arxo Prospecting (Cyprus) Limited, Arxo Exploration (Cyprus) Limited and Arxo Technologies Limited
On 19 April 2021, the Company incorporated Arxo Prospecting (Cyprus) Limited, a company established in Cyprus. The principal activity of Arxo Prospecting Limited is the prospecting for minerals and metals.

On 20 April 2021, the Company incorporated Arxo Exploration (Cyprus) Limited, a company established in Cyprus. The principal activity of Arxo Exploration Limited is the exploration for various metals and minerals.

On 30 June 2021, the Company incorporated Arxo Technologies Limited, a company established in Cyprus. The principal activity of Arxo Technologies Limited is to perform research and development operations.

10. INVESTMENTS IN SUBSIDIARIES (continued)

Acquisition of 100% equity interest in Salene Chrome Zimbabwe (Private) Limited

Effective 31 March 2021, the Company acquired 100% of the issued share capital of Salene Chrome Zimbabwe (Private) Limited ('Salene Chrome'), a company incorporated in Zimbabwe from the Leto Settlement, a related party (note 21) for a cash consideration of US$3.0 million. The cash consideration excludes capital expenses previously incurred by the Company on exploration activities. Salene Chrome holds six special grants on the Great Dyke in Zimbabwe for the prospecting and mining of minerals including chrome.

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

The call option agreement lapsed at 31 March 2021. On the same day, the Company entered into a purchase agreement to acquire 100% of the issued share capital of Salene Chrome. Commission payable to Leto Settlement on the CIF sales value of the chrome concentrates and any other commodities sold remains unchanged at 3% of CIF sales value, except that it is to be capped at US$10.0 million and subject to certain profitability measures. Refer to note 32 in the Group Financial Statements for detailed disclosures relating to the acquisition of Salene Chrome.

The purchase consideration was funded from existing cash resources of the Company. The transaction cost was US$0.1 million.

Acquisition of 100% equity interest in MetQ Proprietary Limited

Effective 1 October 2019, the Company acquired 100.0% of the issued share capital of MetQ Proprietary Limited ('MetQ'), a company incorporated in South Africa. MetQ manufactures equipment used in the mining industry. The total purchase consideration was US$2.6 million (ZAR40.0 million). Of the total purchase consideration, US$1.8 million (ZAR27.5 million) was settled in cash on the effective acquisition date while US$0.7 million (ZAR12.5 million) was deferred and subject to MetQ achieving a certain profit target, which represents a contingent consideration. The profit target was the aggregate profit for the six months ended 31 March 2020 and 31 March 2021.

MetQ did not achieve the required profit target and consequently no adjustment was made to the purchase price.

In addition, the purchase agreement stipulates that at 30 September 2020, MetQ was required to maintain a certain working capital balance. In the event that the working capital balance was below the contracted balance, the shortfall would be set-off against any deferred consideration, if applicable. In the event that the amended profit targets are not met, the balance would become due and payable. Refer to note 32 in the Group Financial Statements for detailed disclosures relating to the acquisition of MetQ.

At 1 October 2019, the required working capital balance was below the contracted balance and consequently an amount of US$0.2 million was recognised as a receivable and reduction in the purchase consideration.

Judgement and estimates: recoverability of investment in subsidiaries and other receivables

The recoverable amounts of the Company's investment in subsidiaries and other receivables have been based on cash flow projections as at 30 September 2021. The internal financial model is based on the known and confirmed resources and circumstances of each investment and receivable and includes cash flow projections resulting from approved capital projects and the *in situ* value of the inferred underground resource, and no future credit losses are expected.

The following underlying assumptions were used in the discounted cash flow model:

- a discount rate equal to the Group's weighted average cost of capital;
- forecast timing of cash flows reflects actual practices;
- a forecast period of twelve years;
- an exchange rate of ZAR15.05:US$1;
- spot PGM basket price (US$3 230/oz) and spot chrome concentrate prices (US$160/tonne); and
- future ongoing capital requirements were included.

Sensitivity analyses were performed by adjusting the above assumptions individually and collectively by 90% and 110%.

The recoverable amount was higher than the carrying amount and consequently no impairment or allowance for credit losses has been made.

11. INVESTMENT IN JOINT ARRANGEMENTS

Accounting policy

Joint arrangements

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

Joint ventures

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

11. INVESTMENT IN JOINT ARRANGEMENTS (continued)

The joint venture investment represents the investment of 26.8% of the issued share capital of Karo Mining Holdings Limited ('Karo Holdings'), a company incorporated in Cyprus.

Karo Holdings' principal place of business is in Cyprus. The functional and presentation currency of Karo Holdings and its subsidiaries is the US$. The table below details Karo Holdings' interest in subsidiaries as at 30 September 2021 and 30 September 2020.

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

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

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

Refer to note 16 of the Group Financial Statements for the significant estimates and judgements relating to the classification of the joint arrangement and the impairment considerations.

	2021 US$'000	2020 US$'000
Investment in Karo Holdings		
Shares acquired	**4 500**	4 500

12. FINANCIAL AND OTHER ASSETS

Accounting policy

Measurement: Financial assets at amortised cost

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

Measurement: Financial assets at fair value through profit or loss

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

Financial assets carried at fair value through profit or loss are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets held at fair value through profit or loss are included in the statement of profit or loss in the period in which they arise.

Derecognition: Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognised in the statement of profit or loss.

Hedge accounting

The Company does not apply hedge accounting.

12. FINANCIAL AND OTHER ASSETS (continued)

Accounting policy: Impairment

Financial asset at amortised cost

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

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

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

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

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

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

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

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

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

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

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

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

	Fair value hierarchy	**2021 US$'000**	2020 US$'000
Non-current financial assets			
Right to acquire shares in Karo Platinum (Private) Limited	Level 3	**5 870**	-
Option to acquire shares in Salene Chrome Zimbabwe (Private) Limited	Level 3	**-**	178
Share-based payment receivables from related parties (note 21)		**3 908**	4 344
Non-current other assets			
Prepaid investment in Karo Platinum (Private) Limited	Amortised cost	**2 282**	-
Prepaid investment in Salene Chrome Zimbabwe (Private) Limited	Amortised cost	**-**	1 976
		12 060	6 498
Current financial assets			
Share-based payment receivables from related parties (note 21)		**856**	-
Shares in Bank of Cyprus Public Co Limited	Level 1	**18**	8
		874	8

12. FINANCIAL AND OTHER ASSETS (continued)

The non-current assets at amortised cost approximate its fair value.

Right to acquire shares in Karo Platinum (Private) Limited ('Karo Platinum')
The Company had been granted the right to acquire up to 40% of the issued share capital of Karo Platinum, a company incorporated in Zimbabwe, at a discount to the market value (refer to note 11). The asset represents the fair value gain (50% discount to the market value as the project is at a measured resource and reserve stage) of the discount on the purchase (refer to note 20).

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

The call option lapsed at 31 March 2021 and at the same date, the Company entered into a purchase agreement whereby the Company acquired 100% of the issued share capital of Salene Chrome at a purchase consideration of US$3.0 million. Consequently during the year ended 30 September 2021, the Company derecognised the fair value asset of the call option (refer to note 10).

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

Shares in Bank of Cyprus Public Co Limited
The financial assets at fair value through profit or loss represent shares in Bank of Cyprus Public Co Limited that are marketable securities and are valued at market value at the close of business on 30 September 2021 by reference to latest available stock exchange quoted bid prices. Financial assets at fair value through profit or loss are classified as current assets because they are expected to be realised within twelve months from the reporting date.

13. OTHER RECEIVABLES

Accounting policy
Other receivables, prepayments, deposits and dividends receivable, are non-derivative financial assets categorised as financial assets measured at amortised cost.

	2021 US$'000	2020 US$'000
Accrued preference share dividends (notes 10 and 21)	**41 367**	-
Receivables from related parties (note 21)	**1 532**	3 744
Deposits and prepayments	**163**	59
Dividends receivable (note 21)	**-**	3 000
	43 062	6 803

The carrying amount of other receivables approximate its fair value.

14. CASH AND CASH EQUIVALENTS

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

	2021 US$'000	2020 US$'000
Cash at bank	**17 359**	11 459
Bank deposits	**260**	260
	17 619	11 719

As at 30 September 2021, US$0.3 million (2020: US$0.3 million) served as security against certain credit facilities of the Company and its subsidiaries. The amounts reflected above approximate their fair values.

15. SHARE CAPITAL AND RESERVES

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

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

Share capital	30 September 2021 Number of Shares	30 September 2021 US$'000	30 September 2020 Number of Shares	30 September 2020 US$'000
Authorised – ordinary shares of US$0.001 each				
As at 30 September	**10 000 000 000**	**10 000**	10 000 000 000	10 000
Authorised – convertible redeemable preference shares of US$1 each				
As at 30 September	**1 051**	**1**	1 051	1
Issued				
Ordinary shares				
Balance at the beginning of the year	**275 000 000**	**275**	270 000 000	270
Issued to treasury shares	**-**	**-**	5 000 000	5
Balance at the end of the year	**275 000 000**	**275**	275 000 000	275
Treasury shares				
Balance at the beginning of the year	**6 523 686**	**6**	3 389 678	3
Issued	**-**	**-**	5 000 000	5
Transferred as part of management share award plans	**(2 808 065)**	**(2)**	(1 865 992)	(2)
Balance at the end of the year	**3 715 621**	**4**	6 523 686	6
Issued and fully paid	**271 284 379**	**271**	268 476 314	269
Share premium				
Balance at the beginning of the year	**268 476 314**	**286 660**	266 610 322	284 926
Shares issued	**2 808 065**	**2 887**	1 865 992	1 734
Balance at the end of the year	**271 284 379**	**289 547**	268 476 314	286 660
Total share capital and premium		**289 818**		286 929

Share capital
There were no allotments during the year ended 30 September 2021. Allotments during the year ended 30 September 2020 were in respect of 5 000 000 ordinary shares issued as treasury shares to satisfy the vesting of Conditional Awards and potential future settlement of Appreciation Rights of the participants' of the Tharisa Share Award Plan.

During the year ended 30 September 2021, 2 808 065 (2020: 1 865 992) ordinary shares were transferred from treasury shares to satisfy the vesting/exercise of Conditional Awards and Appreciation Rights by the participants of the Tharisa Share Award Plan.

At 30 September 2021, 3 715 621 (2020: 6 523 686) ordinary shares were held in treasury.

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

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

During the years ended 30 September 2021 and 30 September 2020, the increases in the share premium account related to the issue and allotment of ordinary shares granted in terms of the Share Award Plan.

15. SHARE CAPITAL AND RESERVES (continued)

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

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

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

16. DEFEREED TAX

Accounting policy
Refer to note 9.

	2021 US$'000	2020 US$'000
Deferred tax liability		
Dividend withholding tax	**2 068**	-
Reconciliation of deferred tax liability		
Balance at the beginning of the year	**-**	-
Temporary differences recognised in profit or loss in relation to:		
Dividend withholding tax	**2 068**	-
	2 068	-

During the year ended 30 September 2021, US$21.4 million of accrued preference dividends were paid by Tharisa Minerals Proprietary Limited. The remaining accrued dividends amounting to US$41.4 million were reclassified to short-term as the Company expects settlement in the foreseeable future. The accrued dividends attract dividend withholding tax at a rate of 5.0% (refer to note 9) upon payment. The Company raised the relevant dividend withholding tax as deferred tax since settlement of the accrued preference dividends is expected within the foreseeable future.

17. OTHER PAYABLES

Accounting policy
Other payables are non-derivative financial liabilities categorised as other financial liabilities. Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

	2021 US$'000	2020 US$'000
Accruals	**233**	159
Other payables	**96**	19
Payables to related parties (note 21)	**810**	142
	1 139	320

The amounts above are payable within one year from the reporting period. The exposure of the Company to liquidity risk is disclosed in note 19. The amounts reflected above approximate their fair values.

18. CURRENT TAXATION

	2021 US$'000	2020 US$'000
Corporation tax	**42**	38

The amounts above are payable within one year from the reporting period.

19. DIRECTORS INTEREST IN STATED CAPITAL

	2021 %	2020 %
LC Pouroulis	**0.38**	0.30
P Pouroulis	**2.90**	2.84
MG Jones	**0.25**	0.21
A Djakouris	**0.02**	0.02
C Bell	**0.02**	0.02
Total	**3.57**	3.39

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

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

20. FINANCIAL RISK MANAGEMENT

Accounting policy
Classification
The Company classifies its financial instruments in the following categories:

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

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

The following table presents the classification of financial instruments:

Financial assets	**Classification**
Other financial assets	
Investment in equity instruments	Fair value through profit or loss
Option to acquire shares	Fair value through profit or loss
Other receivables	Amortised cost
Cash and cash equivalents	Amortised cost

Financial liabilities	**Classification**
Other payables	Amortised cost

The Company made an irrevocable election to classify marketable securities at fair value through profit or loss.

Measurement: Financial assets and liabilities at amortised cost
Financial assets and liabilities at amortised cost are initially recognised at fair value. Financial assets are subsequently carried at amortised cost less any impairment while financial liabilities are subsequently carried at amortised cost.

20. FINANCIAL RISK MANAGEMENT

Accounting policy (continued)

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

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

Decrecognition: Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognised in the statement of profit or loss.

Derecognition: Financial liabilities

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

Hedge accounting

The Company does not apply hedge accounting.

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

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

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's financial assets. The most significant exposure of the Company to credit risk is represented by the carrying amount of receivables from related parties, other financial assets and cash and cash equivalents.

Financial and other assets and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each party. However, management also considers the demographics of each party including the default risk of the industry and country in which they operate, as these factors may have an influence on credit risk. In monitoring credit risk, management reviews on a regular basis the ageing and the current and anticipated financial position and profitability of entities included in loans receivable from related parties and receivables from related parties. The Company establishes an allowance for credit losses that represents its estimate of expected losses. The main component of this allowance is a specific loss component that relates to individually significant exposures. At the reporting date, the Board of Directors is of the opinion that other than the impairment made for the balance owing by Tharisa Investments Limited, none of the other carrying amounts of loans receivable from related parties and receivables from related parties are impaired.

Cash and cash equivalents

The Company limits its exposures on cash and cash equivalents by dealing only with well-established financial institutions of high quality credit standing. At the reporting date, the majority of the Company's cash resources was deposited with HSBC based in Hong Kong.

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

	2021 **US$'000**	2020 US$'000
Non-current financial and other assets	**12 060**	6 498
Current financial and other assets	**874**	8
Other receivables	**43 062**	6 803
Cash and cash equivalents	**17 619**	11 719
	73 615	25 028

20. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Management is aware of the above risk. Liquidity risk is monitored on a regular basis and management is taking steps deemed necessary in an attempt to manage the corresponding risk. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, financial risk management may not be possible for instances where weakened commodity prices exist, forecast production not being achieved and funding is not raised.

The following table presents the remaining contractual maturities of the Company's financial liabilities at the end of the reporting period, which are based on contractual undiscounted cash flows and the earliest date the Company can be required to pay:

	Contractual undiscounted cash flow		
30 September 2021	**Within 1 year or on demand US$'000**	**Total US$'000**	**Carrying amount US$'000**
Other payables	**1 139**	**1 139**	**1 139**
30 September 2020			
Other payables	320	320	320

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

Equity price risk
Equity price risk is the risk that changes in equity prices will affect the Company's income or the value of its investment holdings. The maximum exposure to equity price risk is represented by the carrying amount of investments in subsidiaries as disclosed in note 10 to the financial statements.

The Board of Directors has performed an impairment assessment of the investments in subsidiaries based on value in use calculation and has concluded that there are no immediate indications for impairment. This calculation uses discounted cash flows of the subsidiaries approved by management.

Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially dependent of changes in market interest rates. Other than cash at bank which attracts interest at normal commercial rates and investments in preference shares of subsidiary companies, the Company has no other significant interest bearing financial assets. Management is aware of the above risks. Interest rate risk is monitored on a regular basis and management is taking steps deemed necessary in an attempt to manage the corresponding risk.

At the reporting date the interest rate profile of interest-bearing financial instruments were:

Unlisted preference shares	Effective interest rate	**2021 US$'000**	2020 US$'000
Unlisted preference shares in Tharisa Minerals Proprietary Limited	12 – month US Libor + 1%	**270 719**	270 719
Unlisted preference shares in Arxo Finance plc	3 – month US Libor + 2.75%	**15 000**	13 000
		285 719	283 719

20. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)
Sensitivity analysis
An increase of 100 basis points in interest rates at the reporting date would have increased equity and profit or loss by approximately US$2.9 million (2020: US$3.3 million). This analysis assumes that all other variables and in particular foreign exchange rates, remain constant. The analysis is performed on the same basis for 30 September 2020. A decrease of 100 basis points in interest rates at the reporting date would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the exchange rate movement in South African Rand ('ZAR'), British Pound ('GBP') and Euro ('€') against the US$. Management is aware of the above risk. Currency risk arising from currency fluctuations is monitored on a regular basis and management is taking steps deemed necessary to manage the corresponding risk. In addition, financial risk management may not be possible for instances where weakened commodity prices exist, forecast production not being achieved and funding is not raised.

The following table details the Company's exposure at the end of the reporting period to currency risk arising from recognized assets and liabilities denominated in a currency other than the functional currency of the Company. For presentation purposes, the amounts of the exposure are shown in US$, translated using the spot rate at the reporting date. The spot rates used at the reporting date against the US$ are US$:ZAR, 15.05 (2020: 16.70); US$:EUR, 0.86 (2020: 0.85) and US$:STG, 0.74 (2020: 0.77).

		2021			2020	
	€	**ZAR**	**GBP**	€	ZAR	GBP
Amounts in US$'000						
Financial assets	**18**	**4 763**	**-**	8	4 344	-
Other receivables	**9**	**13**	**50**	2	3 061	45
Cash and cash equivalents	**43**	**960**	**24**	19	2 670	19
Other payables	**(138)**	**(814)**	**-**	(97)	(61)	-
Current tax liabilities	**(42)**	**-**	**-**	(38)	-	-
	(110)	**4 922**	**74**	(106)	10 014	64

Sensitivity analysis
A 10% strengthening of the US$ against the currencies disclosed in the previous table at 30 September 2021, would have increased/(decreased) equity and profit or loss by the amounts disclosed in the following table. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the US$ against the relevant currency, there would be an equal and opposite impact on the profit or loss and equity.

	Profit or loss	
	2021 US$'000	2020 US$'000
ZAR	**(448)**	(910)
€	**10**	10
STG	**(7)**	(6)
	(445)	(906)

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

Fair value hierarchy
The carrying value of the Company's financial instruments at fair value through profit or loss at the end of the reporting period across the three levels of the fair value hierarchy defined in IFRS 13, *Fair Value Measurement,* is represented by the carrying amounts of the financial and other assets. The fair value is categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

20. FINANCIAL RISK MANAGEMENT (continued)

Fair values (continued)

Financial instrument	Fair value level	Fair value 2021 US$'000	Fair value 2020 US$'000	Valuation technique and key inputs
Financial assets measured at fair value				
Right to acquire shares in Karo Platinum	Level 3	**5 870**	-	Comparable company market multiple valuation and a Monte Carlo Simulation model
Investments in equity instruments	Level 1	**18**	8	Quoted market price for the same instrument
Option to acquire shares in Salene Chrome Zimbabwe (Private) Limited	Level 3	**-**	178	Discounted cash flow model Closing market metal prices US$ exchange rate

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

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

	2021 US$'000	2020 US$'000
Changes in fair value of financial assets at fair value through profit or loss		
Investments in equity instruments	**10**	(15)
Right to acquire shares in Karo Platinum	**5 870**	-
Option to acquire shares in Salene Chrome Zimbabwe (Private) Limited	**(178)**	178
	5 702	163

Level 3: Right to acquire shares in Karo Platinum (Private) Limited
Refer to note 12, the Company has the option to subscribe to up to 40.0% of the issued share capital of Karo Platinum (Private) Limited ('Karo Platinum'). The price payable for any new equity shares will be determined with reference to an independent valuation of Karo Platinum at the time in accordance with the South African Code for the Reporting of a Minerals Asset Valuation ('SAMVAL code'), taking into account factors including country risk. A discount, determined by the status of the exploration work is to be applied to the independent valuation to arrive at the purchase consideration.

The option represents a financial instrument which is recognised at fair value through profit or loss. As at 30 September 2021, Karo Platinum completed a pre-feasibility study confirming the existence of a Measured Resource and Reserve.

At 30 September 2021, The Company performed an independent valuation of Karo Platinum in accordance with the SAMVAL code. In determining the valuation, the comparable company market multiple valuation technique was used. Consequently a 50.0% discount should be applied to the option value to subscribe to shares in Karo Platinum. The following significant inputs were used in determining the value:

Mineral Resource Category	Total tonnage in Resource area (Mt)	4E Grade (g/t)	4E Moz	Value (US$/oz)	Estimated value (US$'million)
Proven and probable	36	2.18	2.48	58.0	143.7
Indicated	47	1.96	2.71	14.4	39.0
Inferred	53	1.83	3.13	6.9	21.6
Combined	**136**	**1.99**	**8.32**	**24.6**	**204.3**

Mt:	Million tonnes
4E	Represents Platinum, Palladium, Rhodium and Gold
Moz	Million ounces

The Mote-Carlo simulation was used in determining the enterprise valuation of Karo Platinum. The following significant inputs were used:

Valuation of Karo Platinum:	US$204.3 million	Comparable company valuation technique
Volatility:	53.8%	Based on peer volatility
Drift:	14.1%	Based on the US risk free rate
Time Step	8.3%	Monthly time intervals
Discount rate:	14.1%	Based on the US risk free rate including country risk for Zimbabwe

Calculated enterprise value:	US$203.7 million
Equity value attributable to the Company (40.0%)	US$81.5 million

20. FINANCIAL RISK MANAGEMENT (continued)

Level 3: Right to acquire shares in Karo Platinum (Private) Limited (continued)
In order to determine the purchase consideration of Karo Platinum, the net debt of Karo Platinum was deducted from the calculated enterprise value to determine the equity value of Karo Platinum. A minority discount of 7.5% was applied to the equity value before the 50.0% discount was applied to determine the purchase consideration.

Purchase consideration:	US$36.3 million

The Company's current shareholding in Karo Mining Holdings and subsidiaries is 26.8%. By subscribing directly to 40.0% of the issued share capital of Karo Platinum and including the Government of Zimbabwe's 50.0% shareholding, the Company's indirect shareholding in Karo Platinum held through Karo Mining Holdings will dilute to 2.68%. The equity value of Karo Mining Holdings Limited and its subsidiaries pre and post exercising the option was calculated in order to determine the impact of the dilution.

Loss of investment through indirect shareholding	US$39.4 million

Calculation of fair value of the option:	
Equity value attributable to the Group (40.0%)	US$81.5 million
Less purchase consideration:	US$36.3 million
Less loss of investment held through indirect shareholding	US$39.3 million
Fair value of option to acquire shares:	US$5.9 million

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

Sensitivity	**Option value US$'million**	**Decrease in profit or loss and equity US$'million**
Volatility less 10.0%	5.6	(0.3)
Volatility plus 10.0%	5.7	(0.2)
Drift minus 1.0%	5.6	(0.3)
Drift plus 1.0%	5.5	(0.4)

A potential decrease in the value f the project will be recognised as a fair value loss in the statement of profit or loss.

21. RELATED PARTY TRANSACTIONS

Accounting policy
For the purpose of these financial statements, a party is considered to be related to the Company if:

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

Related party transactions exist between shareholders, subsidiaries of the Company, joint ventures and its directors.

Revenue	**2021 US$'000**	2020 US$'000
Dividend income (note 5)		
Tharisa Minerals Proprietary Limited	**6 685**	6 639
Arxo Resources Limited	**11 000**	12 000
	17 685	18 639
Reversal of previously recognised dividend income (note 5)		
Tharisa Minerals Proprietary Limited	**-**	(5 681)
	17 685	12 958
Administration fees (note 7)		
Tharisa Administration Services Limited	**172**	209
Tharisa Minerals Proprietary Limited	**92**	58
Braeston Proprietary Limited	**3 025**	1 302
	3 289	1 569

21. RELATED PARTY TRANSACTIONS (continued)

	2021 US$'000	2020 US$'000
Gain on derecognition of related party receivable (note 8)		
Tharisa Minerals Proprietary Limited	**-**	417
Braeston Proprietary Limited	**-**	91
	-	508
Amortised interest on related party receivables (note 8)		
Tharisa Minerals Proprietary Limited	**55**	279
Braeston Proprietary Limited	**(5)**	105
	50	384
Non-current share-based payment receivables (note 12)		
Tharisa Administration Services Limited	**11**	13
Tharisa Minerals Proprietary Limited	**1 216**	1 399
Braeston Proprietary Limited	**2 259**	2 545
Dinami Limited	**52**	44
Arxo Logistics Proprietary Limited	**156**	145
Arxo Metals Proprietary Limited	**97**	88
Arxo Resources Limited	**52**	49
Ubhova Security Proprietary Limited	**20**	20
Tharisa Fujian Industrial Co., Limited	**45**	41
	3 908	4 344
Current share-based payment receivables (note 12)		
Tharisa Minerals Proprietary Limited	**659**	-
Braeston Proprietary Limited	**93**	-
Arxo Logistics Proprietary Limited	**31**	-
Dinami Limited	**13**	-
Ubhova Security Proprietary Limited	**6**	-
Tharisa Administration Services Limited	**5**	-
Arxo Metals Proprietary Limited	**25**	-
Arxo Resources Limited	**24**	-
	856	-
Other receivables from related parties (note 13)		
Tharisa Minerals Proprietary Limited	**-**	2 111
Braeston Proprietary Limited	**-**	422
Dinami Limited	**14**	-
Tharisa Administration Services Limited	**304**	223
Arxo Resources Limited	**-**	201
Arxo Metals Proprietary Limited	**-**	26
Arxo Logistics Proprietary Limited	**-**	54
Salene Chrome Zimbabwe (Private) Limited	**173**	176
Arxo Exploration Limited	**6**	-
Arxo Prospecting Limited	**34**	-
Arxo Technologies Limited	**1**	-
Karo Mining Holdings Limited	**797**	348
Salene Mining Proprietary Limited	**15**	14
Thys and Alta Steenkamp	**188**	169
	1 532	3 744

Receivables from related parties are unsecured, interest free and with no fixed repayment dates. The Company has issued financial support commitments to Tharisa Investments Limited and Tharisa Fujian Industrial Co., Limited confirming that it will not demand repayment of outstanding balances, until the entities are in a position to repay their balances.

Receivables from related parties include a share based payment asset of US$4.8 million (2020: US$4.3 million) for the reimbursement for the settlement of the portion of the LTIP and SARS awards on behalf of subsidiary companies.

21. RELATED PARTY TRANSACTIONS (continued)

	2021 US$'000	2020 US$'000
Dividends and accrued preference share dividends receivable (note 13)		
Arxo Resources Limited	**-**	3 000
Tharisa Minerals Proprietary Limited	**41 367**	-
Payables to related parties (note 17)		
Braeston Proprietary Limited	**632**	-
Tharisa Minerals Proprietary Limited	**41**	-
Karo Zimbabwe Holdings (Private) Limited	**-**	6
Karo Platinum (Private) Limited	**29**	28
	702	34
Amounts due to Directors		
A Djakouris	**21**	21
J Salter	**23**	22
O Kamal	**12**	12
C Bell	**17**	18
R Davey	**16**	15
Z Hong	**9**	9
S Lo Wai Man	**10**	-
V Chu	**-**	1
J Hu	**-**	10
	108	108
	810	142

Option to acquire shares in Salene Manganese Proprietary Limited

On 9 July 2019, the Company has been granted a call option to acquire a 70.0% shareholding in Salene Manganese Proprietary Limited, a company incorporated in South Africa. The purchase consideration to acquire 70.0% of the shareholding will be equal to 70.0% of the market value of Salene Manganese Proprietary Limited. Salene Manganese Proprietary Limited's principal activity is a manganese exploration and mining company. Salene Manganese Proprietary Limited purchased a Mining Right issued over the farm Macarthy 559, Kuruman district in South Africa. The Mining Right is for the mining of iron ore and manganese ore. At 30 September 2021 the call option has not yet been exercised. The call option is exercisable on or before 14 August 2022.

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

Guarantees and financial support commitments to related parties

The Company has issued the following guarantees with regards to related parties:

The Company issued a guarantee limited to US$20.0 million (2020: US$20.0 million) as a security for trade finance facilities provided by a bank to Arxo Resources Limited.

The Company issued a guarantee to ABSA Bank Limited which guarantees payment of certain liabilities of Arxo Logistics Proprietary Limited to Transnet amounting to US$1.3 million (ZAR19.4 million) (2020: US$1.2 million (ZAR19.4 million)).

The Company has issued financial support commitments to its subsidiaries, Tharisa Investments Limited and Tharisa Fujian Industrial Co. Ltd, confirming that it will continue to provide funding to the companies in order to enable the entities to continue as going concerns and meet all their liabilities as they fall due.

Tharisa Minerals Proprietary Limited entered into an equipment loan facility of US$30.0 million (2020: US$30.0 million) with Caterpillar Financial Services Corporation. The equipment loan facility is secured by a first notarial bond over the equipment and is guaranteed by the Company.

The Company guarantees a total of US$12.2 million (ZAR183 million) (2020: US$11.0 million (ZAR183 million)) to third party suppliers of Tharisa Minerals Proprietary Limited.

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 issued guarantees limited to US$0.6 million (ZAR9.0 million) (2020: US$0.5 million (ZAR9.0 million)) as securities for bank facilities to be provided to Metq Proprietary Limited.

21. RELATED PARTY TRANSACTIONS (continued)

Relationship between related parties and entities
A Djakouris, J Salter, O Kamal, C Bell, R Davey, Z Hong and S Lo Wai Man were directors of the Company during the year ended 30 September 2021.

Refer to note 10 for details of the Company's subsidiaries.

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

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

A director of the Company is also a director of Salene Mining Proprietary Limited.

Thys and Alta Steenkamp were previous shareholders of MetQ Proprietary Limited.

22. CONTINGENT LIABILITIES

As at 30 September 2021, there is no litigation (2020: no litigation), current or pending, which is considered likely to have a material adverse effect on the Company. The Company had no other contingent liabilities at 30 September 2021 (2020: no contingent liabilities).

23. EVENTS AFTER THE REPORTING PERIOD

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

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

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

24. DIVIDENDS

Accounting policy
Dividends are recognized as a liability in the period they are declared according to International Accounting Standard 10.

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.

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