

The slide is decorated with various metallic spheres and atomic symbols. On the left, there are several atomic symbols for Palladium (Pd), Chromium (Cr), Rhodium (Rh), and Nickel (Ni). On the right, there are more metallic spheres and atomic symbols for Platinum (Pt), Chromium (Cr), Rhodium (Rh), and Nickel (Ni).

tharisa

DISCOVER DEVELOP **DELIVER** DIVERSIFY

THARISA (THS:LSE) YOUR LONDON EXPOSURE TO THE PLATINUM GROUP METALS MARKET

22 October 2020

Proactive One2One Virtual Forum



Enriching lives through innovating the resources company of the future

WHY BUY THARISA?

- Exposure to growing demand in PGM and chrome market, driven by high palladium and rhodium values
- Leading producer: peer leading safety record and asset sustainability
- Committed to strong returns to shareholders through capital discipline
- Healthy balance sheet the back bone of expansion programme, targeting strategic growth
- Management team has skin in the game and has DISCOVERED, DEVELOPED and DELIVERED before
- Perfectly primed for a re-rating



EXTRACTING MAXIMUM VALUE THROUGH INNOVATIVE THINKING

OUR OPERATION



THARISA IS THE SIXTH LARGEST SOUTH AFRICAN PGM PRODUCER AND FOURTH LARGEST SOUTH AFRICAN CHROME PRODUCER

OUR OPERATION



THARISA IS THE SIXTH LARGEST SOUTH AFRICAN PGM PRODUCER AND FOURTH LARGEST SOUTH AFRICAN CHROME PRODUCER

THARISA PLC (THS:LSE)

KEY MARKET DATA

20 OCTOBER 2020

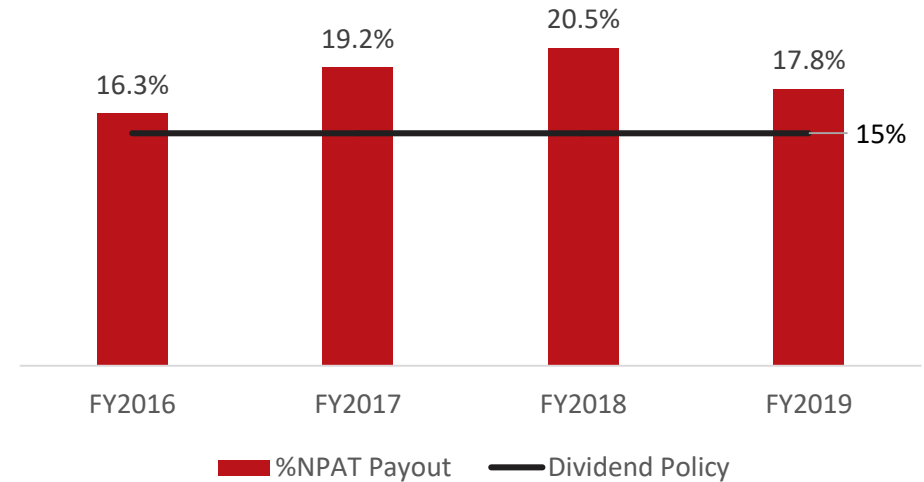
Shares in issue	million	269
Share price	GBP	0.78
Market capitalisation	GBP million	209

KEY SHAREHOLDERS

HOLDING

Medway	40.8%
Rance – (New World Securities)	15.1%
Fidelity	9.9%

CONSISTENT DIVIDEND PAYER



FY2020 PRODUCTION REPORT

REEF MINED

4.97 Mt

up 7.4%
(2019: 4.62 Mt)

PGM PRODUCTION (5PGE+Au)

142.1 koz

up 1.78%
(2019: 139.7 koz)

CHROME CONCENTRATE PRODUCTION

1.34 Mt

up 4.2%
(2019: 1.29 Mt)

STRIP RATIO

12.1 m³:m³

up 45.7%
(2019: 8.3m³:m³)

PGM PRICE

US\$1 704/oz

up 57.6%
(2019: US\$1 081/oz)

CHROME CONCENTRATE PRICE

US\$140/t

down 13.5%
(2019: US\$162/t)



WHAT THE ANALYSTS HAD TO SAY AFTER THE RESULTS

Tharisa plc (THS LN)
Metals & Mining – Precious Metals

BERENBERG
BANK OF AMSTERDAM

Saving the best for last

- Tharisa has this morning reported a strong end to its financial year, with production for both platinum group metals (PGMs) and chrome beating our expectations. PGMs were the standout, with a mixture of higher throughput at the plant (1.4gmt versus our 1.2gmt) and higher grades (1.4gwt/t versus our 1.3gwt/t) driving production of 144koz, a beat versus our 136koz. This takes FY20 PGM production to 144koz, ahead of our 136koz and guidance of 130-138koz. In terms of chrome, production of 37kmt for Q4 beat our 36kmt, driven by higher throughput, but offset by a marginally lower grade (28% versus our 28.2%). This took FY20 production to 1.26gmt, ahead of our 1.23gmt and a beat versus guidance of 1.25-1.26gmt. This was all

8 October 2020

BUY

Current price GBp72 Price target GBp200

06/10/2020 London Close

PEEL HUNT

Marketing Communication

Buy
8 October 2020

Tharisa
THS

Data

Price/Share (USD)	72p
Market cap	1.1Bp
EV	1.2Bp
Net debt (USD)	1.1Bp
Free cash flow	1.1Bp
Dividend	1.1Bp

Volumes achieved; focus now on plant recoveries

The September quarter has seen Tharisa deliver on the promised volumes from the pit into the plant. The team has deliberately focused on volumes and, having stabilised at the required level, can now turn to balancing feed grade.

enlarged plant to the historically achieved

FLASH

Tharisa

THS-LSE
THA-JSE

Rating
Outperform

Price: Oct-7
£0.72

Target
£1.20

10/67

A Return to Form in Q4/FY20

Bottom Line:

Tharisa's Q4/FY20 operational update represented a return to form for the company after what has been a difficult year for producers in South Africa. Both chrome and PGM production were well ahead of estimates (+18/+24% vs. BMO) and beat update guidance. Thus, while making FY21 guidance is slightly below our forecast, the rest of the delayed Vulcan project and the strong run rate exiting FY20, supports our positive outlook for the stock.

Renaissance Capital

ANALYST COMMENT

Tharisa

4Q20 production and FY21 guidance beat

Ticker: THA.SJ
Rating: BUY
Target price: ZAR110.0
Current price: ZAR115.2

Tharisa reported a pleasing 4Q20 production result with PGM YoY while chrome production increased by 8% YoY, significant of management's guidance and our forecasts. Management production of 165-168koz SE PGM (Rencap: 144koz) and 1.4 concentrates (Rencap: 1.42Mt). Management highlighted the chrome recovery plant construction has been restarted within 12 months. We view today's results as positive for Tharisa production beat and higher-than-forecast guidance. We have a BUY rating and ZAR115.2 TP.

		ANALYSTS FORECAST				
		A	B	C	D	E
EBITDA	US\$ m	95	88	97.5	102	110
EPS	US cents	13	12	3	15.4	16
Dividend	US cents	2	2	-	3.1	-
Target Price	GBp	160	120	140	195	84

08 OCTOBER 2020

THARISA PLC

Price: R15.79 | Target Price: R30.00 | Recommendation: Overweight

TIA: SJ | PRECIOUS METALS

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NEDBANK CIB

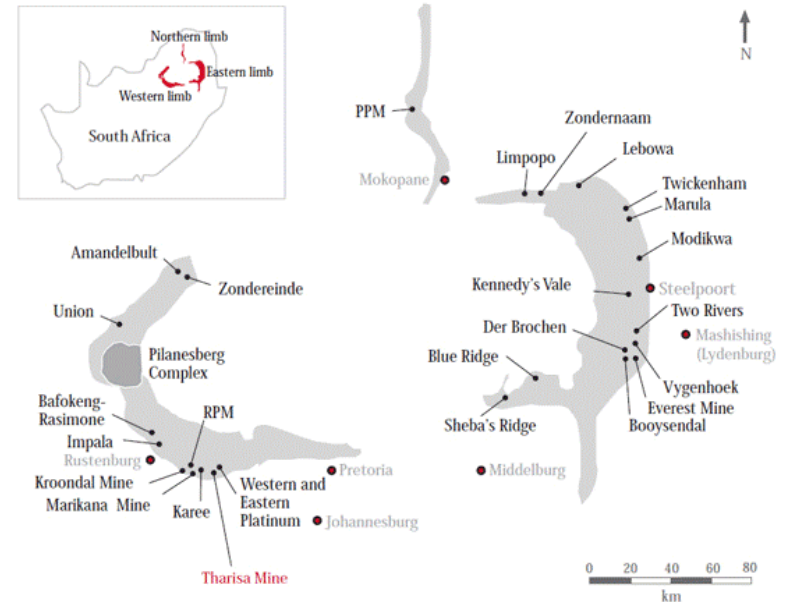
Better-than-expected 4Q production results

SYNOPSIS

- We believe Tharisa reported better than expected 4Q FY20 production results, with chrome and PGM production rebounding strongly during the quarter. This strong finish to the year saw the company getting close to its guidance, despite the impact of the COVID-19 pandemic on output. This is a good achievement, given the challenging operating environment. The market should react positively to these results.

LOCATED IN THE MAIN PGM AND CHROME PRODUCING AREAS

- In the heart of the PGM and chrome country, host to over two thirds of the world's PGMs and chrome
- Close to infrastructure, road, rail and power
- Tharisa a product of the new mining code - fully compliant
- Mechanised, open pit operation with a highly skilled workforce
- Drive to add value to the product we mine and capture more margin
- R&D team have developed exposure to the chemical chrome market, Vulcan fine chrome recovery technology, applications for chrome and new smelting opportunities in the PGM market



REASONS TO BE BULLISH ON THARISA COMMODITY BASKET

PGMs are the 'catalyst' for a sustainable future

The PGM industry has persisted for the past century, against a backdrop of political upheaval and technological revolution. Today, the unique chemical and physical properties of PGMs mean they are ideal for the many modern specialist technologies needed for a sustainable future, such as **automotive catalytic converters, electronic components, chemical catalysts and hydrogen fuel cells**

Pt, Pd & Rh prices, 1913-2020

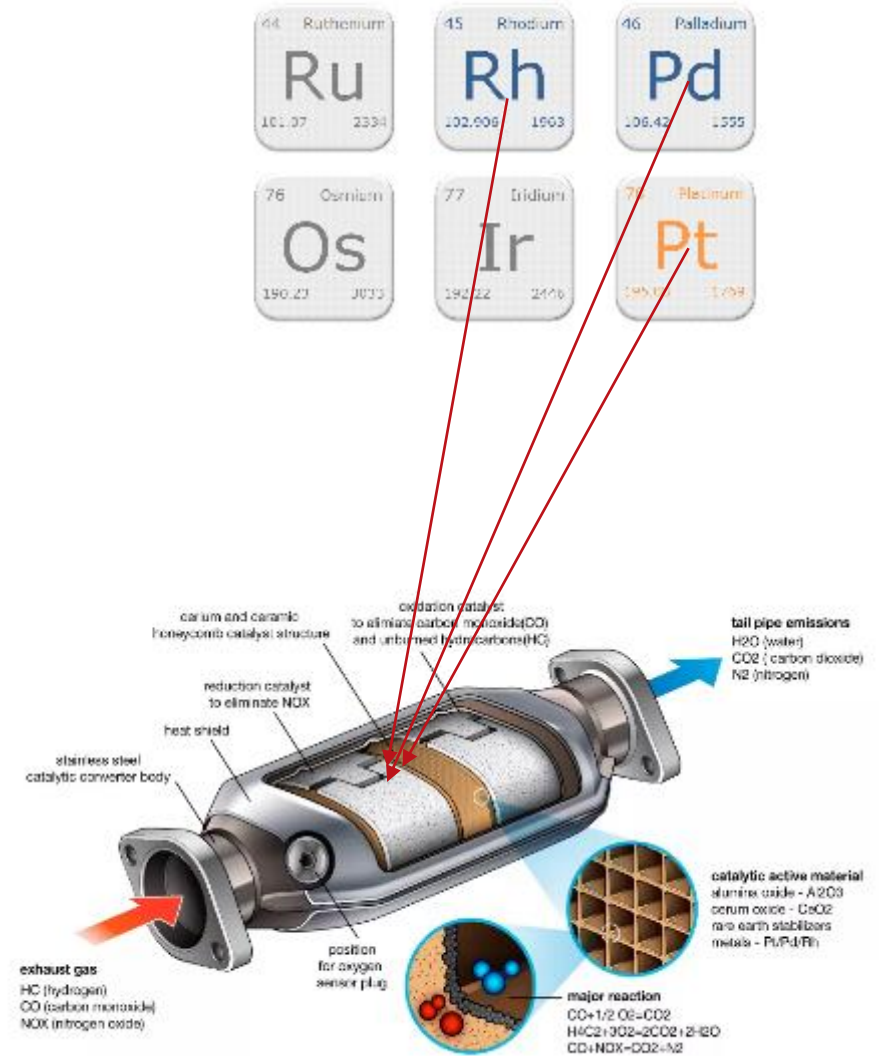
Adjusted for 2020 inflation baseline



Source: SFA Oxford

WHY DO WE NEED PGMs

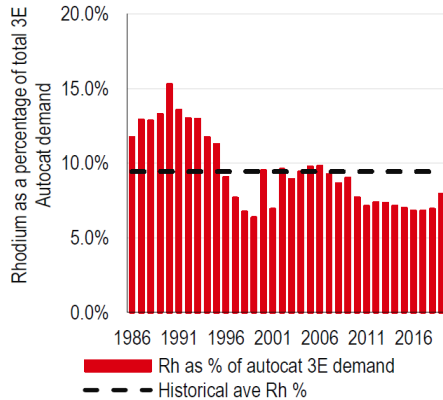
- Known for their purity, high melting points and unique catalytic properties
- Extremely resistant to corrosion
- Play a critical role in autocatalysis and pollution control in the automotive sector
- Used in a number of industrial applications from flat screens to medical
- Strong demand for platinum jewellery



Source: cars.com

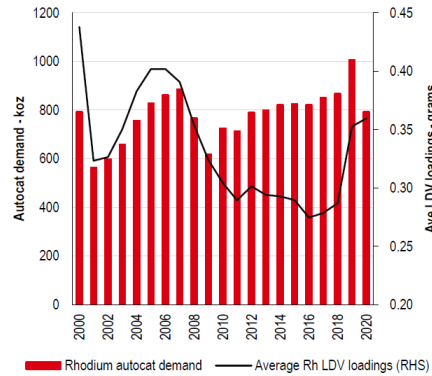
HEADWINDS FROM DEEP MINES TO RHODIUM SUPPLY GROWTH

Rhodium auto-catalyst demand relative to platinum and palladium at 7.9% is below the historical 9.4%



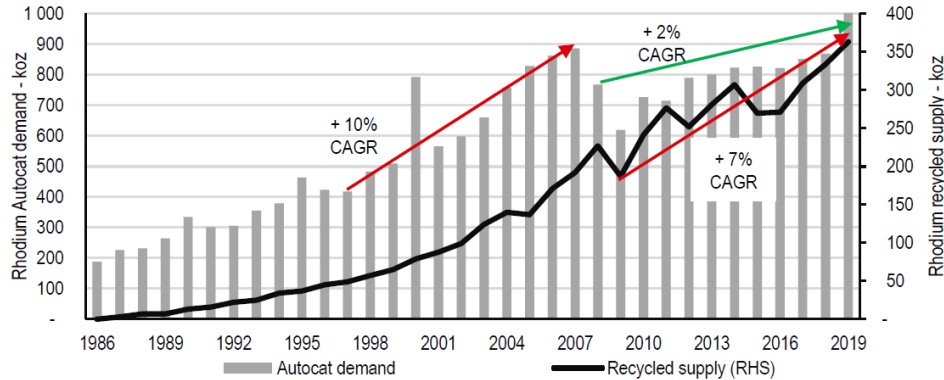
Source: Johnson Matthey, HSBC estimate (2020)

Average LDV rhodium loadings at 0.36 g/vehicle are below 2004-08 average of 0.39 grams despite tighter emissions



Source: Johnson Matthey, IHS Markit, HSBC estimate (2020)

Slower growth in rhodium loadings since 2008 is likely to lead to slower growth in recycled supply over the next 6 years



Source: Johnson Matthey

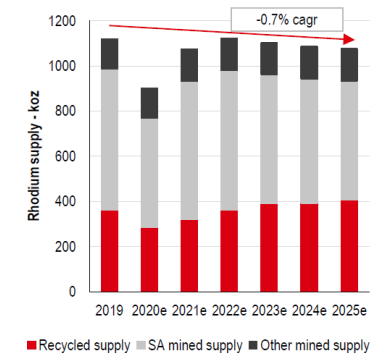
Source: HSBC, JM

PRIMARY DEMAND OUTSTRIPPED BY PRIMARY SUPPLY

Supply '000 oz	2017	2018	2019
South Africa	611	618	624
Russia	78	69	68
Others	70	70	65
Total primary supply	759	757	757

Gross demand '000 oz	2017	2018	2019
Autocatalyst	834	883	1 008
Other	207	170	137
Total gross demand	1 041	1 053	1 145
Recycling	(310)	(335)	(363)
Total net demand	731	718	782
Movements in stocks	28	39	(25)

Overall rhodium supply is expected to decline 4% or -0.7% CAGR over the next 6 years

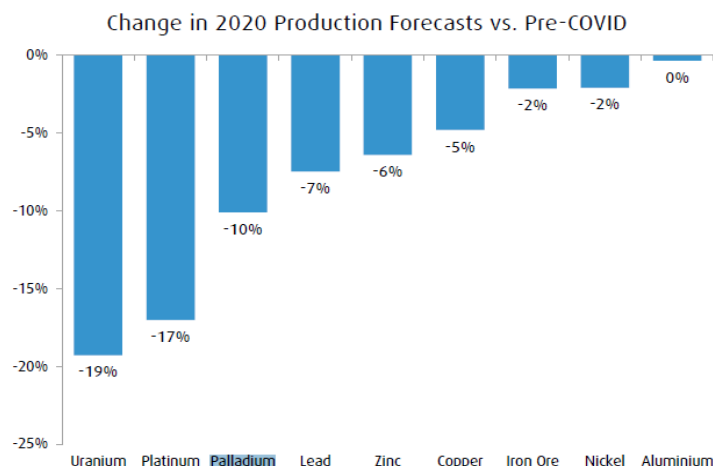


Source: HSBC estimates, Johnson Matthey

WHAT ABOUT PALLADIUM

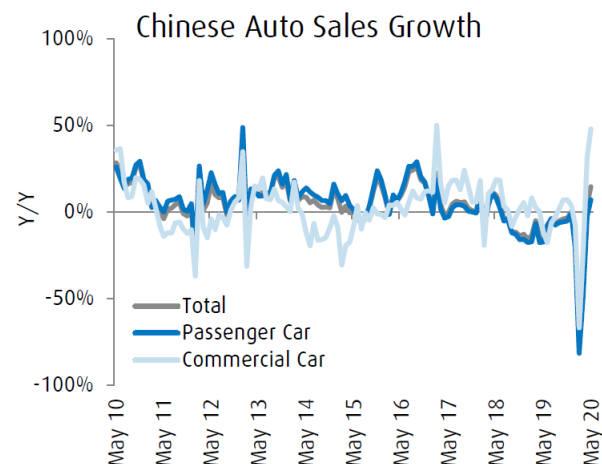
- Critical component in auto catalytic converters
- Reduced output from RSA should ensure at least a balanced market in 2020

Exhibit 5: ... though with government restrictions impacting supply, such excess material has not always been available



- Car sales in China are picking up

Exhibit 1: Commercial Car Sales Growth Has Outstripped That of Passenger Cars...



Key forecast drivers

Year to	12/2019a	12/2020e	12/2021e	12/2022e
USD:ZAR	14	17	18	18
Platinum price (USD/oz)	863	847	925	1,005
Palladium price (USD/oz)	1,537	2,064	2,240	2,210
Rhodium price (USD/oz)	3,883	8,850	8,550	9,750

Source: BMO, HSBC, Macquarie

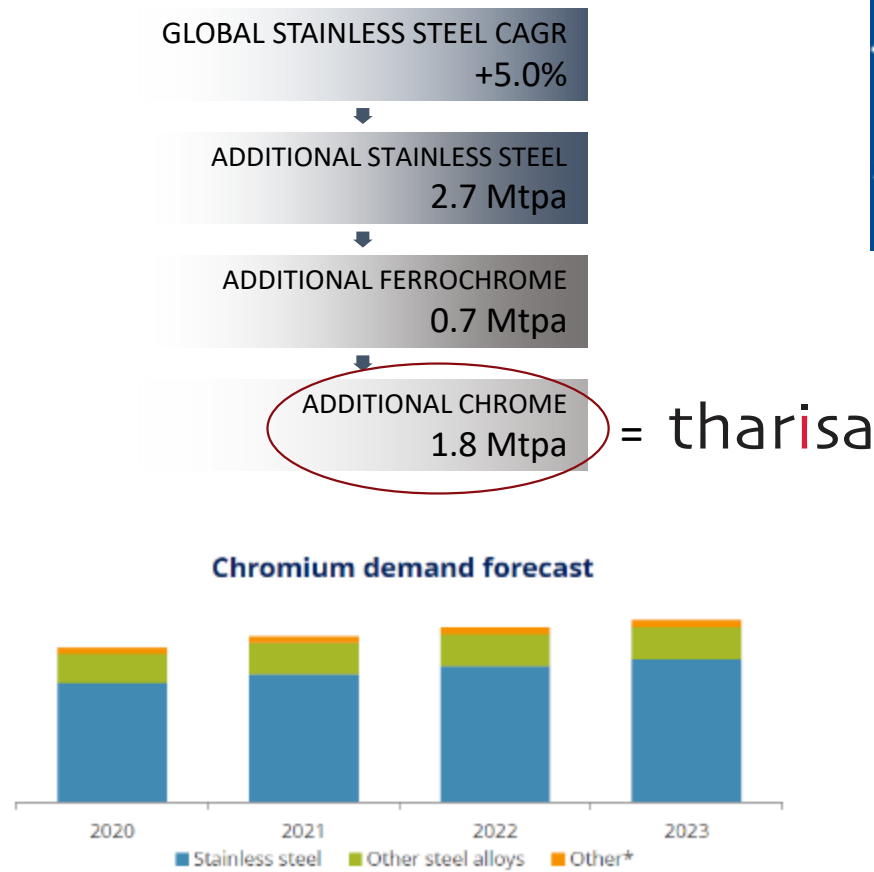
PLATINUM – SOON TO SOAR AGAIN



Source: SFA Oxford

CHROME – VITAL FOR STAINLESS STEEL

- Chrome is what makes *steel* stainless
- South Africa hosts 72% of the global chrome reserves
- Assuming a 5% CAGR in Stainless Steel:



Source: ICDA, Roskill, Minerals Council



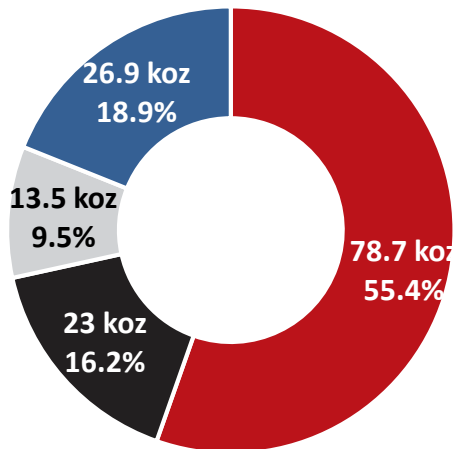
		Ores and concentrates				
		Turkish lump	RSA primary	RSA UG2	Spec grade	Chem grade
2020	Q1	188	148	130	204	177
	Q2	197	163	153	206	181
	Q3	190	158	137	206	180
	Q4	186	155	133	197	178
2019	annual	211	173	156	330	213
2020	annual	190	156	138	203	179
2021	annual	199	163	147	212	184
2022	annual	206	172	155	223	194
2023	annual	207	175	158	228	198
2024	annual	214	182	164	233	205

HOW IS THARISA POSITIONED

- Sixth largest South African PGM producer
 - 142 100 ounces per annum of PGM
- Tharisa position in terms of global demand
 - ~1.3% of platinum demand
 - ~0.3% of palladium demand
 - ~2% of rhodium demand

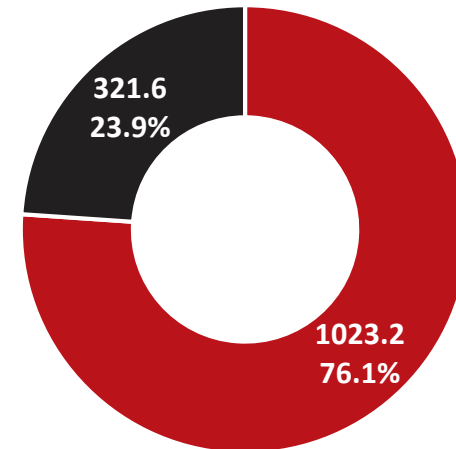
- Fourth largest South African Chrome Producer
 - 1 344 800 tonnes of chrome per annum
 - One third specialty and foundry grade chrome
 - Largest global chemical grade chrome producer
 - Specialty chrome market trades at a premium

THARISA PRILL SPLIT



■ Pt ■ Pd ■ Rh ■ Ir, Ru, Au

CHROME PRODUCTION FY2020 (kt)



■ Met Grade ■ Specialty Grade

SUSTAINABLE BUSINESS EVEN IN TIMES OF COVID-19



CO-PRODUCT AND EXCHANGE RATE BENEFITS

- Exposure to multiple revenue streams coupled with US\$ revenues and ZAR costs



HEALTHY CASH GENERATION

- Exposure to the right commodities coupled with low operating costs generates strong margins



CONTINUED INVESTMENT

- Investment in people, fleet and mining and product value add



LIQUIDITY MANAGEMENT

- Proactive management of the balance sheet during COVID-19



ROBUST BALANCE SHEET

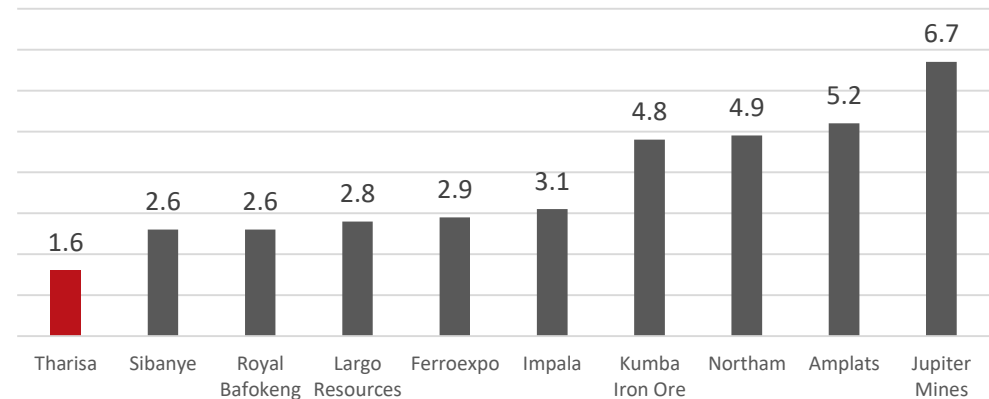
- Low gearing and a dividend payer

GUIDANCE FOR FY2021 OF 155koz TO 165koz OF PGMs (6E BASIS) AND 1.45Mt TO 1.55Mt OF CHROME CONCENTRATES

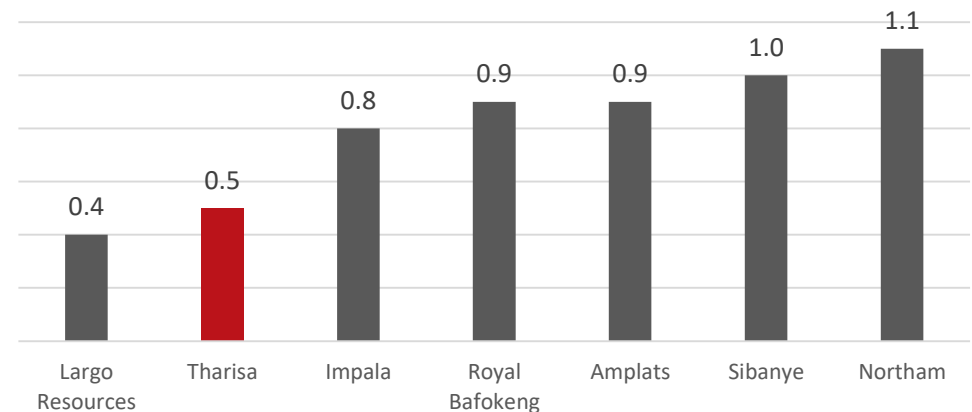
VALUE POTENTIAL

- Exposure to growing demand in PGM and chrome market, driven by high palladium and rhodium values
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EV/EBITDA (2021E)



P/NAV



Source: BMO

TIMING IS EVERYTHING

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