

Kenmare Resources plc (“Kenmare” or “the Company”)

13 April 2017

Q1 2017 Production Update

Kenmare Resources plc (LSE:KMR, ISE:KMR), one of the leading global producers of titanium minerals and zircon, which operates the Moma Titanium Minerals Mine (the "Mine" or "Moma") in northern Mozambique, is pleased to provide a trading update for the quarter ending 31 March 2017.

Statement from Michael Carvill, Managing Director:

“Kenmare has delivered solid production in Q1, particularly for the main revenue generating products of ilmenite and primary zircon, in what has traditionally been a lower producing quarter. Q1 cash generation at the Mine has continued the trend of quarter on quarter improvement, since bottoming in Q2 2016. The Company remains on track in its strategy of maximising cash generation through increasing production and reducing cash costs in what remains a strong market for our products.”

Overview

- Heavy Mineral Concentrate ("HMC") production increased by 29% to 353,500 tonnes (Q1 2016: 274,800 tonnes)
- Ilmenite production increased by 39% to 256,500 tonnes (Q1 2016: 185,000 tonnes)
- Zircon production increased by 59% to 18,500 tonnes (Q1 2016: 11,600 tonnes)
- Total shipments of finished products were up 93% to 256,100 tonnes (Q1 2016: 132,700 tonnes)
- Q1 production supports guidance of 950,000-1,050,000 tonnes of ilmenite in 2017 (plus associated by-products), up 5-16% on 2016 production
- Demand for ilmenite remained strong in Q1, resulting in further price increases

Production

Production from the Moma Mine in Q1 2017 was as follows:

	Q1-2017	Q1-2016	Variance	Q4-2016	Variance
	tonnes	tonnes	%	tonnes	%
Excavated Ore *	8,407,000	7,061,000	19%	8,510,000	-1%
Grade*	4.86%	4.32%	13%	5.95%	-18%
Production					
HMC	353,500	274,800	29%	474,300	-25%
Ilmenite	256,500	185,000	39%	256,900	0%
Zircon	18,500	11,600	59%	20,000	-8%
of which primary	12,800	8,300	54%	13,400	-4%
of which secondary	5,700	3,300	73%	6,700	-15%
Rutile	2,200	1,100	100%	2,300	-4%
Shipments	256,100	132,700	93%	301,800	-15%

* Excavated Ore and grade prior to any floor losses.

In Q1 2017, Kenmare mined 8.4 million tonnes of ore, up 19% on Q1 2016, at an average grade of 4.86%, producing 353,500 tonnes of HMC, a 29% increase on Q1 2016. Finished product volumes for the period included 256,500 tonnes of ilmenite, up 39%, and 18,500 tonnes of zircon (including 5,700 tonnes of a lower grade secondary zircon product), up 59%.

HMC production rose by 29% to 353,500 tonnes (Q1 2016: 274,800 tonnes), benefitting from increased utilisation levels and supplemental mining. However, HMC production declined in comparison with Q4 2016, in line with previously guided lower grade expectations for 2017.

Ilmenite production increased by 39% to 256,500 tonnes (Q1 2016: 185,000 tonnes), maintaining the record production levels achieved in Q4 2016.

Total zircon production includes a 54% increase in primary zircon production to 12,800 tonnes (Q1 2016: 8,300 tonnes). Secondary zircon volumes increased by 73% to 5,700 tonnes (Q1 2016: 3,300 tonnes) as recoveries from waste streams increased. Project work has continued with the aim of increasing the proportion of primary zircon production to further enhance revenues. This led to an increase in intermediate stockpiles during the period which we expect to normalise through the year.

The Moma Mine has continued to benefit from increased stability and reliability of electricity supplied by Electricidade de Moçambique ("EdM") in Q1 2017. In addition, the supplementary diesel-powered generators were utilised to protect power stability against inclement weather through the rainy season.

During Q1 2017 Kenmare shipped 256,100 tonnes of finished products, comprised of 245,000 tonnes of ilmenite, 10,100 tonnes of zircon (including 3,300 tonnes of secondary grade zircon) and 1,000 tonnes of rutile.

Closing stock of HMC at the end of Q1 2017 was 22,100 tonnes, compared with 66,500 tonnes at the start of the year. Closing stock of intermediate magnetic concentrate at the end of the period was 70,500 tonnes. Closing stock of finished products at the end of Q1 2017 was 212,200 tonnes, of which 60,000 tonnes were being held for a customer and which have been paid for.

Market

Demand for ilmenite was strong in Q1 2017, due to solid offtake in the Chinese spot market for pigment and slag production. Demand for imported ore also benefitted from some disruption in Chinese domestic ilmenite production, due to stricter enforcement of environmental regulations. This was despite an increase in ilmenite by-product volumes in H2 2016 due to higher iron ore prices. Output from Southern India has also reduced in recent months due to a mining ban imposed by the authorities, which is subject to a pending court case. Ilmenite prices have increased strongly in the past 12 months and are expected to incentivise the restart of some supply to meet additional demand, which may lead to a moderation of future price increases as the market reaches greater equilibrium.

Market conditions for zircon are improving, industry inventories have reduced and modest price increases have been achieved.

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Forward Looking Statements

This announcement contains some forward-looking statements that represent Kenmare's expectations for its business, based on current expectations about future events, which by their nature involve risks and uncertainties. Kenmare believes that its expectations and assumptions with respect to these forward-looking statements are reasonable. However, because they involve risk and uncertainty, which are in some cases beyond Kenmare's control, actual results or performance may differ materially from those expressed or implied by such forward-looking information.