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

20 August 2019

Half-yearly results for the six months to 30 June 2019 and maiden dividend

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, today announces its half year results for the six month period ended 30 June 2019 ("H1 2019") and declares its maiden dividend.

Statement from Michael Carvill, Managing Director:

"I'm proud to declare our maiden dividend of USc2.66 per share, following the announcement of our dividend policy in 2018. Now is the appropriate time to begin making shareholder returns due to our balance sheet strength, improving free cash flow profile and long-life resources.

Operationally, we continue to deliver robust results. Excavated ore volumes in H1 2019 set a new record and we are on track to achieve our full year guidance on all stated metrics. We also expect strong shipping volumes in the second half of the year, which, combined with positive pricing dynamics, are expected to boost revenues and profitability. We have already seen ilmenite price increases in Q3 2019 and markets are expected to remain tight, with positive long-term fundamentals.

Our development programme is progressing on schedule, with the objective of increasing production to 1.2 million tonnes per annum of ilmenite from 2021 at reduced cash operating costs per tonne. We look forward to providing shareholders with a compelling combination of growth and returns."

H1 2019 overview

Operations

- Continued strong safety performance with a lost time injury frequency rate ("LTIFR") of 0.12 per 200,000 man-hours worked in H1 2019 (H1 2018: 0.30)
- Kenmare is on track to achieve its full year ("FY") 2019 guidance on all stated metrics
- Despite an 18% increase in tonnes of excavated ore, Heavy Mineral Concentrate ("HMC") production decreased by 8% to 633,400 tonnes in H1 2019 (H1 2018: 688,900 tonnes), due to planned mining of lower ore grades, with grades expected to improve in H2 2019
- 2% increase in ilmenite production to 458,200 tonnes (H1 2018: 449,500 tonnes) and marginal increase in primary zircon production to 23,100 tonnes (H1 2018: 23,000 tonnes) primarily due to stronger recoveries
- 82% increase in concentrates production to 19,500 tonnes (H1 2018: 10,700 tonnes), benefitting from the introduction of a mineral sands concentrate product
- 18% decrease in total shipments of finished products to 483,500 tonnes (H1 2018: 589,200 tonnes) due primarily to adverse weather conditions – FY 2019 total shipment volumes are expected to be in line with 2018 as there is capacity in the shipping schedule in H2 2019 to ship additional volumes
- Dredge and accompanying Wet Concentrator Plant ("WCP") C progressing on time and on budget for commissioning to commence in Q4 2019
- Project execution has commenced for the relocation of WCP B to Pilivili, following successful completion of a Definitive Feasibility Study ("DFS") and Board approval

Financials and markets

- Maiden dividend of USc2.66 per share
- 7% increase in average received free on board ("FOB") prices to US$239 per tonne in H1 2019 compared to H1 2018, reflecting stronger market conditions
- Total cash operating costs of US$152 per tonne, in line with H1 2018 and within the FY 2019 guidance range of US$150-160 per tonne
- 12% decrease in revenues to US$122.7 million in H1 2019 (H1 2018: US$140.1 million) due to an 18% reduction in finished product shipments, partially offset by 7% higher average FOB prices – revenues are expected to strengthen in H2 2019 as shipping volumes increase
- 11% decrease in EBITDA to US$42.8 million (H1 2018: US$48.2 million) and 20% decrease in profit before tax to US$22.8 million (H1 2018: US$28.8 million), due primarily to lower shipping volumes
- 17% decrease in net profit after tax to US$21.9 million (H1 2018: US$26.4 million)
- At the end of H1 2019 Kenmare had a net cash position of US$3.5 million (31 December 2018: US$13.5 million net cash)
- Market conditions for ilmenite strengthened in H1 2019, with markets expected to remain tight, supporting higher prices in H2 2019
- Zircon market remained stable in H1 2019 but is expected to be subdued in H2 2019, while long-term fundamentals remain strong due to supply constraints

Results conference call & presentation

The Company will host a briefing and a conference call for analysts, investors and media today at 9:00am UK time. The briefing will be held at the Capital Room, Threadneedles Hotel, 5 Threadneedle Street, London, EC2R 8AY, UK and participant dial-in numbers for the conference call are as follows (a pin code is not required to access the call):

UK:	+44 203 194 0544
Ireland:	+353 1 696 8182

The webcast will be available at www.kenmareresources.com and playback of the webcast will be available at: www.kenmareresources.com/investors/reports-and-presentations.

The Half Yearly Financial Report for the period ended 30 June 2019 is also available at www.kenmareresources.com/investors/reports-and-presentations.

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About Kenmare Resources

Kenmare Resources plc is one of the world's largest producers of mineral sands products. Listed on the London Stock Exchange and the Euronext Dublin, Kenmare operates the Moma Titanium Minerals Mine in Mozambique. Moma's production accounts for approximately 7% of global titanium feedstocks. The Company supplies

customers operating in more than 15 countries. Kenmare produces raw materials that are ultimately consumed in everyday “quality-of life” items such as paints, plastics and ceramic tiles.

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.

INTERIM MANAGEMENT REPORT

Group Results

Production, revenue, cost, EBITDA and profit after tax results for H1 2019 were as follows:

	H1 2019	**H1 2018**	**% Change**
Production (tonnes)			
Heavy mineral concentrate[1]	633,400	688,900	-8%
Ilmenite[1]	458,200	449,500	2%
Primary zircon[1]	23,100	23,000	0%
Rutile[1]	4,400	4,100	7%
Concentrates[1,2]	19,500	10,700	82%
Total finished products[1]	505,200	487,300	4%
Revenue (US$ million)	122.7	140.1	-12%
Freight (US$ million)	7.3	8.8	-17%
Revenue FOB (US$ million)[1]	115.4	131.3	-12%
Finished products shipped (tonnes)[1]	483,500	589,200	-18%
Average price (FOB) per tonne (US$/t)	239	223	7%
Total operating costs (US$ million)[3]	96.6	107.9	-10%
Total cash operating costs (US$ million)[4]	76.9	73.6	4%
Cash operating cost per tonne of finished product (US$/t)[1]	152	151	0%
Cash operating cost per tonne of ilmenite (net of co-products) (US$/t)[1]	78	88	-11%
EBITDA (US$ million)[1]	42.8	48.2	-11%
Profit before tax	22.8	28.8	-21%

Notes

1. Additional information in relation to Alternative Performance Measures (“APMs”) is disclosed in the Glossary.
2. Concentrates includes secondary zircon and mineral sands concentrate.
3. Total operating costs consists of cost of sales and other operating costs as reported in the income statement. Included in operating costs are depreciation and amortisation.
4. Total cash costs consists of total operating costs less freight and non-cash costs, including inventory movements.

Operations

Kenmare continued its strong safety performance in H1 2019, with a LTIFR of 0.12 per 200,000 man-hours worked to 30 June 2019 (H1 2018: 0.30). Two lost time injuries were recorded during H1 2019 and Kenmare is focused on improving its safety performance further, with new initiatives, including the Golden Rules of Safety, introduced in the period.

During H1 2019, Kenmare set a new record for excavated ore volumes, mining 19.2 million tonnes at an average grade of 3.56% and producing 633,400 tonnes of HMC. Although excavated ore tonnes increased 18% during the period (H1 2018: 16.2 million tonnes), HMC production decreased by 8% compared to H1 2018 (688,900 tonnes), due to planned mining of lower ore grades (H1 2018: 4.60%). Q2 2019 was forecast to be the lowest grade quarter of the year and consequently higher grades are anticipated for the remainder of the year.

The increase in excavated ore during H1 2019 was due primarily to the ramp up of production from WCP B, following a 20% capacity upgrade in 2018 and further optimisation work undertaken during Q2 2019. Production from WCP B averaged 2,500 tonnes per hour ("tph") in June 2019, in excess of the targeted nameplate capacity of 2,400 tph. A further increase in excavated ore volumes is expected in H2 2019, due to higher average WCP B throughput and Projecto Oitenta.

Despite the lower HMC production during H1 2019, ilmenite production increased by 2% to 458,200 tonnes during the period (H1 2018: 449,500 tonnes), primarily as a result of higher recoveries.

Primary zircon production was marginally higher than in the corresponding period in 2018 at 23,100 tonnes (H1 2018: 23,000 tonnes) and rutile production increased by 7% to 4,400 tonnes (H1 2018: 4,100 tonnes).

Concentrates production was 19,500 tonnes during H1 2019, representing an increase of 82% compared to the corresponding period in 2018 (H1 2018: 10,700 tonnes). This increase was largely due to the introduction of a mineral sands concentrate product, following the successful commissioning of this product stream in Q4 2018. The first mineral sands concentrate shipment was despatched from Moma during Q2 2019.

Kenmare shipped 483,500 tonnes of finished products during the period, which represents an 18% decrease compared to H1 2018 (589,200 tonnes) and comprised 438,500 tonnes of ilmenite, 24,300 tonnes of primary zircon, 4,200 tonnes of rutile and 16,500 tonnes of concentrates. Q1 2019 shipments were significantly impacted by adverse weather conditions, including Cyclone Idai, and unscheduled maintenance work on the product dispatch conveyor. In Q2 2019, shipments increased by 74% compared to Q1 2019, despite further adverse weather and continued poor sea conditions. The Company expects shipments to increase further in Q3 2019, despite the third quarter typically being seasonally weaker, and management remains confident that total shipping volumes in 2019 will be in line with 2018 volumes.

Closing stock of HMC at the end of H1 2019 was 25,600 tonnes, compared with 19,600 tonnes at the end of 2018. Closing stock of finished products at the end of H1 2019 was 222,200 tonnes (2018: 200,000 tonnes).

Capital projects

Kenmare previously announced three development projects that together have the objective of increasing ilmenite production by approximately 20% to 1.2 million tonnes (plus co-products) per annum on a sustainable basis from 2021.

By the end of 2018 the first development project, a 20% expansion of WCP B, was commissioned, on time and at a cost more than 35% below budget. Further optimisation work was completed on WCP B during H1 2019, including feed distribution improvements and as a result, in combination with favourable mining conditions, WCP B exceeded targeted nameplate capacity in June 2019. Other factors that contributed to higher throughput were the commissioning of the dredge automation project at WCP B during Q2 2019, as planned, and continued utilisation improvements as a result of Projecto Oitenta, which is focused on increasing mine utilisation from 70% to 80%.

The second development project, the construction of WCP C and its accompanying dredge, continues to progress on time and on budget, with commissioning scheduled to commence in Q4 2019. The dredge was launched at the shipbuilder's yard in the Netherlands in May 2019 and it is due to be dismantled in late August 2019, before being shipped to site in Mozambique. The construction of the WCP also remains on track, with the starter pond and construction site also in line with the project delivery timeline.

Following completion of a DFS, project execution commenced in June 2019 for the third development project. The DFS confirmed the technical and economic feasibility of the relocation of WCP B to the high grade Pilivili ore zone and it was subsequently approved by the Board. The contract for civil engineering work, including the construction of a purpose-built road, was awarded earlier in August 2019. The relocation of WCP B is scheduled to be completed in Q3 2020, with commissioning in Q4 2020.

For more information about relocation of WCP B to Pilivili, an announcement entitled, 'Results of DFS for Relocation of Wet Concentrator Plant B to Pilivili', dated 4 June 2019, is available at https://www.kenmareresources.com/investors/regulatory-news and the Investor Presentation June 2019 is available at https://www.kenmareresources.com/investors/reports-and-presentations. An animation outlining the

various stages of the move of WCP B from Namalope to Pilivili is available at https://www.kenmareresources.com/media/video-library.

Market

The ilmenite market was stable in Q1 2019 and strengthened in Q2 2019, leading to higher received prices during the first half of the year, compared to H2 2018. Pigment production was weaker in the first half as product inventories were consumed, although demand for ilmenite remained stable as pigment plants increased consumption relative to other more expensive feedstocks. Pigment production is expected to increase in H2 2019, as inventories have reduced, despite slower economic growth forecast.

Global ilmenite supply remained constrained due to the continued mining ban in India, the delayed renewal of export quotas in Vietnam, reduced production from depleting mines in Africa and Australia and no new supply or restarts of production forecast in the short term. Chinese domestic ilmenite production continued to be strong, buoyed by high iron ore prices and vanadium credits.

Chinese pigment production was also robust in H1 2019, with solid demand for imported ilmenite in the spot market. The shift towards chloride pigment in China became evident as two new chloride pigment lines were commissioned and these lines rely on imported titanium feedstocks.

The summer months are typically a quiet period for the titanium feedstocks market, but ilmenite demand has remained strong into the start of Q3 2019. Kenmare's received ilmenite prices increased in Q2 2019 and this trend has continued into Q3 2019, due to a heightened demand for use in chloride plants. The ilmenite market is expected to remain tight in H2 2019, due to robust demand and lower supply.

The zircon market was stable in H1 2019, following very strong market conditions in the first nine months of 2018, which led to more volume being introduced to the market in late 2018. Zircon demand has been slower than expected due to political tensions dampening sentiment in the global market and demand is expected to remain subdued for the remainder of the year. Long-term fundamentals for zircon remain positive, as significant mine depletion is anticipated in the coming years.

Financial

Kenmare delivered a robust financial performance in H1 2019, despite challenging weather conditions leading to lower total finished products shipped. The Company expects to deliver stronger revenues and increased profitability in H2 2019, as shipping volumes are expected to be second half weighted and higher ilmenite prices have been agreed for H2.

Revenues decreased by 12% to US$122.7 million in H1 2019 (H1 2018: US$140.1 million), due primarily to an 18% decrease in tonnes of finished products sold to 483,500 tonnes (H1 2018: 589,200 tonnes), partially offset by a 7% increase in the average FOB sales price. The decrease in finished products sold was due to the previously disclosed adverse weather conditions and unscheduled maintenance work.

Cost of sales decreased to US$79.6 million in H1 2019, compared to US$92.5 million in H1 2018, reflecting the lower finished product volumes sold in the period. Depreciation and amortisation included in cost of sales increased by US$0.6 million (H1 2018: US$1.2 million) in the period as a result of the increased investment in heavy mobile equipment in the last year

Other operating costs of freight, demurrage and distribution costs totalled US$13.3 million (H1 2018: US$13.8 million) in H1 2019. This 4% decrease was largely as a result of fewer shipments to customers on a cost, insurance and freight ("CIF") or cost and freight ("CFR") basis and higher demurrage costs incurred as a result of delays in shipments, due to poor sea conditions. Administration and marketing costs increased to US$2.8 million (H1 2018: US$1.0 million). The share-based payment cost in the period was US$0.9 million (H1 2018: US$0.6 million).

Total cash operating costs increased by 4% to US$76.9 million in H1 2019 (H1 2018: US$73.6 million), principally as a result of additional demurrage costs and an adjustment to the consumables spares stock. Payroll, maintenance and logistics costs decreased during the period, offset by higher fuel costs as a result of higher diesel prices.

The total cash operating cost of finished product was US$152 per tonne in H1 2019, in line with the same period

in 2018 (US$151 per tonne), due to the higher finished product production in H1 2019 offsetting the higher cash operating costs. The total cash operating cost for H1 2019 is within the FY 2019 guidance range of US$150-160 per tonne and Kenmare is targeting a further reduction in cash operating costs to US$120-130 per tonne (in 2018 real terms) from 2021.

The total cash operating cost of ilmenite (net of revenue from co-products) was US$78 per tonne in H1 2019, representing an 11% decrease compared to H1 2018. This decrease was due to higher co-product prices and marginally stronger ilmenite production in H1 2019.

Kenmare generated EBITDA of US$42.8 million in H1 2019 (H1 2018: US$48.2 million), representing an 11% decrease compared to H1 2018. The gross profit for the period was US$43.1 million (H1 2018: US$47.6 million) and the operating profit was US$26.1 million (H1 2018: US$32.2 million). The decrease in EBITDA and operating profit is primarily a result of reduced revenue in H1 2019. The Company expects stronger revenues in H2 2019 as shipping volumes increase.

Net finance costs decreased by 26% in H1 2019 to US$2.8 million (H1 2018: US$3.8 million), as a result of reduced debt and additional deposit interest earned in the period.

The Group reported a foreign exchange loss of US$0.5 million (H1 2018: US$0.4 million gain) on non-US Dollar payables net of a gain on non-US Dollar cash and bank balances.

A tax expense of US$0.9 million (H1 2018: US$2.4 million) was incurred in the period. This was a result of income tax of US$2.1 million (H1 2018: US$2.4 million) on the income of Kenmare Moma Mining (Mauritius) Limited net of a deferred tax asset recognised in Kenmare Resources plc of US$1.2 million (H1 2018: nil). This has resulted in a net profit after tax of US$21.9 million for the period (H1 2018: US$26.4 million).

During the period, additions to property, plant and equipment were US$24.8 million (H1 2018: US$13.4 million), reflecting spending on sustaining and development capital expenditure.

On transition to IFRS 16 Leases effective 1 January 2019, the Group recognised additional right-of-use assets presented in property, plant and equipment and lease liabilities of US$5.0 million for the head office lease and the electricity generator lease. The Maputo office lease was entered into in February 2019 and the Group recognised an additional right-of-use asset presented in property, plant and equipment and lease liability of US$0.4 million. The Group discounted lease payments at appropriate incremental borrowing rates. The weighted average rate applied is 7%. The Group has recognised depreciation of US$0.5 million and interest costs of US$0.2 million instead of operating lease expense during the six months ended 30 June 2019.

Depreciation during the period increased to US$16.7 million, compared to US$16.0 million in H1 2018, as a result of additions to property, plant and equipment. The Group carried out an impairment review of property, plant and equipment at the period end and the key assumptions of this review are set out in Note 5 of the Financial Statements. No impairment provision is required as a result of this review.

Inventory at the period end amounted to US$58.6 million (2018: US$53.9 million), consisting of intermediate and final mineral products of US$36.2 million (2018: US$31.0 million) and consumables and spares of US$22.4 million (2018: US$22.9 million). Closing stock of HMC at the end of H1 2019 was 25,600 tonnes (2018: 19,600 tonnes). Closing stock of finished products at the end of H1 2019 was 222,200 tonnes (2018: 200,000 tonnes).

Trade and other receivables amounted to US$46.6 million (2018: US$22.4 million), of which US$39.1 million (2018: US$17.4 million) were trade receivables from the sale of mineral products and US$7.5 million (2018: US$5.0 million) was comprised of prepayments to suppliers and insurance premia. The increase in trade receivables is due to the timing of shipments weighted to the period end.

Trade and other payables were US$27.3 million (2018: US$22.6 million), the increase from the prior periods principally due to an increase in the development capital spend in the period.

The increase in trade and other receivables (US$24.6 million) together with the investment in inventory (US$4.7 million) net of the decrease in trade and other payables (US$0.4 million) reduced cash flow from operations for the period by US$29.7 million (H1 2018: US$8.8 million).

On 1 February 2019, US$9.5 million of loan principal was repaid, resulting in bank loans of US$73.5 million (2018: US$83.5 million) at the end of the period. Cash and cash equivalents as at 30 June 2019 amounted to US$77.0 million (2018: US$97.0 million), resulting in a net cash position of US$3.5 million (2018: US$13.5 million).

Maiden dividend

In October 2018 Kenmare announced a dividend policy as part of its strategy to create and deliver shareholder value. The dividend policy is to return a minimum of 20% of profit after tax to shareholders per annum, subject to prevailing product market conditions, split in the approximate proportion of one-third to be paid as an interim dividend, two-thirds to be paid as a final dividend.

Today the Company announces its maiden dividend, in line with this policy. The Board has declared an interim dividend of USc2.66 per share based on the results for H1 2019, for a total distribution of approximately US$2.9 million. The Company proposes to pay the interim dividend on 25 October 2019 to shareholders of record at the close of business on 27 September 2019.

The dividend timetable is as follows:

Announcement of interim dividend	20 August 2019
Ex-Dividend Date	26 September 2019
Record Date	27 September 2019
Payment Date	25 October 2019

All dividends will be paid by cheque. The dividend will be subject to dividend withholding tax, although certain classes of shareholder may qualify for exemption. The Company does not offer a scrip dividend or any other dividend reinvestment plan. Shareholders can elect for the dividend to be payable in either pounds sterling, euros or United States dollars. The dividend will be converted to into pounds sterling or euros using the published foreign exchange rates from the Central Bank of Ireland on the Record Date.

Kenmare expects to pay approximately 20% of profit after tax per annum dividends in 2019 and 2020 due to the capital requirement for its three outlined development projects. Following completion of these development projects, the Company expects to be positioned to make higher capital returns from 2021.

Community

The Moma Mine has a mine life of over 100 years. Kenmare takes a long-term approach to its relationship with its host communities. The Kenmare Moma Development Association ("KMAD") continued to support local communities during the period through its economic, social and infrastructure projects.

In 2017 KMAD constructed the first technical school in the region, including classrooms, teachers' housing and a security post, and in 2018 KMAD funded vocational training courses on subjects including welding, mechanics and construction. In H1 2019 construction of phase two of the technical school was approaching completion, with KMAD constructing additional classrooms, additional teachers' housing, a library, a computer room and an administrative block.

KMAD also continued to work with Mozambican non-government organisation Facilidade to further improve primary education in the Moma Mine's host communities. A pilot programme undertaken in 2018 yielded encouraging results, so KMAD has committed to support the programme for three years. Construction has also commenced on a primary school in Cabula village.

Healthcare development is another of KMAD's focuses and in H1 2019 KMAD funded rehabilitation works for the Mititicoma health centre. These included repairing the roof, repainting the buildings and undertaking general maintenance works. A new ambulance has also been funded and it is expected to arrive during Q3 2019.

For regular updates on KMAD's community initiatives, please follow Kenmare on social media: Facebook (https://www.facebook.com/KenmareResourcesplc), LinkedIn (https://www.linkedin.com/company/kenmare-resources-plc) and Twitter (https://twitter.com/KenmareRes).

Outlook

At the end of the first half of the year, Kenmare remains on track to achieve its 2019 guidance on all stated metrics.

Production is expected to increase in the second half of the year due to forecast higher grades and continued robust excavated ore volumes. Revenue and profitability are also anticipated to strengthen as shipping volumes increase and the ilmenite market is expected to remain tight, supporting our proposed dividend payments.

Kenmare's development projects are progressing on schedule and on budget, with WCP C expected to be in commissioning during Q4 2019. Despite its capital programme and debt repayments, the Company is well-positioned to deliver its maiden dividend.

Looking further ahead, the Company is making solid progress towards its target of 1.2 million tonnes per annum of ilmenite production from 2021, which is expected to reduce unit cash operating costs. Lower unit costs will help to protect cash flow generation through the commodity price cycle. Kenmare is on track to deliver strong growth and sustained shareholder returns.

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. A detailed explanation of the risks and uncertainties and how the Group seeks to mitigate the risks, can be found on pages 38 to 43 of the Annual Report for the year ended 31 December 2018.

Loss of mining licences

Risk: The Group's mining activities require licences and approvals to be in place in the relevant mining areas in northern Mozambique. The Group may lose, become restricted, or not receive the necessary approvals for it to operate in current or future mining licence areas in northern Mozambique.

Potential impact: A loss of or failure to maintain or obtain a relevant mining licence could significantly affect the Group's ability to operate, its ability to generate cash and the valuation of the Company's assets.

Country risk

Risk: The Group's operations are located entirely in Mozambique. There may be potential adverse financial or operational impacts from changes in the political, economic, fiscal or regulatory circumstances in Mozambique.

Potential impact: Kenmare has operated in Mozambique since 1987; however, it remains subject to risks similar to those prevailing in many developing nations, including economic and social instability, changing regulatory requirements and increased taxes, etc. Such events may cause significant disruption to the operation or cause an increase in costs in order to ameliorate their impact.

Country risk is a factor in determining the economics of the Mine and increasing country risk may have an effect on the Group's financial results.

Geotechnical risk

Risk: An external berm failure at the Moma Mine could result in a major slimes/water spill, potentially impacting local communities and the production plant.

Potential impact: The nature of dredge mining gives rise to the creation of artificial ponds and a potential for failure of the berm system, which surrounds the ponds. A failure of a berm could cause loss of life and cessation of the operation of the mining WCPs for a prolonged period. During H1 2019 Kenmare undertook a geotechnical risk review specifically focussed on mine tailings deposition, using Kenmare and external independent geotechnical consultants, concluding that existing tailings compositions and current management designs and practices sufficiently mitigate tailings risks.

Severe weather events

Risk: The location of the Group's operations on the northern Mozambican coast gives rise to risk from cyclone activity and severe flooding. Such events pose significant risk to the safety of mine staff, contractors and visitors, as well as to physical damage to the Mine.

Potential impact: In extreme weather circumstances, there is a risk of loss of life. There is a risk of physical damage to the production plant, which may result in an inability to operate the Mine. Extreme weather events are foreseeable, thereby allowing for disaster planning. Less severe adverse weather could impact supply logistics to and from the Mine.

Uncertainty over physical characteristics of the orebody

Risk: Orebody characteristics may not conform to existing geological or other expectations or may have an unanticipated effect on production.

Potential impact: Physical characteristics of an orebody, including divergence from expectations may cause reduced production levels or a necessity to incur increased production costs in order to maintain production at the intended level.

Power supply and transmission risk

Risk: The Mine is reliant on the delivery of stable and continuous electric power from the Cahora Bassa Dam via a power transmission line to the Mine.

Potential impact: Significant disruption to, or instability in, the power supply at the Mine could have a material and adverse effect on the ability to operate the Mine or to operate it in the lowest cost manner, thereby adversely affecting production volumes and/or operating costs.

Asset damage or loss

Risk: The operation of a large mining and processing facility carries an inherent risk of technical failure of equipment, fires and other accidents.

Potential impact: An occurrence of these risks could result in damage to or destruction of key mining, processing or shipping facilities at the Mine. Loss of key assets could result in disruption to production or shipping, significant replacement cost and consequential monetary losses.

Health Safety & Environment

Risk: The operation of a large mining and processing facility carries a potential risk to the health and safety of mine staff, visitors and the local community. A potential for environmental damage to the surrounding areas also exists.

Potential impact: The improper use of machinery, technical failure of certain equipment or failure to meet and maintain appropriate safety standards could result in significant injury, loss of life or significant negative impact on the surrounding environment and/or communities.

Project execution risk

Risk: Kenmare is in the course of execution the WCP C project and the WCP B move to Pilivili. As with all construction and other major projects, the execution of each of these development projects carries a potential risk of being delayed or exceeding the allocated budget as a result of numerous factors, some of which are outside of Kenmare's control.

Potential impact: A delay in executing a development project could lead to sub-optimal cash generation; a significant cost increase could have a negative impact on the cash position and liquidity of the Group.

Resource statement risk

Risk: A material misstatement in the reserves and resources statement.

Potential impact: A material misstatement could materially adversely impact on the Company's valuation.

IT security risk

Risk: The Group is dependent on the employment of advanced information systems and is exposed to risks of failure in the operation of these systems. Further, the Group is exposed to security threats through cybercrime.

Potential impact: A failure in these systems could lead to disruption to critical business systems, loss or theft of confidential information, competitive advantage or intellectual property and financial and/or reputational harm.

Industry Cyclicality

Risk: The Group's revenue generation may be significantly and adversely affected by declines in the demand for and prices of the ilmenite, zircon, rutile and concentrate products that it produces. During rising commodity markets, there may be upward pressure on operating and capital costs.

Potential impact: Failure of the Group to respond on a timely basis and/or adequately to unfavourable product market events beyond its control and/or pressure on operating or capital costs may adversely affect financial performance.

Customer concentration

Risk: The customer base for the Group's ilmenite, zircon, rutile and concentrate products is concentrated.

Potential impact: The Group's revenue generation may be significantly affected if there ceases to be demand for its products from major existing customers and it is unable to further expand its customer base in respect of the relevant product.

Foreign currency risk

Risk: The Group's revenues are entirely denominated in US Dollars, whereas costs are denominated in a number of currencies including South African Rand, Mozambican Meticais, Euros and US Dollars.

Potential impact: The nature and location of the Mine and the intrinsic volatility of exchange rates give rise to an ongoing significant probability of occurrence of an adverse exchange rate fluctuation. The impact of such a fluctuation could be large across calendar years.

Financing risk

Risk: The inability to secure access to funding as required for future development capital expenditure.

Potential impact: Significant development capital expenditures may need to be funded in the medium term. A failure to generate sufficient operating cash flows or to obtain funding would lead to a failure or delay in executing development projects that could lead to sub-optimal cash generation.

Loan default risk

Risk: The inability to meet existing loan repayment obligations as they become due or comply with loan covenants.

Potential impact: The Group does not believe that a significant risk exists in meeting the current repayment obligations or to comply with loan covenants.

Related party transactions

There have been no material changes in the related party transactions affecting the financial position or the

performance of the Group in the period since publication of the 2018 Annual Report other than those disclosed in Note 13 to the condensed consolidated financial statements.

Going Concern

As stated in Note 1 to the condensed consolidated financial statements, based on the Group's forecasts and projections the Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed consolidated financial statements.

Events after the Statement of Financial Position Date

There have been no significant events since the 30 June 2019 which would have a significant impact on the financial statements of the Group.

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.

On behalf of the Board,

Managing Director Michael Carvill	Financial Director Tony McCluskey
20 August 2019	20 August 2019

INDEPENDENT REVIEW REPORT TO KENMARE RESOURCES PLC

Introduction

We have been engaged by Kenmare Resources plc ('the Company') to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 which comprises the condensed consolidated interim income statement, the condensed consolidated interim statement of other comprehensive income, the condensed consolidated interim statement of financial position, the condensed consolidated interim statement of cash flows, the condensed consolidated interim statement of changes in equity and the related explanatory notes. Our review was conducted having regard to the Financial Reporting Council's ("FRCs") International Standard on Review Engagements ("ISRE") (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU, the Transparency (Directive 2004/109/EC) Regulations 2007, and the Transparency Rules of the Central Bank of Ireland.

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 and the Transparency Rules of the Central Bank of Ireland.

As disclosed in Note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for ensuring that the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review having regard to the Financial Reporting Council's International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. 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 (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.

We read the other information contained in the half-yearly financial report to identify material inconsistencies with the information in the condensed set of financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent, the knowledge acquired by us in the course of performing the review. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

INDEPENDENT REVIEW REPORT TO KENMARE RESOURCES PLC (CONTINUED)

The purpose of our review work and to whom we owe our responsibilities
This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Transparency Directive and the Transparency Rules of the Central Bank of Ireland. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

David Meagher
For and on behalf of KPMG
Chartered Accountants, Statutory Audit firm
1 Stokes Place
St. Stephen's Green
Dublin 2
20 August 2019

KENMARE RESOURCES PLC
GROUP CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Notes	Unaudited 6 Months 30 June 2019 US$'000	Unaudited 6 Months 30 June 2018 US$'000	Audited 12 Months 31 Dec 2018 US$'000
Revenue	2	122,706	140,144	262,199
Cost of sales		(79,606)	(92,538)	(168,251)
Gross profit		43,100	47,606	93,948
Other operating costs		(17,028)	(15,434)	(31,012)
Operating profit		26,072	32,172	62,936
Finance income		853	197	871
Finance costs		(3,653)	(4,015)	(7,751)
Foreign exchange (loss)/gain		(507)	436	48
Profit before tax		22,765	28,790	56,104
Income tax expense		(864)	(2,406)	(5,230)
Profit and total comprehensive income for the period/year		21,901	26,384	50,874
Attributable to equity holders		21,901	26,384	50,874
		US$ per share	**US$ per share**	**US$ per share**
Earnings per share: basic	4	0.20	0.24	0.46
Earnings per share: diluted	4	0.20	0.24	0.46

The accompanying notes form part of these condensed consolidated financial statements.

KENMARE RESOURCES PLC
GROUP CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	Unaudited 30 June 2019 US$'000	Unaudited 30 June 2018 US$'000	Audited 31 Dec 2018 US$'000
Assets				
Non-current assets				
Property, plant and equipment	**5**	823,224	789,586	806,011
Deferred tax asset		1,170	1,753	-
		824,394	791,339	806,011
Current assets				
Inventories		58,568	44,470	53,872
Trade and other receivables	**6**	46,577	39,635	22,445
Cash and cash equivalents		77,047	83,975	97,030
		182,192	168,080	173,347
Total assets		1,006,586	959,419	979,358
Equity				
Capital and reserves attributable to the Company's equity holders				
Called-up share capital	**7**	215,046	215,046	215,046
Share premium	**7**	545,644	730,897	730,897
Retained earnings/(losses)		73,975	(157,669)	(133,179)
Undenominated capital		11,336	11,336	11,336
Share based payment reserve		25,188	23,492	24,335
Total equity		871,189	823,102	848,435
Liabilities				
Non-current liabilities				
Borrowings	**8**	51,948	71,778	61,905
Lease liabilities	**9**	3,929	-	-
Provisions	**10**	26,706	17,651	22,359
		82,583	89,429	84,264
Current liabilities				
Borrowings	**8**	21,558	21,500	21,558
Lease liabilities	**9**	1,043	-	-
Provisions	**10**	1,437	1,720	1,437
Other financial liability		-	3	1
Tax liabilities		1,499	-	1,071
Trade and other payables	**11**	27,277	23,665	22,592
		52,814	46,888	46,659
Total liabilities		135,397	136,317	130,923
Total equity and liabilities		1,006,586	959,419	979,358

The accompanying notes form part of these condensed consolidated financial statements.

KENMARE RESOURCES PLC
UNAUDITED GROUP CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Notes	Called-Up Share Capital	Share Premium	Retained Earnings	Undenominated Capital	Share Based Payment Reserve	Total
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2018		215,046	730,897	(184,053)	11,336	22,915	796,141
Profit for the period		-	-	26,384	-	-	26,384
Share-based payments	12	-	-	-	-	577	577
Balance at 30 June 2018		215,046	730,897	(157,669)	11,336	23,492	823,102
Profit for the period		-	-	24,490	-	-	24,490
Share-based payments		-	-	-	-	843	843
Balance at 31 December 2018		215,046	730,897	(133,179)	11,336	24,335	848,435
Profit for the period		-	-	21,901	-	-	21,901
Share-based payments	12	-	-	-	-	853	853
Capital reduction	7	-	(185,253)	185,253	-	-	-
Balance at 30 June 2019		215,046	545,644	73,975	11,336	25,188	871,189

The accompanying notes form part of these condensed consolidated financial statements.

KENMARE RESOURCES PLC
GROUP CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Unaudited 6 Months 30 June 2019 US$'000	Unaudited 6 Months 30 June 2018 US$'000	Audited 12 Months 31 Dec 2018 US$'000
Cash flows from operating activities			
Profit for the financial period/year before tax	22,765	28,790	56,104
Adjustment for:			
Foreign exchange movement	507	(436)	(48)
Share-based payments	853	577	1,420
Finance income	(853)	(197)	(871)
Finance costs	3,653	3,347	7,751
Depreciation	16,654	15,996	30,442
Decrease in other financial liability	-	(5)	(7)
Increase in provisions	477	280	210
Income tax paid	(1,605)	-	-
Operating cash inflow	42,451	48,352	95,001
(Increase)/decrease in inventories	(4,696)	8,237	(1,166)
(Increase)/decrease in trade and other receivables	(24,610)	(14,223)	1,558
Decrease in trade and other payables	(431)	(2,752)	(3,080)
Cash generated by operations	12,714	39,614	92,313
Interest received	853	197	871
Interest paid	(3,189)	(3,171)	(6,227)
Net cash from operating activities	10,378	36,640	86,957
Cash flows from investing activities			
Additions to property, plant and equipment	(20,183)	(11,762)	(39,761)
Net cash used in investing activities	(20,183)	(11,762)	(39,761)
Cash flows used in financing activities			
Repayment of borrowings	(9,524)	(9,524)	(19,048)
Payment of obligations under leases	(677)	-	-
Net cash used in financing activities	(10,201)	(9,524)	(19,048)
Net (decrease)/increase in cash and cash equivalents	(20,006)	15,354	28,148
Cash and cash equivalents at the beginning of period/year	97,030	68,774	68,774
Effect of exchange rate changes on cash and cash equivalents	23	(153)	108
Cash and cash equivalents at end of period/year	77,047	83,975	97,030

The accompanying notes form part of these condensed consolidated financial statements.

1. BASIS OF PREPARATION AND GOING CONCERN

Basis of preparation

The annual financial statements of Kenmare Resources plc ('the Group') are prepared in accordance with IFRSs as adopted by the European Union. The Group Condensed Consolidated Financial Statements for the six months ended 30 June 2019 have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, as amended, the Transparency Rules of the Central Bank of Ireland and with IAS 34 'Interim Financial Reporting', as adopted by the European Union.

The financial information presented in this document does not constitute statutory financial statements. The amounts presented in the Half Yearly Financial Statements for the six months ended 30 June 2019 and the corresponding amounts for the six months ended 30 June 2018 have been reviewed but not audited. The independent review report is on pages 12 and 13. The preparation of the Half Yearly Financial Statements requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of certain assets, liabilities, revenues and expenses together with disclosure of assets and liabilities. Estimates and underlying assumptions relevant to these financial statements are disclosed in the notes.

The financial information for the year ended 31 December 2018, presented herein, is an abbreviated version of the annual financial statements for the Group in respect of the year ended 31 December 2018. The Group's annual financial statements in respect of the year ended 31 December 2018 have been filed in the Companies Registration Office and the independent auditors issued an unqualified audit report thereon. The annual report is available on the Company's website at www.kenmareresources.com.

Going Concern

Based on the Group's forecast, the Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed consolidation statements.

Key assumptions upon which the Group's forecast is based include a mine plan covering production using the Namalope, Nataka and Pilivili proved and probable reserves as set out in the mineral reserves and resources table. Production levels for the purpose of the forecast are approximately 1.1 million tonnes per annum of ilmenite plus co-products, zircon, rutile and concentrates. Assumptions for product sales prices are based on contract prices as stipulated in marketing agreements with customers or, where contract prices are based on market prices or production is not yet contracted, prices are forecast taking into account independent titanium mineral sands expertise provided by TiPMC Solutions and management expectations. Forecast prices provided by TiPMC Solutions are reviewed by the Group for consistency with other external sources of information. Operating costs are based on approved budget costs for 2019, taking into account the current running costs of the Mine and escalated by 2% per annum thereafter. Capital costs are based on the capital plans and include escalation at 2% per annum.

Changes in accounting policies

Aside from the adoption of IFRS 16 Leases, which is described below, the accounting policies and methods of computation adopted in the preparation of the Group Condensed Consolidated Financial Statements are the same as those applied in the Annual Report for the financial year ended 31 December 2018 and are described in the Annual Report.

The Group has adopted IFRIC 23 Uncertainty over Income Tax Treatments which is effective for accounting periods beginning 1 January 2019. The interpretation is applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The adoption of this interpretation has not had a material impact on the financial statements of the Group.

A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

IFRS 16 Leases
The Group has initially adopted IFRS 16 Leases from 1 January 2019. IFRS 16 introduced a single, accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments on the statement of financial position. Lessor accounting remains similar to previous accounting policies.

The Group has applied IFRS 16 using the modified retrospective approach, under which the liability is recognised as the present value of the outstanding rentals at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

Definition of a lease
Previously, the Group determined at contract inception whether an arrangement was, or contained, a lease under IAS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease. The Group now assesses whether a contract is, or contains, a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

As a lessee
The Group leases its head office at Styne House, Dublin, its Mozambique country office in Maputo and electricity generators at the Mine. As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases - i.e. these leases are on-balance sheet.

The Group presents right-of-use assets in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns. The carrying amounts of right-of-use assets are US$4.9 million as at 30 June 2019.

The Groups presents lease liabilities on the face of the statement of financial position.

Significant accounting policies
The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost (being the present value of the lease liabilities), and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group has applied judgement to determine the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that

include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Transition

Previously, the Group classified leases as operating leases under IAS 17. At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at amounts equal to the lease liability.

Impacts on transition and for the period

On transition to IFRS 16, the Group recognised additional right-of-use assets presented in property, plant and equipment and lease liabilities for the head office lease and the electricity generator lease. The impact on transition is summarised below.

	1 January 19
	US$'000
Right-of-use asset presented in property, plant and equipment	5,043
Lease liabilities	5,043

The Maputo office lease was entered into in February 2019 and the Group recognised an additional right-of-use asset presented in property, plant and equipment and lease liability of US$0.4 million.

	1 January 19
	US$'000
Operating lease commitments at 31 December 2018 as disclosed in the Group's consolidated financial statements	6,257
The effect of discounting using the incremental borrowing rate at 1 January 2019	(1,214)
Lease liabilities recognised at 1 January 2019	5,043

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using an appropriate discount rate based on the Group's incremental borrowing rate at 1 January 2019. The weighted average rate applied is 7%.

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases and leases entered into in the period, the Group recognised US$5.0 million of right-of-use assets and lease liabilities as at 30 June 2019. Also, in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognised US$0.5 million of depreciation charges and US$0.2 million of interest costs from these leases.

2. SEGMENTAL INFORMATION AND REVENUE DISCLOSURES

Information on the operations of the Moma Titanium Minerals Mine in Mozambique is reported to the Group's Board for the purposes of resource allocation and assessment of segment performance. The principal categories for disaggregating revenue are by product type and by country of the customer's location. The product types are ilmenite, zircon, rutile and concentrates. Concentrates includes secondary zircon and mineral sands concentrates. Information regarding the Group's operating segment is reported below.

	Unaudited	Unaudited	Audited
	30 June 19	30 June 18	31 Dec 18
	US$'000	US$'000	US$'000
Segment revenues and results			
Moma Titanium Minerals Mine			
Revenue	122,706	140,144	262,199
Cost of sales	(79,606)	(92,538)	(168,251)
Gross profit	43,100	47,606	93,948
Other operating costs	(13,869)	(13,858)	(26,960)
Segment operating profit	29,231	33,748	66,988
Other corporate operating costs	(3,159)	(1,576)	(4,052)
Group operating profit	26,072	32,172	62,936
Finance income	853	197	871
Finance expense	(3,653)	(4,015)	(7,751)
Foreign exchange (loss)/gain	(507)	436	48
Profit before tax	22,765	28,790	56,104
Income tax expense	(864)	(2,406)	(5,230)
Profit for the period/year	21,901	26,384	50,874
Segment assets			
Moma Titanium Minerals Mine assets	953,475	900,366	922,652
Corporate assets	53,111	59,053	56,706
Total assets	1,006,586	959,419	979,358
Revenue by products			
Ilmenite	79,806	102,819	181,776
Zircon	30,866	28,633	59,772
Rutile	3,359	2,088	5,038
Concentrates	8,675	6,604	15,613
Total	122,706	140,144	262,199
Revenue by country			
China	51,814	59,890	103,196
USA	20,302	13,593	27,760
Italy	12,319	12,414	22,871
Rest of the World	38,271	54,247	108,372
Total	122,706	140,144	262,199

3. SEASONALITY OF SALE OF MINERAL PRODUCTS

Sales of the Group's mineral products are not seasonal in nature.

4. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Unaudited	**Unaudited**	**Audited**
	30 June 19	**30 June 18**	**31 Dec 18**
	US$'000	**US$'000**	**US$'000**
Profit for the period/year attributable to equity holders of the Company	21,901	26,384	50,874
	Unaudited	**Unaudited**	**Audited**
	30 June 19	**30 June 18**	**31 Dec 18**
	Number of	**Number of**	**Number of**
	Shares	**Shares**	**Shares**
Weighted average number of issued ordinary shares			
for the purposes of basic earnings per share	109,601,551	109,601,551	109,601,551
Effect of dilutive potential ordinary shares:			
Share awards	1,550,567	907,276	1,028,523
Weighted average number of ordinary shares for			
the purpose of diluted earnings per share	111,152,118	110,508,827	110,630,074
	US$ per share	**US$ per share**	**US$ per share**
Earnings per share: basic	0.20	0.24	0.46
Earnings per share: diluted	0.20	0.24	0.46

5. PROPERTY, PLANT AND EQUIPMENT

	Plant & Equipment	Development Expenditure	Construction in Progress	Other Assets	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Cost					
Balance at 1 January 2018	780,171	250,326	30,245	54,621	1,115,363
Transfer to/(from) construction in progress	1,719	-	(3,086)	1,367	-
Additions during the period	171	-	12,858	414	13,443
Disposals during the period	(941)	-	-	(5,959)	(6,900)
Adjustment to the mine closure provision	(1,491)	-	-	-	(1,491)
Balance at 30 June 2018	779,629	250,326	40,017	50,443	1,120,415
Transfer to/(from) construction in progress	11,971	-	(24,948)	12,977	-
Additions during the period	8	-	26,569	31	26,608
Adjustment to mine closure provision	4,263	-	-	-	4,263
Balance at 31 December 2018	795,871	250,326	41,638	63,451	1,151,286
Adjustment on initial application of IFRS16 Leases at 1 January 2019	3,321	-	-	1,722	5,043
Transfer to/(from) construction in progress	5,697	-	(10,264)	4,567	-
Additions during the period	(231)	-	24,905	125	24,799
Addition of right-of-use asset under lease	-	-	-	386	386
Disposals during the period	(92)	-	-	(4,850)	(4,942)
Adjustment to the mine closure provision	3,639	-	-	-	3,639
Balance at 30 June 2019	808,205	250,326	56,279	65,401	1,180,211
Accumulated Depreciation					
Balance at 1 January 2018	165,899	121,023	-	34,811	321,733
Charge for the period	11,881	2,840	-	1,275	15,996
Disposals during the period	(941)	-	-	(5,959)	(6,900)
Balance at 30 June 2018	176,839	123,863	-	30,127	330,829

Charge for the period	10,160	2,660	-	1,626	14,446
Balance at 31 December 2018	186,999	126,523	-	31,753	345,275
Charge for the period	11,219	2,111	-	3,324	16,654
Disposals during the period	(92)	-	-	(4,850)	(4,942)
Balance at 30 June 2019	198,126	128,634	-	30,227	356,987
Carrying Amount					
Balance at 30 June 2019	610,079	121,692	56,279	35,174	823,224
Balance at 30 June 2018	602,790	126,463	40,017	20,316	789,586
Balance at 31 December 2018	608,872	123,803	41,638	31,698	806,011

There was an adjustment to the mine closure provision of US$3.6 million during the period as result of a change in the estimated 40-year discount rate decreasing from 3.2% to 2.8%, details of which are set out in Note 10.

On initial application of IFRS 16 Leases the Group recognised US$5.0 million of right-of-use assets and US$5.0 million of lease liabilities as detailed in Note 9. During the period the Group entered into a lease agreement and recognised an additional right-of-use asset of US$0.4 million. During the six months ended 30 June 2019, the Group recognised US$0.5 million of depreciation in relation to right-of-use assets.

At each reporting date, the Group assesses whether there is any indication that property, plant and equipment may be impaired. The Group considers the relationship between its market capitalisation and its book value among other factors, when reviewing for indicators for impairment. As at 30 June 2019, the market capitalisation of the Group was below the book value of net assets which is considered an indicator of a potential trigger for the impairment of assets.

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. 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 from a life of mine financial model. The recoverable amount obtained from the financial model represents the present value of the future pre-tax, pre-finance cash flows discounted at 12% (31 December 2018: 12%).

Key assumptions include the following:

- The discount rate is based on the Group's weighted average cost of capital. This rate is a best estimate of the current market assessment of the time value of money and the risks specific to the Mine, taking into consideration country risk, currency risk and price risk. The factors making up the cost of equity, cost of debt and capital structure have changed from the year-end review however the discount rate has remained unchanged at 12%. The Group does not consider it appropriate to apply the full current country risk premium to the calculation of the Group's weighted average cost of capital as it believes the specific circumstances which have resulted in the county risk increase over the past number of years are not appropriate to the specific circumstances of the Moma Mine. Hence, the calculation of country risk applicable to the calculation of the cost of equity has been adjusted accordingly.

  Using a discount rate of 12%, the recoverable amount is greater than the carrying amount by US$101.7 million (31 December 2018: US$201.3 million). The decrease in the recoverable amount from the year-end review is a result of updated forecast sales pricing and operating costs.

  The discount rate is a significant factor in determining the recoverable amount. A 1% increase in the discount rate to 13% which management believes could be a reasonably possible change in this assumption, would

result in the recoverable amount being greater than the carrying amount by US$25.9 million (31 December 2018: US$114.7 million).

- The mine plan is based on the Namalope, Nataka and Pilivili proved and probable reserves. The Mine life assumption of 40 years has not changed from the prior year review. The mine plan assumes all licences and mining concessions will be renewed during the Mine life.

- Average annual production is approximately 1.1 million tonnes (2018: 1.1 million tonnes) of ilmenite plus co-products zircon, rutile and concentrates over the life of the mine. This mine plan does not include investment in additional mining capacity. Certain minimum stocks of final and intermediate products are assumed to be maintained at period ends.

- 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 yet contracted, prices are forecast by the Group taking into account independent titanium mineral sands expertise provided by TiPMC Solutions and management expectations including general inflation of 2% per annum. Forecast prices provided by TiPMC Solutions are reviewed and found to be consistent by the Group with other external sources of information. Average forecast product sales prices have decreased over the life of mine from the prior year end review as a result of revised forecast pricing. A 4% reduction in average sales prices over the life of mine reduces the recoverable amount by US$101.7 million.

- Operating costs are based on approved budget costs for 2019 taking into account the current running costs of the Mine and escalated by 2% per annum thereafter. Average forecast operating costs have increased from the prior year end review as a result of updated forecast assumptions in operating costs. An 8% increase in operating costs over the life of mine reduces the recoverable amount by US$101.7 million.

- Sustaining capital costs are based on a life of mine capital plan considering inflation at 2% per annum from 2019. Average forecast sustaining capital costs have remained relatively unchanged from the prior year end review and are based on the sustaining capital plans required to maintain the existing plant over the life of mine. The forecast takes into account reasonable cost increases and therefore a sensitivity to this assumption has not been applied which would give rise to a reduction in the recoverable amount.

As a result of the review no impairment provision was recognised in the current financial year. No impairment was recognised in the prior financial year. Given the recent past volatility and sensitivities of the forecast to the discount rate, pricing and to a lesser extent operating costs the impairment loss of US$64.8 million which was recognised in the Consolidated Statement of Comprehensive Income in 2014 is not reversed.

During the period there were additions of US$24.8 million (2018: US$13.4 million) to property, plant and equipment consisting of sustaining capital and the development projects mainly the construction of WCP C.

During the period there were disposals to property, plant and equipment of US$4.9 million (2018: US$6.9 million). The assets were no longer operational and there were no proceeds on disposal.

Substantially all the property, plant and equipment of the Group is or will be mortgaged, pledged or otherwise secured to provide collateral for the Group's senior and subordinated debts as detailed in Note 8.

6. TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 19 US$'000	Unaudited 30 June 18 US$'000	Audited 31 Dec 18 US$'000
Trade receivables	39,071	29,704	17,430
Prepayments and other receivables	7,506	9,931	5,015
Total	46,577	39,635	22,445

The carrying amount of the trade and other receivables represents the maximum credit exposure. Before entering into sales contracts with new customers, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly during the year. Trade receivables at the period end had Moody's credit ratings where available ranging from Ba2 to A3. All trade receivables are current (i.e. not overdue). There has been no impairment in trade receivables during the period. An expected credit loss of US$0.03 million has been recognised in the period.

The Group has a trade finance facility with Absa Corporate and Business Bank for three of the Group's largest customers. In accordance with this facility the bank purchases 80% of the receivable without recourse and so the bank takes on the credit risk. The facility is US$30 million with limits on the maximum amount that can be factored for each of the customers named in the facility.

The Group has a trade facility with Barclays Bank for customers which it sells to under letter of credit terms. Under this facility, the bank confirms the letter of credit from the issuing bank and therefore takes the credit risk that the issuing bank will not pay. The bank also discounts these letters of credit thereby providing early payment of receivables to the Group. There is no limit under the Barclays Bank facility.

7. SHARE CAPITAL AND RESERVES

Share capital as at 30 June 2019 amounted to US$215.0 million (2018: US$215.0 million). During the period, no ordinary shares in the Company were issued.

On 5 December 2018, shareholders approved a resolution to reduce the capital of Kenmare Resources plc in order to eliminate historic losses. On 1 February 2019, the High Court of Ireland confirmed this resolution. The reduction of capital and elimination of losses took effect on 5 February 2019 which resulted in share premium being reduced by US$185.3 million and retained earnings being increased by US$185.3 million.

8. BORROWINGS

	Unaudited	Unaudited	Audited
	30 June 19	30 June 18	31 Dec 18
	US$'000	US$'000	US$'000
Project Debt			
Senior debt	10,368	21,098	16,055
Subordinated debt	63,138	72,180	67,408
Total Project debt	73,506	93,278	83,463
Within one year	21,558	21,500	21,558
In the second year	19,048	19,048	19,048
In the third to fifth years	32,900	52,730	42,857
	73,506	93,278	83,463
Less amounts due for settlement within 12 months	(21,558)	(21,500)	(21,558)
Amount due for settlement after 12 months	51,948	71,778	61,905
Project debt			
Balance at 1 January	83,463	102,867	102,867
Debt interest accrued	2,756	3,106	5,871
Debt interest paid	(3,189)	(3,171)	(6,227)
Debt principal paid	(9,524)	(9,524)	(19,048)
Balance at 30 June/31 December	73,506	93,278	83,463

Project Loans
Project Loans have been made to the Mozambique branches of Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited (the "Project Companies"). The Project Loans are secured by substantially all rights and assets of the Project Companies, and, amongst other things, the Group's shares in the Project Companies, substantially all of the Group's cash balances and substantially all of the Group's intercompany loans.

Senior debt ranks in priority to subordinated debt in repayment, subject to the waterfall provision summarised below, on insolvency of the Group and on enforcement of security.

Voting thresholds are calculated on the basis of aggregate outstanding debt, being the aggregate of outstanding senior debt and outstanding subordinated debt. Decisions are taken by majority Lenders (Lenders whose principal amount of outstanding debt aggregate more than 50.1% of all outstanding debt) or supermajority Lenders (Lenders whose principal amount of outstanding debt aggregate more than 66.7% of all outstanding debt).

Senior debt
The final maturity date of the senior debt is 1 February 2022. Interest on the senior debt is payable in cash on each semi-annual payment date (1 February and 1 August). The interest rate on each tranche of senior debt is LIBOR plus a margin of 3.00% from and including 28 July 2016 to and including 31 January 2020, and 3.75% thereafter.

Scheduled repayment of the senior debt and subordinated debt is based on the following repayment schedule, the percentage being applied to total senior and subordinated debt outstanding on 28 July 2016 of US$100 million, in each case subject to the waterfall provisions summarised below:

Payment date	Principal amount to be repaid (%)
1 Feb 2018	9.52381
1 Aug 2018	9.52381
1 Feb 2019	9.52381
1 Aug 2019	9.52381
1 Feb 2020	9.52381
1 Aug 2020	9.52381
1 Feb 2021	9.52381
1 Aug 2021	11.11111
1 Feb 2022	22.22222

Each principal instalment is allocated 50% to senior debt until senior debt is fully repaid (provided that once the amount of Absa (a South African bank and part of the lender group) senior debt is reduced to US$10 million, Absa ceases to participate in the senior debt instalment and thereafter participates in the subordinated instalment) with the balance being applied to subordinated debt. The effect of the sharing provision is that senior debt, other than Absa's senior debt, was repaid by 1 August 2019 under the agreed amortisation schedule.

In addition to the scheduled instalments of senior debt, prepayments based on 25% of cash available for restricted payments are required under a cash sweep mechanism on each semi-annual payment date, commencing 1 February 2018 unless the other conditions to making of a restricted payment cannot be satisfied. Until the senior debt has been repaid in full, 50% of the prepayments will be allocated to senior debt (provided that once the amount of Absa senior debt is reduced to US$10 million, Absa ceases to participate in the senior debt prepayments and thereafter participates in the subordinated debt prepayments) with the balance applied to prepayments of subordinated debt. Senior debt prepayments are applied in inverse order of maturity. During the period there was no prepayment of debt.

Subordinated debt
The final maturity date of the subordinated debt is 1 February 2022. Interest on the subordinated debt is payable in cash on 1 February and 1 August. The interest rate on subordinated debt is LIBOR plus a margin of 4.75% from and including 28 July 2016 to and including 31 January 2020, and 5.50% thereafter. Subordinated Lenders will receive additional interest allocated pro rata to principal amounts outstanding equal to the difference between (i) interest on the senior loans calculated on the basis of subordinated loan margins and (ii) actual interest on the senior loans. Taken together, the margin on the senior and subordinated loans is thus 4.75% from and including 28 July 2016 to and including 31 January 2020, and 5.50% thereafter.

Scheduled principal instalments on subordinated loans will equal the total principal instalment due on a payment date less the principal instalment on senior loans. In addition to the scheduled instalments, prepayments based on 25% cash available for restricted payments less senior debt prepayments are required under a cash sweep mechanism on each semi-annual payment date, commencing 1 February 2018 unless the other conditions to making of a restricted payment cannot be satisfied. Subordinated debt prepayments are applied in inverse order of maturity.

Covenants
The Project Loans contain provisions requiring the Project Companies to maintain certain financial covenants, including a back-ward looking debt service cover ratio, which is set at a minimum level of 1.25:1. If the debt service cover ratio in respect of any 6-month period from and including 1 August to 31 January or 1 February to 31 July, is less than the required level, an event of default arises. The DSCR ratios calculated for the 6-month period ending 31 January 2019 and 31 July 2019 were in compliance with the required level of 1.25:1.

In addition, the Project Companies are required to maintain a capitalisation ratio (being the ratio of aggregate project debt outstanding to aggregate amount of shareholder interests, including share capital, share premium, distributable and non-distributable reserves and intercompany loans) of 55:45, as calculated on 30 June and 31

December each year. Failure to maintain the capitalisation ratio would result in an event of default. The capitalisation ratios calculated on 30 June 2019 was in excess of the level required under the loan documents.

An event of default would give the lenders the right to accelerate the debt and take any other enforcement action under the loan documents. Acceleration would alter the maturity profile of the Group's debt and the Group's liquidity.

The loan documents also contain certain restrictions and conditions for the making by the Project Companies of restricted payments, which include the payment of subordinated intercompany loans and dividends. Payment of such amounts can be made within 45 days of a semi-annual payment date under the loan documents and requires, amongst other things, the payment of a cash sweep amount to lenders and the meeting of various financial and marketing-related covenants and the funding of certain project bank accounts. A failure to satisfy the conditions to restricted payments could adversely affect the ability of the Project Companies to distribute cash to its shareholders and the earnings of those shareholders and therefore the ability of Kenmare Resources plc to pay dividends.

Group borrowings, interest, currency and liquidity risk
The debt facilities are arranged at variable rates and expose the Group cash flow interest rate risk. Variable rates are based on six-month LIBOR. The average effective borrowing rate at the period end was 7.6% (2018: 7.3%).

The interest rate profile of the Group's debt balances at the period end was as follows:

	Unaudited 30 June 19 US$'000	Unaudited 30 June 18 US$'000	Audited 31 Dec 18 US$'000
Variable rate debt	73,506	93,278	83,463

The cash and cash equivalents at 30 June 2019 amounted to US$77.0 million (2018: US$97.0 million) of which US$73.8 million (2018: US$94.6 million) was held in US Dollars.

The fair value of the Group borrowings of US$73.2 million (2018: US$92.7 million) has been calculated by discounting the expected future cash flows at a rate of 6%. The 6% market rate was estimated by reviewing borrowing rates of the mining sector and other relevant market yields. For B+ to B- rated debt the borrowing rates are in the range of 5 to 6%.

Under the assumption that all other variables remain constant, a 1% increase/decrease in the 6-month LIBOR rate would result in a US$0.7 million (2018: US$0.5 million) increase/decrease in finance costs for the period.

The currency profile of the bank debt at the period end was as follows:

	Unaudited 30 June 19 US$'000	Unaudited 30 June 18 US$'000	Audited 31 Dec 18 US$'000
US Dollars	73,506	93,278	83,463

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

9. LEASE LIABILITIES

	Unaudited 30 June 19 US$'000	Unaudited 30 June 18 US$'000	Audited 31 Dec 18 US$'000
Lease liabilities			
Amounts due within one year	1,043	-	-
Amounts due after one year	3,929	-	-
	4,972	-	-

On 1 January 2019 the Group recognised leases of US$5.0 million for its head office at Styne House, Dublin and for the electricity generators at the Mine. The Styne House lease has a term of ten years commencing August 2017 and rental payments are fixed for five years. This lease obligation is denominated in Euro.

The lease for the electricity generators was renewed in November 2017 for a five-year period and rental payments are fixed for the five years. This lease obligation is denominated in US Dollars.

In February 2019 the Group entered into a lease of US$0.4 million for its Mozambican country office in Maputo. The office has a seven-year term of lease commencing February 2019 and rental payments are fixed for seven years. This lease obligation is denominated in US Dollars. The Group has discounted lease payments using its incremental borrowing rates. The weighted average rate applied is 7%.

The leases are discounted at an incremental borrowing rate and expose the Group to cash flow interest rate risk.

The currency profile of the leases at the period end was as follows:

	Unaudited 30 June 19 US$'000	Unaudited 30 June 18 US$'000	Audited 31 Dec 18 US$'000
US Dollars	3,327	-	-
Euro	1,645	-	-
	4,972	-	-

10. PROVISIONS

	Unaudited 30 June 19 US$'000	Unaudited 30 June 18 US$'000	Audited 31 Dec 18 US$'000
Mine closure provision	23,733	15,369	19,863
Mine rehabilitation provision	3,253	2,558	2,776
Legal provision	1,157	1,444	1,157
Total provisions	28,143	19,371	23,796
Current	1,437	1,720	1,437
Non-current	26,706	17,651	22,359
	28,143	19,371	23,796

The mine closure provision represents the Directors' best estimate of the present value of the Group's liability for close-down, dismantling and restoration of the mining and processing site. A corresponding amount equal to the provision is recognised as part of property, plant and equipment. The costs are estimated on the basis of a formal closure plan and are subject to regular review and are estimated based on the net present value of estimated future costs. Mine closure costs are a normal consequence of mining, and the majority of close-down and restoration expenditure is incurred at the end of the life of the mine. The unwinding of the discount is recognised as a finance cost and US$0.2 million (2018: US$0.2 million) has been recognised in the profit and loss of the condensed consolidated statement of comprehensive income for the period.

The main assumptions used in the calculation of the estimated future costs include:

- a discount rate of 2.8% (2018: 3.2%);
- an inflation rate of 2% (2018: 2%);
- an estimated life of mine of 40 years (2018: 40 years); and
- an estimated closure cost of US$28.8 million (2018: US$28.8 million) and an estimated post-closure monitoring provision of US$3.9 million (2018: US$3.9 million).

The life of mine plan is based on the Namalope, Nataka and Pilivili proved and probable reserves as set out in the reserves and resources table. During the period, the mine closure provision was increased by US$3.6 million to reflect the change in the discount rate from 3.2% to 2.8%.

The discount rate is a significant factor in determining the mine closure provision. The Group uses rates as provided by the US Treasury. Thirty-year US Treasury yields are the longest period for which yields are quoted. A forty-year rate to align with the estimated life of mine has been calculated by taking the average increase in yield from ten to twenty years and from twenty to thirty years and adding this average to the thirty-year treasury rate to arrive at an estimated extrapolated rate for forty years. This discount rate is deemed to provide the best estimate to reflect current market assessment of the time value of the money. Risks specific to the liability are included in the cost estimate. A 1% increase in the estimated discount rate results in the mine closure provision decreasing by US$7.7 million. A 1% decrease in the estimated discount rate results in the mine closure provision increasing by US$11.6 million.

The mine rehabilitation provision was increased by US$0.5 million as a result of additional provision of US$0.8 million for areas disturbed net of US$0.3 million released for areas rehabilitated during the period. US$0.3 million (2018: US$0.3 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.

The legal provision relates to the costs associated with a defamation case and further litigation brought by a former Director against the Company. On 17 November 2010, a High Court jury delivered a verdict of damages of €10 million in a defamation case taken by a former Company Director. On 28 February 2019 the Court of Appeal

ruled that the High Court of Ireland jury award of damages, made in favour of a former director in November 2010 be substantially reduced from €10 million to €0.25 million. On 29 July 2019 the Supreme Court determined that the former Director should be denied leave to appeal the Court of Appeal's judgement to the Supreme court, and on that basis the Court of Appeal's ruling stands.

Excluding the US$0.2 million unwinding of the discount and US$3.6 million adjustment to the mine closure provision from the movement of provisions in the statement of financial position of US$4.3 million results in the movement in the mine rehabilitations provision of US$0.5 million disclosed in the statement of cash flows.

11. TRADE AND OTHER PAYABLES

Included in trade and other payables at the period end is an amount of US$4.6 million for additions to property, plant and equipment. During the period there were foreign exchange movements of US$0.5 million in relation to non-US Dollar payables. Excluding the above from the movement in the statement of financial position of US$4.7 million results in the US$0.4 million disclosed in the statement of cash flows.

12. SHARE-BASED PAYMENTS

During the period, the Group recognised share-based payment expenses of US$0.9 million (2018: US$0.6 million) under the Kenmare Incentive Plan and Kenmare Restricted Share Plan.

13. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Apart from existing remuneration arrangements there were no material transactions or balances between the Group and its key management personnel or members of their close families during the period under review.

14. FAIR VALUE

The fair value of trade and other receivables, trade and other payables, and other financial liabilities are short term and non-interest bearing and accordingly the Directors deem that the carrying amounts are a good approximate of their fair value.

15. DIVIDENDS

An interim dividend for the year ended 31 December 2019 of USc2.66 per share was declared on 20 August 2019. The dividend payable of US$2.9 million has not been included as a liability in these financial statements. The interim dividend is payable to all shareholders on the Register of Members on 27 September 2019.

16. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There have been no significant events since 30 June 2019 which would have a significant impact on the financial statements of the Group.

17. INFORMATION

The Half Yearly Financial Report was approved by the Board on 20 August 2019. Copies are available from the Company's registered office at 4th Floor, Styne House, Hatch Street Upper, Dublin 2, D02 DY27, Ireland.

The report is also available on the Company's website at www.kenmareresources.com.

RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of the Half Yearly Financial Report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, as amended, the Transparency Rules of the Central Bank of Ireland, and with IAS 34, Interim Financial Reporting as adopted by the European Union. The names and functions of the Directors are as listed in the Group's 2018 Annual Report and Accounts. A list of the current Directors is maintained on the Kenmare Resources plc website: www.kenmareresources.com.

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

- The Group condensed consolidated financial statements for the half year ended 30 June 2019 have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union;
- 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, as amended being an indication of important events that have occurred during the first six months of the financial year and their effect on the condensed consolidated 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, as amended 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.

On behalf of the Board,

Managing Director
Michael Carvill

20 August 2019

Financial Director
Tony McCluskey

20 August 2019

Glossary - Alternative Performance Measures

Certain financial measures set out in our Half Yearly Financial Report to 30 June 2019 are not defined under International Financial Reporting Standards ("IFRSs"), but represent additional measures used by the Board to assess performance and for reporting both internally and to shareholders and other external users. Presentation of these Alternative Performance Measures ("APMs") provides useful supplemental information which, when viewed in conjunction with the Company's IFRSs financial information, allows for a more meaningful understanding of the underlying financial and operating performance of the Group.

These non-IFRSs measures should not be considered as an alternative to financial measures as defined under IFRSs.

Descriptions of the APMs included in this report, as well as their relevance for the Group, are disclosed below.

APM	Description	Relevance
Revenue (FOB)	Revenue excluding freight	Eliminates the effects of freight to provide the product price
EBITDA	Operating profit/loss before depreciation and amortisation	Eliminates the effects of financing, tax and depreciation to allow assessment of the earnings and performance of the Group
Capital costs	Additions to property, plant and equipment in the period	Provides the amount spent by the Company on additions to property, plant and equipment in the period
Cash operating cost per tonne of finished product produced	Total costs less freight and other non-cash costs, including inventory movements, divided by final product production (tonnes)	Eliminates the non-cash impact on costs to identify the actual cash outlay for production and, as production levels increase or decrease, highlights operational performance by providing a comparable cash cost per tonne of product produced over time
Cash operating cost per tonne of ilmenite net of co-products	Cash operating costs less FOB revenue of zircon, rutile and mineral sands concentrates, divided by ilmenite production (tonnes)	Eliminates the non-cash impact on costs to identify the actual cash outlay for production and, as production levels increase or decrease, highlights operational performance by providing a comparable cash cost per tonne of ilmenite produced over time.
Net cash/debt	Bank loans before loan amendment fees and expenses net of cash and cash equivalents	Measures the amount the Group would have to raise through refinancing, asset sale or equity issue if its debt were to fall due immediately, and aids in developing an understanding of the leveraging of the Group
Mining – HMC produced	Heavy mineral concentrate extracted from mineral sands deposits and which include ilmenite, zircon, rutile, concentrates and other heavy minerals and silica	Provides a measure of heavy mineral concentrate extracted from the Mine
Processing – finished products produced	Finished products produced by the mineral separation process	Provides a measure of finished products produced from the processing plants
Marketing – finished products shipped	Finished products shipped to customers during the period	Provides a measure of finished products shipped to customers

LTIFR	Lost time injury frequency rate	Measures the number of injuries causing lost time per 200,000-man hours worked on site
AI	All injuries	Provides the number of injuries at the Mine in the year

Revenue (FOB)

	H1 2019	H1 2018	2018
	US$m	US$m	US$m
Revenue	122.7	140.1	262.2
Freight	(7.3)	(8.8)	(16.3)
Revenue (FOB)	115.4	131.3	245.9

EBITDA

	H1 2019	H1 2018	2018
	US$m	US$m	US$m
Operating profit	26.1	32.2	62.9
Depreciation and amortisation	16.7	16.0	30.4
EBITDA	42.8	48.2	93.3

Cash operating cost per tonne of finished product

	H1 2019	H1 2018	2018
	US$m	US$m	US$m
Cost of sales	79.6	92.5	168.3
Other operating costs	17.0	15.4	31.0
Total operating costs	96.6	107.9	199.3
Freight	(7.3)	(8.8)	(16.3)
Total operating costs less freight	89.3	99.1	183.0
Non-cash costs			
Depreciation and amortisation	(16.7)	(16.0)	(30.4)
Share-based payments	(0.9)	(0.6)	(1.4)
Mineral product inventory movements	5.2	(8.9)	0.1
Total cash operating costs	76.9	73.6	151.3
Final product production tonnes	505,200	487,300	1,043,300
Cash operating cost per tonne of finished product	US$152	US$151	US$145

Cash operating cost per tonne of ilmenite

	H1 2019	H1 2018	2018
	US$m	US$m	US$m
Total cash operating costs	76.9	73.6	151.3
Less FOB revenue from co-products zircon, rutile and minerals sands concentrate	(41.2)	(34.2)	(75.1)
Total cash costs less co-product revenue	35.7	39.4	76.2
Ilmenite product production tonnes	458,200	449,500	958,500

Cash operating cost per tonne of ilmenite	US$78	US$88	US$79

Net cash/debt

	H1 2019	H1 2018	2018
	US$m	US$m	US$m
Bank debt	(73.5)	(93.3)	(83.5)
Cash and cash equivalents	77.0	84.0	97.0
Net Debt	3.5	(9.3)	13.5

Glossary - terms

Term	Definition
"CIF"	The seller delivers when the goods pass the ship's rail in the port of shipment. Seller must pay the cost and freight necessary to bring goods to named port of destination. Risk of loss and damage are the same as CFR. Seller also has to procure marine insurance against buyer's risk of loss/damage during the carriage. Seller must clear the goods for export. This term can only be used for sea transport.
"CFR"	This term means the seller delivers when the goods pass the ship's rail in port of shipment. Seller must pay the costs and freight necessary to bring the goods to the named port of destination, but the risks of loss or damage, as well as any additional costs due to events occurring after the time of delivery, are transferred from seller to buyer. Seller must clear goods for export. This term can only be used for sea transport.
"the Company"	Kenmare Resources plc
"DFS"	Definitive feasibility studies are the most detailed and will determine definitively whether to proceed with the project. A definitive feasibility study will be the basis for capital appropriation, and will provide the budget figures for the project. Detailed feasibility studies require a significant amount of formal engineering work and are accurate to within approximately 10-15%.
"FOB"	This term means that the seller delivers when the goods pass the ship's rail at the named port of shipment. This means the buyer has to bear all costs and risks to the goods from that point. The seller must clear the goods for export. This term can only be used for sea transport.
"Group or Kenmare"	Kenmare Resources plc and its subsidiary undertakings
"HMC"	Heavy mineral concentrate extracted from mineral sands deposits and which include ilmenite, zircon, rutile, concentrates and other heavy minerals and silica
"Moma", "Moma Mine" or "the Mine"	The Moma Titanium Minerals Mine consisting of a heavy mineral sands, processing facilities and associated infrastructure, which mine is located in the north east coast of Mozambique under licence to the Project Companies
"MSP"	Mineral Separation Plant
"Project Companies"	Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited, wholly owned subsidiary undertakings of Kenmare Resources plc, who are incorporated in Mauritius
"WCP"	Wet Concentrator Plant
"WCP A"	The original WCP which started production in 2007
"WCP B"	The second WCP which started production in 2013
"WCP C"	The third WCP being built and commissioned in 2019