Kenmare Resources Plc.

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Kenmare Resources plc ("Kenmare" or "the Company")

Kenmare Resources plc 2009 Interim Results

31 August 2009

Kenmare Resources plc, which owns and operates the Moma Titanium Minerals Mine in northern Mozambique, issued its interim results today.

In the second quarter of 2009, production of Heavy Mineral Concentrate (HMC) was up 23% from the first quarter, production of ilmenite was up 12.2%, production of zircon was up 45%, and production of rutile increased 158%. A Performance Improvement Project (PIP) is 97% complete at the time of writing, compared to 75% on 16 April, as noted in Kenmare's Annual Report. This has contributed to the steady increase in output. Results have continued to improve with July being a record month for HMC and ilmenite production.

To date, Kenmare has relied on one trans-shipment vessel, the 'Bronagh J'. While this vessel has performed well, it is prudent to manage the risk that the mine could have to shut down for a period in the event of a failure of the 'Bronagh J'. In August, the Group purchased an additional trans-shipment vessel and tug which will provide loadout capacity beyond the envisaged production rate as well as reducing operational risk.

Demand for titanium feedstocks is related to global economic activity and has declined in 2009 due to the onset of the global recession though the extent is still uncertain. A strong industry inventory destocking process which occurred during the first quarter of 2009 has abated in the second quarter, with a subsequent increase in shipments from the Moma port facility.

In response to the reduction in demand the major mineral feedstock producers in the industry have reduced output in order to more closely align production to current market conditions. Industry commentators anticipate that, the contraction phase of the cycle will come to an end during the fourth quarter of 2009 with strong growth restored in 2010.

Since, with the completion of the PIP, Kenmare's management believes that the plant has the capacity to operate at design levels, the company will be reporting operating costs and revenue in the income statement from 1 July 2009. Previously, costs net of revenues had been capitalised in development expenditure.

Charles Carvill Kenmare's Chairman said:

"We are delighted that the Performance Improvement Project is virtually finished and has been completed according to schedule. As a consequence we are on target for full production before the end of the year.".

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INTERIM MANAGEMENT REPORT

Group activities

The principal activity of Kenmare Resources plc is the operation of the Moma Titanium Minerals Mine in Mozambique. The mine contains reserves of valuable heavy minerals including ilmenite, zircon and rutile.

Mining is by means of dredging in an artificial mining pond, with concentration of the heavy minerals in a floating wet concentrator plant (WCP) to produce a heavy mineral concentrate (HMC) which is pumped to a minerals separation plant (MSP) for further processing. The MSP separates and upgrades the HMC into the final products, ilmenite, rutile and zircon. These products are exported directly from the mine site using a dedicated shipping terminal and a trans-shipment vessel which loads ocean-going ships.

Operations

In the second quarter of 2009, production of HMC was up 23% from the first quarter, production of ilmenite was up 12.2%, production of zircon was up 45%, and production of rutile increased 158%. The Performance Improvement Project (PIP) is 97% complete at the time of writing this report, compared to 75% on 16 April, as noted in Kenmare's Annual Report. This, combined with improved planning and management at the mine, have contributed to the steady increase in output. Results have continued to improve with July being a record month for HMC and ilmenite production.

The focus now is to deliver on our forecast of full production before the year end. The management team is in place to accomplish this, and with the completion of the PIP, the necessary physical assets are also in place.

To date, we have relied on one trans-shipment vessel, the Bronagh J. While this vessel has performed well, it is prudent to manage the risk that the mine could have to shut down for a period of time if the Bronagh J were to fail. In August, the Group purchased an additional trans-shipment vessel and tug previously employed in the trans-shipment of lead-zinc concentrate from a mine in Western Australia. The vessels are located in Australia where some minor modification works will take place before they are transported to the mine for operation in 2010. Having two trans-shipment vessels of similar capacity, as well as reducing risk, will greatly improve loading rates and consequently should reduce freight rates, to the benefit of our customers, and ultimately to the benefit of the mine.

Demand for titanium feedstocks is related to global economic activity and has declined in 2009 due to the onset of the global recession though the extent of this reduction is still uncertain. A strong industry inventory destocking process which occurred during the first quarter of 2009 has abated in the second quarter, with a subsequent increase in shipments from the Moma port facility.

In response to the reduction in demand, the major mineral feedstock producers in the industry have reduced output in order to more closely align production to current market conditions. These reductions entail both temporary cut-backs in operations and the earlier than anticipated closure of near depleted mines. This industry discipline bodes well for tight market conditions and higher prices when demand recovers. Industry commentators anticipate that the contraction phase of the cycle will come to an end during the fourth quarter of 2009 with strong growth restored in 2010.

Results for the six months ended 30 June 2009

The loss for the period of US$0.2 million arises from Group corporate and exploration costs, net of foreign exchange gains and deposit interest earned.

During the period there were additions to property, plant and equipment of US$38.1 million. Expenditure on plant and equipment totalled US$5.3 million. Development expenditure during the period was US$32.8 million of which US$13.4 million was loan interest, US$5.6 million was finance fees and US$13.8 million was operating costs net of revenue earned of US$15.6 million and net of construction contract delay damages of US$1.2 million. These costs have been capitalised in property, plant and equipment as the mine continued to ramp-up production during the period. As the mine is now capable of operating in the manner intended by management, operating costs and revenues will be reported in the income statement from 1 July 2009.

Inventory at the period end amounted to US$12.0 million, consisting of mineral products of US$8.3 million and consumable spares of US$3.7 million. Included in plant and machinery are capital spares totalling US$1.1 million. Trade and other receivables amounted to US$30.3 million, of which US$10.1 million are trade receivables from the sale of mineral products, US$16 million is money due on the placing agreements entered into on 30 June 2009 with the Group's brokers with the balance of US$4.2 million made up of amounts due from the contractor, prepayments and other miscellaneous debtors.

On 31 July 2009 the Group entered into a trade finance facility with Absa Corporate and Business Bank to replace the facility it had with Barclays Bank plc which expired in January 2009.

On 30 January and 31 March, the Group concluded two Deeds of Waiver and Amendment with the lenders to the mine which, among other things, deferred two senior debt principal instalments originally scheduled for 2009. In accordance with the terms of the second of these deeds, fees of US$1.9 million became payable and 28.2 million ordinary shares in Kenmare Resources plc were issued to the lenders. An additional contingent fee of US$0.5 million does not become payable and issue of a further 28.2 million shares is not required in accordance with the terms of the deeds. Senior loan interest of US$6.1 million was paid in February 2009. Senior loan interest accrued for the six month period was US$5.6 million and subordinated loan interest accrued during the period was US$7.8 million. Subordinated loan interest capitalised until 2009 is repayable over the term of the loans from 2010. Loan interest accrued and a foreign exchange gain of US$0.2 million on Euro-denominated debt resulted in an increase in the loan balance to US$341.9 million at the period end.

On 7 August 2009, the Group entered into a loan agreement with Banco Comerical e de Investimentos, S.A., a Mozambican bank, for US$2.5 million to fund the purchase of the trans-shipment vessel and tug.

On 30 June 2009 the Group entered into a placing agreement with its brokers to place 54 million new ordinary shares at Stg19p per share. This placing resulted in proceeds of Stg£10.3 million (US$16.7 million) being received by the Group on 5 August 2009. The Board of Kenmare extended the exercise period on the outstanding warrants, which would have otherwise expired on 23 July 2009, to 31 December 2009. There are a total of 28.5 million warrants outstanding (with an exercise price of Stg19p) which, if exercised in their entirety, would raise approximately US$9 million.

Principal risks and uncertainties

The Group's business may be affected by risks similar to those faced by many companies in the mining industry. These include geological, political, operational and environmental risks and changes in the macroeconomic environment. The main risks applicable to the mine are set out below:

Commercial risks
The main use for ilmenite and rutile is as a feedstock for titanium dioxide pigment, primarily used in the manufacture of paint, plastics and fabrics. Zircon is primarily used in the ceramics industry. Consumption of titanium dioxide pigment and ceramics is closely correlated with global economic activity and demand can vary over time. There is a risk of a material decline in prices for that portion of the mine's output that is not fixed by contract, and a risk that planned shipments may be delayed by customers. Senior management closely monitors production, shipments and prices, and to the extent possible manages the mine's cost base to ensure it remains competitive.

Operational risks
The achievement of target design production levels is dependent upon the ability of mine management to continue to increase production levels and export final product. Earlier this year, the jetty required some temporary repairs, which were successfully completed. Senior management will ensure that final repairs, which are for the account of the Contractor, are implemented in a manner which will ensure minimum disruption to export activities. Senior management will also continue to carefully manage the remaining aspects of the construction contract and allocate the required resources to enable the mine management to overcome hurdles that may present themselves in increasing production levels.

Financing risks
The successful delivery of increased production levels depends on the availability of sufficient finance. The Board carefully monitors senior management's financing activities both with respect to existing loans and prospective sources of funds. Project loan documentation requires the maintenance of a Contingency Reserve Account ("CRA") until financial completion, though this requirement has been waived by project lenders until 31 December 2010.

Senior management is maintaining a close dialogue with lenders and believes that sufficient funds are currently in place for Group requirements.

Financial risks
The development of the mine has been financed in part by Euro and US Dollar denominated senior and subordinated loans. At 30 June 2009 the loan balance was US$341.9 million, comprising US$214.8 million denominated in US Dollars and US$127.1 million denominated in Euro. The Euro denominated loans expose the Group to currency fluctuations. The borrowings issued at variable rates expose the Group to cash flow interest risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Senior management regularly monitors and reports to the Board on these currency and interest rate risks. The Board has determined that the Group's current policy of not entering into derivative financial instruments to manage such risks continues to be appropriate in light of the mix of fixed and variable rate exposures and currencies. The Group's policy with respect to liquidity and cash flow risk is to ensure continuity of funding primarily generated from operations.

Environmental risks
The Group is committed to managing its operations in accordance with applicable guidelines issued by the World Bank, MIGA, the African Development Bank and FMO, the environmental laws and standards in force in Mozambique, as well as its own policies. In connection with the participation of FMO in the June 2009 share placing, the Group has agreed to apply IFC Performance Standards to the mine. The Environmental Management Plan (EMP) for the Moma Titanium Minerals Mine sets out the monitoring activities, management and training programs, reporting activities, auditing and mitigation measures that are required in order to identify and reduce any negative impacts of the mine and to comply with applicable environmental laws and guidelines. Senior management regularly reports to the Board on the status of compliance with the Group's environmental and social obligations, and aims to ensure that the EMP is properly implemented and maintained.

Health and safety risks
The Group is committed to conducting its business in a manner that minimises the exposure of its employees, contractors and the general public to health and safety risks arising from its operations. The Group's operations personnel worked 615,840 hours to 30 June 2009, with 3 lost-time injuries. The Group's operations contractors worked 352,523 hours to 30 June 2009, with 1 lost-time injury. Malaria is a key risk at the mine and the Group continues to develop and implement programs to minimise its impact on all personnel at the mine. The Group will also continue to ensure that appropriate health and safety standards are maintained in all Group activities.

Outlook

The Group is focused on increasing production and shipments to target levels in the coming months, and on closing out the construction contract. The Group will continue to monitor Group funding requirements and obligations under the financing documentation, and will continue to ensure that the Group retains sufficient liquidity.

Related party transactions

Material related party transactions affecting the financial performance of the Group in the period are disclosed in Note 10.

Forward-looking statements

This report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

By order of the Board,

Chairman
Charles Carvill
28 August 2009

RESPONSIBILITY STATEMENT

The Directors are responsible for preparation of the Half Yearly Financial Report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 and with IAS 34, Interim Financial Reporting as adopted by the European Union.

The Directors confirm that, to the best of their knowledge:

- The condensed consolidated financial statements for the half year ended 30 June 2009 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;

- The Interim Management Report includes a fair review of the information required by Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

- The Interim Management Report includes a fair review of the information required by Regulation 8(3) of the Transparency (Directive 2004/109/EC) Regulations 2007, being related party transactions that have taken place in the first six months of the current financial year and that materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board,

Chairman
Charles Carvill
28 August 2009

INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF KENMARE RESOURCES PLC

Introduction

We have been engaged by the Company to review the group condensed set of financial statements in the Half Yearly Financial Report for the six months ended 30 June 2009, which comprise the Group Condensed Income Statement, Group Condensed Balance Sheet, Group Condensed Cash Flow Statement, Group Condensed Statement of Changes in Equity and related notes 1 to 12. We have read the other information contained in the Half Yearly Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the group condensed set of financial statements.

This report is made solely to the Company's members, as a body, in accordance with International Standard on Review Engagements (UK and Ireland) 2410 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our review work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The Half Yearly Financial Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half Yearly Financial Report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The group condensed set of financial statements included in this Half Yearly Financial Report has been prepared in accordance with International Accounting Standard 34, ''Interim Financial Reporting,'' as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the group condensed set of financial statements in the Half Yearly Financial Report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'' issued by the Auditing Practices Board for use in Ireland. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the group condensed set of financial statements in the Half Yearly Financial Report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 (IAS 34 – Interim Financial Reporting) as adopted by the European Union and the Transparency (Directive 2004/109/EC) Regulations 2007.

Emphasis of Matter - Property, Plant and Equipment
Without modifying our conclusion, we draw your attention to note 5 regarding the disclosures made in the interim group condensed financial statements concerning the recoverability of Property, Plant and Equipment. The realisation of Property, Plant and Equipment of US$571.7 million included in the Group Condensed Balance Sheet, is dependent on the successful operation of the Moma Titanium Minerals Mine and the continued availability of adequate financing for the mine as referred to in note 7. The Half Yearly Financial Report does not include any adjustments relating to these uncertainties and the ultimate outcome cannot at present be determined.

Deloitte & Touche
Chartered Accountants and Registered Auditors
Deloitte & Touche House
Earlsfort Terrace
Dublin 2

28 August 2009

KENMARE RESOURCES PLC
GROUP CONDENSED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Notes	Unaudited 6 Months 30-Jun 2009 US$'000	Unaudited 6 Months 30-Jun 2008 US$'000	Audited 12 Months 31-Dec 2008 US$'000
Continuing Operations				
Revenue		-	-	-
Operating expenses	2	(359)	(8,809)	(957)
Finance income		160	720	1,302
(Loss)/profit before tax		(199)	(8,089)	345
Income tax expense		-	-	-
(Loss)/profit for the period/year		(199)	(8,089)	345
Attributable to equity holders		(199)	(8,089)	345
		US$ cent per share	**US$ cent per share**	**US$ cent per share**
(Loss)/profit per share: basic	4	(0.02c)	(1.09c)	0.045c
(Loss)/profit per share: diluted	4	(0.02c)	(1.09c)	0.042c

The accompanying notes form part of the condensed financial statements

KENMARE RESOURCES PLC
GROUP CONDENSED BALANCE SHEET
AS AT 30 JUNE 2009

	Notes	Unaudited 30-Jun 2009 US$'000	Unaudited 30-Jun 2008 US$'000	Audited 31-Dec 2008 US$'000
Assets				
Non-current assets				
Property, plant and equipment	**5**	571,735	514,706	539,672
		571,735	514,706	539,672
Current assets				
Inventories		12,077	6,497	6,405
Trade and other receivables		30,337	4,755	3,033
Cash and cash equivalents		5,631	47,727	40,536
		48,045	58,979	49,974
Total assets		619,780	573,685	589,646
Equity				
Capital and reserves attributable to the Company's equity holders				
Called-up share capital	**6**	72,966	61,705	66,178
Share premium	**6**	157,553	122,885	145,088
Retained losses		(30,990)	(39,225)	(30,791)
Other reserves		43,887	42,471	42,668
Total equity		243,416	187,836	223,143
Liabilities				
Non-current liabilities				
Bank loans	**7**	310,423	325,677	299,982
Obligations under finance lease		2,226	2,286	2,264
Provisions	**8**	3,992	3,999	4,179
		316,641	331,962	306,425
Current liabilities				
Bank loans	**7**	31,478	26,807	34,842
Provisions	**8**	610	-	-
Trade and other payables		27,635	27,080	25,236
		59,723	53,887	60,078
Total liabilities		376,364	385,849	366,503
Total equity and liabilities		619,780	573,685	589,646

The accompanying notes form part of the condensed financial statements

KENMARE RESOURCES PLC
GROUP CONDENSED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Unaudited 6 Months 30-Jun 2009 US$'000	Unaudited 6 Months 30-Jun 2008 US$'000	Audited 12 Months 31-Dec 2008 US$'000
Cash flows from operating activities			
(Loss)/profit for the period/year	(199)	(8,089)	345
Adjustment for:			
Foreign exchange movement	(480)	(37)	(5,472)
Share-based payment expense	83	27	-
Operating cash outflow	(596)	(8,099)	(5,127)
(Increase)/decrease in inventories	(5,672)	(866)	408
(Increase)/decrease in trade and other receivables	(11,223)	87	1,809
Increase/(decrease) in trade and other payables	2,367	(2,539)	(4,414)
Increase in provisions	423	-	1,674
Cash used by operations	(14,701)	(11,417)	(5,650)
Finance costs	(6,181)	(7,200)	(13,739)
Net cash used in operating activities	(20,882)	(18,617)	(19,389)
Cash flows from investing activities			
Additions to property, plant and equipment	(21,585)	(18,171)	(39,050)
Net cash used in investing activities	(21,585)	(18,171)	(39,050)
Cash flows from financing activities			
Proceeds on the issue of shares	-	1,593	28,269
Proceeds on shares to be issued	11	-	-
Repayment of borrowings	-	(17,312)	(20,335)
Increase in borrowings	7,077	43,954	29,316
(Decrease)/increase in obligations under finance lease	(6)	40	50
Net cash from financing activities	7,082	28,275	37,300
Net decrease in cash and cash equivalents	(35,385)	(8,513)	(21,139)
Cash and cash equivalents at the beginning of period/year	40,536	56,203	56,203
Effect of exchange rate changes on cash and cash equivalents	480	37	5,472
Cash and cash equivalents at end of period/year	5,631	47,727	40,536

The accompanying notes form part of the condensed financial statements

KENMARE RESOURCES PLC
GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Called-Up Share Capital	Share Premium	Retained Losses	Other Reserves	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2008	61,496	121,501	(31,136)	41,562	193,423
Loss for the period	-	-	(8,089)	-	(8,089)
Share-based payment	-	-	-	909	909
Issue of share capital	209	1,384	-	-	1,593
Balance at 30 June 2008	61,705	122,885	(39,225)	42,471	187,836
Profit for the period	-	-	8,434	-	8,434
Share-based payment	-	-	-	197	197
Issue of share capital	4,473	22,203	-	-	26,676
Balance at 31 December 2008	66,178	145,088	(30,791)	42,668	223,143
Loss for the period	-	-	(199)	-	(199)
Share based payment	-	-	-	1,219	1,219
Issue of share capital	2,234	927	-	-	3,161
Share capital to be issued	4,554	11,538	-	-	16,092
Balance at 30 June 2009	72,966	157,553	(30,990)	43,887	243,416

The accompanying notes form part of the condensed financial statements

KENMARE RESOURCES PLC
NOTES TO THE GROUP CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2009

1. BASIS OF PREPARATION

The Group Condensed Financial Statements for the six months ended 30 June 2009 have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 and IAS 34 Interim Financial Reporting as adopted by the EU.

The accounting policies and methods of computation adopted in the preparation of the Group Condensed Financial Statements are consistent with those applied in the Annual Report for the financial year ended 31 December 2008 and are described in those financial statements.

In the current financial year, the Group has adopted all Standards and Interpretations which are effective from 1 January 2009. Adoption has resulted in no material impact on the financial statements.

Both the figures for the six months ended 30 June 2009 and the comparative amounts for the six months ended 30 June 2008 are unaudited. The Group condensed financial information for the year ended 31 December 2008 represents an abbreviated version of the Group's full year financials statements for that year. Those financial statements contained an unqualified audit report and have been filed with the Registrar of Companies.

There were no other gains or losses during the six months period ended 30 June 2009 other than those reported in the Condensed Income Statement. As a result no Statement of Comprehensive Income has been provided.

2. SEGMENTAL INFORMATION

In prior years management considered the operation of the Moma Titanium Minerals Mine in Mozambique as its primary business segment and its geographical segment. This is also the means by which information is reported to the Group's Board for the purposes of resource allocation and assessment of segment performance. Therefore there is no change to the Group's reportable segments under IFRS8. Segmental information is presented as follows:

SEGMENT	Unaudited 30-Jun-09 US$'000	Unaudited 30-Jun-08 US$'000	Audited 31-Dec-08 US$'000
Segment results			
Operating (expenses)/gains			
Moma Titanium Minerals Mine			
Expenses net of revenue	(13,793)	(17,386)	(31,725)
Loan interest	(13,409)	(13,295)	(26,861)
Finance fees	(5,615)	(901)	(1,455)
Total capitalised in development expenditure	(32,817)	(31,582)	(60,041)
Foreign exchange (loss)/gain (expensed)/credited in the income statement	(56)	(8,955)	5,792
Mozambique Uranium Project exploration expenditure	(113)	(332)	(503)
Unallocated corporate (expenses)/gains	(600)	422	(801)
Corporate foreign exchange gain/(loss)	410	56	(5,445)
Total operating expenses	(359)	(8,809)	(957)
Finance income	160	720	1,302
(Loss)/profit before tax	(199)	(8,089)	345
Income tax expense	-	-	-
(Loss)/profit for the period/year	(199)	(8,089)	345
Other information			
Capital additions	38,092	33,161	63,775
Balance Sheet			
Moma Titanium Minerals Mine assets	598,430	540,648	554,562
Corporate assets	21,350	33,037	35,084
Total assets	619,780	573,685	589,646
Moma Titanium Minerals Mine liabilities	374,129	383,700	364,401
Corporate liabilities	2,235	2,149	2,102
Total liabilities	376,364	385,849	366,503

3. SEASONALITY OF SALE OF MINERAL PRODUCTS

Sales of mineral products are not seasonal in nature.

4. (LOSS)/ EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

	Unaudited 30-Jun-09 US$'000	**Unaudited 30-Jun-08 US$'000**	**Audited 31-Dec-08 US$'000**
(Loss)/profit			
(Loss)/profit for the period/year attributable to equity holders of the parent	(199)	(8,089)	345

	Unaudited 30-Jun -09 Number of Shares	**Unaudited 30-Jun -08 Number of Shares**	**Audited 31-Dec-08 Number of Shares**
Weighted average number of issued ordinary shares for the purposes of basic loss/earning per share	798,839,952	743,225,455	760,160,548
Effect of dilutive potential ordinary shares			
Share options	47,578,258	37,378,258	36,653,258
Warrants	28,572,536	28,777,367	28,572,536
Weighted average number of ordinary shares for the purpose of diluted loss/earning per share	874,990,746	809,381,080	825,386,342

The basic loss per share and the diluted loss per share are the same, as the effect of the outstanding share options and warrants is anti-dilutive.

5. PROPERTY, PLANT AND EQUIPMENT

	Plant & Equipment US$'000	Buildings & Airstrip US$'000	Mobile Equipment US$'000	Fixtures & Equipment US$'000	Construction In Progress US$'000	Development Expenditure US$'000	Total US$'000
Cost							
Balance at 1 January 2008	257,502	3,812	6,022	2,535	46,082	176,365	492,318
Transfer from construction in progress	1,271	-	-	1	(1,272)	-	-
Reclassification to inventory	(897)	-	-	-	-	-	(897)
Additions during the period	206	-	-	19	1,354	31,582	33,161
Balance at 30 June 2008	258,082	3,812	6,022	2,555	46,164	207,947	524,582
Transfer from construction in progress	1,132	-	177	77	(1,386)	-	-
Reclassification to inventory	(285)	-	-	-	-	-	(285)
Additions during the period	587	-	525	116	927	28,459	30,614
Impairment during the period	-	-	(486)	-	-	-	(486)
Balance at 31 December 2008	259,516	3,812	6,238	2,748	45,705	236,406	554,425
Transfer from construction in progress	1,437	-	473	61	(1,971)	-	-
Additions during the period	1,257	-	129	48	3,843	32,815	38,092
Impairment during the period	-	-	(362)	(1)	-	(48)	(411)
Balance at 30 June 2009	**262,210**	**3,812**	**6,478**	**2,856**	**47,577**	**269,173**	**592,106**
Accumulated Depreciation							
Balance at 1 January 2008	2,775	74	2,207	302	-	-	5,358
Charge for the period	3,412	95	604	407	-	-	4,518
Balance at 30 June 2008	6,187	169	2,811	709	-	-	9,876
Charge for the period	4,033	96	648	413	-	-	5,190
Impairment during the period	-	-	(313)	-	-	-	(313)
Balance at 31 December 2008	10,220	265	3,146	1,122	-	-	14,753
Charge for the period	4,636	95	651	448	-	-	5,830
Impairment during the period	-	-	(212)	-	-	-	(212)
Balance at 30 June 2009	**14,856**	**360**	**3,585**	**1,570**	**-**	**-**	**20,371**
Carrying Amount							
Balance at 30 June 2009	247,354	3,452	2,893	1,286	47,577	269,173	571,735
Balance at 30 June 2008	251,895	3,643	3,211	1,846	46,164	207,947	514,706
Balance at 31 December 2008	249,296	3,547	3,092	1,626	45,705	236,406	539,672

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

A construction contract for the engineering, procurement, building, commissioning and transfer of facilities at the Moma Titanium Minerals Mine in Mozambique was entered into on 7 April 2004. The Contractor is a joint venture formed for this project by subsidiaries of Multiplex Limited and Bateman B.V.

The construction contract was amended in December 2006 to provide for among other things, taking-over the Moma Titanium Minerals Mine works in sections. At 30 June 2009, the only remaining section to be taken over was the roaster.

During the period the Group carried out an impairment review of property, plant and equipment. The cash generating unit for the purpose of impairment testing is the Moma Titanium Minerals Mine as this is the primary business and geographic segment of the Group. The basis on which the recoverable amount of the Moma Titanium Minerals Mine is assessed is its value in use. The cash flow forecast employed for the value in use computation is a life of mine financial model. The recoverable amount obtained from the financial model represents the present value of the future pre tax and finance cash flows discounted at the average effective borrowing rate of the Moma Titanium Mineral Mine of 8.9%. Due to the specific nature of the project financing, there is no basis to assume that current market rates differ from those in the loan documents.

Key assumptions include the following:

- A mine plan covering 21 years of production based on only 75% of Namalope proved and probable reserves. The additional reserves will be incorporated in subsequent life of mine plans.
- The cash flows assume ramp-up to expected production levels during 2009. Expected production levels are annual production levels of approximately 800,000 tonnes of ilmenite per annum plus co-products, rutile and zircon.
- Product sales prices are based on contract prices as stipulated in marketing agreements with customers, or where contracts are based on market prices or production is not presently contracted, prices as forecast by the lenders' independent marketing consultant.
- Operating and capital replacement costs are based on approved budget costs for 2009 and escalated by 2% per annum there after.

The discount rate is the significant factor in determining the recoverable amount and a 1% change in the discount rate results in an 8% change in the recoverable amount.

Substantially all the property, plant and equipment will be mortgaged to secure project loans as detailed in Note 7.

The carrying amount of the Group's plant and equipment includes an amount of US$1.6 million (2008: US$1.8 million) in respect of assets held under a finance lease.

Additions to development expenditure include loan interest capitalised of US$13.4 million (2008:US$13.3 million), finance fees of US$5.6 million (2008: US$0.9 million), costs of US$13.8 million (2008:US$17.3 million) net of revenue earned of US$15.6 million (2008:US$9.0 million) and net of delay damages of US$1.2 million (2008:US$1.2 million). Included in development expenditure are amounts of US$1.1 million (2008: US$0.6 million) relating to share based payments as detailed in Note 9.

The recovery of property, plant and equipment is dependent upon the successful operation of the Moma Titanium Minerals Mine and continued availability of adequate funding for the mine. The Directors are satisfied that at the balance sheet date the recoverable amount of property, plant and equipment exceeds its carrying amount and based on the planned mine production levels that the Moma Titanium Minerals Mine will achieve positive cash flows. There was an impairment charge for the period of US$0.4 million (2008: nil),

6. SHARE CAPITAL

Share capital as at 30 June 2009 amounted to US$73.0 million (2008: US$61.7 million). During the period, 28.2 million ordinary shares in Kenmare Resources plc were issued to the lender group as fees under the terms of the Deed of Waiver and Amendment. The issue of these shares resulted in finance fees of US$3.2 million which have been capitalised in development expenditure as detailed in Note 5. US$2.2 million of this issue has been credited to share capital and US$1.0 million to share premium.

On 30 June 2009 the Group entered into arrangements with its brokers to place 54 million new ordinary shares at Stg19p per share. This placing resulted in proceeds of Stg£10.3 million (US$16.1 million) being received by the Group on 5 August 2009. The placing has resulted in US$4.6 million been credited to share capital as ordinary shares to be issued and US$11.5 million to share premium.

7. BANK LOANS

	Unaudited 30-Jun-09 US$'000	Unaudited 30-Jun-08 US$'000	Audited 31-Dec-08 US$'000
Senior loans	188,198	201,723	188,844
Subordinated loans	153,703	150,761	145,980
	341,901	352,484	334,824
The borrowings are repayable as follows:			
Within one year	31,478	26,807	34,842
In the second year	40,646	37,043	36,633
In the third to fifth year	121,938	111,128	109,899
After five years	147,839	177,506	153,450
	341,901	352,484	334,824
Less amounts due for settlement within 12 months	(31,478)	(26,807)	(34,842)
Amount due for settlement after 12 months	310,423	325,677	299,982

The bank loans have been made to the Mozambique branches of Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited (the Project Companies). Bank loans are secured by substantially all rights and assets of the Company (other than cash held at the corporate level) and the Moma Titanium Minerals Mine; security agreements over shares in the Project Companies; and the Contingency Reserve Account. Loan balances set out in these financial statements include accrued interest.

The Company has guaranteed the bank loans during the period prior to completion. The final date for achieving completion was formerly 30 June 2009. The Deed of Waiver and Amendment dated 31 March 2009 extended this date to 31 December 2012. Completion occurs upon meeting certain tests on a phased basis, including installation of all required facilities, meeting certain cost and production benchmarks and social and environmental requirements (technical completion, which must take place by 31 December 2010), meeting marketing requirements (which must take place by 30 June 2011), and meeting legal and permitting requirements, and filling of specified reserve accounts to the required levels. Upon completion, the Company's guarantee of the bank loans will terminate. Failure to meet any of the phased tests or, subject to extension for force majeure not to exceed 365 days, failure to achieve completion by 31 December 2012, would result in an event of default under the Senior and Subordinated Loan documentation which, following notice, would give Lenders the right to accelerate the loans against the Project Companies, and to commence a two-stage process allowing the Lenders to exercise their security interests in the shares and assets (including accounts) of the Project Companies and in the Contingency Reserve Account.

Seven Senior Loan credit facilities were made available for financing the Moma Titanium Minerals Mine. The aggregate maximum amount of the Senior Loan credit facilities is US$185 million plus €15 million of which $182.8 million and €15 million had been drawn at 30 June 2009, and US$2.2 million was undrawn and prior to June 2009 was available under one of the facilities. The availability period for the undrawn US$2.2 million expired on 30 June 2009 without the amount being drawn because of the failure of the Contractor to provide the necessary tied content. The Group will seek appropriate damages under the contract for this failure. Loan interest repayments during the period totalled US$6.1 million, interest accrued of US$5.6 million and a foreign exchange gain on the Euro-denominated senior loan of US$0.1 million, resulting in an overall decrease in the balance outstanding to US$188.2 million.

Senior Loans were originally scheduled to be repaid in equal semi-annual instalments commencing on 1 February 2008 in the case of six of the seven Senior Loan facilities, and on 2 February 2009 in the case of the seventh. Principal instalments originally scheduled to be paid in 2008 were paid when due. On 30 January 2009, a Deed of Waiver and Amendment was entered into by the Project Companies whereby the Senior principal instalments due on 2 February 2009 were deferred, to be repaid over the remaining life of the respective loan facility commencing on 4 August 2009, and pursuant to which Kenmare contributed US$15 million to the Contingency Reserve Account between 12 December 2008 and 31 January 2009. On 31 March 2009 a second Deed of Waiver and Amendment was entered into by the Project Companies whereby the Senior principal instalments due on 4 August 2009 were also deferred, to be repaid over the remaining life of the loan facilities commencing on 1 February 2010.

7. BANK LOANS (CONTINUED)

The Senior Loan tenors have therefore remained unchanged and range from 6 to 9 years from 30 June 2009. Three of the Senior Loans bear interest at fixed rates and four bear interest at variable rates.

The Subordinated Loan credit facilities of €47.1 million plus US$10 million (excluding capitalised interest) were fully drawn down at the period end. Under the loan documents Subordinated Loans were repayable in 21 semi-annual instalments commencing on 1 August 2009. Under the second Deed of Waiver and Amendment referred to above, the first scheduled Subordinated Loan principal instalment, which would have otherwise been due on 4 August 2009 has been deferred and is scheduled for repayment on 1 February 2010, and if cash is insufficient on such payment date, on the first semi-annual payment date thereafter on which sufficient cash is available, in accordance with the terms of the financing documentation. The final instalments are due on 1 August 2019. The Subordinated Loans denominated in Euro bear interest at a fixed rate of 10% per annum, while the Subordinated Loans denominated in US Dollars bear interest at variable rates. Pursuant to the original terms of the financing documentation, Subordinated Loan interest is being capitalised up to and including 4 August 2009. Subordinated Loan interest is due to be paid in cash for the first time on 1 February 2010, but if cash is insufficient on such payment date to make the schedule interest payment, interest will be capitalised and become payable on the first semi-annual payment date on which sufficient cash is available, in whole or in part, to the extent of available cash.

The Standby Subordinated Loan credit facilities of €2.8 million and US$4 million were fully drawn down at period end. Standby Subordinated Loans bear interest at fixed rates in respect of €2.8 million and US$1.5 million and at variable rates in respect of US$2.5 million. Standby Subordinated Loans are repayable on the same terms as the Subordinated Loans and have an option to require that Kenmare Resources plc purchase the loans on agreed terms.

The Additional Standby Subordinated Loan credit facilities of US$12 million and US$10 million were fully drawn down at period end. The Additional Standby Subordinated Loans bear interest at variable rates. The Additional Standby Subordinated Loans are repayable on the same terms as the Subordinated Loans.

In accordance with the terms of a Deed of Waiver and Amendment dated 31 March 2009, fees of US$1.9 million became payable and 28.2 million ordinary shares in Kenmare Resources plc were issued to the lenders. An additional contingent fee of US$0.5 million does not become payable and issue of a further 28.2 million shares is not required in accordance with the terms of the deeds.

Interest margins on subordinated loans will increase by 3% until technical completion and by 1% until financial completion. This additional margin will be payable only after senior loans have been repaid in full. Loan facilities arranged at fixed interest rates expose the Group to fair value interest rate risk. Loan facilities arranged at variable rates expose the Group to cash flow interest rate risk. Variable rates are based on six month LIBOR. The average effective borrowing rate at the period end was 8.9%. The interest rate profile of the Group's loan balances at the period end was as follows:

	Unaudited 30-Jun-09 US$'000	**Unaudited 30-Jun-08 US$'000**	**Audited 31-Dec-08 US$'000**
Fixed rate debt	221,536	232,872	196,208
Variable rate debt	120,365	119,612	138,616
Total debt	341,901	352,484	334,824

For bank borrowings which bear fixed and variable rates of interest, fair value is estimated to be equivalent to book value. Due to the specific nature of the project financing, there is no basis to assume that current market rates differ from those in the loans documents. Consequently the Directors consider them to be the same.

Under that assumption that all other variables remain constant and using the most relevant 6 month LIBOR, a 1% change in LIBOR would result in a US$1.2 million (2008: US$1.2 million) change in finance costs for the year.

7. BANK LOANS (CONTINUED)

The currency profile of the bank loans is as follows:

	Unaudited 30-Jun-09 US$'000	Unaudited 30-Jun-08 US$'000	Audited 31-Dec-08 US$'000
Euro	127,131	131,987	121,666
US Dollars	214,770	220,497	213,158
Total debt	341,901	352,484	334,824

The Euro-denominated loans expose the Group to currency fluctuations. These currency fluctuations are realised on payment of Euro-denominated debt principal and interest. Under that assumption that all other variables remain constant a 10% strengthening or weakening of Euro against the US Dollar, would result in a US$1.5 million (2008: US$1.2 million) change in finance costs for the year.

The above sensitivity analyses are estimates of the impact of market risks assuming the specified change occurs. Actual results in the future may differ materially from these results due to developments in the global financial markets which may cause fluctuations in interest and exchange rates to vary from the assumptions made above and therefore should not be considered a projection of likely future events.

The Directors have prepared cash flow projections for the estimated life of the Moma Titanium Minerals Mine. These forecasts are based on the planned mine production levels, which are dependent on the continued adequate funding for the mine. The cash flow projections based on planned mine production levels, arrangement of the trade finance facility and revised financing arrangements detailed above show that the mine operations will result in positive cash flows, and that the mine will have adequate funding for the period of not less than twelve months from the date of this report. Accordingly the Directors have prepared the financial statements on the basis that the Group is a going concern.

8. PROVISIONS

Provisions at the period end are made up of a mine closure provision of US$2.8 million (2008: US$2.6 million) and a mine rehabilitation provision of US$1.8 million (2008: US$1.4 million). US$0.6 million of the mine rehabilitation provision has been included in current liabilities to reflect the estimated cost of rehabilitation work to be carried out over the next year.

9. SHARE BASED PAYMENTS

The Company has a share option scheme for certain Directors, employees and consultants. Options are exercisable at a price equal to the quoted market price of the Company's shares on the date of grant. The options generally vest over a three to five year period, in equal annual amounts. If options remain unexercised after a period of seven years from the date of grant, the options expire. Option expiry period may be extended at the decision of the Board of Directors.

During the period the Group recognised a share-based payment expense of US$0.1 million (2008: US$0.03 million).

10. RELATED PARTY TRANSACTIONS

During the period 9 million share options were granted to Directors at a cost of US$1.9 million, the key management personnel of the Group. The share options are exercisable at a price equal to the quoted market price of the Company's shares on the date of grant. The options vest over a three year period. US$0.8 million of the costs has been recognised in the period.

11. EVENTS AFTER THE BALANCE SHEET DATE

On 31 July 2009 the Group entered into a trade finance facility with Absa Corporate and Business Bank to replace the facility it had in place with Barclays Bank plc which expired in January 2009.

On 7 August 2009 the Group entered into a loan agreement with Banco Comerical e de Investimentos, S.A. for US$2.5 million to fund the purchase of an additional product trans-shipment barge and tug for the mine. Interest accrues at 6 month LIBOR plus 6%, and is payable monthly commencing September 2009 and principal is scheduled to be repaid in 54 monthly instalments commencing March 2010. This loan was drawn down on 10 August 2009. The loan will be secured by a mortgage on the purchased trans-shipment barge and tug and by a guarantee from Kenmare Resources plc.

12. INFORMATION

The Half Yearly Financial report was authorised by the Board on 28 August 2009.

The Half Yearly Financial Report is being sent to registered shareholders by post or electronically to those who have elected for electronic shareholder communication.

Copies are also available from the Company's registered office at Chatham House, Chatham Street, Dublin 2, Ireland. The statement is also available on the Company's website at www.kenmareresources.com.