

If you have sold or transferred all of your Kenmare Shares, please forward this document as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

This document is being sent to you for information purposes only.

Application has been made to the Irish Stock Exchange for the re-classification of the listing of the Company's Ordinary Shares on the Official List of the Irish Stock Exchange from a primary listing to a secondary listing under Chapters 1 and 11 of the Irish Listing Rules. It is expected that the change in listing status will become effective on 6 August, 2010. No change is proposed to be made to the Company's listing of its Ordinary Shares on the Official List of the UK Listing Authority, which will remain a premium listing. The Ordinary Shares will continue to be traded on the respective main markets for listed securities of the Irish Stock Exchange and the London Stock Exchange.

This document should be read as a whole. This document does not constitute or form part of any offer or invitation to sell or issue or a solicitation of any offer to acquire, purchase or subscribe for shares in any jurisdiction.

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*Directors:*

Charles Carvill, *Chairman*  
Michael Carvill\*, *Managing Director*  
Jacob Deysel\*, *Chief Operating Director*  
Terence Fitzpatrick\*, *Technical Director*  
Tony McCluskey\*, *Finance Director*  
Sofia Bianchi  
Ian Egan  
Simon Farrell  
Tony Lowrie  
Peter McAleer

\* denotes executive

*Head and Registered Office:*

Chatham House  
Chatham Street  
Dublin 2  
Ireland

7 July, 2010

**KENMARE**

## **Kenmare Resources plc**

*(Incorporated and Registered in Ireland with Registered Number 37550)*

### **RECLASSIFICATION OF IRISH LISTING OF ORDINARY SHARES**

*For information only to all Kenmare Shareholders and Option Holders*

Dear Shareholder / Option Holder,

#### **Introduction**

Following a review of the Company's share listing arrangements, the Board has elected to have the listing of its Ordinary Shares on the Main Securities Market of the Irish Stock Exchange re-classified from the current primary listing to a secondary listing (the "Reclassification"). Kenmare also advises that it has been in discussions with the FTSE to obtain a UK Nationality classification and, subject to the Reclassification of its Irish Stock Exchange listing, admission to the FTSE UK index is expected in September, 2010. Following the Reclassification, trading in the Ordinary Shares will continue to be conducted on the respective main markets for listed securities of the Irish Stock Exchange and the London Stock Exchange, on a secondary listing and premium listing basis respectively.

The purpose of this document is to provide you with details of the Reclassification, including the background to and reasons for the Reclassification, and to explain why the Board believes the Reclassification to be in the best interests of the Company.

**The Reclassification is not subject to the approval of Shareholders and this document is being sent to you for information purposes only. It is expected that the Reclassification will become effective on or around 6 August, 2010.**

## **Background to and reasons for the Reclassification**

As Shareholders are aware, in March 2010 the Company completed a firm placing and placing and open offer to raise gross proceeds of £179.6 million (approximately US\$270 million) through the issue of 1,497,030,066 Ordinary Shares at an issue price of 12 pence per Ordinary Share in order to finance the expansion of its existing mining operation at Moma in Mozambique. This significant fundraising, together with previous smaller fundraisings in 2008 and 2009, has resulted in a gradual migration of the shareholder base to the UK. Based on the share register as of 30 June, 2010 approximately 95 per cent. of shares in issue are registered as being held at an address in the UK. Analysis of the beneficial ownership of the Company also indicates a concentration in the UK, with Shareholders having a notifiable interest in the Company (that is a voting interest in excess of 3 per cent.) representing in aggregate approximately 35 per cent. of the existing issued share capital, being UK investment institutions. Conversely, only approximately 4 per cent. of the existing issued share capital of the Company is known to be beneficially held by Irish resident shareholders. Consistent with this trend, trading in the Company's shares has also migrated to the London Stock Exchange with approximately 96 per cent. of total volume in the period 1 January, 2010 to 30 May, 2010 occurring on the London Stock Exchange. In addition, while Kenmare has its head office and registered office in Ireland, the Company does not have any source of revenue generation in the country (all of its operations being in Mozambique).

These combined factors have a number of potential consequences:

- Kenmare can qualify under the strict criteria imposed by the Irish Stock Exchange under paragraph 11.4 of the Irish Listing Rules to be treated as an overseas company with a secondary listing in Ireland; and
- in the event that Kenmare does change its listing status in Ireland to that of an overseas company, this increases the possibility that Kenmare could qualify for admission to the FTSE UK Index Series.

Kenmare has applied to the Irish Stock Exchange to have its listing status changed so that it is classified as an overseas company with a secondary listing in Ireland and the Irish Stock Exchange have approved this application. In order for the Reclassification to be effective, 20 business days notice is required to be provided to Shareholders and to the market, and this document, together with today's announcement on the subject commences this notice period. Accordingly it is expected that the Reclassification will be effective on or around 6 August, 2010.

Kenmare has also had discussions with FTSE in relation to its potential categorisation and, subject to the Reclassification, it is expected that Kenmare will be approved for a FTSE UK Nationality classification, with admission to the FTSE UK index envisaged in September 2010.

The Board believes that the proposed Reclassification is in the best interests of the Company and its Shareholders for the following reasons:

- it is commensurate with, and reflective of, the shareholder and share trading profile of the Company;
- by retaining the premium listing on the Official List of the UK Listing Authority, Shareholders are assured that substantially the same regulatory regime and protections continue to apply (see "*Regulatory Impact of the Reclassification*" below);
- through retaining a secondary listing on the Irish Stock Exchange, Irish and other eurozone Shareholders will continue to have access to a euro currency quote and the Kenmare Shares are expected to continue to form part of the ISEQ Indices. It is not therefore expected that the change in listing will have any material impact on trading or liquidity in the Company's Shares in Ireland. Kenmare maintains its commitment to Ireland and to its Irish Shareholders. Kenmare will continue to maintain its head office and registered office in Ireland and will retain its Irish tax domicile status; and
- admission to the FTSE UK Index Series would, the Board believes, be in the immediate and longer terms interests of the Company and its Shareholders as FTSE membership would be expected to attract additional investment in the Company's Shares from UK index tracker funds, thereby further

enhancing liquidity, while the additional credibility and profile which FTSE membership may result in should further improve Kenmare's position with its customers, suppliers and other organisations with whom it conducts business.

### **Regulatory Impact of the Reclassification**

A premium listing in the UK (which prior to 6 April, 2010 was known as a primary listing) imposes all of the super-equivalent regulatory obligations which are also imposed as a consequence of a primary listing in Ireland. These include observance by Directors of a code of dealing no less prescriptive than the Model Code, compliance with the Combined Code (on a comply or explain basis), compliance with the UKLA Listing Rules in relation to, *inter alia*, rules relating to share buy backs and treasury shares, rules relating to equity issues, and requirements to announce and/or obtain shareholder approval for certain transactions (due to their size and nature and/or when involving certain related parties). Accordingly the Reclassification will not result in any material change or diminution in the shareholder rights and investor protections currently applicable to Kenmare Shareholders under the Irish Listing Rules.

In addition, Kenmare will remain subject to the Market Abuse Regulations, the Transparency Regulations and the Prospectus Regulations and their respective rules. Ireland will continue to be the home country of the Company for the purposes of compliance with EU directives and the Financial Regulator will continue to be the Company's competent authority for these purposes. The Company will also remain subject to the remit of the Irish Takeover Rules.

### **Conclusion**

**Given the concentration of Kenmare Shareholders in the UK and the associated increase in liquidity of trading in the Ordinary Shares on the London Stock Exchange, your Board believes that the Reclassification is in the best interests of the Company and its Shareholders as a whole.**

Yours faithfully,

**CHARLES CARVILL**

*Chairman*

## DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“the Board”	means the board of directors of Kenmare from time to time;
“Business Day(s)”	a day/days (not being a Saturday or Sunday) on which banks are open for normal banking business in Dublin, Ireland;
“Combined Code”	the Combined Code on Corporate Governance published in June 2008 by the UK Financial Reporting Council, as amended or replaced from time to time;
“Directors”	the directors of the Company;
“existing issued share capital”	2,403,127,212 Ordinary Shares in issue as of 6 July, 2010 (being the latest practicable date prior to the publication of this letter);
“Financial Regulator”	the Irish Financial Services Regulatory Authority, as a constituent part of the Central Bank and Financial Services Authority of Ireland;
“FTSE”	the Financial Times Stock Exchange, a company that specializes in index calculation;
“FTSE UK Index Series”	the Financial Times Stock Exchange UK index series, market capitalisation weighted indices of stocks traded on the London Stock Exchange;
“FTSE Nationality Committee”	a committee of FTSE which assesses how companies should be treated for the purpose of the FTSE UK Index Series in respect of their nationality;
“Kenmare” or the “Company”	Kenmare Resources public limited company, a company registered in Ireland with registered number 37550 and having its registered office at Chatham House, Chatham Street, Dublin 2, Ireland;
“Kenmare Shareholders” or “Shareholders”	holders of Kenmare Shares from time to time;
“FSA”	the Financial Services Authority of the United Kingdom;
“Ireland”	Ireland other than Northern Ireland and the word “Irish” shall be construed accordingly;
“Irish Listing Rules”	the Listing Rules of the Irish Stock Exchange;
“Irish Stock Exchange”	The Irish Stock Exchange Limited;
“Irish Takeover Panel”	the Irish Takeover Panel, established under the Irish Takeover Panel Act, 1997;
“Irish Takeover Rules”	the Irish Takeover Panel Act 1997, Takeover Rules 2007 and 2008;
“London Stock Exchange”	the London Stock Exchange plc;
“Market Abuse Regulations”	the Market Abuse (Directive 2003/6/EC) Regulations 2005 of Ireland (SI No. 342 of 2005);
“Model Code”	the Model Code on directors’ dealings in securities as set out in Irish Listing Rule 6 Appendix 1 and UKLA Listing Rule 9 Annex 1;

“Mozambique”	the Republic of Mozambique;
“Option Holders”	holders of Share Options in the share capital of the Company;
“Ordinary Share(s)” or “Kenmare Share(s)” or “Shares”	the ordinary shares with a nominal value of €0.06 each in the share capital of the Company;
“Prospectus Regulations”	the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland (SI No. 324 of 205);
“Reclassification”	the reclassification of the Company’s status as an overseas company with a secondary listing under 11.4 of the Irish Listing Rules, instead of its current status as an issuer of equity securities with a primary listing on the Irish Official List under the Irish Listing Rules;
“RIS”	one of the regulatory information services authorised by the Irish Stock Exchange and/or the FSA to receive, process and disseminate regulated information from listed companies;
“Shareholder(s)”	holders of Ordinary Shares;
“Share Options”	options granted pursuant to the terms of the Share Option Scheme;
“Share Option Scheme”	the Kenmare Share Option Scheme adopted by the Company on 12 June, 1987;
“Transparency Regulations”	the Transparency (Directive 2004/109/EC) Regulations 2007 (SI No. 277 OF 2007) of Ireland;
“Official List”	the official list of the Irish Stock Exchange or the UK Financial Services Authority, as the context requires;
“UK Listing Authority” or “UKLA”	the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
“UKLA Listing Rules”	the Listing Rules of the UKLA; and
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland.