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Kenmare Resources plc
(“Kenmare” or “the Company” or “the Group”)

17 August 2022

Half-Yearly Financial Report for the six months to 30 June 2022 and interim dividend

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 publishes its Half-Yearly Financial Report for the six month period ended 30 June 2022 (“H1 2022”) and announces its interim dividend for 2022.

Statement from Michael Carvill, Managing Director:

“In H1 2022, strong market conditions for all Kenmare’s products continued, leading to a record average received price of $429 per tonne and supporting record first half revenues. EBITDA increased 28%, resulting in a 30% increase in profit after tax, and giving us confidence to increase our interim dividend to USc10.98 per share. This represents a 51% increase compared to last year’s interim dividend, benefitting from the share buy-back completed in December 2021.

After a challenging first five months of the year, production improved in late May and this has continued for the 12 weeks since then. At this run rate, we remain on track to achieve guidance, albeit at the bottom of the range.

We ended the first half of the year with a robust balance sheet, having reduced net debt by $17.3 million. We expect that our financial position will continue to strengthen in H2 2022, as shipments are anticipated to increase and our order book is largely committed.”

H1 2022 overview

Financials and markets

- Interim dividend of USc10.98 per share, a 51% increase on H1 2021 (USc7.29), in line with Kenmare’s target dividend payout ratio of 25% of profit after tax for 2022
- Revenue on a free on board (“FOB”) basis of $182.1 million in H1 2022, a 9% increase compared to H1 2021 ($167.8 million), due to a higher average price received for Kenmare’s finished products more than offsetting lower shipment volumes
- EBITDA of $105.5 million, a 28% increase compared to H1 2021 ($82.3 million), and profit after tax of $62.5 million, a 30% increase (H1 2021: $48.0 million)
- Record average price received on an FOB equivalent basis for all finished products of $429 per tonne in H1 2022, a 52% increase compared to H1 2021 ($282 per tonne), benefitting from strong market conditions for all products
- Cash operating cost per tonne of finished product of $184 per tonne, a 29% increase compared to H1 2021 ($143 per tonne), due to lower production volumes and cost inflation
- Cash operating cost per tonne of ilmenite (net of co-products) of $105 per tonne, a 7% decrease compared to H1 2021 ($113 per tonne), benefitting from increased co-product revenues
- At the end of H1 2022, net debt reduced to $65.5 million (31 December 2021: $82.8 million), as a result of the first principal repayment of the Term Loan Facility ($15.7 million) and the repayment

in full of the Revolving Credit Facility ("RCF") ($40 million). The RCF has been extended for a year and now has a maturity date of 11 December 2023
- Strong market conditions for all of Kenmare's products continued in H1 2022 and demand is remaining robust in Q3, supported by low global inventories

Operations

- Lost Time injury Frequency Rate ("LTIFR") of 0.00 per 200,000 hours worked for the 12 months to 30 June 2022 (30 June 2021: 0.14) and it is now 18 months since the last Lost Time Injury
- Heavy Mineral Concentrate ("HMC") production of 738,300 tonnes in H1 2022, an 8% decrease compared to H1 2021 (798,500 tonnes), due primarily to higher slimes levels, with a 7% reduction in ore grades and a 2% reduction in excavated ore tonnes
- Total finished product production of 550,700 tonnes, a 10% decrease compared to H1 2021 (612,100 tonnes), broadly in line with the 9% reduction in HMC processed
- Total shipments of 424,300 tonnes, a 29% decrease compared to H1 2021 (594,100 tonnes), due primarily to poorer weather conditions and reduced shipping capacity as a result of the Bronagh J transshipment vessel undergoing its planned five-yearly dry dock maintenance work
- Rotary Uninterruptible Power Supply ("RUPS") project began operation in May 2022 and has proved successful at mitigating electrical supply disruptions
- Work is continuing on the Pre-Feasibility Study ("PFS") for Nataka, where Wet Concentrator Plant ("WCP") A is due to be relocated in 2025. While the PFS is not yet finalised, initial estimates suggest the capital cost will not be less than $225 million
- At the run rate delivered during the 12 weeks from late May to mid-August, Kenmare still expects to achieve the bottom of 2022 production guidance for all finished products

Analyst and investor conference call and webcast

Kenmare will host a conference call and webcast for analysts, institutional 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:	+44 208 610 3526
Ireland:	+353 1 582 2030
US	+1 (240) 789-2714

The webcast will be available at www.kenmareresources.com and playback of the webcast will be available at: www.kenmareresources.com/investors/reports-and-presentations.

Private investor webinar

There will also be a separate webinar for private investors tomorrow, Thursday, 18 August 2022, at 12:30pm UK time. To access the webinar, please register in advance by clicking here.

The Half-Yearly Financial Report for the period ended 30 June 2022 is also available at www.kenmareresources.com/investors/reports-and-presentations.

For further information, please contact:

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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 8% of global titanium feedstocks and the Group supplies to customers 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.

All monetary amounts refer to United States dollars unless otherwise indicated.

Forward Looking Statements

This announcement contains some forward-looking statements that represent Kenmare's expectations for its business, based on current expectations about future events, which by their nature involve risks and uncertainties. Kenmare believes that its expectations and assumptions with respect to these forward-looking statements are reasonable. However, because they involve risk and uncertainty, which are in some cases beyond Kenmare's control, actual results or performance may differ materially from those expressed or implied by such forward-looking information.

INTERIM MANAGEMENT REPORT

Group results

Operational and financial results for H1 2022 were as follows:

	H1 2022	H1 2021	% Change
Production (tonnes)			
HMC produced	738,300	798,500	-8%
HMC processed	740,600	814,400	-9%
Finished products production			
Ilmenite	499,700	559,000	-11%
Primary zircon	26,500	28,200	-6%
Rutile	4,000	4,200	-5%
Concentrates[2]	20,500	20,700	-1%
Total finished products	550,700	612,100	-10%
Financials			
Revenue ($ million)	197.3	178.2	11%
Freight ($ million)	15.2	10.4	46%
Revenue FOB ($ million)[1]	182.1	167.8	9%
Finished products shipped (tonnes)[1]	424,300	594,100	-29%
Average price received (FOB) per tonne ($/t)	429	282	52%
Total operating costs ($ million)[3]	122.3	119.5	2%
Total cash operating costs ($ million)[4]	101.2	87.3	16%
Cash operating cost per tonne of finished product ($/t)[1]	184	143	29%
Cash operating cost per tonne of ilmenite (net of co-products) ($/t)[1]	105	113	-7%
EBITDA ($ million)[1]	105.5	82.3	28%
Profit before tax ($ million)	68.6	50.6	36%
Profit after tax ($ million)	62.5	48.0	30%

Notes

1. Additional information in relation to Alternative Performance Measures (“APMs”) is disclosed in the Glossary.
2. Concentrates includes secondary zircon and mineral sands concentrate.
3. Total operating costs consists of cost of sales and other operating costs as reported in the income statement. Included in operating costs are depreciation and amortisation.
4. Total cash costs consists of total operating costs less freight and non-cash costs, including inventory movements.

Operations

Kenmare’s rolling 12-month LTIFR was 0.00 per 200,000 hours worked to 30 June 2022 (30 June 2021: 0.14), with zero Lost Time Injuries recorded during the first half of the year. The Company is focused on maintaining its strongest ever safety performance, with more than 18 months since the last Lost Time Injury.

During H1 2022, Kenmare mined 19.5 million tonnes of ore at an average ore grade of 4.35%. Excavated ore tonnes decreased by 2% compared to H1 2021 (19.9 million tonnes) and ore grades decreased by 7% (H1 2021: 4.67%).

HMC production in H1 2022 was impacted by increased slimes levels during Q2, most significantly at WCP A, and compounded by two tropical storms passing close to Moma in Q1.

A tight turn in WCP A’s mine path in 2021 led to reduced space for the plant’s slimes settling paddocks, which are necessary for slimes management. To increase paddock settling capacity, Kenmare reduced high grade supplemental dry mining in H1 2022 and increased dredge mining, therefore negatively impacting ore grades. Normal dry mining operations resumed in June as pond slimes levels had been stabilised, resulting in increased HMC production, and these production improvements have been maintained in the first six weeks of Q3 2022.

As stated in the Q2 and H1 2022 Production Update, as part of the PFS, WCP A is expected to have a desliming circuit installed to more efficiently mine the Nataka ore zone. A cost-benefit analysis is being conducted to investigate the acceleration of the installation of the desliming circuit ahead of the move. This has the potential to increase the effective capacity of WCP A and better mitigate against the slimes levels at the end of the Namalope mine path.

Production of all finished products decreased by 10% to 550,700 tonnes in H1 2022 compared to H1 2021 (612,100 tonnes), broadly in line with the 9% reduction in HMC processed.

Ilmenite production was 499,700 tonnes, an 11% decrease compared to H1 2021 (559,000 tonnes), due primarily to the reduction in HMC processed and slightly exacerbated by reduced HMC quality. Primary zircon production was 26,500 tonnes, a 6% decrease compared to H1 2021 (28,200 tonnes) and rutile production was 4,000 tonnes, a decrease of 4% compared to H1 2021 (4,200 tonnes). Concentrates production was 20,500 tonnes, a 1% decrease compared to H1 2021 (20,700 tonnes). For primary zircon and rutile, the reduction in HMC processed was partially offset by improved recoveries. Concentrates production was less impacted by reduced HMC processed due to the draw of intermediate stockpiles.

Following robust production between late May and mid-August, the Company is still expected to achieve the bottom of 2022 production guidance for all finished products.

Kenmare shipped 424,300 tonnes of finished products during the period, a 29% decrease compared to H1 2021 (594,100 tonnes). This was due primarily to poorer weather conditions and reduced shipping capacity in Q2, as the Bronagh J transshipment vessel left site in early May 2022 for its five-yearly dry dock maintenance work. This reduction will continue during Q3 until the Bronagh J returns to service, which is expected in August. However, there will be sufficient capacity to catch up when both transshipment vessels are operating, with finished product inventories expected to return to normal levels during H1 2023.

In H1 2022 shipments comprised 382,200 tonnes of ilmenite, 20,500 tonnes of primary zircon, 4,800 tonnes of rutile and 16,800 tonnes of concentrates.

Closing stock of HMC at the end of H1 2022 was 9,200 tonnes, compared with 11,600 tonnes at the end of 2021, due to a drawdown of HMC stockpiles during the period to compensate for reduced HMC production. Closing stock of finished products at the end of H1 2022 was 214,900 tonnes, compared to 88,700 tonnes at the end of 2021, reflecting the lower shipping capacity.

Capital projects

In May 2022, the Rotary Uninterruptible Power Supply project completed its commissioning phase and began operation. The objective of the RUPS is to improve power stability at the Mineral Separation Plant and make a significant contribution to Kenmare's goal of reducing its greenhouse gas emissions by 12% by 2024. Since becoming operational, the RUPS has proved successful at mitigating electrical supply disruptions in accordance with this objective. The capital cost of the RUPS is estimated to be $20 million, up slightly from the previous estimate of approximately $18 million.

Work is continuing on the PFS for the Nataka ore zone, where WCP A is expected to commence mining in 2025. Some elements of the PFS are significantly advanced so work towards the Definitive Feasibility Study has commenced in those areas. Other results have led Kenmare to continue to conduct further investigations at PFS level and some important capital decisions, like mining method, are yet to be finalised. The hydromining trial conducted in Namalope and Nataka was successful and is contributing to the work to optimise mining at Nataka. The PFS is expected to be completed later in 2022, with an update provided in early 2023. Initial estimates suggest that the capital cost of the move is not likely to be less than $225 million.

Market update

Demand for titanium feedstocks and zircon strengthened throughout H1 2022, which allowed Kenmare to achieve consecutive prices increases in Q1 and Q2 and a record average received price of $429 per tonne for H1. Positive market fundamentals have continued into Q3 2022.

Global demand for ilmenite grew further during the half year due to robust downstream demand for titanium pigment, with pigment producers continuing to operate at high utilisation rates, particularly outside of China. In Q2, economic activity in China was impacted by several city-wide COVID-19 related lockdowns, which reduced demand for titanium pigment and therefore ilmenite. Despite this, chloride pigment production continued to increase in China, resulting in growing demand for ilmenite of Kenmare's quality.

Global production of titanium feedstocks expanded in H1, although it remained insufficient to meet demand. Pigment production was therefore constrained by feedstock availability and low inventories. Despite the tight supply of titanium feedstocks, major new projects are making limited progress, which may constrain ilmenite supply over the medium term.

Notwithstanding recent uncertainty regarding the outlook for global growth, demand from our customers remains robust and inventories remain below normal levels in the supply chain. As a result, pricing momentum for ilmenite has continued into Q3 and Kenmare's order book for H2 is strong. However, demand for ilmenite is linked to global economic growth and market forecasts for world GDP have been reducing.

The zircon market tightened further in H1 2022 as inventories in the global supply chain were largely drawn down in 2021. Demand has been strong in all major regions except China, which was also impacted by severe COVID-19-related lockdowns. With no significant new supply entering the market, zircon remains in short supply and prices increased throughout H1 2022. Tight market conditions for zircon have continued into Q3 2022.

Financial review

In H1 2022, Kenmare delivered a strong financial performance, generating a 9% increase in revenue (FOB) to $182.1 million (H1 2021: $167.8 million) and a 28% increase in EBITDA to $105.5 million (H1 2021: $82.3 million). Record first half revenues and profits were supported by robust markets for all finished products.

Kenmare's balance sheet strengthened during the period, with net debt reducing by $17.3 million to $65.5 million (31 December 2021: $82.8 million), after paying the $24.1 million 2021 final dividend. The Company is targeting a full year dividend payout ratio of 25% of profit after tax for 2022, subject to prevailing product market and other conditions, and is pleased to announce a 2022 interim dividend of USc10.98 (H1 2021: USc7.29) per share. This represents a 51% increase compared to the 2021 interim dividend, benefitting from the share buy-back completed in December 2021.

Revenue

Revenue (FOB) increased by 9% in H1 2022 to $182.1 million (H1 2021: $167.8 million), driven by a 52% increase in the average received price (FOB) to $429 per tonne (H1 2021: $282 per tonne). This average received price (FOB) represents a new half-yearly company record. It was due to both price increases for individual products and a change in product mix, with an increased proportion of higher value products (primary zircon and rutile) sold relative to H1 2021. The increase in revenue was despite a 29% reduction in shipments.

Freight costs in H1 2022 increased to $15.2 million (H1 2021: $10.4 million), reflecting a tighter freight market due to strong global demand for commodities.

Ilmenite revenue (FOB) decreased by 7% to $133.5 million in H1 2022 (H1 2021: $143.9 million), as a result of a 32% decrease in ilmenite shipment volumes, offset by a 36% price increase to $349 per tonne (H1 2021: $256 per tonne). Primary zircon revenue (FOB) increased by 69% to $32.5 million (H1 2021: $19.2 million) due to an 11% increase in primary zircon shipment volumes and a 52% price increase.

Operating costs

Total operating costs in H1 2022 were $122.3 million, a 2% increase compared to H1 2021 ($119.5 million). Costs reflect increased depreciation of $30.5 million, up 30% (H1 2021: $23.5 million), due to asset additions in the 12 month period to the end of June 2022, and amended depreciation rates on certain assets, offset by reduced depreciation on assets depreciated on a unit of production basis, as a result of lower HMC production in the period. However, a $27.8 million increase of finished product inventory, due to reduced shipping capacity, decreased total operating costs for the period. The increased finished product inventory is expected to unwind as product shipments normalise in H1 2023.

Total cash operating costs were $101.2 million, a 16% increase compared to H1 2021 ($87.3 million). This was due primarily to general inflationary increases and higher mining royalties and processing taxes due to increased sales and pricing. Combined with a 10% decrease in production of finished products, this resulted in a 29% increase in cash operating costs per tonne of finished product to $184 per tonne in H1 2022 (H1 2021: $143 per tonne). Cash operating cost per tonne of ilmenite decreased by 7% to $105 per tonne as a result of higher co-product revenues and a favourable product mix.

Finance income and costs

Kenmare recognised finance income of $0.08 million in H1 2022 (H1 2021: $0.04 million), consisting of interest on bank deposits. Finance costs were $5.7 million in H1 2022 (H1 2021: $6.1 million), including loan interest of $4.4 million (H1 2021: $4.9 million). The decrease in loan interest year-on-year reflects the lower principal outstanding following the commencement of principal repayments in H1 2022, offset by higher US LIBOR interest rates. Factoring and other fees were $0.7 million in the period (H1 2021: $0.8 million) and the unwinding of the mine closure provision amounted to $0.4 million (H1 2021: $0.4 million). Commitment fees under the debt facilities were $0.2 million ($0.02 million) and lease interest was $0.1 million (H1 2021: $0.1 million).

Tax

The tax charge for H1 2022 amounted to $6.1 million (H1 2021: $2.6 million). Kenmare's subsidiary, Kenmare Moma Mining (Mauritius) Limited, had taxable profits of $16.1 million (H1 2021: $6.6 million), resulting in an income tax charge of $5.6 million (H1 2021: $2.3 million). Kenmare Resources plc incurred a tax charge of $0.5 million (H1 2020: $0.3 million).

Cash flows

Net cash from operations in H1 2022 was $66.8 million (H1 2021: $33.2 million), reflecting higher profitability. Working capital movement of $28.6 million (H1 2021: $42.4 million) reflects primarily increased finished product inventories as a result of decreased shipments during the period.

Investing activities of $24.2 million (H1 2021: $31.8 million) represented additions to property, plant and equipment. $55.7 million of debt repayments were made (H1 2021: $20.0 million) and a final dividend for 2021 of $24.1 million (H1 2020: $8.5 million) was paid in May 2022. Lease repayments of $0.6 million (H1 2021: $0.5 million) were also paid in the period.

Consequently, Kenmare finished H1 2022 with $30.7 million of cash and cash equivalents, representing a decrease of $38.4 million compared to year-end 2021 ($69.1 million).

Balance sheet

In H1 2022 there were additions to property, plant and equipment of $24.2 million (H1 2021: $31.8 million). Additions consisted of $5.4 million development expenditure, $4.6 million in relation to preparing for the relocation of WCP A to the Nataka ore zone, $3.0 million in relation to the Namalope West resettlement plan and $11.2 million in relation to sustaining capital.

As stated above, depreciation of $30.5 million, was up 30% (H1 2021: $23.5 million). The mine closure provision asset was reduced by $13.5 million in H1 2022 (H1 2021: $2.2 million). This was due to an increase in the discount rate used to estimate the closure cost provision from 2.1% to 3.2%.

The Group conducted an impairment review of property, plant and equipment at the period-end and the key assumptions of this review are set out in Note 9 of the financial statements. No impairment provision is required as a result of this review.

Inventory at period-end amounted to $91.2 million (31 December 2021: $60.2 million), consisting of intermediate and finished mineral products of $49.9 million (31 December 2021: $22.0 million) and consumables and spares of $41.4 million (31 December 2021: $38.2 million). As anticipated, the Group carried a higher level of mineral product inventory at period-end due to reduced shipment capacity as a result of the Bronagh J dry dock.

Trade and other receivables amounted to $67.8 million (31 December 2021: $74.7 million). This was comprised of $50.6 million (31 December 2021: $66.2 million) of trade receivables from the sale of mineral products, $14.6 million (31 December 2021: $7.8 million) of supplier prepayments and other miscellaneous debtors, and $2.6 million (31 December 2021: $0.8 million) of VAT receivable. Trade receivables are a function of shipments made before period-end and credit terms specific to the relevant customer. There have been no credit impairments during the period. An expected credit loss of $0.2 million (H1 2021: $0.1 million) was recognised during the period.

Cash and cash equivalents decreased by $38.4 million in the period and at 30 June 2022 amounted to $30.7 million (31 December 2021: $69.1 million).

Lease liabilities amounted to $1.7 million (31 December 2021: $2.2 million) at period-end.

Tax liabilities amounted to $4.4 million (31 December 2021: $4.8 million) and trade and other payables amounted to $28.5 million at period-end (31 December 2021: $32.8 million). The decrease in trade and other payables is due to the reduction in expenditure incurred with suppliers for development projects.

Debt facilities

At the start of 2022, Kenmare's debt facilities comprised a $110 million Term Loan Facility and a $40 million RCF. The RCF was repaid in full during the period and remains available to be redrawn by the Group if needed. The first semi-annual principal repayment ($15.7 million) under the Term Loan Facility was paid in March 2022.

At period-end, reported debt amounted to $93.2 million (31 December 2021: $148.1 million). This consists of the Term Loan Facility of $94.3 million, loan interest and amortisation of $1.8 million, net of transaction costs of $2.9 million. The Group is in compliance with all debt covenants as at 30 June 2022.

On 20 July 2022, the RCF was extended for a year and has a final maturity date of 11 December 2023, extendable by up to a further 12 months at the lenders' discretion. Current interest on the RCF is at LIBOR plus 5.00% per annum reducing to 4.25% from 11 December 2022.

Financial outlook

Kenmare's strategic priorities are to operate responsibly, deliver long-life, low-cost production, and to allocate capital efficiently, including developing accretive growth opportunities. The Group is focused on maintaining a robust and flexible balance sheet to enable it to deliver all of these goals, particularly to fund its capital investment requirements and to continue to make compelling shareholder returns.

Kenmare will continue to manage its operating cost base in a conservative and sustainable manner, cognisant of inflationary pressures and other risks that face its business, in order to minimise unit costs. With supportive product markets and elevated production levels, Kenmare continues to target a first quartile position on the industry revenue to cost curve. This provides the business with increased cash flow stability and the ability to remain cash flow positive throughout the market cycle.

Based on a positive market outlook we expect strong financial performance in H2, with the balance sheet continuing to strengthen.

Interim dividend

Kenmare generated record first half profit after tax of $62.5 million in H1 2022 (H1 2021: $48.0 million). The Board has therefore approved an interim 2022 dividend of USc10.98 per share (H1 2021: USc7.29), for a total distribution of $10.4 million (H1 2021: $8.0 million). The 2022 interim dividend has been calculated as 66.6% of 25% of H1 2022 profit after tax ($62.5 million), in line with the intention to target a one-third/two-thirds interim/final dividend split. The financial statements do not reflect this interim dividend.

The Company will pay the interim dividend on 21 October 2022 to shareholders of record at the close of business on 23 September 2022. Irish Dividend Withholding Tax (25%) must be deducted from dividends paid by the Company, unless a shareholder is entitled to an exemption and has submitted a properly completed exemption form to the Company's Registrar.

The dividend timetable is as follows:

Announcement of interim dividend	17 August 2022
Ex-Dividend Date	22 September 2022
Record Date	23 September 2022
Currency election cut-off date	27 September 2022
Payment Date	21 October 2022

Principal risks and uncertainties

There are a number of potential risks and uncertainties that could have a material impact on Kenmare's performance over the remaining six months of the 2022 financial year and which could cause actual results to differ materially from expected and historic results.

These principal risks and uncertainties are disclosed in Kenmare's Annual Report for the year ended 31 December 2021. A detailed explanation of these principal risks and uncertainties and how Kenmare seeks to mitigate these risks, can be found on pages 64 to 71 of the Annual Report 2021 under the following headings: grant and maintenance of licences, country risk, geotechnical risk, severe weather events, uncertainty over physical characteristics of the orebody, power supply and transmission risk, asset damage or loss, COVID-19, health, safety and environment, mineral resource statement risk, IT security risk, development project risk, industry cyclicality, customer concentration, foreign currency risk and aggressive cost inflation.

In addition, Kenmare believes that the risks relating to global geo-political developments, which were identified as emerging risks in the Annual Report 2021, are increasing. Whilst the conflict in Ukraine was specifically identified as an emerging risk with potentially broad effect on Kenmare's business, geo-political developments elsewhere, such as tensions between China and the USA and/or Taiwan, could also affect Kenmare's business (for example, the ability to transport product to China). In addition, whether as a result of geo-political developments or otherwise, supply chain risks have increased, such that the ability of the Company to carry out capital projects may be affected both in relation to the timing of those projects and the costs entailed; supply chain issues may also affect the availability of critical spare parts and, in consequence of longer lead times, capital commitments may have to be brought forward.

Related party transactions

There have been no material changes in the related party transactions affecting the financial position or the performance of the Group in the period since publication of the 2021 Annual Report other than those disclosed in Note 22 to the condensed consolidated financial statements.

Going concern

As stated in Note 1 to the condensed consolidated financial statements, based on the Group's forecasts and projections, the Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed consolidated financial statements.

Events after the Statement of Financial Position Date

Interim dividend

An interim dividend for the year ended 31 December 2022 of USc10.98 per share was approved by the Board on 16 August 2022. The dividend payable of $10.4 million has not been included as a liability in these financial statements. The interim dividend is payable to all shareholders on the Register of Members on 23 September 2022.

There have been no other significant events since 30 June 2022 that would have a significant impact on the financial statements of the Group.

Forward-looking statements

This report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report, and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

On behalf of the Board,

Managing Director
Michael Carvill

16 August 2022

Financial Director
Tony McCluskey

16 August 2022

Independent Review Report to Kenmare Resources plc ("the Entity")

Conclusion

We have been engaged by the Entity to review the Entity's condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises the condensed consolidated interim income statement, the condensed consolidated interim statement of other comprehensive income, the condensed consolidated interim statement of financial position, the condensed consolidated interim statement of cash flows, the condensed consolidated interim statement of changes in equity, a summary of significant accounting policies and other explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as adopted by the EU and the Transparency (Directive 2004/109/EC) Regulations 2007 ("Transparency Directive"), and the Central Bank (Investment Market Conduct) Rules 2019 ("Transparency Rules of the Central Bank of Ireland).

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE (Ireland) 2410") issued for use in Ireland. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We read the other information contained in the half-yearly financial report to identify material inconsistencies with the information in the condensed set of consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the review. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the Directors have inappropriately adopted the going concern basis of accounting, or that the Directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (Ireland) 2410. However, future events or conditions may cause the Entity to cease to continue as a going concern, and the above conclusions are not a guarantee that the Entity will continue in operation.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Transparency Directive and the Transparency Rules of the Central Bank of Ireland.

The Directors are responsible for preparing the condensed set of consolidated financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

As disclosed in note 1, the annual financial statements of the Entity for the year ended 31 December 2021 are prepared in accordance with International Financial Reporting Standards as adopted by the EU.

In preparing the condensed set of consolidated financial statements, the Directors are responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the Entity a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Entity in accordance with the terms of our engagement to assist the Entity in meeting the requirements of the Transparency Directive and the Transparency Rules of the Central Bank of Ireland. Our review has been undertaken so that we might state to the Entity those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Entity for our review work, for this report, or for the conclusions we have reached.

Keith Watt
KPMG
Chartered Accountants
1 Stokes Place
St.Stephen's Green
Dublin 2

16 August 2022

Group condensed consolidated statement of comprehensive income
For the financial period ended 30 June 2022

	Notes	**Unaudited 6 Months 30 June 2022 $'000**	Unaudited 6 Months 30 June 2021 $'000
Revenue	2	**197,294**	178,249
Cost of sales	4	**(95,236)**	(100,330)
Gross profit		**102,058**	77,919
Other operating costs	5	**(27,082)**	(19,159)
Operating profit		**74,976**	58,760
Finance income		**89**	40
Finance costs	6	**(5,724)**	(6,143)
Foreign exchange		**(704)**	(2,014)
Profit before tax		**68,637**	50,643
Income tax expense	7	**(6,098)**	(2,619)
Profit for the financial period and total comprehensive income for the financial period		**62,539**	48,024
Attributable to equity holders		**62,539**	48,024

		$ per share	$ per share
Profit per share: Basic	8	**0.66**	0.44
Profit per share: Diluted	8	**0.65**	0.43

The accompanying notes form part of these financial statements.

Group condensed consolidated statement of financial position
As at 30 June 2022

	Notes	**Unaudited 30 June 2022 $'000**	Audited 31 Dec 2021 $'000
Assets			
Non-current assets			
Property, plant and equipment	9	**935,323**	954,558
Right-of-use assets	10	**1,541**	2,136
		936,864	956,694
Current assets			
Inventories	11	**91,233**	60,219
Trade and other receivables	12	**67,753**	74,747
Cash and cash equivalents	13	**30,697**	69,057
		189,683	204,023
Total assets		**1,126,547**	1,160,717
Equity			
Capital and reserves attributable to the Company's equity holders			
Called-up share capital	14	**104**	104
Share premium		**545,950**	545,950
Other reserves		**230,359**	230,539
Retained earnings		**192,460**	154,050
Total equity		**968,873**	930,643
Liabilities			
Non-current liabilities			
Bank loans	15	**61,465**	74,757
Lease liabilities	10	**1,109**	971
Provisions	17	**26,572**	38,999
		89,146	114,727
Current liabilities			
Bank loans	15	**31,780**	73,342
Lease liabilities	10	**584**	1,207
Trade and other payables	16	**28,549**	32,768
Current tax liabilities	18	**4,426**	4,808
Provisions	17	**3,189**	3,222
		68,528	115,347
Total liabilities		**157,674**	230,074
Total equity and liabilities		**1,126,547**	1,160,717

The accompanying notes form part of these financial statements.

On behalf of the Board:

M. CARVILL
Director
16 August 2022

T. MCCLUSKEY
Director
16 August 2022

Group condensed consolidated statement of changes in equity
For the financial period ended 30 June 2022

	Called-Up Share Capital $'000	Share Premium $'000	Retained Earnings $'000	Undenominated Capital $'000	Share-Based Payment Reserve $'000	Total $'000
Unaudited						
Balance at 1 January 2022	104	545,950	154,050	226,278	4,261	930,643
Profit for the financial period	-	-	62,539	-	-	62,539
Transactions with owners of the Company						
Share-based payments	-	-	-	-	(180)	(180)
Dividends	-	-	(24,129)	-	-	(24,129)
Balance at 30 June 2022	**104**	**545,950**	**192,460**	**226,278**	**4,081**	**968,873**
Unaudited						
Balance at 1 January 2021	120	545,950	123,083	226,262	5,088	900,503
Profit for the financial period	-	-	48,024	-	-	48,024
Transactions with owners of the Company						
Share-based payments	-	-	-	-	(58)	(58)
Unvested and expired share-based payments	-	-	1,964	-	(1,964)	-
Dividends	-	-	(8,466)	-	-	(8,466)
Balance at 30 June 2021	120	545,950	164,605	226,262	3,066	940,003

Group condensed consolidated statement of cash flows
For the financial period ended 30 June 2022

	Notes	**Unaudited 30 June 2022 $'000**	Unaudited 30 June 2021 $'000
Cash flows from operating activities			
Profit for the period after tax		62,539	48,024
Adjustment for:			
Foreign exchange movement		704	2,014
Share-based payments	20	3,183	2,122
Finance income		(89)	(40)
Expected credit losses		199	108
Finance costs	6	5,724	6,143
Income tax expense	7	6,098	2,619
Depreciation	9/10	30,544	23,535
		108,902	84,525
Change in:			
Provisions	17	652	212
Inventories	11	(31,014)	(5,906)
Trade and other receivables	12	6,795	(21,481)
Trade and other payables	16	(4,347)	(15,054)
Cost of equity-settled share-based payments	20	(3,363)	(2,180)
Cash generated from operating activities		77,625	40,116
Income tax paid		(6,481)	(3,484)
Interest received		89	40
Interest paid	15	(3,491)	(2,730)
Factoring and other fees	6	(682)	(767)
Debt commitments fees paid	6	(222)	-
Net cash from operating activities		66,838	33,175
Investing activities			
Additions to property, plant and equipment	9	(24,201)	(31,819)
Net cash used in investing activities		(24,201)	(31,819)
Financing activities			
Dividends paid	14	(24,129)	(8,466)
Repayment of debt	15	(55,715)	(20,000)
Payment of lease liabilities	10	(562)	(539)
Net cash used in financing activities		(80,406)	(29,005)
Net decrease in cash and cash equivalents		(37,769)	(27,649)
Cash and cash equivalents at the beginning of the financial year		69,057	87,244
Effect of exchange rate changes on cash and cash equivalents		(591)	(3,052)
Cash and cash equivalents at the end of the period		30,697	56,543

Notes to the group condensed consolidated financial statements
For the financial period ended 30 June 2022

1. Basis of preparation and going concern

Basis of preparation

The annual financial statements of Kenmare Resources plc ('the Group') are prepared in accordance with IFRS as adopted by the European Union. The Group Condensed Consolidated Financial Statements for the six months ended 30 June 2022 have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, as amended, the Transparency Rules of the Central Bank of Ireland, Disclosure and Transparency Rule 4.2 of the UK Financial Conduct Authority's Disclosure Guidance and Transparency Rules and IAS 34 'Interim Financial Reporting', as adopted by the European Union.

The financial information presented in this document does not constitute statutory financial statements. The amounts presented in the half-yearly financial statements for the six months ended 30 June 2022 and the corresponding amounts for the six months ended 30 June 2021 have been reviewed but not audited. The independent review report is on pages 11 and 12.

The financial information for the year ended 31 December 2021, presented herein, is an abbreviated version of the annual financial statements for the Group in respect of the year ended 31 December 2021. The Group's annual financial statements in respect of the year ended 31 December 2021 have been filed in the Companies Registration Office and the independent auditor issued an unqualified audit report thereon. The annual report is available on the Company's website at www.kenmareresources.com.

Use of Judgements and Estimates

The preparation of the half-yearly financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of certain assets, liabilities, revenues and expenses together with disclosure of assets and liabilities. Estimates and underlying assumptions relevant to these financial statements are the same as those described in the last annual financial statements.

Going Concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group has or will have adequate resources to continue in operational existence for the foreseeable future. Based on the Group's cash flow forecast, liquidity and solvency position the Directors have a reasonable expectation that the Group has adequate resources for the foreseeable future and, therefore, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Group forecast has been prepared by management with best estimates of production, pricing and cost assumptions over the period. Key assumptions upon which the Group forecast is based include a mine plan covering production using the Namalope, Nataka, Pilivili and Mualadi reserves and resources. Specific resource material is included only where there is a high degree of confidence in its economic extraction. Production levels for the purpose of the forecast are approximately 1.2 million tonnes per annum of ilmenite plus co-products, zircon, concentrates and rutile, over the next twelve months. Assumptions for product sales prices are based on contract prices as stipulated in marketing agreements with customers or, where contract prices are based on market prices or production is not presently contracted, prices are forecast taking into account independent titanium mineral sands expertise and management expectations. Operating costs are based on approved budget costs for 2022, taking into account the current and future running costs of the Mine and escalated by 2% per annum thereafter. Capital costs are based on the capital plans and include escalation at 2% per annum. Current operating costs and forecast capital costs take into account the current inflationary environment. The 2% inflation rate used to escalate these costs over the life of mine is an estimated long-term inflation rate.

Sensitivity analysis is applied to the assumptions above to test the robustness of the cash flow forecasts for reductions in market prices, reductions in production, increases in operating costs and a combined case of the aforementioned factors. Changes in these assumptions affect the level of sales and profitability of the Group and the amount of capital required to deliver the projected production levels. As a result of this assessment, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next 12 months.

Changes in accounting policies

The accounting policies applied in the half-yearly financial statements are those set out in the annual financial statements for the year ended 31 December 2021.

The following new and revised standards, all of which are effective for accounting periods beginning on or after 1 January 2022, have been adopted in the current financial period;

- Onerous Contracts – Cost of Fulfilling a Contract (Amendment to IAS 37) effective 1 January 2022
- Annual Improvements to IFRS Standards 2018–2020 effective 1 January 2022
- Property, Plant and Equipment: Proceeds before Intended Use (Amendment to IAS 16) effective 1 January 2022
- Reference to the Conceptual Framework (Amendments to IFRS 3) effective 1 January 2022

None of the new and revised standards have a material effect on the Group's condensed consolidated financial statements.

2. Revenue

	Unaudited 30 June 2022 $'000	Unaudited 30 June 2021 $'000
Sale of mineral products	**197,294**	178,249

During the financial period, the Group sold 424,300 tonnes (H1 2021: 594,100 tonnes) of finished products ilmenite, rutile, zircon and concentrates to customers at a sales value of $197.3 million (H1 2021: $178.2 million). 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.

Revenue from major products

	Unaudited 30 June 2022 $'000	Unaudited 30 June 2021 $'000
Ilmenite	**140,698**	151,427
Zircon	**36,354**	20,842
Concentrates	**13,529**	5,975
Rutile	**6,713**	5
Total	**197,294**	178,249

Geographical information

In the following table, revenue is disaggregated by primary geographical market. The Group allocates revenue from external customers to individual countries and discloses revenues in each country where revenues represent 10% or more of the Group's total revenue. Thereafter, where total disclosed revenue disaggregated by country constitutes less than 75% of total Group revenue, additional disclosures are made until at least 75% of the Group's disaggregated revenue is disclosed. This treatment results in the amendment of comparatives.

2. Revenue (continued)

	Unaudited 30 June 2022 $'000	Unaudited 30 June 2021 $'000
Revenue from external customers		
China	**69,856**	75,005
Spain	**23,966**	19,205
USA	**23,645**	10,856
Italy	**18,794**	15,146
Malaysia	**14,760**	13,456
Rest of the world	**46,273**	44,581
Total	**197,294**	178,249

All revenues are generated by the Moma Titanium Minerals Mine. Sales of the Group's mineral products are not seasonal in nature.

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. Information regarding the Group's operating segment is reported below.

Segment revenues and results

	Unaudited 30 June 2022 $'000	Unaudited 30 June 2021 $'000
Moma Titanium Minerals Mine		
Revenue	**197,294**	178,249
Cost of sales	**(95,236)**	(100,330)
Gross profit	**102,058**	77,919
Other operating costs	**(17,593)**	(15,230)
Segment operating profit	**84,465**	62,689
Other corporate operating costs	**(9,489)**	(3,929)
Group operating profit	**74,976**	58,760
Finance income	**89**	40
Finance expenses	**(5,724)**	(6,143)
Foreign exchange	**(704)**	(2,014)
Profit before tax	**68,637**	50,643
Income tax expense	**(6,098)**	(2,619)
Profit for the financial period	**62,539**	48,024

Segment assets	**Unaudited 30 June 2022 $'000**	Audited 31 Dec 2021 $'000
Moma Titanium Minerals Mine assets	**1,116,445**	1,153,919
Corporate assets	**10,102**	6,798
Total assets	**1,126,547**	1,160,717
Segment liabilities		
Moma Titanium Minerals Mine liabilities	**148,766**	225,853
Corporate liabilities	**8,908**	4,221
Total liabilities	**157,674**	230,074

3. Segment reporting (continued)

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, lease and current tax liabilities at the reporting date.

4. Cost of sales

	Unaudited 30 June 2022 $'000	Unaudited 30 June 2021 $'000
Opening stock of mineral products	**22,027**	31,373
Production costs	**95,255**	82,925
Depreciation	**27,814**	21,248
Closing stock of mineral products	**(49,860)**	(35,216)
Total	**95,236**	100,330

Mineral products consist of finished products and heavy mineral concentrate.

5. Other operating costs

	Unaudited 30 June 2022 $'000	Unaudited 30 June 2021 $'000
Distribution costs	**5,294**	4,635
Freight and demurrage/despatch costs	**15,079**	10,317
Administration costs	**6,709**	4,207
Total	**27,082**	19,159

Distribution costs of $5.3 million (H1 2021: $4.6 million) represent the cost of running the Mine's finished product storage, jetty and marine fleet. Included in distribution costs is depreciation of $2.7 million (H1 2021: $2.2 million).

Freight costs increased by $4.8 million to $15.2 million (H1 2021: $10.4 million) during the period due to high global shipping demand resulting in increased shipping prices. Despatch of $0.1 million was earned (H1 2021: $0.1 million) during the financial period.

Administration costs of $6.7 million (H1 2021: $4.2 million) are the Group administration costs and include depreciation of $0.1 million (H1 2021: $0.1 million) and a share-based payment expense of $3.2 million (H1 2021: $2.1 million).

6. Finance costs

	Unaudited 30 June 2022 $'000	Unaudited 30 June 2021 $'000
Interest on bank borrowings	**4,352**	4,864
Interest on lease liabilities	**92**	119
Factoring and discounting fees	**682**	767
Commitment and other fees	**222**	20
Unwinding of discount on mine closure provision	**376**	373
Total	**5,724**	6,143

All interest has been expensed in the financial period.

7. Income tax expense

	Unaudited 30 June 2022 $'000	Unaudited 30 June 2021 $'000
Corporation tax	**6,098**	2,619

During the period the KMML Mozambique Branch had taxable profits of $16.1 million (H1 2021: $6.6 million) resulting in an income tax expense of $5.6 million (H1 2021: $2.3 million) being recognised. The income tax rate applicable to taxable profits of KMML Mozambique Branch is 35% (H1 2021: 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. There are no tax losses carried forward at 30 June 2022.

During the period Kenmare Resources plc had taxable profits of $3.8 million (H1 2021: $2.4 million) resulting in an income tax expense of $0.5 million (H1 2021: $0.3 million) being recognised.

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:

	Unaudited 30 June 2022 $'000	Unaudited 30 June 2021 $'000
Profit for the financial period attributable to equity holders of the Company	**62,539**	48,024

	2022 Number of shares	2021 Number of shares
Weighted average number of issued ordinary shares for the purpose of basic earnings per share	**94,921,970**	109,736,382
Effect of dilutive potential ordinary shares:		
Share awards	**1,125,633**	2,090,069
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**96,047,603**	111,826,451

	$ per share	$ per share
Earnings per share: basic	**0.66**	0.44
Earnings per share: diluted	**0.65**	0.43

9. Property, plant and equipment

	Plant & Equipment $'000	Development Expenditure $'000	Construction In Progress $'000	Other Assets $'000	Total $'000
Cost					
At 1 January 2021	995,856	249,971	52,416	63,114	1,361,357
Additions during the financial year	784	-	59,558	-	60,342
Transfer from construction in progress	29,586	8,201	(50,544)	12,757	-
Disposals	(6,557)	-	-	(11,440)	(17,997)
Adjustment to mine closure cost	(2,240)	-	-	-	(2,240)
At 31 December 2021	1,017,429	258,172	61,430	64,431	1,401,462
Additions during the financial period	-	-	24,201	-	24,201
Transfer from construction in progress	11,218	389	(15,395)	3,788	-
Disposals	(2,735)	-	-	(1,896)	(4,631)
Adjustment to mine closure cost	(13,487)	-	-	-	(13,487)
At 30 June 2022	1,012,425	258,561	70,236	66,323	1,407,545
Accumulated Depreciation					
At 1 January 2021	232,441	135,153	-	35,255	402,849
Charge for the financial year	44,229	6,336	-	11,487	62,052
Disposals	(6,557)	-	-	(11,440)	(17,997)
At 31 December 2021	270,113	141,489	-	35,302	446,904
Charge for the financial period	20,840	3,776	-	5,333	29,949
Disposals	(2,735)	-	-	(1,896)	(4,631)
At 30 June 2022	288,218	145,265	-	38,739	472,222
Carrying Amount					
At 30 June 2022	**724,207**	**113,296**	**70,236**	**27,584**	**935,323**
At 31 December 2021	747,316	116,683	61,430	29,129	954,558

An adjustment to the mine closure cost of $13.5 million (2021: $2.2 million) was made during the period as a result of an update in the discount rate as detailed in Note 17.

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 30 June 2022, 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 30 June 2022. As a result of the review, and given the performance and outlook of the Group, no impairment provision was recognised in the current financial period. No impairment was recognised in the prior financial year. Given the historic volatility in product pricing and sensitivities of the forecast to the discount rate and to a lesser extent operating costs, the impairment loss of $64.8 million, which was recognised in the consolidated statement of comprehensive income in 2014, was not reversed.

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 discounted pre-tax, pre-finance cash flows discounted at 13.0% (31 December 2021: 10.5%).

9. Property, plant and equipment (continued)

Key assumptions in the value in use calculation 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 comprising the cost of equity and cost of debt have changed from the year end review, in particular the risk-free rate which has increased to 2.98% (31 December 2021: 1.51%) and the equity risk premium which has increased to 6.01% (31 December 2021: 4.24%), resulting in a discount rate of 13.0% (31 December 2021: 10.5%). The Group's estimation of the country risk premium included in the discount rate has remained unchanged from the prior year. 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 relevant 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 13.0%, the recoverable amount is greater than the carrying amount by $132.4 million (31 December 2021: $384.0 million). The discount rate is a significant factor in determining the recoverable amount. A 3.0% increase in the discount rate to 16.0% reduces the recoverable amount by $132.4 million to breakeven. The decrease in the recoverable amount from the year end review is a result of decreased cash flows over the life of mine as a result of increased forecast capital and operating costs, an increase in the discount rate from 10.5% to 13.0%, partially offset by increased forecast sales prices as detailed below.

- A mine plan is 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 year-end review. Average annual production is approximately 1.2 million tonnes (31 December 2021: 1.2 million tonnes) of ilmenite and co-products zircon, rutile and concentrates over the life of the Mine and remains unchanged from the year end review. Certain minimum stocks of final and intermediate products are assumed to be maintained at period ends.

- 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 forecasted 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 with other external sources of information. Average forecast product sales prices have increased over the life of mine from the year-end review as a result of revised forecast pricing. A 4.5% reduction in average sales prices over the life of mine reduces the recoverable amount by $132.4 million to breakeven.

- Operating costs are based on approved budget costs for 2022 taking into account the current running costs of the Mine and estimated forecast inflation for 2022. From 2023 onwards, operating costs are escalated by 2% per annum. Average forecast operating costs have increased from the year-end review as a result of inflation. Increased costs associated with estimated future power consumption and price for the mining in Nataka have been included in the forecast cashflows in the period. A 10.0% increase in operating costs over the life of mine reduces the recoverable amount by $132.4 million to breakeven.

- Capital costs are based on a life of mine capital plan including inflation at 2% per annum from 2022. Forecast capital costs have increased and their scheduling changed from the year-end review based on updated capital plans required to maintain the existing plants 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.

10. Right of use assets

	Plant & Equipment $'000	Other Assets $'000	Total $'000
At 1 January 2021	1,660	1,560	3,220
Depreciation expense	(830)	(254)	(1,084)
At 31 December 2021	830	1,306	2,136
Depreciation expense	(470)	(125)	(595)
At 30 June 2022	360	1,181	1,541

On 1 January 2019, the Group recognised lease liabilities of $5.0 million in respect of right-of-use assets being its head office at Styne House, Dublin and electricity generators at the Mine. The Styne House lease has a term of 10 years commencing August 2017 and rental payments are fixed for five years. This lease obligation is denominated in Euros.

The lease for the electricity generators was renewed in November 2017 for a five-year period and rental payments are fixed for the five years. This lease obligation is denominated in US Dollars.

In February 2019, the Group recognised a lease liability of $0.4 million for its Mozambican country office in Maputo. The lease has a seven-year term commencing February 2019 and rental payments are fixed for seven years. This lease obligation is denominated in US Dollars. The Group has discounted lease payments using its incremental borrowing rates. The weighted average rate applied is 7%.

At each reporting date, the Company assesses whether there is any indication that right-of-use assets may be impaired. No impairment indicators were identified as at 30 June 2022 or 31 December 2021.

Set out below are the carrying amounts of lease liabilities at each reporting date:

	Unaudited 30 June 2022 $'000	Audited 31 Dec 2021 $'000
Current	**584**	1,207
Non-Current	**1,109**	971
	1,693	2,178

11. Inventories

	Unaudited 30 June 2022 $'000	Audited 31 Dec 2021 $'000
Mineral products	**49,860**	22,027
Consumable spares	**41,373**	38,192
	91,233	60,219

At 30 June 2022, total final product stocks were 214,900 tonnes (31 December 2021: 88,700 tonnes). Closing stock of heavy mineral concentrate was 9,200 tonnes (31 December 2021: 11,500 tonnes).

Net realisable value is determined with reference to forecast prices of finished products expected to be achieved. There is no guarantee that these prices will be achieved in the future, particularly in weak product markets. During the financial period there was a write-down of $Nil (31 December 2021: $0.5 million) to mineral products to value them at net realisable value.

12. Trade and other receivables

	Unaudited 30 June 2022 $'000	Audited 31 Dec 2021 $'000
Trade receivables	**50,562**	66,204
VAT receivable	**2,567**	790
Prepayments	**14,624**	7,753
	67,753	74,747

13. Cash and cash equivalents

	Unaudited 30 June 2022 $'000	Audited 31 Dec 2021 $'000
Cash and cash equivalents	**30,697**	69,057

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.

14. Share capital and dividends

Share capital as at 30 June 2022 amounted to $0.1 million (31 December 2021: $0.1 million).

In May 2022, the Company paid a final 2021 dividend of $24.1 million (2020 final dividend: $8.5 million) representing Usc25.42 (2020 final dividend: Usc7.29) per share.

15. Bank loans

	Unaudited 30 June 2022 $'000	Audited 31 Dec 2021 $'000
Borrowings	**93,245**	148,099
The borrowings are repayable as follows:		
Less than one year	**31,780**	73,342
Between two and five years	**61,465**	74,757
Amount due for settlement	**93,245**	148,099

Borrowings

On 11 December 2019, the Group entered into secured debt facilities ("Senior Facility Agreement") 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").

The debt facilities comprise a $110 million Term Loan Facility and a $40 million Revolving Credit Facility that share common terms and a common security package. The finance documentation also provides for a Mine Closure Guarantee Facility (provided by either the existing lenders or other finance providers) of up to $40 million, with the provider(s) of such a facility sharing in the common security package. The potential total aggregate principal amount of indebtedness secured under the finance documentation is therefore $190 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 and the first repayment was made on 11 March 2022.

15. Bank loans (continued)

On 21 July 2022 the Revolving Credit Facility was extended by 12 months and now has a final maturity date of 11 December 2023, which is extendable by a further 12 months at the lenders' discretion. Interest is at LIBOR plus 5.00% per annum (4.25% from 11 December 2022).

The Group entered into a mine closure guarantee facility with Absa Bank Moçambique SA effective from 1 July 2022 for an amount of $18.9 million. This guarantee shares 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) security over the Group's bank accounts (subject to certain exceptions), (b) pledges of the shares of Kenmare Moma Processing (Mauritius) Limited and Kenmare Moma Mining (Mauritius) Limited (the "Project Companies"), (c) security over intercompany loans and (d) Mozambican law security interests over certain rights and agreements with Mozambican authorities, including over the Implementation Agreement, the Mineral Licensing Contract and the Mining Licence.

The carrying amount of the secured bank accounts of the Group was $25.3 million as at 30 June 2022 (31 December 2021: $66.9 million). The shares of the Project Companies and intercompany loans are not included in the consolidated statement of financial position as they are eliminated on consolidation. They therefore do not have a carrying amount but, upon enforcement of the pledges on behalf of the lender group, the shares in the Project Companies would cease to be owned or controlled by the Group. The secured rights and agreements do not have a carrying amount. They are, however, necessary for the Project Companies to operate the Mine in Mozambique.

The finance documents contain a number of representations, covenants and events of default on customary terms, the breach of which could lead to the secured parties under the finance documentation accelerating the outstanding loans and taking other enforcement steps, such as the enforcement of some or all of the security interests, which could lead, in extremis, with the Group losing its interest in the Mine. The most salient of the relevant terms that could lead to acceleration of the loans and/or enforcement of security are the financial covenants described on the subsequent page.

During the period $40.0 million (31 December 2021: drawn down $20.0 million) of the Revolving Credit Facility and US$15.7 million of the Term Loan Facility was repaid. At the period-end, reported debt amounted to $93.2 million (31 December 2021: $148.1 million). This consists of the Term Loan Facility of $94.3 million (31 December 2021: $150 million), loan interest and amortisation of $1.8 million (31 December 2021: $2.0 million), net of transaction costs of $2.9 million (31 December 2021: $3.9 million).

Reconciliation of movements of debt to cashflows arising from financing activities	**Unaudited 30 June 2022 $'000**	Audited 31 Dec 2021 $'000
Bank Loans		
Balance at 1 January	**148,099**	145,771
Cash movements		
Loan interest paid	**(3,491)**	(7,147)
Principal repaid	**(55,715)**	(20,000)
Loan drawn down	**-**	20,000
Non-cash movements		
Loan interest accrued	**4,352**	9,475
Balance at 30 June/31 December	**93,245**	148,099

15. Bank loans (continued)

Financial Covenants

All financial covenants under the Senior Facilities Agreement have been complied with during the period. The key financial covenants as at 30 June 2022 are detailed below:

	As at 30 June 2022	**As at 31 December 2021**		**Covenant**
Interest Coverage Ratio	22.39	21.8:1	Not less than	4.00:1
Net Debt to EBITDA	0.27	0.38:1	Not greater than	2.00:1
Debt Service Coverage Ratio	4.88	22.3:1	Not less than	1.20:1
Liquidity (million)	$71.0	$69.1	Not less than	$15.0
Reserve Tail Ratio	78%	78%	Not less than	30%

The definition of the covenants under the debt facilities are set out below:

- Interest Coverage Ratio is defined as the ratio of EBITDA to Net Interest Cost.
- Net Debt is defined as total financial indebtedness excluding leases less consolidated cash and cash equivalents.
- The Debt Service Coverage Ratio is the ratio of cash and cash equivalents at the beginning of a reporting period plus available facilities plus cash generated in the period to debt repayments in the period.
- Liquidity is defined as consolidated cash and cash equivalents plus undrawn amounts of the Revolving Credit Facility.
- Reserve Tail Ratio means the reserve tail ratio, expressed as a percentage of the termination date reserves (estimated remaining reserves in March 2025) divided by the initial reserves (estimated reserves in December 2019).

16. Trade and other payables

	Unaudited 30 June 2022 $'000	Audited 31 Dec 2021 $'000
Trade payables	**6,108**	7,186
Accruals	**22,441**	25,582
	28,549	32,768

17. Provisions

	Unaudited 30 June 2022 $'000	Audited 31 Dec 2021 $'000
Mine closure provision	**22,847**	35,959
Mine rehabilitation provision	**4,650**	3,998
Other provisions	**2,264**	2,264
	29,761	42,221
Current	**3,189**	3,222
Non-current	**26,572**	38,999
	29,761	42,221

The Mine closure provision represents the Directors' best estimate of the Project Companies' liability for close-down, dismantling and restoration of the mining and processing site. A corresponding amount equal to the provision is recognised as part of property, plant and equipment.

17. Provisions (continued)

The costs are estimated on the basis of a formal closure plan, are subject to regular review and are estimated based on the net present value of estimated future cost. Mine closure costs are a normal consequence of mining, and the majority of close-down and restoration expenditure is incurred at the end of the life of the Mine. The unwinding of the discount is recognised as a finance cost and $0.4 million (H1 2021: $0.4 million) has been recognised in the statement of comprehensive income for the financial period.

The main assumptions used in the calculation of the estimated future costs include:

- a discount rate of 3.2% (31 December 2021: 2.1%);
- an inflation rate of 2% (31 December 2021: 2%);
- an estimated life of mine of 40 years (31 December 2021: 40 years). It is assumed that all licences and permits required to operate will be renewed or extended during the life of mine; and
- an estimated closure cost of $34.1 million (31 December 2021: $34.1 million) and an estimated post-closure monitoring provision of $3.9 million (31 December 2021: $3.9 million).

The life of mine plan is based on the Namalope, Nataka, Pilivili and Mualadi reserves and resources. Specific resource material is included only where there is a high degree of confidence in its economic extraction. The Mine closure provision has been reduced by $13.5 million from 31 December 2021 to reflect a change in the discount rate from 2.1% at 31 December 2021 to 3.2% at 30 June 2022.

The discount rate is a significant factor in determining the Mine closure provision. The Group uses US Treasury rates. Thirty-year US Treasury yields are the longest period for which yields are quoted. A forty-year rate to align with the estimated life of mine has been calculated by taking the average of the increase in yield from ten to twenty years and the increase in yield from twenty to thirty years and adding this average to the thirty-year treasury rate to arrive at an estimated extrapolated rate for forty years. This discount rate is deemed to provide the best estimate of the current market assessment of risk-free time value of money. Risks specific to the liability are included in the cost estimate.

The Mine rehabilitation provision represents the Directors' best estimate of the Company's liability for rehabilitating areas disturbed by mining activities. Rehabilitation costs are recognised based on the area disturbed and estimated cost of rehabilitation per hectare which is reviewed regularly against actual rehabilitation cost per hectare. Actual rehabilitation expenditure is incurred approximately twelve months after the area has been disturbed. During the financial period there was a release of $0.3 million (H1 2021: $0.3 million) to reflect the actual mine rehabilitation costs incurred, and an addition to the provision of $1.0 million (H1 2021: $0.5 million) for areas newly disturbed.

Other provisions comprise an amount of $2.3 million (31 December 2021: $2.3 million) in relation to a potential indirect tax liability. As the matter is still outstanding, it is possible that on conclusion the final outcome may differ from management's estimate.

18. Current tax liabilities

	Unaudited 30 June 2022 $'000	Audited 31 Dec 2021 $'000
Current tax liabilities	**4,426**	4,808

Further details on the Group's tax expense are detailed in Note 7.

19. Financial Instruments

	Unaudited 30 June 2022			Audited 31 Dec 2021		
	Carrying amount $'000	**Fair value $'000**		Carrying amount $'000	Fair value $'000	
Financial assets at fair value through profit and loss						
Trade receivables	**-**	**-**	**Level 2**	37,086	37,086	Level 2
Financial assets at fair value through OCI						
Trade receivables	**36,026**	**36,026**	**Level 2**	14,539	14,539	Level 2
Financial assets not measured at fair value						
Trade receivables	**14,536**	**14,536**	**Level 2**	14,579	14,579	Level 2
Cash and cash equivalents	**30,697**	**30,697**	**Level 2**	69,057	69,057	Level 2
	81,259	**81,259**		135,261	135,261	
Financial liabilities not measured at fair value						
Bank loans	**93,245**	**94,288**	**Level 2**	148,099	148,827	Level 2

The carrying amounts and fair values of financial assets and financial liabilities including their levels in fair value hierarchy are detailed above. The table does not include fair value information for other receivables, prepayments, trade payables and accruals as these are not measured at fair value as the carrying amount is a reasonable approximation of their fair value. Trade receivables which are factored through the Absa Bank facility or letters of credit which are always confirmed and discounted through the Barclays Bank facility are initially measured at fair value and subsequently measured at fair value through profit or loss (FVTPL). Trade receivables or letters of credit where it is not known at initial recognition if they will be factored are classified as fair value through other comprehensive income (FVOCI). The Group derecognises the original receivable to which the arrangement applies when payment is received from the bank as the terms of the arrangement are non-recourse. The payment to the bank by the Group's customers are considered non-cash transactions. Trade receivables not measured at fair value are receivables whose payment is received under the sale contract credit terms.

The valuation technique used in measuring Level 2 fair values is discounted cash flows, which considers the expected receipts or payments discounted using adjusted market discount rates or where these rates are not available estimated discount rates.

Credit risk

The Group's exposure to credit risk is influenced by the individual circumstances of each customer. The Group also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

Before entering into sales contracts with new customers, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly during the year.

The Group's customers have been transacting with the Group for a significant number of years, and no customers' balances have been written off or are credit impaired at the financial period end. In monitoring customer credit risk, customers are reviewed individually and the Group has not identified any factors that would merit reducing exposure to any particular customer. The Group does not require collateral in respect of trade receivables.

For trade receivables measured at fair value through OCI and trade receivables measured at amortised cost, the Group allocates to each customer a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, financial statements and available market information about customers) and applying experienced credit judgement.

The movement in expected credit losses in respect of trade receivables were measured at amortised cost or fair value through other comprehensive income during the period was as follows:

19. Financial Instruments (continued)

	Unaudited 30 June 2022 $'000	Audited 31 Dec 2021 $'000
Opening balance	**424**	199
Net remeasurement of loss allowance	**199**	225
Closing	**623**	424

The increase in the loss allowance is mainly attributable to increases in industry specific externally published forward looking default rates which are used as the basis of estimating the Group's expected credit losses. The methodology for the calculation of expected credit losses is the same as described in the last annual statements.

Interest rate benchmark reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as "IBOR reform"). The Group has exposure to IBORs on its financial instruments that will be reformed as part of these market-wide initiatives. The Group's main IBOR exposure at the reporting date is US LIBOR, which is administered by ICE Benchmark Administration (IBA). The alternative reference rate for US LIBOR is the US Secured Overnight Financing Rate (SOFR).

On 5 March 2021, IBA stated that it will cease the publication of (i) the overnight and one, three, six and twelve months USD LIBOR settings immediately following the LIBOR publication on Friday 30 June 2023, and (ii) all other LIBOR settings, including the one week and two months USD LIBOR settings, immediately following the LIBOR publication on Friday 31 December 2021. IBA stated that it will not have access to input data necessary to calculate LIBOR settings on a representative basis after those dates. The UK Financial Conduct Authority (FCA) issued a separate announcement confirming that IBA had notified the FCA of its intent to cease providing all LIBOR settings. The FCA confirmed that all 35 LIBOR settings will either cease to be provided by any administrator or will no longer be representative as of the dates set out by IBA.

The Group anticipates that IBOR reform will impact its operational and risk management processes. The main risk to which the Group is exposed as a result of IBOR reform is in the amendment to the Senior Facility Agreement (SFA) with negotiation with the lender group to reflect the migration from USD LIBOR to SOFR, updating contractual terms and revising operational controls related to the migration. Financial risk is predominantly limited to interest rate risk.

The Audit & Risk Committee monitors, while the Executive and senior management manages, the migration to alternative rates. Such management includes evaluation of the extent to which contracts reference IBOR, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform to counterparties.

The Group plans to amend the terms of the SFA for purposes of migrating from USD LIBOR to SOFR prior to the discontinuance of the administration and publication of the relevant LIBOR rates by IBA. The migration to SOFR for purposes of the Group's trade finance facilities with Absa Bank and Barclays Bank was effected through amendments entered into during the period and had no material impact.

The carrying amount of financial liabilities with unreformed contracts at 30 June 2022 was $93.2 million (31 December 2021: $148.1 million).

20. Share-based payments

Kenmare Restricted Share Plan (KRSP)

During the financial period, 632,797 (H1 2021: 689,412) shares were granted to employees under the 2022 KRSP award. The estimated fair value of the shares awarded is $3.7 million (H1 2021: $3.9 million). These share awards vest, subject to continued employment on the third anniversary or, in the case of Executive Directors and certain other staff, subject to continued employment and to the Remuneration Committee's assessment against a discretionary underpin, on the third anniversary of grant.

During the financial period, the Group recognised a share-based payment expense of $3.2 million (H1 2021: $2.1 million) comprising $1.5 million in relation to the vesting of KRSP awards during the period and $1.7 million in relation to an adjustment to reflect the value of awards exercised during the period.

During the period, awards in respect of 540,389 shares were exercised at a cost of $3.4 million. These figures do not include shares in respect of dividend equivalents which are added to awards on vesting.

The movement in the condensed statement of changes in equity of $0.2 million (H1 2021: $0.1 million) is made up of the share-based payment expense of $3.2 million (H1 2021: $2.1 million) net of the cost of settlement of the equity-based shares of $3.4 million (H1 2021: $2.2 million).

21. Contingent liabilities

The Group, like other businesses operating in Mozambique, is subject to tax audits by the Mozambican Tax Authorities. These audits may review a range of matters including corporate income tax, indirect taxes and transaction related issues, and can take a number of years to complete. The Mozambican Tax Authority conducted an audit of the tax obligations of the KMML Mozambique Branch in relation to the years 2015 to 2017. The Group is liaising with the Tax Authority to address matters raised during the audit. It is not possible to estimate with certainty the timing of any future resolution or possible outcomes.

A provision of $2.3 million (31 December 2021: $2.3 million) is included in the financial statements in relation to a potential indirect tax liability. As the matter is still outstanding, it is possible that on conclusion the outcome may differ from management's estimates. Other tax matters raised during the audit are likewise still outstanding. No provision has been made in these financial statements in relation to the other tax matters as the Group does not consider that there is any material future probable loss.

22. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Apart from existing remuneration arrangements there were no material transactions or balances between the Group and its key management personnel or members of their close families during the period under review.

23. Events after the statement of financial position date

Interim dividend

An interim dividend for the year ended 31 December 2022 of USc10.98 (H1 2021: USc7.29) per share was approved by the Board on 16 August 2022. The dividend payable of $10.4 million (H1 2021: $8.0 million) has not been included as a liability in these financial statements. The interim dividend is payable to all shareholders on the Register of Members on 23 September 2022.

There have been no other significant events since 30 June 2022 which would have a significant impact on the financial statements of the Group.

24. Information

The half-yearly financial report was approved by the Board on 16 August 2022.

Copies are available from the Company's registered office at 4th Floor, Styne House, Hatch Street Upper, Dublin 2, D02 DY27, Ireland.

The report is also available on the Company's website at www.kenmareresources.com.

STATEMENT OF DIRECTORS RESPONSIBILITIES
For the half year ended 30 June 2022

The Directors are responsible for preparing the half-yearly financial report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 ("Transparency Directive"), the Transparency Rules of the Central Bank of Ireland and Transparency Rule 4.2 of the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority.

In preparing the condensed set of consolidated financial statements included within the half-yearly financial report, the Directors are required to:

- prepare and present the condensed set of consolidated financial statements in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, the Transparency Directive and the Transparency Rules of the Central Bank of Ireland;
- ensure the condensed set of consolidated financial statements has adequate disclosures;
- select and apply appropriate accounting policies; and
- make accounting estimates that are reasonable in the circumstances.
- assess the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for designing, implementing and maintaining such internal controls as they determine is necessary to enable the preparation of the condensed set of consolidated financial statements that is free from material misstatement whether due to fraud or error.

We confirm that to the best of our knowledge:

(1) the condensed set of consolidated financial statements included within the half-yearly financial report of Kenmare Resources plc for the six months ended 30 June 2022 ("the interim financial information") which comprises the condensed consolidated interim income statement, the condensed consolidated interim statement of other comprehensive income, the condensed consolidated interim statement of financial position, the condensed consolidated interim statement of cash flows, the condensed consolidated interim statement of changes in equity and the related explanatory notes, have been presented and prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, the Transparency Directive and Transparency Rules of the Central Bank of Ireland.

(1) The interim financial information presented, as required by the Transparency Directive and Transparency Rule 4.2 of the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority, includes:
    a. an indication of important events that have occurred during the first 6 months of the financial year, and their impact on the condensed set of consolidated financial statements;
    b. a description of the principal risks and uncertainties for the remaining 6 months of the financial year
    c. related parties' transactions that have taken place in the first 6 months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and
    d. any changes in the related parties' transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first 6 months of the current financial year.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Entity's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board:

M. CARVILL

Director
16 August 2022

T. MCCLUSKEY

Director
16 August 2022

Glossary - Alternative Performance Measures

Certain financial measures set out in the half-yearly financial report to 30 June 2022 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 less any freight and insurance borne by Group under agreements for shipment on CIF or CFR terms	Eliminates from revenue the cost of freight and insurance borne by the Group, to provide the product price as if all products were shipped on a consistent FOB basis
Average prices received (FOB) per tonne	Revenue (FOB) divided by tonnes of finished product shipped	Provides details of the average price received (FOB) per tonne of the Group over time
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 for 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, excluding movements in provisions, 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
ROCE	Return on capital employed	ROCE measures how efficiently the Group generates profits from investment in assets

Revenue (FOB)

	H1 2022	H1 2021	H1 2020	H1 2019	H1 2018
	$m	$m	$m	$m	$m
Revenue	**197.3**	178.2	116.8	122.7	140.1
Freight	**(15.2)**	(10.4)	(5.6)	(7.3)	(8.8)
Revenue (FOB)	**182.1**	167.8	111.2	115.4	131.3

Average prices received (FOB) per tonne

	H1 2022	H1 2021	H1 2020	H1 2019	H1 2018
	$m	$m	$m	$m	$m
Revenue (FOB)	**182.1**	167.8	111.2	115.4	131.3
Finished products shipped (tonnes)	**424,300**	594,100	413,700	483,500	589,200
Average prices received (FOB) per tonne	**429**	282	269	239	223

EBITDA

	H1 2022	H1 2021	H1 2020	H1 2019	H1 2018
	$m	$m	$m	$m	$m
Operating profit	**75.0**	58.8	19.9	26.1	32.2
Depreciation and amortisation	**30.5**	23.5	17.3	16.7	16.0
EBITDA	**105.5**	82.3	37.2	42.8	48.2

EBITDA margin

	H1 2022	H1 2021	H1 2020	H 1 2019	H1 2018
	$m	$m	$m	$m	$m
EBITDA	**105.5**	82.3	37.2	42.8	48.2
Revenue (FOB)	**182.1**	167.8	111.2	115.4	131.3
EBITDA margin (%)	**58%**	49%	33%	37%	37%

Cash operating cost per tonne of finished product

	H1 2022	H1 2021	H1 2020	H1 2019	H1 2018
	$m	$m	$m	$m	$m
Cost of sales	**95.2**	100.3	82.7	79.6	92.5
Other operating costs	**27.1**	19.2	14.2	17.0	15.4
Total operating costs	**122.3**	119.5	96.9	96.6	107.9
Freight charges	**(15.2)**	(10.4)	(5.6)	(7.3)	(8.8)
Total operating costs less freight	**107.1**	109.1	91.3	89.3	99.1
Adjustments					
Depreciation and amortisation	**(30.5)**	(23.5)	(17.3)	(16.7)	(16.0)
Share-based payments	**(3.2)**	(2.1)	(1.0)	(0.9)	(0.6)
Mineral product inventory movements	**27.8**	3.8	2.2	5.2	(8.9)
Total cash operating costs	**101.2**	87.3	75.2	76.9	73.6
Final product production tonnes	**550,700**	612,100	410,600	505,200	487,300
Cash operating cost per tonne of finished product	**$184**	$143	$183	$152	$151

Cash operating cost per tonne of ilmenite

	H1 2022	H1 2021	H1 2020	H1 2019	H1 2018
	$m	$m	$m	$m	$m
Total cash operating costs	**101.2**	87.3	75.2	76.9	73.6
Less FOB revenue from co-products zircon, rutile and mineral sands concentrate	**(48.6)**	(24.0)	(31.3)	(41.2)	(34.2)
Total cash costs less co-product revenue	**52.6**	63.3	43.9	35.7	39.4
Ilmenite product production tonnes	**499,700**	559,000	368,900	458,200	449,500
Cash operating cost per tonne of ilmenite	**$105**	$113	$119	$78	$88

Net debt/cash

	H1 2022	H1 2021	H1 2020	H1 2019	H1 2018
	$m	$m	$m	$m	$m
Bank debt	**(93.2)**	(128.0)	(145.2)	(73.5)	(93.3)
Transaction costs	**(3.0)**	(4.7)	(6.1)	–	–
Gross debt	**(96.2)**	(132.7)	(151.3)	(73.5)	(93.3)
Cash and cash equivalents	**30.7**	56.5	98.6	77.0	84.0
Net (debt)/cash	**(65.5)**	(76.2)	(52.7)	3.5	(9.3)

ROCE

	H1 2022	H1 2021	H1 2020	H1 2019	H1 2018
	$m	$m	$m	$m	$m
Operating profit	**75.0**	58.8	19.9	26.1	32.2
Total Equity and Non-Current Liabilities	**1,058**	1,087	1,085	954	913
ROCE %	**7%**	5%	2%	3%	4%

Glossary – Terms

Term	**Description**
CIF	Shipment term under an agreement for the sale of final product to a customer, providing for the seller to deliver the goods on board the vessel in the port of shipment and to pay the cost and freight necessary to bring goods to named port of destination. Risk of loss and damage are the same as CFR. Seller also has to procure marine insurance against buyer's risk of loss/damage during the carriage. Seller must clear the goods for export.
CFR	Shipment term under an agreement for the sale of final product to a customer, providing for the seller to deliver the goods on board the vessel in port of shipment and to pay the costs and freight necessary to bring the goods to the named port of destination, but the risks of loss or damage, as well as any additional costs due to events occurring after the time of delivery, are transferred from seller to buyer. Seller must clear goods for export.
The Company	Kenmare Resources plc
FOB	Shipment term under an agreement for the sale of final product to a customer, providing for the seller to deliver the goods on board the vessel at the named port of shipment but where the buyer has to bear all costs and risks to the goods from that point. The seller must clear the goods for export.
Group or Kenmare	Kenmare Resources plc and its subsidiary undertakings
HMC	Heavy mineral concentrate extracted from mineral sands deposits, and which include ilmenite, zircon, rutile and other heavy minerals and silica.
KMML Mozambique Branch	Mozambique branch of Kenmare Moma Mining (Mauritius) Limited (KMML)
KMPL Mozambique Branch	Mozambique branch of Kenmare Moma Processing (Mauritius) Limited (KMPL)
Lenders	Absa Bank Limited (acting through its Corporate and Investment Banking Division) ("Absa"), The Emerging Africa Infrastructure Fund (part of the Private Infrastructure Development Group ("PIDG")) ("EAIF"), Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division) ("Nedbank"), Rand Merchant Bank and Standard Bank Group ("Standard Bank").
Moma, Moma Mine or the Mine	The Moma Titanium Minerals Mine consisting of a heavy mineral sands, processing facilities and associated infrastructure, which mine is located in the north east coast of Mozambique under licence to the Project Companies.
MSP	Mineral Separation Plant
Mtpa	Million tonnes per annum
PFS	A Feasibility Study is an evaluation of a proposed mining project to determine whether the mineral resource can be mined economically. Pre-Feasibility Study is used to determine whether to proceed with a Definitive Feasibility Study and to determine areas within the project that require more attention. Pre-Feasibility Studies are done by factoring known unit costs and by estimating gross dimensions or quantities once conceptual or preliminary engineering and mine design has been completed.
Project Companies	Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited, wholly owned subsidiary undertakings of Kenmare Resources plc, that are incorporated in Mauritius.
Revolving Credit Facility	$40 million debt facility pursuant to the Senior Facilities Agreement dated 11 December 2019 between, amongst others, the Lenders and KMML Mozambique Branch and KMPL Mozambique Branch as borrowers.

Term Loan Facility	$110 million debt facility pursuant to the Senior Facilities Agreement dated 11 December 2019 between, amongst others, the Lenders and KMML Mozambique Branch and KMPL Mozambique Branch.
THM	Total heavy minerals in the ore of which ilmenite (typically 82%), rutile (typically 2.0%) and zircon (typically 5.5%) total approximately 90%.
tph	Tonnes per hour
WCP	Wet Concentrator Plant
WCP A	The original WCP, which started production in 2007
WCP B	The second WCP, which started production in 2013
WCP C	The third WCP, which started production in 2020