H1 2018 Results Presentation

20th August 2018

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H1 2018 - Continued growth & operational development

Results

- Revenue US$140m ↑ 37%
- EBITDA US$47.5m ↑ 59%
- Profit US$26.4m ↑ 181%

Mine Optimisation Progress

- Progressing with capitally efficient development projects
- Wet Concentrator Plant B (WCP B) upgrade is in commissioning and progressing well
- The high-grade WCP C Dredge Mining Project now approved

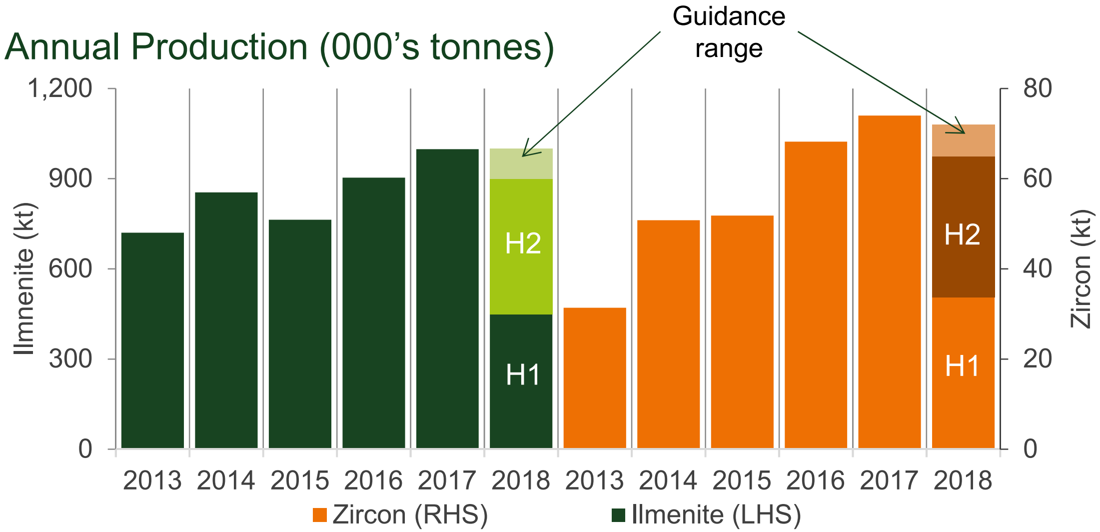
Market Conditions

- Ilmenite prices (FOB) up 11% in H1 2018 vs H1 2017
- Standard zircon prices (FOB) up 40% in H1 2018 vs H1 2017

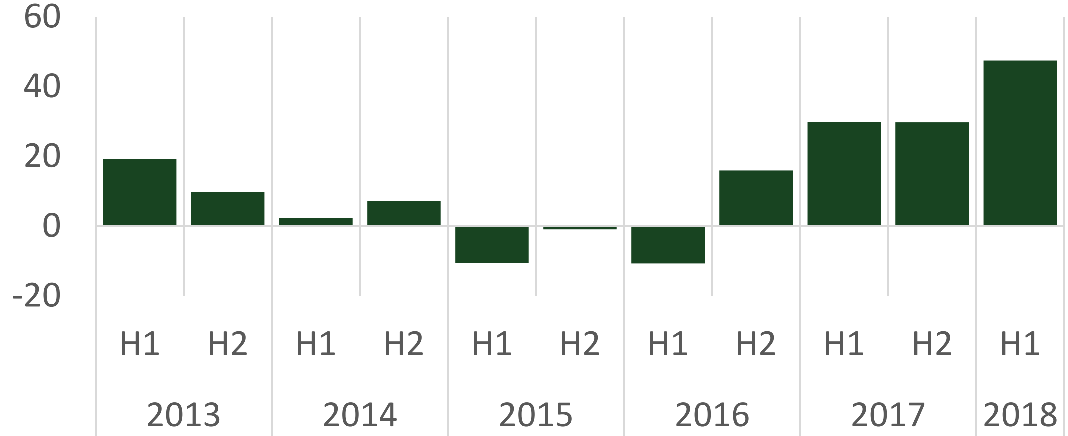
H1 2018 - Operating overview

- FY 2018 production expected to be in line with guidance
- FY 2018 production weighted to H2, due to lower available mining capacity in H1
- Higher cash costs of US$152/tonne reflect lower production volumes in H1 2018, but are expected to fall with increased in production in H2 2018
- US$17.7m improvement in EBITDA to US$47.5m driven by large increase in revenue, a result of a uplift in pricing and record shipment volumes
- EBITDA margin up from 29% in H1 2017 to 34% in H2 2018

Annual Production (000's tonnes)



EBITDA (US$ millions)



Progressing capitally efficient development projects

Additional mining capacity required to sustain production levels at around 1Mt ilmenite per annum, to offset declining grades as the Namalope zone progresses toward end of mine life:

- WCP B Upgrade - Estimated DFS cost: <US$16 million
  - 20% capacity addition, increasing WCP B production from 2,000tph to 2,400tph
  - Project in commissioning
  - Currently on time and under budget

- WCP C Dredge Mining Project - Estimated DFS cost: <US$45 million
  - Located in a high-grade area of the Namalope orebody and inaccessible to existing dredge operations
  - 10 year life of mine, close to the MSP, at a mining rate of 500tph
  - Expect to complete construction by end-2019 and generate an IRR >30%
  - DFS completed recently and now approved

Additional revenue stream captured to enhance margins:

- Monazite concentrate project - Estimated DFS cost: US$6 million
  - High-return project delivering additional concentrate product tonnes
  - Incremental revenues at low operating costs
  - Feasibility studies completed in 2017, board approved and currently in construction

H1 2018 Financial Results

Significantly improved H1 2018 financial performance

Revenue	Sales price[1]	Cash costs[2]
▲37%	▲20%	▲ 16%
H1 2018: US$140m	**H1 2018: US$223/t (FOB)**	**H1 2018:US$152/t**
H1 2017: US$102m	H1 2017: US$186/t (FOB)	H1 2017: US$131/t

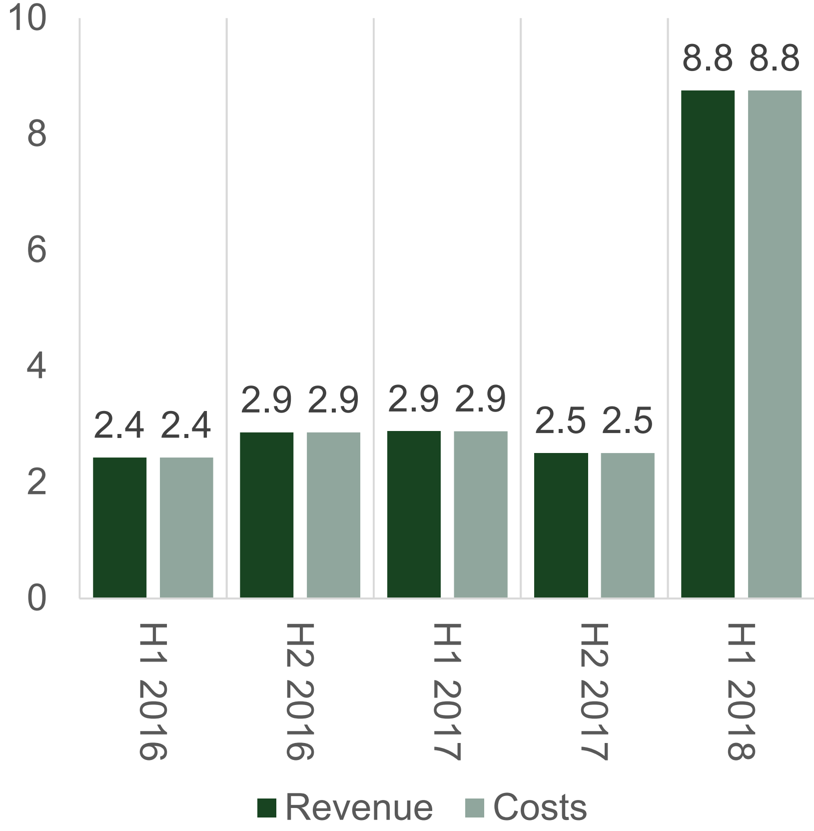
EBITDA	Profit After Tax	Net Debt
▲ 59%	▲ 181%	▼US$24.8m
H1 2018: US$47.5m	**H1 2018: US$26.4m**	**30/06/18: US$9.3m**
H1 2017: US$29.8m	H1 2017: US$9.4m	31/12/17: US$34.1m

1. Weighted average sales price per tonne of product sold
2. Total cash cost per tonne of finished product

Freight costs

- Shipments on CIF/CFR basis, rather than FOB, requires freight to be factored into the sales price
- Freight affects revenues and costs equally
- Freight costs in H1 2018 increased to US$8.8m (H1 2017: US$2.9m) reflecting:
  - Kenmare's decision to increase direct marketing in China - saving agent commissions and strengthening customer relationships
  - Higher average freight rates in the period
- Revenue less freight costs (CIF/CFR[1]) in H1 2018 amounted to US$131.3m (H1 2017: US$99.5m), which represents the equivalent of FOB[2] sales value

Half-yearly freight costs (US$m)



Note 1: Cost, Insurance and Freight (CIF) or Cost and Freight (CFR) basis amounts invoiced to customers in respect of shipping and handling are classed as sales revenue where the Group is responsible for shipping and handling. All shipping and handling costs incurred by the Group are recognised as Other Operating Costs.

Note 2: Free on Board (FOB) sales the customer is responsible for the cost of shipping and handling. If the Group is acting solely as an agent for a customer in respect of shipping and handling, amounts billed to customers for shipping and handling are offset against the relevant costs.

H1 2018 Income Statement review

	H1 2018 US$ million	H1 2017 US$ million
Revenue	140.1	102.4
Cost of sales & Other Operating Costs	(108.6)	(87.4)
Operating profit	31.5	15.0
Net finance costs	(3.1)	(3.4)
Foreign exchange gain/(loss)	0.4	(1.8)
Profit before tax	28.8	9.8
Tax expense	(2.4)	(0.5)
Profit after tax	26.4	9.4

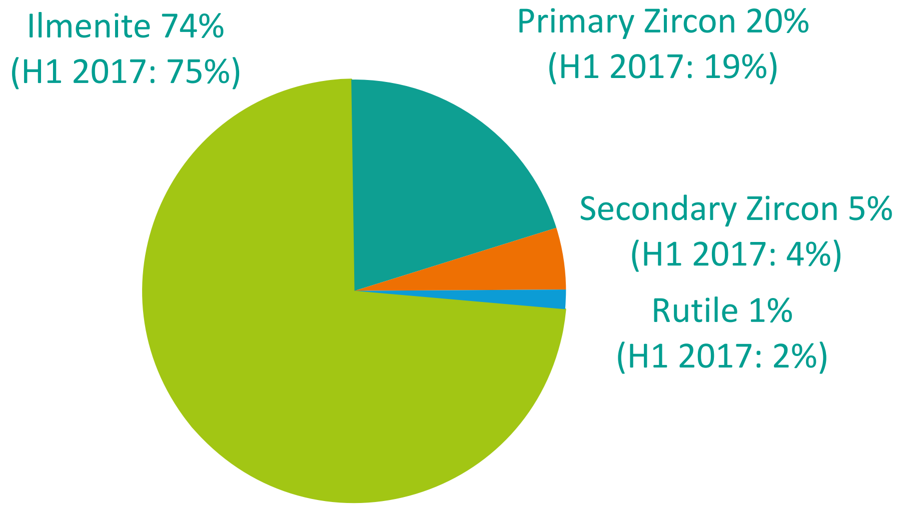
EBITDA increased to US$47.5m (up US$17.7m)

- Revenues increased 37% due to a combination of higher volumes (+10%) and prices (FOB) (+20%)
- CoS and OOC up in H1 2018, primarily due to increased sales volumes, product stock drawdown and freight costs
- Operating profit margin of 22.5% - an increase of 53% on H1 2017
- Net finance costs lower due to lower debt balance following repayment of US$9.5m in February 2018
- Tax expense increasing, reflecting increased profitability
- Net profit margin of 18.8% - an increase of 104% on H1 2017

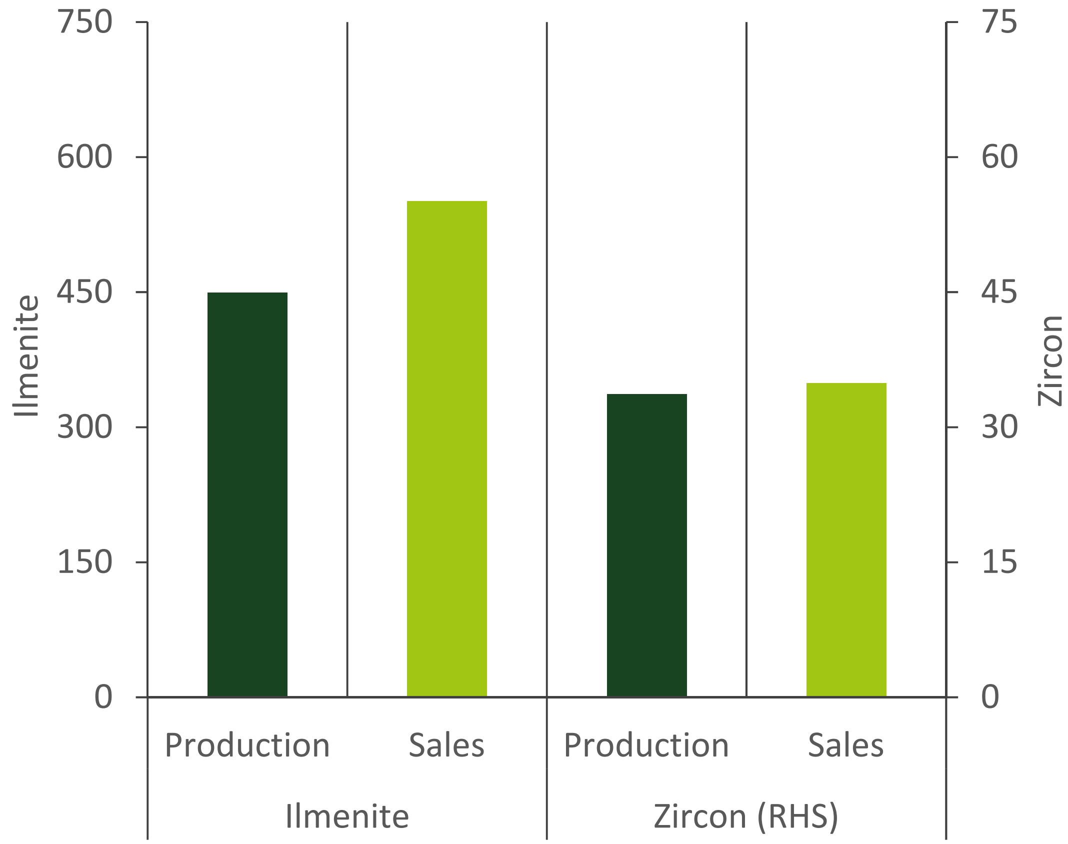
H1 2018 revenue review

- Total revenue up 37% on H1 2017 to US$140.1m
- Sales volumes up 10% to 589,200 tonnes - a new record
- 2018 sales volumes weighted to H1 2018 as strong ilmenite demand led to a drawdown of finished product inventories by 102kt
- Increased ilmenite sales volumes reduced H1 sales mix contribution, not expected to continue in H2 2018

H1 2018 Revenue contribution by product (%)



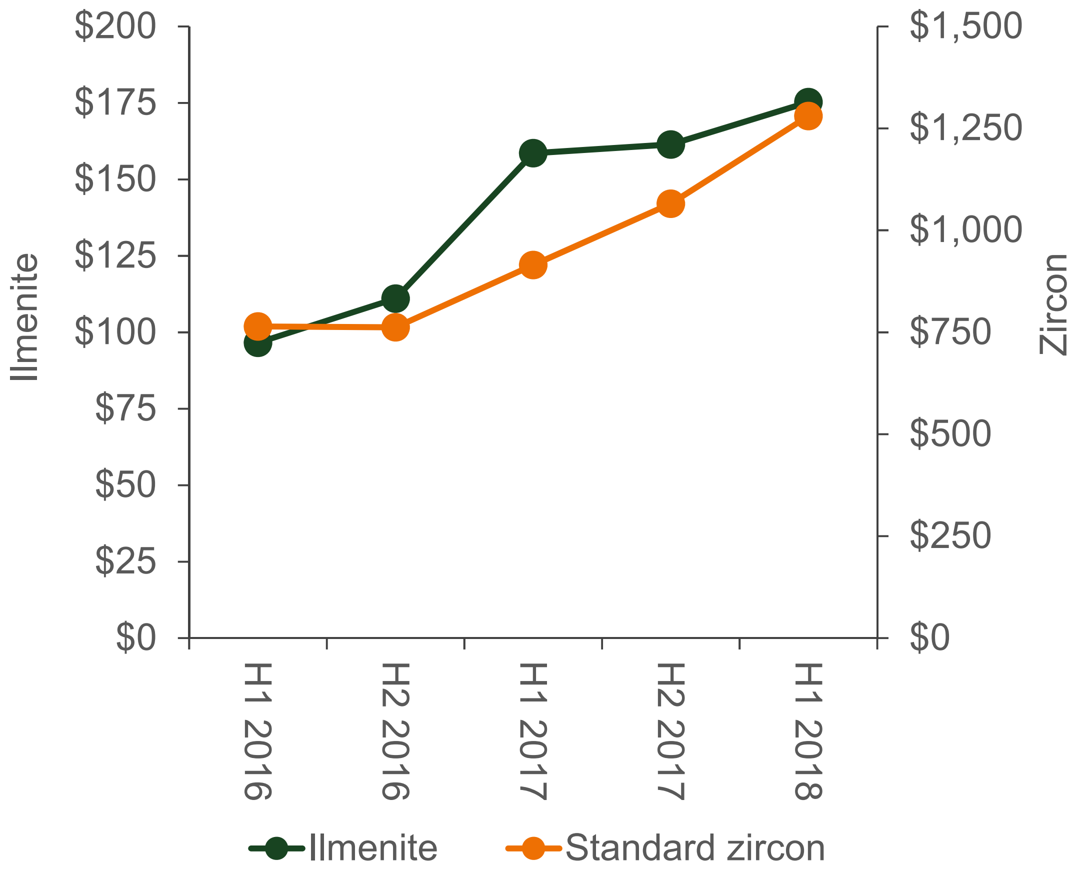
H1 2018 production/sales (000's tonnes)



H1 2018 achieved pricing

- H1 2018 average FOB prices for all products shipped up 20% to US$223/t from US$186/t in H1 2017
- Annual price increases for all products
  - Ilmenite prices up 11% vs H1 2017
  - Standard zircon prices up 40% vs H1 2017
    - Other zircon products tracking reference price increases

Half-yearly Pricing Movement US$/t (FOB)[1]



[1] *Free On Board (FOB) – received prices excluding shipping costs*

H1 2018 cash operating costs reconciliation

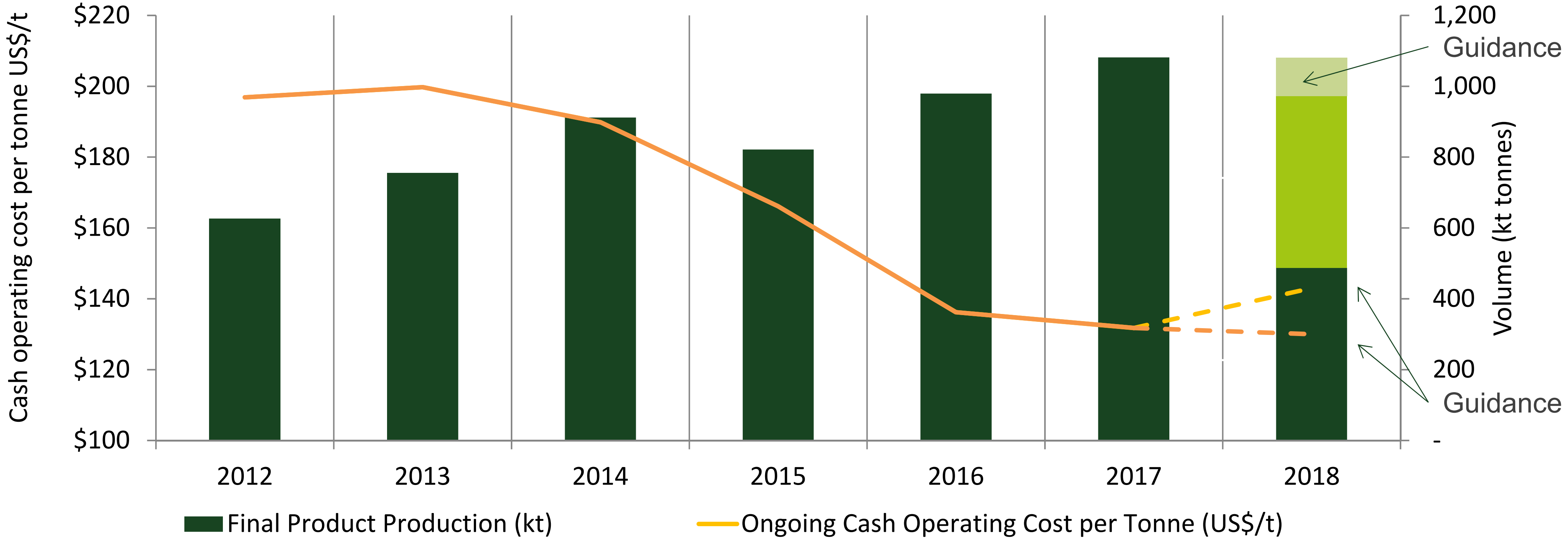
Analysis reconciles Income Statement to cash operating cost to run business.

		H1 2018 US$ million	H1 2017 US$ million
Cost of Sales		92.5	73.4
Other Operating Costs		16.1	14.0
Freight (CIF/CFR)		(8.8)	(2.9)
Total costs less freight		99.8	84.5
Depreciation		(16.0)	(14.8)
Share-based payments		(0.6)	(0.4)
Product stock movements		(8.9)	2.1
Adjusted cash operating costs	**4%**	74.3	71.4
Finished Product Production	**(11%)**	487,300	546,900
Total cash cost per tonne	**16%**	$152	$131

- Higher adjusted cash operating costs in H1 2018, principally payroll (increased rates and stronger Metical), maintenance (incl. major crane repair), increased cost of power (grid cost and more use of generators) and increased fuel prices.
- Actively managing business to minimise costs.
- Unit cash operating costs increased 16% in H1 2018 principally as a result of lower production. This will improve on the basis of higher expected production in H2.

Total cost per tonne of finished product is an all in cost including all company G&A.

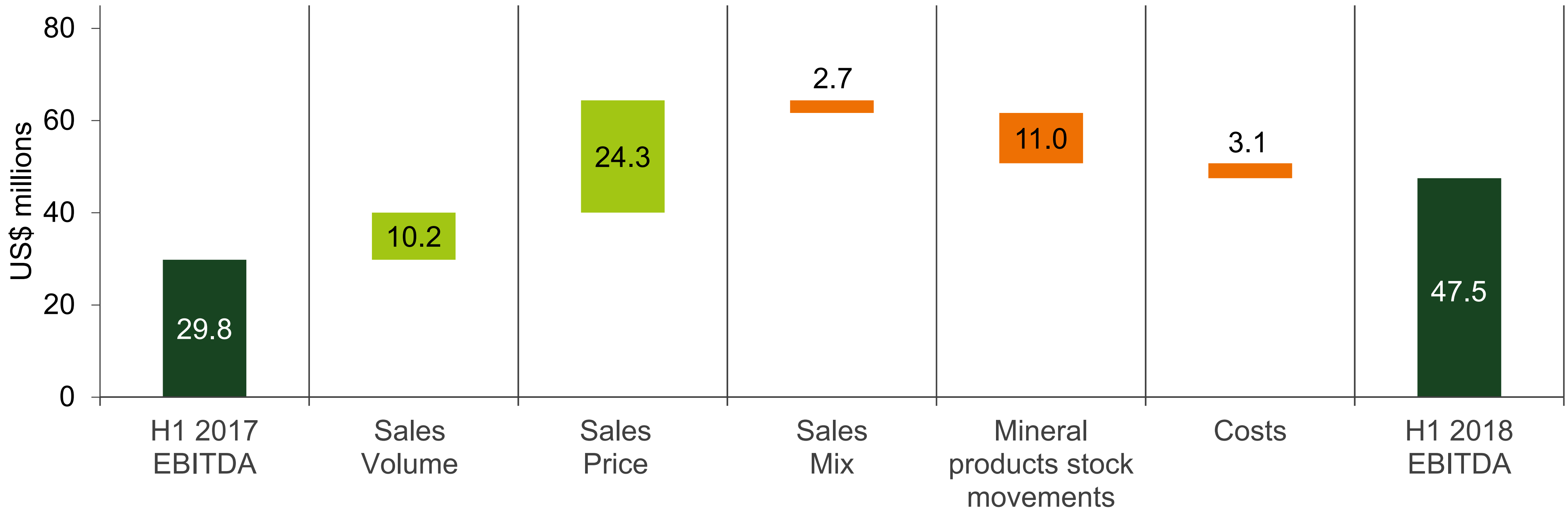
Cash operating costs



- Strong trend of reducing cost/tonne since 2013, but cash operating cost/tonne up 16% to US$152/t in H1 2018
- Production forecast to increase in H2 2018, thus reducing cost/tonne
- H2 costs exposed to some factors outside Company's control, incl. exchange rates, power and fuel prices
- H2 costs also subject to additional cost of running Aggreko generator sets until grid power improves
- Management are actively managing business to minimise costs whilst maintaining production guidance

Total cash operating costs include all mine production, transhipment, sales and distribution, taxes, royalties, and corporate costs.

EBITDA bridge H1 2017 – H1 2018



- EBITDA benefitted significantly from higher achieved prices and increased sales volumes
- Graph is shown net of freight
- Sales mix reflects higher proportion of ilmenite sales, with lower EBITDA contribution than zircon
- Significant product stock drawdown in H1, not expected to continue
- Operating costs increased by 4% vs H1 2017

Capital costs

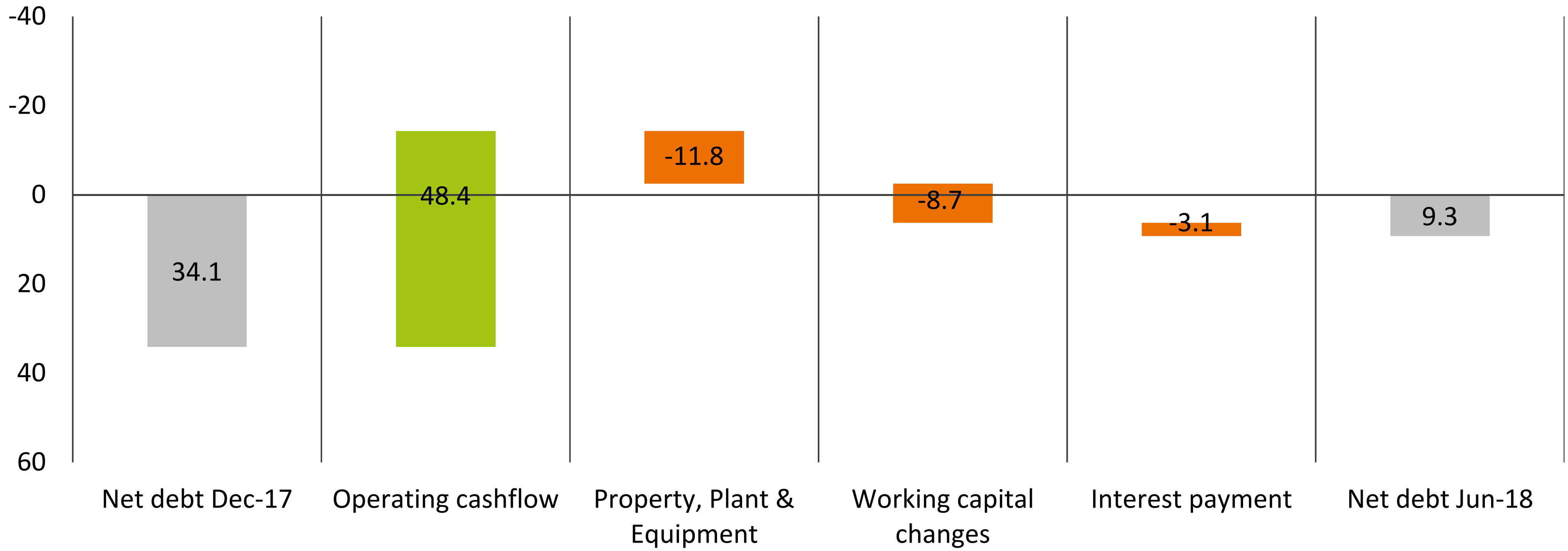
- Sustaining capital
  - H1 2018 sustaining capital US$8.0m (2017:US$9.0m)
  - Full year guidance US$22m maintained
  - Main areas of spend on dry mining A & B upgrade and heavy mobile equipment
- Development capital
  - H1 2018 development capital US$5.4m (2017:US$0.5m)
  - Previous full year guidance US$19m, comprising:
    - WCP B upgrade to 2,400 tph US$10m (total project cost guidance US$16m) - commissioning in progress
    - Monazite project US$6m - construction in progress
    - Mine development feasibility studies US$3m
  - WCP C Dredge Mining Project now approved
    - Capital cost US$45m, to be spent over H2 2018 and 2019
    - 2018 capital spend to be confirmed in Capital Markets Day in October

Balance Sheet review

	30-Jun-2018 US$ million	31-Dec-2017 US$ million
Property, plant & equipment	789.6	793.6
Inventories	44.5	52.7
Trade & other receivables	39.6	25.4
Deferred tax asset	1.8	4.2
Cash	84.0	68.8
Total assets	959.5	944.7
Equity & reserves	823.2	796.2
Bank loans	93.3	102.9
Creditors & provisions	43.0	45.6
Total equity & liabilities	959.5	944.7

- Mineral inventories (↓US$8.9m) of US$22.0m (Dec-17: US$30.9m), reflecting drawdown of stock in H1 2018
- Trade & other receivables (↑ US$14.2m) up as a result of higher shipments & prices in the period and timing of shipments
- Tax losses were utilised in period reducing the deferred tax asset
- Cash balance increased in line with increased sales and profitability in the period
- Bank loans reduced to US$93m after the first repayment of principal in Feb-18

H1 2018 net debt reductions



- Net debt reduced by US$24.8 million in H1 2018
- Working capital increase of US$8.7 million principally as a result of increased trade receivables
- Capital spend of US$11.8m in H1 2018 comprises US$7.8m sustaining capital and US$4.0m development capital

Outlook

TiO_2 feedstock review

Titanium Feedstocks

- Average received ilmenite prices (FOB) increased ~11% from H1 2017 to H1 2018
- Strong demand for ilmenite in H1 2018, leading to a draw down of Kenmare's inventories
- Chloride pigment sector in China is growing and requires good quality ilmenite to beneficiate, which is positive for Kenmare

Zircon

- Average received standard grade zircon prices (FOB) increased ~40% from H1 2017 to H1 2018
- Reduced global zircon supply outlook due to orebody depletion at a number of mines
- Sufficient supply response is unlikely in the short term

Outlook

- Additional ilmenite supply from China and ilmenite concentrates from Africa has led to some softening of prices
- Further zircon price increases are being implemented in Q3 2018, in line with the prevailing movement in the market
- Continued price increases may lead to some thrifting and substitution of zircon

Building on our strategy

Strategy	2017	H1 2018
Growth ➢ Low capital intensity growth to fully utilise existing installed facilities.	➢ Pilivili Pre-Feasibility Studies	➢ WCP B project commissioning ➢ Continuing studies for further brownfield mining development ➢ WCP C Dredge Mining Project DFS completed
Optimisation ➢ Focus on margin expansion through cost reductions or increased revenue streams.	➢ Achieved unit cost savings of 3% ➢ PFS for Monazite project	➢ Monazite project commenced ➢ Benefits from new procurement team & systems
Robust balance sheet ➢ Strength and flexibility remain core, currently conceived projects to be funded from internally generated cashflows.	➢ Reduced net debt to US$34.1m	➢ Debt repayments started in Feb 2018 ➢ Further decline in net debt during H1 2018

Appendices

2018 guidance (provided 11 January 2018)

		2017 Actuals	2018 Guidance
Production			
Ilmenite	tonnes	998,200	900,000-1,000,000
Zircon	tonnes	74,000	65,000-72,000
of which primary	tonnes	48,600	42,000-46,000
of which secondary	tonnes	25,400	23,000-25,000
Rutile	tonnes	9,100	7,000-8,000
Costs			
Total cash operating costs	US$m	142	133-147
Cash costs per tonne of finished product	US$/t	132	130-143

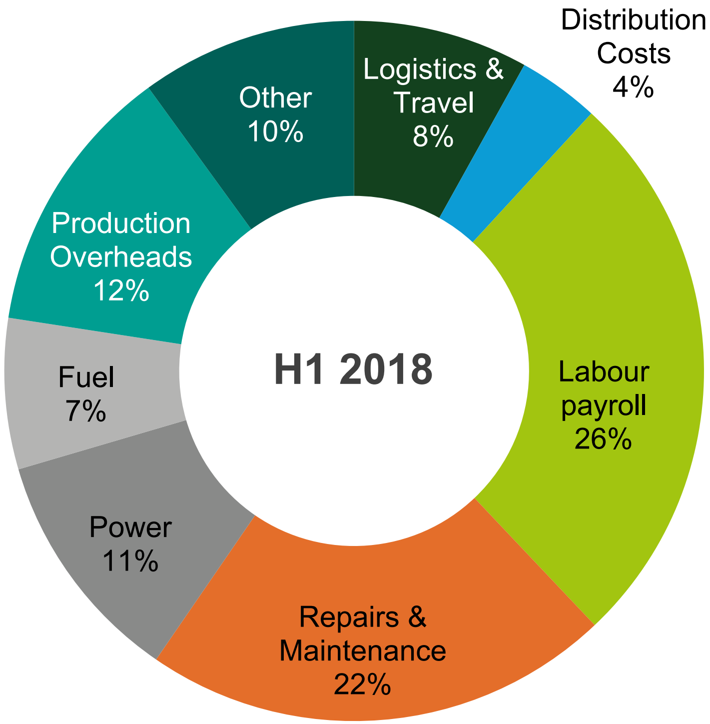
- Development capital US$19 million (excluding WCP C Dredge Mining Project) approved for growth projects & studies in 2018.
- 2018 development capital guidance to be updated at the Capital Markets Day in October.
- Sustaining capital costs in 2018 are expected to be approximately US$22 million.

Adjusted Cash Operating Costs

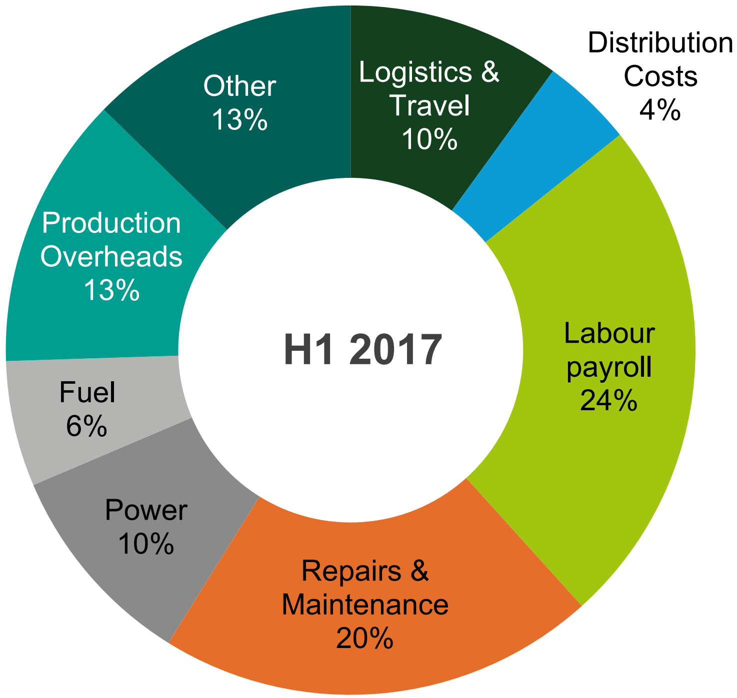
	H1 2018 US$M	H1 2017 US$M	Change US$M	YoY %
Labour payroll	19.4	17.2	2.2	13%
Repairs & Maintenance	16.1	14.7	1.4	10%
Power	8.1	7.0	1.1	16%
Fuel	5.2	4.2	1.0	24%
Production Overheads	9.3	9.1	0.2	2%
Distribution Costs	3.2	3.1	0.1	3%
Logistics & Travel	6.0	7.1	(1.1)	-15%
Other	7.0	9.0	(2.0)	-22%
	74.3	71.4	2.9	4%

- Labour costs up 13% mainly due to stronger Moz. Metical to USD by 12% and pay rate increases effective 1 July 2017
- Repairs & maintenance costs up 10% contributed to by increased servicing vehicles & heavy mobiles (in part relating to additional dry mining equipment) and uneven nature of certain maintenance costs, e.g. major crane repair.
- Electricity costs up 16% mainly due to use of Aggreko generators for additional month (compared with H1 2017) because of grid power volatility and due to grid power price increase by EdM
- Fuel costs up 24% mainly due to 17% increase in diesel prices and increased usage by enhanced dry mining operations
- Other operating costs decreased primarily due to arbitration costs incurred in H1 2017 on closeout of a contractor dispute.

H1 2018 Cash Operating Costs



H1 2018 total: US$74.3m



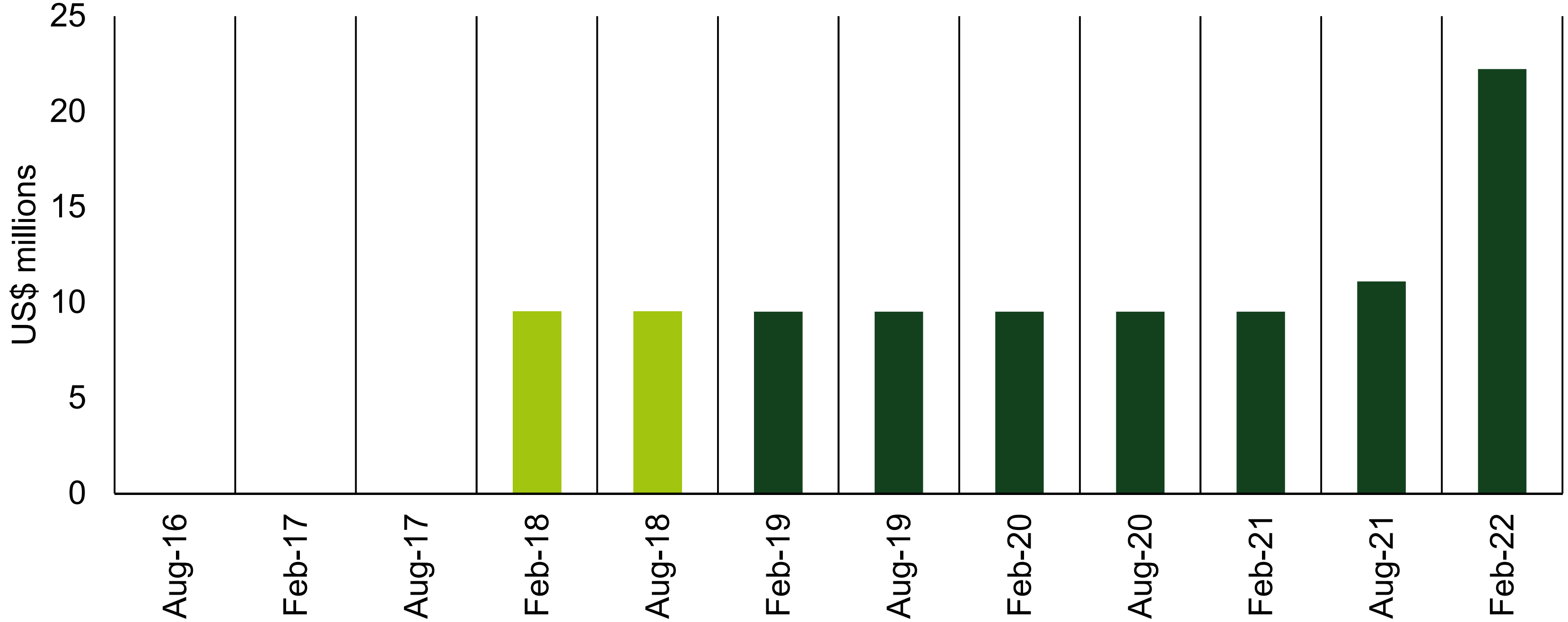
H1 2017 total: US$71.4m

Group Lenders at 30 June 2018

Lender	Currency	Loan balance
AfDB	US$000's	3,544
Absa	US$000's	12,183
EAIF	US$000's	17,169
EIB	US$000's	43,739
FMO	US$000's	14,325
KfW IPEX-Bank (Hermes)	US$000's	1,076
KfW IPEX-Bank (MIGA)	US$000's	1,242
Total Group Loans	US$000's	93,278

- US$9.5m principal and US$3.2m interest paid 1st February 2018
- Post reporting period end US$9.5m principal and US$3.1m interest paid 1st August 2018

Debt repayment profile excluding cash sweep



- First principal repayment made at the beginning of February 2018
- All debt USD denominated