

# **KENMARE RESOURCES PLC (the “Company”)**

## **ODD-LOT OFFER, AUGUST 2022**

### **TAX CONSIDERATIONS**

**This summary does not constitute tax or financial advice and is intended only as a general guide to certain applicable taxation laws and published practice in certain jurisdictions at the date hereof (both of which are subject to change, possibly with retrospective effect).**

**Capitalised terms in this summary, unless otherwise defined have the same meaning given to them in the circular sent to shareholders of the Company on 21 April 2022 (the “Circular”).**

**All Eligible Odd-lot Holders regardless of their residence or domicile, who intend to participate in the Odd-lot Offer are strongly advised to consult their professional advisers as to their tax position, based on their own particular circumstances, before taking any actions relating to the Odd-lot Offer.**

#### **1 ODD-LOT HOLDERS RESIDENT IN IRELAND**

The following summary is intended as a general guide only, is based on current tax legislation and the Revenue Commissioners’ practice in Ireland at the date of issue of this summary. It does not constitute tax or legal advice. It summarises the Irish taxation consequences which would arise on a disposal of Ordinary Shares under the Odd-lot Offer by Eligible Odd-lot Holders who are resident, ordinarily resident and domiciled in Ireland for tax purposes and who beneficially own their Ordinary Shares as an investment and not for trading purposes. The comments may not apply to certain Odd-lot Holders, such as dealers in securities, insurance companies and collective investment schemes, Odd-lot Holders who are exempt from taxation and Odd-lot Holders who have (or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment. Such persons may be subject to special rules.

##### *Individual Eligible Odd-lot Holders*

Individual Eligible Odd-lot Holders who are tax resident, ordinarily resident and domiciled in Ireland and elect to participate in the Odd-lot Offer may be liable to Irish capital gains tax on capital gains arising on the disposal of their Ordinary Shares. The capital gain is calculated by reference to the amount received less the amount paid by the individual Eligible Odd-lot Holder to acquire the Ordinary Shares. The Irish capital gains tax rate is currently 33%.

If the amount received by the individual Eligible Odd-lot Holder is less than the amount paid by them to acquire the shares, the difference may give rise to a capital loss for Irish tax purposes, which can be offset against other capital gains arising to the individual Eligible Odd-lot Holder.

There will be no withholding tax applied to the cash payment made by the Company to the individual Eligible Odd-lot Holders.

##### *Corporate Eligible Odd-lot Holders*

Corporate Eligible Odd-lot Holders who are tax resident in Ireland and elect to participate in the Odd-lot Offer may be liable to Irish corporation tax on chargeable gains arising on the disposal of their Ordinary Shares. The chargeable gain is calculated by reference to the amount received less the amount paid by the corporate Eligible Odd-lot Holder to acquire the shares. The effective rate of Irish corporation tax on chargeable gains is currently 33%.

If the amount received by the corporate Eligible Odd-lot Holder is less than the amount paid by them to acquire the Ordinary Shares, the difference may give rise to a capital loss for Irish tax purposes, which can be offset against other chargeable gains arising to the corporate Eligible Odd-lot Holder.

There will be no withholding tax applied to the cash payment made by the Company to corporate Eligible Odd-lot Holders.

#### *Pension Funds and Approved Charities*

Eligible Odd-lot Holders participating in the Odd-lot Offer who are Irish approved pension funds or Irish approved charities should be exempt from tax in Ireland on the disposal of Ordinary Shares under the Odd-lot Offer.

## **2 ODD-LOT HOLDERS RESIDENT IN THE UNITED KINGDOM**

The following summary is intended as a general guide only, is based on current legislation and H.M. Revenue and Customs published practice in the UK at the date of this summary, and does not constitute tax or legal advice.

It summarises the UK taxation consequences that would arise on a disposal of Ordinary Shares under the Odd-lot Offer by Eligible Odd-lot Holders who are resident and domiciled in the UK for tax purposes and who beneficially own their Ordinary Shares as an investment and not for trading purposes. The comments may not apply to certain Odd-lot Holders, such as dealers in securities, insurance companies and collective investment schemes, Shareholders who are exempt from taxation and Odd-lot Holders who have (or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment. Such persons may be subject to special rules. In all cases, Shareholders should consult their own tax advisers as to the UK tax consequences of disposing of the Ordinary Shares, according to their specific circumstances.

The sale of Ordinary Shares by an Eligible Shareholder to the Company pursuant to the Odd-lot Offer should be treated as a disposal of those shares for United Kingdom tax purposes.

The amount paid for the Ordinary Shares will generally constitute the base cost of an Eligible Shareholder's holding. A disposal or deemed disposal of all or any of the Ordinary Shares by UK resident Eligible Shareholders, depending on the circumstances of the relevant Eligible Shareholder and subject to any available exemption or relief, may give rise to a chargeable gain or allowable loss for the purposes of UK taxation of chargeable gains.

#### *Individual Eligible Odd-lot Holders*

Where an individual Eligible Odd-lot Holder who is tax resident and domiciled in the UK disposes of (or is deemed to dispose of) Ordinary Shares at a gain, capital gains tax will be levied to the extent that the gain exceeds (taking into account any other taxable gains realised in that tax year) the annual exempt amount (£12,300 for 2022/2023), and after taking account of any capital losses or exemptions available to the individual. For such individuals, capital gains tax will be charged at 10 per cent. (to the extent the gains fall within the basic rate band) or 20 per cent. (to the extent the gain falls within the higher or additional rate band).

If the amount received by the individual Eligible Odd-lot Holder is less than the amount paid by them to acquire the Ordinary Shares, the difference could give rise to a capital loss for UK tax purposes, which could be offset against other current year gains or, to the extent of any excess, carried forward to offset against future gains arising to the individual Eligible Shareholder.

There will be no UK withholding tax applied to the cash payment made by the Company to the individual Eligible Odd-lot Holders under the Odd-lot Offer.

### *Corporate Eligible Odd-lot Holders*

Corporate Eligible Odd-lot Holders who are tax resident in the UK and elect to participate in the Odd-lot Offer could be liable to UK corporation tax on any chargeable gain realised on disposal of their Ordinary Shares. The chargeable gain is calculated by reference to the amount received less the amount paid by the corporate Eligible Odd-lot Holder to acquire the Ordinary Shares, subject to any available exemptions or reliefs. The effective rate of UK corporation tax on chargeable gains is currently 19%.

If the amount received by the corporate Eligible Odd-lot Holder is less than the amount paid by them to acquire the Ordinary Shares, the difference could give rise to a capital loss for UK tax purposes, which could be offset against other current year gains or, to the extent of any excess, carried forward to offset against future gains arising to the corporate Eligible Odd-lot Holder.

Under the provisions of Part 15 of the Corporation Tax Act 2010 (for companies subject to corporation tax), H.M. Revenue & Customs can in certain circumstances counteract corporation tax advantages arising in relation to a transaction or transactions in securities. If these provisions were to be applied by H.M. Revenue & Customs to the Odd-lot Offer, Eligible Odd-lot Holders that are subject to corporation tax might be liable to corporation tax as if they had received an income amount rather than a capital amount. No application has been made to H.M. Revenue & Customs for clearance in respect of the application of Part 15 of the Corporation Tax Act 2010 to the Odd-lot Offer. Eligible Odd-lot Holders are advised to take independent advice as to the potential application of these provisions in light of their own particular motives and circumstances.

There will be no UK withholding tax applied to the cash payment made by the Company to corporate Eligible Odd-lot Holders under the Odd-lot Offer.

### *Pension Funds and Approved Charities*

Eligible Odd-lot Holders participating in the Odd-lot Offer who are UK registered pension schemes or UK approved charities may be exempt from tax in the UK on the disposal of Ordinary Shares under the Odd-lot Offer. An Eligible Odd-lot Holder that is unclear as to whether any of these exemptions apply should seek their own tax advice as to whether these exemptions would apply in their specific circumstances.

### *Stamp duty and stamp duty reserve tax (“SDRT”)*

The sale of Ordinary Shares pursuant to the Odd-lot Offer should not give rise to any liability to UK stamp duty or UK SDRT for the selling Eligible Odd-lot Holder.

## **3 OTHER TAXATION ISSUES**

There is no requirement for Eligible Odd-lot Holders to obtain a capital gains tax clearance certificate in advance of a sale of their Ordinary Shares as the shares in the Company do not derive the greater part of their value from specified assets (as defined in Irish tax legislation).

The Autoridade Tributaria de Mocambique (the “AT”), the Mozambican tax authority, may determine that the Ordinary Shares derive their value principally from Mozambican mining concessions and, accordingly, are chargeable assets for Mozambican capital gains tax purposes. Under Mozambican tax law, where the value of shares derives principally from Mozambican mining concessions, the acquisition or disposal of such shares (whether for consideration or otherwise) can potentially give rise to liability to Mozambican tax, on a joint and several basis, for the person making the acquisition or disposal (whether or not resident in Mozambique for tax purposes), the issuer of the shares and the

holders of the relevant Mozambican mining concessions. The Mozambican capital gains tax rate is currently 32%. There is a statutory obligation under Mozambican law to account for Mozambican tax on a self-assessment basis.

In the absence of a mechanism for the collection of tax from non-resident vendors and purchasers, the AT has in the past operated a practice whereby action taken to pursue any such tax liability arising on a sale of shares (other than that arising on a change of control of the share issuing company) is taken only against the issuer of the shares and/or the holders of the relevant Mozambican mining concessions. No further action is expected to be taken to pursue any liability to such tax in respect of persons who are regarded as not being resident in Mozambique.

There can be no assurance that the AT will continue to apply this practice of taking no action to pursue any liability to such tax in respect of the Ordinary Shares in respect of persons who are regarded as not being resident in Mozambique.

24 August 2022