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

19 March 2020

2019 Preliminary Results

Kenmare Resources plc (LSE:KMR, ISE:KMR), one of the leading global producers of titanium minerals and zircon, which operates the Moma Titanium Minerals Mine (the "Mine" or "Moma") in northern Mozambique, today announces its preliminary results for the twelve months to 31 December 2019.

Statement from Michael Carvill, Managing Director:

"While 2019 was another year of robust financial and operational performance for Kenmare, the recent outbreak of COVID-19 presents global challenges and uncertainties. The safety and wellbeing of our employees and our host communities remain our overriding priorities. To date there has not been a confirmed case of COVID-19 in Mozambique and there have been no material adverse effects on production at Moma, however stringent risk mitigation procedures have been implemented at site. Ilmenite customer demand remains strong and market pricing has continued to advance year to date. It is likely that there will be some adverse effects on the business this year but the extent is difficult to predict. We will continue to monitor the situation closely and adjust our plans as appropriate.

During 2019 we continued to advance our growth programme. The second of our three development projects, the construction of Wet Concentrator Plant C, produced its first Heavy Mineral Concentrate in February 2020. The third project, the relocation of WCP B, is currently progressing on track for Q3 2020. Following completion of this growth programme, Kenmare expects to be positioned in the first quartile of the industry revenue to cost curve.

Average received prices for our products increased by 8% in 2019 compared to 2018 and tight ilmenite market conditions have continued in Q1 2020. We see a positive long-term outlook for all our products due to the depletion of existing mines and limited supply from new mines in the coming years, coupled with continued demand growth.

The Group has a robust financial position, with gross cash of US$81.2 million at year-end 2019, and we were pleased to have secured our new debt facilities in December 2019. Kenmare is pleased to declare its maiden full year dividend of 8.18 US cents per share, in line with our policy to return a minimum of 20% of profit after tax. We look forward to increasing returns to shareholders from next year, once we have completed our growth programme."

Overview

- Maiden full year 2019 dividend declared of USc8.18 per share, comprised of a USc2.66 interim dividend (paid in October 2019) and a final USc5.52 per share (to be paid in May 2020)
- Revenues of US$270.9 million, representing a 3% increase compared to 2018 (US$262.2 million) due to an increased average sales price, partially offset by reduced volumes
- EBITDA of US$92.6 million in line with 2018 (US$93.3 million), representing a 36% EBITDA margin (2018: 38%)
- Profit after tax of US$44.8 million, representing a 12% decrease compared to 2018 (US$50.9 million) due primarily to increased net finance costs, foreign exchange losses and increased depreciation charges
- Net cash position of US$13.7 million at year-end 2019 in line with 2018 (US$13.5 million)
- New debt facilities secured, providing the Group with additional financial flexibility as a result of the extended maturity profile and increased liquidity, positioning Kenmare strongly to fund its growth programme in 2020
- Ilmenite production within 1% of original FY 2019 guidance range and original guidance achieved for all other products
- Total shipments of finished products of 1,029,300 tonnes, representing a 4% decrease compared to 2018 (1,074,400 tonnes), due primarily to poor weather impacting loading rates in the first nine months of the year, partially offset by a record quarter in Q4 2019

- Cash operating costs per tonne of US$158 per tonne within original guidance range, representing a 9% increase compared to 2018 (US$145 per tonne), due primarily to lower production volumes in 2019
- Net ilmenite unit costs of US$81 per tonne in line with 2018 (2018: US$79 per tonne) due to increased co-product revenues
- Post-period end, first HMC production delivered from WCP C and project expected to be completed within US$45 million budget
- Project execution of relocation of WCP B to Pilivili on track, including construction of purpose-built road

Results conference call

Kenmare will host a conference call and webcast for analysts, investors and media today at 9:00am UK time. Participant dial-in numbers for the conference call are as follows (a pin code is not required to access the call):

UK:	+443333009035
Ireland:	+35312232017

To access the webcast please visit www.kenmareresources.com

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About Kenmare Resources

Kenmare Resources plc is one of the world's largest producers of mineral sands products. Listed on the London Stock Exchange and the Euronext Dublin, Kenmare operates the Moma Titanium Minerals Mine in Mozambique. Moma's production accounts for approximately 7% of global titanium feedstocks and the Group supplies to customers operating in more than 15 countries. Kenmare produces raw materials that are ultimately consumed in everyday "quality-of life" items such as paints, plastics and ceramic tiles.

CHAIRMAN'S STATEMENT

Dear shareholders,

Building on the momentum of 2018, I'm pleased to report that in 2019 and early 2020 we have continued to make strong progress towards increasing production of ilmenite to 1.2 million tonnes per annum from 2021, plus co-products. Our average received commodity price also increased by 8% in 2019, supported by robust demand for ilmenite and continuing supply constraints.

Moma is one of the largest titanium minerals deposits in the world and our outlined growth projects are expected both to increase top line revenues and materially improve our margins from 2021, providing stronger cash flow stability. However, I am mindful that the implications of the global COVID-19 outbreak are developing rapidly and whilst we are taking all pragmatic steps to respond to this unprecedented situation the effect on our business is uncertain.

Shareholder returns and increased financial flexibility

Following the announcement of our dividend policy in 2018, I am pleased to report that in October 2019 we paid our maiden interim dividend of USc2.66 per share, in line with our policy to return a minimum of 20% of profit after tax to shareholders. The Board is recommending a final dividend of USc5.52 per share, resulting in a 2019 full year dividend of USc8.18 per share, based on 2019 profit after tax of US$44.8 million and earnings per share (basic) of US$0.41 (2018: US$0.46).

From 2021, following the completion of our growth projects, we expect to generate stronger free cash flow, providing an opportunity to deliver increased shareholder returns.

In 2019 we also enhanced our financial flexibility through the signing of new debt facilities to refinance our former project loans. These new facilities are more suited to our position as an established producer and provide additional headroom during this period of increased capital expenditure.

Growth strategy

Between 2018 and 2020 we are investing approximately US$160 million in three development projects to achieve our targeted production rate of 1.2 million tonnes per annum, supported by strong market conditions for titanium feedstocks.

In 2019 we also successfully introduced a new concentrate product to the market, providing us with an avenue to generate revenue from monazite, a mineral containing Rare Earth Oxides (REOs) used in a range of applications including renewable energy, thus expanding our margins.

Sustainable and responsible operations

In addition to operational delivery and progressing our growth programme, we have maintained focus on being a responsible corporate citizen to ensure shared prosperity for all stakeholders. In 2019, through the Kenmare Moma Development Association (KMAD), we invested US$1.4 million into community initiatives. We appreciate the continued support of the government of Mozambique and the regulatory and regional authorities in country, as well as our host communities.

We were delighted that our efforts to be a responsible corporate citizen were recognised at the Chartered Accountants Ireland Published Accounts Awards, with Kenmare winning the Best Social Responsibility Reporting Award.

Corporate governance

Continuing the theme of responsibility, and as part of our focus on corporate governance best practice, in October 2019 the Board approved the establishment of a Sustainability Committee. Chaired by Elizabeth Headon, the Committee will ensure that Kenmare has the appropriate strategies, policies and operational controls in place to maintain a socially responsible business.

We are committed to professional and ethically sound standards in all that we do.

Board development

We continue to refresh the composition of the Board to ensure that it is has the skills, experience and diversity required to operate effectively. We recognise the need for a broad range of views to support and challenge management in the execution of Kenmare's strategy.

Consequently, we were delighted to announce the appointment of Dr. Elaine Dorward-King as a Non-Executive Director in November 2019. Elaine's 30 years of experience in the mining, chemicals and engineering industries, including in mineral sands, combined with her sustainability expertise, will enable her to make a strong contribution to the Group and will complement the existing experience of the Board.

Outlook

Our current mine plan extends beyond 2040 based on the expanded production rate of 1.2 million tonnes per annum of ilmenite, following the expected completion of our growth programme in Q4 2020. Cash operating costs per tonne are anticipated to reduce as a result of this higher production and we expect to deliver significantly stronger free cash flow. We currently expect this to position us to deliver increased capital returns to shareholders, not withstanding the global impact of COVID-19.

We will continue to work closely with all our partners, including our host government, local communities and customers, to ensure that we create value for all of our stakeholders.

Acknowledgements

As we acknowledge another robust, dynamic and profitable year for Kenmare, I would like to offer my sincere thanks to all employees and the management team. As a Board, we set the ambitious task of delivering a substantial growth programme, while continuing to achieve operational targets and paying a maiden dividend, and through our team's hard work and dedication these targets have been achieved.

Finally, I would like to express my gratitude to our shareholders for their continued support and trust in the Group. We are well-positioned to deliver long-term, sustainable growth.

STEVEN MCTIERNAN
Chairman

MANAGING DIRECTOR'S STATEMENT

2019 marked another significant step in the development of Kenmare, including the payment of our maiden dividend. We achieved record excavated ore tonnes during the year, following the successful 20% capacity upgrade of WCP B during 2018, and we maintained our strong focus on safety.

Our plans to increase production progressed well, with the development of WCP C bringing us closer to our target of 1.2 million tonnes per annum of ilmenite by 2021. Through this 35% production increase on 2019 volumes, we will also achieve significant margin expansion, elevating us to the first quartile of the industry revenue to cost curve.

Looking ahead to the remainder of 2020, it's difficult to predict the full impact of COVID-19. However, with our market-leading position, supported by a long-life tier one asset, and a compelling growth strategy, we are in good shape.

Safety

As always at Kenmare, the health, safety and wellbeing of our people and our host communities are our highest priorities. In 2019 we achieved a LTIFR of 0.27 per 200,000 man-hours worked and we retained our five-star NOSA safety accreditation for the fourth consecutive year. We introduced a number of new safety initiatives, including theatre workshops and the Golden Rules of Safety, and we will continue to target further improvement.

As promised last year, we also redoubled our efforts towards community safety through education, hosting workshops on road safety in schools within our host communities.

Sustainability

At Kenmare, our actions are informed by our guiding principles: We Care, We Grow, We Excel. Environmental stewardship and being a responsible corporate citizen are at the heart of all we do. I would like to express my thanks to our stakeholders in Mozambique for their support during the past year, including our employees, host communities, local suppliers and the Government. We continue to be an engaged participant in the Extractive Industries Transparency Initiative (EITI), with Kenmare representatives having been on Mozambique's EITI co-ordinating committee since its inception in 2009.

Our people are central to the delivery of our strategy. At the end of 2019 we had over 1,420 employees and 96% of our employees at the Moma Mine were Mozambican. The Moma workforce received over 13,800 hours of training during 2019 as we believe that development opportunities are central to attracting and retaining the best people. In 2019, through the Kenmare Moma Development Association (KMAD), US$1.4 million was invested in community initiatives.

Operational performance

2019 was a record year for excavated ore (36.8 million tonnes), driven by the 20% upgrade of WCP B, a dredge automation project and utilisation improvements. Ilmenite production was within 1% of its original guidance range (892,900 tonnes) and guidance was achieved for all other products.

Q4 2019 was a record quarter for shipments (352,900 tonnes), improving on the previous quarterly record by 10%. Despite poor weather conditions impacting loading rates in the first three quarters, 2019 shipments totalled over one million tonnes of finished products for the fourth consecutive year.

Total cash operating costs and unit costs were within the respective original guidance ranges. From 2021 we expect unit costs to decrease, driving stronger margins and providing resilience against commodity price volatility.

1.2 Mtpa ilmenite production from 2021

Following the successful commissioning of the WCP B upgrade in 2018, in 2019 we built our third mining plant: WCP C. WCP C is mining a high grade area of the Namalope ore zone and adds 500 tonnes per hour of additional mining capacity. The project is expected to be delivered within its budget of US$45 million and is an important step in sustaining our targeted production rate of 1.2 million tonnes per annum of ilmenite. WCP C is now operating well and providing a meaningful contribution to Moma's production.

Project execution for the relocation of WCP B to the high grade Pilivili ore zone is well underway and currently on schedule. The project includes the construction of a 23km road, the installation of an electrical substation and the establishment of a 17km positive displacement pumping system. The move is on track to take place in Q3 2020, with commissioning anticipated in Q4 2020.

From 2021 we expect our production to account for approximately 10% of global supply of titanium feedstocks, supported by growing global demand.

Eamonn Keenan

I want to take this opportunity to remember our colleague Eamonn Keenan. He was one of the first members of the Kenmare team, and as Sales and Marketing manager he was responsible for developing the market for our products. Following a short illness, Eamonn sadly passed away on 9 October 2019.

Like all of our team, I am deeply saddened by Eamonn's death. We worked together for over 25 years and he was a highly valued colleague and friend. Eamonn played a key role in helping Kenmare to grow into the Company it is today, and he was well respected throughout the mineral sands industry. His memory will be honoured by all who knew and worked with him.

Product markets

The ilmenite and rutile we produce are used to make titanium dioxide pigment, which imparts whiteness and opacity in the production of paper, paint and plastic. Kenmare continues to be the largest global supplier of merchant ilmenite and the fourth largest producer of titanium feedstocks. Zircon's principal use is in the manufacture of ceramics. Based on analysis of historic trends, we expect that demand for all of our products will increase in line with global growth in gross domestic product and emerging market urbanisation.

In 2019 Kenmare achieved higher average prices for titanium feedstocks (ilmenite and rutile) than in 2018, but lower average prices for zircon. Ilmenite prices increased by 7% during 2019 and prices in H2 2019 increased by more than 10% compared to H1 2019. Prices have increased further in the early months of 2020 due to strong global demand and continuing supply constraints. While Kenmare is profitable at current price levels, prices remain largely insufficient to incentivise new greenfield production, supporting tight ilmenite market conditions in the longer term.

It is difficult to predict the adverse impact on the market this year due to the global COVID-19 outbreak. However, we have yet to see any negative impact on customer demand or market pricing for titanium minerals. To the extent that there is a general decline in global economic activity, this is likely to affect our end product markets.

Zircon prices decreased by 5% in 2019 as a result of slower global growth leading to lower demand, coincident with increased supply. This resulted in softer pricing, particularly in the Chinese market. We believe that 2020 is likely to be a challenging year for the zircon industry as the market remains in oversupply and producer inventories are high. Following the outbreak of COVID-19 we have seen further pressure on zircon prices. However, global zircon production is forecast to decline in the coming years, with mine closures and ore body depletion at a number of operations, supporting higher long-term prices.

Outlook

Following the recent global outbreak of COVID-19, Kenmare has been taking actions to mitigate the potential impact of the virus. Our highest priority is to protect all our employees and the local communities in Mozambique. To minimise the potential for COVID-19 to spread to the operations, the Group has instigated strict procedures for access to the Mine and we have implemented heightened health protocols. We have also imposed restrictions on travel for all employees. The Group is working closely with its on-site contractors and evaluating the potential impacts on its operations and supply chain, on the execution of its development projects and on its customers, which may be adversely affected.

We believe that the fundamentals for all of our products remain positive. At Kenmare, we will continue to focus on the three pillars of our strategy: growth, margin expansion and shareholder returns. Partnership and sustainability will also remain key priorities.

With a globally significant asset, a robust balance sheet and a strong team, we are well positioned to meet any challenges that might arise and to create new opportunities. We will aim to deliver superior value as we responsibly meet global demand for our ‘quality-of-life’ minerals.

MICHAEL CARVILL
Managing Director

Unaudited consolidated statement of financial position
As at 31 December 2019

	Notes	**2019 US$'000**	2018 US$'000
Assets			
Non-current assets			
Property, plant and equipment	9	**852,035**	806,011
Deferred tax asset		**469**	–
		852,504	806,011
Current assets			
Inventories		**51,846**	53,872
Trade and other receivables		**41,177**	22,445
Cash and cash equivalents	10	**81,177**	97,030
		174,200	173,347
Total assets		**1,026,704**	979,358
Equity			
Capital and reserves attributable to the Company's equity holders			
Called-up share capital	11	**215,046**	215,046
Share premium		**545,729**	730,897
Other reserves		**37,202**	35,671
Retained earnings		**93,851**	(133,179)
Total equity		**891,828**	848,435
Liabilities			
Non-current liabilities			
Bank loans	12	**60,736**	61,905
Lease liabilities		**3,091**	–
Provisions		**28,351**	22,359
		92,178	84,264
Current liabilities			
Bank loans	12	**167**	21,558
Lease liabilities		**1,363**	–
Other financial liabilities		**–**	1
Trade and other payables		**36,044**	22,592
Tax liabilities		**4,381**	1,071
Provisions		**743**	1,437
		42,698	46,659
Total liabilities		**134,876**	130,923
Total equity and liabilities		**1,026,704**	979,358

Unaudited consolidated statement of comprehensive income
For the financial year ended 31 December 2019

	Notes	**2019 US$'000**	2018 US$'000
Revenue	2	**270,944**	262,199
Cost of sales	4	**(178,432)**	(168,251)
Gross profit		**92,512**	93,948
Other operating costs	5	**(33,289)**	(31,012)
Operating profit		**59,223**	62,936
Finance income		**1,536**	871
Finance costs	6	**(8,920)**	(7,751)
Foreign exchange (loss)/gain		**(1,884)**	48
Profit before tax		**49,955**	56,104
Income tax expense	7	**(5,152)**	(5,230)
Profit for the financial year and total comprehensive income for the financial year		**44,803**	50,874
Attributable to equity holders		**44,803**	50,874

		US$ per share	US$ per share
Profit per share: Basic	8	**0.41**	0.46
Profit per share: Diluted	8	**0.40**	0.46

Unaudited consolidated statement of changes in equity
For the financial year ended 31 December 2019

	Called-Up Share Capital US$'000	**Share Premium US$'000**	**Retained Earnings US$'000**	**Undenominated Capital US$'000**	**Share-Based Payment Reserve US$'000**	**Total US$'000**
Balance at 1 January 2018	215,046	730,897	(184,053)	11,336	22,915	796,141
Profit for the financial year	–	–	50,874	–	–	50,874
Transactions with owners of the Company						
Contributions and distribution						
Share-based payments	–	–	–	–	1,420	1,420
Balance at 1 January 2019	215,046	730,897	(133,179)	11,336	24,335	848,435
Capital reduction	–	(185,253)	185,253	–	–	–
Profit for the financial year	–	–	44,803	–	–	44,803
Transactions with owners of the Company						
Contributions and distributions						
Share-based payments	–	–	–	–	1,787	1,787
Shares issued		85			(256)	(171)
Dividends	–	–	(3,026)	–	–	(3,026)
Balance at 31 December	215,046	545,729	93,851	11,336	25,866	891,828

Retained Earnings

Retained earnings comprise the expenses on the issue of equity in July 2016 and accumulated profit and losses in the current and prior financial years.

On 5 December 2018, shareholders approved a resolution to reduce the capital of the Company in order to eliminate historic losses. On 1 February 2019, the High Court of Ireland confirmed this resolution. The reduction of capital and elimination of losses took effect on 5 February 2019 which resulted in share premium being reduced by US$185.3 million and retained earnings being increased by US$185.3 million.

Share-Based Payment Reserve

The share-based payment reserve arises on the grant of share options and shares to employees and consultants under the share option schemes.

Unaudited consolidated statement of cash flows
For the financial year ended 31 December 2019

	Notes	**2019 US$'000**	2018 US$'000
Operating activities			
Profit for the financial year after tax		**44,803**	50,874
Adjustment for:			
Foreign exchange movement		**1,884**	(48)
Share-based payments		**1,616**	1,420
Finance income		**(1,536)**	(871)
Finance costs	6	**8,920**	7,751
Income tax expense		**5,152**	5,230
Depreciation	9	**33,381**	30,442
Decrease in other financial liabilities		**(1)**	(7)
(Decrease)/increase in provisions		**(655)**	210
Decrease/(increase) in inventories		**2,026**	(1,166)
(Increase)/decrease in trade and other receivables		**(20,235)**	1,558
Increase/(decrease) in trade and other payables		**7,882**	(3,080)
Income tax paid		**(2,310)**	–
Interest received		**1,536**	871
Interest paid		**(6,094)**	(6,227)
Net cash from operating activities		**76,369**	86,957
Investing activities			
Additions to property, plant and equipment	9	**(64,750)**	(39,761)
Net cash used in investing activities		**(64,750)**	(39,761)
Financing activities			
Dividends paid		**(3,026)**	–
Repayment of debt	12	**(84,168)**	(19,048)
Drawdown of debt	12	**67,258**	–
Debt transaction fees paid	12	**(6,522)**	–
Payment of lease liabilities		**(967)**	–
Net cash used in financing activities		**(27,425)**	(19,048)
Net (decrease)/increase in cash and cash equivalents		**(15,806)**	28,148
Cash and cash equivalents at the beginning of the financial year		**97,030**	68,774
Effect of exchange rate changes on cash and cash equivalents		**(47)**	108
Cash and cash equivalents at the end of the financial year	10	**81,177**	97,030

Unaudited notes to the consolidated financial statements
For the financial year ended 31 December 2019

1. Statement of Accounting Policies

On 19 March 2020, the Directors approved the preliminary results for publication. While the unaudited consolidated financial statements for the year ended 31 December 2019, from which the preliminary results have been extracted, are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, these preliminary results do not contain sufficient information to comply with IFRS. The Directors expect to publish the full financial statements that comply with IFRS as adopted by the European Union in March 2020.

Based on the Group's cash flow forecast, the Directors believe that the Group has adequate resources for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The auditors, KPMG have not yet issued their audit opinion on the financial statements in respect of the year ended

31 December 2019. The financial information included within this unaudited preliminary results statement for the years ended 31 December 2019 and 31 December 2018 does not constitute the statutory financial statements of the Group within the meaning of section 293 of the Companies Act 2014. The Group financial information in this preliminary statement for the year ended 31 December 2019 is unaudited. A copy of the statutory financial statements in respect of the year ended 31 December 2019 will be annexed to the next annual return and filed with the Registrar of Companies.

The Group financial information for the year ended 31 December 2018 included in this preliminary statement represents an abbreviated version of the Group's financial statements for that year. The statutory financial statements for the Group for the year ended 31 December 2018, upon which the auditors, Deloitte, have issued an unqualified opinion, were annexed to the annual return of the Company and filed with the Registrar of Companies.

Changes in accounting policies

The most significant change in accounting policy arises from the adoption of IFRS 16 Leases, and this is described in detail below.

The Group has adopted IFRIC 23 Uncertainty over Income Tax Treatments which is effective for accounting periods beginning on or after 1 January 2019. The interpretation is applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The adoption of this interpretation has not had a material impact on the financial statements of the Group.

IFRS 16 Leases

IFRS 16 Leases introduced a single accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments on the Statement of Financial Position.

The Group has applied IFRS 16 using the modified retrospective approach, under which the liability is recognised as the present value of the outstanding rentals at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was, or contained, a lease under IAS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease. The Group now assesses whether a contract is, or contains, a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

As a lessee – transition

The Group leases its head office at Styne House, Dublin, its Mozambique country office in Maputo and electricity generators at the Mine. As a lessee, the Group previously classified each of their leases as operating leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for these leases - i.e. these leases are on-balance sheet.

On transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the

Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets were measured at amounts equal to the lease liability.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using an appropriate discount rate based on the Group's incremental borrowing rate at 1 January 2019. The weighted average rate applied was 7%. This rate has been determined by taking into account the Group borrowing rate, term of the lease, currency, security and other factors. The Group presents right-of-use assets in 'property, plant and equipment', which is the same line item as it presents underlying assets of the same nature that it owns. The carrying amount of right-of-use assets as at 31 December 2019 is US$4.3 million.

The Groups presents lease liabilities on the face of the Statement of Financial Position.

Impacts on transition and for the period

Impact on transition	1 January 2019
	US$'000
Right-of-use asset presented in property, plant and equipment	5,043
Lease liabilities	5,043

The Maputo office lease was entered into in February 2019 and the Group recognised an additional right-of-use asset presented in property, plant and equipment and a lease liability of US$0.4 million. Also, in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of an operating lease expense. During the year ended 31 December 2019, the Group recognised US$1.1 million of depreciation charges and US$0.4 million of interest costs in respect of these leases. During the year the Group paid lease principal of US$1.0 million and lease interest of US$0.4 million.

Reconciliation of operating lease commitments to lease liability	1 January 2019
	US$'000
Operating lease commitments at 31 December 2018 as disclosed in the Group's consolidated financial statements	6,257
The effect of discounting using the incremental borrowing rate at 1 January 2019	(1,214)
Lease liabilities recognised at 1 January 2019	5,043

2. Revenue

	2019	2018
	US$'000	US$'000
Sale of mineral products	**270,944**	262,199

During the financial year, the Group sold 1,029,300 tonnes (2018: 1,074,300 tonnes) of finished products ilmenite, rutile, zircon and concentrates to customers at a sales value of US$270.9 million (2018: US$262.2 million).

Revenue from major products

	2019	2018
	US$'000	US$'000
Ilmenite	**182,980**	181,776
Zircon	**60,545**	59,772
Rutile	**8,047**	5,038
Concentrates	**19,372**	15,613
Total	**270,944**	262,199

Geographical information

	2019	2018
	US$'000	US$'000
Revenue from external customers		
China	**127,333**	103,196
USA	**27,500**	27,760

Italy	**31,177**	22,871
Rest of the world	**84,934**	108,372
Total	**270,944**	262,199

The Group's revenue from external customers is generated by the Moma Titanium Minerals Mine, the non-current assets of which are US$847.5 million (2018: US$802.2 million).

Information about major customers

	2019	2018
	US$'000	US$'000
Revenue from external customers		
Largest customer	**36,522**	37,625
Second largest customer	**29,564**	29,814
Third largest customer	**29,316**	28,474
Fourth largest customer	**29,235**	25,079
Total	**124,637**	120,922

All revenues are generated by the Moma Titanium Minerals Mine.

3. Segment reporting

Information on the operations of the Moma Titanium Minerals Mine in Mozambique is reported to the Group's Board for the purposes of resource allocation and assessment of segment performance. The principal categories for disaggregating revenue are by product type and by country of the customer's location. The product types are ilmenite, zircon, rutile and concentrates. Concentrates includes secondary zircon and mineral sands concentrates. Information regarding the Group's operating segment is reported below.

Segment revenues and results

	2019	2018
	US$'000	US$'000
Moma Titanium Minerals Mine		
Revenue	**270,944**	262,199
Cost of sales	**(178,432)**	(168,251)
Gross profit	**92,512**	93,948
Other operating costs	**(28,260)**	(26,960)
Segment operating profit	**64,252**	66,988
Other corporate operating costs	**(5,029)**	(4,052)
Group operating profit	**59,223**	62,936
Finance income	**1,536**	871
Finance expenses	**(8,920)**	(7,751)
Foreign exchange (loss)/gain	**(1,884)**	48
Profit before tax	**49,955**	56,104
Income tax expense	**(5,152)**	(5,230)
Profit for the financial year	**44,803**	50,874
Segment assets		
Moma Titanium Minerals Mine assets	**976,077**	922,652
Corporate assets	**50,627**	56,706
Total assets	**1,026,704**	979,358
Segment liabilities		
Moma Titanium Minerals Mine liabilities	**129,808**	125,656
Corporate liabilities	**5,068**	5,267
Total liabilities	**134,876**	130,923
Other segment information		
Depreciation and amortisation		
Moma Titanium Minerals Mine	**33,045**	30,307
Corporate	**336**	135

Total	**33,381**	30,442
Additions to non-current assets		
Moma Titanium Minerals Mine	**72,191**	39,606
Corporate	**1,722**	445
Total	**73,913**	40,051

Corporate assets consist of the Company's and other subsidiary undertakings property, plant and equipment including right-of-use assets, cash and cash equivalents and prepayments at the reporting date. Corporate liabilities consist of trade and other payables at the reporting date.

The additions to non-currents assets included US$5.4 million (2018: US$ nil) relating to right of use assets.

4. Cost of sales

	2019 **US$'000**	2018 US$'000
Opening stock of mineral products	**31,037**	30,882
Production costs	**145,058**	141,997
Depreciation	**28,830**	26,409
Closing stock of mineral products	**(26,493)**	(31,037)
Total	**178,432**	168,251

Mineral products consist of finished products and heavy mineral concentrate. Mineral stock drawdown in the year was US$4.5 million (2018: US$0.1 million increase).

5. Other operating costs

	2019 **US$'000**	2018 US$'000
Distribution costs	**9,398**	9,458
Freight and demurrage costs	**17,603**	16,873
Administration costs	**6,288**	4,681
Total	**33,289**	31,012

Distribution costs of US$9.4 million (2018: US$9.5 million) represent the cost of running the Mine's finished product storage, jetty and marine fleet. Included in distribution costs is depreciation of US$4.1 million (2018: US$3.9 million). Freight costs of US$15.3 million (2018: US$16.3 million) arise from sales to customers on a CIF or CFR basis. Demurrage costs were US$2.3 million (2018: US$0.6 million) during the financial year. Administration costs of US$6.3 million (2018: US$4.7 million) are the Group administration costs and include depreciation of US$0.3 million (2018: US$0.1 million) and a share-based payment expense of US$1.8 million (2018: US$1.4 million).

6. Finance costs

	2019 **US$'000**	2018 US$'000
Interest on bank borrowings	**5,031**	5,871
Fees on debt redemption	**1,555**	–
Interest on lease liabilities	**378**	–
Factoring fees	**1,496**	1,409
Unwinding of discount on mine closure provision	**460**	471
Total	**8,920**	7,751

All interest has been expensed in the financial year.

7. Income tax expense

	2019 **US$'000**	2018 US$'000
Corporation tax	**5,621**	1,070
Deferred tax	**(469)**	4,160
Total	**5,152**	5,230
Reconciliation of effective tax rate		
Profit before tax	**49,955**	56,104
Profit before tax multiplied by the applicable tax rate (12.5%)	**6,244**	7,013
Differences in effective tax rates on overseas earnings	**(623)**	(1,783)
Recognition of deferred tax asset	**(469)**	–
Total	**5,152**	5,230

During the year the KMML Mozambique Branch had taxable profits of US$15.9 million (2018: US$14.6 million) resulting in an income tax expense of US$5.6 million (2018: US$5.2 million) being recognised. The income tax rate applicable to taxable profits of KMML Mozambique Branch is 35% (2018: 35%).

KMML Mozambique Branch has elected, and the fiscal regime applicable to mining allows for, the option to deduct, as an allowable deduction, depreciation of exploration and development expense and capital expenditure over the life of mine. Tax losses may be carried forward for three years.

During the year the Kenmare Resources plc had taxable profits of US$20.2 million (2018: US$ nil) which were offset against tax losses. At the reporting date, the Company has unused tax losses of US$3.8 million (2018: US$24.0) resulting in the recognition of a deferred tax asset of US$0.5 million (2018: US$ nil) at 31 December 2019.

8. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2019 **US$'000**	2018 US$'000
Profit for the financial year attributable to equity holders of the Company	**44,803**	50,874

	2019 **Number of shares**	2018 Number of shares
Average number of issued ordinary shares	**109,601,551**	109,601,551
Weighted number of shares issued during the financial year	**18,541**	–
Weighted average number of issued ordinary shares for the purpose of basic earnings per share	**109,620,092**	109,601,551
Effect of dilutive potential ordinary shares:		
Share awards	**1,554,807**	1,028,523
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**111,174,899**	110,630,074

	US$ per share	US$ per share
Earnings per share: basic	**0.41**	0.46
Earnings per share: diluted	**0.40**	0.46

9. Property, plant and equipment

Group

	Plant & Equipment US$'000	Development Expenditure US$'000	Construction In Progress US$'000	Other Assets US$'000	Total US$'000
Cost					
At 1 January 2018	780,171	250,326	30,245	54,621	1,115,363
Transfer to/(from) construction in progress	13,690	–	(28,034)	14,344	–
Additions during the financial year	179	–	39,427	445	40,051
Disposals	(941)	–	–	(5,959)	(6,900)
Adjustment to mine closure cost	2,772	–	–	–	2,772
At 31 December 2018	795,871	250,326	41,638	63,451	1,151,286
Adjustment on initial application of IFRS 16 Leases	3,321	–	–	1,722	5,043
At 1 January 2019	799,192	250,326	41,638	65,173	1,156,329
Transfer to/(from) construction in progress	12,158	–	(20,779)	8,621	–
Additions during the financial year	829		67,311	344	68,484
Additions of right-of-use asset under lease	–	–	–	386	386
Disposals	(92)	–	–	(5,167)	(5,259)
Adjustment to mine closure cost	5,492	–	–	–	5,492
At 31 December 2019	817,579	250,326	88,170	69,357	1,225,432
Accumulated Depreciation					
At 1 January 2018	165,899	121,023	–	34,811	321,733
Charge for the financial year	22,041	5,500	–	2,901	30,442
Disposals	(941)	–	–	(5,959)	(6,900)
At 1 January 2019	186,999	126,523	–	31,753	345,275
Charge for the financial year	22,429	4,103	–	6,849	33,381
Disposals	(92)	–	–	(5,167)	(5,259)
At 31 December 2019	209,336	130,626	–	33,435	373,397
Carrying Amount					
At 31 December 2019	608,243	119,700	88,170	35,922	852,035
At 31 December 2018	608,872	123,803	41,638	31,698	806,011

At each reporting date, the Group assesses whether there is any indication that property, plant and equipment may be impaired. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators for impairment. As at 31 December 2019, the market capitalisation of the Group was below the book value of net assets which is considered an indicator of impairment of assets.

The Group carried out an impairment review of property, plant and equipment as at 31 December 2019. The cash-generating unit for the purpose of impairment testing is the Moma Titanium Minerals Mine. The basis on which the Mine is assessed is its value-in-use. The cash flow forecast employed for the value-in-use computation is from a life of mine financial model. The recoverable amount obtained from the financial model represents the present value of the future pre-tax, pre-finance cash flows discounted at 11.5%.

Key assumptions include the following:

- The discount rate is based on the Group's weighted average cost of capital. This rate is a best estimate of the current market assessment of the time value of money and the risks specific to the Mine, taking into consideration country risk, currency risk and price risk. The factors making up the cost of equity, cost of debt and capital structure have changed from the prior year review resulting in a discount rate of 11.5% (2018: 12%). The Group does not consider it appropriate to apply the full current country risk premium for Mozambique to the calculation of the Group's weighted average cost of capital as it believes the specific circumstances which have resulted in the risk premium increase over the past number of years are not appropriate to the specific circumstances of the Moma Mine. Hence, country risk premium applicable to the calculation of the cost of equity has been adjusted accordingly. Using a discount rate of 11.5%, the recoverable amount is greater than the carrying amount by US$139.0 million (2018: US$201.3 million). The discount rate is a significant factor in determining the recoverable amount. A 2.0% increase in the discount rate to 13.5% reduces the recoverable amount by US$139.0 million. The reduction in the recoverable amount from the prior year is a result of reduced cash flows due to the factors detailed below net of the reduction in the discount rate from 12% to 11.5%.

- A mine plan based on the Namalope, Nataka, Pilivili and Mualadi proved and probable reserves and resources. Specific resource material is included only where there is a high degree of confidence in its economic extraction. The Mine life assumption of 40 years has not changed from the prior year review.

- Average annual production is approximately 1.1 million tonnes (2018: 1.1 million tonnes) of ilmenite and co-products zircon, rutile and concentrates over the life of the mine. This mine plan does not include investment in additional mining capacity. Certain minimum stocks of final and intermediate products are assumed to be maintained at period ends. The average annual production of final products has increased slightly from the prior year due to an update of the production forecast.

- Product sales prices are based on contract prices as stipulated in marketing agreements with customers, or where contracts are based on market prices or production is not currently contracted, prices are forecast by the Group taking into account independent titanium mineral sands expertise provided by TiPMC Solutions and management expectations including general inflation of 2% per annum. Forecast prices provided by TiPMC Solutions have been reviewed and found to be consistent by the Group with other external sources of information. Average forecast product sales prices have decreased slightly from the prior year end review as a result of revised forecast pricing. A 5% reduction in average sales prices over the life of mine reduces the recoverable amount by US$139.0 million.

- Operating costs are based on approved budget costs for 2020 taking into account the current running costs of the Mine and escalated by 2% per annum thereafter. Average forecast operating costs have increased from the prior year end review as a result of increased operating costs in 2019, which formed the basis for the 2020 budget and life of mine forecast thereafter. A 9% increase in operating costs over the life of mine reduces the recoverable amount by US$139.0 million.

- Capital costs are based on a life of mine capital plan including inflation at 2% per annum from 2020. Average forecast capital costs have increased from the prior year end review based on updated sustaining and development capital plans required to maintain the existing plant over the life of mine. The forecast takes into account reasonable cost increases and therefore a sensitivity to this assumption which would give rise to a reduction in the recoverable amount has not been applied.

As a result of the review no impairment provision was recognised in the current financial year. No impairment was recognised in the prior financial year. Given the recent past volatility and sensitivities of the forecast to the discount rate, pricing and to a lesser extent operating costs the impairment loss of US$64.8 million which was recognised in the Consolidated Statement of Comprehensive Income in 2014 is not reversed.

An adjustment to the mine closure cost of US$5.5 million (2018: US$2.8 million) was made during the year as a result of a change in the estimated closure cost to take into account the construction of WCP C and a reduction in the related discount rate.

10. Cash and cash equivalents

	2019 US$'000	2018 US$'000
Parent Company and other subsidiary accounts	**81,177**	55,101
Project Companies' accounts	**-**	41,929
	81,177	97,030

Cash and cash equivalents comprise cash balances held for the purposes of meeting short-term cash commitments and investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Where investments are categorised as cash equivalents, the related balances have a maturity of three months or less from the date of investment.

Interest rate risk

Cash at bank earns interest at variable rates based on daily bank deposit rates, which may be zero. Short-term deposits are made for varying periods of between one day and three months, depending on the cash requirements of the Group, and earn interest at the respective short-term deposit rates. The interest rate profile of the Group's cash balances at the financial year end was as follows:

	2019 US$'000	2018 US$'000
Cash and cash equivalents at variable interest rate	**77,734**	70,789
Cash at bank on which no interest is received	**3,443**	26,241
	81,177	97,030

Currency risk

The currency profile of cash and cash equivalents at the financial year end is as follows:

	2019 US$'000	2018 US$'000
US Dollar	**77,777**	94,556
South African Rand	**2,056**	1,956
Mozambican Metical	**1,062**	307
Euro	**121**	109
Sterling	**101**	51
Renminbi	**41**	33
Australian Dollars	**19**	18
	81,177	97,030

Fluctuations in the currencies noted above will impact on the Group's financial results.

Credit risk

The credit risk on cash and cash equivalents is limited because funds available to the Group are deposited with banks with high credit ratings assigned by international credit rating agencies. For deposits in excess of US$50 million the Group requires that the institution has an A (S&P)/A2 (Moody's) long-term rating. For deposits in excess of US$20 million or South African Rand-denominated deposits, the Group requires that the institution has a BBB+ (S&P)/Baa1 (Moody's) long-term rating. US$50.9 million of the bank deposits are with Barclays Bank PLC, which has a long-term credit rating of A Stable (S&P)/A-1 Stable (Moody's). US$26.8 million of the bank deposits are with HSBC Bank plc which has a long-term credit rating of AA- Negative (S&P)/Aa3 Negative (Moody's).

11. Called-up share capital

	2019 €'000	2018 €'000
Authorised share capital		
181,000,000 ordinary shares of €0.001 each	**181**	181
4,000,000,000 deferred shares of €0.059995 each	**239,980**	239,980
	240,161	240,161

	2019 US$'000	2018 US$'000
Allotted, called up and fully paid		
Opening balance		
109,601,551 ordinary shares of €0.001 each	**120**	120
2,781,905,503 deferred shares of €0.059995 each	**214,926**	214,926
Total called-up share capital	**215,046**	215,046
Issued during the year		

55,929 ordinary shares of €0.001 each	**–**	–
Closing balance		
109,657,480 (2018: 109,601,551) ordinary shares of €0.001 each	**120**	120
2,781,905,503 deferred shares of €0.059995 each	**214,926**	214,926
Total called-up share capital	**215,046**	215,046

55,929 ordinary shares were issued during the year as a result of the exercise of share awards.

12. Bank loans

	2019	2018
	US$'000	US$'000
Borrowings	**60,903**	83,463
The borrowings are repayable as follows:		
Less than one year	**167**	21,558
Between two and five years	**57,651**	61,905
More than five years	**9,608**	–
	67,426	83,463
Future finance charges	**(6,523)**	–
Amount due for settlement	**60,903**	83,463

Borrowings

On 11 December 2019 the Group entered into debt facilities with Absa Bank Limited (acting through its Corporate and Investment Banking Division) ("Absa"), The Emerging Africa Infrastructure Fund (part of the Private Infrastructure Development Group) ("EAIF"), Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division) ("Nedbank"), Rand Merchant Bank and Standard Bank Group ("Standard Bank"). Rothschild & Co. acted as financial adviser to the Group on the transaction.

The debt facilities comprise a US$110 million Term Loan Facility and a US$40 million Revolving Credit Facility. The debt facilities accommodate a future Mine Closure Guarantee Facility of up to US$40 million. The total debt facility over which security is in place is up to US$190 million. The transaction costs for arrangement of the new debt facilities amounted to US$6.5 million.
The Term Loan Facility has a final maturity date of 11 March 2025. Interest is at LIBOR plus 5.40% per annum. Repayment is in seven equal semi-annual instalments, beginning 11 March 2022.

The Revolving Credit Facility has a final maturity date of 11 December 2022 extendable by up to 24 months at the lenders' discretion. Interest is at LIBOR plus 5.00% per annum.

In addition, the facilities accommodate the later inclusion of a Mine Closure Guarantee Facility of up to US$40 million (increasing from US$3 million to a maximum of US$40 million over five years), which will share the security package with the Term Loan Facility and Revolving Credit Facility on a pro rata and *pari passu* basis. The security package consists of a pledge of the shares of Kenmare Moma Processing (Mauritius) Limited and Kenmare Moma Mining (Mauritius) Limited, a pledge of intercompany loans, a security interest in Group bank accounts located outside of Mozambique and China, and conditional assignments of certain contractual rights of the borrowers.

At 31 December 2019 total debt of US$60.9 million was recognised by the Group being the drawdown of US$67.3 million before transaction costs of US$6.5 million plus interest amortised of US$0.1 million.

US$63.5 million of the drawdown was used to repay previous debt principal and interest as at 18 December 2019.

Covenants

The key financial covenants as at 31 December 2019 are detailed below:

	As at 31 December 2019	Covenant
Interest Coverage Ratio	**12.50:1**	4.00:1
Net Debt to EBITDA	**-0.15:1**	2.00:1
Debt Service Coverage Ratio	**N/A**	1.20:1
Liquidity	**US$121,000,000**	US$15,000,000

Net Debt is defined as total financial indebtedness excluding leases less consolidated cash and cash equivalents. Liquidity is defined as consolidated cash and cash equivalents plus undrawn amounts of the Revolving Credit Facility.

Reserve Tail Covenant

As at 31 December and 30 June or any other date as at which the Group updates its Reserves Report, the Reserve Tail Ratio must exceed 30%.

Borrowings interest, currency and liquidity risk

The loan facilities are arranged at variable rates and expose the Group to cash flow interest rate risk. Variable rates are based on six-month LIBOR. The borrowing rate at financial year end was 7.3% (2018: 7.3%). The interest rate profile of the Group's loan balances at the financial year end was as follows:

	2019 US$'000	2018 US$'000
Variable rate debt	**60,903**	83,463

The fair value of the Group's borrowings of US$60.9 million (2018: US$83.2 million) has been calculated by discounting the expected future cash flows at a market rate of 7.3% (2018: 6.0%).

Under the assumption that all other variables remain constant, a 1% change in the six-month LIBOR rate results in a US$0.7 million (2018: US$0.9 million) change in finance costs for the financial year.

The currency profile of loans at the financial year end is as follows:

	2019 US$'000	2018 US$'000
US Dollars	**60,903**	83,463

The above sensitivity analyses are estimates of the impact of market risks assuming the specified change occurs. Actual results in the future may differ materially from these results due to developments in the global financial markets which may cause fluctuations in interest rates to vary from the assumptions made above and therefore should not be considered a projection of likely future events.

Glossary - Alternative Performance Measures

Certain financial measures set out in the Annual Report to 31 December 2019 are not defined under International Financial Reporting Standards (IFRSs), but represent additional measures used by the Board to assess performance and for reporting both internally and to shareholders and other external users. Presentation of these Alternative Performance Measures (APMs) provides useful supplemental information which, when viewed in conjunction with the Group's IFRS financial information, allows for a more meaningful understanding of the underlying financial and operating performance of the Group.

These non-IFRS measures should not be considered as an alternative to financial measures as defined under IFRSs.

Descriptions of the APMs included in this report, as well as their relevance for the Group, are disclosed below.

APM	Description	Relevance
Revenue (FOB)	Revenue excluding freight	Eliminates the effects of freight to provide the product price
EBITDA	Operating profit/loss before depreciation and amortisation	Eliminates the effects of financing, tax and depreciation to allow assessment of the earnings and performance of the Group
EBITDA margin	Percentage of EBITDA to Revenue (FOB)	Provides a Group margin to allow for assessment of the earnings and performance of the Group
Capital costs	Additions to property, plant and equipment in the period	Provides the amount spent by the Company on additions to property, plant and equipment in the period
Cash operating cost per tonne of finished product produced	Total costs less freight and other non-cash costs, including inventory movements, divided by final product production (tonnes)	Eliminates the non-cash impact on costs to identify the actual cash outlay for production and, as production levels increase or decrease, highlights operational performance by providing a comparable cash cost per tonne of product produced over time
Cash operating cost per tonne of ilmenite net of co-products	Cash operating costs less FOB revenue of zircon, rutile and mineral sands concentrates, divided by ilmenite production (tonnes)	Eliminates the non-cash impact on costs to identify the actual cash outlay for production and, as production levels increase or decrease, highlights operational performance by providing a comparable cash cost per tonne of ilmenite produced over time
Net cash/debt	Bank loans before transaction costs, loan amendment fees and expenses net of cash and cash equivalents	Measures the amount the Group would have to raise through refinancing, asset sale or equity issue if its debt were to fall due immediately, and aids in developing an understanding of the leveraging of the Group
Mining – HMC produced	Heavy mineral concentrate extracted from mineral sands deposits and which include ilmenite, zircon, rutile, concentrates and other heavy minerals and silica	Provides a measure of heavy mineral concentrate extracted from the Mine
Processing – finished products produced	Finished products produced by the mineral separation process	Provides a measure of finished products produced from the processing plants
Marketing – finished products shipped	Finished products shipped to customers during the period	Provides a measure of finished products shipped to customers
LTIFR	Lost time injury frequency rate	Measures the number of injuries causing lost time per 200,000 man hours worked on site
AI	All injuries	Provides the number of injuries at the Mine in the year

Revenue

	2015	2016	2017	2018	**2019**
	US$m	US$m	US$m	US$m	**US$m**
Revenue	142.6	141.5	208.3	262.2	**270.9**
Freight	(3.7)	(5.3)	(5.4)	(16.3)	**(15.4)**
Revenue (FOB)	138.9	136.2	202.9	245.9	**255.5**

EBITDA

	2015	2016	2017	2018	**2019**
	US$m	US$m	US$m	US$m	**US$m**
Operating profit/(loss)	(47.3)	(25.4)	28.5	62.9	**59.2**
Depreciation and amortisation	35.8	30.6	32.0	30.4	**33.4**
EBITDA	(11.5)	5.2	60.5	93.3	**92.6**

EBITDA margin

	2015	2016	2017	2018	**2019**
	US$m	US$m	US$m	US$m	**US$m**
EBITDA	(11.5)	5.2	60.5	93.3	**92.6**
Revenue (FOB)	138.9	136.2	202.9	245.9	**255.5**
EBITDA margin (%)	-8	4	30	38	**36**

Cash operating cost per tonne of finished product

	2015	2016	2017	2018	**2019**
	US$m	US$m	US$m	US$m	**US$m**
Cost of sales	168.1	144.0	156.6	168.3	**178.4**
Other operating costs	21.8	22.8	23.2	31.0	**33.3**
Total operating costs	189.9	166.8	179.8	199.3	**211.7**
Freight charges	(3.7)	(5.4)	(5.5)	(16.3)	**(15.4)**
Total operating costs less freight	186.2	161.4	174.3	183.0	**196.3**
Non-cash costs					
Depreciation and amortisation	(35.8)	(30.6)	(32.0)	(30.4)	**(33.4)**
Share-based payments	0.7	(0.4)	(1.0)	(1.4)	**(1.8)**
Mineral product inventory movements	(14.7)	3.0	0.3	0.1	**(4.5)**
Total cash operating costs	136.4	133.4	141.6	151.3	**156.6**
Final product production tonnes	821,300	979,300	1,081,300	1,043,300	**988,300**
Cash operating cost per tonne of finished product	US$166	US$136	US$131	US$145	**US$158**

Cash operating cost per tonne of ilmenite

	2015	2016	2017	2018	**2019**
	US$m	US$m	US$m	US$m	**US$m**
Total cash operating costs	136.4	133.4	141.6	151.3	**156.6**
Less FOB revenue from co-products zircon, rutile and mineral sands concentrate	(39.2)	(36.6)	(50.4)	(75.1)	**(84.5)**
Total cash costs less co-product revenue	97.2	96.8	91.2	76.2	**72.1**
Ilmenite product production tonnes	763,500	903,300	998,200	958,500	**892,900**
Cash operating cost per tonne of ilmenite	US$127	US$107	US$91	US$79	**US$81**

Net cash/debt

	2015	2016	2017	2018	**2019**
	US$m	US$m	US$m	US$m	**US$m**
Bank debt	(341.9)	(102.6)	(102.9)	(83.5)	**(60.9)**
Loan amendment fees and expenses	(25.9)	-	-	-	**-**
Transaction costs	-	-	-	-	**(6.6)**
Gross debt	(367.8)	(102.6)	(102.9)	(83.5)	**(67.5)**
Cash and cash equivalents	14.4	57.8	68.8	97.0	**81.2**
Net cash/(debt)	(353.4)	(44.8)	(34.1)	13.5	**13.7**