

Kenmare Resources Plc

Moma Titanium Minerals Mine

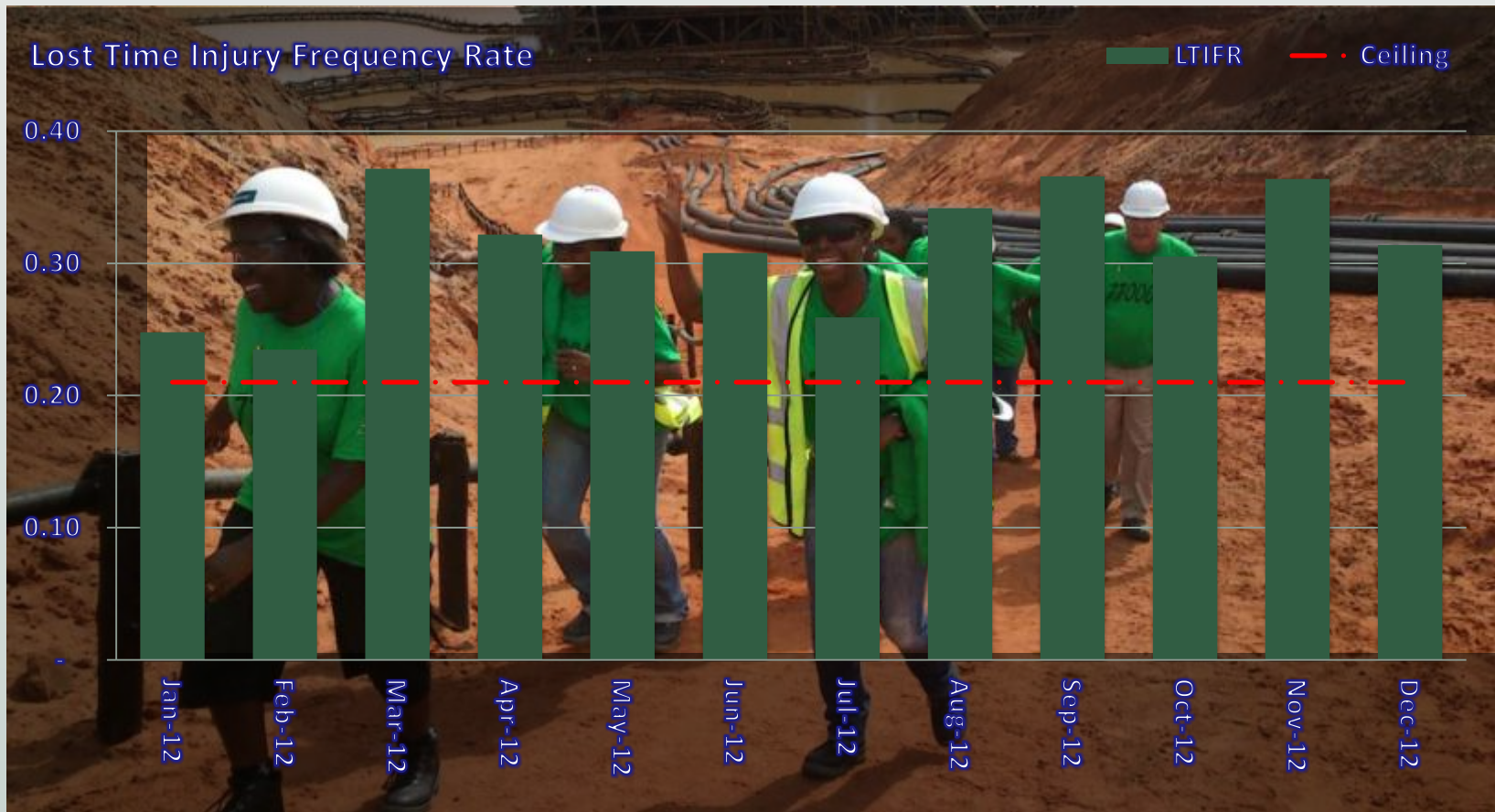


Preliminary Results and Update | March 2013

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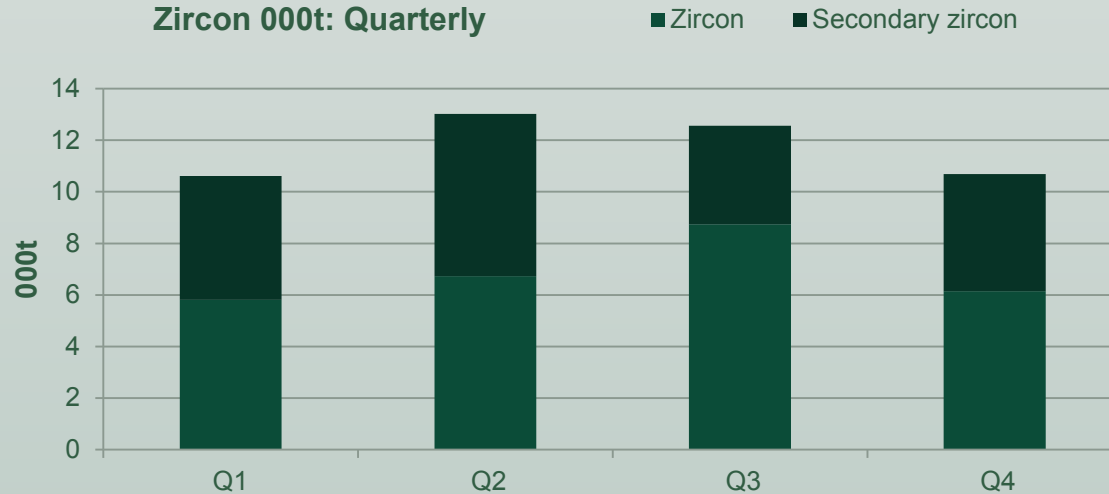
Kenmare 2012 LTIFR 0.33
South African Mineral Sands Competitors 4 year average 0.45

Production Data Quarterly 2012

Ilmenite 000t: Quarterly



Zircon 000t: Quarterly



Mining Challenges

- Power reliability – Electricidade de Moçambique (EDM) upgrades; Adverse weather
- Progressively mining from existing “Nick Zone” up onto the “High Dunes”
 - Geotechnical aspects challenging as the plant moves from “Nick Zone” onto the high dunes – Pond water level rises from 12 metres to 32 metres (currently above 25 metres)
 - Water supply management
- Mining Conditions – Slimes management (pockets of higher slime zones impacting on dredge throughput)



Power Reliability

Electrical Supply Volatility

- Commissioning of the SVC at Mocuba - beneficial in the long term but resulted in short term interruptions – now commissioned and are seeing improved stability
- SVC upgrade at Alto Molocue – delayed by EDM and completion planned for mid February 2013
- Voltage Stabilisation Equipment (Dip Doctor) scheduled for completion in March/April 2013
- Adverse weather resulting in total outages
 - Root causes: Maintenance of the 33kV lines from various 110 kV substations in the northern part of the country - protection and overhead lines (After the 2 SVC's)
 - Action items:
 - On-going discussion and assistance to EDM to resolve maintenance issues
 - Variable Speed Drive settings changed to minimise sand-ups after power dips
 - Desanding systems installed on most circuits to improve recovery time

Mining Summary

Review 2012

- Power reliability impacted operations - weather related in last month
- Moving from “Nick Zone” onto the “High Dunes” more challenging than anticipated
- Mining conditions presented to the dredges remain variable – better ability to forecast mining throughput
 - Improved forecasting, however limited ability to increase output over first quarter of 2013
- Further improvement in planning, forecasting and execution

Outlook 2013

- Transition onto the High Dunes will be substantially completed by end March 2013
- Mining conditions should start to improve by April 2013 with isolated areas of higher slimes persisting
- Improved forecasting ability

Phase II Expansion – Mining

➤ EXISTING Wet Concentrator Plant A (WCP A)

- Upgrade WCP A to increase spiral feed capacity from 3,000 to 3,500 tph

➤ NEW Wet Concentrator Plant B (WCP B)

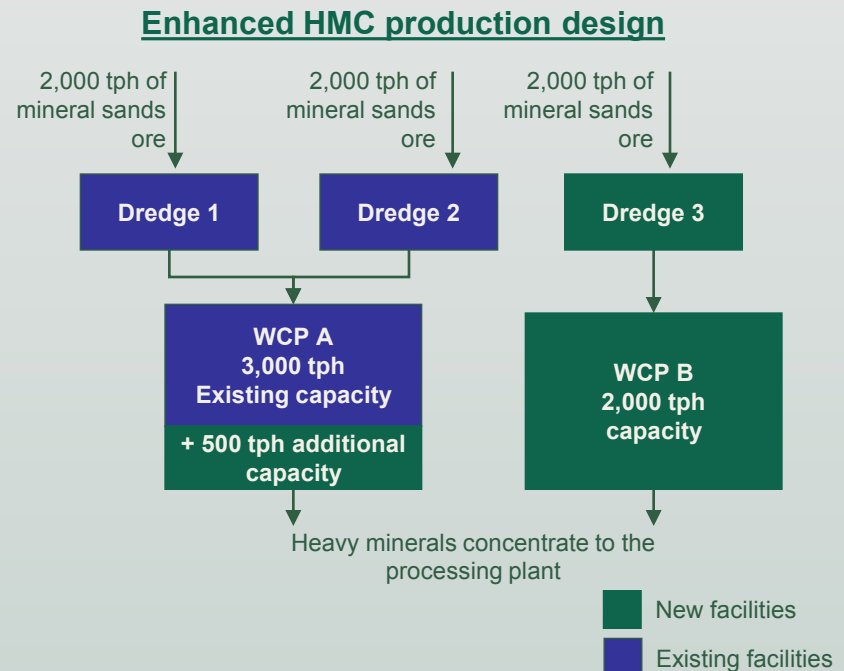
➤ Installation of 2nd mining plant consisting of:

- WCP with spiral feed capacity of 2,000 tph
- Starter pond
- 3rd dredge

➤ WCP spirals modular design allows for easier future capacity increases

➤ Addition of WCP B will not interfere with existing operations

➤ Planned WCP B move to the Nataka deposit in 2020 and WCP A in 2024

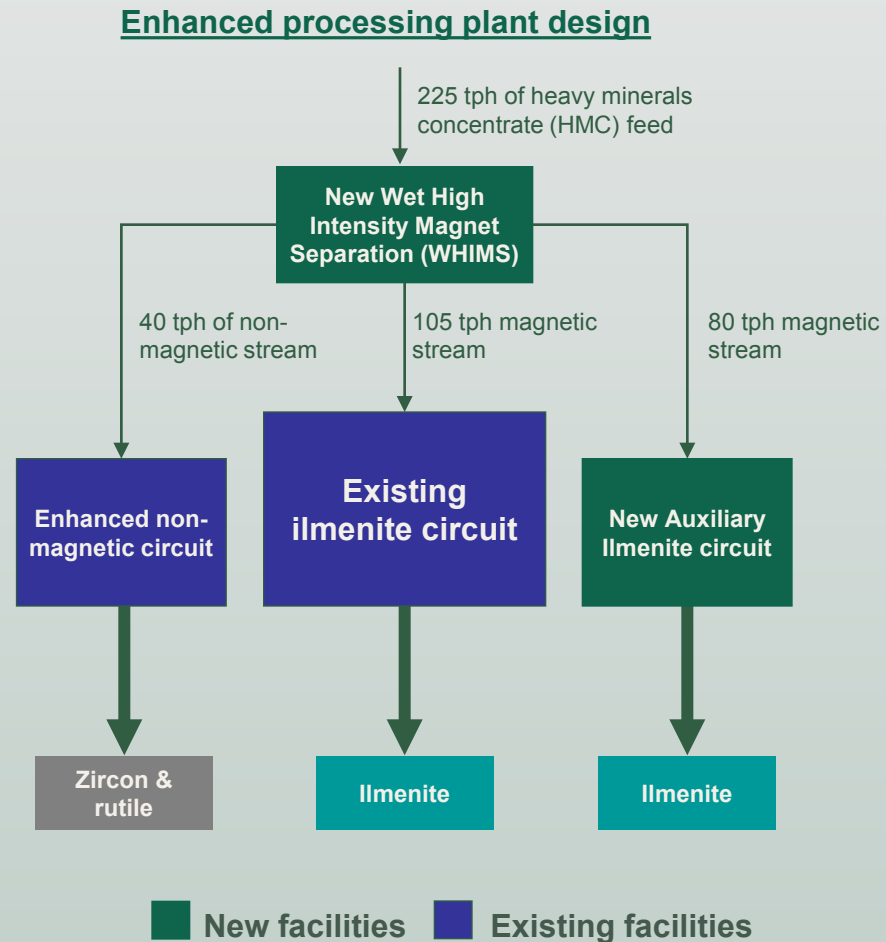


Namalope dredge path plan



Phase II Expansion – Processing

- Mineral Separation Plant (MSP)
- Expanding capacity from 135 tph to 225 tph
- New Wet High Intensity Magnetic Separation (WHIMS) circuit
- More efficient upfront separation of Magnetic and Non-magnetic minerals
- Enhanced efficiency of existing operation
- Modular approach to construction to avoid disruption to existing operations
- Enhanced non-magnetic circuit with additional driers
- Upgrade of associated infrastructure and equipment, particularly electricity and water supply



Schedule

Risks to schedule:

➤ Piping finalisation

Plant	Schedule
WCP A Upgrade	Completed
WCP B Floating	Completed
WCP B – Cold Commissioning	Started
WCP B Dredge – Commissioning	Started
WHIMS – Cold Commissioning	Started
Auxiliary Ilmenite – Cold Commissioning	Started
MSP Brownfields – Upgrade Tie In	Completed
MSP Brownfields Non-Magnetics Circuits	Tie in scheduled to start April 2013
Product Stores Ilmenite	Completed
Product Stores Zircon	Tie in scheduled to start April 2013
Raw Water Dam	Completed

Expansion Progress – Dredge



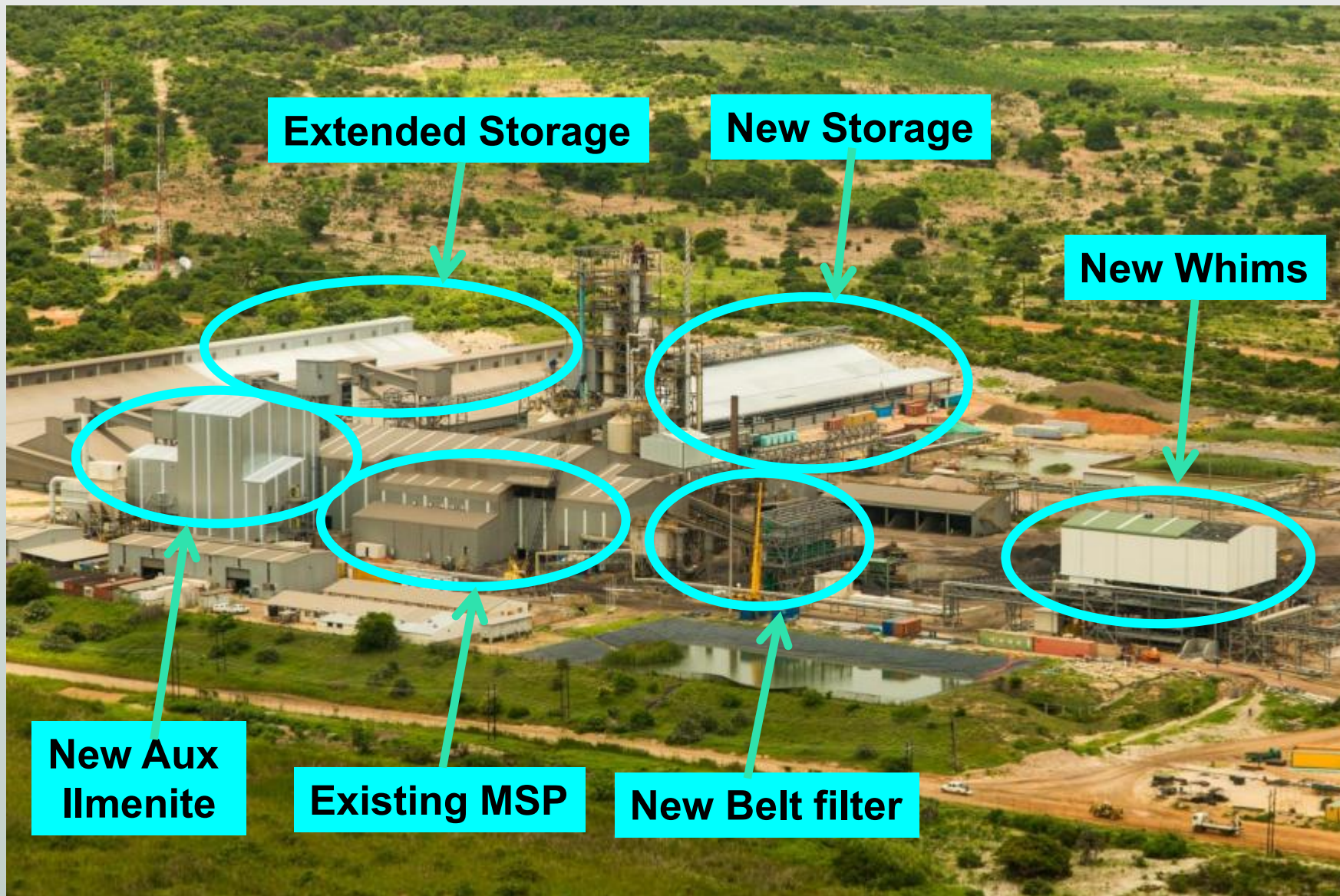
- **3rd Dredge floating and resting in its commissioning position**

Expansion Progress – WCP B



- Superstructure complete; Piping and Electrics to be finalised

Moma Mine – Processing



Expansion Progress – WHIMS



- Complete; commissioning in progress (Piping to be finalised)

Expansion Progress – Auxiliary Ilmenite Plant



- Complete; commissioning in progress

Expansion Progress – Product Storage



- Ilmenite store complete; in use

Upgrade Of Export Facilities

➤ 2nd Wharf Added to Jetty



➤ Northern Wharf Upgraded



Significant Increase in Loading Rates and Availability

TiO2 Feedstock & Zircon Market

TiO2 Feedstock

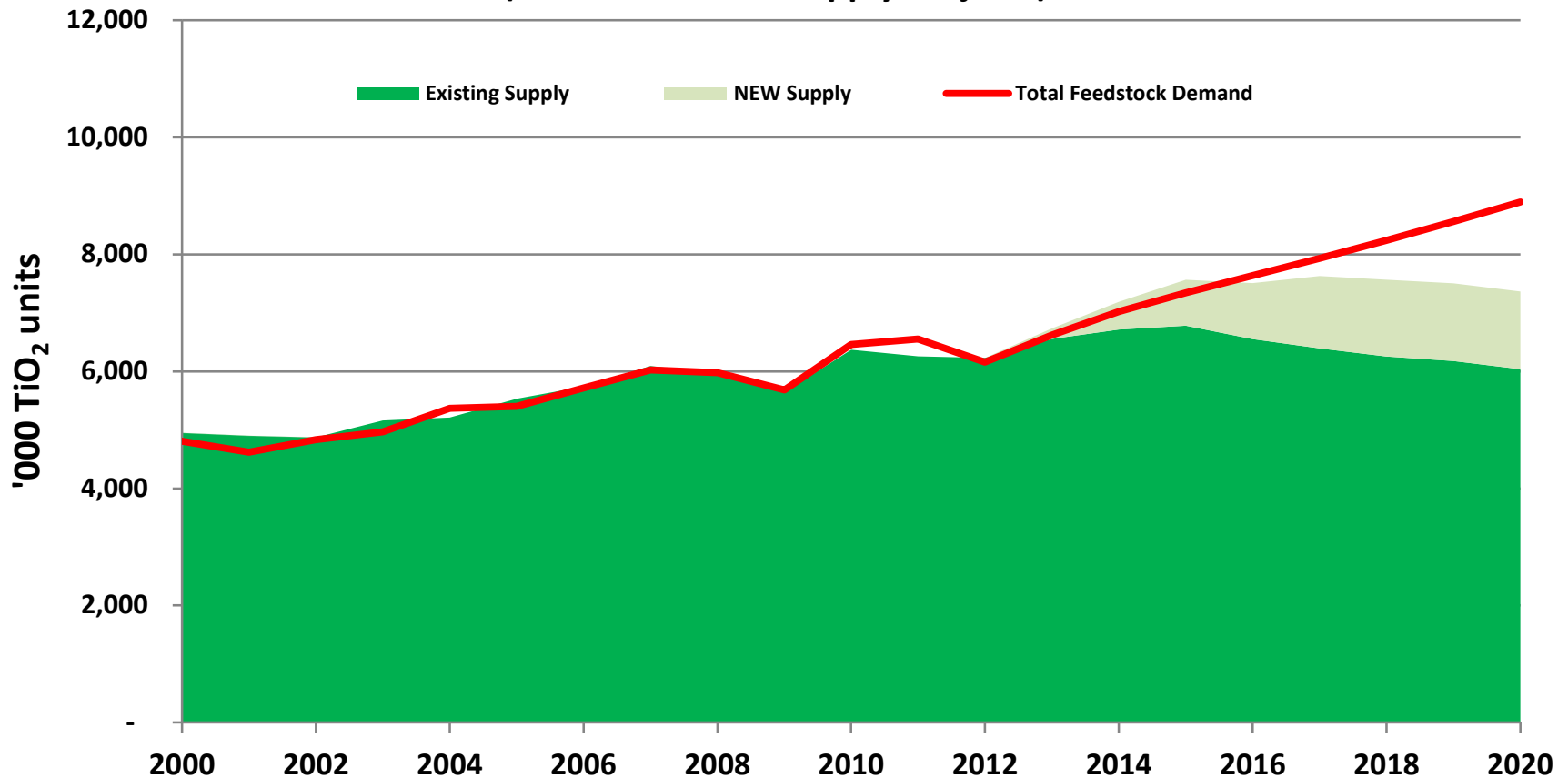
- Strong demand in H1 2012 and good price traction
- H2 2012 demand was more subdued as pigment producers curtailed production and de-stocked
- De-stocking more pronounced for high grade feedstocks as pigment plants favoured greater use of ilmenite and slag
- Nonetheless ilmenite demand weakened by year-end and has continued into Q1 2013
- De-stocking expected to end during Q2 2013 driven by improving pigment environment
- Medium to long term demand growth fundamentals are still sound

Zircon

- Difficult market conditions throughout 2012
- Pricing held up initially but fell substantially since end of August
- Some pricing stability is returning to the market
- Improving demand outlook

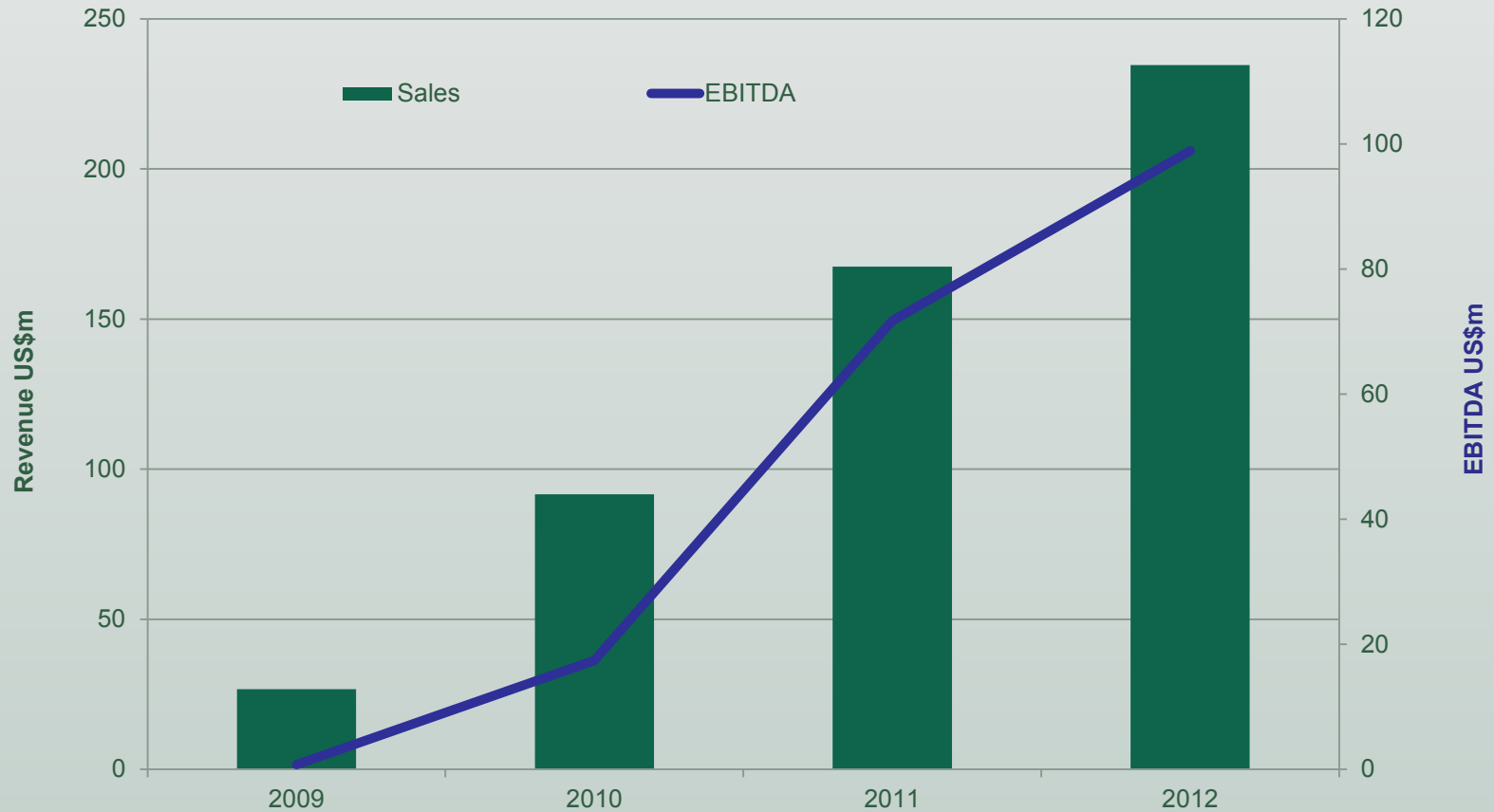
TiO₂ Feedstock Supply/Demand

TOTAL TiO₂ Feedstock Supply/Demand (with Committed Supply Projects)



Source: Kenmare

Revenue & EBITDA 2009 – 2012



2012 Income Statement Review

	2012	2011	Comment on 2012
	US\$m	US\$m	
Revenue	234.6	167.5	Sales up 40% on 2011
CoS & Opex	<u>(154.2)</u>	<u>(114.6)</u>	Costs up 35% on 2011
Operating profit	80.4	52.9	
Net finance costs	(27.0)	(28.4)	\$7.0m paid & balance accrued
Foreign exchange loss	<u>(0.6)</u>	<u>(6.3)</u>	On Euro debt & SA Rand cash
Profit before tax	52.8	18.2	
Tax (charge) / credit	<u>(3.3)</u>	<u>5.5</u>	Deferred tax - applied losses
Profit after tax	<u>49.5</u>	<u>23.7</u>	

- Blended product prices achieved up 50%, compared with 2011
- EBITDA: US\$98.9m (2011: US\$71.7m)
- EPS: USD 2.01c/share (2011: USD 0.99 c/share)

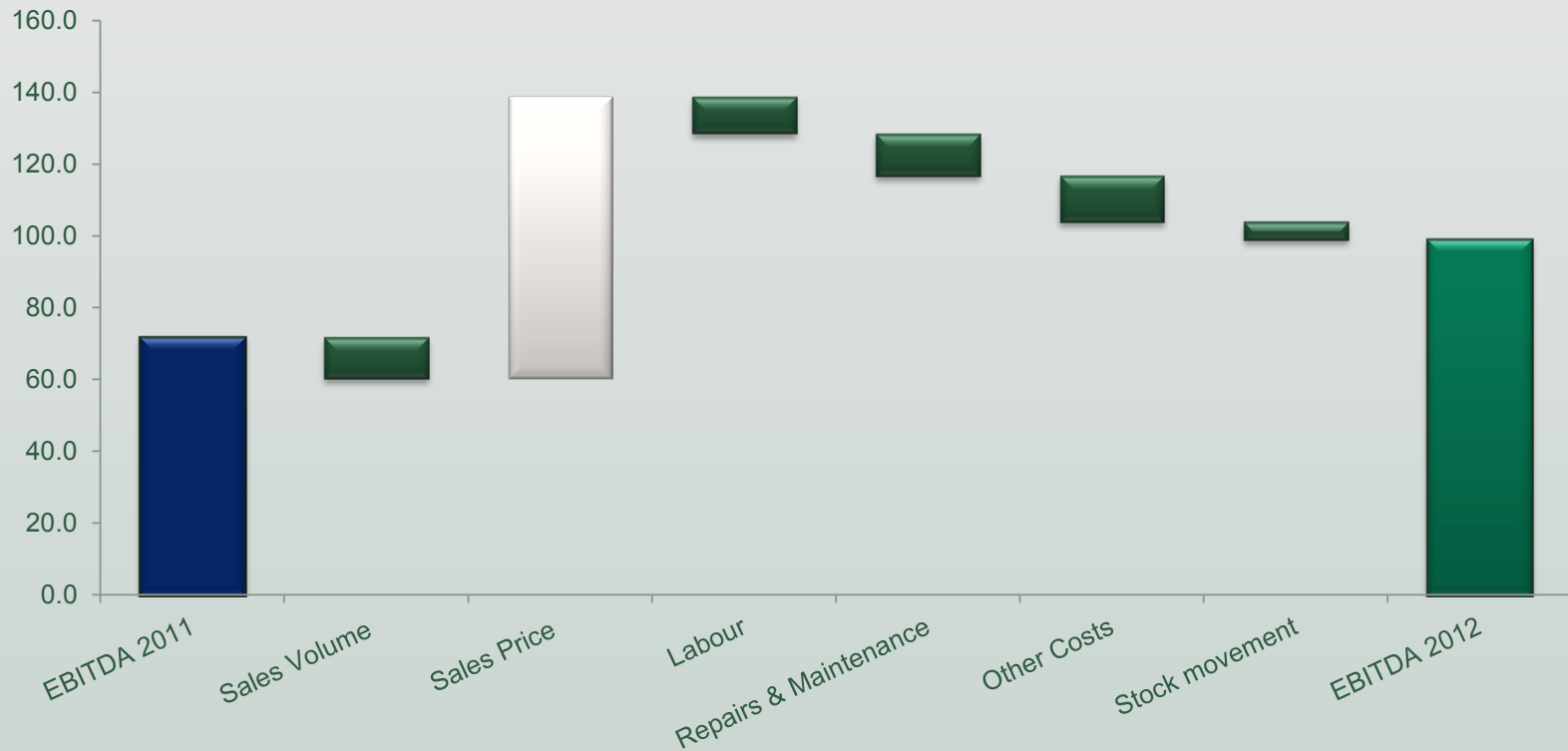
2012 Cash Operating Costs Review

	US\$m	US\$m
Cost of Sales	134.5	
Other operating costs	<u>19.7</u>	154.2
Freight (CIF charged to customers)		<u>(3.2)</u>
Total costs less freight		151.0
<u>Non-cash costs:</u>		
Depreciation	18.5	
Share-based payments	<u>3.2</u>	<u>(21.7)</u>
		129.3
<u>Inventory Movements:</u>		
Finished Product Movements		<u>(5.9)</u>
Adjusted cash operating costs		<u>123.4</u>

Operating Costs – Principal Additional Drivers in 2012

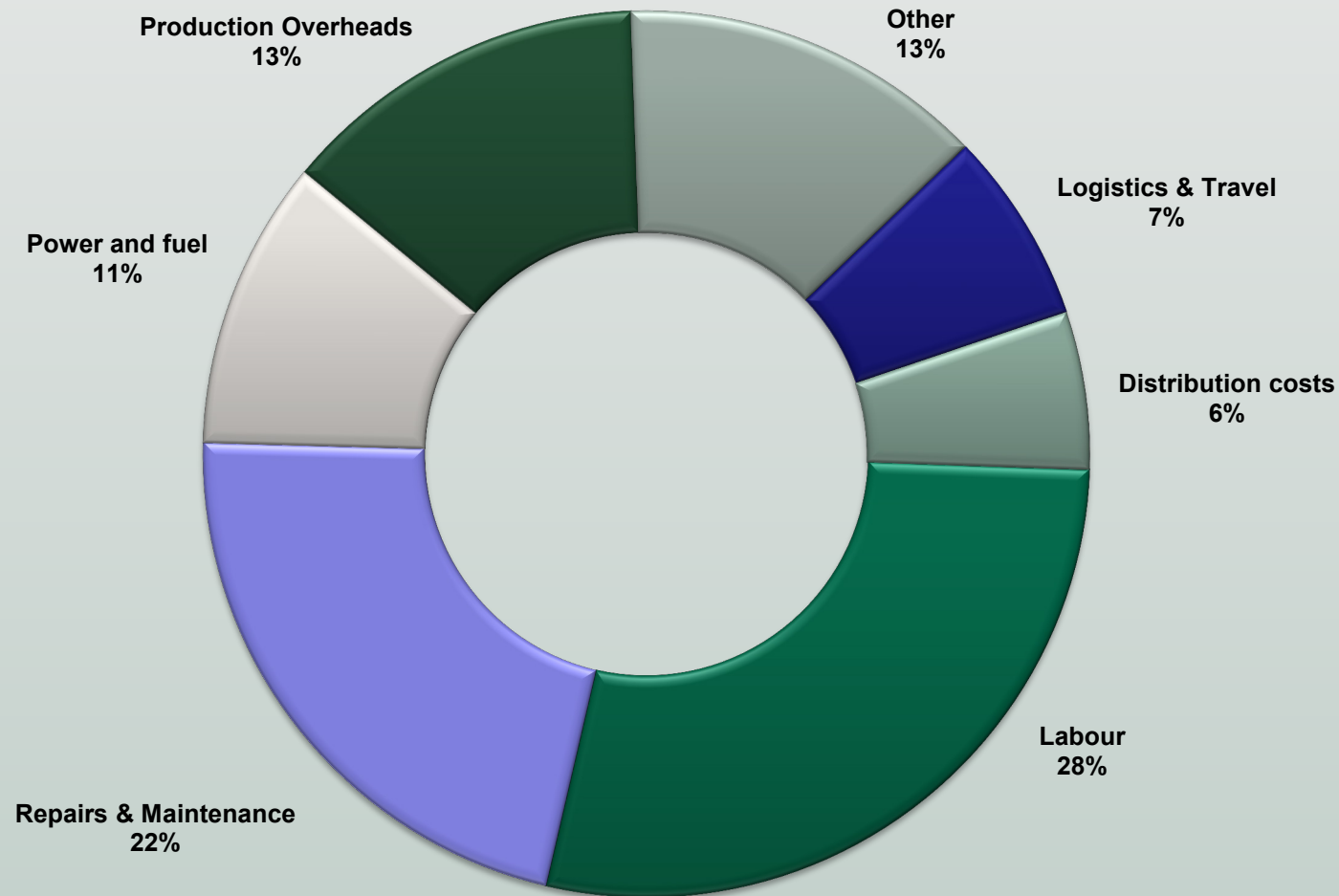
- Complex transition of WCP A to Dunal Plateau – Nearing top of dune
- Two supplementary dry mining operations – One dry mining decommissioned

2011 – 2012 EBITDA Bridge (US\$ millions)



- EBITDA increase of 38%
- 50% increase in average product prices
- WCP A pond elevation costs and supplemental dry mining costs
- Higher labour and repairs & maintenance costs

2012 Cash Operating Costs



2012 Balance Sheet Review

	2012	2011	Comment on 2012 & movement
	US\$m	US\$m	
Property, plant & equipment	887.5	714.1	Largely expansion investment
Deferred tax asset	2.2	5.5	Used with increasing profitability
Inventories	22.4	25.8	Lower product stocks & higher spares
Trade & other receivables	35.7	38.8	No bad debts
Cash	<u>46.1</u>	<u>77.3</u>	Reduced due to expansion investment
Total assets	<u>993.9</u>	<u>861.5</u>	
Equity & reserves	605.6	495.4	2012 profit & share placing July '12
Bank loans	324.4	327.1	Repaying senior & roll-up Sub debt
Creditors & provisions	<u>63.9</u>	<u>39.0</u>	Increase in expansion creditors
Total equity & liabilities	<u>993.9</u>	<u>861.5</u>	

➤ Significant Balance Sheet movements are expansion related

Group Debt

- Project Debt at 31 Dec. 2012: US\$324.4m (2011: US\$327.1m)
- Lenders: *Project* - Absa, KfW, FMO, EIB, EAIIF & AfDB; *Group* - Absa/Barclays
- Guarantors: ECIC (of Absa), MIGA & Hermes (of KfW)
- Average project interest rate at Dec. 2012 was 8.7%
- Senior: US\$107m, floating @ LIBOR + 3.5% to 5.3%, fixed @ 5.45% to 7.45%. Senior maturities: 2015 - 2018.
- Sub: US\$217m, floating @ LIBOR + 5% to 8%, fixed @ 10%. Additional margin 1% to Completion (est. 2014). Sub maturities: 2019.
- Lenders agreed to extend US\$65m expansion funding from operating cashflow to June 2013
- US\$40m Absa/Barclays one-year renewable facility agreed March 2013

Trading Update

- 40% revenue increase to US\$234.6m, up from US\$167.5m in 2011
- EBITDA US\$98.9m, up from US\$71.7m in 2011
- Profit after tax US\$49.5m, compared with US\$23.7m in 2011
- Mine operating safely: LTIFR rate 0.33pa vs. industry average 0.39pa
- Produced 574.4kt ilmenite and 46.9kt zircon
- Move to dunal plateau set to return mine to target output levels
- US\$40m Absa/Barclays one-year renewable facility in March 2013
- Phase II expansion in commissioning phase



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