

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

12 July 2017

Q2 & H1 2017 Production Report

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 and half year ending 30 June 2017.

Statement from Michael Carvill, Managing Director:

“Kenmare has delivered strong production in H1 2017, with all production metrics up substantially over the prior year’s equivalent, supporting guidance for 2017. Good progress is being made to increase the production of primary zircon and the average quality of these products. These improvements drive increased margins for the business, which is also benefitting from substantially higher average received prices in comparison to 2016.”

Overview

- Heavy Mineral Concentrate ("HMC") production increased by 8% to 359,200 tonnes (Q2 2016: 331,300 tonnes)
- Ilmenite production increased by 14% to 248,300 tonnes (Q2 2016: 217,900 tonnes)
- Primary zircon production increased by 18% to 12,900 tonnes (Q2 2016: 10,900 tonnes)
- Total shipments of finished products were down 10% to 279,600 tonnes, due to normal variations in shipping schedules (Q2 2016: 309,000 tonnes)
- Ilmenite and zircon prices increased in Q2 2017

Production

Production from the Moma Mine in Q2 & H1 2017 was as follows:

	Q2-2017 Tonnes	Q2-2016 % Change	Q1-2017 % Change	H1-2017 Tonnes	H1-2016 % Change
Excavated Ore *	8,976,000	22%	7%	17,383,000	20%
Grade*	4.46%	-9%	-8%	4.66%	1%
Production					
HMC	359,200	8%	2%	712,700	18%
Ilmenite	248,300	14%	-3%	504,800	25%
Zircon	19,200	14%	4%	37,700	32%
of which primary	12,900	18%	1%	25,700	33%
of which secondary	6,300	5%	11%	12,000	30%
Rutile	2,300	21%	5%	4,400	47%
Shipments	279,600	-10%	9%	535,700	21%

* Excavated Ore and grade prior to any floor losses.

In Q2 2017, Kenmare mined 8,976,000 tonnes of ore at an average grade of 4.46% and produced 359,200 tonnes of HMC. Finished product volumes for the period included 248,300 tonnes of ilmenite and 19,200 tonnes of zircon (including 6,300 tonnes of a lower grade secondary zircon product).

The tonnage of ore excavated was up 7% in comparison to Q1 2017, as mining reliability continued to improve and supplementary mining helped to sustain throughputs. As expected, grades reduced by 8% in Q2 2017 compared with Q1 2017, while HMC production rose 2%. Grades are forecast to be lower in H2 2017, though HMC production volumes are expected to be broadly maintained as improvements in operating times and supplementary mining operations will compensate for the grade decline.

Ilmenite production for the quarter was 248,300 tonnes, down 3% on Q1 2017, as a result of increased circuit maintenance and campaigns to retreat spillage stockpiles, but up 14% compared to Q2 2016, reflecting the operating time improvements seen over the past year.

Zircon production for the period increased 14% to 19,200 tonnes, with primary production increasing 18% and secondary production increasing 5% in comparison to Q2 2016. Increased outputs of higher grade primary products are a result of improving recoveries, with further increases expected in H2 2017.

Kenmare shipped 279,600 tonnes of finished products in Q2 2017, comprising 250,000 tonnes of ilmenite, 26,600 tonnes of zircon (including 9,400 tonnes of secondary grade zircon) and 3,000 tonnes of rutile. The decline versus the 309,000 tonnes in Q2 2016 was due to normal shipping schedule variations. Shipping capacity will be reduced in Q3 2017, as one of the Company's two transshipment barges is currently undergoing maintenance required every five years to comply with marine classification regulations. The vessel is expected to return to service in Q3, with no impact on shipping volumes for the year.

Closing stock of HMC at the end of Q2 2017 was 59,300 tonnes, compared with 22,100 tonnes at the beginning of the quarter. Closing stock of intermediate magnetic concentrate at the end of the period was 61,500 tonnes. Closing stock of finished products at the end of Q2 2017 was 202,500 tonnes, of which 49,300 tonnes were being held for a customer and which have been paid for.

Market

Following a solid Q1 2017, Kenmare's ilmenite sales volumes were maintained in Q2 2017 at an increased average price per tonne. Kenmare has agreed further price increases for contracted volumes in H2 2017 in comparison to H1 2017, though there has been a recent drop in domestic Chinese spot prices.

Increased pigment production volumes and rising ilmenite prices have led some pigment producers to increase feedstock inventories, to offset further price increases and ensure supply. Higher ilmenite prices have also incentivised additional supply, as noted in Kenmare's Q1 2017 Production Update. This is partially attributable to stockpiles of low quality ilmenite and concentrates entering the market, which are not expected to be a source of long term supply. These factors, in combination with seasonally weaker Chinese pigment demand have resulted in weaker Chinese offtake of ilmenite in recent weeks, as customers take a more cautious approach to buying.

The outlook for zircon continues to improve as supply constraints become more evident and demand continues to recover. Kenmare has successfully implemented price increases for Q3 2017 zircon shipments in line with the general movement in the market, following more modest increases achieved in H1 2017.

The Company's half-yearly results in respect of the six months ended 30 June 2017 will be issued on 22 August 2017.

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