

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

13 October 2022

Q3 2022 Production Report

Kenmare Resources plc (LSE:KMR, ISE:KMR), one of the leading global producers of titanium minerals and zircon, which operates the Moma Titanium Minerals Mine (the "Mine" or "Moma") in northern Mozambique, is pleased to provide a trading update for the quarter ending 30 September 2022 ("Q3 2022").

Statement from Michael Carvill, Managing Director:

"Ilmenite production increased 25% in Q3 compared to Q2, returning to an annualised run rate of 1.2 million tonnes per annum and benefitting from higher mining rates and ore grades. Shipments increased 48%, following the return of our largest transshipment vessel from scheduled maintenance, and we expect Q4 to be our best quarter of the year for both shipments and production.

Pricing for our products increased again in Q3 and our order book for Q4 is largely committed. However, pigment demand weakened through the quarter, affected by Chinese and European market conditions. We expect demand for titanium feedstocks to moderate in 2023, but we believe the fundamentals of our product markets remain robust.

Unfortunately, we had a Lost Time Injury (LTI) in late September. Prior to this we had almost 12 million LTI-free hours worked at the Moma Mine, which is a testament to the commitment of the team on site to achieving an industry-leading safety performance."

Q3 2022 overview

- Lost Time Injury Frequency rate ("LTIFR") of 0.03 per 200,000 hours worked for the 12 months to 30 September 2022 (30 September 2021: 0.08), with one Lost Time Injury ("LTI") recorded during the quarter
- Heavy Mineral Concentrate ("HMC") production of 443,900 tonnes in Q3 2022, a 7% increase compared to Q3 2021 (413,400 tonnes), due to a 3% increase in excavated ore volumes and a 2% increase in ore grades
- Ilmenite production of 304,700 tonnes, a 3% decrease compared to the record production in Q3 2021 (314,400 tonnes), but up 25% on Q2 2022 production (242,900 tonnes)
- Primary zircon production of 17,300 tonnes, a 10% increase compared to Q3 2021 (15,700 tonnes), benefitting from increased HMC processed and improved recoveries
- Production of all finished products is anticipated to be at or around the bottom of Kenmare's 2022 guidance ranges. Total cash operating cost guidance is expected to be at the top of the guidance range principally due to inflationary pressures
- Total shipments of finished products of 285,600 tonnes, an 11% decrease compared to Q3 2021 (322,600 tonnes), due to reduced shipping capacity as result of the Bronagh J transshipment vessel being in dry dock until late August and poor weather conditions
- Higher ilmenite prices achieved in Q3 2022 and contracts in place for the majority of Q4 sales, despite weaker demand for titanium pigment from China and Europe
- Demand for Kenmare's zircon products remained strong in Q3 and this is continuing in Q4, supported by supply constraints, although the global zircon market is showing signs of weakness, particularly in China

Operations update

Operational results for the Moma Mine in Q3 2022 were as follows:

	Q3 2022	Q3 2021	Q3 2021	Q2 2022	Q2 2022
	tonnes	tonnes	% variance	tonnes	% variance
Excavated ore¹	10,424,000	10,084,000	3%	10,070,000	4%
Grade¹	4.95%	4.83%	2%	4.23%	17%
Production					
HMC production	443,900	413,400	7%	353,600	26%
HMC processed	440,500	426,800	3%	367,300	20%
Ilmenite	304,700	314,400	-3%	242,900	25%
Primary zircon	17,300	15,700	10%	13,600	27%
Rutile	2,600	2,700	-4%	2,100	24%
Concentrates ²	13,000	11,900	9%	9,800	33%
Shipments	285,600	322,600	-11%	192,800	48%

1. *Excavated ore and grade prior to any floor losses.*
2. *Concentrates include secondary zircon and mineral sands concentrate.*

Kenmare's rolling LTIFR for the 12 months to 30 September 2022 was 0.03 per 200,000 hours worked (30 September 2021: 0.08), with one LTI recorded in Q3 2022. The previous LTI was on 6 January 2021 and as such, Kenmare had achieved over 11.8 million LTI-free hours worked to late September.

HMC production was 443,900 tonnes in Q3 2022, a 7% increase compared to Q3 2021 (413,400 tonnes), due primarily to a 3% increase in excavated ore volumes to 10.4 million tonnes (Q3 2021: 10.1 million tonnes), driven by a strong performance at Wet Concentrator Plant ("WCP") B. Mitigation measures to reduce the impact of high slimes also benefitted production in Q3. HMC production increased by 26% compared to Q2 2022 (353,600 tonnes).

Ore grades increased by 2% in Q3 2022 to 4.95% compared to Q3 2021 (4.83%) and by 17% compared to Q2 2022 (4.23%), supported by improved performance from WCP B in the Pilivilil ore zone.

Ilmenite production in Q3 2022 was 304,700 tonnes, returning to an annualised run rate of 1.2 million tonnes per annum. It decreased by 3% compared to Q3 2021 (314,400 tonnes) but represented a 25% improvement on Q2 2022. There was some magnetic intermediate stock build up during Q3, reflecting the difference between HMC processed and ilmenite produced.

Primary zircon production was 17,300 tonnes in Q3 2022, up 10% compared to Q3 2021 (15,700 tonnes), benefitting from increased HMC processed and improved recoveries. However, rutile production was 2,600 tonnes, down 4% on Q3 2021 (2,700 tonnes) due to lower recoveries and stock build-up. Concentrates production was 13,000 tonnes, up 9% on Q3 2021 (11,900 tonnes), driven by robust mineral sands concentrate production.

As a result of the stronger production in Q3 2022, following weaker than anticipated production in H1, Kenmare expects production of finished products to be at or about the bottom of its 2022 guidance ranges. Operating costs are expected to be at the top of Kenmare's 2022 guidance range, principally due to inflationary pressures, and unit costs will be a function of the lower production volumes and higher operating costs.

As previously announced, one of Kenmare's two transshipment vessels, the Bronagh J, left site in early May 2022 for its five-yearly dry dock maintenance work, reducing significantly Kenmare's shipping capacity in Q2 and Q3 2022. The Bronagh J returned to site on 25 August and shipping volumes increased significantly in September. Typically, Q4 is the strongest quarter of the year for shipments due to seasonally favourable weather conditions; and, with both vessels now in operation, finished product inventories are expected to return to normal levels during H1 2023.

Total shipments in Q3 2022 were 285,600 tonnes, an 11% decrease compared to Q3 2021 (322,600 tonnes), due to reduced shipping capacity and poor weather conditions. Shipments comprised 246,900 tonnes of ilmenite, 18,400

tonnes of primary zircon, 5,300 tonnes of rutile and 14,900 tonnes of concentrates. Shipments also increased by 48% compared to Q2 2022.

Closing stock of HMC at the end of Q3 2022 was 12,700 tonnes, compared to 9,200 tonnes at the end of Q2 2022. Closing stock of finished products at the end of Q3 2022 was 267,000 tonnes, compared to 214,900 tonnes at the end of Q2 2022, reflecting the lower shipping capacity and the poor weather conditions limiting loading.

Capital projects update

Work is continuing on the Pre-Feasibility Study (“PFS”) for the Nataka ore zone, where WCP A is expected to commence mining in 2025. The PFS is expected to be completed in late 2022 and a market update will be provided in Q1 2023. The Environmental Impact Assessment is progressing well, with the first round of public consultation completed.

As part of the PFS, WCP A is expected to have a desliming circuit installed to more efficiently mine the Nataka ore zone. Some elements of the PFS are significantly advanced; so work towards the Definitive Feasibility Study (“DFS”) has commenced in those areas, including on the desliming circuit. Results for this part of the DFS are expected in Q1 2023 and, on an accelerated timeline, the installation of the desliming circuit at WCP A could occur in 2024.

Market update

Kenmare achieved a stronger sales performance in Q3 2022, supported by increased shipment volumes and higher prices for its ilmenite and zircon products. Q3 represented the eighth consecutive quarter of ilmenite price increases. Kenmare also shipped more higher value products in the third quarter than in Q1 and Q2 2022.

Despite Kenmare’s stronger sales performance, global demand for titanium pigment was lower in Q3 resulting in a moderation in pigment production. The Chinese pigment market was the first to soften, as COVID-19 lockdowns and a slower property market dampened demand, and this trend continued throughout Q3. European demand for pigment also decreased during the quarter, driven by a lower outlook for economic growth and high energy costs. Notwithstanding this, Kenmare continued to see resilient demand from its existing customers, benefitting from strong demand from the ilmenite beneficiation market. Growing titanium metal production in China also continues to support import demand for titanium feedstocks.

The supply of titanium feedstocks has continued to increase, primarily from Chinese producers in Mozambique and producers in the USA. However, a weaker iron ore market in China has resulted in lower production of ilmenite as a by-product from producers in China, which is helping to balance the market.

A weaker pigment market is likely to impact demand for ilmenite in Q4. However, Kenmare has contracts in place for the majority of its expected sales in the quarter, with pricing continuing to be strong as high-quality ilmenite remains in short supply.

Although demand for Kenmare’s zircon products remains robust, the zircon market has been exhibiting similar dynamics to the pigment market. Demand in China is weak and European ceramics producers have been impacted by higher energy costs. Prices in the spot market in China moved significantly above prices in the rest of the world but have declined in recent weeks, and this will result in lower prices for Kenmare’s concentrates products sold to China. However, zircon supply remains constrained and prices outside of China are stable, which benefits Kenmare as the majority of its primary zircon is sold in Europe.

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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 8% of global titanium feedstocks and the Company supplies to 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.

All monetary amounts refer to United States dollars unless otherwise indicated.

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.