

tharisa

REPORT ON PAYMENTS TO GOVERNMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018



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 2018, 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 US\$ '000	Royalties US\$ '000	Withholding taxes US\$ '000	Other US\$ '000	Total US\$ '000
Cyprus ¹	2 430.3	-	-	50.1	2 480.4
South Africa	3 026.3	2 810.2	1 164.2	470.2	7 470.9
Total	5 456.6	2 810.2	1 164.2	522.6	9 951.3

PAYMENTS BY ENTITY

Cyprus	Taxes US\$ '000	Royalties US\$ '000	Withholding taxes US\$ '000	Other US\$ '000	Total US\$ '000
Tharisa plc	28.7	-	-	0.7	29.4
Arxo Resources Ltd	2 400.4	-	-	49.3	2 449.7
Tharisa Administration Services Ltd	1.2	-	-	0.1	1.3
Total	2 430.3	-	-	50.1	2 480.4

South Africa	Taxes US\$ '000	Royalties US\$ '000	Withholding taxes US\$ '000	Other US\$ '000	Total US\$ '000
Tharisa Minerals (Pty) Ltd	161.2	2 810.2	1 021.8	437.1	4 430.3
Arxo Metals (Pty) Ltd	2 244.7	-	142.4	20.9	2 408.0
Arxo Logistics (Pty) Ltd	303.8	-	-	10.5	314.3
Braeston Corporate Consulting (Pty) Ltd	316.6	-	-	1.7	318.3
Total	3 026.3	2 810.2	1 164.2	470.2	7 470.9

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 governments 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 2018.

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.

Withholding taxes

These are taxes on shareholders (beneficial owners) when dividends are paid to them and, under normal circumstances, is withheld from their dividend payment by a withholding agent (the company paying the dividend).

Other

These are payments relating to stamp duties, company levies and insurance payments that provide wage replacement and medical benefits to employees injured in the course of employment in exchange for mandatory relinquishment of the employee's right to sue their employer for the tort of negligence.

Other taxes also include property related tax payments of US\$120 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 and fees and payments in kind have been made by the Group during the financial year ended 30 September 2018.

Unaudited

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