

tharisa

REPORT ON PAYMENTS TO GOVERNMENTS
FINANCIAL YEAR ENDED 30 SEPTEMBER 2017



INTRODUCTION

This report provides an overview of the payments made to governments by Tharisa plc (“Tharisa”) and its subsidiaries for the financial year ended 30 September 2017, as required under the Cyprus Companies Law and the Cyprus Transparency Laws. These regulations enact domestic rules in line with Directive 2013/34/EU (the EU Accounting Directive (2013)) and apply to companies that are involved in extractive activities. While the regulations require disclosure in respect of the extractive operation only i.e. Tharisa Minerals (Pty) Ltd, the disclosure herein relates to payments to government in respect of all of the operations of the Group.

SUMMARY OF PAYMENTS TO GOVERNMENTS

Country	Taxes	Royalties	Infrastructure	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Cyprus ¹	1 363.3	-	-	1 363.3
South Africa	2 626.7	2 811.8	4 389.8	9 828.3
Total	3 990.0	2 811.8	4 389.8	11 191.6

PAYMENTS BY ENTITY

South Africa

	Taxes	Royalties	Infrastructure	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Tharisa Minerals (Pty) Ltd	155.6	2 811.8	4 389.8	7 357.2
Arxo Metals (Pty) Ltd	1 998.2	-	-	1 998.2
Arxo Logistics (Pty) Ltd	424.4	-	-	424.4
Braeston Corporate Consulting (Pty) Ltd	48.5	-	-	48.5
Total	2 626.7	2 811.8	4 389.8	9 828.3

Cyprus

	Taxes	Royalties	Total
	US\$'000	US\$'000	US\$'000
Tharisa plc	54.3	-	54.3
Arxo Resources Ltd	1 308.1	-	1 308.1
Tharisa Administration Services Ltd	0.9	-	0.9
Total	1 363.3	-	1 363.3

¹ The taxes incurred in Cyprus include the payment of the special contribution tax.

BASIS OF PREPARATION

Reporting entity

This report covers payments made to government by Tharisa and its subsidiaries and includes payments made by the beneficiation, marketing and trading subsidiaries of the Company. Tharisa and its 74% owned subsidiary Tharisa Minerals (Pty) Ltd are engaged in extractive activities, which are classified by the regulations as exploration, prospecting, discovery, development and extraction of minerals.

Reporting currency

The reporting currency of the Group is US\$. Payments that have been made in currencies other than US\$ were converted at the annual average exchange rate for the year ended 30 September 2017.

Government

Government refers to any national, regional or local authority of a country and includes any department, agency or undertaking controlled by that authority.

Types of payments

Taxes

These are taxes levied on the income, production or profits but in line with the regulations, exclude taxes levied on consumptions such as value added taxes, personal income taxes or sales taxes.

Royalties

These are payments for the right to extract minerals and are determined on the sales value. These taxes are applicable on the extraction of PGMs and chrome and are included in the operating costs.

Infrastructure improvements

These are payments related to the construction of public access infrastructure not substantially dedicated for the use of extractive activities. Payments in respect of social and community programmes are excluded. The infrastructure improvement amount relates to the expenditure incurred in the financial year ended 30 September 2017 for work on a road diversion necessary to open up increased access to the mineral reserve. The road diversion has been completed and a bridge has been commissioned.

Infrastructure improvements also include property related tax payments of US\$118 thousand that was paid to the local government in South Africa. Property tax is imposed on South African property owners.

No other payments as stipulated in the regulation including production entitlements, dividends, fees and payments in kind have been made by the Group during the financial year ended 30 September 2017.

Unaudited

This report has not been reported on or reviewed by Tharisa's auditors.