
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser (being in the case of Shareholders in Ireland, an organisation or firm authorised or exempted pursuant to the Investment Intermediaries Act, 1995 of Ireland or the Stock Exchange Act, 1995 of Ireland and, in the case of Shareholders in the United Kingdom, an independent adviser authorised pursuant to the Financial Services & Markets Act 2000 of the United Kingdom ("FSMA")).

If you have sold or otherwise transferred all of your Ordinary Shares in Kenmare Resources plc ("Kenmare" or "the Company"), please send this document and the accompanying Form of Proxy and Application Form, 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. However, such documents should not be forwarded or transmitted in or into the United States, Canada, Australia or Japan. If you have sold or transferred part of your holding in Kenmare, you are referred to the instructions regarding split applications set out in the accompanying Application Form.

A copy of this document, having attached hereto the consents referred to in paragraph 22 of Part 5 hereof and copies of the material contracts referred to in paragraph 16 of Part 5 hereof, which comprises Listing Particulars and a Prospectus relating to the Company in accordance with the European Communities (Transferable Securities and Stock Exchange Regulations) 1992 of Ireland ("the 1992 Regulations") have been delivered for registration to the Registrar of Companies in Ireland in compliance with section 47 of the Companies Act, 1963 of Ireland and as required by the 1992 Regulations. A copy of this document, which comprises Listing Particulars and a Prospectus in accordance with the Listing Rules made under section 79 of the FSMA has also been delivered for registration to the Registrar of Companies in England and Wales as required by sections 83 and 86 of the FSMA.

Application has been made to the Irish Stock Exchange and to the UK Listing Authority for 80,831,255 New Ordinary Shares to be admitted to the Official List of the Irish Stock Exchange and the Official List of the UK Listing Authority and application has been made to the Irish Stock Exchange and the London Stock Exchange for admission of the New Ordinary Shares to trading on their respective markets for listed securities. It is expected that admission to the Official Lists will become effective and that dealings will commence, in respect of both the Placing Shares and the Open Offer Shares on 7 May, 2002.

In the preparation and distribution of this document and in relation to the arrangements described herein, Davy Corporate Finance Limited and Davy Stockbrokers (collectively "Davy") are acting exclusively for Kenmare as financial adviser and sponsor respectively in connection with the requirements of the Irish Stock Exchange, and the UK Listing Authority and for no one else (including the recipient of this document) and will not be responsible to any other person for providing the protection afforded to customers of Davy nor for providing advice in connection with any transaction or arrangements referred to in this document.

Kenmare Resources plc

(Incorporated and registered in Ireland under the Companies Act 1963 to 1999 with registered number 37550)



Proposed Placing of 56,950,000 New Ordinary Shares at Stg14p (23c) per Share

Proposed Open Offer of 23,881,255 New Ordinary Shares at Stg14p (23c) per Share

and

Notice of Extraordinary General Meeting

Notice of an Extraordinary General Meeting of Kenmare to be held at the Westbury Hotel, Clarendon Street, Dublin 2 at 11.00 a.m. on 3 May, 2002 is set out on page 68 of this document. A Form of Proxy for use at the Extraordinary General Meeting accompanies this document. Forms of Proxy, completed and signed in accordance with the instructions printed thereon, should be returned as soon as possible but in any event so as to be received by the Company, Kenmare Resources plc, Chatham House, Chatham Street, Dublin 2, Ireland no later than 11.00 a.m. on 1 May, 2002. Completion and return of a Form of Proxy does not preclude Shareholders from attending and voting at the EGM should they so wish.

The closing time and date for the Open Offer is 3.00 p.m. on 2 May, 2002. Should you wish to participate in the Open Offer, the Application Form enclosed with this document should be completed in accordance with the procedure set out in Part 3 of this document and on the Application Form and, accompanied by the appropriate remittance, returned to the Company's Registrars, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Dublin 18, Ireland (if delivered by post) or Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland (if delivered by hand) as soon as possible but, in any event, so as to be received no later than 3.00 p.m. on 2 May, 2002. An application may only be made on the enclosed Application Form, which is personal to the Qualifying Shareholder(s) named thereon, and may not be assigned or transferred, except to satisfy *bona fide* market claims.

The New Ordinary Shares to be issued in connection with the Placing and Open Offer have not been and will not be registered under the United States Securities Act of 1933, as amended, and relevant registrations or clearances have not been and will not be obtained by Kenmare under the securities laws of any state or province of the United States, Canada, Australia or Japan.

Investment in mineral exploration and mining is speculative by its nature. It involves substantial risk and may not generate any return on investment. Investors should therefore regard an investment in Kenmare as high risk. Your attention is drawn to the "Risk Factors" set out in Part 4 of this document.

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EXPECTED TIMETABLE OF PRINCIPLE EVENTS

| <i>Event</i> | <i>Time and Date</i> |
|---|--|
| Record Date for the Open Offer | the close of business on 9 April, 2002 |
| Date of despatch of this document and of the Application Forms | 11 April, 2002 |
| Latest time and date for splitting Application Form(s) (to satisfy <i>bona fide</i> market claims only) | 3.00 p.m. on 30 April, 2002 |
| Latest time and date for receipt of Forms of Proxy for the Extraordinary General Meeting | 11.00 a.m. on 1 May, 2002 |
| Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer | 3.00 p.m. on 2 May, 2002 |
| Time and date of Extraordinary General Meeting | 11.00 a.m. on 3 May, 2002 |
| Admission to listing of the Placing Shares on the Irish Stock Exchange and the London Stock Exchange and commencement of dealing therein * | 7 May, 2002 |
| Admission to listing of the Open Offer Shares on the Irish Stock Exchange and the London Stock Exchange and commencement of dealing herein* | 7 May, 2002 |
| CREST accounts expected to be credited in respect of the Open Offer Shares no later than* | 10 May, 2002 |
| Definitive share certificates in respect of the Open Offer Shares expected to be despatched no later than* | 13 May, 2002 |

* assumes approval of the Resolutions to be proposed and considered at the Extraordinary General Meeting

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires or unless it is otherwise specifically provided:

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| “Act” | the Companies Act, 1963 of Ireland (as amended); |
| “Admission” or “Listing” | admission, where the context requires, of either the Placing Shares or the Open Offer Shares, fully paid, to the Official Lists and to trading on the London Stock Exchange’s and the Irish Stock Exchange’s respective main markets for listed securities which is expected to become effective in respect of both the Placing Shares and the Open Offer Shares on 7 May, 2002; |
| “Ancuabe Graphite Mine” | refers to the graphite mine located at Ancuabe, Cabo Delgado Province, Mozambique; |
| “Application Form” | the application forms relating to the Open Offer being sent to Qualifying Shareholder(s) with this document; |
| “Appraisal Report” | the appraisal report by GRD Minproc Limited dated 30 June, 2000 relating to the MSP and MCP; |
| “Articles” | the Articles of Association of the Company; |
| “Australia” | the Commonwealth of Australia, its states, territories and possessions; |
| “BHP” | the Broken Hill Proprietary Company Limited, now known as BHP Billiton Limited; |
| “Board” or “Directors” | the board of directors of the Company whose names are set out on page 10 of this document; |
| “Business Day” | any day (other than a Saturday or Sunday) on which lending banks in Dublin and London are open for business; |
| “Canada” | Canada, its provinces and territories and all areas subject to its jurisdiction and any political subdivision thereof; |
| “Canaccord” | Canaccord Capital (Europe) Limited; |
| “certificated” or “in certificated form” | a share or security, not in uncertificated form; |
| “CREST” | the relevant system in respect of which CRESTCo is the operator (as defined in the Regulations); |
| “CRESTCo” | CRESTCo Limited; |
| “Davy Corporate Finance” or “DCF” | Davy Corporate Finance Limited; |
| “Davy Stockbrokers” | J&E Davy, trading as Davy Stockbrokers; |
| “Deferred Shares” | deferred shares of €0.25 each in the capital of the Company which are non-voting, carry no dividend rights and may be repurchased by the Company at a price not exceeding €0.013 for all such Deferred Shares so purchased; |

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| “Enlarged Share Capital” | the Existing Issued Share Capital together with the New Ordinary Shares; |
| “Existing Issued Share Capital” or “Existing Shares” | the 191,050,040 Ordinary Shares of €0.06 each in the capital of the Company in issue as of 8 April, 2002 (being the latest practicable date prior to publication of this document); |
| “Extraordinary General Meeting” or “EGM” | the extraordinary general meeting of the Company to be held at the Westbury Hotel, Clarendon Street, Dublin 2, Ireland at 11.00 a.m. on 3 May, 2002, including any adjournment thereof, notice of which is set out on page 68 of this document; |
| “Form of Proxy” | the form of proxy for use by Kenmare Shareholders at the EGM; |
| “GDAS” | Grafites de Ancuabe, S.A.R.L., previously the operator of the Ancuabe Graphite Mine and a company in which Kenmare has an 84% interest; |
| “GRD Minproc” | GRD Minproc Limited of Australia, engineering consultants with experience in mine development and mineral sands; |
| “Implementation Agreement” | the agreement between Kenmare Moma Processing Limited, a wholly owned subsidiary of Kenmare, and the Government of Mozambique dated 21 January, 2002, as described in paragraph 16(c) of Part 5 of this document; |
| “Ireland” | the island of Ireland, excluding Northern Ireland, and the word “Irish” shall be construed accordingly; |
| “Issue Price” | Stg14p (23c) per New Ordinary Share, being the price at which the New Ordinary Shares are agreed to be issued; |
| “Irish Stock Exchange” | The Irish Stock Exchange Limited; |
| “Japan” | Japan, its possessions and territories and all areas subject to its jurisdiction or any political subdivision thereof; |
| “Kenmare” or “the Company” | Kenmare Resources plc; |
| “Kenmare Group” or “the Group” | Kenmare and its subsidiary undertakings; |
| “Licence” | the exploration licence (No. 431/L/96) covering the Moma Project mining reserve, as described in paragraph 16(g) of Part 5 of this document; |
| “Listing Particulars” | this document which comprises listing particulars and a prospectus; |
| “Listing Rules” | the listing rules of the Irish Stock Exchange and/or where appropriate the Listing Rules of the UK Listing Authority; |
| “London Stock Exchange” | London Stock Exchange plc; |
| “Minerals Concentrator Plant” or “MCP” | the minerals concentrator plant which was purchased from BHP Titanium Minerals Pty Limited, a subsidiary of BHP in January, 2000; |
| “Mineral Licensing Agreement” | the agreement between Kenmare Moma Mining Limited, a wholly owned subsidiary of Kenmare, and the Government of Mozambique dated 21 January, 2002, as described in paragraph 16(b) of Part 5 of this document; |

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| “Minerals Separation Plant” or “MSP” | the minerals separation plant of the Beenup Mine, located in Western Australia and which was purchased from BHP Titanium Minerals Pty Limited, a subsidiary of BHP in May 2000; |
| “Moma Titanium Mineral Sands Project” or “the Moma Project” | the heavy mineral sands project which is located in the north of Mozambique under licence to Kenmare Moma Mining Limited; |
| “Mozambique” | the Republic of Mozambique; |
| “New Ordinary Shares” | the Open Offer Shares and/or the Placing Shares (as the case may be) which will, on issue, rank <i>pari passu</i> in all respects with the Existing Shares with regard to dividend entitlements, interests and all other rights and obligations attaching to the existing Ordinary Shares; |
| “Notice” | the notice of Extraordinary General Meeting set out at the end of this document; |
| “Official Lists” | the official list of the Irish Stock Exchange and/or, as appropriate, the official list maintained by the UK Listing Authority; |
| “Open Offer” | the conditional offer to Qualifying Shareholders to subscribe for the Open Offer Shares at the Issue Price and on the terms and conditions described in Part 3 of this document and in the Application Form; |
| “Open Offer Shares” | 23,881,255 New Ordinary Shares, which are being made available to Qualifying Shareholders pursuant to the Open Offer; |
| “Ordinary Shares” | ordinary shares of nominal value €0.06 each in the capital of the Company; |
| “Placing Agreement” | the conditional agreement between Kenmare and Canaccord providing for the Placing dated 11 April, 2002, as described in paragraph 16(a) of Part 5 of this document; |
| “Placing” or “Proposed Placing” | the firm placing of 56,950,000 New Ordinary Shares, completion of which is conditional on the renewal of the relevant allotment authorities at the EGM and on Admission; |
| “Placing Shares” | the 56,950,000 New Ordinary Shares to be issued pursuant to the Placing; |
| “Proposals” | the granting of allotment authorities for the purposes of the completion of the Placing, the Open Offer, the increase in the authorised share capital and the further granting of additional allotment authorities to Directors, as described in this document; |
| “Qualifying Shareholder(s)” | holder(s) of Existing Shares on the register of members of the Company at the close of business on the Record Date, other than those persons with addresses in Australia, Canada, United States or Japan and any other country where it is not lawful to offer for subscription or to subscribe for the Open Offer Shares; |
| “Record Date” | the close of business on 9 April, 2002; |

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| “Registrars” | Computershare Investor Services (Ireland) Limited; |
| "Regulations" | the Companies Act, 1990 (Uncertificated Securities) Regulations 1996 (S.I. No. 68 of 1996); |
| “Resolution(s)” | a resolution or the resolutions to be proposed at the EGM, as set out in the Notice of EGM; |
| “Shareholder(s)” | a holder or holders of Existing Shares; |
| “Share Options” or “Options” | options granted pursuant to the terms of the Share Option Scheme; |
| “Share Option Scheme” | the Kenmare share option scheme adopted on 12 June 1987; |
| “Stock Exchanges” | the Irish Stock Exchange and the London Stock Exchange; |
| “subsidiary” | shall be construed in accordance with the Act; |
| “subsidiary undertakings” | shall have the meaning given by the European Communities (Companies) (Group Accounts) Regulations, 1992; |
| “TiWest” | a titanium minerals mining and processing project in Western Australia based on titanium sands; |
| “uncertificated” or in “uncertificated form” | an ordinary share recorded on a company's share register as being held in uncertificated form in CREST, and title to which, by virtue of the Regulations, may be transferred by means of CREST; |
| “UK” or “United Kingdom” | the United Kingdom of Great Britain and Northern Ireland; |
| “UK Listing Authority” or “UKLA” | the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services & Markets Act, 2000 of the United Kingdom; |
| “Warrants” | 11,946,000 warrants over Ordinary Shares outstanding as of 8 April, 2002 (being the latest practicable date prior to the publication of this document); |
| “Warrantholders” | a holder or holders of Warrants; |
| “Warrant Instruments” | the two instruments which set out the terms and conditions under which warrants may be exercised, a summary of which is set out at paragraph 13 of Part 5 of this document; and |
| “US” or “United States” | the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to the jurisdiction of the United States of America. |

Notes:

(i) Unless otherwise stated in this document, all references to statutes or other forms of legislation shall refer to statutes or forms of legislation of Ireland. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

(ii) Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include the feminine or neutral gender.

(iii) The symbols “Stg£”, “US\$” and “A\$” refer to pounds sterling, United States dollars and Australian dollars respectively. The symbols “€” and “c” refer to euro and euro cent respectively, the lawful currency of Ireland pursuant to the provisions of the Economic and Monetary Union Act, 1998. Unless otherwise stated, all euro translations are at the following exchange rates, being, in the case of sterling amounts the reference rate issued by the Central Bank of Ireland on 5 April, 2002 (the latest practicable date prior to announcement of the Placing and Open Offer) and being in the case of US dollar and Australian dollar amounts, the reference rates issued by the Central Bank of Ireland on 8 April, 2002 (the latest practicable date prior to publication of this document): €1:Stg£0.61390; €1:US\$0.8778 and €1:A\$1.6626.

GLOSSARY OF TECHNICAL TERMS

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| <i>Definitive Feasibility Study or DFS</i> | the definitive feasibility study over the Moma Titanium Mineral Sands Project which was completed by GRD Minproc Limited on 28 February, 2001; |
| <i>Heavy Mineral Concentrate or HMC</i> | means heavy mineral concentrate extracted from mineral sand deposits and which include ilmenite, zircon, rutile and other heavy minerals; |
| <i>Heavy Minerals</i> | means economic minerals with a specific gravity of greater than 2.85; |
| <i>IFZ</i> | means Industrial Free Zone; |
| <i>ilmenite</i> | means titanium-iron oxide (FeTiO_3), a naturally occurring mineral with a TiO_2 content ranging from 35% to 65%; |
| <i>Pre-Feasibility Study or PFS</i> | the pre-feasibility study over the Moma Titanium Mineral Sands Project which was completed by GRD Minproc Limited in February, 2000; |
| <i>rutile</i> | is crystalline titanium dioxide which, in its pure state, contains close to 100% TiO_2 . Natural concentrates typically contain 94% to 96% TiO_2 ; |
| <i>THM</i> | total heavy minerals including non-valuable heavy minerals; |
| <i>TiO_2</i> | means titanium dioxide, which occurs in a number of naturally occurring minerals including ilmenite and rutile as well as in beneficiated products such as titanium slag and synthetic rutile; |
| <i>titanium slag</i> | means a beneficiated titanium product (typically 75% - 86% TiO_2) produced by smelting ilmenite; |
| <i>zircon</i> | is zirconium silicate (ZrSiO_4) used in the ceramics industry for the production of opacifiers for surface glazes and pigments, refractories, foundry clays, and in the production of zirconia, zirconium metal, and zirconium chemicals. |

Reserves and Resources

Mineral resources and reserves are defined by “The Australian Code for the Reporting of Mineral Resources and Ore Reserves – 1999”. This code was first released by the joint ore reserves committee of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia in 1989 and revised in 1996 and 1999.

The Code provides for a direct relationship between Indicated Minerals Resources and Probable Ore Reserves and between Measured Mineral Resources and Proved Ore Reserves. In other words, the level of geoscientific confidence for Probable Reserves is the same as that required for the in situ determination of Indicated Mineral Resources and for Proved Ore Reserves is the same as that required for the in situ determination of Measured Mineral Resources. In each case the Ore Reserve is that part of the Mineral Resource which, after the application of all mining factors, results in an estimated tonnage and grade which, in the opinion of the competent person or persons making the estimates, can be the basis of a viable project after taking account of all relevant metallurgical, marketing, environmental, legal, social and governmental factors.

| | |
|------------------------------------|--|
| <i>Mineral Resource</i> | the concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories; |
| <i>Indicated Mineral Resources</i> | that part of a Mineral Resources for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed; |
| <i>Measured Mineral Resource</i> | that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and/or grade continuity; |
| <i>Ore Reserve</i> | the economically mineable part of a Measured or Indicated Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves; |
| <i>Probable Ore Reserve</i> | the economically mineable part of an Indicated, and in some circumstances Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified; and |
| <i>Proved Ore Reserve</i> | the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. |

DIRECTORS AND OTHER INFORMATION

| | | | |
|--|--|---|---|
| Board of Directors: | Charles Joseph Carvill* (Chairman) Donal Joseph Kinsella* (Deputy Chairman) Michael Francis Carvill (Managing Director) Anthony Francis McCluskey (Financial Director) Dr Alastair Gordon Brown (Exploration Director) (UK) Ian Roy Egan* (AUS) Simon James Farrell* (AUS) Terence Gerard Fitzpatrick* Peter McAleer* <i>* denotes non-executive Director</i> | | |
| | all of Chatham House, Chatham Street, Dublin 2. | | |
| Company Secretary and Head and Registered Office: | Deirdre Corcoran, Chatham House, Chatham Street, Dublin 2. | | |
| Bankers: | AIB Bank plc, North Strand Road, Dublin 3. | Northern Bank Limited, Donegall Square West, Belfast. | HSBC, 28/34 Hill Street St. Helier, Jersey Channel Islands |
| Auditors: | Deloitte & Touche, Chartered Accountants and Registered Auditors, Deloitte & Touche House, Earlsfort Terrace, Dublin 2. | | |
| Stockbrokers: | Davy Stockbrokers, Davy House, 49 Dawson Street, Dublin 2. | Canaccord Capital (Europe) Limited, 1st Floor, Brook House, Brook Street, London W1Y 1PD. | |
| Financial Advisers: | Davy Corporate Finance Limited, Davy House, 49 Dawson Street, Dublin 2. | | |
| Sponsors: | Davy Stockbrokers, Davy House, 49 Dawson Street, Dublin 2. | | |
| Solicitors: | O'Donnell Sweeney, The Earlsfort Centre, Earlsfort Terrace, Dublin 2. | | |
| Registrars and Receiving Agents: | Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18. | | |

PART 1 – LETTER FROM THE CHAIRMAN OF KENMARE RESOURCES PLC

Kenmare Resources plc

(Incorporated and registered in Ireland under the Companies Act 1963 to 1999 with registered number 37550)

Directors:

Charles Carvill* - *Chairman*
Donal Kinsella* - *Deputy Chairman*
Michael Carvill - *Managing Director*
Tony McCluskey - *Finance Director*
Dr. Alastair Brown - *Exploration Director*
Ian Egan*
Simon Farrell*
Terence Fitzpatrick*
Peter McAleer*

Head and Registered Office:

Chatham House,
Chatham Street,
Dublin 2.

* denotes non-executive Director

11 April, 2002

**Proposed Placing of 56,950,000 New Ordinary Shares at Stg14p (23c) per share
Proposed Open Offer of 23,881,255 New Ordinary Shares at Stg14p (23c) per share
and
Notice of Extraordinary General Meeting**

To the holders of Existing Shares and, for information only, to the holders of options under the Share Option Scheme and to the Warrantholders

Dear Shareholder,

INTRODUCTION

On 8 April, 2002, the Board announced a conditional placing of 56,950,000 New Ordinary Shares at Stg14p (23c) per share, raising in aggregate Stg£8 million (approximately €13 million) before expenses. Allotment of these New Ordinary Shares and therefore completion of the Placing is conditional on Shareholder approval to be sought at an Extraordinary General Meeting and on admission of the Placing Shares to listing and trading, as further set out in the section of this letter entitled “(a) Placing and Open Offer”.

The main project of the Kenmare Group and the primary focus of its development strategy in the forthcoming year, is its titanium mineral sands project, the Moma Project, in Mozambique. Management’s objective is to position the Moma Project for first production in 2004 and is undertaking a number of initiatives necessary to achieve this target, further information in relation to which are set out later in this letter.

In this context the successful fundraising, which the Placing represents, is considered by the Board to be an important demonstration of confidence in, and endorsement of Kenmare’s strategy to advance the development of its Moma Project, as well as a significant step in the overall project financing.

Kenmare also announced on 8 April, 2002 a proposal to raise up to an additional Stg£3.3 million (approximately €5.4 million) pursuant to an Open Offer to Qualifying Shareholders. The Open Offer, which is not underwritten, is being made on the basis of 1 New Ordinary Share at a fully paid price per share of Stg14p (23c) for every 8 Existing Shares held on 9 April, 2002. The number of New Ordinary Shares available to be issued under the Open Offer will be 23,881,255, and issue and allotment thereof will also be conditional on Shareholder approval to be sought at the Extraordinary General Meeting. Further details of the Open Offer, the terms under which it is being made, including the procedure for acceptance and payment are set out in Part 3 of this document and the accompanying Application Form.

This document, comprising listing particulars, a prospectus and a notice convening an extraordinary general meeting, is prepared to provide further information on the Kenmare Group and its development strategy, to facilitate admission of the New Ordinary Shares to listing on the Irish Stock Exchange and the London Stock Exchange, to advise Shareholders of the details of, and procedure for, application under the Open Offer, and to convene an Extraordinary General Meeting at which various resolutions are to be proposed in order *inter alia* to effect the completion of the Placing and to implement the Open Offer.

BACKGROUND TO THE PROPOSALS

The principal activities of the Kenmare Group are the exploration for commercial deposits of natural resources together with the development and operation of mines. The Moma Project is the most significant component of the asset portfolio of the Group, and advancement of plans for the commencement of production at Moma is the priority of the Board. Other projects within the Kenmare Group include a graphite mine in Mozambique, currently on care and maintenance, and exploration for base metals in Ireland.

(i) Moma Project

Background

The Moma Project involves deposits containing the titanium minerals, ilmenite and rutile and the zirconium mineral, zircon located on the coast of north-eastern Mozambique. These deposits are held under licence issued by the Government of Mozambique covering an area of 43,867 hectares. Kenmare Moma Mining Limited, a fully owned subsidiary of Kenmare, holds sole title to develop and mine this mineralised zone.

Kenmare's involvement in the Moma Project began in the 1980s with a medium-sized deposit at Congolone. Subsequent drilling has greatly expanded the known mineralisation such that it now covers 3 coastal mineralised zones: Moma (comprising the Namalope and Tupuito/Tebani deposits), the Congolone deposit and the Quinga area. Kenmare's original exploration drilling was on the Congolone zone and resulted in a Proved Reserve of 167 million tonnes of ore (3.3% heavy minerals) which contains a recoverable 4 million tonnes of ilmenite. From 1993 to 1999, BHP participated in the development of the Moma Project as a joint venture partner, during which period BHP expenditure of approximately US\$10 million and grid drilling of over 10,000 metres identified new deposits of heavy minerals at Moma, 80km to the south of Congolone. Following an internal restructuring undertaken by BHP, which included their exit from the titanium minerals industry, the joint venture arrangement was dissolved in April 1999 without any ceding of equity interest to BHP.

Summary of Reserves and Resources of the Moma Project

Total Mineral Resources, of Measured and Indicated categorisation, in the Moma Project area are 1.1 billion tonnes of ore, containing 34.9 million tonnes of ilmenite as shown in the table below:

| Total Mineral Reserves and Resources of the Moma Project Area | | | | | | | |
|--|--------------------|-------------------------------------|---------------------|--------------------------|--------------------------|---------------------------|--------------------------------|
| <i>Zones</i> | <i>Category</i> | <i>Million tonnes of ore (sand)</i> | <i>% THM in ore</i> | <i>% ilmenite in THM</i> | <i>% ilmenite in ore</i> | <i>Million tonnes THM</i> | <i>Million tonnes ilmenite</i> |
| Namalope/Tupuito | Measured Resource | 287 | 4.9 | 81 | 3.9 | 14.0 | 11.3 |
| Namalope/Tupuito | Indicated Resource | 858 | 3.4 | 81 | 2.7 | 29.1 | 23.6 |
| Congolone* | Proved Reserve | 167 | 3.3 | 77 | 2.5 | 5.5 | 4.2 |
| Total | | 1,312 | | | | 48.6 | 39.1 |

*Congolone Reserves are as reported by Davy McKee, 1989 Congolone DFS Report

As set out in the Definitive Feasibility Study completed by GRD Minproc Limited, the Namalope/Tupuito zone includes a Proved and Probable Reserve of 407 million tonnes of ore grading 4.33% THM (3.5% ilmenite) containing 14.4 million tonnes of ilmenite, 0.41 million tonnes of rutile, and 0.86 million tonnes of zircon. This Proved and Probable Reserve (of which 256.5 million tonnes of ore is Proved and 151 million tonnes of ore is Probable), which is a sub-set of the Measured and Indicated Resources identified in the table above, has been used for the purposes of the Moma mine and production plan.

Results of DFS

Following the completion of a Pre-Feasibility Study on the Moma Project in February, 2000 indicating the potential commerciality of the Moma Project and revealing a likelihood of strong economic returns, an independent Definitive Feasibility Study was completed by GRD Minproc Limited in February 2001. The key findings set out in the DFS confirmed the Moma Project to be technically feasible and commercially viable based on the assumptions detailed in the DFS including market analysis carried out by independent market experts, TZ Minerals International Pty Ltd. Drilling and test work have indicated that the mining reserve at Moma is capable of sustaining the planned production rate of 625,000 tonnes of ilmenite, 12,500 tonnes of rutile and 24,000 tonnes of zircon per annum for at least 20 years and market analysis has identified a market for the minerals produced.

Ilmenite and rutile are titanium minerals primarily used for the manufacture of pigment in the paint industry. Zircon, a zirconium mineral, is primarily used in the ceramics and refractories industries.

Project Implementation

(a) Mine and Production Plan

The Moma Project entails the dredge mining of titanium-bearing sands, the production of Heavy Mineral Concentrate in a floating concentrator plant and the pumping of the HMC to a mineral separation plant for separation into final products. These products will then be stored at the mine and conveyed to the coast for exportation via a custom built barge to offshore bulk carriers.

The machinery essential to the second and third elements of this process has already been purchased by Kenmare from BHP's Beenup mine in Western Australia for an aggregate consideration of A\$10.5 million, representing a significant discount to the appraised replacement cost, attributed to them by GRD Minproc Limited in its Appraisal Report, of US\$41,614,070 (€49,070,757).

The MCP has been dismantled and is being stored at Bunbury Port in Western Australia. The MSP, which remains at BHP's site at Beenup, is intended to be dismantled in third quarter 2002 and stored at Bunbury for onward transportation to Mozambique. The manufacture of the dredge will commence following conclusion of a tender process. Infrastructure development will include design and construction of power lines and a power station and construction of storage facilities, the product conveyor, jetty and barge. Access roads will also be improved and an accommodation village erected. An environmental impact assessment on the Moma Project was conducted in 2001 and, concluded *inter alia* that the ecological issues arising from the Moma Project did not represent a fatal flaw to its operation. This assessment has been accepted by the Government of Mozambique. It is now intended that an environmental management plan will be put in place in order to manage and/or mitigate against certain environmental and social impacts of the Moma Project.

(b) Mining Regime

As referred to under "Background" above, there is a single exploration licence (No. 431/L/96) covering the Moma Project mining reserve as used in the Moma mine and production plan. This licence, which is renewable on a two yearly basis, is in good standing and application has been made for its renewal for the period to 28 February, 2004. Kenmare has been informed by the Ministry of Mineral Resources and Energy in Mozambique that approval of the renewal application is in progress. Further details of the terms of the Licence are set out in paragraph 16(g) of Part 5 of this document.

Mining at Moma will be governed by the terms of a Mineral Licensing Agreement covering an initial period of 25 years of mining and renewable thereafter. Further details of the terms and conditions under the Mineral Licensing Agreement are set out in paragraph 16(b) of Part 5 of this document.

A further key agreement with the Government of Mozambique in relation to Moma is the Implementation Agreement which will govern the operation of an Industrial Free Zone covering the processing and exporting aspects of the Moma Project and ensuring favourable tax treatment. Further details of this agreement are set out in paragraph 16(c) of Part 5 of this document.

(c) Marketing Plan

The Moma Project will produce approximately 625,000 tonnes per annum of ilmenite. Kenmare is in discussion with potential off-takers of ilmenite, including a number of major pigment producers. It is intended that Kenmare will enter into fixed term (from commencement of production) and fixed price off-take contracts for a substantial part of its ilmenite product.

Rutile and zircon production of approximately 12,500 tonnes per annum and 24,000 tonnes per annum respectively will also be sold under contract. Kenmare is also in discussions with potential buyers of these products. In line with industry practice, any such contracts would be related to volume, but not price, commitments.

Each of the off-take contracts resulting from these discussions and entered into before project financing has been concluded, will be subject to the availability of such finance.

(d) *Financing Plan*

The total development costs of the Moma Project, including capital costs, escalation, working capital, initial operating deficit, interest during construction and other financing fees and expenses, are expected by Kenmare to be financed with a combination of third party senior and subordinated debt, and equity subscription by existing Shareholders and/or new investors. Based on the conclusions of the DFS, and having regard to Kenmare's contributions to date to project implementation, such as the purchase of the MSP and MCP on very competitive terms, the Directors currently estimate that the cost of project implementation is up to US\$255 million. Such costs would be subject to revision depending *inter alia* on the outcome of negotiations with project lenders and insurers/guarantors of loans, as further referred to below.

Kenmare is very encouraged by the response to date from the industry with regard to off-take contracts and from debt finance sources on the provision of project finance. Kenmare is therefore planning to move to project implementation on their own without an industry equity partner. However, before commencing project implementation, three critical inter-conditional elements will need to be in place, that is off-take contracts, debt finance and further equity.

Senior and Subordinated Debt

The process of securing debt financing for the Moma Project is underway. N.M. Rothschild & Son Ltd, who were appointed in 2001 to provide financial advisory services in respect of the Moma Project have, with Kenmare, made presentations to a number of bilateral and multilateral development finance institutions and import/export credit agencies. As announced on 14 March, 2002, expressions of interest, subject *inter alia* to due diligence, have now been received from a number of these organisations to provide loans totalling US\$130 million. These institutions are expected to commence due diligence shortly.

Kenmare will use feedback from institutions to date and expected responses from a number of similar institutions approached to refine the financing structure over the next two months. Term sheets, setting out the terms of syndicate participation offered would then be circulated to interested institutions and negotiated in the third quarter of 2002.

Contemporaneously, Kenmare plans to conclude off-take contracts (as further referred to in the paragraph above entitled "(c) Marketing Plan") in respect of a sufficient volume of Moma produce to provide security to lenders. The extent of such contracts and their terms will be fundamental in determining both the amount of debt financing available and its terms and conditions.

Kenmare anticipates that by the end of 2002 it will be successful in agreeing off-take contracts and the extent of debt contribution, negotiating debt term sheets and signing syndicated loan agreements.

Equity

The funds raised pursuant to the Placing and Open Offer will contribute to the equity component of project financing. The amount, structure and timing of any additional equity subscription is expected to be dictated primarily by the availability of debt finance and the draw down terms of such debt. In addition, the extent to which guarantee or insurance arrangements can be secured, may reduce the magnitude of any equity financing.

As explained above, project implementation cannot occur without a successful agreement of the debt finance package, which in turn requires agreement of appropriate off-take contracts and a further equity contribution.

In the event of a non-availability of all, or a portion of the project financing required, and/or in the event of an inability by the Company to secure off-take contracts in respect of a sufficient volume of Moma produce to provide security to lenders, the Directors would be required to reassess their current strategy and schedule for project implementation

In these circumstances, the Directors would then postpone all expenditure on initial implementation costs arising under the Moma mine and production plan and would curtail any associated corporate expenditure going forward.

Where the impediment to project implementation arose as a result of unsuccessful banking negotiations, the Directors would seek to identify and secure alternative sources of project financing. This may include entering into arrangements with a joint venture partner whereby investment in Moma would be received as consideration for ceding an equity interest in the Moma Project. Such a partner may be a financial institution or an industry participant. Where the impediment arose as a result of an inability to secure the requisite off-take contracts, the Directors may also seek a joint venture partner, in this case having an existing marketing infrastructure.

(ii) Other Exploration and Mining Interests

The Ancuabe Graphite Mine, in which Kenmare has an 84% interest through GDAS, is located 100km inland from the port of Pemba in Cabo Delgado, a province of Mozambique. In October, 1999 the mine was placed on care and maintenance following withdrawal by Superior Graphite Inc. of the working capital facility and termination of the graphite distribution contract which had been in place. Having regard to the resultant limited influence of the Kenmare Group over the financial and operating activities of GDAS, the results of GDAS are no longer consolidated in the Kenmare Group accounts and the carrying value of the investment has been fully provided for. Kenmare continues to seek potential investors who would be interested in reopening the mine but, notwithstanding such activities, the Board believe that the mine is likely to remain on care and maintenance until such investment capital has been secured and graphite prices improve.

Kenmare also has an exploration licence in Donegal, Ireland with known zinc-lead-silver mineralisation. Limited expenditure plans are currently in place or anticipated by the Company in respect of this interest.

PROPOSALS

(a) Placing and Open Offer

Details of Placing

The Placing is comprised of 56,950,000 New Ordinary Shares and is expected to raise in aggregate Stg£8 million (approximately €13 million) before expenses.

The allotment of the Placing Shares is conditional on the following:

- (i) the passing of all the Resolutions to be proposed at the EGM; and
- (ii) the Irish Stock Exchange and the UK Listing Authority approving the application for admission of the Placing Shares to the Official Lists and the Irish Stock Exchange and the London Stock Exchange admitting the Placing Shares to trading on their respective markets for listed securities.

Subject to fulfilment of conditions (i) and (ii) above, it is expected that Admission will be effective and dealings will commence in the Placing Shares on 7 May, 2002.

The Placing is not conditional on the Open Offer.

If the Resolutions are not approved by Shareholders, and if the Placing does not then become unconditional in all respects, Kenmare will have insufficient working capital for its present requirements, that is, for at least the 12 month period from the date of this document. In that event, the Directors would rapidly reassess their funding and expenditure and development plans and develop revised proposals which may include, *inter alia* an equity issue to a strategic investor or joint venture partner, which may be in either case, existing industry participants or other financial institutions as further referred to in the section of this letter entitled “(d) Financing Plan”.

Details of the Open Offer

Under the terms of the Open Offer, Qualifying Shareholders will be given the opportunity to subscribe for the Open Offer Shares at the Issue Price, free of expenses, on the basis of 1 New Ordinary Share for every 8 Existing Shares held by reference to their shareholding at close of business on the Record Date.

Qualifying Shareholders may apply for their full entitlement or any lesser number of New Ordinary Shares at the Issue Price.

To the extent that Qualifying Shareholders do not apply for their full entitlements, the Company, with Canaccord and Davy, retains the discretion to place the balance of their entitlements should it be considered appropriate to do so at that time. This flexibility is retained in respect of the Open Offer Shares and in respect of the fractional entitlements arising under the Open Offer for a period up to 6 May, 2002. Any such placing is expected to be executed at or around the then prevailing market price for Ordinary Shares, but in any event will not be executed at a discount of more than 10% to the then prevailing market price.

Qualifying Shareholders should be aware that under the Open Offer, unlike a rights issue, the Open Offer Shares not applied for will not be sold in the market for the benefit of Qualifying Shareholders who do not apply under the Open Offer.

Completion of the Open Offer is conditional, *inter alia*, upon:

- (i) the passing of all the Resolutions to be proposed at the EGM; and
- (ii) the approval, subject to allotment, by the Irish Stock Exchange and the UK Listing Authority of the application for admission of the Open Offer Shares to the Official Lists and the Irish Stock Exchange and the London Stock Exchange admitting the Open Offer Shares to trading on their respective markets for listed securities.

Further details on the Open Offer and the terms under which it is being made, including the procedure for acceptance and payment, are set out in Part 3 of this document and in the Application Form.

Subject to fulfilment of conditions (i) and (ii) above, it is expected that admission will be effective and dealings will commence in the Open Offer Shares on 7 May, 2002.

The Open Offer is not conditional on the Placing.

Use of Proceeds

Kenmare will raise approximately Stg£7.2 million (approximately €11.8 million), after expenses (including costs of in aggregate Stg£0.5 million (approximately €0.81 million) payable to financial intermediaries) through the Placing. The net proceeds of the Placing are planned to be used to fund a payment of Stg£0.7 million (A\$2 million) to BHP for the Minerals Separation Plant, (being the balance of the penultimate tranche payable in respect of the acquisition thereof, further details of which are set out in paragraph 16(d) of Part 5 of this document), and to cover estimated costs of approximately Stg£0.9 million (A\$2.5 million) in respect of the dismantling and removal of the MSP. The balance of the proceeds will be used to cover expenses incurred in respect of the ongoing marketing and financing negotiations for the Moma Project, for working capital purposes and, pending the securing of bank debt, to fund initial implementation costs arising under the Moma mine and production plan. These initial implementation costs include, but are not limited to, detailed design and engineering, the environmental management plan, project team recruitment, an engineering procurement construction contract, tender processes, long-lead equipment down-payments and geo-technical drilling.

The net proceeds of the Open Offer, amounting to in aggregate approximately Stg£3.1 million (approximately €5 million) assuming full take up of the Open Offer, will also be used to contribute to preliminary implementation costs under the Moma mine and production plan.

(b) Proposed Granting of Authority to the Directors to Allot Securities and Proposed Increase in the Authorised Share Capital

Resolution 1 proposes that the Directors be granted authority to allot securities up to an aggregate nominal amount equal to the enlarged authorised but unissued share capital of the Company for the time being, representing approximately 67% of the Existing Issued Share Capital. Save as otherwise disclosed in this document, there is no present intention to exercise this authority.

Resolution 2 provides for the renewal of the disapplication of pre-emption rights for the purposes *inter alia* of the Placing and Open Offer.

Resolution 3 provides for the increase in the authorised ordinary share capital of the Company from €18,000,000 to €24,000,000 by the addition thereto of a further 100,000,000 Ordinary Shares of €0.06 each. This increase, which represents an increase of approximately 33% of the existing authorised share capital of the Company, is sought in order to maintain appropriate headroom and flexibility going forward.

A summarised statement of the purposes and effect of the proposed changes in the context of the share capital of the Company is set out at paragraph 9 of Part 5 of this document.

CURRENT TRADING AND PROSPECTS

The Group has made considerable progress in advancing the development of the Moma Project in the year to date. Kenmare is currently engaging with potential customers with a view to securing product off-take agreements for a significant portion of the expected mine output. The Company, based on expressions of interest from development finance institutions amounting to US\$130 million (approximately €148 million) received to date, expects to progress to due diligence by the end of second quarter 2002 and to conclude term sheet negotiations in the second half of 2002.

On the basis of this progress and conditional, *inter alia*, on the successful completion of this Placing, the Directors believe that the Kenmare Group will be well positioned to achieve production of Titanium Minerals at the Moma Project in 2004.

RISK FACTORS

Investment in mineral exploration and mining is inherently speculative and involves a high degree of financial risk. Your attention is drawn to the risk factors relevant to Kenmare and the industry in which it operates, contained in Part 4 of this document. These include the risks relating to financing contained in section (b) of that Part 4 and project specific risks contained in section (l) of that Part 4.

OVERSEAS SHAREHOLDERS

The attention of overseas Shareholders who have registered addresses outside Ireland or the United Kingdom or who are citizens or residents of countries other than Ireland or the United Kingdom is drawn to paragraph 6 of Part 3 of this document entitled "Overseas Shareholders".

ADDITIONAL INFORMATION

Your attention is drawn to Parts 2 to 5 of this document, which provides additional information on the matters referred in this letter.

EXTRAORDINARY GENERAL MEETING

An EGM has been convened for 11.00 a.m. on 3 May, 2002 at which Resolutions will be proposed to:

- (1) authorise the Directors specifically and unconditionally, to allot relevant securities pursuant to Section 20 of the Companies (Amendment) Act, 1983 up to an aggregate nominal amount equal to the enlarged authorised but unissued share capital of the Company for the time being;
- (2) disapply the pre-emption rights conferred by Section 23(1) of the Companies (Amendment) Act, 1983 for 15 months or, if earlier, the close of business on the date of the Annual General Meeting of the Company to be held in 2003, in respect of all allotments by the Company of equity securities (i) pursuant to the Placing and Open Offer, (ii) pursuant to the exercise of rights to subscribe for equity securities (including, for the avoidance of doubt, the rights exercisable by holders of warrants or options), and (iii) in respect of a maximum of 10% of the issued share capital of the Company from time to time;
- (3) increase the authorised ordinary share capital of the Company from €18,000,000 to €24,000,000 by the creation of 100,000,000 new Ordinary Shares;

A Form of Proxy, for use at the EGM, accompanies this document.

ACTION TO BE TAKEN

A Form of Proxy for use at the EGM accompanies this document. Whether or not you intend to be present at the EGM, **please complete, sign, detach and return the enclosed Form of Proxy to the Company, Kenmare Resources plc, Chatham House, Chatham Street, Dublin 2, Ireland in accordance with the instructions printed thereon as soon as possible but, in any event, so as to be received no later than 11.00 a.m. on 1 May, 2002.** Completion and return of the Form of Proxy will not preclude you from attending the meeting and voting in person at the EGM, should you so wish.

If you are a Qualifying Shareholder and wish to apply for New Ordinary Shares, you should complete the accompanying Application Form. **The Application Form should be returned in accordance with the instructions set out thereon and in Part 3 of this document, together with the appropriate remittance to Computershare Investor Services (Ireland) Limited, PO Box 954, Dublin 18, Ireland (if delivered by post) or Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland (if delivered by hand) as soon as possible, but in any event so as to be received no later than 3.00 p.m. on 2 May, 2002.**

If the Resolutions are not approved by Shareholders and if the Placing does not then become unconditional in all respects, Kenmare will have insufficient working capital for its present requirements, that is, for at least the 12 month period from the date of this document. In that event, the Directors would rapidly reassess their funding and expenditure and development plans and develop revised proposals which may include, *inter alia*, an equity issue to a strategic investor or joint venture partner, which may be in either case, existing industry participants or other financial institutions.

RECOMMENDATION

The Directors believe that the Placing and Open Offer, the increase in the authorised ordinary share capital of the Company, the grant of allotment of authority to Directors and the dis-application of pre-emption rights are in the best interests of the Company and its Shareholders as a whole. Accordingly, your Directors unanimously recommend you to vote in favour of all the Resolutions to be proposed at the EGM as they intend to do in respect of all the Ordinary Shares owned by themselves or in which they have a beneficial interest, being in aggregate 8,242,039 Ordinary Shares representing approximately 4.31% of the existing issued ordinary share capital of the Company.

Yours sincerely,
CHARLES CARVILL
Chairman

PART 2 – FINANCIAL INFORMATION ON THE KENMARE GROUP A: COMPARATIVE TABLE OF FINANCIAL INFORMATION FOR THE THREE YEARS ENDED 31 DECEMBER, 2000

Note: In this section, all terms defined in the Listing Particulars have the same meaning herein, except where specifically set out otherwise.

The financial information relating to the Company in this Part 2A does not constitute full accounts within the meaning of Section 4 of the Companies (Amendment) Act, 1986. Full accounts relating to each financial year to which financial information relates have been delivered to the Registrar of Companies in Ireland. The information has been extracted without material adjustment from the consolidated audited financial statements of Kenmare for the three years ended 31 December, 1998, 31 December, 1999 and 31 December, 2000. The auditors have reported without qualification on the full accounts in respect of each financial year under Section 193 of the Companies Act, 1990.

Financial information contained herein is, where relevant, presented in euro currency in respect of the years 2000 and 1999. The financial year ended 31 December, 2000 was the first complete fiscal year in which the Company reported in euro and, accordingly, only comparative financial information for the year ended 31 December, 1999 has been published in euro. In order to facilitate assessment of the financial performance of the Group for the three year period from 1998 to 2000, results for 1999 are also presented in IR£.

Mineral Interests, Tangible Assets and Investment Subsidiaries:

In forming their opinion for the purposes of the audit reports for each of the years ended 31 December, 2000, 31 December, 1999 and 31 December, 1998, Deloitte & Touche, Chartered Accountants and Registered Auditors, considered the adequacy of the disclosure made in the financial statements concerning the valuation of Mineral Interests, Tangible Assets and Investments in Subsidiaries. In each year the auditors stated that the realisation of the respective amounts of Mineral Interests and Tangible Assets identified in the relevant consolidated balance sheet and the realisation of Investments in Subsidiaries identified in the relevant Company balance sheet, was dependent on the successful development of economic ore reserves. Further details in relation to this matter are set out in Notes 9, 10 and 11 of this Part 2A. The opinion of the auditors was not qualified in this respect.

Consolidated Profit and Loss Accounts

| | <i>Notes</i> | <i>2000</i> | <i>1999</i> | <i>1999</i> | <i>1998</i> |
|---|--------------|--------------|--------------|--------------|--------------|
| | | € | € | IR£ | IR£ |
| Turnover | 1 | - | 2,705,346 | 2,130,633 | 3,089,900 |
| Cost of Sales | | - | (2,985,882) | (2,351,573) | (2,588,186) |
| Gross (Loss)/Profit | | - | (280,536) | (220,940) | 501,714 |
| Other Operating Expenses | 2 | (973,004) | (3,778,832) | (2,976,072) | (1,868,267) |
| Other Operating Income | | - | 10,677 | 8,409 | 202,990 |
| Operating Loss | | (973,004) | (4,048,691) | (3,188,603) | (1,163,563) |
| Interest Receivable | | 104,785 | 2,579 | 2,031 | 12,585 |
| Interest Payable | 3 | - | (143,973) | (113,388) | (98,065) |
| Loss On Ordinary Activities Before Taxation | | (868,219) | (4,190,085) | (3,299,960) | (1,249,043) |
| Taxation | 4 | - | - | - | - |
| Loss On Ordinary Activities After Taxation | | (868,219) | (4,190,085) | (3,299,960) | (1,249,043) |
| Opening Balance – Profit and Loss Account (deficit) | | (24,217,862) | (20,027,777) | (15,773,156) | (14,524,113) |
| Closing Balance – Profit and Loss Account (deficit) | | (25,086,081) | (24,217,862) | (19,073,116) | (15,773,156) |
| Loss and Fully Diluted Loss Per Share | 6 | (€0.58) | (€3.72) | (2.93p) | (1.14p) |

Consolidated Balance Sheets

| | Notes | 2000 € | 1999 € | 1999 IR£ | 1998 IR£ |
|---|-------|--------------|--------------|--------------|--------------|
| FIXED ASSETS | | | | | |
| Mineral Interests | 9 | 9,095,938 | 6,096,971 | 4,801,755 | 4,123,523 |
| Tangible Assets | 10 | 44,764,682 | 34,767 | 27,381 | 8,645,216 |
| | | 53,860,620 | 6,131,738 | 4,829,136 | 12,768,739 |
| CURRENT ASSETS | | | | | |
| Stock | | - | - | - | 504,863 |
| Debtors | 12 | 63,435 | 64,987 | 51,181 | 454,730 |
| Cash at Bank and In Hand | | 1,584,177 | 277,948 | 218,902 | 388,327 |
| | | 1,647,612 | 342,935 | 270,083 | 1,347,920 |
| CREDITORS: | | | | | |
| Amounts falling due within one year | 13 | (4,124,286) | (583,878) | (459,841) | (616,751) |
| NET CURRENT (LIABILITIES)/ASSETS | | | | | |
| | | (2,476,674) | (240,943) | (189,758) | 731,169 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | | | |
| | | 51,383,946 | 5,890,795 | 4,639,378 | 13,499,908 |
| CREDITORS: | | | | | |
| Amounts falling due after one year | 14 | (1,215,011) | - | - | (6,961,032) |
| PROVISIONS FOR LIABILITIES AND CHARGES | | | | | |
| | 15 | (1,489,215) | - | - | - |
| | | 48,679,720 | 5,890,795 | 4,639,378 | 6,538,876 |
| CAPITAL AND RESERVES | | | | | |
| Called Up Share Capital | 17 | 23,025,358 | 19,852,731 | 15,635,296 | 15,063,273 |
| Share Premium Account | 18 | 14,113,837 | 9,005,921 | 7,092,739 | 6,707,136 |
| Profit and Loss Account - (Deficit) | | (25,086,081) | (24,217,863) | (19,073,117) | (15,773,156) |
| Revaluation Reserve | 19 | 34,905,209 | - | - | - |
| Other Reserve | 20 | 1,721,397 | 1,250,006 | 984,460 | 541,623 |
| Shareholders' Funds | | 48,679,720 | 5,890,795 | 4,639,378 | 6,538,876 |

Consolidated Cash Flow Statements

| | <i>Notes</i> | <i>2000</i> € | <i>1999</i> € | <i>1999</i> IR£ | <i>1998</i> IR£ |
|---|--------------|------------------|------------------|--------------------|--------------------|
| Net cash Inflow/(Outflow) from Operating Activities | 23 | 389,624 | (2,445,550) | (1,926,027) | (240,685) |
| Returns on Investments & Servicing of Finance | | | | | |
| Interest Received | | 104,785 | 2,579 | 2,031 | 12,585 |
| Interest Payable | | - | (143,973) | (113,388) | (98,065) |
| Net Cash Inflow/(Outflow) from Returns on Investment and Servicing of Finance | | 104,785 | (141,394) | (111,357) | (85,480) |
| Capital Expenditure & Financial Investment | | | | | |
| (Addition)/Disposal of Mineral Interests | | (3,012,807) | (461,251) | (363,265) | 44,048 |
| Fixed Assets of Excluded Subsidiary | | - | 10,446,514 | 8,227,298 | - |
| Disposal of Tangible Fixed Assets | | - | 13,554 | 10,675 | - |
| Purchase of Tangible Fixed Assets | | (9,259,278) | (4,246) | (3,344) | (37,255) |
| Net Cash (Outflow)/Inflow from Capital Expenditure & Financial Investment | | (12,272,085) | 9,994,571 | 7,871,364 | 6,793 |
| Net Cash (Outflow)/Inflow before use of Liquid Resources & Financing | | (11,777,676) | 7,407,627 | 5,833,980 | (319,372) |
| Financing | | | | | |
| Issue of Ordinary Share Capital | | 9,107,024 | 1,260,971 | 993,095 | - |
| Cost of Share Issues | | (826,480) | (45,035) | (35,468) | (14,511) |
| Finance Lease | | 37,842 | - | - | - |
| Debt due within one year | | 3,572,940 | - | - | - |
| Debt due beyond a year | | 1,192,579 | (8,838,687) | (6,961,032) | (121,508) |
| Net cash Inflow/(Outflow) from Financing | | 13,083,905 | (7,622,751) | (6,003,405) | (136,019) |
| Increase/(Decrease) in cash | 26 | 1,306,229 | (215,124) | (169,425) | (455,391) |

Statements of Total Recognised Gains and Losses

| | <i>Notes</i> | <i>2000</i> € | <i>1999</i> € | <i>1999</i> IR£ | <i>1998</i> IR£ |
|--|--------------|------------------|------------------|--------------------|--------------------|
| Loss attributable to Group Shareholders | | (868,219) | (4,190,085) | (3,299,960) | (1,249,043) |
| Revaluation of Tangible Fixed Assets | 10 | 34,905,209 | - | - | - |
| Currency Translation Movement | | 471,392 | 562,286 | 442,836 | 47,916 |
| Total Recognised Gains and Losses for the year | | 34,508,382 | (3,627,799) | (2,857,124) | (1,201,127) |

There is no material difference between the loss on ordinary activities before taxation and the loss retained for the year 2000 on an historical cost basis and the amounts shown in the Consolidated Profit and Loss Accounts on page 19.

Reconciliations of Movement in Shareholders' Funds

| | 2000 | 1999 | 1999 | 1998 |
|--|------------|-------------|-------------|-------------|
| | € | € | IR£ | IR£ |
| Total Recognised Gains and Losses for the year | 34,508,382 | (3,627,799) | (2,857,124) | (1,201,127) |
| Issue of Shares - at par | 3,172,627 | 726,319 | 572,023 | - |
| Share premium, net of costs | 5,107,916 | 489,615 | 385,603 | (14,511) |
| Net change in Shareholders' funds | 42,788,925 | (2,411,865) | (1,899,498) | (1,215,638) |
| Opening Shareholders' funds | 5,890,795 | 8,302,660 | 6,538,876 | 7,754,514 |
| Closing Shareholders' funds | 48,679,720 | 5,890,795 | 4,639,378 | 6,538,876 |

Accounting Policies

The significant accounting policies adopted by the Group are as follows:

(a) Accounting Convention and Reporting Currency

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets as set out in Note 10. The 2000 financial statements and the 1999 comparative figures are presented in Euro.

(b) Basis of Preparation

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 1999 and the European Communities (Companies: Group Accounts) Regulations, 1992 and the Listing Rules of the Irish and London Stock Exchanges.

(c) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries where the Directors are of the opinion that the Group exercises dominant influence over the financial and operating policies of that undertaking.

(d) Turnover

Turnover represents the sale of graphite to third parties. All sales are stated net of sales commission and inclusive of sales incentive bonuses.

(e) Mineral Interests - Deferred Development Expenditure

Mineral exploration costs are capitalised until the results of the projects, which are based on geographic areas, are known. Mineral exploration costs include an allocation of administration and salary costs as determined by management and incurred by group companies. If the project is successful, then the related exploration costs are written off over the life of the estimated ore reserve on a unit of production basis. Where a project is terminated, the related exploration costs are written off immediately.

(f) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost or valuation less accumulated depreciation. Depreciation is calculated by equal annual instalments so as to provide for their cost or valuation over the period of their expected useful lives at the following annual rates:

| | |
|-------------------------------|--------------------------|
| Plant & Equipment | 5% - 25% |
| Buildings | 5% |
| Motor Vehicles | 20% |
| Office Equipment and Fixtures | 10% - 33.3% |
| Mining & Processing Plant | Unit of production basis |

(g) Foreign Currency

Monetary assets and liabilities denominated in foreign currencies are translated into Irish pounds at the rate of exchange prevailing at the balance sheet date. Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the transactions.

For the purposes of consolidation, foreign subsidiaries are translated using the closing rate method and any translation gain or loss is transferred directly to reserves.

(h) Leases

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases) they are recorded as tangible assets and the corresponding liability is included in creditors. Depreciation on such leased assets is charged to the profit and loss account on the same basis as other tangible assets. The interest portion of the payments made under such leasing agreements is also charged to the profit and loss account so as to produce a constant periodic rate of charge on the balance of the obligation under each lease.

All other leases are operating leases and the lease rentals are charged to the profit and loss account in the period in which they are incurred.

Notes to the Financial Statements for the year ended 31 December, 2000

1. SEGMENTAL REPORTING

| | 2000 Net Assets € | 1999 Net Assets € | 1999 Net Assets IR£ | 1998 Net Assets IR£ |
|---------------------------|----------------------------|----------------------------|------------------------------|------------------------------|
| Europe | 111,182 | (118,494) | (93,322) | 28,745 |
| Africa & Rest of World | 46,984,361 | 5,731,341 | 4,513,798 | 13,082,836 |
| | 47,095,543 | 5,612,847 | 4,420,476 | 13,111,581 |
| Plus cash & bank deposits | 1,584,177 | 277,948 | 218,902 | 388,327 |
| Less bank loans | - | - | - | (6,961,032) |
| Total Net Assets | 48,679,720 | 5,890,795 | 4,639,378 | 6,538,876 |

Turnover for the year ended 31 December, 2000 was nil.

Turnover in the year ended 31 December, 1999 arose from the sale of graphite by Grafites de Ancuabe, S.A.R.L., a subsidiary company, and was broken down as follows:

| | Turnover by Destination IR£ | Turnover by Origin IR£ | Operating Loss IR£ |
|--------------------------|-----------------------------------|------------------------------|--------------------------|
| Europe | 976,932 | - | 755,495 |
| North America | 983,131 | - | - |
| Africa and Rest of World | 170,570 | 2,130,633 | 2,544,465 |
| | 2,130,633 | 2,130,633 | 3,299,960 |

Turnover in the year ended 31 December, 1998 arose from the sale of graphite by Grafites de Ancuabe, S.A.R.L., a subsidiary company, and was broken down as follows:

| | Turnover by Destination IR£ | Turnover by Origin IR£ | Operating Loss IR£ |
|---------------|-----------------------------------|------------------------------|--------------------------|
| Europe | 1,390,787 | - | 347,969 |
| North America | 1,486,335 | - | - |
| Africa | 212,778 | 3,089,900 | 815,594 |
| | 3,089,900 | 3,089,900 | 1,163,563 |

2. OPERATING COSTS

Operating costs, excluding those capitalised as Mineral Interests in note 9, comprise:

| | 2000 | 1999 | 1999 | 1998 |
|--|----------------|------------------|------------------|------------------|
| | € | € | IR£ | IR£ |
| Corporate and Exploration Expenses | 631,700 | 499,510 | 393,396 | 283,094 |
| Distribution Costs | - | 775,280 | 610,583 | 784,964 |
| General and Administrative Expenses | 341,304 | 1,076,888 | 848,118 | 800,209 |
| Provision for investment in and debt due by GDAS | - | 1,427,154 | 1,123,975 | - |
| | <u>973,004</u> | <u>3,778,832</u> | <u>2,976,072</u> | <u>1,868,267</u> |

Provision has been made for the investment in and debt due by Grafites de Ancuabe, S.A.R.L. (GDAS) to other Group companies. GDAS has not been consolidated in the Group Balance Sheet at 31 December, 2000 or at 31 December, 1999, as set out in Note 8. The provision relates to the investment and debt movement during 1999.

3. INTEREST PAYABLE

| | 2000 | 1999 | 1999 | 1998 |
|---|------|---------|---------|--------|
| | € | € | IR£ | IR£ |
| Interest payable on loans not maturing within 5 years | - | 143,973 | 113,388 | 98,065 |

4. TAXATION

No charge to taxation arises as there were no taxable profits.

5. STATUTORY AND OTHER INFORMATION

| | 2000 | 1999 | 1999 | 1998 |
|-------------------------------------|----------------|----------------|----------------|----------------|
| | € | € | IR£ | IR£ |
| Auditors' Remuneration | 25,395 | 25,395 | 20,000 | 22,000 |
| Depreciation | 40,707 | 497,247 | 391,614 | 408,769 |
| Executive Directors' Emoluments | | | | |
| Remuneration | 302,918 | 241,083 | 189,868 | 236,500 |
| Benefits in kind | 14,080 | 2,103 | 1,656 | 1,515 |
| Pension contributions | 7,618 | 7,618 | 6,000 | 6,000 |
| | <u>324,616</u> | <u>250,804</u> | <u>197,524</u> | <u>244,015</u> |
| Non-Executive Directors' Emoluments | | | | |
| Remuneration | 37,975 | 25,395 | 20,000 | 4,147 |

Executive Director's emoluments shown comprise all salaries, pension contributions and other benefits in respect of the Directors. A portion of Directors' emoluments is paid to companies in respect of management services provided by Directors. No Directors' fees were paid by the Company during each year.

6. LOSS AND FULLY DILUTED LOSS PER SHARE

The calculation of the loss and fully diluted loss per share is based on the loss after taxation of €868,219 (1999 - €4,190,085; 1999 - IR£3,299,960; 1998 - IR£1,249,043) and the weighted average number of shares in issue during 2000 of 149,961,746 (1999 - 112,467,303 shares; 1998 - 109,139,525 shares).

7. STAFF COSTS

The average number of persons employed by the Group during the year ended 31 December 2000 (including Executive Directors) was 44 and is analysed below:

| | 2000 | 1999 | 1998 |
|---------------------------|-----------|------------|------------|
| Management/Administration | 6 | 7 | 8 |
| Development and Mining | 38 | 233 | 277 |
| | <u>44</u> | <u>240</u> | <u>285</u> |

The aggregate payroll costs, including costs capitalised in Mineral Interests, incurred in respect of these employees comprised:

| | 2000 € | 1999 € | 1999 IR£ | 1998 IR£ |
|--------------------|----------------|------------------|----------------|----------------|
| Wages and Salaries | 772,526 | 1,161,943 | 915,104 | 928,934 |
| Social Welfare | 23,670 | 23,274 | 18,330 | 18,479 |
| Pension Costs | 7,618 | 7,618 | 6,000 | 6,000 |
| | <u>803,814</u> | <u>1,192,835</u> | <u>939,434</u> | <u>953,413</u> |

Directors' Emoluments for the year ended 31 December 2000

| | Basic Salary € | Taxable Benefits € | Pension € | Total 2000 € |
|---------------|----------------------|--------------------------|--------------|--------------------|
| Executive | | | | |
| A. Brown | 79,020 | - | 7,618 | 86,638 |
| M. Carvill | 135,439 | 14,080 | - | 149,519 |
| T. McCluskey | 88,459 | - | - | 88,459 |
| | <u>302,918</u> | <u>14,080</u> | <u>7,618</u> | <u>324,616</u> |
| Non-Executive | | | | |
| I. Egan | 37,975 | - | - | 37,975 |

Directors' Emoluments for the year ended 31 December 1999

| | Remuneration IR£ | Benefits in Kind IR£ | Pension contributions IR£ | Total IR£ |
|---------------|---------------------|----------------------------|---------------------------------|--------------|
| Executive | 189,868 | 1,656 | 6,000 | 197,524 |
| Non-Executive | 20,000 | - | - | 20,000 |

Directors' Emoluments for the year ended 31 December 1998

| | Remuneration IR£ | Benefits in Kind IR£ | Pension contributions IR£ | Total IR£ |
|---------------|---------------------|----------------------------|---------------------------------|--------------|
| Executive | 236,500 | 1,515 | 6,000 | 244,015 |
| Non-Executive | 4,147 | - | - | 4,147 |

8. NON-CONSOLIDATION OF SUBSIDIARY UNDERTAKING

The principal activity of Grafites de Ancuabe, S.A.R.L. (GDAS) is the development and operation of the Ancuabe Graphite Mine. During 1999, Superior Graphite Inc. terminated their graphite distribution contract and withdrew their working capital facility, which they had extended to the Company. As a consequence of this event and in the light of difficult market conditions, the mine was placed on care and maintenance. Certain restrictions, arising out of agreements undertaken by GDAS, on the Group's influence over the financial and operating activities of GDAS became effective towards the end of 1999 and remain in place. In accordance with Financial Reporting Standard 2, the results of GDAS were consolidated up to 31 December, 1999 and the undertaking is excluded from consolidation thereafter. Full provision has been made in the Group Financial Statements for the investment in and debt due by GDAS to other Group Companies.

9. MINERAL INTERESTS

Deferred Development Expenditure Analysed by Geographical Area

| | <i>Mozambique Niassa Gold €</i> | <i>Mozambique Moma Titanium Mineral Sands €</i> | <i>Guinea Gold €</i> | <i>Ireland €</i> | <i>Total €</i> |
|----------------------|---|---|------------------------------|----------------------|--------------------|
| Opening Balance | 2,213,883 | 3,656,036 | 81,528 | 145,524 | 6,096,971 |
| Additions | 400 | 3,976,669 | 3,786 | 2,980 | 3,983,835 |
| Impairment/Write-off | (885,713) | - | (85,314) | - | (971,027) |
| Exchange Movement | - | (13,841) | - | - | (13,841) |
| Closing Balance | 1,328,570 | 7,618,864 | - | 148,504 | 9,095,938 |

Expenditures incurred by third parties, under joint venture or other agreement, on the exploration licences held by Kenmare are not included in the deferred development expenditures, set out above. Deferred development expenditure incurred in respect of the Niassa Gold Project and Guinea Gold Project has been capitalised in the Company Balance Sheet of Kenmare Resources plc. The Moma Titanium Minerals Sands Project included above was previously referred to as the Congolone Minerals Sands Project.

The recovery of deferred development expenditure is dependent upon the successful development of economic ore reserves, which in turn depends on the availability of adequate funding from a joint venture party or other source. The Directors are satisfied that deferred expenditure is worth not less than cost less any amounts written off and that the exploration projects have the potential to achieve mine production and positive cash flows.

10. TANGIBLE FIXED ASSETS

| <i>2000</i> | <i>Processing Plant</i> | <i>Mining Plant</i> | <i>Plant & Equipment</i> | <i>Vehicles</i> | <i>Office Equip & Fixtures</i> | <i>Total</i> |
|---------------------------------|-----------------------------|-------------------------|----------------------------------|-----------------|--|--------------|
| | € | € | € | € | € | € |
| COST OR VALUATION | | | | | | |
| Opening Balance | - | - | 133,738 | 9,870 | 134,574 | 278,182 |
| Additions: Cost | - | - | - | 47,488 | - | 47,488 |
| Additions Valuation | 22,131,301 | 21,985,698 | - | - | - | 44,116,999 |
| Exchange Adjustment | 156,465 | 449,670 | - | - | - | 606,135 |
| Closing Balance | 22,287,766 | 22,435,368 | 133,738 | 57,358 | 134,574 | 45,048,804 |
| ACCUMULATED DEPRECIATION | | | | | | |
| Opening Balance | - | - | 108,207 | 9,870 | 125,338 | 243,415 |
| Charge for the year | - | - | 25,531 | 9,500 | 5,676 | 40,707 |
| Closing Balance | - | - | 133,738 | 19,370 | 131,014 | 284,122 |
| NET BOOK VALUE | | | | | | |
| 31 December, 2000 | 22,287,766 | 22,435,368 | - | 37,988 | 3,560 | 44,764,682 |
| NET BOOK VALUE | | | | | | |
| 31 December, 1999 | - | - | 25,531 | - | 9,236 | 34,767 |

GRD Minproc Limited, an independent Australian engineering group, has appraised the Mining and Processing Plant on a depreciated replacement cost basis as at 30 June, 2000. The recovery of this amount is dependent upon the successful development of the Moma Titanium Minerals Project, which in turn depends on the availability of adequate funding being made available. The historical cost net book value of these assets at 31 December, 2000 is €9,211,790. The surplus arising on revaluation amounts to €34,905,209.

Leased tangible assets amount to €37,988 (1999: Nil) of the above net book value for the group.

| 1999 | <i>Graphite Development Expenditure IR£</i> | <i>Buildings IR£</i> | <i>Plant & Equipment IR£</i> | <i>Vehicles IR£</i> | <i>Office Equipment & Fixtures IR£</i> | <i>Total IR£</i> |
|---------------------------------|---|--------------------------|--|-------------------------|--|----------------------|
| COST | | | | | | |
| Opening Balance | 5,783,048 | 290,206 | 3,763,906 | 41,773 | 102,642 | 9,981,575 |
| Additions: | - | - | - | - | 3,344 | 3,344 |
| Disposals | - | - | - | (34,000) | - | (34,000) |
| Excluded Subsidiary | (5,783,048) | (290,206) | (3,658,579) | - | - | (9,731,833) |
| Closing Balance | - | - | 105,327 | 7,773 | 105,986 | 219,086 |
| ACCUMULATED DEPRECIATION | | | | | | |
| Opening Balance | 297,356 | 87,839 | 820,870 | 37,952 | 92,342 | 1,336,359 |
| Disposal | - | - | - | (31,733) | - | (31,733) |
| Depreciation Charge | 79,847 | 28,103 | 275,740 | 1,554 | 6,370 | 391,614 |
| Excluded Subsidiary | (377,203) | (115,942) | (1,011,390) | - | - | (1,504,535) |
| Closing Balance | - | - | 85,220 | 7,773 | 98,712 | 191,705 |
| NET BOOK VALUE | | | | | | |
| 31 December, 1999 | - | - | 20,107 | - | 7,274 | 27,381 |
| NET BOOK VALUE | | | | | | |
| 31 December, 1998 | 5,485,692 | 202,367 | 2,943,036 | 3,821 | 10,300 | 8,645,216 |

Fixed Asset balances relating to Grafites de Ancuabe, S.A.R.L. (GDAS) have been excluded as this company has not been consolidated at the year end. Further information is set out in Note 8.

| 1998 | <i>Graphite Development Expenditure IR£</i> | <i>Buildings IR£</i> | <i>Plant & Equipment IR£</i> | <i>Vehicles IR£</i> | <i>Office Equip & Fixtures IR£</i> | <i>Total IR£</i> |
|---------------------------------|---|--------------------------|--|-------------------------|--|----------------------|
| COST | | | | | | |
| Opening Balance | 6,027,402 | 302,468 | 3,890,167 | 41,773 | 92,565 | 10,354,375 |
| Additions: | - | - | 27,178 | - | 10,077 | 37,255 |
| Exchange Adjustment | (244,354) | (12,262) | (153,439) | - | - | (410,055) |
| Closing Balance | 5,783,048 | 290,206 | 3,763,906 | 41,773 | 102,642 | 9,981,575 |
| ACCUMULATED DEPRECIATION | | | | | | |
| Opening Balance | 198,372 | 64,754 | 588,948 | 29,597 | 88,566 | 970,237 |
| Depreciation Charge | 109,654 | 26,445 | 260,539 | 8,355 | 3,776 | 408,769 |
| Exchange Adjustment | (10,670) | (3,360) | (28,617) | - | - | (42,647) |
| Closing Balance | 297,356 | 87,839 | 820,870 | 37,952 | 92,342 | 1,336,359 |
| NET BOOK VALUE | | | | | | |
| 31 December, 1998 | 5,485,692 | 202,367 | 2,943,036 | 3,821 | 10,300 | 8,645,216 |
| NET BOOK VALUE | | | | | | |
| 31 December, 1997 | 5,829,030 | 237,714 | 3,301,219 | 12,176 | 3,999 | 9,384,138 |

11. INVESTMENT IN SUBSIDIARIES

| | 2000 | 1999 |
|--|-------------------|------------------|
| | € | € |
| Shares at cost | 130 | 130 |
| Amounts due by Group Companies (net of provisions) | 14,299,882 | 2,417,262 |
| | <u>14,300,012</u> | <u>2,417,392</u> |

The subsidiaries of the Company as at 31 December, 2000 are as follows:

| | <i>Place of Incorporation</i> | <i>Place of Operation</i> | <i>Percentage Ownership</i> |
|----------------------------------|-----------------------------------|-------------------------------|---------------------------------|
| Kenmare UK Company Limited | Northern Ireland | Northern Ireland | 100% |
| Kenmare Minerals Company Limited | Republic of Ireland | Republic of Ireland | 100% |
| Kenmare C.I. Limited | Jersey | Jersey | 100% |
| Congolone Heavy Minerals Limited | Jersey | Mozambique | 95% |
| Grafites de Ancuabe, S.A.R.L. | Mozambique | Mozambique | 77% |
| Kenmare Graphite Company Limited | Jersey | Jersey | 100% |
| Kenmare Moma Mining Limited | Jersey | Mozambique | 100% |
| Kenmare Moma Processing Limited | Jersey | Mozambique | 100% |

Each of the subsidiary companies has issued ordinary shares only. A number of the subsidiary companies are indirectly owned by Kenmare Resources plc. Subsequent to the year end Kenmare C.I. Limited acquired 100% ownership of Congolone Heavy Minerals Limited. The activities of the above companies, with the exception of Kenmare UK Company Limited, which is dormant, are mineral exploration, management and development.

The registered office of the Northern Ireland company is Vico House, Derriaghy Industrial Park, Dunmurry Industrial Estate, Belfast. The registered office of the Republic of Ireland company is Chatham House, Chatham Street, Dublin 2. The registered office of the Channel Island companies is Lord Coutanche House, 66-68 Esplanade, St. Helier, Jersey. The registered office of Grafites de Ancuabe, S.A.R.L. is Rue de Chuindi, No. 67 Maputo, Mozambique.

The recovery of amounts due by Group Companies is dependent on the successful development of economic ore reserves by the subsidiary companies.

12. DEBTORS

| | 2000 | 1999 |
|----------------|--------|--------|
| | € | € |
| Sundry Debtors | 63,435 | 64,987 |

Amounts included in debtors are due within one year.

13. CREDITORS: Amounts falling due within one year

| | 2000 | 1999 |
|---------------------------|------------------|----------------|
| | € | € |
| Other Creditors (note 14) | 3,572,940 | - |
| Accruals | 535,936 | 583,878 |
| Lease Obligation | 15,410 | - |
| | <u>4,124,286</u> | <u>583,878</u> |

14. CREDITORS: Amounts falling due after more than one year

| | 2000 | 1999 |
|-------------------|------------------|----------|
| | € | € |
| Lease Obligations | 22,432 | - |
| Other Creditors | 1,192,579 | - |
| | <u>1,215,011</u> | <u>-</u> |

Other creditors comprise amounts owing to BHP Titanium Minerals Pty Limited, a subsidiary of BHP, in relation to the purchase of the Concentrator Plant and Minerals Separation Plant in January and May 2000 respectively. The consideration for the acquisitions of A\$2.5 million for the Concentrator Plant and A\$8.0 million for the Minerals Separation Plant is subject to a phased payment procedure, expiring in December 2001 with the exception of A\$2 million which is due and payable when the installation of the Minerals Separation Plant has been effected and production of mineral product at Moma has reached 250,000 tonnes. This amount is included in Amounts falling due after more than one year.

15. PROVISION FOR LIABILITIES AND CHARGES

| | 2000 | 1999 |
|-----------------------|------------------|----------|
| | € | € |
| Dismantling Provision | 1,489,215 | - |
| | <u>1,489,215</u> | <u>-</u> |

Dismantling provision relates to the estimated cost of dismantling the Minerals Separation Plant, purchased in May 2000 from BHP and currently located at Beenup in Western Australia.

16. PROFIT/LOSS ATTRIBUTABLE TO KENMARE RESOURCES PLC

As permitted by Section 3(2) of the Companies Amendment Act 1986, the profit and loss account of the holding company is not presented as part of this financial information. A profit of €3,048,187 (1999 – Loss €9,238,185) has been dealt with in the financial statements of the holding company. This includes a write back of inter company provisions of €4,357,990.

17. CALLED UP SHARE CAPITAL

| | 2000 | 1999 |
|---|-------------------|-------------------|
| | € | € |
| Authorised: | | |
| <i>Equity Share Capital</i> | | |
| 300,000,000 Ordinary Shares of IR5p each | 19,046,071 | - |
| 200,000,000 Ordinary Shares of IR5p each | - | 12,697,381 |
| | <u>19,046,071</u> | <u>12,697,381</u> |
| <i>Non-Equity Share Capital</i> | | |
| 100,000,000 Deferred Shares of IR20p each | 25,394,762 | 25,394,762 |
| | <u>25,394,762</u> | <u>25,394,762</u> |

17. CALLED UP SHARE CAPITAL (Contd/...)

| | 2000 | 1999 |
|--|-------------------|-------------------|
| | € | € |
| Allotted, Called Up and Fully Paid: | | |
| Equity Share Capital | | |
| Opening Balance | | |
| 109,139,525 Ordinary Shares of IR5p each | - | 6,928,935 |
| 120,579,996 Ordinary Shares of IR5p each | 7,655,255 | - |
| | <u>7,655,255</u> | <u>6,928,935</u> |
| Shares issued during the period | | |
| 11,440,471 Ordinary Shares of IR5p each | - | 726,320 |
| 49,972,962 Ordinary Shares of IR5p each | 3,172,627 | - |
| | <u>3,172,627</u> | <u>726,320</u> |
| Closing Balance | | |
| 120,579,996 Ordinary Shares of IR5p each | - | 7,655,255 |
| 170,552,958 Ordinary Shares of IR5p each | 10,827,882 | - |
| | <u>10,827,882</u> | <u>7,655,255</u> |
| Non-Equity Share Capital | | |
| Opening & Closing Balance | | |
| 48,031,467 Deferred Shares of IR20p each | 12,197,476 | 12,197,476 |
| | <u>12,197,476</u> | <u>12,197,476</u> |
| <i>Total Called Up Share Capital</i> | <u>23,025,358</u> | <u>19,852,731</u> |

At 31 December, 2000, there were options in issue that had been granted under the Share Option Scheme to subscribe for a total of 3,591,629, exercisable at an average price of €0.20 per share. Of this total, options over 821,629 shares had been exercised at 31 December, 2000. Transactions with related parties relating to share capital are included below.

The Non-Equity Deferred Shares of IR20p were created in 1991 by subdividing each existing Ordinary Share of IR25p into one Deferred Share of IR20p and one new Ordinary Share of IR5p. The Deferred Shares are non-voting, carry no dividend rights and the Company may purchase any or all of these shares at a price not exceeding €0.013c for all the deferred shares so purchased.

At 31 December, 2000, warrants over 14,884,920 Ordinary IR5p Shares were in issue. The latest exercise date for these warrants is 31 December, 2002 and the average exercise price is €0.18c per share.

On 7 December, 1999, Kenmare arranged a placing of 11,483,800 Ordinary Shares at Stg7.5p per share. The Placing comprised two separate tranches. The first tranche being the issue of 5,741,900 Ordinary Shares and the grant of 5,741,900 Warrants was completed on 7 December, 1999. The second tranche, being the issue of a further 5,741,900 New Ordinary Shares and the grant of 5,741,900 Warrants was completed on 10 January, 2000, having been approved by the shareholders at an Extraordinary General Meeting held on the same date. Of the total, the placing of 10,283,800 new Ordinary Shares was arranged by Hamilton Capital Partners, and the balance of 1,200,000 new Ordinary Shares were placed with Mr. Charles Carvill as part repayment, in the amount of Stg£90,000, of a loan made to the Company by Mr. Carvill. Part of these arrangements involved the grant of warrants over 11,483,800 new Ordinary Shares of which 10,283,800 warrants were granted to Hamilton Capital Partners and certain of its associates and the balance of 1,200,000 warrants to Mr. Carvill. Mr. Kenneth Judge, who is a Director of Kenmare, holds a beneficial interest in Hamilton Capital Partners and participated in this placing by subscribing for 772,619 shares. Mr. Simon Farrell, who is also a Director of Kenmare, participated in this placing by subscribing for 666,333 shares. Certain of the shares subscribed by these directors were registered in the names of companies in which they hold a beneficial interest.

In addition to this, during 2000 €7,886,291 was raised through the issue of Ordinary Shares to finance the completion of the Definitive Feasibility Study on the Moma Titanium Minerals Project, fund payments in relation to plant acquired from BHP Titanium Minerals Pty Limited and to fund ongoing operations. Of this amount the Directors of the company subscribed for 322,222 Ordinary Shares. €18,825 was raised from the exercise of share options and €401,014 was raised from the exercise of warrants.

18. SHARE PREMIUM ACCOUNT

| | <i>2000</i> | <i>1999</i> |
|---|-------------------|------------------|
| | € | € |
| Opening Balance | 9,005,921 | 8,516,306 |
| Premium on shares issued during year | 5,934,396 | 534,650 |
| Costs associated with shares issued during year | (826,480) | (45,035) |
| Closing Balance | <u>14,113,837</u> | <u>9,005,921</u> |

19. REVALUATION RESERVE

| | <i>2000</i> | <i>1999</i> |
|--|-------------------|-------------|
| | € | € |
| Opening Balance | - | - |
| Revaluation of Mining & Processing Plant (note 10) | 34,905,209 | - |
| Closing Balance | <u>34,905,209</u> | <u>-</u> |

20. OTHER RESERVE

Currency Translation Movement

| | <i>2000</i> | <i>1999</i> |
|-------------------|------------------|------------------|
| | € | € |
| Opening Balance | 1,250,006 | 687,719 |
| Movement for year | 471,391 | 562,287 |
| Closing Balance | <u>1,721,397</u> | <u>1,250,006</u> |

The translation movement arises on the translation of overseas subsidiaries using the closing rate method.

21. LEASE OBLIGATIONS

OPERATING LEASE COMMITMENTS

Annual commitments, which are in respect of Office Buildings, under operating leases as at 31 December, 2000 are €45,253 (1999 - €45,253) expiring after more than five years.

22. PENSIONS

The Group operates an externally funded, defined contribution pension scheme for certain employees. The assets of the scheme are held in a fund administered by an insurance company. Contributions to the scheme are charged in the period in which they are payable to the scheme.

| | <i>2000</i> | <i>1999</i> | <i>1999</i> | <i>1998</i> |
|---------------|-------------|-------------|-------------|-------------|
| | € | € | IR£ | IR£ |
| Contributions | 7,618 | 7,618 | 6,000 | 6,000 |

23. RECONCILIATION OF OPERATING LOSS TO NET CASHFLOW FROM OPERATING ACTIVITIES

| | 2000 € | 1999 € | 1999 IR£ | 1998 IR£ |
|---|-----------|-------------|-------------|-------------|
| OPERATING ACTIVITIES | | | | |
| Operating Loss | (973,004) | (4,048,691) | (3,188,603) | (1,163,563) |
| Depreciation | 40,707 | 497,247 | 391,614 | 408,769 |
| Decrease/(Increase) in Stocks | - | 641,044 | 504,863 | (17,143) |
| Decrease in Debtors | 1,552 | 512,402 | 403,549 | 429,207 |
| Decrease in Operating Creditors | (47,942) | (199,235) | (156,910) | (390,059) |
| Increase in Provision for Liabilities & Charges | 1,489,215 | - | - | - |
| Profit on disposal of Tangible Fixed Assets | - | (10,677) | (8,409) | - |
| Exchange Loss/(Gain) on translation of Fixed Assets | (592,295) | (399,926) | (314,967) | 444,188 |
| Exchange Loss on translation of Subsidiaries | 471,391 | 562,286 | 442,836 | 47,916 |
| Net Cash Flow from Operating Activities | 389,624 | (2,445,550) | (1,926,027) | (240,685) |

24. ANALYSIS OF NET DEBT

| | <i>At 1 Jan 2000</i> € | <i>Cash Flow</i> € | <i>At 31 Dec 2000</i> € |
|--------------------------|---------------------------|-----------------------|----------------------------|
| Cash at Bank and in hand | 277,948 | 1,306,229 | 1,584,177 |
| Debt due after 1 year | - | (1,192,579) | (1,192,579) |
| Debt due within 1 year | - | (3,572,940) | (3,572,940) |
| | 277,948 | (3,459,290) | (3,181,342) |

| | <i>At 1 Jan 1999</i> IR£ | <i>Cash Flow</i> IR£ | <i>At 31 Dec 1999</i> IR£ |
|--------------------------|-----------------------------|-------------------------|------------------------------|
| Cash at Bank and in hand | 388,327 | (169,425) | 218,902 |
| Debt due after 1 year | (6,961,032) | 6,961,032 | - |
| Debt due within 1 year | (616,751) | 156,910 | (459,841) |
| Current asset investment | 959,593 | (908,412) | 51,181 |
| | (6,229,863) | 6,040,105 | (189,758) |

| | <i>At 1 Jan 1998</i> IR£ | <i>Cash Flow</i> IR£ | <i>At 31 Dec 1998</i> IR£ |
|--------------------------|-----------------------------|-------------------------|------------------------------|
| Cash at Bank and in hand | 843,718 | (455,391) | 388,327 |
| Debt due after 1 year | (7,082,540) | 121,508 | (6,961,032) |
| Debt due within 1 year | (1,006,810) | 390,059 | (616,751) |
| Current asset investment | 1,371,657 | (412,064) | 959,593 |
| | (5,873,975) | (355,888) | (6,229,863) |

25. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

| | <i>2000</i> | <i>1999</i> | <i>1999</i> | <i>1998</i> |
|---|-------------|-------------|-------------|-------------|
| | € | € | IR£ | IR£ |
| Increase/(Decrease) in cash during the year | 1,306,229 | (215,124) | (169,425) | (455,391) |
| (Inflow)/Outflow from movements in debt & lease financing | (4,765,519) | 8,838,687 | 7,117,942 | 511,567 |
| Inflow from movement in liquid resources | - | - | (908,412) | (412,064) |
| Movement in net debt in the year | (3,459,290) | 8,623,563 | 6,040,105 | (355,888) |
| Net debt at start of year | 277,948 | (8,345,615) | (6,229,863) | (5,873,975) |
| Net debt at end of year | (3,181,342) | 277,948 | (189,758) | (6,229,863) |

In the 2000 Annual Report, the 1999 figures have been reclassified to exclude debt due within 1 year and current asset investment from net debt figures.

26. ANALYSIS OF THE BALANCE OF CASH EQUIVALENTS AS SHOWN IN THE CONSOLIDATED BALANCE SHEET

| | <i>Change in Year</i> | <i>2000</i> | <i>1999</i> | <i>Change in Year</i> | <i>1999</i> | <i>1998</i> |
|--------------------------|-----------------------|-------------|-------------|-----------------------|-------------|-------------|
| | € | € | € | IR£ | IR£ | IR£ |
| Cash at Bank and in hand | 1,306,229 | 1,584,177 | 277,948 | (169,425) | 218,902 | 388,327 |

PART 2 – FINANCIAL INFORMATION ON THE KENMARE GROUP B: UNAUDITED PRELIMINARY RESULTS FOR THE TWELVE MONTHS ENDED 31 DECEMBER, 2001

The following is the full text of the published preliminary results statement of Kenmare for the twelve months ended 31 December, 2001 as announced on 11 April, 2002:

“Chairman’s Statement;

In my last statement, contained in the 2001 Interim Report, I stated that the focus of our activities in the coming period would be on financing and development of the Moma Titanium Minerals Project and on marketing of the minerals which will be produced at Moma. These tasks are “two sides of the same coin”, as completion of financing requires that a substantial component of our production is locked up in off-take contracts. Moreover, our potential customers are keen to see some progress in funding prior to committing to off-take arrangements. We have therefore been engaged in a process of moving both aspects of this situation forward concurrently.

In January, Kenmare and the Mozambique Government signed an Implementation Agreement, and a modified Mineral Licensing Agreement. These documents regulate the operation of the Moma Project through its life and describe precisely the ongoing relationship with the Government. The signing of these agreements allowed Kenmare, accompanied by our financial advisors, N. M. Rothschild, to approach development financial institutions and commercial banks with a financing plan and a proposal that they participate in the debt funding package.

The responses to these contacts were positive and we have so far received Expressions of Interest to provide loans totalling US\$130 million. These Expressions have been provided by a group of development finance institutions, which will shortly begin their due diligence processes and commence detailed negotiations. Kenmare is still awaiting responses from a number of similar institutions, who it would expect to join these processes.

While the global slow down in 2001 was a difficult environment for market negotiations with customers, substantial progress has been made in advancing long term off-take commitments. We anticipate being able to convert this progress into signed agreements as our financial arrangements firm up.

The loss for 2001 arises largely from the provision for the remaining value of the Niassa Gold Mineral Interest. As outlined in the 2001 Interim Report, this was due to the low gold price and the decision to focus Company resources on the Moma Project.

I would like to welcome Peter McAleer, who joined the board in October 2001. Peter has extensive experience in financing, development, and running of major resources projects in several countries and we expect he will make a major contribution to the Company.

Finally, I see the placing commitments for Euro 13 million, announced earlier this week as part of the proposed Placing and Open Offer, as a strong endorsement of our strategy for Moma. Together with the Expressions of Interest by the development finance institutions, these are important steps in advancing the financing of the Moma Project and in advancing project implementation later this year. I look forward to presenting further detail in the Listing Particulars, which will be posted to shareholders shortly, and urge you to support the Placing and Open Offer.

Charles Carvill
Chairman

**Consolidated Profit & Loss Account
for the year ended 31 December, 2001**

| | <i>2001</i> | <i>2000</i> |
|---|-------------|-------------|
| | € | € |
| Turnover | - | - |
| Operating Expenses | (1,116,142) | (973,004) |
| Operating Loss | (1,116,142) | (973,004) |
| Interest Receivable | 125,732 | 104,785 |
| Loss On Ordinary Activities Before Taxation | (990,410) | (868,219) |
| Taxation | - | - |
| Loss On Ordinary Activities After Taxation | (990,410) | (868,219) |
| Loss and Fully Diluted Loss Per Share | (0.53c) | (0.58c) |

**Consolidated Balance Sheet
as at 31 December, 2001**

| | <i>Notes</i> | <i>2001</i> | <i>2000</i> |
|--|--------------|--------------------|--------------------|
| | | € | € |
| FIXED ASSETS | | | |
| Mineral Interests | 4 | 12,637,388 | 9,095,938 |
| Tangible Assets | 5 | 47,248,301 | 44,764,682 |
| | | <u>59,885,689</u> | <u>53,860,620</u> |
| CURRENT ASSETS | | | |
| Debtors | | 87,175 | 63,435 |
| Cash at Bank and In Hand | | 1,406,505 | 1,584,177 |
| | | <u>1,493,680</u> | <u>1,647,612</u> |
| CREDITORS: | | | |
| Amounts falling due within one year | | (1,684,168) | (4,124,286) |
| NET CURRENT LIABILITIES | | | |
| | | <u>(190,488)</u> | <u>(2,476,674)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| | | 59,695,201 | 51,383,946 |
| CREDITORS: | | | |
| Amounts falling due after one year | | (1,565,411) | (1,215,011) |
| PROVISION FOR LIABILITIES AND CHARGES | | | |
| | | <u>(1,447,331)</u> | <u>(1,489,215)</u> |
| | | <u>56,682,459</u> | <u>48,679,720</u> |
| CAPITAL AND RESERVES | | | |
| Called Up Share Capital | | 23,470,869 | 23,025,358 |
| Share Premium Account | | 18,499,848 | 14,113,837 |
| Profit and Loss Account - (Deficit) | | (26,076,491) | (25,086,081) |
| Revaluation Reserve | | 35,799,751 | 34,905,209 |
| Other Reserve | | 4,132,696 | 1,721,397 |
| Capital Reserve | | 855,786 | - |
| | | <u>56,682,459</u> | <u>48,679,720</u> |
| Shareholders' Funds | | <u>56,682,459</u> | <u>48,679,720</u> |

**Group Cash Flow Statement
for the year ended 31 December, 2001**

| | <i>Notes</i> | <i>2001</i> € | <i>2000</i> € |
|---|--------------|------------------|------------------|
| Net cash (outflow)/inflow from operating activities | 6 | (71,685) | 1,360,651 |
| Returns on Investments & Servicing of Finance | | | |
| Interest received | | 125,732 | 104,785 |
| Net cash inflow from Returns on Investment & Servicing of Finance | | 125,732 | 104,785 |
| Capital expenditure & financial investment | | | |
| Addition of Mineral Interests | | (3,973,937) | (3,983,834) |
| Purchase of Tangible Fixed Assets | | - | (9,259,278) |
| Net cash outflow from capital expenditure & financial investment | | (3,973,937) | (13,243,112) |
| Net cash outflow before use of liquid resources & financing | | (3,919,890) | (11,777,676) |
| Financing | | | |
| Issue of Ordinary Share Capital | | 6,138,132 | 9,107,024 |
| Cost of share issues | | (450,824) | (826,480) |
| Finance Lease | | (17,481) | 37,842 |
| Debt due within one year | | (2,294,621) | 3,572,940 |
| Debt due beyond a year | | 367,012 | 1,192,579 |
| Net cash inflow from financing | | 3,742,218 | 13,083,905 |
| (Decrease)/Increase in cash | | (177,672) | 1,306,229 |

**Statement of Total Recognised Gains and Losses
for the year ended 31 December, 2001**

| | 2001 | 2000 |
|--|-----------|------------|
| | € | € |
| Loss attributable to Group shareholders | (990,410) | (868,219) |
| Revaluation of Tangible Fixed Assets | - | 34,905,209 |
| Currency Translation Movement | 3,305,841 | 471,392 |
| | 2,315,431 | 34,508,382 |
| Total Recognised Gains and Losses for the year | 2,315,431 | 34,508,382 |

**Reconciliation of Movement in Shareholders' Funds
for the year ended 31 December, 2001**

| | 2001 | 2000 |
|--|------------|------------|
| | € | € |
| Total Recognised Gains and Losses for the year | 2,315,431 | 34,508,382 |
| Issue of Shares - at par | 1,301,297 | 3,172,627 |
| Share premium, net of costs | 4,386,011 | 5,107,916 |
| | 8,002,739 | 42,788,925 |
| Net change in Shareholders' funds | 8,002,739 | 42,788,925 |
| Opening Shareholders' funds | 48,679,720 | 5,890,795 |
| | 56,682,459 | 48,679,720 |
| Closing Shareholders' funds | 56,682,459 | 48,679,720 |

Notes to the Preliminary Accounts

Note 1. Basis of Accounting

The preliminary accounts have been prepared in euro under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with the accounting policies set out on page 22 of the 2000 Annual Report and Accounts.

Note 2. Basis of Preparation

The financial information presented above does not constitute statutory accounts within the meaning of the Companies Acts, 1963 to 2001. An audit report has not yet been issued on the accounts for the year ended 31st December 2001, nor have they been delivered to the Registrar of Companies. The comparative financial information for the year ended 31st December 2000 has been derived from the statutory accounts for the year. Those statutory accounts, upon which the auditors have issued an unqualified opinion, have been filed with the Registrar of Companies.

Note 3. Earnings Per Ordinary Share

The calculation of the loss and fully diluted loss per share is based on the loss after taxation of €990,410 (2000 - €868,219) and the weighted average number of shares in issue during 2001 of 187,405,370 (2000 - 149,961,746 shares).

Note 4. Mineral Interests

The recovery of deferred development expenditure is dependent upon the successful development of economic ore reserves, which in turn depends on the availability of adequate funding. A full provision of €1,328,570 has been made for the remaining value of the Niassa Gold deferred development expenditure. The Directors are satisfied that deferred expenditure is worth not less than cost less any amounts written off and that the exploration projects have the potential to achieve mine production and positive cash flows.

Note 5. Tangible Assets

Tangible Assets are stated at cost or valuation less accumulated depreciation. GRD Minproc Limited, an independent Australian engineering group, has appraised the Mining and Processing Plant on a depreciated replacement cost basis of valuation as at 30 June 2000. An inspection of the Mining and Processing Plant was carried out by GRD Minproc Limited in March 2002 concluding that no material alteration to the plants had taken place. The recovery of the plant valuation is dependent upon the successful development of the Moma Titanium Minerals Project, which in turn depends on the availability of adequate funding being made available. The historical cost net book value of these assets at 31 December 2001 is €9,211,789. The surplus arising on revaluation amounts to €35,799,751.

Note 6. Reconciliation of Operating Loss to Net Cashflow from Operating Loss to Net Cashflow from Operating Activities

| | 2001 | 2000 |
|--|-------------|-----------|
| | € | € |
| Operating Loss | (1,116,142) | (973,004) |
| Depreciation | 13,058 | 40,707 |
| (Increase)/Decrease in debtors | (23,740) | 1,552 |
| Decrease in operating creditors | (144,628) | (47,942) |
| (Decrease)/Increase in Provision for Liabilities & Charges | (41,884) | 1,489,215 |
| Impairment/Write off of Mineral Interests | 1,328,570 | 971,027 |
| Exchange (Gain) on translation of Fixed Assets | (3,392,760) | (592,295) |
| Exchange Loss on translation of Revaluation Reserve | 894,542 | - |
| Exchange Loss on translation of Subsidiaries | 2,411,299 | 471,391 |
| Net Cash Flow from Operating Activities | (71,685) | 1,360,651 |

Note 7. Analysis of Net Debt

| | <i>At 1 Jan 2001</i> | <i>Cash Flow</i> | <i>At 31 Dec 2001</i> |
|--------------------------|----------------------|------------------|-----------------------|
| | € | € | € |
| Cash at Bank and in hand | 1,584,177 | (177,672) | 1,406,505 |
| Debt due after 1 year | (1,192,579) | (367,011) | (1,559,590) |
| Debt due within 1 year | (3,572,940) | 2,294,621 | (1,278,319) |
| | <u>(3,181,342)</u> | <u>1,749,938</u> | <u>(1,431,404)</u> |

Note 8. Reconciliation of Net Cashflow to Movement in Net Debt

| | <i>2001</i> | <i>2000</i> |
|---|--------------------|--------------------|
| | € | € |
| (Decrease)/Increase in cash during the year | (177,672) | 1,306,229 |
| Outflow/(Inflow) from movements in debt & lease financing | <u>1,927,610</u> | <u>(4,765,519)</u> |
| Movement in net debt in the year | 1,749,938 | (3,459,290) |
| Net debt at start of year | <u>(3,181,342)</u> | <u>277,948</u> |
| Net debt at end of year | <u>(1,431,404)</u> | <u>(3,181,342)</u> |

Note 9. 2001 Annual Report and Accounts

The Annual Report and Accounts will be posted to shareholders in due course.”

PART 3 - DETAILS OF THE OPEN OFFER AND PROCEDURE FOR APPLICATION

1. Terms of the Open Offer

The Open Offer is made by Kenmare to Qualifying Shareholders to subscribe (on the terms and subject to the conditions set out herein and in the accompanying Application Form) for up to a total of 23,881,255 New Ordinary Shares at **Stg14p (23c) per share payable in full on application by no later than 3.00 p.m. on 2 May, 2002 on the basis of:**

1 New Ordinary Share for every 8 Existing Shares

on the Record Date and so in proportion for any lesser or greater number of Ordinary Shares. Fractions of New Ordinary Shares will not be allotted and entitlements will be rounded down to the nearest whole number of New Ordinary Shares. Temporary documents of title will not be issued and, pending the issue of definitive certificates, transfers will be certified against the register.

The Open Offer is not underwritten and is not conditional on the Placing. To the extent that Qualifying Shareholders do not apply for their full entitlements, the Company, with Canaccord and Davy, retains the discretion to place the balance of their entitlements should it be considered appropriate to do so at that time. This flexibility is retained in respect of the Open Offer Shares and in respect of fractional entitlements arising under the Open Offer for a period up to 6 May, 2002. Any such placing is expected to be executed at or around the then prevailing market price for Ordinary Shares but in any event it will not be executed at a discount of more than 10% to the then prevailing market price.

The Open Offer is conditional, *inter alia*, upon:

- (a) the passing of all the Resolutions set out in the notice of the Extraordinary General Meeting at the end of this document; and
- (b) the approval, subject to allotment, by the Irish Stock Exchange and the UK Listing Authority of the application for admission of the New Ordinary Shares to the Official Lists and the Irish Stock Exchange and the London Stock Exchange admitting the New Ordinary Shares to trading on their respective markets for listed securities.

The Open Offer Shares will be issued free of expenses and will rank equally in all respects with the Placing Shares and with the Existing Shares, including the right to all dividends and other distributions hereafter declared, paid or made.

2. Application and Payment

The enclosed Application Form shows the number of Ordinary Shares registered in your name(s) at the close of business on the Record Date and also your relevant *pro rata* entitlement to Open Offer Shares.

Applications may only be made on the enclosed Application Form, which is personal to the Qualifying Shareholder(s) named thereon and may not be assigned, transferred or split except in the circumstances described below. The Application Form represents a right to apply for Open Offer Shares. It is not a document of title and cannot be traded. Qualifying Shareholder(s) who have recently sold all or part of their holdings of Ordinary Shares are advised to consult their professional adviser as soon as possible, as the benefits arising under the Open Offer may be claimed from them by the purchaser(s). In order to facilitate such claims, they are asked to follow the instructions printed on the Application Form. Qualifying Shareholders should be aware that Open Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of Qualifying Shareholders who do not apply under the Open Offer.

Qualifying Shareholders who wish to subscribe for New Ordinary Shares are advised to complete the Application Form in accordance with the instructions printed thereon, and return same, together with a remittance for the full amount payable on application, to the Company's registrars, Computershare Investor Services (Ireland) Limited, PO Box 954, Dublin 18, Ireland (if delivered by post) or Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland (if delivered by hand) as soon as possible, but, in any event, so as to arrive no later than 3.00 p.m. on 2 May, 2002. A pre-paid envelope is enclosed for this purpose. The Company reserves the right (but shall not be obliged) to accept Application Forms and accompanying remittances which are received by the Company's registrars through the post or by hand before 11.00 a.m. on 3 May, 2002.

Payment must be made in euro or sterling by cheque or bankers' draft made payable to "Computershare Investor Services (Ireland) Limited - A/C Kenmare Resources plc", crossed "A/C Payee Only". Euro cheques or bankers' drafts must be drawn on a bank in the Republic of Ireland which is a member of the Dublin Bankers Clearing Committee or has clearing facilities with the Dublin Bankers Clearing Committee. Sterling cheques or bankers' drafts must be drawn on a branch of a bank or building society in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or CHAPS and Town Clearing Company Limited or a member of either of the committees of the Scottish or Belfast Clearing Houses or which has arranged for its cheques and bankers' drafts to be cleared through the facilities provided for members of any of those companies or committees (and must bear the appropriate sort code in the top right hand corner). An application may be rejected unless these requirements are fulfilled.

Application monies will be held in separate accounts pending fulfilment of the conditions of the Open Offer. If the conditions are not fulfilled by 22 May, 2002, the Open Offer will lapse and all monies will be returned, without interest, by ordinary post to applicants at their own risk within 14 days thereafter. Any interest earned on the monies will be retained for the benefit of the Company.

If you are in any doubt as to the action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or their independent financial adviser, being in the case of Shareholders in Ireland, an organisation or firm authorised pursuant to the Investment Intermediaries Act, 1995 of Ireland or the Stock Exchange Act, 1995 of Ireland and, in the case of Shareholders in the United Kingdom, an independent adviser authorised pursuant to the Financial Services & Markets Act 2000 of the United Kingdom.

It is a term of the Open Offer, to ensure compliance with Part IV of The Criminal Justice Act 1994 (the "Criminal Justice Act"), that the Company's registrars may at their absolute discretion require satisfactory evidence of identity of the applicant including, without prejudice to the generality of the foregoing, any applicant who either (i) tenders payment by way of cheque or bankers' draft drawn on an account in the name of a person or persons other than the applicant or (ii) appears to the registrar to be acting on behalf of some other person. In the former case, evidence satisfactory to the Company's registrars of identity of the applicant may be required. In the latter case, evidence satisfactory to the Company's registrars of the identity of any person on whose behalf the applicant appears to be acting may be required. In either case, in submitting any application, the applicant gives a collateral undertaking to the Company and its registrars that he will procure the provision of such evidence. The obligation of the Company to allot New Ordinary Shares pursuant to the Open Offer is subject to the Company's registrars having been provided with such evidence within a reasonable period of time after a request therefore. If this condition is not fulfilled or waived, the amount of the applicant's payment will be returned without interest, and at the applicant's risk, to the bank or building society for the credit of the account from which such monies were originally debited, without prejudice to the rights of the Company to set off against such monies, or to take proceedings to recover, the loss suffered by it as a result of any breach of the collateral undertaking set out above. Pending the provision of evidence satisfactory to the Company as to identity, definitive certificates in respect of New Ordinary Shares (or crediting to a CREST account) may be retained at the absolute discretion of the Company's registrars. In order to avoid this, applicants should ideally make payment by means of a cheque drawn by the original allottee named on the Application Form (or Application Forms where appropriate). If this is not practicable and a cheque drawn by a third party, a building society cheque or a banker's draft is to be used, applicants should:

- (a)
 - (i) write their name and address on the back of the bank or building society cheque, banker's draft or other third party cheque and, in the case of individuals, record their date of birth against their name; and
 - (ii) if a bank or building society cheque or banker's draft is used, ask the building society or bank to endorse on the cheque the full name and account number of the person whose building society or bank account is being debited or, if the application is being delivered by hand, the applicant should ensure that he/she has with him/her evidence of identity bearing his/her photograph, for example a full and valid passport; and
- (b) if you are making the application as agent for one or more persons, please indicate on the Application Form (or Application Forms as appropriate) whether you are a United Kingdom or EU regulated person or institution, or an Irish "Designated Body" under the Criminal Justice Act (for example a bank or stockbroker) and specify your status. If you are not a United Kingdom or EU regulated person or institution, or an Irish "Designated Body" under the Criminal Justice Act you should contact the Company's registrars, Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland (Tel: + 353 1 216 3100).

All enquiries in connection with the Application Form should be addressed to the Company's registrars.

No interest will be payable to applicants on remittances accompanying the Application Form submitted before they are due. Return by a Qualifying Shareholder of the Application Form with the appropriate remittance will constitute a warranty that all cheques will be honoured on first presentation. The Company may elect not to treat as valid any acceptance in respect of which cheques are notified to it or its agents as not having been so honoured. The Company reserves the right to have cheques presented on receipt and to instruct its registrars to seek special clearance of cheques to allow the Company to obtain value for remittances at the earliest opportunity.

You should note that the Open Offer is not a rights issue and no arrangements are in place to realise any value for Qualifying Shareholders who do not subscribe for their entitlement of New Ordinary Shares under the Open Offer.

Qualifying Shareholders with Existing Shares currently in certificated form will be allotted New Ordinary Shares in certificated form. Qualifying Shareholders currently holding Existing Shares in uncertificated form will be allotted New Ordinary Shares in uncertificated form to the extent that their entitlement to the New Ordinary Shares arises as a result of them holding Ordinary Shares in uncertificated form. Notwithstanding any other provision of this document, the Company reserves the right to allot and/or issue any New Ordinary Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST), or on the part of the facilities and/or systems operated by the Registrar in connection with CREST. This right may also be exercised if the correct details (such as Member Account ID and Participant ID details) are not provided as requested on the Application Form.

4. Settlement and Dealings

The Application Forms are not renounceable. The latest time and date for payment in full is 3.00 p.m. on 2 May, 2002 although the Company reserves the right to accept Application Forms and accompanying remittances which are received through the post or by hand before 11.00 a.m. on 3 May, 2002.

Definitive certificates for the Open Offer Shares are expected to be despatched no later than 13 May, 2002 by ordinary post at the risk of the persons entitled thereto. Alternatively, where Ordinary Shares are held in a CREST account, the New Ordinary Shares subscribed for are expected (subject to the aforesaid) to be credited to such CREST accounts no later than 10 May, 2002.

Application has been made to the Irish Stock Exchange and to the UK Listing Authority for the Open Offer Shares to be admitted to the Official List of the Irish Stock Exchange and the Official List of the UK Listing Authority and to the Irish Stock and the London Stock Exchange for such shares to be admitted to trading. It is expected that dealings in the Open Offer Shares will commence on 7 May, 2002.

5. Taxation

Your attention is drawn to the taxation advice received by the Company set out in paragraph 15 of Part 5 of this document. If you are in any doubt about your tax position, you should consult your professional adviser.

6. Overseas Shareholders

(a) United States and Canada

As the New Ordinary Shares are not being registered under the United States Securities Act of 1933 (as amended) and as the relevant exemptions are not being obtained from the appropriate provincial authorities in Canada, the New Ordinary Shares are not offered in or for subscription by persons resident in the United States or Canada or any territory or possessions thereof ("North America") and the Company will not accept subscriptions from any person who appears to be, or whom the Company has reason to believe to be so resident or the agent of any person so resident. No Application Form is being sent to any shareholder whose registered address is in North America. If an Application Form is received by any shareholder whose registered address is elsewhere but who is in fact a person resident in North America or the agent of a person so resident, he should not seek to take up his allotment unless such shareholder satisfies the Company (in its sole discretion) that an allotment is permitted under an exemption from the securities laws referred to above.

(b) Japan

The Open Offer is not being made in Japan nor will this document or any Application Form, any advertisement or any other offering material in relation to the Open Offer be distributed directly or indirectly in Japan.

(c) Australia

The Open Offer is not being made in Australia nor will this document or any Application Form, any advertisement or any other offering material in relation to the Open Offer be distributed directly or indirectly in Australia.

(d) Other Overseas Territories

Qualifying Shareholders resident in any other overseas territory should consult their bankers or other professional advisers as to whether any governmental or other consents are required or other formalities need to be observed to enable them to subscribe for New Ordinary Shares. Receipt of an Application Form will not constitute an offer in those jurisdictions in which it could be illegal to make such an offer and in such circumstances an Application Form will be sent for information purposes only.

PART 4 – RISK FACTORS

In evaluating the Proposals, the Directors consider that prospective investors should take account of the significant risks associated with investing in a company operating in a country such as Mozambique.

Potential investors and existing Shareholders should carefully consider all of the information in this document, and in particular, should note that the general risks associated with mineral exploration, appraisal development and production activities and the Group's activities in particular, include (but are not limited to) the risks detailed below. Any one or more of these risks could have a material adverse effect on the value of any investment in Kenmare.

(a) General Industry Risks

Kenmare's business may be affected by the general risks associated with all companies in the mineral industry. The availability of a ready market for minerals to be sold by Kenmare depends upon numerous factors beyond its control, the exact effects of which cannot be accurately predicted. These factors include: general economic activity, the world mineral prices, the marketability of the minerals produced, action taken by other producing nations, the availability of transportation capacity, the availability and pricing and the extent of governmental regulation and taxation.

The exploration and mining industry is highly speculative and incurs greater risks than many other businesses.

All exploration to establish productive reserves/resources is inherently speculative. The techniques presently available to geophysicists, geologists, and other technical specialists to identify the existence and location of minerals are indirect, and therefore, a considerable amount of personal judgement is involved in the selection of any prospect for development. In addition, unforeseeable operating problems may arise which render it uneconomical to produce any minerals discovered.

(b) Financing

The successful mining and processing of large quantities of titanium minerals by the Group will require very significant investment. In addition, delays in the construction and commissioning of the Moma Project or other technical difficulties may result in projected target dates for related production being delayed and/or further capital expenditure being required. In common with all mineral industry operations, there is uncertainty, and therefore risk, associated with operating parameters and costs. The ability of the Group to raise further funds (which may be sought partially from Shareholders) will depend on the outcome of negotiations to enter off-take contracts, and on the outcome of discussions with development finance institutions, as referred to in Part 1 of this document. In addition, any equity component of the project financing will depend on the prevailing market conditions and existing shareholder appetite. Kenmare may not be successful in procuring the requisite funds.

In the event of the unavailability of the funding required at the time, the Directors will rapidly reassess funding and expenditure plans and develop revised proposals.

(c) Operational and Environmental Risks

Exploration, appraisal, construction, development and production activities may involve operational hazards and environmental, technical and logistical difficulties. These include, inter alia, the possibility of fires, earthquake activity, extreme weather conditions, coastal erosion, unusual or unexpected geological conditions, unpredictable drilling-related problems, equipment failure and the absence of economically viable reserves. These hazards may result in cost overruns, substantial losses and/or exposure to substantial environmental and other liabilities.

(d) Uncertainty of Estimates of Resources/Reserves and Future Net Revenues

No assurances can be given that titanium minerals will be mined and processed in economically viable quantities in the areas in which Kenmare is interested. No assurances can be given that funds invested in Kenmare will be recoverable or that any dividends will be paid on Kenmare shares.

The Measured Resources are not developed. These resources require further capital expenditure in order to bring them into production. No guarantee can be given as to the success of development programmes in which the Group has interests. In addition, development and production may be delayed or adversely effected by factors outside the control of the Company and the companies operating those development programmes.

(e) Regulations

The Company's proposed activities will be subject to the relevant legislation and regulations of the legal jurisdiction under which the Company is operating. Such legislation and regulations cover a wide variety of matters, including, without limitation, pollution and protection of the environment, labour regulations and worker safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations.

(f) Licences

The Group's activities are dependent upon the grant and maintenance of appropriate licences, conversions, loans, permits and regulatory consents, which may be withdrawn or made subject to limitations. Although the Group believes that the licences, concessions, leases, permits and consents it holds will be renewed, if required, when they expire, according to the current laws applicable in the respective countries, there can be no assurance that they will be renewed or as to the terms of any such renewal.

(g) Reliance on Past Performance

Historical facts, information gained from historic experience, present facts, circumstances and information, and assumptions from all or any of these are not a guide to the future. Aims, targets, plans and intentions referred to herein are no more than that and do not imply forecasts.

(h) Currency

Any future Kenmare income from its mineral sales may be subject to exchange rate fluctuations and become subject to exchange control or similar restrictions.

(i) Market and Commodity Prices

The key to the Moma Project is the ability to sell its products at reasonable prices, as confirmed in the financial evaluation. Enquiries to consumers have established a strong interest in the products to be produced, although, ultimately, this interest will have to be backed by firm off-take agreements, prior to the completion of project financing. Independent market appraisal has indicated a predicted shortage of ilmenite, while demand for high TiO₂ ilmenite products is strong. Nevertheless, market conditions and commodity prices will change over time, through supply side additions and changing economic circumstances.

(j) Insurance Cover

Although Kenmare believes that it maintains appropriate insurance with respect to its operations in accordance with international exploration and mining practice, in certain circumstances this insurance may not provide adequate cover. The occurrence of an event that is not fully covered by insurance could have a material adverse effect on the operations and financial position of the Company. Moreover, there can be no assurance that the Company will be able to maintain adequate insurance in the future at rates that it considers reasonable.

(k) Political

In the past, Mozambique has been considered to be politically highly unstable, having endured civil unrest for 26 years since independence in 1975. Kenmare has had considerable experience in operating in Mozambique and is confident that it will be allowed to develop the Moma Project under a stable and predictable fiscal and legal regime. However, changes may occur in the political, fiscal and legal system in Mozambique, which might affect the ownership or operation of the Group's interests, including, *inter alia*, changes in exchange control regulations, expropriation of mining rights, changes in government, legislation and regulatory regimes. Potential investors in the Moma Project will almost certainly perceive moderate to high project risk, which will need to be matched by high economic returns.

(l) Moma Project Specific Risks

The DFS concluded that there are no areas of high technical risk associated with the Moma Project. Moderate technical risk is associated with the following:

- (i) *TZ Process* - The TZ process, in which Heavy Mineral Concentrates are roasted to facilitate easier separation of high chrome ilmenite, is proposed as a relatively cheap option to upgrade some of the ilmenite product which would otherwise be unsaleable. It is conceptually simple and makes use of existing technology. However, the TZ process has not been tried on a commercial scale, although similar equipment is operated.
- (ii) *Mine/concentrator waste disposal* – This is a risk for many mineral sand mining operations and is judged to be a moderate risk for the Moma Project, despite the fact that slimes levels are moderate, the ponds are relatively shallow, and there is a large area of land available for disposal. Failure to remove the bulk of slimes from the dredge pond would lead to a slimes build-up which would affect the performance of the concentrator, with resultant production shortfalls. In addition, strict control of waste disposal is required to maximise water return from tailings and slimes, failing which pond water levels would drop to below the minimum and mining would be curtailed.
- (iii) *Barging* – Barging of the products from the jetty to ocean-going vessels forms a critical link in the Moma Project, and one that is exposed to potential delays due to weather or mechanical problems.
- (iv) *Personnel* – The Moma Project will constitute a complex, multi-faceted operation requiring careful planning and sound operating and maintenance practices. As such, it is imperative that Kenmare implements:
 - (a) recruitment of high quality professional and skilled personnel;
 - (b) establishment of detailed operating procedures and monitoring compliance, and
 - (c) all reasonable efforts to limit staff turnover, through provision of good employment and site conditions, and clear management guidelines.

PART 5 – ADDITIONAL INFORMATION

1. Responsibility

The Directors of Kenmare, whose names are set out on page 10 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

The Company was incorporated in the Republic of Ireland on 7 July, 1972 pursuant to the Companies Act, 1963 under the name Kenmare Oil Exploration Limited (registered number 37550). On 5 June, 1985 the Company re-registered as a public limited company under the name Kenmare Oil Exploration Plc. On 12 June, 1987 the Company changed its name to Kenmare Resources plc.

3. Principal Activities

The principal activity of the Group is the exploration for commercial deposits of natural resources, together with the development and operation of mines. The Company's main project is the Moma Titanium Mineral Sands Project in Mozambique.

4. Directors

The Directors, all of Chatham House, Chatham Street, Dublin 2, Ireland, their executive functions and the companies and partnerships of which each such person has been a director or partner at any time in the past five years, and where indicated of which each is currently a director or partner are set out below:

Charles Carvill (Chairman) (aged 73) has been involved in the Irish mining industry for over 30 years. He served as a director of Tara Exploration and Development Limited, the parent company of Tara Mines, for over 20 years and was a founding member and subsequently director of Minquest plc. He is founder and chairman of Carvill Group Limited and Vico Properties plc, a Belfast based construction and development group with activities in Ireland, Northern Ireland, Scotland, England and Germany.

| <i>Directorship/Partnerships:</i> | <i>Current</i> | <i>Previous</i> |
|-----------------------------------|-----------------------|-----------------|
| | Carvill Group Limited | - |
| | Vico Properties plc | |

Michael Carvill (Managing Director) (aged 42) is a chartered member of the Institute of Engineers of Ireland (MIEI). He holds a BSc in Mechanical Engineering (Queen's University, Belfast) and an MBA (Wharton School, University of Pennsylvania). After working as a contracts engineer in Algeria and as a project engineer at Tara Mines, Ireland, he joined Vico Development Limited. He has been the Managing Director of Kenmare since 1986.

| <i>Directorship/Partnerships:</i> | <i>Current</i> | <i>Previous</i> |
|-----------------------------------|-----------------------|-----------------|
| | Carvill Group Limited | - |
| | Vico Properties plc | |

Tony McCluskey (Financial Director) (aged 37) worked with Kenmare since 1991 as Company Secretary and Financial Controller, before being appointed Financial Director in 1999. He holds a Bachelor of Commerce degree from University College Cork and is a Fellow of the Institute of Chartered Accountants in Ireland. Before joining Kenmare he worked as a manager with Deloitte & Touche in Dublin and has also spent time working overseas.

| <i>Directorship/Partnerships:</i> | <i>Current</i> | <i>Previous</i> |
|-----------------------------------|----------------|-----------------|
| | - | - |

Dr. Alastair Brown (Director of Exploration) (aged 63) has almost forty years experience in geology and mineral exploration. He has worked extensively on metallic and industrial mineral exploration in Zambia (where he discovered the Maamba coal field), Australia and in Ireland where he discovered the Westport talc deposit and was responsible for the discovery of significant gold mineralisation in County Mayo. Alastair Brown was responsible for the orebody development at Ancuabe and Moma, Kenmare's two proven reserves. He holds a BSc in Geology (University of Edinburgh), an MSc in Mineral Exploration (University of Leicester) and a DIC and PhD in Applied Geochemistry (Imperial College, University of London). He is a Fellow of the Institute of Mining and Metallurgy. He joined Kenmare in 1987.

| | | |
|-----------------------------------|----------------|-----------------|
| <i>Directorship/Partnerships:</i> | <i>Current</i> | <i>Previous</i> |
| | - | - |

Donal Kinsella (Deputy Chairman; Non-executive Director) (aged 58) graduated from UCD in 1968 with a BSc in Economics. He has been Chairman of Trimproof Limited since 1988 and Irish Edible Oils Limited since 1991. He was founder of Cooley Distillery plc in 1987 and was a director until 1996.

| | | |
|-----------------------------------|---|-----------------------|
| <i>Directorship/Partnerships:</i> | <i>Current</i> | <i>Previous</i> |
| | Irish Edible Oil Limited Trimproof Limited | Cooley Distillery plc |

Ian Egan (Non-executive Director) (aged 55) has worked in the mining, manufacturing and technology industries since 1967 including holding of management positions at, Mineral Deposits Limited (CEO), Umal Consolidated Limited and BHP (Group). He is a Fellow of the Australian Institute of Mining and Metallurgy and of the Society of Certified Practising Accountants. He has been awarded a BEc in Accounting and Law from the University of Sydney and an MEC in Industry Economics from the University of Sydney. He is currently a director of, and consultant to, Soria Moria Pty. Limited.

| | | |
|-----------------------------------|---|--|
| <i>Directorship/Partnerships:</i> | <i>Current</i> | <i>Previous</i> |
| | Soria Moria Pty Limited Nagermir Pty Limited | Orbital Engine Corporation Limited BHP Titanium Minerals Pty Limited Mineral Depository Pty Limited Nanagai Holdings Pty Limited Northern Rivers Rutile Pty Limited Queensland Titanium Mines Pty Limited Pelican Bay Developments Pty Limited Sandy Straits Developments Pty Limited |

Simon Farrell (Non-executive Director) (aged 51) has over 20 years experience in the mining industry at senior management and board level, principally in the areas of finance, marketing and general management. He holds a BComm degree from the University of Western Australia and an MBA from the Wharton School at the University of Pennsylvania. He is a Fellow of both the Australian Society of Accountants and the Australian Institute of Company Directors. He was appointed to the Board of Kenmare in January 2000.

| | | |
|-----------------------------------|---|------------------------------|
| <i>Directorship/Partnerships:</i> | <i>Current</i> | <i>Previous</i> |
| | Cherek Pty Limited Karratta Pty Limited Wunda-Y Partnership Wunda-Y Unit Trust Golden Valley Mines NL | Valiant Consolidated Limited |

Terence Fitzpatrick (Non-executive Director) (aged 41) is a graduate of the University of Ulster (Mech. Eng.). He has extensive experience in mechanical engineering systems, having worked for Jacuzzi Pumps Limited in the United States as project engineer and PWS (Ireland) Limited in Northern Ireland as mechanical systems project manager. He worked as a Project Manager and then Technical Director of Kenmare from 1990 to 1999. He was responsible for the development of the Ancuabe graphite mine, which achieved completion on schedule and budget in 1994. He was appointed to the Board of Kenmare in 1994. He is now Executive Director and part owner of an engineering company which manufactures equipment for mines and quarries, agricultural businesses and fire services.

| <i>Directorship/Partnerships:</i> | <i>Current</i> | <i>Previous</i> |
|-----------------------------------|-----------------|-----------------|
| | Hosekat Limited | - |

Peter McAleer (Non-executive Director) (aged 59) has over 35 years international experience at board and senior management level in the natural resources sector. He has been involved in the discovery and/or successful development of more than 10 base and precious metal deposits and has extensive experience in project development and financing. He holds an honours degree in Commerce and is a Barrister at Law. He has been involved in the management of mining operations in Australia, Chile, Europe and North America. More recently as a director of Equatorial Mining Limited, Peter McAleer participated in the funding of the Minera El Tesoro copper project in Chile which involved raising US\$296 million. Peter McAleer is also Chairman of Westmag Limited (Australia) and also a director of Kingsgate Consolidated NL (Australia).

| <i>Directorship/Partnerships:</i> | <i>Current</i> | <i>Previous</i> |
|-----------------------------------|---|-----------------|
| | Equatorial Mining Limited Westmag Limited Kingsgate Consolidated NL | - |

Other Matters

Save as disclosed below, none of the Directors identified above has:

- (i) any unspent convictions in relation to indictable offences;
- (ii) been the subject of bankruptcy proceedings or an individual voluntary arrangement;
- (iii) been a director of any company at the time of or within 12 months preceding its receivership, compulsory liquidation, creditors' voluntary liquidation, administration, entry into company voluntary arrangements or entry into any composition or arrangement with its creditors generally or any class of its creditors, except for:
 - (a) Charles Carvill – Managing Director of P. Carvill & Sons Limited, which went into receivership in July, 1963. All creditors were paid in full, the receiver was discharged and the company continued to trade successfully; and
 - (b) Donal Kinsella – Deputy Chairman and Non-executive Director of Dublin Gas Co. Limited, which went into receivership in April, 1986. All creditors were paid in full.
 - (c) Simon Farrell – Chief Executive Officer of Valiant Consolidated Limited which was placed in voluntary administration in 1987. It was subsequently released from voluntary administration after a successful capital raising.
- (iv) been a partner in a partnership which, whilst he was a partner of or within 12 months after his ceasing to be a partner, was put into compulsory liquidation, or had an administrator or other receiver appointed or entered into any voluntary arrangement;
- (v) had an administrator or other receiver appointed in respect of any asset belonging to him or to a partnership of which he was a partner at the time of such appointment or within the 12 months preceding such appointment; or
- (vi) been the subject of a public criticism by any statutory or regulatory authorities (including recognised professional bodies) nor as such Directors ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

5. Directors' and Other Interests

- (a) As at 8 April, 2002, being the latest practicable date prior to the publication of this document, the interests of the Directors, all of which are beneficial, (including any interests of their spouses or minor children) or any connected person in the existing issued share capital of the Company, the existence of which is known to, or could with reasonable diligence be ascertained by, the Directors as required to be disclosed pursuant to Sections 53 and 64 of the Companies Act, 1990 or as required to be shown in the register referred to in section 59 of the Companies Act, 1990 and, as far as the Company and the Directors are aware, having made due and proper enquiry, the interests of any persons connected (within the meaning of Section 26 of the Companies Act, 1990) with a Director, were as set out below. The percentages of the Enlarged Share Capital represented by such interests, subject to the stated assumptions, are also set out below.

| <i>Name of Director</i> | <i>Number of Ordinary Shares</i> | <i>% of Existing Issued Share Capital</i> | <i>Maximum Entitlement to Open Offer Shares*</i> | <i>% of Enlarged Share Capital**</i> |
|-------------------------|----------------------------------|---|--|--------------------------------------|
| C. Carvill | 5,200,657 | 2.72 | 650,082 | 2.15 |
| D. Kinsella | 659,500 | 0.35 | 82,437 | 0.27 |
| A. Brown | 88,240 | 0.05 | 11,030 | 0.04 |
| M. Carvill | 1,584,382 | 0.83 | 198,047 | 0.66 |
| I. Egan | 200,000 | 0.11 | 25,000 | 0.08 |
| S. Farrell | 466,333 | 0.25 | 58,291 | 0.19 |
| T. Fitzpatrick | 22,767 | 0.01 | 2,845 | 0.009 |
| T. McCluskey | 20,160 | 0.01 | 2,520 | 0.008 |
| P. McAleer | - | - | - | - |

* the maximum entitlement of each of the Directors to subscribe for the Open Offer Shares. As at 8 April, 2002 none of the Directors, having an interest in the capital of the Company, had determined whether, or to what extent they would participate in the Open Offer,

** assumes the Directors subscribe for their maximum entitlements under the Open Offer.

In addition, C. Carvill holds Warrants over 800,000 Ordinary Shares at an average exercise price of 18.3c per share; M. Carvill holds Warrants over 160,000 Ordinary Shares at an average exercise price of 22c per share and A. Brown holds Warrants over 40,000 Ordinary Shares at an average exercise price of 22c per share.

(b) Share Options

- (i) Share Options over new Ordinary Shares, granted for a nominal consideration of €6.35 and in accordance with the rules of the Share Option Scheme, are held as follows:

| <i>Name of Director</i> | <i>Number of Share Options</i> | <i>Average Option Exercise Price</i> | <i>Price Range</i> | |
|-------------------------|--------------------------------|--------------------------------------|--------------------|-----------|
| | | | <i>from</i> | <i>to</i> |
| | | € | € | € |
| C. Carvill | 2,196,629 | 20c | 6c | 32c |
| D. Kinsella | 360,000 | 17c | 6c | 32c |
| A. Brown | 1,621,629 | 19c | 6c | 32c |
| M. Carvill | 3,346,629 | 22c | 6c | 32c |
| I. Egan | 1,180,000 | 18c | 11c | 25c |
| S. Farrell | 680,000 | 22c | 20c | 25c |
| T. Fitzpatrick | 760,000 | 13c | 6c | 32c |
| P. McAleer | 750,000 | 23c | 23c | 23c |
| T. McCluskey | 1,410,000 | 18c | 6c | 25c |
| D. Corcoran (Secretary) | 325,000 | 20c | 13c | 25c |

The latest exercise date of the above options is October 2008.

Save as set out in this paragraph 5, no Director has any interests whether beneficial or non-beneficial in the share capital of the Company or any of its subsidiaries.

6. Directors' Interests in Transactions

No Director has or had any interest in any transaction, which is or was unusual in its nature or conditions or significant to the business of the Company and its subsidiaries and which:

- (i) was effected by the Company during the current or immediately preceding financial year; or
- (ii) was effected by the Company during an earlier financial year and remains in any respect outstanding or unperformed.

As at the date of this document, there are no outstanding loans granted by any member of the Group to any of the Directors, nor are there any guarantees provided by any member of the Group for their benefit.

7. Directors Remuneration

In the Directors' Report dated 25 April, 2001 contained in the Annual Report and Accounts, 2000, the Directors reported on remuneration as follows:

"The Company has fully complied with the Irish Stock Exchange's requirement in relation to the disclosure of Directors' remuneration and its Best Practice provisions as contained in Section A of the Listing Rules. Emoluments of Executive Directors are determined by the Remuneration Committee". (This committee comprises the Non-Executive Chairman, Charles Carvill and the non-executive Directors.)

"The philosophy of the Remuneration Committee in determining Executive Directors' remuneration is to ensure that individuals are appropriately rewarded relative to their responsibility, experience and value to the Group.

In framing Remuneration Policy, the Remuneration Committee has had regard to Section B of the provisions of the Code of Best Practice, published in December 1992 by the Cadbury Committee on the Financial Aspects of Corporate Governance, annexed to the Listing Rules."

Executive Director's emoluments comprise all salaries, pension contributions and other benefits in respect of the Directors. A portion of Directors' emoluments is paid to companies in respect of management services provided by Directors. No Directors' fees were paid by the Company during the three years ended 31 December, 2000. Details of the emoluments received by the individual Directors in respect of the year ended 31 December, 2000, and of the aggregate remuneration received by the executive and non-executive Directors in respect of each of the years ended 31 December, 1999 and 1998 are set out in note 7 of Part 2A of this document.

Directors also participate in the Share Option Scheme, (the terms of which are set out in paragraph 11 of this Part 5). Details in relation to the Directors' holdings of Share Options are set out in paragraph 5(b) of this Part 5.

The total emoluments receivable by the Directors will not be varied as a consequence of the Placing and Open Offer.

There are no arrangements, nor have there been any such in operation during the past financial year, under which a Director has waived or agreed to waive future emoluments.

8. Directors' Service Contracts

Save as disclosed in respect of Mr Michael Carvill, there are no existing or proposed Directors' Service Contracts (as that term is defined in the Listing Rules) in place for any of the Directors of the Company. Additional arrangements regulating the terms and conditions of the employment of the other Directors are also summarised below:

- (i) *Charles Carvill – Chairman (Non-executive)*
Mr. Carvill is a non-executive director of the Company. He does not receive a salary. However, like other non-executive directors Mr. Carvill receives share options from time to time.
- (ii) *Donal Kinsella – Deputy Chairman (Non-executive)*
Mr. Kinsella is a non-executive director of the Company. He does not receive a salary. However, like other non-executive directors Mr. Kinsella receives share options from time to time.

(iii) *Michael Carvill – Managing Director*

With effect from 1 September, 2000 Mr. Carvill receives a total benefits package of €190,461 per annum from the Company. The notice period in respect of his employment by the Company is two years. Part of Mr. Carvill's remuneration is paid on a consultancy basis to a Northern Irish based company, namely Vico Development Limited. With effect from 1 January, 2002, the consultancy fee payable under the consultancy agreement in place is [€11,110] per month. This consultancy fee is included in, and is part of the €190,461 paid to Mr. Carvill per annum. Mr. Carvill has also received share options from time to time.

(iv) *Tony McCluskey – Finance Director*

With effect from 1 September, 2000 Mr. McCluskey receives a total benefits package of €120,625 per annum from the Company. The notice period in respect of Mr. McCluskey's employment by the Company is two years. Mr. McCluskey has also received share options from time to time.

(v) *Dr. Alastair Brown – Exploration Director*

With effect from 1 September, 2000 Dr. Brown receives a total benefits package of €107,928 per annum from the Company. The notice period in respect of Dr. Brown's employment by the Company is two years. Dr. Brown has also received share options from time to time.

(vi) *Ian Egan – (Non-executive)*

Mr. Egan is a non-executive director of the Company. He does not receive a salary based on this position. However, like other non-executive directors Mr. Egan receives share options from time to time. Mr. Egan is presently employed by the company on a consultancy basis in relation to certain marketing work performed by him for the Company. Mr. Egan currently receives a consultancy fee in the amount of €50,790 per annum.

Other Non-Executive Directors

None of Simon Farrell, Terence Fitzpatrick or Peter McAleer, each of whom is a non-executive Director of the Company receive a salary. They do however receive share options from time to time.

9. Share Capital

The following table shows the authorised, issued and fully paid share capital of the Company as at the date of this document and as it will be following completion of the Proposals:

| | <i>Authorised</i> | | <i>Issued and Fully Paid</i> | |
|---|-------------------|-------------|------------------------------|-------------|
| | € | Number | € | Number |
| As at the date of this document | | | | |
| Ordinary Shares of €0.06 each | 18,000,000 | 300,000,000 | 11,463,002.40 | 191,050,040 |
| Deferred Shares of €0.25 each | 25,000,000 | 100,000,000 | 12,007,866.75 | 48,031,467 |
| Following completion of the Proposals* | | | | |
| Ordinary Shares of €0.06 each | 24,000,000 | 400,000,000 | 16,312,877.70 | 271,881,295 |
| Deferred Shares of €0.25 each | 25,000,000 | 100,000,000 | 12,007,866.75 | 48,031,467 |

* assumes that the 23,881,255 New Ordinary Shares available under the Open Offer are either fully subscribed for, or where less than fully subscribed for, that the remaining New Ordinary Shares are aggregated and placed pursuant to the terms of the Placing Agreement.

The Deferred Shares were created in 1991 by subdividing each existing Ordinary Share of IR25p into one Deferred Share of IR20p and one new Ordinary Share of IR5p. The Deferred Shares, which were subsequently redenominated and renominialised from IR25p to €0.25, are non-voting, carry no dividend rights and the Company may purchase any or all of these shares at a price not exceeding €0.013 for all the Deferred Shares so purchased.

The Ordinary Shares are listed on the Irish Stock Exchange and on the London Stock Exchange. Application has been made to the Irish Stock Exchange and the UK Listing Authority for the New Ordinary Shares to be admitted to the Official Lists and application has been made to the Irish Stock Exchange and the London Stock Exchange for the New Ordinary Shares to be admitted to their respective markets for listed securities. It is expected that admission of the Placing Shares and of the Open Offer Shares to the Official Lists will become effective and that unconditional dealings will commence therein on 7 May, 2002.

- (a) In the three years preceding the date of this document Kenmare issued the following share capital:
- (i) On 30 June, 1999 the Company issued 5,698,571 Ordinary Shares at a subscription price of 11c per share pursuant to a placing;
 - (ii) On 7 December, 1999 Kenmare issued 5,741,900 Ordinary Shares at a subscription price of 12c per share, and on the same date issued 5,741,900 Warrants convertible into shares at a subscription price of 14c per share pursuant to a placing;
 - (iii) On 10 January, 2000 Kenmare issued 5,741,900 Ordinary Shares at a subscription price of 12c per share, and on the same date issued 5,741,900 Warrants convertible into shares at a subscription price of 14c per share pursuant to a placing;
 - (iv) On 10 February, 2000, 12,632,100 Ordinary Shares were issued at a subscription price of 20c each pursuant to a placing;
 - (iv) On 24 February, 2000, 100,000 Ordinary Shares were issued pursuant to the exercise of Share Options at a subscription price of 7c each;
 - (v) On 10 March, 2000, 800,000 Ordinary Shares were issued pursuant to the exercise of Warrants at a subscription price of 23c each;
 - (vi) On 21 March, 2000, 28,000 Ordinary Shares were issued pursuant to the exercise of Warrants at a subscription price of 7c each;
 - (vii) On 21 March, 2000, 8,000 Ordinary Shares were issued pursuant to the exercise of Warrants at a subscription price of 22c each;
 - (viii) On 21 March, 2000, 488,000 Ordinary Shares were issued pursuant to the exercise of Warrants at a subscription price of 22c each;
 - (ix) On 14 April, 2000, 400,000 Ordinary Shares were issued pursuant to the exercise of Warrants at a subscription price of 23c each;
 - (x) On 28 April, 2000, 100,000 Ordinary Shares were issued pursuant to the exercise of Share Options at a subscription price of 13c each;
 - (xi) On 3 May, 2000, the authorised share capital of the Company was increased by €6,348,700 by the creation of an additional 100,000,000 Ordinary Shares which ranked equally with the Ordinary Shares already in existence;
 - (xii) On 4 May, 2000, 100,000 Ordinary Shares were issued following the exercise of Share Options at a subscription price of 13c each;
 - (xiii) On 9 June, 2000, 41,629 Ordinary Shares were issued following the exercise of Share Options at a subscription price of 6c each;
 - (xiv) On 19 June, 2000, Kenmare arranged a placing of 14,000,000 Ordinary Shares at a subscription price of Stg11.25p per share;
 - (xv) On 8 August, 2000, the Company arranged a placing of 15,433,333 Ordinary Shares at a subscription price of Stg11.25p each;

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- (xvi) On 16 October, 2000, 100,000 Ordinary Shares were issued pursuant to the exercise of Share Options at a subscription price of 7c
- (xvii) On 9 January, 2001, 100,000 Ordinary Shares were issued pursuant to the exercise of Warrants at a subscription price of Stg13.5p;
- (xviii) On 26 January, 2001, 317,150 Ordinary Shares were issued pursuant to the exercise of Warrants at a subscription price of Stg13.5p;
- (xix) On 1 February, 2001, 1,250,000 Ordinary Shares were issued pursuant to the exercise of Warrants at a subscription price of Stg9p;
- (xx) On 13 February, 2001, 75,000 Ordinary Shares were issued pursuant to exercise of Warrants at a subscription price of Stg9p;
- (xxi) On 16 February, 2001, 150,000 Ordinary Shares were issued pursuant to the exercise of Warrants at a subscription price of Stg13.5p;
- (xxii) On 19 February, 2001 the Company arranged a placing of 17,229,000 Ordinary Shares at a subscription price of Stg20p each;
- (xxiii) On 19 February, 2001 the Company issued 262,120 Ordinary Shares pursuant to the exercise of Warrants at a subscription price of Stg13.5p;
- (xxiv) On 12 March, 2001 the Company issued 100,000 Ordinary Shares pursuant to the exercise of Warrants at a subscription price of Stg13.5p;
- (xxv) On 3 April, 2001 the Company issued 100,000 Ordinary Shares pursuant to the exercise of Warrants at a subscription price of Stg13.5p;
- (xxvi) On 20 April, 2001 the Company issued 40,000 Ordinary Shares pursuant to the exercise of Warrants at a subscription price of Stg13.5p;
- (xxvii) On 24 April, 2001 the Company issued 80,000 Ordinary Shares pursuant to the exercise of Share Options at a subscription price of 7c each;
- (xxviii) On 11 May, 2001 the Company issued 75,000 Ordinary Shares pursuant to the exercise of Warrants at a subscription price of Stg13.5p;
- (xxix) On 6 July, 2001 the Company issued 480,000 Ordinary Shares pursuant to the exercise of Warrants at a subscription price of Stg13.5p;
- (xxx) On 18 July, 2001 the Company issued 88,850 Ordinary Shares pursuant to the exercise of Warrants at a subscription price of Stg13.5p; and
- (xxxi) On 6 August, 2001 the Company issued 149,962 Ordinary Shares pursuant to the exercise of Share Options of which 41,629 shares were issued at a subscription price of 6c; 100,000 shares at a price of 7c per share and 8,333 shares at a price of 8c per share.
- (b) At the Annual General Meeting of Kenmare, held on 23 May, 2001, the Company's Irish pound denominated share capital was re-denominated and re-nominalised into euro. The authorised and issued ordinary shares of nominal value IR5p each were re-denominated and re-nominalised to Ordinary Shares of nominal value €0.06 each. The authorised and issued deferred shares of nominal value IR20p each were re-denominated and re-nominalised to deferred shares of nominal value €0.25 each;
- (c) At a general meeting, held on 7 December, 2001, of the holders of outstanding Warrants over Ordinary Shares in Kenmare issued in accordance with the Warrant Instrument dated 8 December, 1997, the period within which these warrants could be exercised was extended from 8 December, 2001 to 8 December, 2003.

At that date there was a total of 1,788,000 such Warrants outstanding.

- (d) At the Extraordinary General Meeting, Resolutions will be proposed, inter alia to grant authority to the Directors to issue and allot new Ordinary Shares in connection with the Placing and Open Offer, in connection with any offer of securities by way of rights, open offer or otherwise in favour of Shareholders and/or any persons having subscription or conversion rights, and up to a maximum aggregate nominal value of 10% of the issued share capital of the Company from time to time, for cash as if Section 23 of the Companies (Amendment) Act, 1983 of Ireland did not apply, such authority to be exercisable for a period of 15 months from the date of the EGM or, if earlier, the close of business on the date of the next Annual General Meeting of the Company.

Save as disclosed in this paragraph 9, no share or loan capital of the Company or its subsidiaries have, within the three years preceding the date of this document, been issued or are proposed to be issued for cash or other consideration and no commissions, discounts, brokerage or other special terms have been granted by the Company or any of its subsidiaries in connection with any such issue or sale.

Save as disclosed in this paragraph 9, the provisions of section 20 of the Companies (Amendment) Act, 1983 (“the 1983 Act”) which, to the extent not disapplied pursuant to section 23 of the 1983 Act, confer on Shareholders rights of pre-emption in respect of the allotment of equity shares which are, or are to be, paid up in cash, apply to the authorised but unissued share capital of the Company.

10. Substantial Shareholders

As at 8 April, 2002, being the latest practicable date prior to the publication of this document, the names of persons, other than Directors who, directly or indirectly were interested in 3% or more of the issuer’s capital of the Company, of which the Directors are aware were as set out below. The percentages of the Enlarged Share Capital represented by such interests, subject to the stated assumption, are also set out below:

| <i>Registered Name of Shareholder</i> | <i>Number of Ordinary Shares</i> | <i>% of Existing Issued Share Capital</i> | <i>Maximum Entitlement to Open Offer Shares</i> | <i>% of Enlarged Share Capital*</i> |
|---|--------------------------------------|---|---|---|
| Chase Nominees Limited | 17,719,672 | 9.28 | 2,214,959 | 7.33 |
| State Street Nominees Limited | 10,000,000 | 5.23 | 1,250,000 | 4.14 |
| Bank of Ireland Nominees Limited | 9,455,850 | 4.95 | 1,181,981 | 3.91 |
| Nutraco Nominees Limited | 9,005,000 | 4.71 | 1,125,625 | 3.73 |
| The Bank of New York (Nominees) | 8,358,000 | 4.38 | 1,044,750 | 3.46 |
| BNY GIL Client Account (Nominees) | 8,161,798 | 4.27 | 1,020,225 | 3.38 |
| Nortrust Nominees Limited | 7,150,000 | 3.74 | 893,750 | 2.96 |
| BNY (OCS) Nominees Limited | 7,042,000 | 3.69 | 880,250 | 2.91 |

*assumes these substantial shareholders subscribe for their maximum entitlements under the Open Offer.

Save as disclosed in this paragraph 10, the Directors are not aware of any persons who directly or indirectly, are interested in 3% or more of the issuer’s capital, and are not aware of any person or persons who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

11. Share Option Schemes

Kenmare established a share option scheme by a resolution of the Directors and by a special resolution of the members of the Company both of which resolutions were passed on 12 June, 1987. The purpose of the Share Option Scheme is to provide for the granting of Share Options to key personnel and Directors of the Company and its subsidiaries and associated companies as those terms are defined by the rules of the Scheme.

- (a) The Scheme is administered by the Board who are empowered to grant share options in accordance with the rules of the Scheme. The Scheme is available to Directors or members of management of the Company or any subsidiary or associated company (as defined) whether officers or employees, or other person who play significant part in the management or development of the Company and such person shall be nominated by the Board. For this purpose the Board shall have absolute discretion as to eligibility for participation in the Share Option Scheme.
- (b) The exercise price of options is under no circumstances to be less than the nominal value of the shares over which the option is granted. If the option is granted at market value the market value is the market value of the shares on the day prior to the date of grant of the option. Upon the exercise of an option the participant pays the option price to the Company and the appropriate shares are then issued to the participant.

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- (c) Unless otherwise determined by the Board an option shall not be capable of being exercised later than 7 years after the granting of the option. No option shall be exercisable after the participant shall cease to hold the office or employment by virtue of which he or she is eligible to participate in the Scheme.
- (d) Options in respect of Ordinary Shares only are granted under the Scheme. The aggregate nominal value of Ordinary Shares issued under the Scheme shall not exceed 10% of the aggregate nominal value of the total issued share capital of the Company from time to time.

12. Pensions

The Group operates an externally funded defined contribution pension scheme for certain employees. The assets of the scheme are held in a fund administered by an insurance company. Contributions to the scheme are charged in the period in which they are payable to the scheme.

13. Warrant Instrument

Set out below is a summary of the principal terms of the two Warrant Instruments and details of the warrants in issue.

As at 8 April, 2002 (the latest practicable date prior to the publication of this document), there were 11,946,000 warrants outstanding, of which 1,778,000 carry subscription rights for Ordinary Shares at Stg13.5p per share and were issued in accordance with the terms of the Warrant Instrument dated 8 December, 1997. These warrants had an exercise period between 8 December, 1997 and 8 December, 2001. At a general meeting held on 7 December, 2001, this exercise period was extended to 8 December, 2003. The remaining 10,158,000 warrants carry subscription rights for Ordinary Shares at Stg 9p per share issued in accordance with the terms of the Warrant Instrument dated 1 February, 2000 and may be exercised between 31 December, 2000 and 31 December, 2002.

Ordinary Shares to be issued pursuant to the exercise of the subscription rights shall be allotted not less than ten business days after such exercise and certificates in respect of such shares shall be despatched not less than ten days after such exercise. Such shares shall rank *pari passu* with the Ordinary Shares in issue at that time save in respect of dividends on other distributions for which the record date is a date prior to the exercise of the subscription rights. The warrants are freely transferable, have no rights on liquidation. If on a date (or by reference to a record date) on or before the expiry of the warrant option period, the Company shall effect any capitalisation issue (other than shares paid up out of distributable reserves and issued in lieu of a cash dividend) or any sub-division, consolidation or reduction of its capital, the number and/or nominal value of option shares which remain the subject of the option and/or the subscription price shall be adjusted in such manner as the Auditors of the Company (acting as experts not arbitrators) shall determine at the expense of the Company so as to maintain the same relative rights as regards the exercise of the option by the warrant holder. Any such adjustment shall become effective as at the record date of any such event. The Company shall give notice to the warrant holder within 30 days of any adjustment made pursuant to this paragraph and, if appropriate, dispatch a new warrant certificate to the warrant holder. If, on a date (or by reference to a record date) on or before the expiry of the option period, an offer is made to all holders of shares in the Company (or all such shareholders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire the whole or any part of the issued ordinary share capital of the Company, the Company shall use all reasonable endeavours to procure that the offeror and/or persons aforesaid shall offer to acquire the option on terms equivalent to the offer taking account of the aggregate subscription price payable upon exercise of the option or the unexercised part of the option (as the case may be). If, on a date (or by reference to a record date) on or before the expiry of the option period, the Company or any person acting on its behalf makes an offer or invitation (whether by rights issue or otherwise) to the holders of the ordinary shares of the Company, regarding the subscription of share subscription monies to the Company, then the Company shall procure that at the same time the same offer or invitation is made to the warrant holder as if the option had been exercised in full on the day immediately preceding the date, or, as the case may be, the record date of such offer or invitation.

All or any of the rights for the time being attached to the option may from time to time (whether or not the Company is being wound up) be altered or abrogated with the consent of the Company (acting by its board of directors) and the sanction of any special resolution passed at a separate meeting of the warrant holders. To any such separate meeting all the provisions of the Articles of Association for the time being of the Company as to general meetings of the Company shall *mutatis mutandis* apply as though the option was a class of shares forming part of the capital of the Company but so that (a) the necessary quorum shall be the holders (present in person or by proxy) entitled to acquire one-third of the ordinary shares attributable to all the wholly or partly unexercised warrants, (b) every warrant holder present in person at any such meeting shall be entitled on a show of hands to one vote and every such holder present in person or by proxy

at any such meeting shall be entitled on a poll to one vote for every ordinary share for which such holder is then entitled to subscribe, (c) any warrant holder present in person or by proxy may demand or join in demanding a poll, and (d) if at any meeting of the warrant holders a quorum is not present, the meeting shall stand adjourned to the same location at the same time seven days later and at any such adjourned separate meeting of such warrant holders a quorum as above defined is not present, those warrant holders who are present in person or by proxy shall be a quorum.

Under the terms of the Warrant Instrument, a copy thereof is kept at all times at the offices of the Company and is available for inspection by any warrant holder or any person authorised in writing by a warrant holder.

14. Memorandum and Articles of Association

The principal object of the Company as set out in clause 3(i) of its Memorandum is “to prospect, explore and further the search for development, production, transport, refining, acquisition and sale in Ireland or elsewhere and whether on land or sea of solid, liquid and gaseous hydrocarbons and other minerals and their products and by-products”. A full description of the objects of the Company is set out in clause 3 of the Memorandum which is available for inspection as provided in paragraph 25 of this Part 5.

The Articles, contain *inter alia*, provisions to the following effect;

(i) Votes of Members

Subject to any rights or any restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have one vote, but so that no one member shall on a show of hands have more than one vote in respect of the aggregate number of shares of which he is the holder, and on a poll every member who is present in person or by proxy shall have one vote for each share of which he is the holder.

(aa) No member shall be entitled to vote at any general meeting unless all calls or other sums immediately payable by him in respect of shares in the Company have been paid.

(bb) Votes can be given either personally by members or by proxy.

The holders of Deferred Shares shall not have the right to attend, speak or vote at general meetings of the Company.

(ii) Variation of Rights

(aa) Any share in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time by ordinary resolution determine.

(bb) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided in the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent and writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles of Association relating to general meetings shall apply but so that the necessary quorum shall be 2 persons at least holding or representing by proxy one-third of the issued shares of the class. If at any adjourned meeting of such holders a quorum as above defined is not present, those members who are present in person or by proxy shall be deemed to be a quorum. Any holder of shares of the class present in person or by proxy may demand a poll.

(cc) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Dividends

(aa) The company in general meeting may declare dividends, but no dividends shall exceed the amount recommended by the Directors. The Directors may from time to time pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company. No dividends shall

be paid otherwise than out of profits. No dividends shall bear interest against the Company.

The holders of Deferred Shares shall not have the right to receive any dividend or distribution in respect thereof.

- (bb) The Directors may deduct from any dividend payable to any member all sums of money (if any) immediately payable by such member to the Company on account of calls or otherwise in relation to the shares of the Company.
- (cc) Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but no amount paid or credited as paid on a share in advance of calls shall be treated as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

(iv) **Transfer of Shares**

Any member may transfer all or any of his shares by instrument in writing in any usual or common form or any other form which the Directors may approve from time to time. The instrument of the transfer must be:

- (aa) signed by or on behalf of the transferor, fully paid, and, if partly paid, also by or on behalf of the transferee;
- (bb) accompanied by the certificate of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer; and
- (cc) in respect of one class of share only.

The registration of transfers may be suspended at such times and for such periods, not exceeding in the whole 30 days in each year, as the Directors may from time to time determine. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. If the Directors refuse to register a transfer they shall, within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal.

(v) **Winding Up**

If the Company is wound up the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Acts 1963 to 1999, divide among the members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

(vi) **Alteration of Share Capital**

- (aa) The Company may from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.
- (bb) The Company may by ordinary resolution:-
 - (i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (ii) sub-divide its existing shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association subject, nevertheless, to Section 68(1)(d) of the Companies Act, 1963;

(iii) cancel any shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person.

(cc) The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with and subject to any consent required by law, and the further consent set out in the Articles.

(vii) **Unclaimed Dividends**

All dividends unclaimed for a period of 12 years after having been declared shall be forfeited and shall revert to the Company.

(viii) **Directors**

The number of Directors shall be not less than two. There is no share qualification for Directors however the Company in general meeting may fix such a qualification from time to time. Directors who are not members of the Company are entitled to attend at and speak at general meetings. The Directors are entitled to be remunerated and such remuneration shall be determined from time to time by an ordinary resolution of the Company. The Directors are entitled to appoint attorneys to do any acts on their behalf. The Directors are also entitled to appoint alternates in their place, where such alternates are approved by a majority of the other Directors. The Articles contain a list of events which may lead to the disqualification of a Director. One-third of the Directors (not including the managing Director or a Director holding an executive office in the Company) must retire from office at each annual general meeting. The Director(s) to retire at each annual general meeting will be the Directors who have been longest in office. Retiring Directors are eligible for re-appointment immediately after they have resigned. The Company may at a meeting at which a Director retires fill the vacated office by appointing a person thereto, and in default the retiring Director (if he is willing) is deemed to have been re-appointed. Unless recommended by the Board no person other than a Director retiring at the meeting shall be eligible for appointment to the office of Director at a general meeting unless within seven days (and not more than forty two) before the day of the meeting, notice in writing signed by the person to be appointed is given to the Company.

(ix) **Borrowing Powers**

Subject to Part III of the Companies (Amendment) Act, 1983 the Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property, assets and uncalled capital or any part thereof and to issue debentures, debenture stock and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(x) **Indemnity of Officers**

Every Director, managing director, agent, auditor, Secretary and other officer for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in relation to his acts while acting in such office, in which judgement is given in his favour or in which he is acquitted or in connection with any application under section 391 of the Act in which relief is granted to him by the court.

(xi) **Disclosure of Interests**

A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors in accordance with Section 194 of the Companies Act.

Save as provided in the Articles, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has an interest which is a material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A Director shall (in the absence of some other material interest than is indicated in the Articles and reproduced below) be entitled to vote (and be counted in the quorum) in respect of any resolutions concerning any of the following matters, namely:-

(aa) The giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;

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- (bb) The giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (cc) Any proposal concerning an offer of the shares or debentures or other securities of or by the Company for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- (dd) Any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he is not the holder of or beneficially interested in 1 per cent or more of the issued shares of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant companies (any such interest being deemed for the purpose of the Articles to be a material interest in all circumstances);
- (ee) Any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the Revenue Commissioners for taxation purposes.

15. Taxation

The following summary, which is intended as a general guide only, outlines certain aspects of legislation and Revenue practice in Ireland and the United Kingdom regarding the ownership and disposition of Ordinary Shares. It relates only to the position of Shareholders who are resident or ordinarily resident in Ireland or the United Kingdom for tax purposes and who hold Ordinary Shares as capital assets and not for the purpose of a trade. This summary does not address the position of certain classes of Shareholders such as dealers in securities, to whom special rules apply. This summary is not exhaustive and Shareholders are advised to consult their own tax advisers as to the taxation consequences of their purchase, ownership and disposition of Ordinary Shares. The summary is based on current Irish and United Kingdom tax legislation and on the current Double Taxation Agreement between Ireland and the United Kingdom. Shareholders should be aware that future legislative, administrative and judicial changes could affect the taxation consequences described below.

Shareholders who are not resident in Ireland or the United Kingdom should consult their own tax advisers concerning the tax liabilities in their own jurisdiction.

(a) Irish Withholding Tax

Dividends paid by the Company will generally be subject to Irish withholding tax at the standard rate of income tax (currently 20%). Withholding tax may not apply where an exemption is permitted by legislation and where the Company has received all necessary documentation prior to the payment of the dividend. Withholding tax may not apply on dividend payments to:

- A pension scheme, as defined, approved by the Irish Revenue Commissioners; a collective investment undertaking, as defined, a charity approved by the Irish Revenue Commissioners; a company resident for tax purposes in the Republic of Ireland; or a qualifying share ownership trust;
- An individual who is not resident or ordinarily resident in the Republic of Ireland and who is resident in another EU Member State or in a territory with which the Republic of Ireland has a double taxation treaty (“a treaty country”);
- A company resident in another EU Member State, or a country with which Ireland has concluded a double taxation treaty (“a treaty country”), which is not under the control of Irish residents;
- A company not resident in Ireland which is under the control of persons who are resident in another EU Member State, or a treaty country, and who are not under the control of Irish residents;
- A company not resident in Ireland, the principal class of the shares of which is substantially and regularly traded on a recognised stock exchange in another EU Member State or a treaty country, or, where the company is a 75% or greater subsidiary of another company or is wholly owned by two or more companies, the principal class of the shares of each of those other companies is so traded.

In these cases, declarations in the prescribed form and other evidence required by the legislation must be provided to establish entitlement to the exemption.

(b) Taxation of Dividends**(i) Taxation of Irish Resident Shareholders**

Irish resident Shareholders who are individuals will be subject to income tax and levies on the aggregate of the net dividend received and the withholding tax deducted. The withholding tax deducted will be available for offset against the individual's income tax liability. A Shareholder may claim to have the withholding tax refunded to him to the extent it exceeds his income tax liability.

An Irish resident Shareholder which is a company will not be subject to Irish corporation tax on dividends received from the Company and tax will not be withheld at source by the Company provided the appropriate declaration is made. A company which is a close company, as defined under Irish legislation, may be subject to a corporation tax surcharge on such dividend income to the extent that it is not distributed.

Shareholders who are Irish approved pension funds or Irish approved charities will not have tax withheld at source by the Company from dividends received provided the appropriate declaration is made.

(ii) Taxation of United Kingdom Resident Shareholders

United Kingdom resident Shareholders who are individuals or which are companies controlling (either alone or together with one or more associated companies) directly or indirectly less than 10% of the voting power of the Company, will be subject to income tax and corporation tax respectively in the United Kingdom on dividends received from the company.

A United Kingdom resident Shareholder which is a company controlling (either alone or together with one or more associated companies) directly or indirectly 10% or more of the voting power of the Company will be liable to United Kingdom corporation tax on the aggregate of the dividend and the underlying Irish corporation tax. The underlying Irish corporation tax may be available for set off against the United Kingdom corporation tax liability on the aggregate amount.

A United Kingdom resident Shareholder which is not subject to tax in the United Kingdom by reason of the United Kingdom law affording relief to charities and certain superannuation schemes or to insurance companies in respect of their pension business should not be subject to tax in the United Kingdom on a dividend received from the Company.

(c) Capital Gains Tax

The Company's Ordinary Shares constitute chargeable assets for Irish capital gains tax purposes and, accordingly, Shareholders who are resident or ordinarily resident in Ireland, depending on their circumstances, may be liable to Irish tax on capital gains on a disposal of Ordinary Shares. A Shareholder who is neither resident nor ordinarily resident in Ireland should not be liable to Irish capital gains tax on a disposal of Ordinary Shares.

A disposal of Ordinary Shares by a Shareholder who is resident or ordinarily resident in the United Kingdom will constitute a disposal for the purposes of United Kingdom tax on capital gains and, accordingly, may give rise to a liability depending on the Shareholder's circumstances.

(d) Stamp Duty

Irish stamp duty will be charged at the rate of 1 for every 100 (or part thereof) of the amount or value of the consideration on any conveyance or transfer on sale or voluntary disposition of Ordinary Shares. In relation to a conveyance or transfer on sale or voluntary disposition of Ordinary Shares under the CREST System, Irish stamp duty at the rate of 1% will be payable on the amount or value of the consideration.

United Kingdom stamp duty should be payable by a transferee at a rate of Stg£0.50 per Stg£100 (or part thereof) of the amount or value of the consideration paid on a transfer of Ordinary Shares executed within the United Kingdom with the balance of duty due under Irish stamp duty legislation being payable to the Irish Revenue Commissioners. This reflects an arrangement in force between the Irish and United Kingdom authorities whereby each recognises and gives credit for stamp duty paid in the other jurisdiction.

(e) Close Company Status

The Company is not a close company for the purposes of Part 13 of the Taxes Consolidation Act, 1997.

16. Material Contracts

The following is a summary of all material contracts (not being contracts entered into in the ordinary course of business), which have been entered into by members of the Group within the three years immediately preceding the publication of this document, or contracts (not being a contract entered into in the ordinary course of business) entered into by members of the Group which contain any provision under which any member of the Group has any obligation or entitlement which is material as at the date of this document:

- (a) On 11 April, 2002 Kenmare entered into a Placing Agreement with Canaccord, Michael Carvill, Alastair Brown and Tony McCluskey ("the Executive Directors") pursuant to which Canaccord has agreed to use reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. The Placing is not underwritten. The agreement is conditional, *inter alia*, upon the passing of the Resolutions to be proposed at the Extraordinary General Meeting and upon the Irish Stock Exchange and the UK Listing Authority admitting the New Ordinary Shares to the Official Lists and the Irish Stock Exchange and the London Stock Exchange admitting the New Ordinary Shares to trading on their respective main markets and such admission becoming effective on or prior to 7 May, 2002, or such later date as may be agreed between the parties being not later than 22 May, 2002. The Company has given certain warranties and indemnities in favour of Canaccord, including warranties in relation to the information contained in this document. The Executive Directors are party to the agreement, at the request of Canaccord, primarily to ensure compliance by the Company with its obligations. Canaccord has the right up until the time of Admission to terminate the agreement, in its absolute discretion, in certain circumstances, including in the event of a breach of warranties under the agreement. The Company has agreed to pay all of the costs, charges and expenses relating or incidental to the Placing and Open Offer, including the following fees and commissions to Canaccord together with VAT, if applicable:
- (i) a fee of Stg£50,000;
 - (ii) a commission of 6.25% on the aggregate value at the Issue Price of the Placing Shares; and
 - (iii) a commission of 2% on the aggregate value at the Issue Price of shares issued pursuant to the Open Offer.
- (b) On 21 January, 2002 Kenmare Moma Mining Limited ("KMML"), a wholly owned subsidiary of the Company, signed a Mineral Licensing Agreement with the Government of Mozambique. This Mineral Licensing Agreement covers an initial period of twenty-five years of mining and is renewable thereafter. It grants KMML mining rights over a total area of 43,867 hectares and provides rights which will facilitate the operation of the mine and protect the capital investment necessary to create it, including security of tenure, land access, water use rights, employment of personnel and stability provisions for lenders. The royalty payable under the Mineral Licensing Agreement is 3% of HMC value. The Mineral Licensing Agreement relates to mining in the area covered by the Licence, details of which are set out in paragraph 16(g) below.
- (c) On 21 January, 2002 Kenmare Moma Processing Limited, a wholly owned subsidiary of the Company, signed an Implementation Agreement with the Government of Mozambique. This Implementation Agreement governs the operation of an Industrial Free Zone which covers the processing and exporting aspects of the Moma Project.

For tax purposes the Moma Project is covered by a mining regime and a processing regime. Both regimes exempt all activities from import duties, export duties and value added tax. Under the Industrial Free Zone regime, no corporation tax is payable and a 1% turnover tax is payable after year 6 of production. Under the mining regime, a royalty of 3% is payable on the value of the production from the Moma Project. The combined effect of these regimes will result in an extremely low effective rate of tax for the Moma Project.

- (d) On 28 April, 2000 the Company through its wholly owned subsidiary, Kenmare C.I. Limited, entered into a contract with BHP Titanium Minerals Pty Limited, a subsidiary of BHP, for the purchase by the Company from BHP of a minerals separation plant which BHP had been using at its former mineral sands project at Beenup in Western Australia. The total consideration for the purchase was A\$8.0 million. The consideration was payable as follows: (i) A\$750,000 which was paid on the date of execution of the contract subject to the provision that it would be refundable where Shareholder approval was not forthcoming; (ii) A\$500,000 which was paid on 31 December, 2000; (iii) A\$2,500,000 which was paid on 30 April, 2001; (iv) A\$2,250,000 which was payable on 31 December, 2001 (see below for details of re-negotiation); and (v) A\$2,000,000 payable after the minerals separation plant has been installed on the Moma Titanium Mineral Sands Project and the plant has produced 250,000 tonnes of mineral product.

If the Company had not paid a portion of the price by 60 days from the relevant due dates as outlined above, BHP had discretion to terminate the agreement with BHP retaining all amounts paid by Kenmare C.I. Limited and each party thereby being released from its obligations to further perform the agreement, except from obligations of confidentiality.

The A\$2,250,000 identified at paragraph (iv) above as being due for payment on 31 December, 2001 was the subject of a subsequent renegotiation with BHP such that the first A\$250,000 was paid on the due date plus an additional A\$100,000 to cover costs and the remaining A\$2,000,000 is now due for payment on or before 28 June, 2002.

- (e) On 17 March, 2000 the Company, through its wholly owned subsidiary Kenmare C.I. Limited, entered into a contract with Kingscape Holdings Pty Limited for the dismantling and removal to storage of the MCP. The total consideration payable under this contract was A\$1,291,775.
- (f) On 7 January 2000 the Company, through its wholly owned subsidiary Kenmare C.I. Limited, entered into a contract with BHP Titanium Minerals Pty Limited, a subsidiary of BHP, for the purchase by the Company from BHP of a minerals concentrator plant which BHP had been using at its former mineral sands project at Beenup in Western Australia. The total consideration for the purchase was A\$2.5 million with payments scheduled in the following manner:(i) \$250,000 payable on the date of execution of the contract; (ii) A\$500,000 payable on or before 30 April, 2000; (iii) \$500,000 payable on or before 31 December, 2000; (iv) A\$1,240,000 payable on or before 30 April 2001; and (v) \$10,000 payable 60 days prior to the goods/equipment being exported.
- (g) Kenmare Moma Mining Limited, a wholly owned subsidiary of Kenmare, holds a licence agreement with the Government of Mozambique in respect of the mining reserve at the Moma Project. Details of the Licence are as follows:

Licence Area: Moma-Angoche Quinga (exploration) ((Ref. 431/L/96) 43,867 hectares)
Mineral: Heavy minerals (Titanium)
Licence Duration: 2 year renewable
Work programme required: Agreed annually with Government of Mozambique.
Land fees for 2000-2001: US\$74,845 per annum payable to the Government of Mozambique
Next renewal period: 2 years, currently being renewed
Last renewed: 28 February, 2001

17. Principal Establishments

The Company's principal establishments are as follows:

| <i>Location</i> | <i>Tenure</i> | <i>Approximate Area</i> |
|--|--------------------------------|-------------------------|
| Chatham House, Chatham Street, Dublin 2, Ireland. | 25 year lease dating from 1990 | 2,800 sq. feet |

18. Subsidiaries

The Company is the ultimate holding company of the following subsidiaries, which are or may be significant to the context of the Group as a whole:

| <i>Subsidiary</i> | <i>Country of Incorporation & Registered Office</i> | <i>Percentage</i> |
|----------------------------------|---|-------------------|
| Kenmare UK Company Limited | Northern Ireland | 100% |
| Kenmare Minerals Company Limited | Republic of Ireland | 100% |
| Kenmare C.I. Limited | Jersey | 100% |
| Congolone Heavy Minerals Limited | Jersey | 100% |
| Grafites de Ancuabe S.A.R.L. | Mozambique | 84% |
| Kenmare Graphite Company Limited | Jersey | 100% |
| Kenmare Moma Mining Limited | Jersey | 100% |
| Kenmare Moma Processing Limited | Jersey | 100% |

The activities of the above subsidiaries, with the exception of Kenmare UK Company Limited which is dormant, are mineral exploration management and development.

Grafites de Ancuabe has not been consolidated in the balance sheet of the Company for the year ended 31 December 2000 or the year ended 31 December 1999 as further referred to in Note 8 of Part 2A of this document.

19. Litigation

No member of the Group is or has been engaged in or so far as the Company is aware has pending or threatened by or against it, any legal or arbitration proceedings which may have, or have had during the 12 months immediately preceding the date of this document a significant effect on the Group's financial position.

20. Significant Change

There has been no significant change in the financial or trading position of the Group since 31 December, 2001, being the date to which the Group's preliminary financial statements were prepared and published.

21. Working Capital

The Directors are of the opinion that having regard to existing cash resources, and available bank and other facilities and taking into account the net proceeds of the Placing, the Kenmare Group has sufficient working capital for its present requirements, that is for at least the 12 month period from the date of this document.

22. Consents

- (a) Deloitte and Touche, Chartered Accountants and Registered Auditors, has given and not withdrawn its written consent to the issue of this document with the inclusion herein of its name and references thereto in the form and context in which it appears.
- (b) Davy Stockbrokers, which is regulated by the Central Bank of Ireland, has given and not withdrawn its written consent to the issue of this document with the inclusion herein of its name, and references thereto in the form and context in which it appears.
- (c) GRD Minproc Limited, Engineering Consultants, has given and not withdrawn its written consent to the issue of this document with the inclusion herein of its name and references thereto in the form and context in which it appears.

23. Table of Market Values

The closing mid-market prices per Ordinary Share trading on the Irish Stock Exchange, as derived from the Daily Official List of the Irish Stock Exchange, and the closing mid-market price per Ordinary Share trading on the London Stock Exchange, as derived from the Daily Official List of the London Stock Exchange, for the first dealing day in each of the last six months prior to the announcement of the Open Offer, for the last business date prior to the announcement of the Open Offer and for the latest practicable date prior to publication of this document, were as follows:

| <i>Date</i> | <i>Irish Stock Exchange Price (€)</i> | <i>London Stock Exchange Price (Stg£)</i> |
|------------------|---------------------------------------|---|
| 1 October, 2001 | 0.23 | 0.1425 |
| 1 November, 2001 | 0.23 | 0.1475 |
| 3 December, 2001 | 0.23 | 0.1475 |
| 2 January, 2002 | 0.23 | 0.145 |
| 1 February, 2002 | 0.27 | 0.155 |
| 1 March, 2002 | 0.23 | 0.145 |
| 5 April, 2002 | 0.23 | 0.1425 |
| 8 April 2002 | 0.23 | 0.1425 |

24. General

- (a) There were no interruptions in the Group's business in the last twelve months which may have or have had a significant effect on the Group's financial position.
- (b) Other than the financial information on Kenmare set out in Part 2A, there is no other audited information in this document.
- (c) The Ordinary Shares to be admitted to the Official Lists are in registered form. The Ordinary Shares of the Company were previously admitted to the CREST system and, consequently, there is an uncertificated form facility in relation thereto.
- (d) The Company has no convertible debt securities, exchangeable debt securities or debt securities with warrants in issue.
- (e) For the purposes of section 24(5) of the Companies (Amendment) Act, 1983, the Directors state that:
 - (i) the reasons for recommending that they be authorised to issue the New Ordinary Shares in accordance with the Resolutions to be proposed at the EGM are as set out in this document; and
 - (ii) the amounts to be paid to the Company in respect of the equity securities to be allotted pursuant to the Resolutions are as set out in this document.
- (f) The total costs and expenses relating to the Placing and Open Offer and admission to dealing of the New Ordinary Shares are estimated to amount to approximately Stg£0.96 million (exclusive of VAT) and are payable by Kenmare. This includes a fee of Stg£50,000 and a cash commission of 6.25% of the gross proceeds of the Placing and 2% of the gross proceeds of the Open Offer payable to Canaccord and a cash commission of 1% of the gross proceeds of the Open Offer payable to Davy Stockbrokers.
- (g) There are no arrangements in place under which future dividends are waived or agreed to be waived.
- (h) The average number of people employed by Kenmare in each of the three financial years ended 31 December, 2000, 31 December, 1999 and 31 December, 1998 was 44, 240 and 285 respectively.
- (i) In the period from 1 January, 2001 to 8 April, 2002, (being the period covered by the last financial year and the current financial year to the latest practicable date prior to publication of this document), there has not been any public takeover by a third party in respect of the Company's shares or any public takeover bid by the Company in respect of another company's shares.
- (j) The Open Offer will be open for acceptances from 9.00 a.m. on 12 April, 2002 and will close at 3.00 p.m. on 2 May, 2002 or may be closed by the Company at any time thereafter.

-
- (k) The issue price of Stg£0.14 (23c) per share represents a premium of Stg£0.09 (17c) per share over the nominal value of the Ordinary Shares.
- (l) The minimum amount which, in the opinion of the Directors, must be raised by Kenmare by the issue of the shares being offered by Kenmare in the Open Offer in order to provide the sums required in respect of each of the following matters:
- (i) the purchase price of any property purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the issue;
 - (ii) any preliminary expenses payable by Kenmare, and any commission so payable to any person in consideration of his agreeing to subscribe for, or of his procuring or agreeing to procure subscriptions for, any shares of Kenmare;
 - (iii) the repayment of any monies borrowed by Kenmare in respect of any of the foregoing matters; and
 - (iv) working capital

is nil.

The net proceeds of the Placing will provide the relevant sums required with respect to (i) through (iv) above.

- (m) Notices of meetings and other notices may be given to Shareholders by post at their registered address, which may be in Ireland or elsewhere.
- (n) As at 8 April, 2002 (the latest practicable date prior to the publication of this document) Davy Corporate Finance Limited (being the company directly involved in the sponsorship activities of Davy Stockbrokers in relation to Kenmare) and directors and employees of Davy Stockbrokers directly involved in the sponsorship activities of Davy Stockbrokers in relation to Kenmare, were interested in 38,000 Ordinary Shares in aggregate, representing 0.02% of the existing issued share capital of the Company.

25. Documents Available for Inspection

Copies of the documents referred to below will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the Company's registered office at Chatham House, Chatham Street, Dublin 2, Ireland and at Canaccord Capital (Europe) Limited, 4th Floor, Cannon Bridge, 25 Dowgate Hill, London EC4R 2YA, England from the date of this document up to and including 3 May, 2002,

- (a) the Memorandum and Articles of Association of the Company;
- (b) the audited consolidated financial statements of the Company for the two years ended 31 December, 2000, 31 December, 1999 and 31 December, 1998;
- (c) the interim results for the Company for the six months ended 30 June, 2001;
- (d) the unaudited preliminary results for the year ended 31 December 2001;
- (e) the DFS referred to in Part 1 of this document;
- (f) the Appraisal Report referred to in Part 1 of this document;
- (g) the Davy McKee, 1989 Congolone DFS Report referred to in Part 1 of this document;
- (h) the Environmental Impact Assessment Summary Report referred to in Part 1 of this document;
- (i) the Directors Services Contract and a memorandum summarising the terms and conditions of employment of each of the Directors referred to in paragraph 8 of this Part 5;
- (j) the rules of the Share Option Scheme referred to in paragraph 11 of this Part 5;
- (k) the Warrant Instruments referred to in paragraph 13 of this Part 5;
- (l) the material contracts referred to in paragraph 16 of this Part 5;
- (m) the written consents referred to in paragraph 22 of this Part 5;
- (n) the Application Form;
- (o) the Form of Proxy; and
- (p) this document.

Dated: 11 April, 2002

NOTICE OF EXTRAORDINARY GENERAL MEETING

Kenmare Resources plc

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at the Westbury Hotel, Clarendon Street, Dublin 2, Ireland at 11.00 a.m. on 3 May, 2002 for the purpose of considering and, if appropriate, passing the following resolutions, all of which are conditional one upon the other, of which Resolutions 1 and 3 will be proposed as ordinary resolutions and Resolution 2 will be proposed as a special resolution:

- (1) That the Directors be and they are hereby generally and unconditionally authorised, in substitution for all existing such authorities, to exercise all powers of the Company to allot relevant securities (within the meaning of section 20 of the Companies (Amendment) Act, 1983) up to an aggregate nominal amount equal to the enlarged authorised but unissued share capital of the Company for the time being during the period from and including the date of the passing of this Resolution up to and including 3 August, 2003 on which date such authority shall expire (unless previously renewed, varied or revoked by the Company in General Meeting), provided that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired.
- (2) That in addition to all existing authorities, for a period of 15 months from the date hereof following the passing of this resolution (unless previously renewed, varied or revoked by the Company in General Meeting), Section 23(1) of the Companies (Amendment) Act, 1983 is hereby excluded in its application in relation to all allotments by the Company of equity securities (as defined for the purposes of that section) (i) pursuant to the Placing and Open Offer (as such terms are defined in the circular to Shareholders dated 11 April, 2002) (“Placing and Open Offer”), (ii) pursuant to the exercise of rights to subscribe for equity securities (including, for the avoidance of doubt the rights exercisable by holders of options under the Company’s Share Option Scheme and the holders of the Warrants); and (iii) in respect of a maximum of 10% of the issued share capital of the Company from time to time.
- (3) That the authorised share capital of the Company be and is hereby increased from €18,000,000 to €24,000,000 by the creation of 100,000,000 new Ordinary Shares of €0.06 each, ranking equally in all respects with the existing Ordinary Shares of €0.06 each in the capital of the Company and that the Memorandum and Articles of Association of the Company be and are hereby amended accordingly.

Dated: 11 April, 2002

By Order of the Board
DEIRDRE CORCORAN
Company Secretary

Registered Office:
Chatham House,
Chatham Street,
Dublin 2.

NOTES:

1. Any member entitled to attend, speak and vote at the above meeting is entitled to appoint a proxy to attend, speak and vote on his/her behalf. A proxy need not be a member of the Company.
2. The Instrument of Proxy must be delivered to the Company, Kenmare Resources plc, Chatham House, Chatham Street, Dublin 2, Ireland not less than forty-eight hours before the time for the holding of the Meeting, or any adjournment thereof.
3. In the case of a corporation, this instrument may be either under the common seal or under the hand of an officer or attorney authorised in that behalf.
4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other registered holder(s) and for this purpose, seniority will be determined by the order in which the names stand in the Register of Members in respect of a joint holding.
5. If a proxy is executed under a Power of Attorney, such Power of Attorney must be deposited with the Company with the Instrument of Proxy.
6. Completing and returning the Form of Proxy does not preclude a member from attending and voting at the meeting should he/she so wish.

KENMARE RESOURCES PLC

Extraordinary General Meeting to be held on at 11.00 a.m. on 3 May, 2002
and at any adjournment thereof

– FORM OF PROXY –

I/We (see note (a) below).....

.....
being a member(s) of the above named Company hereby appoint the Chairman of the Meeting or (see note (d) below)

.....Or

of

as my/our proxy to vote for me/us on my/our behalf at the EGM of the Company to be held at 11.00 a.m. on 3 May, 2002 at the Westbury Hotel, Clarendon Street, Dublin 2, Ireland and at any adjournment thereof.

Please indicate with an X in the box below how you wish your vote to be cast in respect of each resolution, the details of which are set out in the notice convening the meeting.

Ordinary Resolution

(1) To authorise the Directors to allot relevant securities

For

Against

Special Resolution

(2) To exclude the application of section 23(1) of the Companies (Amendment) Act, 1983 in relation to allotments by the Company of equity securities

Ordinary Resolution

(3) To increase the authorised share capital

If no specific direction as to voting is given the proxy will vote or abstain at his/her discretion.

Dated thisday of2002

Signatures:

NOTES:

- (a) To be effective, the Form of Proxy, together with any Power of Attorney or other authority under which it is executed, or a notarially certified copy thereof, must be completed and reach the Company, Kenmare Resources plc, Chatham House, Chatham Street, Dublin 2, Ireland not less than forty-eight hours before the time for the holding of the meeting.
- (b) This Form of Proxy must (i) in the case of an individual member be signed by the member or his/her attorney; or (ii) in the case of a body corporate be given either under its common seal or be signed on its behalf by its duly authorised officer or attorney.
- (c) In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
- (d) If you desire to appoint a proxy other than the chairman of the meeting, please insert the proxy's name in block letters in the space provided and delete the words "the chairman of the meeting or".
- (e) A proxy need not be a member of the Company but must attend the meeting in person to represent you.
- (f) If no specific directions are given, the proxy will vote or abstain from voting at his/her discretion.
- (g) The completion and return of this Form of Proxy will not preclude a member from attending and voting in person.

FOLD 2

BUSINESS REPLY SERVICE
Licence Number 1741

The Company Secretary,
Kenmare Resources plc,
Chatham House,
Chatham Street,
Dublin 2,
Ireland.

No Postage Stamp necessary
if posted in Republic of Ireland



FOLD 1

FOLD 3
(then turn in)

