

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

22 March 2023

2022 PRELIMINARY RESULTS

Kenmare Resources plc (LSE:KMR, ISE:KMR), one of the leading global producers of titanium minerals and zircon, which operates the Moma Titanium Minerals Mine (the "Mine" or "Moma") in northern Mozambique, today announces its preliminary results for the twelve months to 31 December 2022.

Statement from Michael Carvill, Managing Director:

"2022 was a record year of financial performance for Kenmare. Our financial results were driven by steady production volumes and record product prices. Mineral product revenues increased 18% and EBITDA rose by 39% to \$298 million.

We are tracking within guidance for 2023, despite suffering an extremely severe lightning strike which halted production for an extended period in February, albeit towards the bottom end of our range for ilmenite and rutile. In 2023, the market for our products remains buoyant, although at marginally lower levels than the highs of Q3 2022, with strong customer demand for volume.

Kenmare moved to a net cash position of \$27.5 million at the end of 2022, which represents a \$110.3 million improvement over the 12 months. The Board is recommending a 2022 dividend of US\$54.31 per share, up 66% from US\$32.71 per share for 2021."

2022 overview

Financial

- Recommended 2022 dividend of \$51.5 million or US\$54.31 per share (2021: US\$32.71), up 66% on 2021, comprising an interim dividend of US\$10.98 per share (paid in October 2022) and a final dividend of US\$43.33 per share (payable May 2023)
- 18% increase in mineral product revenue to \$498.4 million in 2022 (2021: \$420.5 million), benefitting from a 42% increase in the average price received for Kenmare's products
- 13% increase in total cash operating costs to \$216.7 million (2021: \$191.8 million) as a result of higher prices for fuel and labour costs as well as increased electricity consumption
- 16% increase in cash operating costs per tonne to \$180 (2021: \$156) as a consequence of higher total cash operating costs and a 2% decrease in finished product production
- 36% decrease in cash operating cost per tonne of ilmenite to \$60 (2021: \$95) due to higher co-product revenues
- 39% increase in EBITDA to \$298.0 million (2021: \$214.2 million), due to stronger product pricing, representing a 60% EBITDA margin (2021: 51%)
- 60% increase in profit after tax to \$206.0 million (2021: \$128.5 million) due to higher product prices
- 83% increase in diluted earnings per share to \$2.12 (2021: \$1.16)
- Net cash of \$27.5 million at year end 2022 (2021: \$82.8 million net debt), with cash and cash equivalents of \$108.3 million (2021: \$69.1 million)

Operational

- Heavy Mineral Concentrate ("HMC") production increased 2% in 2022 to 1,586,200 tonnes (2021: 1,555,900 tonnes), benefitting from higher excavated ore volumes mined
- Ilmenite production decreased 3% in 2022 to 1,088,300 tonnes (2021: 1,119,400 tonnes)
- Shipments of finished products of 1,075,600 tonnes in 2022, a 16% decrease compared to record tonnes shipped in 2021, reflecting four months planned maintenance on a transshipment vessel, the Bronagh J
- 2023 ilmenite production guidance range of 1,050,000 to 1,150,000 tonnes

Dividend timetable

The Company confirms the dates for the proposed 2022 final dividend are as follows:

Ex-dividend date	13 April 2023
Record date	14 April 2023
Currency election date	18 April 2023 at 12:00 noon (IST)
AGM date for shareholder approval	11 May 2023
Payment date	19 May 2023

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.

Analyst and investor briefing and conference call

Kenmare will host a briefing and conference call for analysts, institutional investors, lenders and media today at 09:00 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 (0) 20 3481 4247
Ireland:	+353 (0) 1 582 2023
US:	+1 (646) 307-1963

To register for the webcast click [here](#). A playback of the webcast will be available at www.kenmareresources.com.

Private investor webinar

There will also be a separate webinar for private investors on Tuesday, 28 March 2023 at 12:30 UK time. To access the webinar, please register in advance by clicking [here](#).

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 7% of global titanium feedstocks and the Company supplies to customers operating in more than 15 countries. Kenmare produces raw materials that are ultimately consumed in everyday quality-of-life items such as paints, plastics and ceramic tiles.

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.

CHAIRMAN'S STATEMENT

Dear shareholders,

Introduction

It is a great honour to have succeeded Steven McTiernan as Chair of Kenmare following our AGM in May 2022. Kenmare has a world-class asset at Moma, a dedicated and talented workforce, safe and well-run operations, and a strong balance sheet.

I'm delighted that the Company achieved record financial results in 2022, including revenues, profitability and dividends.

A highlight of my year was getting out to site at Moma, meeting so many of our colleagues and seeing the passion and enthusiasm they have for our business. Our conversations really drove home to me the strength of Kenmare's culture and how it is lived on a daily basis by staff at all levels of the business.

The visit also provided an opportunity to see the new maternity unit at the Pílvilli health centre and inspect the high quality housing which was being built in preparation for the relocation of 86 households from the Isoa village. The Isoa relocation, which was completed in late 2022, has received extremely positive feedback: the new housing delivers a genuine uplift in living standards which I hope will be of lasting value to the community.

Transition to Nataka

Moma first achieved production in 2007, and 2022 marked 15 years of continuous operations there. The feasibility studies for the move to Nataka have demonstrated a clear route to the efficient and effective mining of this ore body and Wet Concentrator Plant (WCP) A is expected to begin transitioning to Nataka from 2025. Nataka represents the majority of our mineral resources and the detailed work we are doing now will underpin low-cost operations for decades to come. TZMI, the leading independent titanium minerals consultancy, has confirmed that Kenmare was a first quartile producer in 2021. When assessing financial investments, our priority is maintaining the best industry position possible on a sustainable basis to ensure strong business performance through the cycle. Further updates on the Nataka plans will be provided by the management team at the Capital Markets Day in April 2023.

Shareholder returns

2022 marks the fourth consecutive year of dividend payments to shareholders. The Board is recommending a final dividend for 2022 of US\$43.33 (2021: US\$25.42) per share, taking total dividends to \$51.5 million or US\$54.31 per share (2021: US\$32.71), up 66% on 2021.

Looking forward, Kenmare remains committed to returning excess cash to shareholders. In 2023 we expect to begin making capital investments to support the transition of WCP A to Nataka, and there will be a need to balance our planning for long-term returns to shareholders with these funding requirements. We intend to maintain a strong balance sheet as we fund this capital programme, recognising a less certain global economic outlook.

Sustainability

We achieved almost 12 million hours worked without a Lost Time Injury to late September 2022, representing more than 18 months of operations. This was a phenomenal achievement, made possible by the hard work and dedication of all our colleagues. Maintaining this focus on safety is an important goal for 2023.

I am pleased that we have increased the number of female mine employees from 6.9% in 2018 to 14.5% at the end of 2022. This met our gender diversity target for the year but, looking beyond numerical targets, our talented female colleagues are demonstrating the real benefits of diversity through their invaluable contributions across the Kenmare team.

We acknowledge the human contribution to climate change and aim to reduce emissions from our already low carbon intensity operations. Kenmare has an ambition to achieve Net Zero on Scope 1 and 2 emissions by 2040, through ongoing decarbonisation of our operations and active offsetting to abate residual emissions. Absolute greenhouse gas emissions reduced by 6% year on year in 2022, benefitting from the investment we made in Rotary Uninterruptible Power Supply (RUPS) to reduce the usage of diesel generators, whilst maintaining stable power to support operations at the Mineral Separation Plant. An extensive maintenance programme at the Mineral Separation Plant also delivered significant diesel efficiencies at the dryers. More details on our achievements, targets and challenges can be found in the Sustainability section of our Annual Report.

Board Developments

Steven McTiernan stepped down as Chair of the Board of Directors following our 2022 AGM, having served nine years on the Board, most of them as Chair. During his time Steven greatly improved the Board's strength and diversity and its governance of Kenmare. I'd like to thank Steven for his guidance, dedication and the time he took to ensure a smooth handover.

In May 2022, the Company announced that our longstanding Financial Director, Tony McCluskey, would be stepping down from the role. Alongside Michael Carvill, Tony led the Company from the exploration phase through to mine development and onto expansion and his dedication to the role was unwavering through his tenure.

Tom Hickey was appointed as Tony's replacement and brings significant financial and natural resources experience to Kenmare, having served for 15 years as Executive Director of several public companies, including eight years as Chief Financial Officer of the African and South American-focused oil and gas producer Tullow Oil plc.

On 31 December 2022, Sameer Oundhakar stepped down from his role with Oman Investment Authority (OIA), which controls African Acquisition S.à.r.l. (AAS), one of Kenmare's largest investors, and which had nominated Sameer to the Kenmare Board. As a result, he stepped down from the Kenmare Board on that date and AAS nominated Issa Al Balushi in his place, who was appointed as a Director in early 2023.

Consequently, four of our nine Directors have been appointed in the last eighteen months. Priorities for 2023 include continued senior management succession planning.

I was pleased to see that this year's internal performance evaluation process indicated a high level of satisfaction with the composition, performance and effectiveness of the Board and Committees. We will continue to improve this effectiveness through a number of initiatives in 2023.

Acknowledgements

On behalf of the Board, I would like to thank Steven McTiernan and Tony McCluskey for their leadership and contributions to the growth of Kenmare over many years, making it the business it is today.

Thank you to everyone who has contributed to the Company's success over the past year: in particular our employees, customers, contractors, local communities and suppliers.

We are a business of scale, supplying over 7% of global titanium feedstocks, and we are fortunate to have mineral resources to grow even further. We are continuing to invest in Moma to ensure a smooth transition to mining at Nataka, where the bulk of our mineral resources lie, whilst seeking to maintain a first quartile industry position for decades to come.

I look to the future with great optimism and excitement and firmly believe that the successful transition to Nataka will establish a foundation for the long-term success of the Company, to the benefit of all our stakeholders.

Andrew Webb
Chairman

MANAGING DIRECTOR'S STATEMENT

Dear shareholders,

Introduction

2022 marked a year of outstanding financial performance for Kenmare, supported by strong product markets. Record revenue and EBITDA, for a second consecutive year, moved the Company into a net cash position by year end.

This has enabled the Board to recommend significantly increased dividends, up 66% on 2021 to US\$54.31 per share; also benefitting from the reduced share count related to the buyback completed in late 2021.

After over 30 years with Kenmare, Tony McCluskey retired in 2022 and I'd like to personally thank him for his huge contribution. He leaves Kenmare in the strongest financial position in its history. I would also like to welcome Tom Hickey who has been appointed as Tony's successor, an experienced CFO with 15 years as Executive Director in public companies and significant experience in natural resources and operating in Africa.

Safety

We achieved almost 12 million hours worked without any Lost Time Injuries (LTI) to late September 2022 – a huge achievement and testament to the strong safety culture we have been striving to build.

While Kenmare's LTIFR increased to 0.09 incidents per 200,000 hours worked compared to 0.03 in 2021, it nevertheless reduced by 50% relative to the 3-year rolling average of 0.18. For a seventh consecutive year we also retained our NOSA maximum five-star level, based on NOSA's independent assessment of the safety systems and procedures at Moma.

However, the three LTIs recorded in late 2022 have caused us to redouble efforts to ensure consistent observance of good safety practices.

Sustainability

At Kenmare, we have always tried to put Sustainability at the heart of everything we do by being a trusted corporate citizen that aims to deliver a net positive impact to all stakeholders.

In 2022 the Company completed the RUPS project; this helps to mitigate power supply disruptions at the Mineral Separation Plant and successfully reduced outages during the 2022/3 wet season. It also helps to drive lower carbon emissions, through the reduced usage of diesel generators.

The RUPS project is a good example of NPV positive projects that are also aligned to our goals of achieving Net Zero on Scope 1 and 2 emissions by 2040. We are working hard to identify more projects in the same vein.

Kenmare prides itself on being an organisation where employees can continue to grow and develop over many years. It was particularly pleasing for me to present at our Long Service Awards ceremony at Moma in September 2022, where we congratulated almost 500 employees who had completed more than 10, 20, or even 30 years of service. I was very honoured to see the long-term commitment many of our colleagues have made to the success of our business. We have continued to invest in our people. Each employee at Moma received an average of 46 hours of training during the year, including 186 employees taking part in a bespoke management and leadership coaching programme.

We recently completed our second bi-annual employee engagement survey. Overall engagement levels were found to be 83%, which is high relative to the 65% average reported by the company that carried out the survey. However, the results are lower than our previous survey (2020: 97% engaged) and we will be analysing them closely to form thematic action plans.

Operational performance

In 2022, revised production guidance was achieved for ilmenite and rutile while original production guidance was achieved for primary zircon and concentrates. HMC production in 2022 was 1,586,200 tonnes, a 2% increase compared to 2021. Whilst this was a slight improvement, excavated ore and recoveries were impacted by power outages, difficult mining conditions and slimes, as well as the previously reported bad weather early in the year.

Shipments were impacted by our Bronagh J transshipment vessel going into five-yearly dry dock for maintenance work in Q2/Q3 and by poor weather conditions. However, Q4 2022 was the strongest quarter of the year for shipments and close to a record, with 365,700 tonnes shipped, demonstrating our ability to achieve a 1.3 Mtpa run rate.

Costs were negatively impacted by high inflation rates and unit costs were a product of lower production and higher operating costs.

It has been a stated core strategy of the business to achieve a first quartile revenue to cash cost position in our industry and we were delighted that TZMI, the leading independent commodity consultancy in mineral sands, declared that Kenmare achieved this goal in respect of 2021.

Product market

Kenmare's unique 100-year life-of-mine operation produces a range of titanium feedstocks and accounts for 7% of global titanium feedstock supply. Titanium is listed on the critical minerals list of a number of countries, including the US and in Europe, and used in a wide variety of applications such as providing opacity and colour in paints, paper, plastics, fabrics, inks, and in the manufacture of titanium metal. Zircon products are used in the ceramic industry and in the production of zirconia chemicals, which in turn are used in screens and electronics. Our mineral sands concentrate product contains Rare Earth Oxides which have also been highlighted as critical minerals for the energy transition.

2022 was a strong year for Kenmare's sales. The average price of Kenmare's product suite increased 42% to a record of \$463/t as Kenmare continued to establish its position as a reliable supplier of titanium feedstocks. With security and reliability of supply increasingly prominent considerations for many downstream customers, we are seeing the market assign a greater value to Kenmare as a proven, stable long-term supplier, enabling us to place our products in the strongest downstream markets. As high-grade feedstocks continue to deplete, Kenmare's position as the largest merchant supplier of ilmenite provides an optimal position from which to capitalise on ilmenite's growing market share through beneficiation. It also enables us to invest for the future with confidence.

The first half of 2022 saw momentum continue from 2021 as pigment producers operated at close to full capacity and were constrained due to shortages of titanium feedstocks. Pigment demand decreased throughout the year as the global economic outlook weakened and China's zero-COVID-19 policy muted industrial activity. Pigment destocking and inflationary cost increases pressured pigment producers' margins, forcing some producers to delay purchases, constrain production or idle pigment lines. We expect pigment stocks to have depleted in early 2023 with strong signs of increasing demand and the restarting of pigment lines. Despite increased pressure on the pigment market, Kenmare continued to see robust demand and in Q4 2022 achieved a ninth consecutive quarterly price increase for ilmenite.

Capital projects

To support the future mine life at Moma, we will need to transition production to Nataka, the largest ore zone in Moma's portfolio, in the coming years. Studies to support WCP A's transition to Nataka, which starts mining there from 2025, continue to progress well.

Unlike the move of WCP B via road, WCP A will mine its way to a high-grade path in Nataka through a transition corridor from Namalope. Once WCP A has arrived in Nataka, the plant will spend the rest of its economic life there. The ore we mine contains very fine particles that do not settle easily in water - known as slimes. They cause challenges with our operations and slimes management is a key factor in keeping our operating costs low. The slimes levels in our mining path have been growing in recent years and the move to Nataka will further raise the levels of slimes encountered. Management of these conditions is essential to successful production at Nataka and we expect to introduce a dedicated desliming circuit at WCP A in advance of the move to fully address these operational challenges.

Studies have been focused on the optimisation of mining in this new ore zone to make sure that we can remain in the first quartile of the revenue to cash cost position in our industry, as this is central to our strategy of ensuring strong cashflows through the cycle. This has involved extensive work developing a robust operating model and assessing the appropriate balance between capital and operating costs to obtain the optimal solution.

Outlook

I would like to thank all our colleagues who have continued to work tirelessly to support the growth of Kenmare. Working closely with our partners, particularly those in Mozambique, is a key element to our success and I would like to thank them all for their support last year.

The work Kenmare completed since 2018 to increase production volumes, control costs and become a first quartile producer in our industry has built a great foundation. Despite a potentially softer global economy in the short term, we remain strongly positioned with record profitability.

In 2023 we expect our product markets to be more challenging, although our fundamentals remain strong. We have an industry leading safety record and a long-life ore body, with mineral resources to support production for more than 100 years. Our robust balance sheet and strong cashflow generation give us confidence in our ability to maintain strong shareholder returns whilst funding the transition of WCP A, to secure mining for decades to come.

I look forward to laying out our future plans in more detail at the Capital Markets Day on 26 April 2023.

Michael Carvill
Managing Director

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Notes	Unaudited 2022 \$'000	2021 Restated* \$'000
Revenue	2	525,988	455,944
Cost of sales	4	(282,694)	(295,010)
Gross profit		243,294	160,934
Administration Expenses	4	(9,862)	(9,825)
Operating profit		233,432	151,109
Finance income	5	1,147	265
Finance costs	5	(12,472)	(14,078)
Profit before tax		222,107	137,296
Income tax expense	6	(16,073)	(8,770)
Profit for the financial year and total comprehensive income for the financial year		206,034	128,526
Attributable to equity holders		206,034	128,526
		\$ per share	\$ per share
Basic earnings per share	7	2.17	1.18
Diluted earnings per share	7	2.12	1.16

*Refer to Note 4 for further details on the 2021 restatement.

The accompanying notes form part of these financial statements.

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Notes	Unaudited 2022 \$'000	2021 \$'000
Assets			
Non-current assets			
Property, plant and equipment	8	930,759	954,558
Right-of-use assets	9	1,608	2,136
		932,367	956,694
Current assets			
Inventories	10	84,171	60,219
Trade and other receivables	11	124,018	74,747
Cash and cash equivalents	12	108,271	69,057
		316,460	204,023
Total assets		1,248,827	1,160,717
Equity			
Capital and reserves attributable to the Company's equity holders			
Called-up share capital	13	104	104
Share premium		545,950	545,950
Other reserves		232,759	230,539
Retained earnings		324,721	154,050
Total equity		1,103,534	930,643
Liabilities			
Non-current liabilities			
Bank loans	14	46,180	74,757
Lease liabilities	9	1,540	971
Provisions	15	19,746	38,999
		67,466	114,727
Current liabilities			
Bank loans	14	32,398	73,342
Lease liabilities	9	245	1,207
Trade and other payables	16	35,293	32,768
Current tax liabilities	17	8,893	4,808
Provisions	15	998	3,222
		77,827	115,347
Total liabilities		145,293	230,074
Total equity and liabilities		1,248,827	1,160,717

The accompanying notes form part of these financial statements.

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Unaudited Called- Up Share Capital \$'000	Unaudited Share Premium \$'000	Unaudited Other Reserves \$'000	Unaudited Retained Earnings \$'000	Unaudited Total \$'000
Balance at 1 January 2021	120	545,950	231,350	123,083	900,503
Total comprehensive income for the year					
Profit for the financial year	–	–	–	128,526	128,526
Total comprehensive income for the year	–	–	–	128,526	128,526
Transactions with owners of the Company					
Recognition of share-based payment expense	–	–	3,420	–	3,420
Exercise of share-based payment awards	–	–	(2,283)	–	(2,283)
Unvested and expired share-based payments	–	–	(1,964)	1,964	–
Tender offer share buyback	(16)	–	81,605	(81,589)	–
Tender offer share buyback transaction costs	–	–	–	(1,540)	(1,540)
Cancellation of treasury shares	–	–	(81,589)	–	(81,589)
Dividends paid	–	–	–	(16,394)	(16,394)
Total contributions and distributions	(16)	–	(811)	(97,559)	(98,386)
Balance at 1 January 2022	104	545,950	230,539	154,050	930,643
Total comprehensive income for the year					
Profit for the financial year	–	–	–	206,034	206,034
Total comprehensive income for the year	–	–	–	206,034	206,034
Transactions with owners of the Company					
Recognition of share-based payment expense	–	–	5,601	–	5,601
Exercise of share-based payment awards	–	–	(3,363)	–	(3,363)
Shares acquired by the Kenmare Employee Benefit Trust	–	–	(1,797)	–	(1,797)
Shares distributed by the Kenmare Employee Benefit Trust	–	–	1,779	–	1,779
Odd lot offer share buyback	–	–	515	(515)	–
Cancellation of treasury shares	–	–	(515)	–	(515)
Odd lot offer share buyback transaction costs	–	–	–	(122)	(122)
Dividends paid	–	–	–	(34,726)	(34,726)
Total contributions and distributions	–	–	2,220	(35,363)	(33,143)
Balance at 31 December 2022	104	545,950	232,759	324,721	1,103,534

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Notes	Unaudited 2022 \$'000	2021 \$'000
Cash flows from operating activities			
Profit for the financial year after tax		206,034	128,526
Adjustment for:			
Foreign exchange movement included in operating costs	4	1,123	1,872
Expected credit losses	18	1,110	225
Share-based payments		5,601	3,420
Finance income	5	(1,147)	(265)
Finance costs	5	12,472	14,078
Income tax expense	6	16,073	8,770
Depreciation	8, 9	64,596	63,136
		305,862	219,762
Change in:			
Provisions		(2,141)	2,372
Inventories		(23,952)	3,451
Trade and other receivables		(47,627)	(45,057)
Trade and other payables		(1,680)	(15,681)
Exercise of share-based payment awards		(1,566)	(2,283)
Cash generated from operating activities		228,896	162,564
Income tax paid		(10,461)	(6,284)
Interest received	4	657	265
Interest paid	14	(6,921)	(7,147)
Factoring and other trade facility fees	5	(2,218)	(1,431)
Debt commitment fees paid	5	(534)	(161)
Net cash from operating activities		209,419	147,806
Investing activities			
Additions to property, plant and equipment	8	(59,867)	(60,342)
Net cash used in investing activities		(59,867)	(60,342)
Financing activities			
Dividends paid		(34,726)	(16,394)
Odd lot offer share buyback		(515)	–
Odd lot offer share buyback transaction costs		(122)	–
Tender offer share buyback		–	(81,589)
Tender offer share buyback transaction costs		–	(1,540)
Market purchase of equity under Kenmare Restricted Share Plan		(1,797)	–
Drawdown of debt	14	20,000	20,000
Repayment of debt	14	(91,429)	(20,000)
Payment of lease liabilities		(1,142)	(1,449)
Net cash used in financing activities		(109,731)	(100,972)
Net increase/(decrease) in cash and cash equivalents		39,821	(13,508)
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		(607)	(4,679)
Cash and cash equivalents at the end of the financial year	12	108,271	69,057

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. Statement of accounting policies

Kenmare Resources plc (the “Company”) is domiciled in the Republic of Ireland. The Company’s registered address is Styne House, Hatch Street Upper, Dublin 2. The Company has a premium listing on the Main Market of the London Stock Exchange and a secondary listing on Euronext Dublin. These unaudited consolidated financial statements comprise the Company and its subsidiary undertakings (the “Group”). The principal activity of the Group is the operation and further development of the Moma Titanium Minerals Mine in Mozambique.

On 21 March 2023, the Directors approved the preliminary results for publication. While the consolidated financial statements for the year ended 31 December 2022, from which the preliminary results have been extracted, are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, these preliminary results do not contain sufficient information to comply with IFRS. The Directors expect to publish on 6 April 2023 the full financial statements that comply with IFRS as adopted by the European Union.

The auditor, KPMG, has not yet issued their audit opinion on the financial statements in respect of the year ended 31 December 2022. The financial information included within this unaudited preliminary results statement for the year ended 31 December 2022 does not constitute the statutory financial statements of the Group within the meaning of section 293 of the Companies Act 2014. The Group financial information in this preliminary statement for the year ended 31 December 2022 is unaudited. A copy of the statutory financial statements in respect of the year ended 31 December 2022 will be annexed to the next annual return and filed with the Registrar of Companies.

The Group financial information for the year ended 31 December 2021 included in this preliminary statement represents an abbreviated version of the Group’s financial statements for that year. The statutory financial statements for the Group for the year ended 31 December 2021, upon which the auditor, KPMG, has issued an unqualified opinion, were annexed to the annual return of the Company and filed with the Registrar of Companies.

None of the new and revised standards and interpretations which are effective for accounting periods beginning on or after 1 January 2022, have a material effect on the Group’s financial statements.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFR Interpretations Committee (IFRIC) as adopted by the EU and those parts of the Companies Act 2014 applicable to companies reporting under IFRS and Article 4 of the IAS Regulation.

The 2021 income statement has been restated in order to reclassify freight costs and distribution costs from other operating costs to cost of sales. In addition, foreign exchange losses have been reclassified to other operating costs and are no longer presented separately on the face of the income statement. Management feel these presentational changes more appropriately reflect the nature of each category of expense. Further details can be found in Note 4.

Going concern

The Directors have evaluated the appropriateness of the going concern basis in preparing the 2022 Consolidated Financial Statements for a period of at least twelve months from the date of approval of these financial statements (the ‘period of assessment’). The evaluation is based on the Group’s cash flow forecast (“the Group Forecast”).

The Group Forecast has been prepared by management with best estimates of production, pricing and cost assumptions over the period of assessment. The Group recognises the principal risks which can impact on the outcome of the Group Forecast and have therefore applied sensitivity analysis to the assumptions to test the robustness of the cash flow forecast for changes in market prices, shipments, operating and capital cost assumptions.

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. Debt covenants are complied with and Group liquidity is maintained, although at lower levels, in each of these scenarios.

Having assessed the principal risks facing the Group, together with the Group’s cash flow forecast, the Directors have a reasonable expectation that the Group has adequate resources for the foreseeable future and can continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

2. Revenue

	2022 \$'000	2021 \$'000
Revenue from contracts with customers		
Revenue derived from the sale of mineral products	498,339	420,550
Revenue derived from freight services	27,649	35,394
Total Revenue	525,988	455,944

Revenue by product

The principal categories for disaggregating mineral products 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.

During the financial year, the Group sold 1,075,600 tonnes (2021: 1,285,300 tonnes) of finished products to customers at a sales value of \$498.3 million (2021: \$420.5 million). The Group earned revenue derived from freight services of \$27.6 million (\$35.4 million).

	2022 \$'000	2021 \$'000
Revenue derived from sales of mineral products by primary product		
Ilmenite	347,446	334,714
Primary zircon	99,152	62,727
Concentrates	33,057	19,554
Rutile	18,684	3,555
Total revenue from mineral products	498,339	420,550
Revenue derived from Freight services	27,649	35,394
Total Revenue	525,988	455,944

Revenue by destination

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. Where total disclosed revenue disaggregated by country constitutes less than 75% of total Group revenue, additional disclosures are made on a regional basis until at least 75% of the Group's disaggregated revenue is disclosed. There were no individual countries within Europe, Asia (excluding China) or the Rest of the World with revenues representing 10% or more of the Group's total revenue during the year.

	2022 \$'000	2021 \$'000
Revenue derived from sales of mineral product by destination		
China	154,704	192,635
Europe	130,440	77,891
Asia (excluding China)	108,487	74,583
USA	51,600	44,312
Rest of the World	53,108	31,129
Total revenue from mineral products	498,339	420,550
Revenue derived from Freight services	27,649	35,394
Total Revenue	525,988	455,944

Revenue by major customers

The Group evaluates the concentration of mineral product revenue by major customer. The following table disaggregates mineral product revenue from the Group's four largest customers.

	2022 \$'000	2021 \$'000
Mineral product revenue from external customers		
Largest customer	74,671	65,500
Second largest customer	62,791	62,285
Third largest customer	58,413	50,642
Fourth largest customer	41,015	42,029
Total	236,890	220,456

**UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. Revenue (continued)

All Group revenues from external customers are generated by the Moma Titanium Minerals Mine in Mozambique. Further details on this operating segment can be found in Note 3. Sales to and from Ireland were \$nil (2021: \$nil) in the year.

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:

	2022			2021 Restated		
	Corporate	Mozambique	Total	Corporate	Mozambique	Total
Revenue & Results						
Revenue*	–	525,988	525,988	–	455,944	455,944
Cost of sales	–	(282,694)	(282,694)	–	(295,010)	(295,010)
Gross profit	–	243,294	243,294	–	160,934	160,934
Administrative expenses	(7,848)	(2,014)	(9,862)	(7,700)	(2,125)	(9,825)
Segment operating profit	(7,848)	241,280	233,432	(7,700)	158,809	151,109
Finance income	23	1,124	1,147	47	218	265
Finance expenses	(83)	(12,389)	(12,472)	(98)	(13,980)	(14,078)
Profit before tax	(7,908)	230,015	222,107	(7,751)	145,047	137,296
Income tax expense	(1,601)	(14,472)	(16,073)	(3,083)	(5,687)	(8,770)
Profit for the financial year	(9,509)	215,543	206,034	(10,834)	139,360	128,526
Segment assets & Liabilities						
Segment Assets	12,583	1,236,244	1,248,827	6,798	1,153,919	1,160,717
Segment Liabilities	4,722	140,571	145,293	4,221	225,853	230,074
Additions to non-current assets						
Segment Additions to non-current assets	–	59,867	59,867	–	60,342	60,342

*Revenue excludes inter-segment revenue of \$24.2m earned by the corporate segment relating to marketing and management services fee income. Inter-segment revenue is determined by intercompany agreements between the Group's subsidiary undertakings but does not form part of regular reporting reviewed by the Group's Board.

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

4. Cost and income analysis

	2022 \$'000	Restated 2021 \$'000
Expenses by function		
Cost of sales	282,694	295,010
Administration expenses	9,862	9,825
Total	292,556	304,835

Expenses by nature can be analysed as follows:

	2022 \$'000	Restated 2021 \$'000
Expenses by nature		
Staff costs	55,907	46,712
Repairs and maintenance	43,151	43,208
Power and fuel	43,960	30,400
Freight	27,649	35,394
Distribution costs	5,699	5,215
Other production and operating costs	72,099	69,552
Movement of mineral products inventory	(21,628)	9,346
Depreciation of property, plant and equipment and right-of-use assets	64,596	63,136
Foreign exchange loss	1,123	1,872
Total	292,556	304,835

**UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

4. Cost and income analysis (continued)

Mineral products consist of finished products and heavy mineral concentrate as detailed in Note 10. Mineral stock movement in the year was an increase of \$21.6 million (2021: \$9.3 million decrease). Distribution costs of \$5.7 million (2021: \$5.2 million) represent the cost of running the Mine's finished product storage, jetty and marine fleet. Freight costs of \$27.6 million (2021: \$35.4 million) arise from sales to customers on a CIF or CFR basis. There were no exceptional items within operating profit in 2022 (2021 restated: \$nil). The 2021 income statement has been restated in order to reclassify freight costs and distribution costs from other operating costs to cost of sales. In addition, foreign exchange gains and losses have been reclassified to administrative costs and are no longer presented separately on the face of the income statement. Management feel these presentational changes more appropriately reflect the nature of each category of expense.

	As previously reported	Adjustment	As restated \$'000
Revenue	455,944	–	455,944
Cost of sales	(244,986)	(50,024)	(295,010)
Other Operating Costs/Administration Expenses	(57,977)	48,152	(9,825)
Net Finance costs	(11,788)	(2,025)	(13,813)
Foreign exchange	(3,897)	3,897	–
Taxation	(8,770)	–	(8,770)
Profit for the financial year and total comprehensive income for the financial year	128,526	–	128,526

5. Net Finance costs

	2022 \$'000	Restated 2021 \$'000
Finance costs		
Interest on bank borrowings	(8,829)	(9,475)
Interest on lease liabilities	(147)	(239)
Factoring and other trade facility fees	(2,218)	(1,431)
Commitment and other fees	(534)	(161)
Unwinding of discount on mine closure provision	(744)	(747)
Foreign exchange loss	–	(2,025)
Total Finance Costs	(12,472)	(14,078)
Interest earned on bank deposits	657	265
Foreign exchange gain	490	–
Total Finance Income	1,147	265
Net finance costs recognised in profit or loss	(11,325)	(13,813)

All interest has been expensed in the financial year. The Group has classified factoring and other trade facility fees in net cash from operating activities in the Consolidated Statement of Cashflows.

6. Income tax expense

	2022 \$'000	2021 \$'000
Corporation tax	16,073	8,770
Deferred tax	–	–
Total	16,073	8,770
Reconciliation of effective tax rate		
Profit before tax	222,107	137,296
Profit before tax multiplied by the applicable tax rate (12.5%)	27,763	17,162
Under provision in respect of prior years	546	–
Non-taxable income	(18,120)	(10,826)
Non-deductible expenses	483	331
Differences in effective tax rates on overseas earnings	5,401	2,103
Total	16,073	8,770

During the year, KMMML Mozambique Branch had taxable profits of \$39.9 million (2021: \$16.2 million), resulting in an income tax expense of \$14.5 million (2021: \$5.7 million) being recognised. The income tax rate applicable to taxable profits of KMMML Mozambique Branch is 35% (2021: 35%).

**UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

6. Income tax expense (continued)

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 31 December 2022.

KMPL Mozambique Branch has Industrial Free Zone (IFZ) status. As an IFZ Branch, it is exempted from corporation taxes and hence its income is non-taxable.

During the year, Kenmare Resources plc had taxable profits of \$13.3 million (2021: \$32.5 million) as a result of management and marketing service fee income earned on services provided to subsidiary undertakings, resulting in a corporate tax expense of \$1.6 million (2021: \$3.1 million).

7. 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:

	2022	2021
	\$'000	\$'000
Profit for the financial year attributable to equity holders of the Company	206,034	128,526

	2022	2021
	Number of shares	Number of shares
Weighted average number of issued ordinary shares for the purpose of basic earnings per share	94,919,944	108,843,459
Effect of dilutive potential ordinary shares:		
Share awards	2,361,819	2,185,857
Weighted average number of ordinary shares for the purposes of diluted earnings per share	97,281,763	111,029,316

	\$ per share	\$ per share
Basic earnings per share	2.17	1.18
Diluted earnings per share	2.12	1.16

The denominator for the purposes of calculating both basic and diluted earnings per share has been adjusted to reflect shares acquired and subsequently cancelled during the year.

**UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8. Property, plant and equipment

	Plant and 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 year	252	112	59,261	242	59,867
Transfer from construction in progress	48,233	1,767	(69,918)	19,918	–
Disposals	(10,230)	–	–	(7,201)	(17,431)
Adjustment to mine closure cost	(20,080)	–	–	–	(20,080)
At 31 December 2022	1,035,604	260,051	50,773	77,390	1,423,818
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 year	44,435	6,379	–	12,772	63,586
Disposals	(10,230)	–	–	(7,201)	(17,431)
At 31 December 2022	304,318	147,868	–	40,873	493,059
Carrying amount					
At 31 December 2022	731,286	112,183	50,773	36,517	930,759
At 31 December 2021	747,316	116,683	61,430	29,129	954,558

An adjustment to the mine closure cost of \$20.1 million (2021: \$2.2 million) was made during the year as a result of an update in the discount rate as detailed in Note 15.

At each reporting date, the Group assesses whether there is any indication that property, plant and equipment may be impaired. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators for impairment. As at 31 December 2022, the market capitalisation of the Group was below the book value of net assets, which is considered an indicator of impairment. The Group carried out an impairment review of property, plant and equipment as at 31 December 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 year. No impairment was recognised in the prior financial year. Given the historic volatility in product pricing and sensitivity analysis of forecast product pricing, 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 14.0% (2021: 10.5%).

Key assumptions include the following:

- The discount rate is based on the Group's weighted average cost of capital. This rate is a best estimate of the current market assessment of the time value of money and the risks specific to the Mine, taking into consideration country risk, currency risk and price risk. The factors making up the cost of equity, cost of debt and capital structure have changed from the prior year review, to reflect increases in the risk-free rate, resulting in a discount rate of 14.0% (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 14.0%, the recoverable amount is greater than the carrying amount by \$86.9 million (2021: \$384.0 million). The discount rate is a significant factor in determining the recoverable amount. A 1.5% increase in the discount rate to 15.5% reduces the recoverable amount by \$86.9 million to \$nil, assuming all other inputs remain unchanged. The decrease in the recoverable amount from the prior year is a result of decreased cash flows over the life of mine as a result of increased forecast capital and operating costs and an increase in the discount rate from 10.5% to 14.0%.

**UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8. Property, plant and equipment (continued)

- A mine plan is based on the Namalope, Nataka, Pilivilil and Mualadi proved and probable reserves and resources. Specific resource material is included only where there is a high degree of confidence in its economic extraction. The Mine life assumption of 40 years has not changed from the prior year review. Average annual production is approximately 1.2 million tonnes (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 prior year review. This mine plan does not include investment in additional mining capacity. Certain minimum stocks of final and intermediate products are assumed to be maintained at period ends.
- Product sales prices are based on contract prices as stipulated in marketing agreements with customers, or where contracts are based on market prices or production is not currently contracted, prices are forecast by the Group taking into account independent titanium mineral sands expertise provided by TiPMC Solutions and management expectations including general inflation of 2% per annum. Forecast prices provided by TiPMC Solutions have been reviewed and found to be consistent with other external sources of information. Average forecast product sales prices have increased over the life of mine from the prior year end review as a result of revised forecast pricing. A 2.5% reduction in average sales prices over the life of mine reduces the recoverable amount by \$86.9 million to \$nil, assuming all other inputs remain unchanged.
- Operating costs are based on approved budget costs for 2023 taking into account conservative estimated inflation rates for 2023. From 2024 onwards, operating costs are escalated by 2% per annum as management expects inflation to normalise and average 2% over the life of mine period. Average forecast operating costs have increased from the prior year end review as a result of increased production and inflation. Increased costs associated with estimated future power consumption and unit prices for mining in Nataka have also been included in the forecast cashflows. A 5.0% increase in operating costs over the life of mine reduces the recoverable amount by \$86.9 million to \$nil, assuming all other inputs remain unchanged.

Whilst the Group has set ambitions to be net zero by 2040, the financial impact is still being assessed as the Group considers how it will work towards meeting this target. As such, estimates and judgements within these financial statements do not consider the expenditure (or any related savings) associated with the Company's ambition to become net zero nor the financial impact of the climate risks disclosed within the Group's TCFD reporting as a reliable estimate cannot currently be made.

- Capital costs are based on a life of mine capital plan including inflation at 2% per annum from 2024. Average forecast capital costs have increased and their scheduling has changed from the prior year end review based on updated sustaining and development capital plans required to maintain the existing plant over the life of mine. A 8.0% increase in capital costs over the life of mine reduces the recoverable amount by \$86.9 million to \$nil, assuming all other inputs remain unchanged.

9. Right-of-use assets and lease liabilities

	Plant and Equipment \$'000	Land and Buildings \$'000	Total \$'000
Cost			
At 1 January 2022	3,319	2,108	5,427
Additions	–	482	482
At 31 December 2022	3,319	2,590	5,909
Accumulated Depreciation			
At 1 January 2022	2,489	802	3,291
Depreciation expense	830	180	1,010
At 31 December 2022	3,319	982	4,301
Carrying amount			
At 31 December 2022	–	1,608	1,608
At 31 December 2021	830	1,306	2,136

On 1 January 2019, the Group recognised a lease liability of \$3.3 million in relation to electricity generators at the Mine. The lease for the electricity generators was renewed in November 2017 for a five-year period and rental payments were fixed for the five years. The lease agreement expired in November 2022 and following negotiations the Group completed the acquisition process of the electricity generators in February 2023.

On 1 January 2019, the Group recognised a lease liability of \$1.7 million in respect of the rental of its Irish head office. The 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.

**UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

9. Right-of-use assets and lease liabilities (continued)

In February 2019, the Group recognised a lease liability of \$0.4 million in respect of 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 Branch has discounted lease payments using its incremental borrowing rates. The weighted average rate applied is 7%.

In December 2022, the Maputo Office lease was modified and remeasured. The lease term was extended to 10 years commencing 1 December 2022. In addition, additional floor space of 250 square meters was leased as an addendum to the existing contract. The Group has determined that the lease modification should not be accounted for as a separate lease because the lease payments for the new office space are not considered commensurate with market rentals for office space of that size and characteristic. The incremental borrowing rate applied to the remeasured lease is 10.2%.

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 31 December 2022 or 31 December 2021.

The Group has recognised a rental expense of \$3.9 million (2021: \$9.0 million) in relation to short term leases of machinery and vehicles which have not been recognised as a right-of-use asset.

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

	2022	2021
	\$'000	\$'000
Current	245	1,207
Non-current	1,540	971
Total	1,785	2,178

The consolidated income statement includes the following amounts relating to leases:

	2022	2021
	\$'000	\$'000
Depreciation expense	1,010	1,084
Interest expense on lease liabilities	147	239
Total	1,157	1,323

10. Inventories

	2022	2021
	\$'000	\$'000
Mineral products	43,655	22,027
Consumable spares	40,516	38,192
	84,171	60,219

At 31 December 2022, total final product stock was 213,500 tonnes (2021: 88,700 tonnes). Closing stock of heavy mineral concentrate was 18,800 tonnes (2021: 11,500 tonnes). During the year, inventory amounting to \$235.2 million (2021: \$246.4 million) was recognised as an expense in cost of sales.

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 year, there was a write-down of \$nil (2021: \$0.5 million) to mineral products charged to cost of sales to value mineral products at net realisable value.

**UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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11. Trade and other receivables

	2022 \$'000	2021 \$'000
Trade receivables	104,970	66,204
VAT receivable	4,527	790
Prepayments	14,521	7,753
	124,018	74,747

12. Cash and cash equivalents

	2022 \$'000	2021 \$'000
Bank balances	108,271	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.

13. Called-up share capital

	2022 €'000	2021 €'000
Authorised share capital		
181,000,000 ordinary shares of €0.001 each	181	181
	181	181

	2022 \$'000	2021 \$'000
Allotted, called up and fully paid		
Opening balance		
94,921,970 (2021: 109,736,382) ordinary shares of €0.001 each	104	120
Acquired and cancelled		
92,419 (2021: 14,814,412) ordinary shares of €0.001 each	–	(16)
Closing balance		
94,829,551 (2021: 94,921,970) ordinary shares of €0.001 each	104	104
Total called-up share capital	104	104

No ordinary shares were issued during the year (2021: \$nil).

On 3 October 2022, under the authority granted at the Company's Annual General Meeting held on 26 May 2022, and in accordance with Section 1075 of the Companies Act 2014 and article 147 of the Articles of Association, the Company completed an odd lot offer which involved the acquisition of 92,419 ordinary shares of €0.001 each in the capital of the Company representing 0.1% of the then called-up share capital of the Company for a total cash consideration of \$0.5 million. The odd lot offer buyback was funded from distributable reserves and all ordinary shares acquired by the Company were subsequently cancelled. Transaction costs associated with the transaction amounted to \$0.1 million and were accounted for as a deduction from retained earnings.

On 10 December 2021, under the authority granted at the Company's extraordinary General Meeting held on 9 December 2021, and in accordance with Section 105(1) and Section 106(1) of the Companies Act 2014 and article 47 and article 48 of the Articles of Association, the Company completed a tender offer buyback of 14,814,412 ordinary shares of €0.001 each in the capital of the Company representing 13.5% of the then called-up share capital of the Company for a total cash consideration of \$81.6 million. The tender offer share buyback was funded from distributable reserves and all ordinary shares acquired by the Company were subsequently cancelled. Transaction costs associated with the transaction amounted to \$1.5 million and were accounted for as a deduction from retained earnings.

**UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14. Bank loans

	2022 \$'000	2021 \$'000
Borrowings	78,578	148,099
The borrowings are repayable as follows:		
Less than one year	33,653	73,342
Between two and five years	47,142	78,572
	80,795	151,914
Transaction costs	(2,217)	(3,815)
Total carrying amount	78,578	148,099

Borrowings

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

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 accommodates 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 transaction costs for arrangement of the debt facilities amounted to \$6.5 million. The Term Loan Facility has a final maturity date of 11 March 2025. Interest is at LIBOR plus 5.40% per annum. Repayment is in seven equal semi-annual instalments, beginning 11 March 2022.

On 21 July 2022 the Revolving Credit Facility was extended by 12 months and now has a maturity date of 11 December 2023, which is extendable by a further 12 months subject to lender consent. As at the end of the period, interest is at LIBOR plus 4.25% per annum (5.0% up to 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 \$102.9 million as at 31 December 2022 (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.

At 31 December 2022, total debt of \$78.6 million (2021: \$148.1 million) was recognised by the Group. The \$40 million Revolving Credit Facility was repaid in full in February 2022 and a further \$20 million was drawn down in September 2022 and subsequently repaid in November 2022. \$31.4 million of principal repayments were made against the Term Loan over the course of the year. Unamortised transaction costs of \$2.2 million (2021: \$3.8 million) plus interest amortised of \$2.2 million (2021: \$2.0 million) were recognised by the Group at 31 December 2022.

	2022 \$'000	2021 \$'000
Reconciliation of movements of debt to cash flows arising from financing activities (excluding leases)		
Bank loans		
Balance at 1 January	148,099	145,771
Cash movements		
Loan interest paid	(6,921)	(7,147)
Principal paid	(91,429)	(20,000)
Loan drawn down	20,000	20,000
Non-cash movements		
Loan interest accrued	8,829	9,475
Balance at 31 December	78,578	148,099

**UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14. Bank loans (Continued)

IBOR 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"), including LIBOR (the London Interbank Offered Rate). The Group had, at the reporting date, exposure to US LIBOR on its debt facilities.

Pursuant to an Amendment and Restatement Agreement entered into on 9 March 2023 in respect of the Group's debt facilities, the basis on which interest is calculated in respect of those facilities were amended with effect from 11 March 2023. As a result of the amendment, interest rates for interest periods commencing from 11 March 2023 onwards are no longer determined by reference to US LIBOR; instead they are determined on the basis of the applicable Term SOFR Rate. While US LIBOR represented an inter-bank lending rate, Term SOFR is a published screen rate derived from SOFR, being the secured overnight financing rate (SOFR) administered by the Federal Reserve Bank of New York. As SOFR represents a risk-free rate, a credit adjustment spread is applied in addition, which spread varies according to the length of the relevant interest period.

The 6-month SOFR rate set on 11 March 2023 for the next interest period to 11 September 2023 was 5.4%. The credit adjustment spread of 0.4% plus the margin of 5.4% results in an interest rate of 11.2% on the Term Loan. The Group has concluded that the new basis for determining cashflows is economically equivalent to the previous basis.

Covenants

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 to, in extremis, 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.

All covenants have been complied with during the year. The key financial covenants are detailed below:

	As at 31 December 2022	As at 31 December 2021		Covenant
Interest Coverage Ratio	34.96:1	21.8:1	Not less than	4.00:1
Net Debt to EBITDA	(0.09):1	0.38:1	Not greater than	2.00:1
Debt Service Coverage Ratio	3.11:1	22.3:1	Not less than	1.20:1
Liquidity	\$148,271,000	\$69,057,000	Not less than	\$15,000,000
Reserve Tail Ratio	81%	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).

15. Provisions

	2022 \$'000	2021 \$'000
Mine closure provision	16,623	35,959
Mine rehabilitation provision	4,121	3,998
Other provisions	–	2,264
	20,744	42,221
Current	998	3,222
Non-current	19,746	38,999
	20,744	42,221

**UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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15. Provisions (continued)

	Mine Closure Provision \$'000	Mine Rehabilitation Provision \$'000	Other Provisions	Total \$'000
At 1 January 2021	37,451	3,893	–	41,344
(Decrease)/increase in provision during the financial year	(2,239)	470	2,264	495
Provision utilised during the financial year	–	(365)	–	(365)
Unwinding of the discount	747	–	–	747
At 1 January 2022	35,959	3,998	2,264	42,221
(Decrease)/Increase in provision during the financial year	(20,080)	4,131	948	(15,001)
Provision utilised during the financial year	–	(4,008)	(3,212)	(7,220)
Unwinding of the discount	744	–	–	744
At 31 December 2022	16,623	4,121	–	20,744

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. 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 costs. 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 \$0.7 million (2021: \$0.7 million) has been recognised in the statement of comprehensive income for the financial year.

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

- a discount rate of 4.0% (2021: 2.1%);
- an inflation rate of 2% (2021: 2%);
- an estimated life of mine of 40 years (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 (2021: \$34.1 million) and an estimated post-closure monitoring provision of \$3.9 million (2021: \$3.9 million).

The life of mine plan is based on the Namalope, Nataka, Pilivili and Mualadi reserves and resources as set out in the reserve and resources table. Specific resource material is included only where there is a high degree of confidence in its economic extraction. The Mine closure provision has decreased by \$20.1 million as a result of a change in the discount rate from 2.1% to 4.0%.

The discount rate is a significant factor in determining the Mine closure provision. The discount rate increased to 4.0% (2021: 2.1%) as a result of movements in the US Treasury rates. Thirty-year US Treasury yields are the longest period for which yields are quoted. A 40-year rate to align with the estimated life of mine has been calculated by taking the average of the increase in yield from 10 to 20 years and the increase in yield from 20 to 30 years and adding this average to the 30-year Treasury rate to arrive at an estimated extrapolated rate for 40 years. This discount rate is deemed to provide the best estimate of the current market assessment of the risk-free time value of money. Risks specific to the liability are included in the cost estimate. A reasonable possible increase of 1% in the estimated discount rate results in the Mine closure provision decreasing to \$11.2 million. A 1% decrease in the estimated discount rate results in the Mine closure provision increasing to \$24.7 million.

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 12 months after the area has been disturbed. During the financial year, there was a release of \$4.0 million (2021: \$0.4 million) to reflect the actual mine rehabilitation costs incurred, and an addition to the provision of \$4.1 million (2021: \$0.5 million) for areas newly disturbed.

Other provisions comprise an amount of \$nil (2021: \$2.3 million) in relation to a potential indirect tax liability. The matter was resolved following a final settlement of \$3.2 million with the Mozambican Tax Authority during the year.

**UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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16. Trade and other payables

	2022	2021
	\$'000	\$'000
Trade payables	7,305	7,186
Deferred income	2,740	–
Accruals	25,248	25,582
	35,293	32,768

Included in accruals at the financial year end is an amount of \$1.6 million (2021: \$1.6 million) for payroll and social insurance taxes.

Deferred income relates to sales contracts which contain separate performance obligations for the sale of mineral products and the provision of freight services. The portion of the revenue representing the obligation to perform the freight service is deferred and recognised over time as the obligation is fulfilled, along with the associated costs.

17. Current tax liabilities

	2022	2021
	\$'000	\$'000
Current tax liabilities	8,893	4,808

Refer to Note 6 for further information on the Group's tax expense.

**UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

18. Financial instruments

	Carrying amount \$'000	2022 Fair value \$'000		Carrying amount \$'000	2021 Fair value \$'000	
Financial assets at fair value through profit and loss						
Trade receivables ¹	31,188	31,188	Level 2	37,086	37,086	Level 2
Financial assets at fair value through OCI						
Trade receivables ²	43,065	43,065	Level 2	14,539	14,539	Level 2
Financial assets not measured at fair value						
Trade receivables ³	30,717	30,717	Level 2	14,579	14,579	Level 2
Cash and cash equivalents	108,271	108,271	Level 2	69,057	69,057	Level 2
	213,241	213,241		135,261	135,261	
Financial liabilities not measured at fair value						
Bank loans	78,578	80,795	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 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). Trade receivables which will not be factored and for which balances will be recovered under the sale contract credit terms are classified and subsequently measured at amortised cost.

In the case of factored receivables, the Group derecognises the discounted 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 for the purposes of the consolidated statement of cashflows.

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.

The Group has exposure to credit risk, liquidity risk and market risk arising from financial instruments.

Risk management framework

The Board is ultimately responsible for risk management within the Group. It has delegated responsibility for the monitoring of the effectiveness of the Group's risk management and internal control systems to the Audit & Risk Committee. The Board and Audit & Risk Committee receive reports from executive management on the key risks to the business and the steps being taken to mitigate such risks. The Audit & Risk Committee is assisted in its role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit & Risk Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade receivables from customers. The carrying amount of financial assets represents the maximum credit exposure.

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. The Group reduces its exposure to customers perceived to have a higher credit risk through a letter of credit trade facility. Under this facility, Barclays Bank confirms the letter of credit from the issuing bank and therefore assumes the credit risk.

¹ Relates to trade receivables which will be discounted through the Barclay's Bank facility.

² Relates to trade receivables which may be factored through the ABSA facility.

³ Relates to trade receivables which will not be discounted or factored.

**UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18. Financial instruments (continued)

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 year end. In monitoring customer credit risk, customers are regularly 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.

The gross exposure to credit risk for trade receivables by geographic region was as follows:

	2022 \$'000	2021 \$'000
China	19,009	37,120
Asia (excluding China)	17,243	5,127
Europe	45,806	15,410
USA	22,776	8,547
Africa	136	–
Total	104,970	66,204

At 31 December 2022, \$35.4 million (2021: \$41.3 million) is due from the Group's three largest customers.

A summary of the Group's exposure to credit risk for trade receivables is as follows:

	2022 \$'000	2021 \$'000
External credit ratings at least Baa3 (Moody's)	31,188	37,535
External credit ratings Ba3 to Ba1 (Moody's)	–	19,051
Other	75,316	10,042
Total gross carrying amount	106,504	66,628
Loss allowance	(1,534)	(424)
Total	104,970	66,204

The following table provides ageing information relevant to the exposure to credit risk for trade receivables from individual customers. No balances were considered credit impaired at 31 December 2022 or 31 December 2021.

	Current \$'000	More than 30 days past due \$'000	More than 60 days past due \$'000	More than 90 days past due \$'000	Total \$'000
2022	104,962	–	–	8	104,970
2021	66,133	–	–	71	66,204

Expected credit loss assessment 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 following table provides information about the exposure to credit risk and expected credit losses as at 31 December 2022.

Equivalent to Moody's credit rating	Weight average loss rate	Gross carrying amount \$'000	Impairment loss allowance \$'000	Credit impaired
Other	2.0%	75,316	1,534	No

**UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18. Financial instruments (continued)

The following table provides information about the exposure to credit risk and expected credit losses as at 31 December 2021.

Equivalent to Moody's credit rating	Weight average loss rate	Gross carrying amount \$'000	Impairment loss allowance \$'000	Credit impaired
Baa3 to AAA	0.30%	25	–	No
Ba3 to Ba1	1.30%	19,051	248	No
Other	1.75%	10,042	176	No
		29,118	424	

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 year was as follows:

	2022 \$'000	2021 \$'000
Balance at 1 January	424	199
Net remeasurement of loss allowance	1,110	225
Balance at 31 December	1,534	424

The credit risk on cash and cash equivalents is limited because funds are deposited with banks with high credit ratings assigned by international credit rating agencies. For deposits in excess of \$75 million the Group requires that the institution has an A– (S&P)/A3 (Moody's) long-term rating. For deposits in excess of \$50 million, the Group requires that the institution has a BB– (S&P)/Ba3 (Moody's) long-term rating.

At 31 December 2022 and 2021 cash was deposited with the following banks:

	2022			2021		
	\$ million	Long-term credit rating S&P	Moody's	\$ million	Long-term credit rating S&P	Moody's
Barclays Bank plc	81.4	A Positive	A–1 Stable	60.8	A Positive	A–1 Stable
FirstRand Bank Limited	–	BBB – Positive	Ba2 Stable	5.1	BBB– Stable	Ba2 Negative
HSBC Bank plc	1.0	AA – Stable	A1 – Stable	0.8	A+ Stable	A1 Stable
Absa Bank Limited	20.5	BB – Stable	Ba2 Negative	2.0	BBB– Stable	Ba2 Negative

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled in cash payments. The Group's objective when managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when they are due.

The Group monitors mine payment forecasts, both operating and capital, which assist it in monitoring cash flow requirements and optimising its cash return on investments. The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities. The Group monitors the level of expected cash inflows on trade receivables together with expected cash outflows on trade and other payables.

The Group has a trade finance facility with Absa Bank for three of the Group's largest customers. In accordance with this facility, the bank purchases certain customer receivables without recourse. The facility is for a maximum amount of \$30 million with limits on the maximum amount that can be factored for each of the customers named in the facility. During the period, no trade receivables were factored under this agreement. At the year end, trade receivables amounting to \$43.1 million (2021: \$14.5 million) may be factored under this facility and are therefore included in trade receivables measured at fair value through OCI as at 31 December 2022. The cost of this facility for the period, which amounted to \$0.2 million (2021: \$0.2 million), is included in finance costs in the statement of comprehensive income and in net cash from operating activities in the statement of consolidated cash flows.

**UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18. Financial instruments (continued)

The Group has a trade facility with Barclays Bank for customers which it sells to under letter of credit terms. Under this facility, Barclays Bank confirms the letter of credit from the issuing bank and therefore assumes the credit risk. Barclays Bank can also discount these letters of credit thereby providing early payment of receivables to the Group. There is no limit under the Barclays Bank facility. During the period, trade receivables of \$201.4 million (2021: \$224.4 million) were discounted under this facility. At the year end, there were \$31.2 million (2021: \$37.1 million) of trade receivables which will be discounted under this facility. The cost of this facility for the period, which amounted to \$2.0 million (2021: \$1.2 million), is included in finance costs in the statement of comprehensive income and in net cash from operating activities in the statement of consolidated cash flows.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2022 based on the gross contractual undiscounted payments:

Financial liabilities	Total \$'000	Less than one year \$'000	Between two and five years \$'000	More than five years \$'000
Bank loans	89,536	38,005	51,531	–
Lease liabilities	2,409	390	1,447	572
Trade and other payables	32,553	32,553	–	–
	124,498	70,948	52,978	572

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2021 based on the gross contractual undiscounted payments:

Financial liabilities	Total \$'000	Less than one year \$'000	Between two and five years \$'000	More than five years \$'000
Bank loans	151,914	73,342	78,572	–
Lease liabilities	2,684	1,207	1,317	160
Trade and other payables	32,768	32,768	–	–
	187,366	107,317	79,889	160

As disclosed in Note 14, the Group has bank loans that contain loan covenants. A future breach of covenant may require the Group to repay the loan earlier than indicated in the above table. Under the loan agreement, the covenants are monitored on a regular basis by Group finance and regularly reported to management and the lenders to ensure compliance with the agreement.

Furthermore, the group has authorised and committed expenditure on operations-related capital projects amounting to \$11.5 million (2021: \$18.9 million).

Risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. Details of concentration of revenue are included in Note 2.

Market risk

Market risk is risk that changes in market prices, foreign exchange rates and interest rates will affect the Group's income statement. The objective of market risk management is to manage and control market risk exposures while optimising returns.

Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currency of all Group entities is US Dollars. The presentational currency of the Group is US Dollars. Sales and bank loans are denominated in US Dollars, which significantly reduces the exposure of the Group to foreign currency risk. Payable transactions are denominated in Mozambican Metical, South African Rand, Euro, Sterling, Australian Dollar and Renminbi.

**UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18. Financial instruments (continued)

Exposure to currency risk

The Group's gross exposure to currency risk as at 31 December 2022 is as follows.

	Mozambican Metical \$'000	South African Rand \$'000	Euro \$'000	Sterling \$'000	Australian Dollar \$'000	Renminbi \$'000
Trade and other receivables	12,172	756	489	72	88	–
Cash and cash equivalents	1,397	12,894	892	1,129	17	34
Bank loans	–	–	–	–	–	–
Leases	–	–	(1,255)	–	–	–
Trade and other payables	(20,367)	(2,178)	(502)	(10)	–	–
Net exposure	(6,798)	11,472	(376)	1,191	105	34

The Group's exposure to currency risk as at 31 December 2021 is as follows.

	Mozambican Metical \$'000	South African Rand \$'000	Euro \$'000	Sterling \$'000	Australian Dollar \$'000	Renminbi \$'000
Trade and other receivables	2,717	1,275	928	55	364	–
Cash and cash equivalents	1,030	2,337	479	338	6	36
Bank loans	–	–	–	–	–	–
Leases	–	–	(1,528)	–	–	–
Trade and other payables	(14,082)	(1,905)	(2,395)	(35)	(68)	–
Net exposure	(10,335)	1,707	(2,516)	358	302	36

Sensitivity analysis

A reasonably possible strengthening or weakening of the Mozambique Metical, South African Rand, Euro, Sterling, Australian Dollar and Renminbi by 10% against the US Dollar would have affected profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

	Mozambican Metical \$'000	South African Rand \$'000	Euro \$'000	Sterling \$'000	Australian Dollar \$'000	Renminbi \$'000
Profit or loss						
31 December 2022						
Strengthening	(680)	1,147	(38)	119	11	3
Weakening	680	(1,147)	38	(119)	(11)	(3)
31 December 2021						
Strengthening	(1,030)	170	(250)	40	30	4
Weakening	1,030	(170)	250	(40)	(30)	(4)

**UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18. Financial instruments (continued)

Interest rate risk

The loan facilities are arranged at variable rates and expose the Group to cash flow interest rate risk. Variable rates are based on six-month LIBOR. The borrowing rate at financial year end was 9.2% (2021: 5.8%). The interest rate profile of the Group's loan balances at the financial year end was as follows:

	2022	2021
	\$'000	\$'000
Variable rate debt	80,795	151,914

Under the assumption that all other variables remain constant, a reasonable possible change of 1% in the six-month LIBOR rate results in a \$0.8 million (2021: \$1.5 million) change in finance costs for the financial year.

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

As disclosed in Note 14, pursuant to an Amendment and Restatement Agreement entered into on 9 March 2023 in respect of the Group's debt facilities, the basis on which interest is calculated in respect of those facilities were amended with effect from 11 March 2023. As a result of the amendment, interest rates for interest periods commencing from 11 March 2023 onwards are no longer determined by reference to US LIBOR; instead they are determined on the basis of the applicable Term SOFR Rate. The Group has concluded that the transition to the applicable SOFR rate will not result in a substantial change to finance costs during 2023.

Note 19. Events after the statement of financial position date

On 21 March, the Board proposed a dividend of USc43.33 per share. This proposed dividend is subject to approval by the shareholders at the Annual General Meeting. These financial statements do not reflect this dividend.

In February 2023, power lines nearby the mine were subject to a direct lightning strike of unusually high intensity resulting in severe disruption to mining operations. The Group is working to establish and mitigate the capital and operating cost impacts of the disruptions and a reliable estimate cannot be made at this time. Insurance cover is in place and Kenmare is liaising with its insurers to process claims in relation to the lightning strike.

GLOSSARY - ALTERNATIVE PERFORMANCE MEASURES

Certain financial measures set out in the Preliminary Results to 31 December 2022 are not defined under International Financial Reporting Standards (IFRS), 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
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	Cost of sales and administration costs less freight, foreign exchange, depreciation and amortisation, expected credit losses, share based payment expense, mineral inventory movements and the indirect tax provision, 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 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 we generate profits from investment in our portfolio of assets
Shareholder returns	Dividends and share buybacks	Shareholder returns comprise the interim dividend, the proposed final dividend to be approved by shareholders at the AGM and any share buybacks

EBITDA

	2018 Restated \$m	2019 Restated \$m	2020 Restated \$m	2021 Restated \$m	2022 \$m
Operating profit	62.9	57.3	33.4	151.1	233.4
Depreciation	30.4	33.4	42.3	63.1	64.6
EBITDA	93.3	90.7	75.7	214.2	298.0

EBITDA margin

	2018 Restated \$m	2019 Restated \$m	2020 Restated \$m	2021 Restated \$m	2022 \$'m
EBITDA	93.3	90.7	75.7	214.2	298.0
Revenue derived from the sale of mineral product	245.9	255.5	231.5	420.5	498.4
EBITDA margin (%)	38%	35%	33%	51%	60%

Cash operating cost per tonne of finished product

	2018 Restated \$m	2019 Restated \$m	2020 Restated \$m	2021 Restated \$m	2022 \$m
Cost of sales	184.6	195.7	192.3	295.0	282.7
Freight	(16.3)	(15.4)	(12.2)	(35.4)	(27.6)
Foreign exchange included in cost of sales	–	(1.9)	(1.0)	(1.9)	(1.1)
Cost of sales excluding freight and foreign exchange	168.3	178.4	179.1	257.7	254.0
Administrative expenses	14.7	17.9	18.1	9.8	9.9
Total operating costs less freight and foreign exchange	183.0	196.3	197.2	267.5	263.9
Non-cash costs					
Depreciation and amortisation	(30.4)	(33.4)	(42.3)	(63.1)	(64.6)
Expected credit losses	–	–	–	(0.2)	(1.1)
Share-based payments	(1.4)	(1.8)	(0.5)	(1.1)	(2.2)
Mineral product inventory movements	0.1	(4.5)	4.9	(9.3)	21.6
Indirect tax provision	0.0	0.0	0.0	(2.0)	(0.9)
Total cash operating costs	151.3	156.6	159.3	191.8	216.7
Final product production tonnes	1,043,300	988,300	840,500	1,228,500	1,200,800
Cash operating cost per tonne of finished product	\$145	\$158	\$190	\$156	\$180

Cash operating cost per tonne of ilmenite

	2018 Restated \$m	2019 Restated \$m	2020 Restated \$m	2021 Restated \$m	2022 \$'m
Total cash operating costs	151.3	156.6	159.3	191.8	216.7
Less revenue from co-products zircon, rutile and mineral sands concentrate	(75.1)	(84.5)	(63.2)	(85.8)	(150.9)
Total cash costs less co-product revenue	76.2	72.1	96.1	106	65.8
Ilmenite product production tonnes	958,500	892,900	756,000	1,119,400	1,088,300
Cash operating cost per tonne of ilmenite	\$79	\$81	\$127	\$95	\$60

Net cash/debt

	2018 \$'m	2019 \$'m	2020 \$'m	2021 \$'m	2022 \$'m
Bank debt	(83.5)	(60.9)	(145.8)	(148.1)	(78.6)
Transaction costs	–	(6.6)	(5.4)	(3.8)	(2.2)
Gross debt	(83.5)	(67.5)	(151.2)	(151.9)	(80.8)
Cash and cash equivalents	97.0	81.2	87.2	69.1	108.3
Net cash/(debt)	13.5	13.7	(64.0)	(82.8)	27.5

Return on Capital Employed

	2018 Restated \$m	2019 Restated \$m	2020 Restated \$m	2021 Restated \$m	2022 \$'m
Operating profit	62.9	57.3	33.4	151.1	233.4
Total Equity and Non-Current Liabilities	932.7	984.0	1,087.5	1,045.4	1,171.0
ROCE	7%	6%	3%	15%	20%

GLOSSARY - TERMS

Term	Description
AGM	Annual general meeting
CIF	The seller delivers when the goods pass the ship's rail in the port of shipment. Seller must 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. This term can only be used for sea transport.
CFR	This term means the seller delivers when the goods pass the ship's rail in port of shipment. Seller must 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. This term can only be used for sea transport.
The Company or Parent Company	Kenmare Resources plc.
DFS	Definitive feasibility studies are the most detailed and will determine definitively whether to proceed with the project. A definitive feasibility study will be the basis for capital appropriation, and will provide the budget figures for the project. Detailed feasibility studies require a significant amount of formal engineering work and are accurate to within approximately 10-15%.
EdM	Electricidade de Moçambique.
FOB	Free on Board means that the seller delivers when the goods pass the ship's rail at the named port of shipment. This means the buyer has to bear all costs and risks to the goods from that point. The seller must clear the goods for export. This term can only be used for sea transport.
Gender diversity	Percentage of females in the workforce at the Moma Mine. We recognise the benefits to our business of supporting diversity, equity, and inclusion for long-term sustainable success. Increased gender diversity has been an important metric at the Mine.
GHG emissions	Scope 1 & 2 Greenhouse Gas emissions. We acknowledge the human contribution to climate change and aim to reduce emissions from our already low carbon intensity operations.
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).
KRSP	Kenmare Resources plc Restricted Share Plan
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").
LTI	Lost time injury. Measures the number of injuries at the mine that result in time lost from work.
LTIFR	Lost time injury frequency rate. Measures the number of injuries causing lost time per 200,000 man hours worked on site
Marketing - finished products shipped	Finished products shipped to customers during the period. Provides a measure of finished products shipped to customers
Mining - HMC produced	Heavy mineral concentrate extracted from mineral sands deposits and which includes ilmenite, zircon, rutile, concentrates and other heavy minerals and silica. Provides a measure of heavy mineral concentrate extracted from the Mine
Moma, Moma Mine or the Mine	The Moma Titanium Minerals Mine consisting of a heavy mineral sands mine, processing facilities and associated infrastructure, which is located in the north east coast of Mozambique under licence to the Project Companies.
Mine Closure Guarantee Facility	\$40 million debt facility dated 11 December 2019 between the Lenders and KMML Mozambique Branch and KMPL Mozambique Branch.
MSP	Mineral Separation Plant.

Mtpa	Million tonnes per annum.
NOSA	National Occupational Safety Association
OIA	Oman Investment Authority formerly the State General Reserve Fund of the Sultanate of Oman.
Odd lot offer	The offer made by the Company to members in the UK and Ireland who held certificated holdings of less than 200 ordinary shares as described in the circular to shareholders dated 21 April 2022.
Ordinary Shares	Ordinary shares of €0.001 each in the capital of the Company.
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 detailed 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.
PM	Atmospheric particulate matter - also known as particulate matter (PM) or particulates - are microscopic solid or liquid matter suspended in the Earth's atmosphere.
Processing - finished products produced	Finished products produced by the mineral separation process. Provides a measure of finished products produced from the processing plants
Project Companies	Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited, wholly owned subsidiary undertakings of Kenmare Resources plc, which are incorporated in Mauritius.
Revolving Credit Facility	\$40 million debt facility dated 11 December 2019 between the Lenders and KMML Mozambique Branch and KMPL Mozambique Branch.
RUPS	Rotary uninterruptible power supply
TCFD	Task Force on Climate Related Financial Disclosures
Tender Offer	The invitation by the Company to eligible shareholders to tender Ordinary Shares for purchase on-market by Peel Hunt LLP on the terms and subject to the conditions set out in the circular dated 16 November 2021.
Term Loan Facility	\$110 million debt facility dated 11 December 2019 between 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%.
UK	United Kingdom
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.
WHIMS	Wet High Intensity Magnetic Separation Plant.