KENMARE

Annual Report & Accounts 2015

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Cover: Architectural detail of a titanium shell building

Financial and Operational Overview

Group working with Lenders and strategic investors on deleveraging plan to restructure debt and provide the Group with additional liquidity

Significant cost per tonne savings have been achieved

Ore mined in 2015 decreased 19% to 27,532,000 tonnes (2014: 34,120,000 tonnes), mainly due to power interruptions and flooding damage in Q1 2015

Heavy Mineral Concentrate production decreased 15% to 1,100,600 tonnes (2014: 1,287,300 tonnes)

Ilmenite production decreased 11% to 763,500 tonnes (2014: 854,600 tonnes)

Zircon production increased 2% to 51,800 tonnes (2014: 50,800 tonnes)

Increased primary zircon product quality and improved recovery of secondary zircon volumes

Total shipments of finished products were flat at 800,400 tonnes (2014: 800,000 tonnes)

Improved power quality and consistency since the December 2015 installation of additional power transmission infrastructure by Electricidade de Moçambique

Kenmare Resources plc ("Kenmare" or "the Company") is an Irish incorporated company with a premium listing on the London Stock Exchange and a secondary listing on the Irish Stock Exchange.

The principal activity of the Company and its subsidiary undertakings (together, the "Group") is the operation of the Moma Titanium Minerals Mine (the "Mine" or "Moma"). The Mine is located on the northern coast of Mozambique. Mining operations are carried out by Kenmare Moma Mining (Mauritius) Limited and downstream processing is undertaken by Kenmare Moma Processing (Mauritius) Limited (together the "Project Companies"), both wholly-owned subsidiary companies within the Group.

Ilmenite and rutile are used as feedstocks to produce
TiO_2 pigment used in the manufacture of paints

Business & Strategy Review

Chairman's Statement

Like many other mining companies, Kenmare's financial results and share price performance were significantly impacted by the continued deterioration in commodity markets through 2015, despite major operating cost reductions. Kenmare is proposing to implement a fund raising and balance sheet restructuring to put Kenmare back on a firm financial footing and ensure all stakeholders benefit from the expected recovery in prices.

Kenmare has developed world-class dredge mining, processing and export facilities to exploit large scale long life mineral sands ore bodies at the Moma Titanium Minerals Mine in northern Mozambique. The Mine is now established as one of the world's largest producers of titanium dioxide feedstocks and zircon, with capacity to meet 8% of global titanium feedstock demand and 6% of global zircon demand. Kenmare is the largest producer of traded ilmenite globally.

Dear Shareholder,

Market Environment

The mining industry in 2015 continued to suffer from the profound cyclical downturn in all commodity markets. Mineral sands producers suffered further price reductions from already depressed levels. Weighted average FOB prices for Kenmare's products declined 16% in 2015 compared to 2014.

However, global supply of ilmenite reduced significantly through the year, as higher cost producers progressively shut down. In particular, ilmenite supply as a by-product of iron ore mining in China and Russia has reduced substantially. Global demand for merchant ilmenite now outstrips production, with inventories being drawn down to fill the gap. Stocks of ilmenite warehoused in Chinese ports are at the lowest levels they have been for the past three years and the price of domestically produced ilmenite in China has been steadily rising through Q1 2016, as supply has tightened. We expect that these factors will bring positive pricing momentum back to the mineral sands sector during 2016.

Operations

Exceptional flood events in northern Mozambique in Q1 2015 badly damaged the power transmission infrastructure. Moma was without grid power for 57 days, reducing production substantially, with mined ore down 19% and heavy mineral concentrate ("HMC") production down 15% for the year, compared to 2014. These weather events were the first of such severity in 30 years. Kenmare has worked strenuously with the Mozambican state electrical utility, Electricidade de Moçambique ("EdM"), to ensure that grid infrastructure repairs have included extensive flood defence upgrades, which have now been completed.

As we have commented on in previous annual reports, power stability has been a root limitation on mining activities in recent years. We are now pleased to report that, after repairs and reinforcements to the grid, and separately, completion of planned power line infrastructure upgrades by EdM, transmission capacity on the line to Moma has increased and stability is much improved. Despite the challenges presented through 2015, in Q3 the Mine produced at an annualised run rate of a million tonnes per annum of ilmenite, highlighting the operational improvement evident when the Mine has a stable power supply.

Comprehensive and ongoing efforts by the Moma site team has resulted in a reduction in absolute operating costs of 21% in

Chairman's Statement

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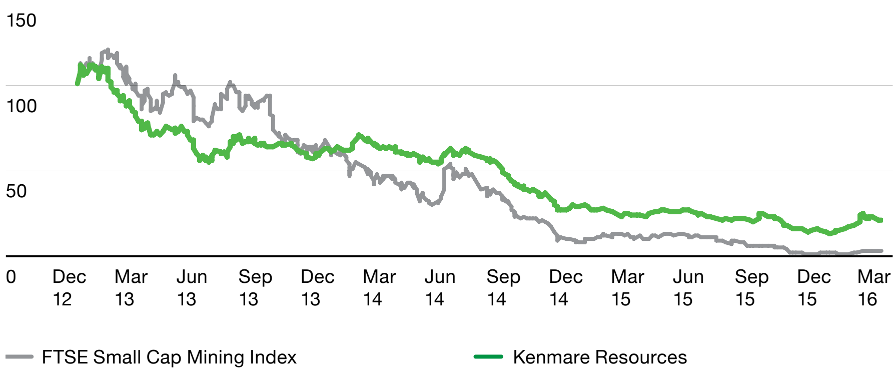
Kenmare Resources share price and FTSE Small Cap Mining Index rebased to 100 from 31 December 2012.



2015 compared to 2014, while maintaining operational integrity and HSE standards. Unfortunately but inevitably, this required a retrenchment in numbers and a reduction in employee allowances for the remaining staff.

I would like to express my sincere appreciation for the efforts everyone in the Group has made to adjust costs sufficiently to ensure the survival of the Mine despite dire market conditions. These changes have not only allowed us to stay in business, but to provide a platform for success as the market improves. Unfortunately, advisor fees incurred relating to the debt restructuring and approach by Iluka Resources Limited ("Iluka") have been very significant.

We expect that further cost reductions, in combination with higher production as a result of increased power stability, should continue to positively impact performance through 2016.

Financial Results

Kenmare's financial results improved significantly in the second half of the year as production increased and cost reduction initiatives bore fruit. Total cash operating cost per tonne of finished product decreased by 27% between H1 and H2 2015, though only decreased 13% compared to financial year 2014, as a result of the weather impact on production in the first half of the year.

Kenmare generated earnings before interest, tax, depreciation and amortisation ("EBITDA") of negative US$11.5 million in 2015 (2014: US$9.4 million positive). This negative EBITDA relates mainly to the first half of 2015 (H1 EBITDA: US$10.6 million negative) as a result of lower production increasing unit costs in the period. The improvement in EBITDA in H2 to a negative US$0.9 million benefitted from full period operating cost reductions, favourable foreign exchange movements and higher production.

Approach by Iluka Resources Limited

Kenmare was approached in June 2014 by Iluka with a preliminary conditional proposal to acquire Kenmare via a scheme of arrangement. Kenmare engaged in extensive good faith discussions with Iluka, with the objective of obtaining a firm offer that could be put to shareholders as a whole. However, after a number of revisions by Iluka to its conditional proposal, Iluka withdrew from making an offer on 7 December 2015.

Financing

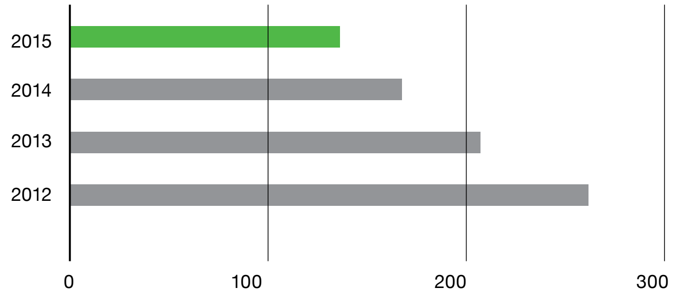
Significant loan amendments were agreed with our Lenders on 29 April 2015 (the "April 2015 Amendment"), which provided inter alia: a "new money commitment" of up to US$50 million (subject to covenants and tests); deferral of principal, some interest payments and loan fees; the appointment of a Lender Approved Non-Executive Director and enhanced reporting to Lenders; and a requirement for Kenmare to present a plan for a material deleveraging event satisfactory to Lenders. Only US$10 million of the "new money commitment" has been drawn as the balance remains subject to Lender approval and waiver of covenants.

A material deleveraging plan was delivered to Lenders on 28 January 2016. While we are working closely and constructively with Lenders towards the implementation of a deleveraging plan, formal notification of approval from the Lenders has yet to be obtained. Consequently, events of default continue to exist, though none have been declared by the Lenders.

Proposed Recapitalisation of Kenmare

On 7 December 2015, Kenmare announced a proposed recapitalisation and restructuring of the balance sheet, including an investment of US$100 million

Average ilmenite price received by Kenmare Resources in US$/tonne.



We believe that the mineral sands business has now passed its cyclical low and is beginning to rebound

by the State General Reserve Fund ("SGRF") of Oman. During Q2 2016, we have signed a conditional subscription and relationship agreement with King Ally Holdings Limited to invest US$100 million on a similar basis to SGRF.

This capital raising envisages at least US$275 million of additional equity will be subscribed in aggregate, with US$100 million from each cornerstone investor, and the balance from existing major shareholders. This plan would see debt being reduced to no more than US$100 million, which in combination with significantly improved terms on any remaining debt, will dramatically reduce our on-going debt servicing costs and improve flexibility. The transaction will also provide the Company with an enhanced working capital position, should the recovery in titanium feedstock prices take longer than we expect. Lenders have indicated their support for this plan and are working cooperatively to agree the terms of the remaining debt.

This recapitalisation plan is of course not guaranteed at the time of writing this Annual Report, and is subject to the usual financial market uncertainties over the coming weeks and months prior to execution. However, assuming successful execution of this plan, we firmly believe the recapitalisation will be in the best interest of all stakeholders, despite the dilution of current shareholders' ownership in Kenmare. The balance sheet will then be much stronger and the Company well positioned to exploit the eventual recovery in the product market.

Board & Corporate Governance

The Kenmare Board has benefitted from the appointment of John Ensall as Lender Approved Non-Executive Director from 27 July 2015. John has materially supplemented the skills available to the Board in areas that are highly relevant to the current financial situation of the Company, and has played a constructive role as Chairman of the Strategic Options Committee, which was created in July 2015.

Conclusion

We believe that the mineral sands business has now passed its cyclical low and is beginning to rebound. We cannot be sure how strong or how quickly the product markets will recover, but Kenmare is highly geared to any upturn and benefits from long life resources. Kenmare benefits from the production of specific ilmenite products with significantly improving demand characteristics as new smelter capacity comes on stream.

On behalf of the Board, I would like to express appreciation for the hard work and dedication of Kenmare's staff during an exceptionally difficult year. Major cost and headcount reduction programmes have been designed and executed with sensitivity and without compromise of HSE or other standards.

Finally, as Chairman, I would like to sincerely thank the whole Board for their immense and effective efforts on behalf of the Company in exceptionally difficult circumstances during 2015, which has required a major increase in the time demanded of each Board member. We are now able to cautiously look forward to a more stable and sustainable future with the planned execution of the recapitalisation plan during 2016.

Steven McTiernan
Chairman

Managing Director's Review

Kenmare's balance sheet has been over reliant on debt for this stage of the commodity cycle, which has been of unprecedented duration and depth. The cost of debt service and the risk it poses to the Company intensified the decline in our share price during 2015.

Kenmare has proposed a radical deleveraging plan which will create a robust balance sheet and allow the Company to benefit from the expected recovery in titanium feedstock prices and sales volume growth.

Recapitalisation

The planned recapitalisation is expected to consist of two investments of US$100 million each from two cornerstone investors and an additional US$75 million placing. Of the funds raised, US$200 million will be used to pay down debt. Lenders will write-off at least US$65 million, (principal and accrued interest) leaving a residual debt of US$100 million which will extend until February 2022 and accrue interest at LIBOR plus 4.75%-5.50%. No capital repayments will be due until February 2018. Lender approvals have not yet been obtained and the proposed recapitalisation is subject to their approval, definitive documentation and various conditions, including the approval by shareholders at an EGM, and the raising of a minimum of US$275 million. All shareholders will have the opportunity to participate on the same terms as the cornerstone investors and the Lenders are encouraging such participation by extinguishing four dollars of debt for every three dollars raised.

In the meantime, Kenmare has entered an ilmenite off-take agreement for 2016 with a long established customer. This customer has prepaid, in 2016, for certain deliveries of ilmenite which will occur later in the year. These funds have provided Kenmare bridging financing to allow the recapitalisation to be delivered.

Safety and Risk

Total injuries, measured using the All Injury Frequency Rate (AIFR), continued to fall from 2.46 in 2014 to 1.87 in 2015, representing a 24% reduction and an absolute reduction from 36 injuries in 2014 to 23 in 2015. Nine lost time injuries occurred in 2015, with the Lost Time Injury Frequency Rate ("LTIFR") reaching 0.47, a deterioration in performance from 2014 (0.37). Kenmare has responded swiftly with a renewed focus on safety practices and behaviours.

High environmental standards were maintained, with effective community and educational programmes continuing in the local area, and the process of further localisation of the workforce moved forward. During the flooding crisis in the region in early 2015, Moma and its airstrip was used as a base for major humanitarian relief and aid efforts, in which Kenmare participated.

Managing Director's Review
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Power Supply
The greatest obstacle to maximising production in recent years has been weakness in electricity supply from EdM. Kenmare has improved power quality at Moma by installing a synchronous condenser ("Dip Doctor") and hiring diesel generators, but these mine site improvements cannot fully compensate for power outages or the breach of grid transmission capacity limits.

Extreme weather events in Q1 2015 brought down sections of the EdM transmission network, and northern Mozambique and Moma were without grid power for several weeks. We are pleased that EdM has responded to these events effectively, with significant investment not only to repair and reinforce the transmission line, but also to increase the transmission network serving Moma by 50MW (42%) in December 2015. A further increase in transmission capacity of 10MW is expected to be commissioned in H1 2016.

Generation capacity in northern Mozambique is also being addressed by EdM, with a ship-based 100MW mobile power generation plant positioned nearby at Nacala since April 2016. The plant is currently being commissioned and will both provide significant additional capacity and stabilisation of the network voltage. We have already seen considerable improvement in power quality and reliability in the first few months of 2016 and as these improvements settle down, we believe power will no longer be a fundamental constraint on Moma's ability to produce.

Mining
Severe and exceptional storms in 2015 resulted in the mining operation being without power for 57 days. Repairs have been completed and flood defences have been installed along the transmission lines, so that if similar events occur again they should not have such a significant effect on operations. Due principally to the downtime caused by the power interruption, ore mined in 2015 declined by 19% from the previous year to 27.5 million tonnes. However, because of an increase in grade, HMC produced declined by 15% to 1,100,600 tonnes. Mining output is expected to benefit from a significantly more stable power supply, with HMC also benefitting from an increase in grade from the latter part of Q2 2016 onwards. A focused programme of organisational and management improvements has also been put in place with the aim of reducing downtime and ensuring steady production.

Mineral Processing

The mineral separation plant ("MSP") was constrained by the availability of HMC in the first half of the year, caused by storm-related power outages. These outages were initially mitigated by bringing forward maintenance and using the diesel generators to continue operating the MSP to process stockpiled HMC. However, due to the length of the outage, HMC stockpiles ran out, resulting in reduced finished product production.

Due to the constraints on HMC production, the output of ilmenite fell 11% year on year. Total ilmenite production at 763,500 tonnes in 2015 was lower than the anticipated range of 900,000 to 1,000,000 tonnes.

Zircon production for the full year was 51,800 tonnes, which represented a 2% increase on 2014, despite the lower tonnage of HMC available for processing. There was an improvement in recovery rates for zircon as improvement projects were implemented to recover additional secondary zircon product. Primary and secondary zircon production is expected to rise in 2016, with higher HMC production.

Operating cost

The Company has been very focused on reducing our operating costs. A retrenchment programme introduced in February 2015 reduced the number of employees on site by 162, while a reduction in the shift allowance for the remaining shift workers has resulted in a significant labour cost saving. All other aspects of the business, from electricity usage to supplier contracts, have been revisited to lower costs. This has resulted in an absolute cash cost reduction of 21% in 2015, down to US$136.4 million compared with the previous financial year. We are continuing to push down our costs to the extent possible and expect that as volume increases through 2016, with the benefit of improved power and product recoveries, our unit cost per tonne will continue to reduce.

Supply/Demand Balance

During 2015 15% of Kenmare's ilmenite was sold to China, with most of our remaining sales going to long term customers outside China on multi-year volume contracts. However, the market in China influences global prices given the size of the market and spot nature of sales there.

Demand for titanium dioxide feedstocks was adversely hit by a sudden and acute mid-year 2015 slowdown in China which reversed a tightening trend in the supply/demand balance in the earlier part of the year. The Chinese government responded to the general economic slowdown with accommodating economic measures, but these have taken some time to take hold. The trend is now reversing and house prices are rising in tier 1 and tier 2 cities in China. Consequently, the demand for titanium dioxide pigment feedstocks has started to grow again and pigment producers have been able to raise prices.

The reduction in the value of iron ore has had an inhibiting effect on the mining of titano-magnetite ores in China, which produce ilmenite as a by-product. The economics of mining these ores is largely driven by the iron ore price and with the price of iron ore forecast to remain low for several years, Chinese domestic ilmenite supply is not expected to recover in the medium term. Independent experts assess the reduction of supply of ilmenite from China during 2015 to be between 500,000 to 700,000 tonnes.

In similar vein, a titano-magnetite mine in Siberia, which supplied approximately 200,000 tonnes to the Chinese market in 2015, closed at the end of 2015 and had sold all stockpiled inventories by the end of Q1 2016. Supply of ilmenite from Australia and the US has reduced following the closure of mines. Production from Vietnam has reduced as the low grades present in Vietnam make mining at prices in the

Managing Director's Review

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The recapitalisation will produce a Group with a robust balance sheet, low levels of debt with a repayment holiday for the next two years, a reasonable interest rate, and new strategic shareholders joining the shareholder register

market in 2015 uneconomic. Additional production from Mexico and Chinese owned operations in Mozambique has also reduced.

Our assessment of global supply and demand shows that production of sulphatable ilmenite is in deficit and inventory is being consumed. This is most evident in the trend in Chinese port stocks which have almost halved from a peak in March 2015 to the lowest levels recorded in the last three years.

The zircon market is controlled by a small number of major suppliers who generally operate in a disciplined fashion. Unfortunately, competition between producers for increased market share has resulted in some value destruction. Kenmare expects that the logic of disciplined behaviour will prevail and that over time zircon prices will recover to previous levels.

Outlook

The outlook for Kenmare depends on the successful implementation of the recapitalisation as outlined above.

This will produce a Group with a robust balance sheet, low levels of debt with a repayment holiday for the next two years, a reasonable interest rate, and new strategic shareholders joining the shareholder register. The expansion has been bedded down, costs have been substantially reduced, electricity supply, the thorn in the Company's side for the last several years, has been dramatically improved and many management system improvements have been made.

We are very grateful for the support of the cornerstone investors, whose expected long term investment in Kenmare is positive for all stakeholders and we look forward to launching the capital raise in the near future.

The market for sulphate ilmenite (our largest product) is in supply deficit and inventories appear to be declining. The production of Chinese domestic ilmenite continues to reduce and many projects around the world have either been closed through depletion or because they need vastly better economics to justify their operation. Recovery of the real estate market in China and continued growth in the US provide a basis to expect an increase in demand for our products. I believe that the longest downturn in the history of this industry is approaching its end. Kenmare, as the largest supplier of traded ilmenite in the world and with a good competitive position on the cost curve, will benefit from this recovery.

Keeping Kenmare in business during this downturn has taken huge efforts by the staff and the Board. I would like to thank them all for their efforts.

Michael Carvill
Managing Director

Business Review

The Group's world-class reserve and resource is estimated to contain approximately 200 million tonnes of ilmenite (equivalent to around 140 years production from the current plant) and associated co-products rutile and zircon.

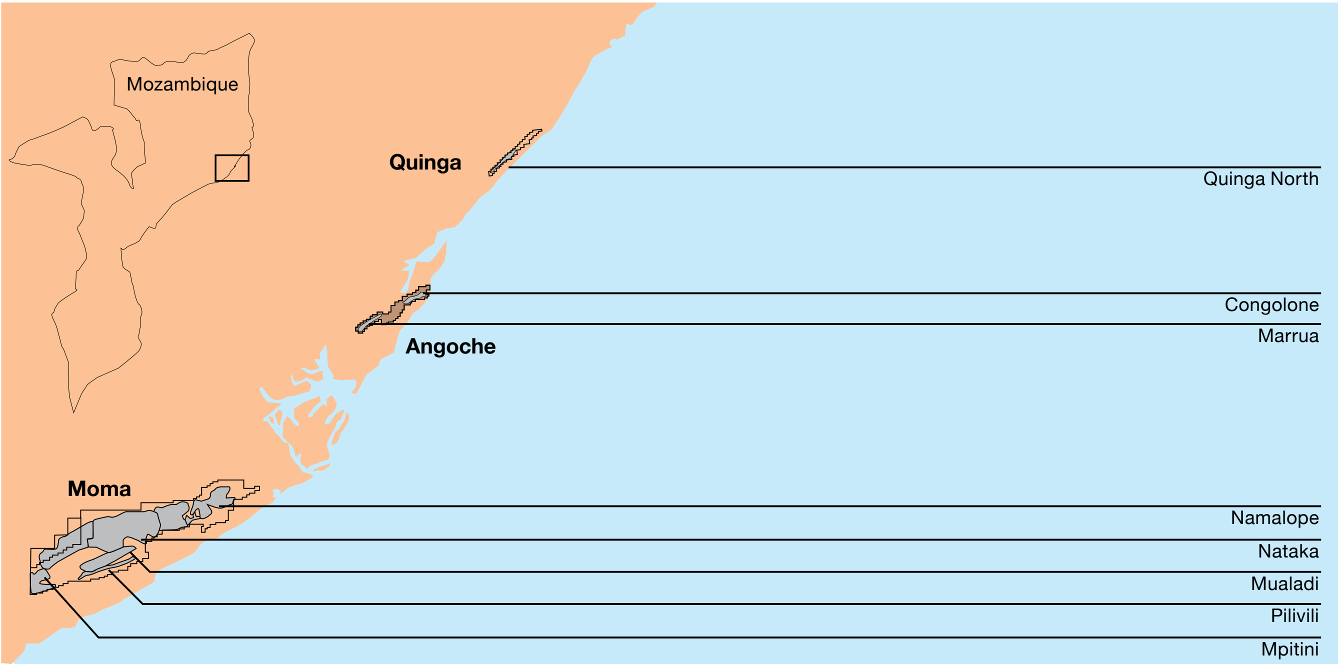
Ilmenite and rutile are titanium minerals used as feedstocks to produce titanium dioxide (TiO_2) pigment, titanium metal and welding electrodes. Zircon, a high value zirconium silicate mineral, is an important raw material for the ceramics industry, where it is used as an opacifier and frit compound for decorative wall and floor tiles and sanitary ware. Zircon is also used in the refractory and foundry industries and to produce zirconia and zirconium chemicals for a variety of applications.

The nature of Kenmare's deposits, with abundant fresh water, no overburden, good ore grades and attractive products that do not have to be upgraded, gives Kenmare the ability to mine, concentrate and separate its products with relatively low capital and operating costs.

Kenmare operates a dedicated port facility adjacent to the MSP, which allows for the shipment of products to customers at minimum cost.

Summary of Reserves and Resources

The total proven and probable ore reserves in the Namalope and Nataka mining concession allocated to Kenmare as at 31 December 2015 is estimated at 1,564 million tonnes, grading 2.7% ilmenite, 0.18% zircon and 0.059% rutile, containing 42 million tonnes of ilmenite, 2.8 million tonnes of zircon and 0.92 million tonnes of rutile. The total ore resource (excluding reserves) held by Kenmare under a combination of exploration licences and mining concessions as at 31 December 2015 is estimated at 6.47 billion tonnes, grading 2.4% ilmenite, 0.16% zircon and 0.095% rutile, containing 156 million tonnes of ilmenite, 11 million tonnes of zircon and 6.2 million tonnes of rutile. Details are set out in the Reserve-Resource table on page 16.



The Nataka drilling and sampling programme continued in 2015 with a total of 8,553 metres of infill drilling completed, with the purpose of converting resources to reserves through increasing the knowledge and confidence in the deposit. 1,330 metres of exploration drilling was completed in Congolone and Marrua Mining Concession 270C, while 5,709 meters of exploration drilling was completed in the Pilivili deposit lying within the Mining Concession 735C. 1,121 metres of hydrogeological drilling was completed within the year. The map above shows exploration licences and mining concessions held by the Group.

The additional drilling and mineralogical works undertaken in 2015 have delivered the following changes to the ore resources and reserves:

- Overall increase in 2015 reserve category ore to 42Mt ilmenite and 2.8Mt zircon from 22Mt ilmenite and 1.5Mt zircon in 2014
- Significant increases in confidence in the Nataka orebody with a 776Mt (21Mt ilmenite, 1.4Mt zircon) increase in probable reserves and a 257Mt (8Mt ilmenite, 0.3Mt zircon) increase in indicated resources, converted from inferred resources
- An additional 16Mt (0.8Mt ilmenite) of measured resources identified in Congolone and 97Mt (3Mt ilmenite, 0.3Mt zircon) of new inferred resources established
- 99Mt (4.5Mt ilmenite) of indicated resources established in Pilivili from inferred resource, with an overall 39Mt increase in the Pilivili resource base, albeit at a reduced grade (-1Mt ilmenite, -0.2Mt zircon overall).

Further work is taking place in 2016 to build additional understanding of these deposits to optimise the mine plan.

Overall increase in 2015 reserve category ore to 42Mt ilmenite and 2.8Mt zircon from 22Mt ilmenite and 1.5Mt zircon in 2014

Business Review

(continued)

The following table sets out the Group's mineral resources and reserves as at 31 December 2015:

Reserve-Resource Table

Zones	Category	Ore (Mt)	% THM*	% Ilmenite in THM	% Ilmenite in ore	% Rutile in ore	% Zircon in ore	% Slime	THM (Mt)	Ilmenite (Mt)	Rutile (Mt)	Zircon (Mt)
Reserves												
Namalope	Proved	229	4.1	82	3.3	0.076	0.23	7.75	9	7.6	0.17	0.53
Namalope	Probable	88	3.4	81	2.7	0.063	0.19	9.05	3.0	2.4	0.06	0.17
Nataka	Probable	1 248	3.1	82	2.6	0.056	0.17	15.51	39	32	0.70	2.11
TOTAL RESERVES	Proved & Probable	1 564	3.3	82	2.7	0.059	0.18	14.01	51	42	0.92	2.8

Zones	Category	Sand (Mt)	% THM*	% Ilmenite in THM	% Ilmenite in sand	% Rutile in sand	% Zircon in sand	% Slime	THM (Mt)	Ilmenite (Mt)	Rutile (Mt)	Zircon (Mt)
Resources												
Congolone	Measured	183	3.4	80	2.7	0.073	0.23	5.43	6.2	5.0	0.1	0.4
Namalope	Measured	100	3.7	81	3.0	0.068	0.21	8.90	3.7	3.0	0.1	0.2
Namalope	Indicated	129	2.9	81	2.3	0.055	0.16	6.99	3.7	3.0	0.1	0.2
Nataka	Indicated	1 321	3.2	84	2.7	0.053	0.17	17.98	42.9	36.0	0.7	2.2
Pilivili	Indicated	99	5.5	84	4.6	0.097	0.34	6.18	5.4	4.5	0.1	0.3
Congolone	Inferred	97	3.8	80	3.1	0.083	0.26	3.24	3.7	3.0	0.1	0.3
Pilivili	Inferred	167	3.0	83	2.5	0.054	0.18	6.43	5.0	4.2	0.1	0.3
Mualadi	Inferred	327	3.2	80	2.6	0.061	0.21		10	8.4	0.2	0.7
Nataka	Inferred	3 637	2.6	82	2.1	0.044	0.14	12.91	93	77	1.6	5.0
Mpitini	Inferred	287	3.6	80	2.9	0.070	0.24		10	8.3	0.2	0.7
Marrua	Inferred	54	4.1	80	3.3	0.19	0.19		2.2	1.8	0.1	0.1
Quinga North	Inferred	71	3.5	80	2.8	0.14	0.28		2.5	2.0	0.1	0.2
TOTAL RESOURCES		6 471	2.9	83	2.4	0.053	0.16	11.67	188	156	3.4	11

Resources are additional to Reserves. Estimates for Namalope and Nataka Reserves and the Namalope, Nataka, Congolone and Pilivili Resources comply with the JORC Code 2012 (Australasian Code for Reporting Ore Reserves and Mineral Resources). Table 1 documentation for these Reserves and Resources can be found at www.kenmareresources.com. Estimates for all other Resources were prepared and first disclosed under the JORC Code 2004. They have not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since they were last reported.

The competent person for the Namalope and Nataka reserves and resources and the Pilivili and Congolone resources is Mr Paul Leandri (MAusIMM and MAIG). Mr Leandri is a current employee of the Group and does not hold any shares in the Company. The competent person for the other resources is Dr Alastair Brown (FIMMM). Dr Brown is an independent consultant who is a shareholder in and former employee of Kenmare. Mr Leandri and Dr Brown have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the JORC Code 2012. Mr Leandri and Dr Brown consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

THM is total heavy minerals of which ilmenite (typically 82 per cent.), rutile (typically 2.0 per cent.) and zircon (typically 5.6 per cent.) total approximately 90 per cent. Tonnes and grades have been rounded and hence small differences may appear in totals. Mt represents million tonnes.

Mining

The Group undertakes mining and concentrating activities in two separate dredge mining operations in the Namalope deposit. Dredge mining has the lowest cost per tonne of solids handling in the mineral sands industry. Dredging takes place in two artificial freshwater dredge ponds. Two dredgers in one pond feed a floating wet concentrator plant ("WCP A") and one dredger in the other pond feeds the other wet concentrator plant ("WCP B"). Before mining begins, the area ahead of the dredge path must be prepared by clearing the vegetation and removing topsoil. The topsoil is either applied directly to an area then being rehabilitated, or stockpiled for use in later rehabilitation.

The dredgers cut the ore at the base of a prepared ore face, causing mineral-bearing sands to slump into the dredge pond from where they are suctioned and pumped by the dredgers to the respective floating wet concentrator plant. Feed to WCP A is supplemented, from time to time, by a dry mining operation. The dry mining operation uses standard surface mining equipment to mine the ore which is then slurried and pumped to WCP A to supplement the dredge mining feed.

The first processing stage, in the wet concentrator plants, consists of rejecting oversize material through trommels in the case of WCP A or vibrating screens in the case of WCP B. The undersize material in WCP A then passes into a surge bin as plant feed, while the undersize material in WCP B is passed through a de-sliming process prior to entering the surge bin. The respective feeds are passed over progressive stages of spiral gravity separators which separate heavy minerals from silica sand and clay tailings. The products from the wet concentrator plants are HMC and tailings.

HMC consists of the valuable heavy minerals ilmenite, rutile and zircon, some non-valuable heavy minerals, and a small amount of light minerals, the bulk of which is silica. HMC, representing approximately 5% by weight of the total sand mined, is pumped to the MSP where it is stockpiled prior to further processing.

Tailings, which consist of a coarse tails fraction (silica sand) that settles immediately and a fine tails fraction (clay) that settles less quickly, are co-deposited at the rear of the dredge pond into a series of settling ponds. Thickened fine tails are pumped from these settling ponds to drying paddocks located in the rehabilitation zone where the dried material helps the subsoil retain moisture and nutrients to aid re-vegetation.

After the tailings have sufficiently dried, they are re-contoured. Topsoil containing seeds and organic material is placed onto the re-contoured tailings. Rehabilitation is completed by fertilising and seeding or planting with a variety of other species of vegetation as well as food crops. When the rehabilitation of an area has been completed to an acceptable standard, the area is transferred to the government and thence to the local communities. The first such transfer took place in 2013. The rehabilitation process continues to be optimised with input from local communities, the competent authorities and non-governmental organisations.

Mineral separation

The MSP uses screening, magnetic, electrostatic and gravity separation circuits to separate HMC into valuable minerals and non-valuable minerals, and also to separate ilmenite, rutile and zircon product grades to meet specific customer requirements.

HMC is transferred from stockpiles by front-end loaders and fed to the Wet High Intensity Magnetic Separation ("WHIMS") plant, a feed preparation section of the MSP. The WHIMS plant improves the thermal efficiency of the MSP by separating the magnetic and non-magnetic fractions in wet form, thereby allowing the non-magnetic fraction to be fed directly into the wet gravity separation circuit in a thermally efficient manner. The magnetic fraction is dried and processed by electrostatic separation in either of two ilmenite plants to produce final ilmenite products. The non-magnetic fraction of the WHIMS output passes to the wet gravity separation circuit which removes any remaining silica and trash minerals. Electrostatic separators are then used to separate the conducting mineral rutile from the non-conducting mineral zircon.

Storage and transportation

Final products are stored in a 220,000 tonne capacity warehouse, including a separate dedicated 35,000 tonne capacity zircon warehouse. Both warehouses have facilities for loading of product onto a 2.4 km long overland conveyor, which leads to a 400 metre long jetty. The conveyor transports product to the end of the jetty where the product is loaded onto Kenmare's transhipment vessels, the Bronagh J and the Peg, at a rate of approximately 1,000 tonnes per hour. The vessels then transport the products to a deep water transhipment point 10 km offshore, where they self-discharge into sea-going cargo vessels.

Other infrastructure

The Mine has other supporting infrastructure including a 170 km 110 kV power transmission line, a sub-station, a leased 10 MW diesel generator plant, an additional 6 MW of standby diesel power generation capacity, an accommodation village, offices, laboratory, a jet-capable airstrip, water supply and sewage treatment plants.

Business Strategy

Following completion of the Group's material deleveraging plan and balance sheet restructuring in the short term, the Group's strategy is to create long-term shareholder value through the production and marketing of products derived from its extensive titanium minerals resources. To date, the strategy has been implemented by the development of the Moma Titanium Minerals Mine.

The Mine has a number of advantages which make it a leading titanium feedstock producer including:

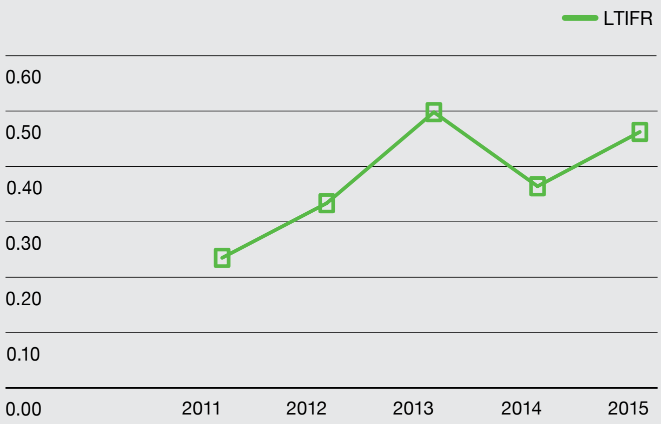
- a resource large enough to support a very long mine life - over one hundred years
- diversified worldwide customer base and significant co-product revenue stream
- low mining operating cost with surface mineralisation (no overburden) that is suitable for dredge-mining
- coastal location requiring very limited overland transport by conveyor and the ability to mine and export directly from the Mine using a dedicated shipping terminal
- relatively low cost hydro power
- ilmenite products suitable for both sulphate and chloride pigment processes without further beneficiation

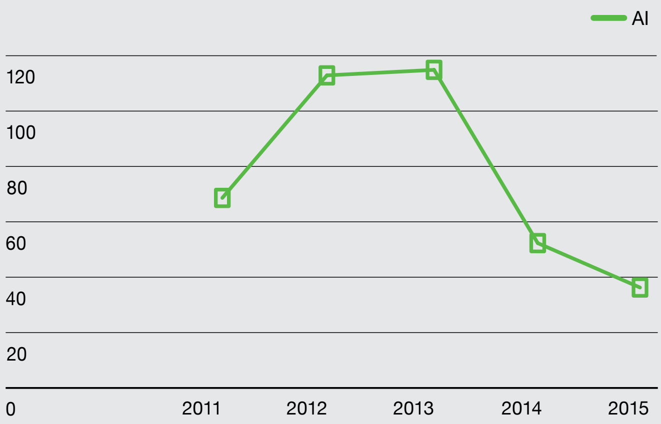
Power interruptions and instability were the key bottleneck to production at the Mine in 2015, in particular Q1 2015, when flooding resulted in damage to the powerline and caused a prolonged outage. Investment by EdM to enhance the transmission infrastructure has resulted in improved quality and consistency of power supply to the Mine since coming on line in December 2015. In 2016, Kenmare will continue to focus on improving finished product tonnages and quality, and operating time at the mining operations and the MSP, whilst continuing to produce high quality ilmenite and zircon, as well as rutile products.

Prices for ilmenite, our major product, decreased during 2015. Significant cost saving has been achieved, which when combined with forecasted improved product tonnages will result in cost per tonne reduction. The Group continues to work with its Lenders on a capital raising as part of a balance sheet restructuring.

Key Performance Indicators

1. Health & Safety



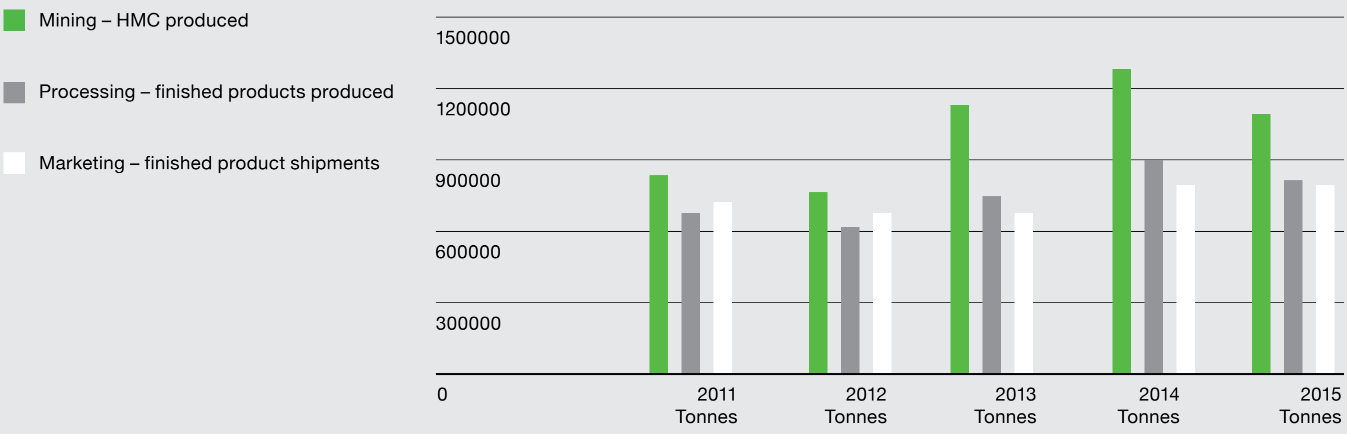


	2011	2012	2013	2014	2015
LTIFR	0.23	0.33	0.50	0.37	0.47

	2011	2012	2013	2014	2015
AI	68	113	115	52	36

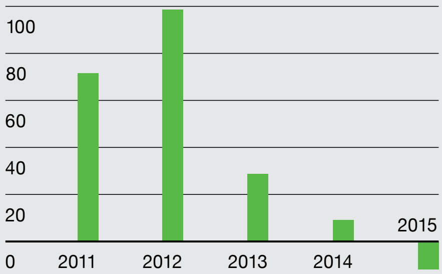
2. Production

	2011 Tonnes	2012 Tonnes	2013 Tonnes	2014 Tonnes	2015 Tonnes
Mining - HMC produced	842,900	772,300	1,137,200	1,287,300	1,100,600
Processing – finished products produced	686,900	626,400	755,500	911,500	821,300
Marketing – finished product shipments	730,400	680,800	677,900	800,000	800,400

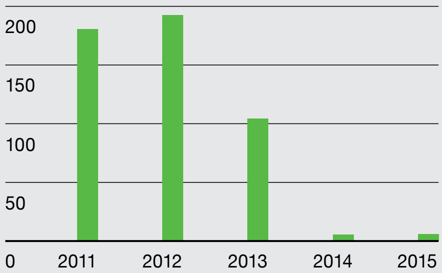


3. Financial

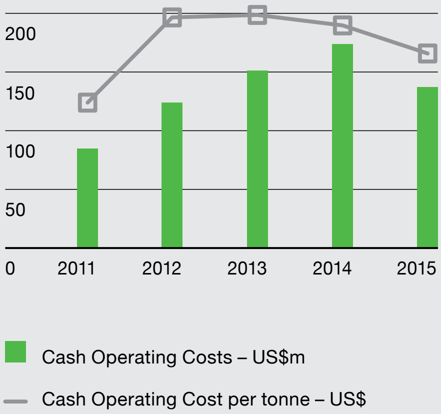
EBITDA – US$m



Capex – US$m



Opex – US$m & US$ cost per tonne



	2011 US$m	2012 US$m	2013 US$m	2014 US$m	2015 US$m
EBITDA	71.7	98.9	29.0	9.4	(11.5)
Capex	180.1	191.9	103.9	5.2	5.6
Cash operating costs	84.8	123.4	150.4	173.0	136.4

	US$	US$	US$	US$	US$
Cash operating cost per tonne of finished product produced	123.5	197.0	199.1	189.8	166.2

Operational Review

2015 operating results suffered from flooding and power interruptions, particularly during the first quarter, when 57 days of grid power were lost. In addition, throughout the year the Mine was subject to continuous unplanned power outages as a result of capacity limitations in the EdM network.

The operations focussed on maximising mining capacity and improving operating times, as well as improving recoveries and product qualities at the MSP.

Koos Grove
Mine General Manager

Ben Baxter
Chief Operating Officer

Terence Fitzpatrick
Technical Director

Production

A total of 27.5 million tonnes of reserves were mined at an average heavy mineral grade of 4.82% in 2015. After mining losses, 23.4 million tonnes of ore were processed over the spirals at an average heavy mineral grade of 4.81%, resulting in HMC production of 1.1 million tonnes.

Mining is performed in two ponds; WCP A is supplied by two dredgers while WCP B is fed by one larger dredger. The production of HMC from WCP A was 538,300 tonnes for 2015 compared to 701,400 tonnes produced in 2014. WCP B contributed 562,300 tonnes of HMC versus 585,900 tonnes produced in 2014.

Both plants were significantly impacted in Q1 2015 by 57 days of lost power due to the damage to transmission lines as a result of extreme flooding in central and northern Mozambique. A one-week strike in June 2015 also impacted mining rates.

WCP A operated well through the year with steady throughputs consistently above 3,000tph, despite the idling of the dry mining supplementary feed unit in the second half of the year in order to reduce operating costs. The onset of more difficult mining conditions in Q4 2015 reduced throughput rates.

Production at WCP B was consistent as post-commissioning improvements were largely completed. Mining conditions varied through the year, with free flowing sands ensuring the plant operated at capacity for long periods. However, in Q4 2015, shallow dredging and harder mining conditions were encountered and throughputs were below planned levels. Significant efforts to adapt mining methodologies are yielding improvements.

Production in 2015 included 763,500 tonnes of ilmenite products, compared to 854,600 tonnes in 2014. Production was impacted principally by availability of HMC as a result of poor power availability. Unplanned power interruptions impacted throughout the year reducing operating time and mineral recoveries.

Future plant availability is anticipated to improve as a result of feed distribution and mechanical reliability improvements completed. Recovery improvement projects in the non-magnetic section of the plant (processing rutile and zircon) were partially completed, with further improvements underway for 2016.

Zircon production was up 2% in 2015 at 51,800 tonnes compared to 50,800 tonnes in 2014. Product quality continued to improve; notably with a higher value mix of zircon products. This was achieved, in part, through the reprocessing of intermediate grade products. Overall zircon product yields (including secondary zircon) increased significantly to 80% by year end in consequence of additional demand for lower grade materials.

Rutile production was 6,000 tonnes compared to 2014 production of 6,100 tonnes. Improvements in product quality continued through better plant set-up. Small capital projects are expected to be implemented in 2016 to further increase recoveries and quality.

Cost of Production

The operation made significant improvements in cost management in 2015 both in operating and capital cost areas.

Cash operating costs were US$136 million in 2015, a reduction of 21% on 2014 (US$173 million). Cash operating cost per tonne of finished product correspondingly improved from US$190/t in 2014 to US$166/t in 2015. Significant further improvements (US$143/t) were seen in H2 2015 as cost saving initiatives and normalised production were achieved. Cost improvements continue in 2016.

Operational Review
(continued)

Excellent savings were made through improved cost management programmes

Highlights of the operating cost improvements were:

- The implementation of a retrenchment programme, combined with a renegotiation of shift allowances for eligible employees. In addition, salaries were frozen for all employees in 2015. The resulting saving was US$14 million in labour costs in 2015;
- Excellent savings were made through improved cost management programmes, particularly in the maintenance and engineering areas where US$8 million was saved;
- Diesel cost savings (US$3 million) were made principally through the suspension of dry mining in June 2015;
- Reduced production in Q1 2015 contributed to reduced general consumable costs.

Capital spend was managed responsibly in 2015 in recognition of tight cash flow, and limited to US$5.6 million. The management team were successful in managing the risks of delaying capital spend, particularly in purchase of mobile equipment and processing equipment.

Power Supply
Power reliability was a significant impediment to operations throughout 2015.

Grid power was unreliable in Q1 2015 due to the failure of the transmission line; the total loss of power to the Mine was 57 days in Q1 2015. During the power outages, Kenmare was able to use the 10MW of diesel generated electricity, initially to maintain operations at the MSP. Once HMC stockpiles had been fully depleted, the diesel generated electricity was used for mining operations to produce HMC for further processing.

Throughout the year the reliability of the power transmission network was severely affected by the limited capacity of the network, with frequent daily power failures due to transmission voltage collapse. This had a serious impact on operations as mining and processing equipment and pipelines were choked, and electrical equipment such as drives were subjected to erratic voltage. At the MSP, spillage derived from emptied circuits had to be retreated and plant recoveries suffered.

However, EdM have increased the capacity of the transmission of the network with the main project being the implementation of a static synchronous condenser (Statcom) at Nampula substation, bringing an additional 40MW of capacity to the existing 118MW. This unit was brought on line in December 2015 and has already made a significant difference to the reliability of the network by adding capacity and voltage stability.

In addition, one of the three series capacitor installations planned for the northern network to regulate voltage and improve power quality was commissioned in November 2015 providing an additional transmission capacity of 10MW. The Company understands that the two further units are scheduled for delivery in mid-2016.

The Kenmare synchronous condenser ("Dip Doctor") performed well in 2015. It has been able to absorb more than 80% of the voltage dips experienced in the year, only struggling when voltage drops below 40% or for dips or outages of greater than 700 milliseconds.

In March 2016 EdM brought a 100MW power ship to Mozambique, berthed in Nacala to feed the northern transmission network. This provides a promising outlook for Kenmare, as for the first time, power sources are present from both the north and the south of the transmission network, further improving network reliability.

Operational Review

(continued)

Power reliability in 2016 has year to date been excellent in comparison to 2015. The Statcom and Dip Doctor are performing well and with reduced severity of weather in 2016, electrical reliability has been good. This has given the management team confidence in placing the diesel generators on standby even through the high thunderstorm risk summer months, though they remain available should the need arise.

Shipments

In 2015, 44 ships were loaded, bringing total sales for the year to 800,400 tonnes of finished products, comprised of 742,100 tonnes of ilmenite, 52,400 tonnes of zircon (including 12,100 tonnes of secondary grade zircon) and 5,900 tonnes of rutile. Cumulative product exports since operations began reached 5.1 million tonnes by the end of 2015.

Health & Safety

Kenmare is committed to conducting its business without risk to the health and safety of its employees, contractors and the general public and applies a strategy of zero tolerance in order to achieve zero fatalities or major injuries.

Nine lost time injuries took place in 2015, the Lost Time Injury Frequency Rate ("LTIFR") reaching 0.47, a reduction in performance from 2014 (0.37). Total injuries, measured using the All Injury Frequency Rate ("AIFR"), continued to fall (2.46 to 1.87) representing a 24% reduction and an absolute reduction from 36 injuries in 2014 to 23 in 2015.

The highlight of the year was reaching 4 million hours lost time injury free in April 2015. A 4 star NOSA Safety rating was also retained. Analysis of injuries revealed common themes, and the 2016 safety strategy is focusing heavily on hazard identification, risk assessment and improving leadership's role in safe work.

The Mine's safety statistics are as follows:

	2015	2014	2013
Man-hours worked	3,852,283	4,302,702	5,918,960
Man-hours worked since last LTI	300,893	2,651,978	150,685
Lost Time Injuries ("LTI")	9	8	17
Fatalities (included in LTIs)	-	-	1
Medical Treatment Injuries ("MTI")	4	8	13
First Aid Injuries ("FAI")	23	36	85
All Injuries ("AI")	36	52	115
Man Days lost to injuries	391	361	661
AI Frequency Rate ("AIFR")	1.87	2.46	3.38
LTI Frequency Rate ("LTIFR")	0.47	0.37	0.50
Malaria cases	1,598	1,870	1,721
Days lost to malaria	6,480	7,480	6,884

Note: The higher hours worked in 2013 were as a result of the construction contractors at the Mine. Reduced hours in 2015 are a result of retrenchment in Q1 2015.

While malaria remains a significant challenge to the health and the productivity of the workforce, significant progress was made in 2015 through proactive management. Malaria cases reduced by 15% (1,598 cases) compared to 2014 (1,870). Improvements in the quality and control of the malaria management programme yielded significantly reduced cases in the peak malaria season. Pesticide spraying and fogging proved effective and now takes place in most local villages as well as the main camp.

Environment

Kenmare is committed to operating in an environmentally responsible manner and to minimising the impact of mining and processing operations on the local environment. The Mine is subject to the environmental laws and standards in force in Mozambique, together with international standards and guidelines of the World Bank, African Development Bank and FMO, as well as its own policies. The Mine applies the International Finance Corporation ("IFC") Performance Standards (2006), as set out in the Environmental Management Plan ("EMP") and is targeting compliance with the IFC Performance Standards 2012. The Mine consistently seeks to apply best practice in all of its activities. The above standards relate to emissions, effluent treatment, noise, radiation, water quality, rehabilitation, management of social impacts, amongst others. Where standards differ, Kenmare has committed to meeting the most stringent standard applicable.

The environmental management system involves monitoring to ensure applicable standards are being observed, and where deviations are encountered, reporting and mitigation occur promptly. The system is modelled in accordance with ISO 14001, which requires that environmental objectives and targets be set annually and regularly reviewed throughout the year, with performance tracked and checked through scheduled audits and inspections. The objective of this system is to facilitate and achieve compliance with the commitments in the EMP as well as continual improvement of environmental performance.

A joint community and company environmental monitoring practice was introduced in 2015. The aim is to engage, involve and educate communities on the needs for environmental management and

Kenmare is committed to operating in an environmentally responsible manner and to minimising the impact of mining and processing operations on the local environment

ensure that the monitoring programmes underway are well understood by all stakeholders. Communities will be involved in the future sampling programmes.

Greenhouse gas

	2015	2014	2013
Greenhouse gas (tonnes CO_2)	60,025	52,669	43,144

The greenhouse gas emissions for 2015 were 60,025 tonnes, an increase of 7,356 tonnes compared to the previous year, mainly due to increased use of diesel electricity generators through the southern hemisphere summer period and an increase in vegetation cleared for mining operations.

Water management

	2015	2014	2013
Water extraction (million cubic metres)	13.48	19.68	17.88

During the year Kenmare extracted 13.48 million m^3 of water against the permitted volume of 32.4 million m^3 per annum. Groundwater monitoring throughout the site continued as per the water monitoring programme.

Solid waste management
Kenmare continues to manage solid waste according to company procedures aligned to the Waste Management Plan submitted and approved by the Ministry for Land, Environment and Rural Development - MITADER (previously known as MICOA).

A total of 135.5 m^3 of used oil were sent to a supplier in Beira for offsite recycling and 24.6 tonnes of hazardous waste were sent for disposal at a licensed industrial landfill site in Maputo.

Metal scrap has been stockpiled at the Mine due to a falling scrap iron price. Kenmare continues to engage with contractors to develop a cost effective method of removal.

A waste segregation programme started in 2015. Significant training and awareness campaigns were delivered and further development of the programme will continue in 2016.

Effluent management
Kenmare operates four sewage treatment plants at the Mine and the quality of the effluent is regularly monitored. Adverse levels of mercury were noted at MSP sewage treatment plant, the source of which has not yet been identified. Dilution through mixture with process water

Operational Review
(continued)

streams ensures no adverse environmental impacts are possible prior to discharge to the environment.

Radiation
Radiation monitoring continued as planned in the radiation management plan, submitted to National Agency of Atomic Energy ("ANEA") in 2013. Personal radiation monitoring results were within required exposure limits.

Rehabilitation
During the year Kenmare followed the programme approved by MICOA in the Management Plan and Rehabilitation Strategy, for restoring mined areas so that they can be handed over to local communities.

In 2015, a total area of 173 hectares was top-soiled, with the natural seed contents contributing to the development of mixed tree and grassland rehabilitation. Planting of indigenous trees has supplemented the development of these areas. A further 15 hectares were planted with casuarina trees.

The rehabilitation strategy was reviewed in conjunction with an outside consultant during the year. Increased focus will be placed on implementing a variety of land use and habitat types.

Environmental Noise
Kenmare requested an independent Occupational Health and Environmental Consultant to conduct an annual noise survey in November 2015 at selected points throughout the Kenmare concession area, focusing on the boundary with the community. The survey was to determine noise disturbance from operations. The results indicated that during the night all areas were within the IFC Performance Standards limit of 45dBA, while during the day the noise levels at two villages were above the IFC Performance Standards limit of 55dBA, at up to 58dBA. Predominating noise was non-mining related; being loud music, voices and vehicular traffic related.

Ambient Air Quality
Kenmare's air monitoring programme follows site operational procedures with measurements conducted on a monthly basis. These measurements are compared to MITADER, AfDB, and IFC Performance Standards.

The results of the PM10 and PM2.5 tests indicate that the measured concentrations at the locations surrounding the mining activities are within applicable guidelines.

Biodiversity
The terrestrial monitoring programme that was commissioned in 2012 continued in line with the best practice requirements of the IFC Performance Standards. Biomonitoring has been scheduled for April 2016, whilst the fourth terrestrial assessment is planned to be held at the end of 2016.

Marine Monitoring Programme
In line with Kenmare's commitment to manage the environmental and social impacts of its marine activities and to comply with the requirements of the IFC Performance Standards, a long-term marine monitoring programme was initiated in 2010.

The fourth survey of the Marine Monitoring Programme scheduled to be held in 2016, was postponed to 2017 after a review of marine data from the last three years, showed that no significant impacts were observed on sensitive habitats such as coral reefs and on fish communities.

Audits
EIA Services, Lda conducted the annual environmental audit at the Mine in December 2015, measuring compliance with the Mozambican Government Decree 25/2011 of 15 June 2015 which requires companies to be audited annually by MITADER. A report is currently awaited.

Kenmare subscribes to the NOSA Occupational Health, Safety and Environmental Management System. Kenmare's second NOSA grading audit was conducted in November 2015 and Kenmare retained a 4 Star rating.

Employees

Kenmare recognises that employees are the backbone of the business and that a partnership is vital to achieving business objectives. Kenmare is committed to conducting its business without risk to the health and safety of its employees, contractors and the general public and applies a strategy of zero tolerance in order to achieve zero fatalities or major injuries. Senior managers are responsible for ensuring that appropriate organisational arrangements and resources are made available for the fulfilment of this policy and for monitoring its implementation and effectiveness.

Pre-employment, annual and exit medicals are performed at the Mine clinic. HIV/AIDS training forms part of Kenmare's induction and refresher training to all employees and contractors that come to the Mine. However, in compliance with Mozambican law, HIV/AIDS testing does not form part of a pre-employment medical.

The Mines' Conditions of Employment Policy is compliant with the International Labour Organisation Labour Convention and FMO Core Labour Standards. These cover hours of work, meal breaks, transport, shift hours, overtime, standby, call outs and payment on Sundays and holidays, amongst others. Kenmare does not employ child labour or engage in any forced labour practices.

During 2015, Kenmare focussed on the development of leadership behaviours and embedding of management systems helping to develop business maturity.

Employee Demographics

The Mine's employee statistics at the year end were as follows:

	2015	2014
Number of Employees	1,344	1,565
% Mozambican	91%	90%
% Expatriates	9%	10%

The total staff complement as at the end of December 2015 was 1,344 permanent employees. Of the permanent employees, Mozambicans represent 91% while expatriates represent 9%. There are 54 female employees, representing 4% of the total workforce.

A retrenchment programme and staff allowances review took place in 2015. Following an agreement reached between management, employee representatives and the Department of Labour, a total of 162 employees were retrenched; retrenchments were made from all levels of the business and from both the expatriate and Mozambican workforces. Negotiations with the employee union reduced the number of retrenchments by 214 in exchange for a reduction in shift allowances for the remaining workforce. The process of allowance reductions was staged incrementally through the remainder of 2015 and was completed by the end of the year. The Company continues to review employment levels as vacancies arise.

The process of implementation of the agreement was challenging and resulted in a strike at the end of June 2015. The Department of Labour declared the action illegal and the unionised workforce returned to work after a week of operational interruption. Kenmare management continue to focus on improving communications and developing relationships with the union.

In April 2015, Kenmare was impacted by reciprocal xenophobic threats towards South African expatriates following reports of actions taken against Mozambicans in South Africa. For precautionary reasons, South African expatriates were repatriated. However, with the assistance of strong local community and district leadership, expatriates were welcomed back after six days. Operation of the Mine was not significantly impacted by the event.

Training

Kenmare's plans to promote Mozambicans to senior positions within the Mine are underpinned by its training programme.

Significant strides were made in 2015 in the development of Mozambican skills, focussed particularly on:

- An apprentice programme with 27 personnel taking part
- A technical development programme for artisan skills development with 28 participants
- A graduate recruitment programme with 20 participants, with an additional 29 former participants having been appointed to permanent roles.

Other programmes such as operator development, leadership development programmes and bursary schemes were also successfully completed.

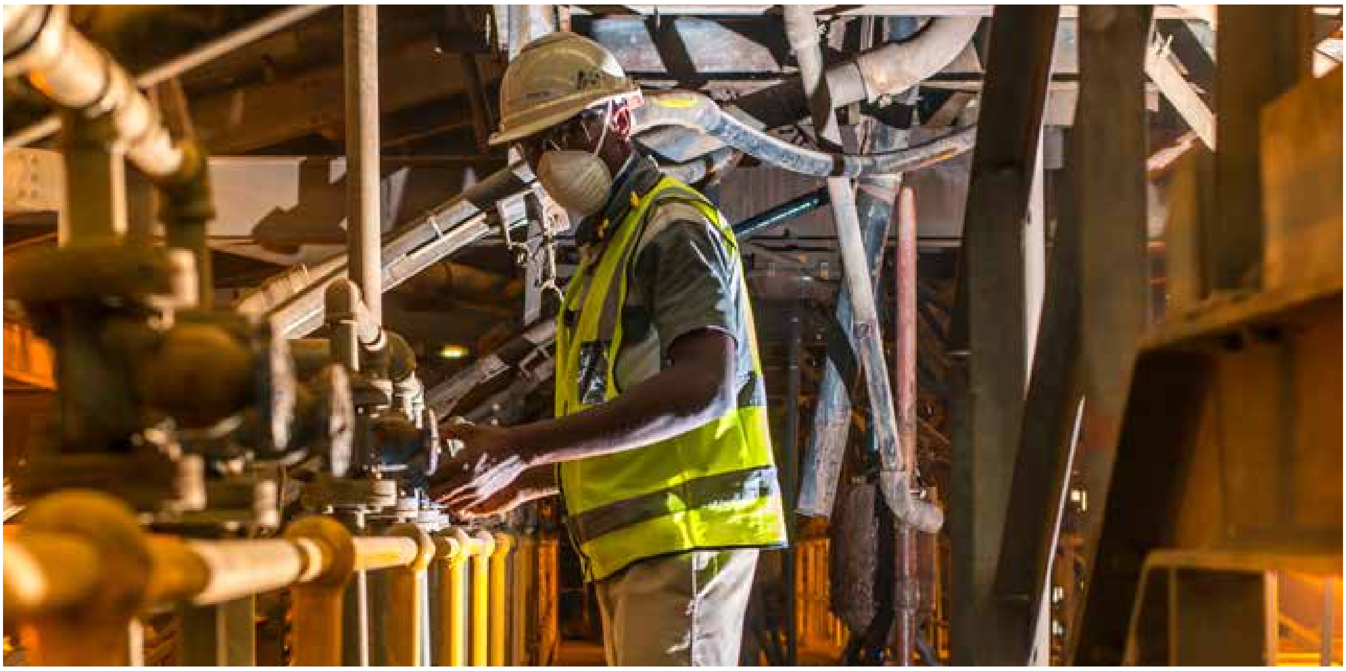
Ben Baxter
Chief Operating Officer

Marketing Review

TiO_2 Feedstock Market

Kenmare is a well-established and recognised major global supplier of titanium mineral sand products with a customer base operating in over fifteen countries. The output from the Mine operation consists of several grades of the titanium dioxide (TiO_2) minerals; ilmenite and rutile, as well as the zirconium mineral, zircon. Kenmare's products are key raw materials that are processed into intermediate products and ultimately consumed in everyday 'quality-of-life' products such as paints, plastics and ceramic tiles.

Eamonn Keenan
Group General Manager, Sales & Marketing



Ilmenite and rutile are used as feedstocks to produce TiO_2 pigment which accounts for about 90% of global titanium feedstock consumption. TiO_2 pigment is a non-toxic inert product with a very high refractive index that gives it a superior ability to disperse light. This makes it the preferred pigment to impart a brilliant white colour, and offer ultraviolet protection and opacity when included in final products. TiO_2 pigment is consumed in the manufacture of paints and other coatings, plastics and paper, as well as a number of other applications, including cosmetics, food additives, ceramics, inks and textiles.

The balance of the demand for titanium feedstocks is largely accounted for by titanium metal production and for welding electrode applications. Titanium metal's unique properties, including its high strength-to-weight ratio, high melting point and its resistance to corrosion, make it the preferred metal for a number of demanding applications including the manufacture of airframes and jet engines for the aerospace industry. It is also widely employed in the manufacture of equipment and materials used in chemical, water desalination and power plants, and in a number of growing applications in the electronics, medical and leisure industries. Rutile and some grades of ilmenite are also used as a component for coating welding electrodes, which are in turn consumed in the construction and ship-building industries.

During 2015, despite positive growth in downstream products that consume TiO_2 pigment, overcapacity and excess inventory continued to place downward pressure on pigment prices. This created difficult market conditions for titanium feedstocks with poor pricing, weaker than expected volume offtake from the pigment sector and an inventory overhang. While improved market conditions in the titanium metal market were evident in 2015, driven primarily by increased demand from the aerospace sector, it was insufficient to offset the weakness in the pigment sector. This growth in titanium metal demand is forecast to continue until 2020.

Demand and prices of high grade titanium feedstocks (i.e. rutile, synthetic rutile, chloride ilmenite) were more stable in 2015 as the large producers carefully managed inventories and operated production to match customer requirements. Market demand for chloride ilmenite was broadly in line with expectation for chloride pigment production and there was some growth in off-take from synthetic rutile producers driven by the stronger demand from the titanium metal sector.

Supply and demand analysis for sulphate ilmenite indicates there was a primary deficit in 2015; however, the accumulated inventory was sufficient to offset the deficit. The sulphate ilmenite sector is characterised by a fragmented supplier base and experienced continued downward pressure on prices through 2015. Despite the challenging market conditions in 2015, demand for Kenmare's products remained relatively strong with good volume support from its core customers.

China continues to be a large importer of ilmenite, but an expected increase in offtake failed to materialise in 2015 due to a drawdown of inventory and a decline in pigment production in the second half. Recent prices increases suggest this decline in pigment production has reversed and growth has resumed. Furthermore, iron ore production in China, of which ilmenite is a by-product, continued to decline through the year. Independent parties estimate the reduction in 2015 at approximately 500,000 tonnes. This trend has continued into 2016 with further supply reductions in Chinese ilmenite as a structural oversupply in the iron ore industry persists. Ilmenite supply has also reduced from other regions, most notably Australia and USA, following the closure of depleted mines, and in Russia due to iron ore related market dynamics.

Marketing Review

(continued)

Declining ilmenite production is also evident from Vietnam, Mexico, as is a decline in concentrate production from Mozambique and other regions.

Supply/demand analysis on the ilmenite sector to 2020 shows that without supply from new projects, or from re-incentivised higher cost capacity that has been idled, there will be a growing deficit of supply. In the short term, the remaining inventory is expected to be fully absorbed over the course of 2016. Increased consumption of ilmenite for pigment and chloride slag production, coupled with reduced supply from ilmenite producers, and the absorption of the inventory overhang, are expected to lead to tightening supply/demand conditions emerging during 2016.

Kenmare is well positioned to benefit from expectations of a supply deficit. This shortfall can only be met by either new project development or re-incentivised higher cost production, both of which require significantly higher prices than current pricing levels. The fundamentals of continued growth in pigment demand, based on increased economic activity driven by urbanisation trends in emerging markets and resumption of growth in the more traditional markets, such as North America and Europe, still apply and will support offtake of Moma ilmenite production in the future.

Zircon Market

Zircon is a zirconium mineral produced as a co-product of titanium minerals mining and is an important raw material for the ceramics industry as an opacifier and frit compound for decorative wall and floor tiles and sanitary ware. It is also consumed in the foundry and refractory industries and in a growing number of chemical applications, which include fused and chemical zirconia. The largest consuming regions for zircon are Mediterranean Europe and Asia, and in particular China.

In addition to China, India, the Middle East and the Americas are important growth markets.

The zircon market experienced varying demand conditions in the different geographical regions in 2015. Zircon consumption increased in most regions but with some weakness in China in the second half of the year. European demand, which was subdued for the previous three years, grew modestly in 2015 as the ceramic industry export volumes increased assisted by the weak Euro. In China many of the smaller players in the ceramics industry were forced to shut down or cease production due to new environmental laws that were implemented in 2015. Overall global zircon demand was flat in 2015.

Zircon prices declined over the course of 2015, by approximately 10%. Although some of the larger producers sought to align production with market demand, increased supply from new second tier producers, coupled with positioning by various producers for year-end sales contributed to the softness. Further price weakness has been seen in recent weeks due to ongoing competitive tensions between the major producers.

As with TiO_2 pigment demand, zircon demand is closely correlated to GDP growth and construction activity. Urbanisation trends and per capita income growth in emerging economies are the principal drivers of growth in demand for products such as ceramic tiles that consume zircon. There is also a preference for use of ceramics tiles as wall and floor covering in most of these emerging markets. While consumption of zircon for refractory and foundry applications is expected to be relatively stable, faster growth can be expected in specialty chemicals, zirconium metal and chemical zirconia as a diverse range of new end-use applications are developed in the coming years.

Prospects for the European ceramics industry are encouraging for 2016 on expectation of increased growth in exports. Demand conditions in China will hinge primarily on activity in the construction sector and recent macro data on the sector is encouraging. North American demand is also expected to be good in 2016 due to growth in the investment casting market, while good growth is also expected in India, South America and other regions. Overall there is expectation of modest growth in 2016.

Kenmare is grateful for the support that it received from its ilmenite and zircon customers in 2015 and we expect this support to continue in 2016.

Eamonn Keenan
Group General Manager, Sales and Marketing

Zircon is an important material for the ceramics industry in the production of decorative wall and floor tiles.

Finance & Risk Review

Finance Review

Overview

Operating costs decreased by 8% in 2015 to US$189.9 million from US$205.8 million in 2014. Total cash cost per tonne of finished product decreased 13% from 2014 to 2015 and decreased by 27% between H1 2015 and H2 2015.

HMC production decreased by 15% in 2015 to 1,100,600 tonnes compared to 1,287,300 tonnes in 2014 principally as a result of power interruptions during Q1 2015. Finished product production decreased by 10% to 821,300 tonnes compared to 911,500 tonnes in 2014. Kenmare sold 800,400 tonnes (2014: 800,000 tonnes) of finished products during the year, in line with the prior year. However, as a result of continuing weak market conditions, revenue for the year was US$142.6 million, a decrease of 18% on the 2014 revenue of US$174.3 million.

In order to manage liquidity the Group invested a minimal amount of US$5.6 million (2014: US$5.2 million) in property, plant and equipment, in line with the prior financial year. Bank loans at the end of 2015 amounted to US$341.9 million (2014: US$337.7 million), an increase of US$4.2 million during the financial year. The net increase is a result of increases from drawdowns of Super Senior loans of US$10.0 million (2014: nil), interest accrued of US$32.7 million (2014: US$31.4 million), loan amendment and advisor fees incurred of US$17.3 million (2014: US$8.3 million), loan amendment fees amortised of US$3.8 million (2014: US$2.4 million), offset by reductions from foreign exchange gains of US$19.3 million (2014: US$23.2 million) and loan interest payments of US$5.7 million (2014: interest and principal US$20.0 million). Cash balances at the financial year end amounted to US$14.4 million (2014: US$21.8 million).

Tony McCluskey
Financial Director

Kenmare generated earnings before interest, tax, depreciation and amortisation (EBITDA) of negative US$11.5 million in 2015 (2014: US$9.4 million positive). This negative EBITDA relates mainly to the first half of 2015 (H1 EBITDA: US$10.6 million negative) as a result of a higher cost per tonne in the period due to lower production, particularly in the first quarter.

The improvement in EBITDA in H2 2015 to a negative US$0.9 million was helped by lower operating costs as a result of cost saving initiatives implemented, favourable foreign exchange movements and higher production.

The loss for the year was US$60.6 million (2014: US$100.8 million).

Results

Production, revenue and cost results for 2015 and 2014 were as follows:

	H1 2015	H2 2015	FY 2015	H1 2014	H2 2014	FY 2014	FY Change %
Production (tonnes)							
Heavy mineral concentrate	454,500	646,100	1,100,600	604,200	683,100	1,287,300	-15%
Ilmenite	324,100	439,400	763,500	445,600	409,000	854,600	-11%
Zircon*	23,800	28,000	51,800	21,400	29,400	50,800	2%
Rutile	2,800	3,200	6,000	2,800	3,300	6,100	-2%
Total final products	350,700	470,600	821,300	469,800	441,700	911,500	-10%
Revenue (US$'000)	73,887	68,696	142,583	81,222	93,095	174,317	-18%
Finished products shipped (tonnes)	412,000	388,400	800,400	399,000	401,000	800,000	0%
Average price per tonne (US$/t)	179	177	178	204	232	218	-18%
Total operating costs** (US$'000)	101,066	88,852	189,918	99,073	106,708	205,781	-8%
Total cash cost (US$'000)	69,123	67,322	136,445	83,002	90,055	173,057	-21%
Total cash cost per tonne finished product (US$/t)	197	143	166	177	204	190	-13%

*Included in zircon production is a secondary zircon product.
** Included in operating cost are depreciation and amortisation

Finance Review

(continued)

Production and revenue

HMC production decreased by 15% in the year to 1,100,600 tonnes compared to 1,287,300 tonnes in 2014. HMC production in Q1 2015 was severely impacted by grid power supply outages to the Mine, due to severe flooding in northern Mozambique, which resulted in serious damage to power lines and a total of 57 days of lost grid power. Production in Q2 2015 was also constrained by sporadic power outages due to remediation of the power lines damaged in the floods and industrial action that caused the loss of 9 days of Mine production in June 2015. Production in Q4 2015 was negatively impacted by poor power reliability, as a result of network transmission capacity issues, and stoppages associated with the installation of new power infrastructure by EdM. Separately, mined ore volumes were reduced in the quarter as mining conditions lowered dredge throughputs in comparison to Q3 2015. These mining conditions continued in Q1 2016. As a result, dry mining operations previously employed to supplement the dredges, restarted in March 2016 at WCP A. Refurbishment of the WCP B dry mining operation is also under consideration to address a capacity gap at WCP B due to a harder layer in the dredge mining face, expected to last until the middle of 2017. Supplementing the gap will ensure that HMC production can be maximised. Economic evaluation is currently underway with commencement proposed for Q3 2016.

Lower HMC production limited production of final products in 2015. Ilmenite production for the year was 763,500 tonnes (2014: 854,600 tonnes). Not all magnetic concentrate was processed into final ilmenite products during the year, due to the existing product inventory and as a cost management strategy. The intermediate magnetic concentrate stockpile at the year end was 70,500 tonnes (2014: 60,600 tonnes). This stockpile is more suitable for outside storage than final product and is available for future processing into ilmenite.

Total zircon production for the year increased 2% to 51,800 tonnes (2014: 50,800 tonnes). While primary zircon production decreased by 10% to 39,400 tonnes (2014: 43,600 tonnes), its quality improved. The revenue effect of the lower production of primary zircon was more than offset by the higher quality.

Rutile production for the year was 6,000 tonnes (2014: 6,100 tonnes), a decrease of 2%. Rutile product quality has increased and it is expected that this will result in a higher average price received on a like-for-like basis in 2016.

During 2015, Kenmare shipped 800,400 tonnes (2014: 800,000 tonnes) of finished products, in line with the prior financial year. Shipments comprised of 742,200 tonnes (2014: 742,400 tonnes) of ilmenite, 52,400 tonnes (2014: 50,000 tonnes) of zircon (including 12,100 tonnes of secondary grade zircon (2014: 7,800 tonnes)) and 5,800 tonnes (2014: 7,600 tonnes) of rutile. Revenue for 2015 was US$142.6 million (2014: US$174.3 million), a decrease of 18% as a result of lower product prices, mainly on ilmenite.

Closing stock of HMC at the end of 2015 was 11,800 tonnes, compared with 29,600 tonnes at the start of the financial year. Closing stock of intermediate magnetic concentrate at the end of 2015 was 70,500 tonnes (2014: 60,600 tonnes). Closing stock of finished products at the end of 2015 was 237,300 tonnes (2014: 219,500 tonnes), of which 40,000 tonnes were being held for a customer under a bill-and-hold arrangement.

Operating costs

Cost of sales for the year amounted to US$168.1 million (2014: US$173.4 million), including depreciation and amortisation of US$30.8 million (2014: US$36.1 million). Total cash costs were down by $36.6 million from the prior year, principally as a result of cost saving initiatives implemented

During 2015, Kenmare shipped 800,400 tonnes (2014: 800,000 tonnes) of finished products, in line with the prior financial year

during the year, together with favourable foreign exchange gains and lower production. There was a lower depreciation charge on production plant and equipment also due to the lower production in the year. Offsetting the cost savings were write downs of mineral stocks of US$16.0 million (2014: US$7.7 million) as a result of the lower realisable value of finished products due to weak product market conditions.

Other operating costs amounted to US$21.8 million (2014: US$32.4 million), and included: freight costs of US$3.7 million (2014: US$8.2 million), which are either reimbursable by customers or factored into the sales price for product delivered to customers on a CIF (cost, insurance and freight) or CFR (cost and freight) basis; distribution costs of US$12.5 million (2014: US$14.3 million) inclusive of depreciation of US$5.0 million (2014: US$4.9 million); and administration costs of US$1.5 million (2014: US$6.9 million), including a charge of US$0.5 million (2014: US$0.4 million) for share-based payments. During the year, there were arbitration costs of US$4.0 million (2014: US$3.1 million).

Adjusting total operating costs for depreciation of US$35.8 million (2014: US$40.9 million), total Group share-based payments of US$0.7 million credit (2014: US$1.3 million expense), freight reimbursable by customers of US$3.7 million (2014: US$8.2 million) and the decrease in mineral product inventory for the period of US$14.7 million (2014: US$17.7 million increase), the group cash operating cost for the year decreased by 21% to US$136.4 million (2014: US$173.1 million).

In H2 2015, management successfully reduced total cash operating costs per tonne, with operating costs remaining broadly in line with H1 2015 but final product production increasing by 34% as compared to H1 2015. This unit cost improvement is the result of a continuing drive throughout the organisation to rationalise costs and improve efficiency. A retrenchment plan was implemented in 2015 which, together with other labour cost savings, resulted in a 24% decrease in labour costs and a 14% decrease in the headcount compared with 2014. Engineering costs also reduced by 24%, principally as a consequence of improving efficiencies in plant maintenance.

Finance income

Outstanding warrants are re-measured at each reporting date and the increase or decrease in the fair value is recognised as a finance cost or income in the statement of comprehensive income. The fair value of warrants at the statement of financial position date resulted in finance income of US$0.5 million (2014: US$6.1 million) being recognised in the statement of comprehensive income.

Other finance income of US$0.05 million (2014: US$0.2 million) consisted of interest on bank deposits.

Finance costs

Loan interest and finance fees were US$37.8 million (2014: US$34.9 million). During the year US$32.7 million (2014: US$31.4 million) of loan interest was accrued, the increase due to an additional US$10 million drawn on the Super Senior Facility in August 2015, higher subordinated loan balances and interest on subordinated loans, offset by foreign exchange gains on the Euro denominated loans. US$5.7 million (2014: US$7.0 million) loan interest was paid on the senior loans and Absa corporate facility during the year. In July 2015, the Absa corporate facility ceased to be an unsecured debt obligation of Kenmare Resources plc and was novated as a secured subordinated debt obligation of the Project Companies.

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Other financing fees of US$4.4 million (2014: US$2.7 million) consist of higher loan fees amortised.

At 31 December 2015, Group total debt was US$341.9 million (2014: US$337.7 million). The weighted average interest rate on debt at year end was 9.6% (2014: 9.2%)

Exchange movements

An exchange gain of US$22.7 million (2014: US$24.1 million) arose during the year, mainly due to retranslation of Euro-denominated loans. Euro-denominated loans at 31 December 2015 amounted to US$170.2 million (2014: US$184.2 million), approximately 50% of total debt.

Deferred tax

At the statement of financial position date Kenmare Moma Mining (Mauritius) Limited had unused tax losses of US$7.5 million (2014: nil) available for offset against future profits.

This resulted in a tax credit of US$1.3 million (2014: US$0.1 million charge) and a loss after tax of US$60.6 million (2014: US$100.8 million) for the year.

Operating cash flow

Net cash generated from operations in 2015 was US$8.6 million (2014: US$11.9 million used). Investing activities of US$5.6 million (2014: US$5.2 million) in the financial year represents additions to property, plant and equipment. Loan repayments during the financial year amounted to nil (2014: US$13.0 million). As a result of the April 2015 Amendment, senior loan principal repayments due in August 2015 and February 2016 were rescheduled, with fixed US$2 million semi-annual instalments commencing, 1 August 2016. There was a decrease in cash and cash equivalents for the financial year of US$10.5 million (2014: US$45.8 million).

Balance Sheet

During the year, additions to property, plant and equipment were US$5.6 million (2014: US$5.2 million), reflecting continued tight expenditure control due to liquidity constraints. The Group carried out an impairment review of property, plant and equipment at the year end. The Mine plan is based on the Namalope and Nataka proved and probable reserves as set out in the Reserve and Resources table. During 2015, 776 million tonnes of resources at the Nataka orebody was reclassified as reserves, based on additional drilling and orebody analysis, which was incorporated into the 2015 Reserve and Reserve table. Inclusion of these additional reserves extends the last year of operations from 2033 to 2056. As a result of the increase in the life of mine, no impairment provision is required in 2015.

Inventory at the financial year end amounted to US$46.2 million (2014: US$62.5 million), consisting of intermediate and final mineral products of US$27.6 million (2014: US$42.3 million) and consumables and spares of US$18.6 million (2014: US$20.2 million). Closing stock of finished products at 31 December 2015 was 237,300 tonnes (2014: 219,500 tonnes), including 40,000 tonnes being held for a customer under a bill-and-hold arrangement, with the revenue to be recorded in the future. The decrease in mineral product inventory values from the prior financial year is due to a write down of year end stock to forecast net realisable values. The lower product prices achieved in 2015 as a result of the weak product markets are reflected in lower product prices being forecast to be achieved in H1 2016. The reduction in consumable stock reflects tighter liquidity management initiatives implemented in the year.

Trade and other receivables amounted to US$20.9 million (2014: US$28.1 million), of which US$17.2 million (2014: US$25.2 million) are trade receivables from the sale of mineral products and US$3.7 million (2014: US$2.9 million) is comprised of prepayments and other miscellaneous debtors. Trade debtors are a function of shipments made before the financial year end and credit terms specific to the relevant customer. All trade receivables are current and there has been no impairment in trade receivables during the year and no allowances for impairment have been provided for during or at the year end.

Included in trade and other payables of US$47.8 million (2014: US$49.5 million) is US$19.5 million (2014: US$19.5 million) relating to capital projects which are disputed by the Group in arbitration proceedings.

Cash and cash equivalents as at 31 December 2015 amounted to US$14.4 million (2014: US$21.8 million).

Bank loans amounted to US$341.9 million (2014: US$337.7 million) at the end of the year. The reported bank loans have been adjusted for applicable lender fees of US$25.9 million (2014: US$11.8 million), which will be amortised over the life of the loans. During the year there was a drawdowns of the Super Senior Facility of US$10.0 million (2014: nil), loan interest payments amounting to US$5.7 million (2014: interest and principal US$20.0 million), interest accrued of US$32.7 million (2014: US$31.4 million), loan amendment and advisor fees incurred of US$17.3 million (2014: US$8.3 million), loan amendment fees amortised of US$3.8 million (2014: US$2.6 million) and positive foreign exchange movements of US$19.3 million (2014: US$23.2 million). This resulted in an overall increase in Group debt of US$4.2 million (2014: US$17.5 million decrease).

An amendment to the terms of the Project Loans and the Absa corporate facility was agreed with Project Lenders and Absa on 29 April 2015. The April 2015

In H2 2015, management successfully reduced cash operating costs per tonne of final product. Total operating costs remained broadly in line with H1 2015, but final product production increased by 34% compared to H1 2015

Amendment provided for: a new money facility (the "Super Senior Facility") of up to US$50 million (US$30 million for working capital purposes and US$20 million available to fund certain disputed liabilities subject to arbitration); extension of the final maturity of existing facilities; a deferral of and a reduction in scheduled principal payments on the Senior Debt; elimination of scheduled interest and principal on Subordinated Debt; novating and restating the Absa corporate facility as a Subordinated Debt obligation of the Project Companies and extending the final maturity from 31 March 2016 to 1 August 2021; repayment of Super Senior Facility principal, Senior Debt principal, and Subordinated Debt interest and principal (including interest and principal on the novated Absa facility) by means of a cash sweep dependent on the Group's consolidated cash position on each Payment Date commencing 1 August 2016; the appointment of a Lender Approved Non-Executive Director; and the payment of facility fees, restructuring fees and the fees and expenses of Project Lenders' advisors. In certain circumstances and unless a material deleveraging event had taken place in 2015, the Group was required to present to Project Lenders approval a budget for 2016 by 31 January 2016 that included a plan for a material deleveraging satisfactory to Project Lenders. The 2016 budget and material deleveraging plan were delivered to Lenders prior to 31 January 2016 but the deleveraging plan has not been approved by Lenders to date.

On 24 July 2015, the conditions precedent to the effectiveness of the April 2015 Amendment were satisfied and the terms thereof came into effect. On 11 August 2015, US$10.0 million of the Super Senior Facility was drawn.

As at 31 December 2015, the Project Companies were in breach of a number of loan covenants and as a result loan balances are classified as falling due immediately.

As detailed in the Half Yearly Financial Report 2015 a cash flow forecast was prepared by management with best estimates of price assumptions and shipment assumptions supported by the Directors (the "2015 Group Forecast"). In addition, as set out in the Agreed Roadmap, stipulated in the April 2015 Amendment, a cash flow forecast (termed the "Revised Forecast" in the finance documents) was delivered to Lenders. The Revised Forecast was prepared on a more conservative basis than the 2015 Group Forecast. Both the 2015 Group Forecast and Revised Forecast assume that the US$30 million of the Super Senior Loan available for working capital purposes would be fully drawn. However, in order to draw the remainder of the Super Senior Loan, the assumptions and resulting cash flow projections in the Revised Forecast (but not the 2015 Group Forecast) resulted in a requirement for waivers from Lenders in respect of (i) a requirement for the Revised Forecast to show that over the following six months the aggregate of Group cash and the Super Senior Facility undrawn working capital loan commitments shall be no less than US$10 million and (ii) a requirement that the Revised Forecast demonstrates the ability to repay the Super Senior Loan as scheduled. As a result, the Group submitted to Project Lenders a request for waivers. As at 31 December 2015, the requested waivers were not granted and a number of events of default have arisen. As a consequence the Group has been unable to draw the remaining US$20 million of the working capital loan commitment under the Super Senior Facility.

At 31 December 2015, Kenmare Resources plc created a provision of US$60.6 million against the amounts due from subsidiary undertakings, reflecting the loss incurred during the year.

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Details of the loan balances as at 31 December 2015 are set out below:

	Loan balance US$ million	Maturity Under the April 2015 Amendment
Super Senior Loans		
AfDB	0.8	2017
Absa (ECIC)	0.7	2017
EAIF	1.9	2017
EIB	4.9	2017
FMO	1.7	2017
KfW IPEX-Bank	0.4	2017
Total Super Senior Loans	**10.4**	
Senior Loans		
AfDB	21.2	2021
Absa (ECIC)	23.9	2018
EAIF	2.6	2021
EIB	8.5	2021
FMO	8.6	2019
KfW IPEX-Bank (Hermes)	6.6	2018
KfW IPEX-Bank (MIGA)	7.8	2021
Total Senior Loans	**79.2**	
Subordinated Loans		
EIB	149.0	2021
EAIF	60.8	2021
FMO	47.5	2021
Absa	20.9	2021
Total Subordinated Loans	**278.2**	
Total	**367.8**	
Total amendment fees	**(25.9)**	Amortised over life of loans
Total Group Loans	**341.9**	

Events since year-end

On 29 April 2015, the Group entered into an amended project loan agreement ("the April 2015 Amendment") with the Lender Group, the details of which are set out in Note 23. A condition of the April 2015 Amendment was a requirement on the Group to deliver to, and agree with, Lenders a material deleveraging plan by 31 January 2016. A deleveraging plan was delivered to Lenders by this deadline, but was not agreed by the Lenders by the deadline, resulting in an event of default. The Lenders have however continued to work with the Group on the execution of a deleveraging plan, details of which are set out in Note 1 and Note 23.

Also after the year end, Kenmare entered into a conditional subscription and relationship agreement with King Ally Holdings Limited ("King Ally"), a chemicals trading company incorporated in the British Virgin Islands, in respect of a proposed investment by King Ally in Kenmare. This proposed investment is in respect of US$100 million and is on the basis that King Ally would hold not more than 29.9% of the enlarged issued share capital of the Company following the completion of the capital restructuring of the Group.

Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") adopted by the European Union; therefore the Group financial statements comply with Article 4 of the IAS Regulation. The financial statements have been prepared in compliance with Irish Companies Acts 2014. The Group's significant accounting policies and details of the significant accounting judgements and critical accounting estimates are disclosed in the notes to the financial statements. The Group did not make any material changes to its accounting policies in the year ended 31 December 2015.

Financial outlook

The deleveraging plan involves a capital restructuring comprising a capital raise, debt reduction and amendments to the Group's residual loans which will materially reduce the debt obligations and financing costs of the Group and provide it with additional liquidity.

On the basis that the capital raise is successfully achieved as outlined in Note 1, the Group's financial footing and ability to continue in operation would be significantly strengthened.

The growing demand for titanium pigment supply, reducing Chinese ilmenite supply and increased demand for ilmenite from new slag producers, should result in repositioning of the ilmenite price and growth in operating margins in the near future.

Tony McCluskey
Financial Director

Principal Risks and Uncertainties

The Directors have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

The Group's business performance may be affected by risks similar to those faced by many companies in the mining industry. There are a number of potential risks and uncertainties that could have a material impact on the Group's business performance and could cause actual results to differ materially from expected results. The principal risks and uncertainties, together with any mitigating factors, are outlined below.

Going Concern & Liquidity Risk

The Company has announced a proposed Deleveraging Plan involving a capital restructuring comprising a capital raise, debt reduction and amendments to the Group's residual loans, which will materially reduce the debt obligations and financing costs of the Group and provide it with additional liquidity. The Deleveraging Plan is a complex initiative with multiple counterparties. It remains subject to significant third party, internal and external risks. Moreover, any commitment from a potential strategic investor, if made, may be subject to a number of key conditions. Furthermore, the Group's Lenders have not yet agreed to the Deleveraging Plan.

In addition, the Capital Restructuring will require publication of a prospectus and convening of an extraordinary general meeting, at which approval of a number of resolutions (expected to include ordinary resolutions, special resolutions and resolutions on which only certain independent shareholders can vote) will be required.

There is a risk that one or more of these steps may not be completed or satisfied and the Deleveraging Plan may not occur. In summary, these risks include the possibility that one or more of the key stakeholders may withdraw from the transaction, that execution of the transaction may be unable to be completed for documentary, approval or other reasons, and that the Company may not have the necessary funding or other resources to complete the transaction in case of delays

If it becomes likely that any key element of the Deleveraging Plan, or any material consent required for its implementation, is not completed or satisfied, the Directors would immediately seek to agree and implement an alternative Deleveraging Plan that was acceptable to all relevant stakeholders. However, there can be no guarantee that an alternative plan could be agreed or implemented within the timeframes dictated by the limited remaining liquidity reserves of the Group. If the Deleveraging Plan does not proceed and absent support and additional funds

from the Lenders, the Directors are of the opinion that the Group would not have adequate resources for the foreseeable future and the Group may be required to initiate a wind-down of some or all of its operations and/or consider appropriate proceedings in relevant jurisdictions.

Market risks

The Group's revenue and earnings depend upon the demand for and prevailing prices of ilmenite, zircon and rutile. Such prices are based on world supply and demand and are subject to large fluctuations in response to changes in the demand for such products, whether as a result of uncertainty or a variety of additional factors also beyond the Group's control, as well as changes in supply, including as a result of new heavy mineral sands projects commencing production or closure of existing operations. Demand for our products may be reduced by thrifting or substitution by users of our products. The Group's revenue generation, results of operations, cashflows and financial condition may be significantly and adversely affected by declines in the demand for and prices of ilmenite, zircon and rutile.

Concentration and counterparty risk

A small number of customers account for a significant proportion of the Group's revenue. If any of its major customers ceased dealing with the Group, was unable or refused to take delivery of product or sought to materially delay taking delivery, and the Group was unable to sell the product in the market on comparable or superior terms on a timely basis, this would have an adverse effect on the Group's liquidity position, financial condition, revenue generation and results of operations.

Under most of the Group's contracts, customers take delivery of product prior to the due date for payment. If any of the customers under such contracts failed to pay for such products, this would have an adverse effect on the Group's liquidity, financial condition and results of operations.

Competition risk

The Group faces strong competition from other mining companies presently active in the production and sale of titanium minerals and zircon in relation to product pricing or otherwise. There can be no assurance that the Group will be able to successfully respond to such competitive pressure or the competitive activities of new producers.

Operational risks

The Group's financial condition and results of operations are dependent on the success of our operation of the Mine. Any event that materially interferes with our ability to conduct operations at the Mine could have a materially adverse effect on the Group's financial condition and results of operations.

Mining operations are vulnerable to natural events, including drought, floods, fire, storms and the possible effects of climate change. Operating difficulties could be experienced as a result of unexpected geological variations. Mineral sands dredge mining involves considerable berm construction and geotechnical management. An accident or a breach of operating standards could result in a significant incident which would affect the Group's operations, reputation and the costs of its operations for an indeterminate period.

The Mine requires reliable roads, marine infrastructure, power sources and power transmission facilities, and water supplies to conduct its business. The availability and cost of infrastructure affects capital and operating costs, production and sales. In particular, the Mine is dependent on the electricity generation and transmission system in northern Mozambique, and

Principal Risks and Uncertainties

(continued)

a single 170km transmission line to the Mine from the Nampula substation. The Mine has experienced episodes of power outages and instability, partly as a result of an increase in the load on the transmission system that had not been anticipated by the state power transmission utility, EdM, and partly as a result of storm damage to the electrical transmission system on the 170km transmission line. Although the Group has taken a number of initiatives to minimise interruptions to operations caused by power interruptions and has been working with EdM to improve the stability of the electricity supply to the Mine, there can be no assurance that the Group will succeed in minimising or eliminating power outages and instability, which could adversely affect production. If either the power station at Cahora Bassa or the power transmission line to the Mine were to experience prolonged or repeated disruptions or instability, production of heavy mineral concentrate as an intermediate product and of ilmenite, rutile and zircon end-products would be reduced (although the rented electricity generating plant installed in 2014 should ensure continuous operation of the MSP, subject to the availability of an HMC stockpile). Loss of production could reduce cash flow, may affect customer relationships, and have an adverse effect on the Group's results of operations and trading and financial position.

The Mine is reliant on its marine terminal for the shipment of products. Adverse weather conditions can limit the ability to make shipments. Extreme weather conditions or accident could result in damage to the marine terminal, rendering the Mine unable to ship its products pending repair. In these situations, the Mine may be unable to meet its commitments to customers to a lesser or greater degree, resulting in reduced revenues, ocean freight penalties and reduced cash flow, with an adverse effect on customer relationships, results of operations and trading and financial condition.

The Group's customers depend upon ocean freight to transport products purchased from the Group. Disruption of ocean freight as a result of piracy or other events could temporarily impair the Group's ability to supply its products to its customers and thus could adversely affect the Group's revenue generation, results of operations and trading and financial condition. The Group has developed a policy to manage the threat of piracy near the marine terminal.

The Group's insurance does not cover every potential risk associated with its operations. Adequate cover at reasonable rates is not always obtainable. In addition, the Group's insurance may not fully cover its liability or the consequences of any business interruption such as weather events, equipment failure or labour dispute. The occurrence of a significant event not fully covered by insurance could have an adverse effect on the Group's business, results of operations and financial condition.

Mine path risk

The WCP A dredge path intercepts an area known as Monte Filipe in 2017. The area is within the mining lease, however there is some opposition to the mining based on spiritual and economic development grounds. Kenmare continues extensive engagement with the local community and local and provincial government seeking resolution of the matter. Should the matter not be resolved in a timely fashion, a change in the dredge path to avoid Monte Filipe could have an adverse effect on the Group's production and consequently on the Group's business, results of operations and financial condition.

Ore reserve and mineral resources risk

The Group's estimates of ore reserves and mineral resources are subject to a number of assumptions that may be incorrect and may be materially different from mineral quantities that may ultimately be recovered. Actual ore reserves may not conform to geological or other expectations and the volume and grade of ore recovered may be below the estimated level. Changes in the forecast prices of the Group's products, exchange rates, production costs or recovery rates may result in reserves ceasing to be economically viable and needing to be downgraded or reduced. Moreover, short-term operating factors relating to the reserves, such as the need for sequential development of ore bodies and variations in ore grades, may adversely affect the Group's production and profitability in any particular accounting period.

Financing risks

The development of the Mine has been partly financed by the Project Loans. The Group's ability to meet its debt service obligations under these loans depends on the cash flow generated from operations. Details of loan amendments during the year and after the statement of financial position date are set out in Note 23 Bank Loans to the financial statements. Further developments in relation to the conditions to disbursement of undrawn amounts under the Super Senior Loan are set out in Note 1 Going Concern. The Mine's cash flow, in turn, depends primarily on the Mine's ability to achieve production, product sales volumes and pricing and cost targets. Failure to achieve these targets could result in insufficient funds to meet scheduled interest and principal repayments which could result in the application of default interest rates, as well as an event of default.

Furthermore, the terms of the Group's loans include a number of covenants (including operational, organisational, environmental, insurance and financial covenants) applicable to the Group, as well as a number of events of default. Currently a number of events of default under the Group's loan documents have occurred and remain unwaived by lenders.

Unless Project Lenders agree to waive existing or future events of default, following notice and in certain circumstances the passage of time, the Project Lenders may be able to accelerate the payment of all sums arising under the facilities (including accrued interest), enforce the security and guarantees granted by the Group, and/or take any other action permitted to be taken. Should a waiver not be granted by Lenders, as set out under Note 1 Going Concern, the Group may not be able to draw down further on the Super Senior Facility. Any such action by lenders or inability to further draw on the Super Senior Facility could be detrimental to the Group's financial condition and may result in the insolvency of the Company and other members of the Group.

Furthermore, the restrictions placed on the Group under the terms of the Project Loans prohibit payment of dividends, and may impair its operating and financial flexibility, which could adversely affect the business and financial position of the Group.

Currency risks

The Group's corporate and Project Loans are denominated in US Dollars and Euro. At 31 December 2015, the loan balance comprised US$171.7 million denominated in US Dollars and US$170.2 million denominated in Euro. The outstanding loans are to be repaid in instalments with a final maturity of 1 August 2021. All the Group's sales are denominated in US Dollars. Euro-denominated loans expose the Group to currency fluctuations which are realised on payment of interest and principal on Euro-denominated loans.

Senior management regularly monitors and reports to the Board on these currency risks. The Board has determined that the Group's current policy of not entering into derivative financial instruments to manage the loan-related currency risks continues to be appropriate in light of the length of, and payment profile over, the loan repayment period.

Group operating and capital costs are denominated in US Dollars, South African Rand, Mozambican Metical, Euro, Sterling, and to a lesser extent in Australian Dollars, Singapore Dollars and Chinese Renminbi. Fluctuations in these currencies will affect the Group's financial results.

Interest rate risk

Interest rates on the Group's bank loans are both fixed and variable. The variable rates are based on six month US Dollar LIBOR. All the Euro loans are fixed rate. Under the April 2015 Amendment, the interest rates on all Subordinated Loans were fixed at 11% per annum. The Group is exposed to movements in interest rates which affect the amount of interest paid on borrowings. As at 31 December 2015, 86% of the Group's debt (US$294.9 million) was at fixed interest rates and 14% (US$47.0 million) was at variable interest rates. Any increase in the six month US Dollar LIBOR would increase finance costs and therefore have a negative effect on the Group's profitability. Senior management regularly monitors and reports to the Board on these interest rate risks. The Board has determined that the Group's current policy of not entering into derivative financial instruments to manage such risks continues to be appropriate in light of the length of the loan repayment period, the payment profile over this period and the mix of fixed and variable rate debt.

Commodity price risk

Certain of the Group's operations and facilities at the Mine are intensive users of diesel fuel. Diesel fuel use has increased as a result of the installation of diesel-powered generators to supplement power supplied by EdM. To the extent the use of these diesel-powered generators increases, the Group's consumption of diesel fuel will further increase. Factors beyond the Group's control may put upward pressure on the price paid by the Group for diesel fuel.

Health and safety risks

The Group is committed to conducting its business in a manner that minimises the exposure of its employees, contractors and the general public to health and safety risks arising from its operations. An accident or a breach of operating standards could result in a significant incident which could affect the Group's reputation, and the costs and viability of its operations for an indeterminate period. The Group's operations worked 3.9 million hours in 2015 (2014: 4.3 million hours), with 9 lost-time injuries to employees and contractors (2014: 8 lost-time injuries). Malaria is a key risk at the Mine and the Group continues to develop and implement programmes to minimise its effect on all personnel at the Mine. The Group ensures that appropriate health and safety standards are maintained across all its activities.

Human resources risks

The Group's success depends upon the expertise and continued service of certain key executives and technical personnel, including the Executive Directors. The loss of the services of certain key employees, including to competitors, could have a material adverse effect on the results of operations and financial condition of the Group. In addition, as the Group's business develops and expands, the Group's future success will depend on its ability to attract and retain highly skilled and qualified personnel, which is not

Principal Risks and Uncertainties

(continued)

guaranteed. Due to the increased mining activity in Mozambique and new projects in the heavy mineral sands industry in recent years, the Group has encountered increasing competition in attracting and retaining experienced mining professionals, especially at its Mine. Should key personnel leave or should the Group be unable to attract and retain qualified personnel, the Group's business, results of operations and financial condition may be adversely affected.

Certain employees are represented by a union under a collective agreement. The Group may not be able to satisfactorily renegotiate labour agreements when they expire and may face higher wage demands. In addition, as occurred in June 2015 with unofficial industrial action causing the temporary suspension of production, existing labour agreements may not prevent a strike or work stoppage, which could have an adverse effect on the Group's results of operations, financial condition and reputation.

The Mine employs a number of non-Mozambicans, including in senior management and technical positions. Although the Mine enjoys very good relations with the local communities, resentment against certain expatriate communities in Mozambique (for example as a result of violence against Mozambicans in neighbouring countries) has in the past and may in the future require the Group to evacuate some or all of its expatriate staff to ensure their safety. Should expatriate personnel be unable to work at the Mine for prolonged periods of time, this could have an adverse effect on the Group's results of operations and financial condition.

Litigation risks

The Group is a party to a number of disputes that are subject to resolution through court or arbitral proceedings and may from time to time face the risk of other litigation in connection with its business and/or other activities. Recovery may be sought against the Group for significant but indeterminate amounts and the existence and scope of liabilities may remain unknown for substantial periods of time. Of the two current material claims against the Group, the estimated defence costs of one have been provided for under legal provisions as detailed in Note 25 Provisions, and the value of the other is included in the Group's current liabilities, although the Group is disputing the claim in full and has raised a substantial counter-claim. A substantial legal liability and/or an adverse ruling could have a material adverse effect on the Group's business, results of operations and financial condition.

Political risk

The Mine is located in Mozambique, which has been politically stable for more than two decades. The Group has operated in Mozambique since 1987, and has executed a Mineral Licensing Contract and an Implementation Agreement which each contain certain protections against adverse changes in Mozambican law. The Group's operations in Mozambique may, however, become subject to risks similar to those which are prevalent in many developing countries, including extensive political or economic instability, changes in fiscal policy (including increased taxes or royalty rates), nationalisation, inflation, and currency restrictions, as well as renegotiation, nullification, termination or rescission of existing concessions or of licenses, permits, approvals and contracts. In addition, there may be an increase in, and tightening of, the regulatory requirements (including, for example, in relation to employee health and safety, permitting and licensing, planning and development and environmental compliance). The occurrence of these events could adversely affect the economics of the Mine and could have a material adverse effect on the results of operations and financial condition of the Group.

Regulatory risk

The Group's operations are extensively regulated by national authorities in Mozambique. Regulations govern matters including, but not limited to, employee health and safety, permitting and licensing requirements, planning and development and environmental compliance. Although the Mineral Licensing Contract and Implementation Agreement contain certain protections against adverse changes in Mozambican law, non-compliance with current or future regulations may result in financial penalties, the curtailment or cessation of operations, orders to pay compensation, orders to remedy the effects of non-compliance and orders to take preventative steps against possible future non-compliance. In addition, a violation of environmental or health and safety laws or permits or a failure to comply with the instructions of the relevant environmental or health and safety authorities could lead to, among other things, a temporary shutdown of all or a portion of the Mine, a loss of the right to mine or to continue with production or the imposition of costly compliance procedures, fines and penalties, liability for clean-up costs or damages. Any such measures could have a material adverse effect on the Group's results of operations and financial condition.

Titanium metal turbine blades

Corporate Governance Report

Board of Directors

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1. Sofia Bianchi
(Non-Executive Director)

Sofia Bianchi has extensive experience in banking, fund management and mergers & acquisitions ("M&A"). From 2007 to April 2016 she was Head of Special Situations at BlueCrest Capital Management. She held the position of Deputy Managing Director of the Emerging Africa Infrastructure Fund with Standard Bank London from 2002 to 2007. She previously held a senior position with the European Bank for Reconstruction & Development. From 1987 to 1992, she was a member of a global M&A advisory team, Prudential Bache Capital Funding, where she initiated, structured and executed cross-border M&A transactions. She holds a BA in Economics (George Washington University, Washington, D.C.) and an MBA (Wharton School, University of Pennsylvania). She was appointed to the Board as a Non-Executive Director in May 2008 and is a member of the Audit, Nomination, Remuneration and Strategic Options Committees.

2. Michael Carvill
(Managing Director)

Michael Carvill is a Fellow of the Institute of Engineers of Ireland (FIEI). He holds a BSc in Mechanical Engineering (Queen's University, Belfast) and an MBA (Wharton School, University of Pennsylvania). He worked as a contracts engineer in Algeria and as a project engineer at Tara Mines, Ireland. He has been the Managing Director of Kenmare since 1986. He is a member of the Strategic Options Committee.

3. Terence Fitzpatrick
(Technical Director)

Terence Fitzpatrick is a graduate of University of Ulster (Mech. Eng.). He worked as Project Manager and then Technical Director of Kenmare from 1990 to 1999. He was responsible for the development of the Ancuabe Graphite Mine in Mozambique, which achieved completion in 1994. He was appointed to the Board of Kenmare in 1994. He served as a Non-Executive Director from 2000 to 2008. He was appointed as Technical Director in February 2009.

4. Elizabeth Headon
(Non-Executive Director)

Elizabeth Headon has over 15 years' experience in issue management, corporate affairs and social responsibility. Based in Dublin, she sits on boards of a number of non-listed companies and advises on corporate affairs. She was Chief Executive of the Digicel Foundation Haiti from 2009 to2012 and an advisor to the Prime Minister of Haiti. Previously she was a Director of Ireland's leading communications consultancy and worked in Mozambique on the Kenmare-Moma Development Association. She has an MBA from University College Dublin, and a BA and MA from the National University of Ireland, Galway. She was elected to the Board as a Non-Executive Director in May 2011 and is Chairman of the Remuneration Committee and a member of the Nomination and Audit Committees.

5. Anthony Lowrie
(Non-Executive Director)

Anthony Lowrie has over 40 years' association with the equities business. He was a partner with Hoare Govett, London from 1976 until 1986 when it was sold to Security Pacific. He then became a member of the main Board of Security Pacific Hoare Govett from 1986 to 1991. He led a management buyout of Asian Equities in 1991 and became Chairman of HG Asia Securities in 1991. He held this position until HG Asia Securities was sold to ABN Amro Bank in 1996 at which point he assumed the role of Chairman for ABN Amro Asia Securities until 2004. He was formerly also a Managing Director of ABN Amro Bank. He has been a Non-Executive Director in several quoted Asian closed-end funds. He was up until December 2015 a Director of the Edinburgh Dragon Fund. He has been a Non-Executive Director of Dragon Oil plc, and had, for 18 years, been a Non-Executive Director of J D Wetherspoon plc. In September 2012, he was appointed as the Senior Independent Non-Executive Director of Petra Diamonds Limited, a FTSE 250 diamond mining and exploration company. He was elected to the Board as a Non-Executive Director in 2006.

6. Tony McCluskey
(Financial Director)

Tony McCluskey has worked with Kenmare since 1991. He was originally appointed as Company Secretary and Financial Controller, before becoming Financial Director in 1999. He holds a Bachelor of Commerce degree from University College Cork and is a Fellow of the Institute of Chartered Accountants. Before joining Kenmare, he worked for a number of years with Deloitte as a senior manager in Dublin and also worked overseas.

7. Steven McTiernan
(Chairman and Non-Executive Director)

Steven McTiernan has over 40 years of diverse natural resources industry and investment banking experience with Amoco, BP, NatWest Markets, CIBC and the Chase Manhattan Bank where he was Senior Vice President. He served as Senior Independent Director at Tullow Oil plc and was a Non-Executive Director of that company for 11 years until January 2013, was an Independent Director at First Quantum Minerals Ltd. until June 2012, and was an Independent Director at Songa Offshore SE until January 2014. He received an MA in Natural Sciences from the University of Cambridge. He was appointed to the Board in March 2013. He is Chairman of the Nomination Committee and a member of the Remuneration Committee.

8. Gabriel Smith
(Non-Executive Director)

Gabriel Smith is an independent consultant and private investor. He sits on several boards of companies in different industries. He began his career as a loan officer at Citibank London. He was Managing Director of Ingenior Christen Smith AS, a technical trading company. He then joined Tinfos, a Norwegian silicomanganese, pig iron and titanium dioxide producer as Chief Executive Officer from 1990 to 2007. From 2003 to 2006 he also held the position of Chairman of Pan Fish ASA, and from 2007 to 2009 he held the position of Chairman of Lighthouse Caledonia, a public seafood company. In 2010 he returned to the Board of Tinfos, now restructured as a hydro company, and until 2015 he was on the Board of several property funds. He received his undergraduate degree in Economics from Dartmouth College and has an MBA from Amos Tuck School in the US. He was appointed to the Board in March 2013 and is Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees.

9. John Ensall
(Non-Executive Director)

John Ensall began his career in Corporate Finance for Coopers & Lybrand Deloitte before a number of chief executive positions at Clares Group, Food Brokers Ltd and Addis Group. He has since focused on turnaround situations including Public Safety Equipment Group (2009-11), Radius Systems (2011-12) and more recently Findus Group in 2012. He received his undergraduate degree in Engineering from the University of Leicester and has an MBA from City University Business School. He was appointed to the Board in July 2015 and is Chairman of the Strategic Options Committee.

Chairman's Introduction to Corporate Governance

Corporate Governance

The Directors recognise the importance of good corporate governance and have ensured that appropriate corporate governance procedures are in place. In the financial year under review, they have applied the principles of the UK Corporate Governance Code (the " 2014 Code") issued by the UK's Financial Reporting Council ("FRC") in September 2014, a copy of which can be obtained from the FRC website, www.frc.org.uk. The Directors have applied all the provisions of the Code.

The 2014 Code introduced a new requirement that Companies should put in place arrangements that will enable them to recover or withhold variable pay when appropriate to do so, and should consider appropriate vesting and holding periods for deferred remuneration. The Kenmare Incentive Plan ("KIP") was adopted by the shareholders in 2014. The KIP includes malus provisions whereby unvested shares are subject to cancellation in circumstances such as material misstatement of accounts, or an event causing serious harm to the Company's reputation. Awards under the KIP are subject to a three year vesting period. The Remuneration Committee considers that the Company's arrangements are appropriate in the context of the intent of the 2014 Code.

The 2014 Code introduced a new requirement for the Directors to explain in the Annual Report how they have assessed the prospects of the Group over an extended period of time and to state whether they have a reasonable expectation that it will be able to continue in operation and meet its liabilities as they fall due over the period of assessment. This viability statement is included in the Directors' Report on page 90. The Finance and Risk Review on pages 35 to 50 and the Audit Committee Report on pages 57 to 59 contain disclosures on how risk management and internal control systems are monitored.

The Board of Directors

Kenmare Resources plc is led by a strong and effective Board of Directors. Directors' biographical details, including each Director's date of appointment, are set out on page 53. The Board consists of nine Directors, of which three are Executive and six are Non-Executive. The majority of the Board is made up of Non-Executive Directors. The Chairperson is required to be a Non-Executive. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board and considers the size and composition to be appropriate. The Board recognises that after nine years' service Non-Executive Directors may be regarded as non-independent and may therefore be requested to step down at such time. The Board has delegated to the Nomination Committee the responsibility to identify any need to renew the Board, taking into account the challenges and opportunities facing the Company and the skills and expertise therefore needed on the Board in the future.

Mr. J. Ensall was appointed to the Board as a Non-Executive Director on the 27 July 2015. He is chairman of the Board's Strategic Options Committee.

Mr. T. Lowrie has served for more than nine years on the Board as a Non-Executive Director and will not be seeking re-election at the next AGM.

Ms. S. Bianchi is the Senior Independent Non-Executive Director.

The roles of the Non-Executive Chairman (Mr. S. McTiernan) and the Chief Executive (Mr. M. Carvill) are separate.

Diversity

The Board seeks to ensure the right balance of skills, knowledge and experience is retained on our Board enabling us to maximise our corporate potential. Currently Kenmare's Board comprises 22% women, with women Directors making up 33% of the Non-Executives on the Board.

Operation of the Board

The Board has delegated responsibility for the management of the Group through the Chief Executive to executive management, but has reserved certain items for its consideration and decision. These include approval of the strategic plans of the Group, financial statements, the annual budget, major acquisitions, significant contracts, major investments, interim and preliminary results announcements, circulars to shareholders, review of the Group's system of internal control, and appointment of Directors and the Company Secretary.

Since 2010, the Board has adopted the practice that all Directors offer themselves for reappointment at the Company's Annual General Meeting.

Directors take independent advice in the furtherance of their duties at the Company's expense.

Meetings

The Board and its Committees met regularly throughout 2015. Details of Directors' and Secretary's attendance at Board and Committee meetings are set out below. Additional non-formal Board meetings, to consider specific issues, were held as and when required.

	Full Board		Audit Committee		Remuneration Committee		Nomination Committee		Strategic Options Committee	
	A	B	A	B	A	B	A	B	A	B
Non-Executive Directors										
S. McTiernan (Chairman)	19	19			4	4	5	5		
S. Bianchi	19	19	5	5	4	4	5	5	9	9
J. Ensall	7	7							9	9
E. Headon	19	19	5	5	4	4	5	5		
T. Lowrie	19	19								
G. Smith	19	19	5	5	4	4	5	5		
Executive Directors										
M. Carvill	19	19							9	9
T. Fitzpatrick	19	19								
T. McCluskey	19	19								
Company Secretary										
D. Corcoran*	19	19	5	5	4	4	5	5	9	9

*In attendance only

Column A – indicates the number of meetings held during the period the Director was a member of the Board and/or Committee.
Column B – indicates the number of meetings attended during the period the Director was a member of the Board and/or Committee.

In July 2015 the Board established the Strategic Options Committee, a requirement under the amendment to the Group's financing agreed with its Lenders on 29 April 2015. The Committee is chaired by Mr. J. Ensall who was appointed to the Board as a Lender Approved Non-Executive Director on 27 July 2015. The remit of the committee is broadly (a) to oversee the development and evaluation of strategic options available to the Company (including by M&A transaction or similar, asset disposal, financial/operational restructuring, equity raise or other equity or debt financing or other similar strategic option, and any significant capital expenditure programme); and (b) to oversee the negotiation/execution of, and ongoing monitoring of/compliance with, any proposed restructuring of the Kenmare Group's debt obligations.

In addition to formal meetings, the Executive Directors have regular contact with the Non-Executive Directors regarding developments within the Group. The Board and its Committees are circulated with Board or Committee papers, as appropriate, in advance of meetings.

Independence of Non-Executive Directors

The Board has carried out an evaluation of the independence of its Non-Executive Directors, taking account of the relevant provisions of the Code and whether the Non-Executive Directors discharge their duties in a proper and consistently independent manner and constructively challenge the Executive Directors and the Board.

Chairman's Introduction to Corporate Governance

(continued)

In July 2015 Mr. J. Ensall was appointed to the Board as a Non-Executive Director in the role of the Lender Approved Non-Executive Director, a requirement under the amendment to the Group's financing, agreed with Lenders on 29 April 2015. Mr. J. Ensall's services have also been made available to the Group through an agreement for supply of consultancy services with Lemna Limited. As a result Mr. J. Ensall is not considered independent.

Mr. A. Lowrie is currently not considered to be an independent Non-Executive Director as he has served for more than nine years on the Board. He will not be seeking re-election at the next AGM.

All the other Non-Executive Directors fulfil the independence requirements of the Code.

Mr. S. McTiernan has been Chairman of the Company since June 2014. On his appointment, Mr. S. McTiernan met the independence criteria as set out in the Code.

Performance Appraisal

The Board conducts an annual evaluation of its performance and that of its Committees. It also conducts an annual performance evaluation of individual Directors. In 2015, the Institute of Directors in Ireland ("the IOD") undertook a performance evaluation of the Board.

The Board performance evaluation enabled the Directors to understand how well the Board is operating in key areas including strategy, business principals, risk management and internal control, performance and measurement, stakeholder management, board composition and boardroom practice. The output from the process has enabled the Board to recognise its strengths and tackle any weaknesses identified.

The process commenced with the IOD briefing the Directors on the objectives, the process and the prospective output of the evaluation. Each of the Directors then had to complete a detailed questionnaire. Based on the results of the questionnaire, the IOD prepared a detailed report which, together with a debriefing on the reports' findings, was provided to the Board.

The main conclusions of this report were that the Board displayed exemplary effectiveness during a very difficult period for the Company. The Board has remained focused on ensuring the best outcome for all stakeholders and performed well across all areas of assessment including strategy, risk management, performance and measurement with very few areas noted for improvement.

The Senior Independent Non-Executive Director, Ms. S. Bianchi, completed an evaluation of the performance of the Chairman, taking into account the views of the Directors. It was concluded that the Chairman continues to contribute effectively and to demonstrate commitment to his role.

Committees

The Board has established Audit, Remuneration, Nomination and Strategic Options Committees. Each committee of the Board has written terms of reference that set out its authorities and responsibilities. These terms of reference are available for review at the Company's registered office and summaries are available on the Company's website, www.kenmareresources.com.

Communication with Shareholders

Communications with shareholders are given high priority and regular meetings take place with institutional shareholders. The Company's Annual General Meeting affords individual shareholders the opportunity to question the Chairman and the Board. Annual Reports and Accounts announcements are sent to shareholders, and other announcements are released through a regulatory information service and on the Company's website, www.kenmareresources.com.

Steven McTiernan
Chairman
29 April 2016

Audit Committee Report

Composition of the Audit Committee

The Audit Committee consists of the Non-Executive Chairman Mr. G. Smith and Non-Executive Directors Ms. S. Bianchi and Ms. E. Headon. During 2015, the Committee determined that Ms. S. Bianchi is the Committee's financial expert. As outlined in the Directors' biographical details, set out on pages 52 and 53, members bring considerable financial and accounting experience to the work of the Committee.

Summary of role of the Audit Committee

The main responsibilities of the Committee include:

- monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance and reviewing significant financial reporting judgements contained in them;
- reviewing the Group's internal financial controls;
- reviewing the Group's internal control and risk management systems;
- making recommendations for the Board to put to the shareholders for their approval in general meeting regarding the appointment, remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements;
- developing and implementing policy on the engagement of external auditors to supply non-audit services, taking into account relevant ethics guidance regarding the provision of non-audit services by an external audit firm;
- review the plans, work and performance of the internal audit function and management's actions on findings to gain assurance as to the effectiveness of the internal controls in the Group; and
- reporting to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken.

Meetings

The Committee met five times during the year ended 31 December 2015. Details of Directors' and Secretary's attendance at Audit Committee meetings are set out on page 55. Audit Committee meetings generally coincide with the release of the Group's preliminary results, AGM and half yearly results.

Significant issues related to the financial statements

The Committee reviewed the 2015 Annual Report in April 2016. The significant issues identified were:

- Cash flow forecasts and going concern. The Committee considered the Group's cash flow forecast and the assumptions on which it was based. It reviewed the relevant disclosures in the financial statements regarding going concern, as detailed in Note 1. Based on this review, the Committee was satisfied that it was appropriate to continue to adopt the going concern basis of accounting in preparing the annual financial statements. The auditors noted that they would include an Emphasis of Matter paragraph in their audit report drawing the reader's attention to this issue.
- Recoverability of property, plant and equipment. The Committee recognise that the combination of the circumstances described in Note 1 Going Concern represents a material uncertainty that may cast significant doubt as to the Group's ability to continue as a going concern and that it may be unable to realise its assets in the normal course of business. Accordingly the auditors have included an Emphasis of Matter in their report drawing the reader's attention to this issue. The Directors expect that the

Audit Committee Report

(continued)

Deleveraging Plan will obtain all of the necessary approvals and consents and the Directors therefore have a reasonable expectation that the Group will be able to successfully navigate the present uncertainties and continue in operation. Accordingly, the financial statements have been prepared on a going concern basis and no break-up adjustments have been made.

As part of the review of the 2015 Annual Report, the Committee has received a report from the external auditors on their audit of the financial statements. This report includes the auditor's review of the areas of audit risk and focus in relation to the financial statements.

The Committee reviewed the 2015 Half Yearly Financial Report issued by the Company in August 2015. The significant issues identified were:

- Cash flow forecasts and going concern. The Committee considered the Group's cash flow forecast and the assumptions on which it was based. It reviewed the relevant disclosures in the financial statements regarding going concern, including the amendment entered into with Project Lenders and Absa in April 2015. The amendments require, in certain circumstances, the Group to present for Project Lender approval a budget for 2016 by 31 January 2016 which includes a plan and timetable for a deleveraging plan satisfactory to Project Lenders. At the time the Directors were satisfied that such a plan could be agreed with Project Lenders. Based on this review, the Committee was satisfied that it was appropriate to continue to adopt the going concern basis of accounting in preparing the half yearly financial statements. The auditors noted that they would include an Emphasis of Matter paragraph in their audit report drawing the reader's attention to this issue.

As part of this review the Committee received a report from the external auditors on their review of the Half Yearly Financial Report. This report included the auditor's key areas of review.

External audit

The Company's external auditors are Deloitte. They have been the external auditors for over 25 years and during this time there has been no tender. The previous engagement partner, Mary Fulton, rotated from this engagement in 2014 and was replaced by Kevin Sheehan. KPMG provide the external audit and taxation services to the subsidiary undertakings Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited and their respective branches.

The Committee notes the recommendation of the Code that FTSE 350 companies should put the external audit contract to tender at least every ten years, and the Group intends to comply with this provision. There are no contractual obligations that restrict the choice of external auditor.

The Committee closely monitors the level of audit and non-audit services that the audit firms provide to the Group. The Committee has adopted a policy on the provision of non-audit services by the external auditors that the engagement will not compromise their audit objectivity and independence, that they have the understanding of the Group necessary to provide the service and that they are considered to be the most appropriate to carry out the work. All non-audit services provided by audit firms must be approved by the Committee.

The Committee agreed the fees and audit plan of the external auditors for their audit of the 2015 Annual Report and Accounts and their review of the 2015 Half Yearly Financial Report. The Committee reviewed the safeguards designed to avoid the possibility that the auditors' objectivity and independence could be compromised. The Committee is satisfied that the appropriate policy is in place in respect of services provided by external auditors.

The Company Secretary, the external audit lead partner, and from time to time the Finance Director, attend meetings at the invitation of the Committee. During these meetings, the Committee and the external auditor discuss, without management present, matters relating to its remit and any issues arising from the audit. The external auditors have unrestricted access to the Chairman of the Audit Committee.

Risk management

The Group has identified and documented critical risks to the business, including key operational risks and related controls in its risk register. The Mine operational risks to the business were reviewed quarterly and updated and the Group's risk register amended. The Group's operational risks are reviewed annually and the corporate and business risks on the Group's risk register are updated. The critical/high risks identified as a result of this process were reviewed by the Audit Committee. These risks are included in the Principal Risks and Uncertainties facing the Group as set out on pages 44 to 50. The risk register and risk management policy are reviewed and updated at least six-monthly. As part of the internal audit function, controls identified in the risk register are tested to ensure they are operating effectively.

The Company has a whistle-blowing policy in place and a third party service provider is engaged to provide a confidential 24/7 whistle-blowing service allowing all employees to contact them and report any wrongdoing in the workplace. Four reports were received in 2015 and these were dealt with by the Internal Auditor. The service does not replace the internal processes within the organisation, but seeks to provide an alternative for those employees who for any reason do not wish to use the internal processes.

The Audit Committee Chairman can receive in confidence complaints in writing on accounting, risk issues, internal controls, auditing issues and related matters for reporting to the Audit Committee.

During the year the Audit Committee reviewed a summary of the key insurance policies covering Property Damage and Business Interruption, Marine Hull and Machinery, Marine War, Marine Protection and Indemnity, Marine Cargo, Charterers Liability, Port and Terminal Operators, Mobile Equipment, General Liability, Aviation, Personal Accident, and Directors and Officers Liability. The Group's insurance does not cover every potential risk associated with its operations. Adequate cover at reasonable rates is not always obtainable. In addition, the Group's insurance may not fully cover its liability or the consequences of business interruption due to risks such as weather events, equipment failure or labour dispute. Taking into account the above factors, the Audit Committee was satisfied there is adequate cover in place to mitigate the Group's exposure to insurable risks.

Internal audit

In April and December 2015, an internal audit of the controls in place at the Mine was conducted. The key findings from these reviews were reported to the Audit Committee in May 2015 and March 2016.

Internal control

The Board of Directors has responsibility for the Group's system of internal control. This involves an on-going process for identifying, evaluating and managing the significant risks faced by the Group and reviewing the effectiveness of the resultant system of internal control that has been in place throughout the year and up to the date of approval of the Annual Report and Accounts. The Board has delegated to management the planning and implementation of the system of internal control throughout the Group. The system of internal control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and accords with Guidance on Risk Management, Internal Control and Related Financial and Business Reporting (September 2014). The key elements of the system include the following:

- The Board, in conjunction with management, identifies the major risks faced by the Group and determines the appropriate course of action to manage these risks;
- Risk assessment and evaluation is an integral part of the management process throughout the Group. Risks are identified, evaluated and appropriate risk management strategies implemented;
- The Board maintains control and direction over appropriate strategic, financial, organisational and compliance issues, and has put in place an organisational structure with defined lines of responsibility and authority; and
- Capital expenditures are controlled centrally and, if in excess of predefined levels, are subject to approval by the Board.

The Board conducted a review of the effectiveness of the Group's risk management and internal controls systems, including financial, operational and compliance controls, as part of which it obtained a report from the internal auditor. In the course of this review the Board did not identify nor was it advised of any failings or weaknesses which it determined to be significant.

Financial reporting

The Directors are responsible for preparing the Annual Report and the financial statements. The Directors have delegated to management the planning and implementation of the system of internal control over financial reporting. Internal control over financial reporting is a process designed by management to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of the Group's published financial statements for external reporting purposes in accordance with IFRS. The Group's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records, that in reasonable detail, accurately and fairly reflect transactions and provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures are being made only in accordance with the authorisation of management.

The Audit Committee monitors the integrity of the financial statements of the Group and any formal announcement relating to the Group's financial performance, reviewing significant financial reporting judgements contained in them. The Audit Committee reviewed the 2015 Annual Report and the 2015 Half Yearly Financial Report and as part of these reviews the Committee received a report from the external auditors for the audit of the 2015 Annual Report and their review of the 2015 Half Yearly Financial Report. The Board reviews and approves the financial statements of the Company and the consolidated financial statements of the Group.

Gabriel Smith
Chairman of the Audit Committee
29 April 2016

Directors' Remuneration Report

Dear Shareholder,

Kenmare's incentive plan and remuneration was developed in 2013, with important consultations from investors, and it was approved by a shareholder vote in 2014.

The annual report on remuneration for the 2015 financial year, together with this statement, will be subject as usual to an advisory shareholder vote at the AGM in due course and I hope that you will vote in support.

The extraordinary circumstances of the past two years, both in terms of global market conditions and Kenmare's own prolonged period of operation under the constraints of the Irish Takeover Panel, which severely affected the Remuneration Committee's capacity to carry out its role, cast the limitations and restrictions of such plans in sharp relief.

Remuneration for 2015

The Executive Directors, the management and staff of Kenmare Resources have once again put in a remarkable effort during 2015. This effort and their resilience has secured options for the continued survival of the Company against a most difficult backdrop, being experienced by all in the mining sector, for the benefit of all stakeholders.

Nonetheless, and despite these best efforts and real results, shareholder value has suffered enormously.

Reconciling these factors fairly has been a major task of the Remuneration Committee and in doing so we have sought to maintain the integrity of the plan approved by shareholders.

While there is some complexity in Kenmare's scheme, one advantage is that it permits the annual setting of targets and weighting which facilitates, we believe, better alignment with corporate objectives and the flexibility to adjust to Company and market issues. The measures set for Executive Directors in 2015 included:

- operational targets focusing on production
- an increased weighting for cost reduction over that in 2014
- financial performance targets
- strategic and personal targets and
- health, safety and environment targets

The operational challenges resulting in the loss of productive days in the first half of the year were largely due to external factors, principally 57 days without grid power in Q1 2015. The second half of the year showed an improved production performance notwithstanding very significant cash constraints. Nonetheless, as production targets were not met, no awards have been made.

Costs have been significantly reduced in 2015, in large part due to a painful but necessary retrenchment process. This was a very good outcome for the sustainability of the business and an award is deserved.

Financial performance continued to be seriously affected by market prices and no targets were achieved.

While environmental performance was good and has earned its award, operations lost some ground after a very good health and safety performance in 2014, and none is payable in that case.

The Remuneration Committee considered carefully the performance of the Executive Directors, as relates to their strategic and personal objectives, and further detail is available on page 63. Taking into account both shared quantitative and individual strategic targets, overall, the outcome ranged from 29% to 35% of the maximum.

Although this is well-deserved by the Executive Directors, cognisant of the losses suffered by investors, the Remuneration Committee deemed it appropriate to increase the scale back this year to reduce the bonus opportunity by 25%, bringing the range down to 22% to 26% of the maximum.

Furthermore, normally awards under the KIP are delivered 30% in cash, with the balance in shares, of which 75% are subject to further performance conditions. In view of the financial position of the Company, it was decided that the cash element of the award would be made in deferred shares of equivalent value, as provided for under the KIP.

Remuneration for 2016

As Kenmare goes through a major recapitalisation, we anticipate that the remuneration policy and plan will need to be appropriately revised. For 2016, salaries will not increase as the average Irish inflation in 2015 was negative. We do not intend at this juncture to alter the terms of the KIP and expect that balanced scorecard measures will be largely consistent with those employed in 2015 and 2014.

I am very grateful to my fellow members of the Remuneration Committee for their work during a challenging period. I would also like to thank the Executive Directors for their cooperation and Deirdre Corcoran, as well as Rajan Subberwal, for their excellent support.

Elizabeth Headon
Chairman of the Remuneration Committee
29 April 2016

ANNUAL REPORT ON REMUNERATION 2015

Composition and Role of the Remuneration Committee

The Remuneration Committee comprises four independent Non-Executive Directors, Ms. E. Headon (Chairman), Ms. S. Bianchi, Mr. S. McTiernan and Mr. G. Smith. Further details regarding the members of the Remuneration Committee, including their biographies and length of service are set out on pages 52 and 53. The Company Secretary acts as secretary to the Committee. The Managing Director may be invited to attend meetings of the Committee, except when his own remuneration is being discussed. No Director is involved in consideration of their own remuneration.

The role and responsibilities of the Remuneration Committee are set out in its written terms of reference, which are available on request and on the Company's website www.kenmareresources.com.

The Committee is responsible for determining the policy for the remuneration of the Managing Director and the other Executive Directors. In this regard the Committee gives full consideration to legal and regulatory requirements, to the principles and provisions of the UK Corporate Governance Code and to related guidance. The Committee also sees that risk is properly considered in the setting of remuneration policy, by ensuring that targets are appropriately stretched but do not lead to the taking of excessive risk.

The Committee determines the remuneration packages of the Managing Director and the other Executive Directors, including salary, bonuses, share option awards, pension rights and other benefits.

The Remuneration Committee seeks independent advice when necessary from external remuneration consultants. During the year, the Committee received independent external advice from PricewaterhouseCoopers (PwC).

The Committee met four times during the year ended 31 December 2015. Details of Directors' and Secretary's attendance at Remuneration Committee meetings as well as individual attendance at all Board and Committee meetings are set out on page 55.

The main agenda items included remuneration policy, remuneration trends and benchmarking, performance metrics, Initial KIP Awards, and the service contracts and remuneration packages of the Executive Directors.

Directors' Remuneration Report

(continued)

Directors' remuneration (Audited)

The following table sets out the total remuneration for Directors for the year ended 31 December 2015 and the prior year. Executive Directors received a 0.2% increase in base salary during 2015 (differences in figures in the table reflect movements in conversion rates between Euros and US Dollars at the relevant dates).

Mr. J. Ensall was appointed to the Board as a Non-Executive Director on 27 July 2015 and his fees are set out in the table below. There was no increase in the other Non-Executive Directors' fees in 2015.

	Salary and fees		All taxable benefits		KIP (Cash & Deferred Shares) (iii)		KIP (Performance Shares) (iii)		Pension		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
M. Carvill	610	730	45	13	28	151	-	-	61	73	744	967
T. Fitzpatrick	304	304	5	5	9	46	-	-	30	30	348	385
T. McCluskey	402	481	22	14	23	117	-	-	40	48	487	660
	1,316	1,515	72	32	60	314	-	-	131	151	1,579	2,012
S. Bianchi	89	106									89	106
E. Headon	85	102									85	102
J. Ensall (ii)	63	-									63	-
J. Loasby (i)	-	124									-	124
A. Lowrie	63	76									63	76
S. McTiernan (i)	208	179									208	179
G. Smith	91	101									91	101
	599	688	-	-	-	-	-	-	-	-	599	688
Total	1,915	2,203	72	32	60	314	-	-	131	151	2,178	2,700

(i) On 24 June 2014, Mr. J. Loasby retired from the Board and Mr. S. McTiernan was appointed Chairman. The 2014 remuneration for Mr. J. Loasby relates to the period of his directorship.
(ii) Mr. J. Ensall was appointed to the Board as a Non-Executive Director on the 27 July 2015. The 2015 remuneration for Mr. J. Ensall relates to the period of his directorship. During 2015, US$0.3 million of fees were paid to Lemna Limited, a company connected with Mr. J. Ensall, for services provided by him. Mr. J. Ensall is not a director or shareholder of Lemna Limited.
(iii) KIP cash and deferred shares refers to incentives earned in the year. Awards under the KIP are normally delivered 30% in cash, and the balance in shares, with 75% of those shares being performance shares subject to further Total Shareholder Return ("TSR") performance conditions. For the 2015 award the Remuneration Committee has exercised its discretion, as provided for under the KIP, to make an award of deferred shares of equivalent value in lieu of making the 30% cash award. The number of deferred shares are determined using the average share price for the year and are valued based on the share price at the year end. Performance shares awarded in 2014 and 2015 will be included in the Directors Remuneration table in the year of vesting.
(iv) The underlying currencies of Directors' emoluments are Euro and US Dollars.

Executive and Non-Executive Directors' fees for services as Directors provided to the Company and the entities controlled by the Company are US$1.5 million (2014: US$2.0 million) and US$0.6 million (2014: US$0.7 million) respectively. These figures have been calculated based on the requirements of the Regulations. Consultancy fees paid to Ms. S. Bianchi and Mr. A. Lowrie are for non-executive services as Directors provided to the Group.

2015 KIP Award

The performance metrics of the 2015 KIP award seek to deliver ongoing performance in relation to operational performance, cost efficiency and capital expenditure management, health and safety initiatives, and corporate and personal development objectives. Different performance targets for corporate and personal development are set for each Executive Director according to the role of each individual and the remaining targets are in alignment for all Executives.

The maximum opportunity under the KIP for 2015 was 250% of salary for the Managing Director and Financial Director and 150% of salary for the Technical Director.

Performance targets and outcomes for the 2015 financial year were as follows:

			Performance relative to target set							
2015 KIP outcome		**Weighting**	**Below threshold 0% of maximum vests**	**Threshold 25% of maximum vests**	**Target 50% of maximum vests**	**Stretch 100% of maximum vests**	**Performance target**	**Performance achieved**	**Proportion of element vesting**	**Formulaic level of award % maximum**
Operational	Ilmenite production	12.5%	•				1,050,000 tonnes	763,500 tonnes	0.0%	0.0%
	Zircon production	12.5%	•				68,900 tonnes	51,800 tonnes	0.0%	0.0%
	Direct Production costs	20%				•	$161m	$133m (i)	100%	20%
Financial	2015 EBITDA	10%	•				$50m	($11.5m)	0.0%	0.0%
	Free cash flow	10%	•				$26m	-	0.0%	0.0%
HSE	LTIFR	5%	•				0.40 per 200,000 man-hours	0.47per 200,000 man-hours	0.0%	0.0%
	Environmental breaches	5%			•		Qualitative assessment	On target performance	50.0%	2.5%
Personal and Strategic	M. Carvill	25%		•			Target performance against sustaining and securing new customers and maintaining a constructive relationship with Iluka. Threshold performance against capital structure targets. Successful implementation of the retrenchment programme was not considered to be met due to strike action and production optimisation plan capital programme was not delivered due to funding constraints.		25.0%	6.3%
	T. McCluskey				•		Stretch performance against managing the relationship with Iluka and project lenders. Threshold performance against capital structure targets. Successful implementation of the retrenchment programme was not considered to be met due to strike action.		50.0%	12.5%
	T. Fitzpatrick			•			Stretch performance against actions to facilitate the maximisation of power supply to the mine. Target performance reached for business case on power investment. Threshold performance against development of production optimisation plan capital programme.		37.5%	9.4%

(i) Costs in Q1 2015 were significantly reduced as a result of the power outage that took place during that period. In order to produce a fairer assessment of management performance the Committee decided to increase the actual costs figure for the purposes of the KIP by replacing the actual Q1 2015 costs with the average quarterly figure for 2014.

(ii) Threshold and stretch performance levels are 90% and 110% respectively of the on-target levels.

Directors' Remuneration Report

(continued)

Overall, the outcome of the scorecard for the individual directors was between 29% and 35% of the maximum. The Committee then considered carefully whether this outcome fairly reflected both the contribution of the management team and the experience of shareholders. In light of the financial difficulties and the decline of the share price over the year, the Committee agreed with the Executive Directors that it would be appropriate to reduce the formulaic outcome of the balanced scorecard by 25%.

2015 KIP outcome	Formulaic level of award % maximum	Discretionary reduction	2015 KIP outcome % maximum
M. Carvill	28.8%	25%	21.6%
T. McCluskey	35.0%	25%	26.3%
T. Fitzpatrick	31.9%	25%	23.9%

The Committee further considered in light of the exceptional circumstances facing the Company that the 30% cash element of the Award under the KIP would be made by way of an award of deferred shares, with the 70% balance delivered in shares, subject to dealing restrictions, with 75% of those shares subject to further Total Shareholder Return performance conditions.

Total pension entitlements (Audited)

Pension provision was made in 2015 in line with the Remuneration Policy. Mr. M. Carvill received a payment of 10% of his base salary into his private pension plan during 2015. Mr. T. McCluskey received a payment of 10% of his base salary into an Executive Pension Plan during 2015. Mr. T. Fitzpatrick is entitled to 10% of his base salary into a pension plan in relation to 2015. Fees paid to Non-Executive Directors are not pensionable. No director has a prospective entitlement to a defined benefit pension by reference to their service as a Director.

Payments for loss of office (Audited)

No payments for loss of office were made during the current and prior financial years.

Payments to Past Directors (Audited)

There were no payments to former Directors during the year.

Former Directors, Mr S. Farrell and Mr P. McAleer each received US$39,814, and Mr I. Egan received US$69,814 during 2014 for their services as members of Kenmare's Special Advisory Panel and for advice on special projects. The Special Advisory Panel was stood down effective from 31 December 2014.

Former Director Mr J. Deysel received US$1,314,530 during 2014 for his services as Chief Operating Officer. In December 2013, Mr J. Deysel resigned from the Board of Kenmare Resources plc and special measures were put in place to retain his services in order to bring the Phase 2 expansion fully into production, among other operational projects. He left employment on 31 December 2014.

Former Director Mr A. Brown received US$7,632 during 2014 for exploration services for the Company's Irish licences.

Scheme interests awarded during the year (Audited)

Deferred shares crystallised in 2015 in relation to the 2014 KIP award amounted to 1,589,721 deferred shared for Mr. M.Carvill, 1,220,155 deferred shares for Mr. T. McCluskey and 484,677 deferred shares for Mr. T. Fitzpatrick. Due to dealing restrictions in place during 2015 no share awards were made to Directors during the year.

Directors' and Secretary's Shareholdings (Audited)

The interests of the Secretary and Directors who held office at 31 December 2015, their spouses and minor children, in the Ordinary Share Capital of the Company were as follows:

	Shares Held 29 April 2016	Shares Held 31 Dec. 2015	Shares Held 1 Jan. 2015
S. Bianchi	1,603,600	1,603,600	1,603,600
M. Carvill (i)	4,902,030	4,902,030	4,902,030
J. Ensall	-	-	N/A
T. Fitzpatrick	108,807	108,807	108,807
E. Headon	48,773	48,773	48,773
A. Lowrie	5,370,891	5,370,891	5,370,891
T. McCluskey	681,250	681,250	681,250
S. McTiernan	228,990	228,990	228,990
G. Smith	100,000	100,000	100,000
D. Corcoran (Secretary)	56,378	56,378	56,378

(i) 750,000 shares held by a Carvill Family Trust for the children of Mr. M. Carvill are included in his holding above.
(ii) A shareholding requirement of 100% of salary was introduced for Executive Directors in 2014. This shareholding can be built up over 5 years and as at 31 December 2015 had not yet been reached.

Directors' and Secretary's Share Options (Audited)

Details of the share options of the Secretary and Executive Directors who held office at 31 December 2015, granted in accordance with the rules of the Share Option Scheme, are as follows:

	1 Jan 2015	Granted during 2015	Exercised or transferred during 2015	Lapsed during 2015	31 Dec 2015	Average option price €	Option Price range From €	Option Price range To €
M. Carvill	12,828,000	-	-	1,333,333	11,494,667	38c	29c	63c
T. Fitzpatrick	4,000,000	-	-	500,000	3,500,000	29c	12c	63c
T. McCluskey	9,036,667	-	-	1,083,333	7,953,334	38c	29c	63c
D. Corcoran (Secretary)	3,350,000	-	-	-	3,350,000	34c	29c	51c

None of the Non-Executive Directors held share options during the period.

In April 2015, 2,916,666 Directors' share options lapsed by agreement between the Remuneration Committee and the Executive Directors, having considered the performance criteria attached to the vesting of the final tranches of the 2012 share options awarded. The latest exercise date for the share options shown in the table above is September 2020. The share option period may be extended at the discretion of the Board.

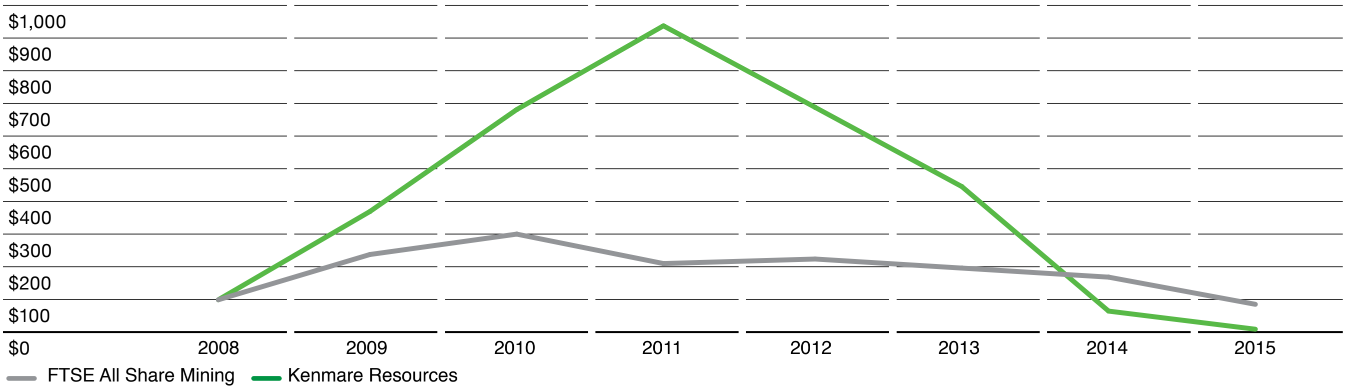
The share price at the year-end was £0.005 and the share price range for the year was between £0.003 and £0.043.

Directors' Remuneration Report

(continued)

Performance graph and table

The value at 31 December 2015 of US$100 invested in 2008 compared with the value of $100 invested in the FTSE All Share Mining Index is shown in the graph below.



The remuneration paid to the Managing Director in the past seven years is set out below.

Year	Name	Single figure of total remuneration US$000	Bonus pay-out (as % maximum opportunity)	Long term incentive vesting rates (as % maximum opportunity)
2015	M. Carvill	744	22% (i)	N/A
2014	M. Carvill	967	26% (i)	N/A
2013	M. Carvill	809	0%	0%
2012	M. Carvill	783	0%	N/A
2011	M. Carvill	1,035	37%	N/A
2010	M. Carvill	784	48%	N/A
2009	M. Carvill	896	86%	N/A

(i) Amount shown reflects the cash and deferred share award under the KIP, part of which is conditional on long term performance.

In line with UK Department for Business, Innovation and Skills Regulations (the "Regulations") figures shown in the table above relate to remuneration for performance each year.

For 2012 and 2013 a maximum bonus limit of 75% is applied in the table above for bonus pay-out percentage awards.

Percentage change in Managing Director remuneration

The table below compares the percentage change in the Managing Director's salary, taxable benefits and annual bonus with the whole employee population comparing 2015 with 2014.

	Salary % change	Taxable Benefits % change	Bonus % change
Managing Director	0.2%	246%	(4%)
Average Employee pay	(12%)	-	-

The underlying currency of the Managing Director's salary is Euro. In line with other benefits as set out in the remuneration policy approved in 2014, the Company has put in place life assurance and income protection policies in 2015 which has resulted in an increase in taxable benefits. The percentage change in the average employee pay is a feature of cost saving initiatives and favourable foreign exchange movements.

Relative importance of spend on pay

Significant distributions	Disbursements from profit		
	2015 US$000	2014 US$000	Change
Overall spend on pay including Directors	43,609	57,461	(13,852)
Profit distributed by way of dividend or share buyback	-	-	-
Group cash operating costs	136,400	173,000	(36,600)

Employee numbers throughout the Group decreased from 1,592 in 2014 to 1,441 in 2015.

Group cash operating costs have been included in the table in order give a context to spend on pay relative to the overall cash operating costs.

Statement of implementation of policy in 2016

Base salary

The salaries for the forthcoming year are set out below:

Executive Director	2016 US$000	2015 US$000	% change
M. Carvill	610	610	0
T. Fitzpatrick	304	304	0
T. McCluskey	402	402	0

The underlying currency of Mr M. Carvill and Mr T. McCluskey's base salaries are Euro. The US Dollar figures shown above for 2016 have been calculated using the average 2015 Euro to US Dollar exchange rate. The final US Dollar figure for 2016 will vary depending on exchange rate movements.

KIP

The incentive opportunity for the Executive Directors under the KIP for 2016 will be as follows:

Executive Director	On-target incentive (% of salary)	Maximum incentive (% of salary)
M. Carvill	125%	250%
T. Fitzpatrick	75%	150%
T. McCluskey	125%	250%

The performance metrics for 2016 and their associated weightings are as follows:

Area	Measure	Weight
Operational	Ilmenite and zircon production volume	25%
	Operating costs	20%
Financial	EBITDA	10%
	Free cash flow	10%
HSE	Lost-Time Injury Frequency Rate (LTIFR)	5%
	No material environmental breaches	5%
Strategic/Personal	Each Director will have key objectives set by the Committee appropriate to his/her operational responsibilities and assessed at the end of the year on a qualitative basis	25%

The performance metrics as set seek to deliver ongoing progress in relation to operational performance, cost efficiency and capital expenditure management, health and safety initiatives, and corporate and personal development objectives. Full details of the performance targets associated with these measures are considered by the Directors to be commercially sensitive and are not

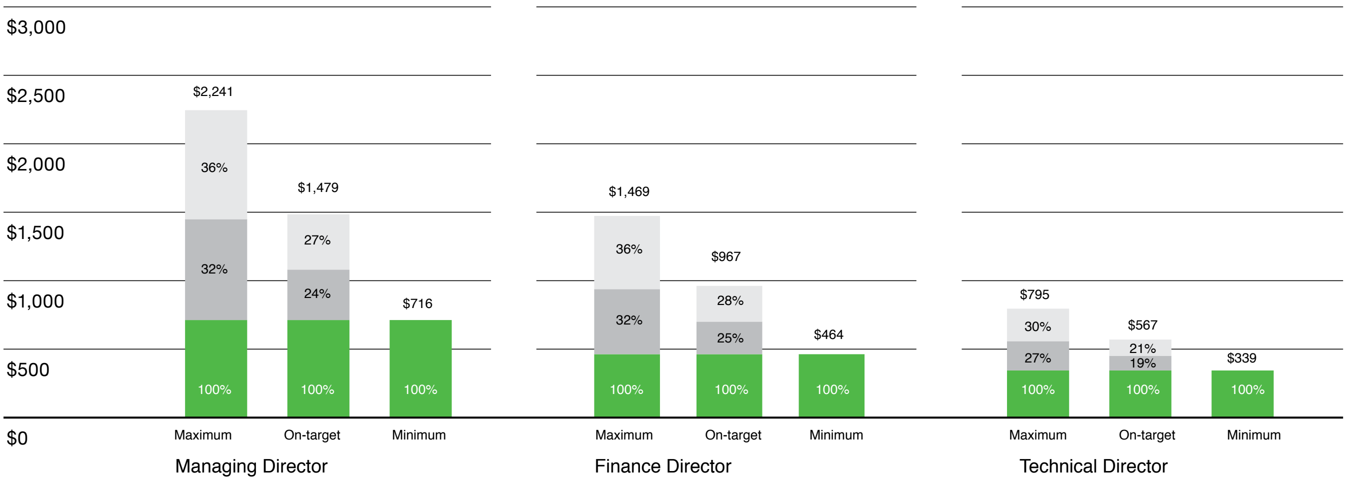
Directors' Remuneration Report

(continued)

disclosed in advance. Target levels of performance and actual outcomes relative to the targets are disclosed retrospectively in the next year's Directors' Remuneration Report. The ability of the Remuneration Committee to make awards under the KIP for 2015 is subject to the Company not being in a prohibitive period and therefore the above reflects the intention of the Remuneration Committee to make awards in due course.

Illustrations of application of remuneration policy

The total remuneration opportunity in 2016 for each of the Executive Directors at three different levels of performance is shown below.



Notes:
Base salary is based on 2016 figures and benefits are based upon 2015 figures. Pension is taken as 10% of salary. The benefits value reflects 25 days' annual leave and health insurance.
Target KIP award is 50% of the maximum opportunity available.
Maximum KIP award represents 250%, 250%, 150% of salary for the Managing Director, Financial Director and Technical Director respectively for 2015 awards under the KIP.

Consideration by Directors of matters relating to Directors' remuneration

The Committee seeks and considers advice from independent remuneration advisors where appropriate. PwC were appointed by the Committee as independent advisers following a review of advisers in 2013. PwC charges fees on a time and materials basis and during the year ended 31 December 2015 the total fees payable to PwC in respect of these services was £30,000. PwC is a member of the Remuneration Consultants Group and a signatory of the group's Code of Practice for remuneration consultants. The Committee reviews the services and advice provided by PwC each year and is satisfied that the advice it receives is independent and objective.

Statement of voting at general meeting

The table below shows the outcome of the advisory vote on the Directors' Remuneration Report and Directors' Remuneration Policy Report at the 2015 AGM.

Item	Votes for	%	Votes Against	%	Votes withheld
Advisory vote on 2014 DRR	1,564,556,323	98.9	16,963,284	1.1	201,590
Advisory vote on Directors' Remuneration Policy (2014)	1,896,915,196	97.3	51,639,025	2.7	28,924,913

This report was approved by the Board of Directors and signed on its behalf by:

Elizabeth Headon
Chairman of the Remuneration Committee
29 April 2016

SUMMARY OF DIRECTORS' REMUNERATION POLICY REPORT

Introduction

Shareholders approved the Directors' remuneration policy at the 2014 Annual General Meeting (AGM). The policy applies from the date of approval to the 2017 AGM. For clarity, a summary of the policy is included in this report. The full policy that applies for 2014 – 2017 can be found in the 2013 Annual Report on our website www.kenmareresources.com.

Principles

Kenmare's remuneration policy is designed to maintain levels of remuneration that attract, motivate and retain Executive Directors of the highest calibre who can contribute their experience to the Group's operations. The Board seeks to align the interests of Executive Directors with those of shareholders, within the framework set out in the UK Corporate Governance Code. Central to this policy is the Group's belief in long-term, performance based incentivisation. The Remuneration Committee seeks to ensure:

- that executives are rewarded in a fair and balanced way for their individual and team contribution to the Group's performance;
- that executives receive a level of remuneration that is appropriate to their scale of responsibility and individual performance;
- that the overall approach to remuneration has regard to the sector within which the Group operates and the markets from which it draws its executives; and
- that risk is properly considered in setting remuneration policy and in determining remuneration packages.

Remuneration Policy for 2014 onwards

Since 2014, the Executive Directors' remuneration package is made up of the following components:

Base Salary + **Kenmare Incentive Plan** + **Pension and Other Benefits** = **Remuneration Package**

The main components of the remuneration policy and how they are linked to and support the Company's business strategy are summarised in the table below.

Component	Purpose and link to strategy	Operation and performance measures	Payment levels, maxima and at threshold
Base Salary	To attract and retain the talent needed to lead our business.	Reviewed annually with adjustments effective from 1 January. In reviewing base salary, reference is made to benchmarking data of other UK- and Irish-listed companies of similar market capitalisation, practice in the global mining sector, Company performance and • the performance of the Executive over the previous twelve months; • the salary review budget for all employees for the coming year; and • retention risk and the ability to replace higher value skills if needed in the market.	Base salaries for Executive Directors are generally increased for cost of living and with consideration to general Company increases. The only exceptions to this rule are where: • There is a significant movement in the benchmarking data for that role; or • An individual is brought in below market level and there is a requirement to increase base pay to reflect proven competence in role; or • There is a material increase in scope or responsibility of the Executive Director's role.

Directors' Remuneration Report

(continued)

Component	Purpose and link to strategy	Operation and performance measures	Payment levels, maxima and at threshold
Kenmare Incentive Plan	Rewards achievement of in-year performance targets aligned to the needs of the business. Ensures reward only for sustained performance via significant deferred share component with subsequent performance thresholds. Aligns the interests of shareholders and Executive Directors more closely over the longer term by providing a greater exposure to share price movements.	Annual awards under the KIP will have a cash element (30% of the overall award for 2014 and 2015) and a separate share element (70% of the overall award for 2014 and 2015). Both the cash element and the share element will be based on a number of in-year performance targets. Based on the level of achievement against these targets, the cash element will be paid shortly after the end of the relevant financial year. The share element will vest after a further three years with part of the shares subject to a further two year holding period. The share element will be subject to vesting conditions as follows: • Continuation of employment: 25% • Median relative total shareholder return ("TSR"): 25% (equal weighting against FTSE 250 and FTSE/MSCI Mining Index) • Absolute TSR exceeding a future target: 50% Unvested shares are subject to cancellation in circumstances such as a material misstatement of accounts, or an event causing serious harm to the Company's reputation. Operational, financial, strategic/personal and HSE in-year performance conditions are used to determine the initial grant of awards. The targets and actual levels of performance will be disclosed retrospectively within the implementation section of the Company's Directors' Remuneration Report.	Awards for on-target performance in 2014 and 2015 (as a percentage of salary): Managing Director: 125% Financial Director: 125% Technical Director: 75% Maximum awards are 250%, 250% and 150% of salary respectively for above-target performance. Each quantitative performance condition will have threshold, on-target and maximum targets set at the beginning of each year, with threshold and above-target performance in each area rated at respectively half or double performance at on-target level.

Component	Purpose and link to strategy	Operation and performance measures	Payment levels, maxima and at threshold
Initial KIP Award	To be used as an initial award in 2014, on recruitment and otherwise in truly exceptional circumstances. To align shareholder and Executive interests by bridging the gap caused by a transition to the new KIP.	The 2014 award for M. Carvill, T. McCluskey and T. Fitzpatrick was the equivalent of 200% of base salary with the number of shares awarded being determined using a share price of Stg26.5p, the price at which equity was issued in October 2013. These awards will vest after 3 years against TSR performance as follows (as a percentage of award): • Against FTSE 250: 50% • Against FTSE/MSCI Mining Index: 50% TSR will be measured from the date of grant to the third anniversary of the date of grant. Subject to performance conditions being met, the shares will be released as follows (as a percentage of vesting): • After 3 years: 60% • After 4 years: 20% • After 5 years: 20% No further Initial KIP Awards will be granted to existing Executive Directors.	Award in shares of up to the equivalent of 200% of salary for Executive Directors. Vesting against achievement against each metric will be (as a percentage of award): • Nil below median • 25% for median performance • 100% for upper quartile or better performance • Percentage of vesting will rise on a straight-line basis between points.
Pension	To ensure Executive Directors' total remuneration remains attractive and competitive.	Each Executive Director is entitled to receive a payment of 10% of their base salary into the Company's group personal pension plan or their private pension arrangements.	Maximum pension contribution is 10% of salary.
Other benefits	To ensure Executive Directors' total remuneration remains attractive and competitive.	Each Executive Director is entitled to 25 days annual leave and family health insurance, permanent health insurance, life assurance and an annual health check. The Managing Director has a company car. The Group also reimburses the Executive Directors in respect of all expenses reasonably incurred by them in the proper performance of their duties.	The maximum opportunity for the benefits is defined by the nature of the benefit itself and the cost of providing it. As the cost of providing such insurance benefits varies according to premium rates and the cost of other benefits is dependent on market rates and other factors, there is no formal maximum monetary value.
Shareholding requirement	Introduction of a shareholding requirement of 100% of salary for all Executive Directors, to be built up over a five year period. All beneficially held shares will count towards the requirement.		

Approach to recruitment remuneration

The Committee's approach to recruitment remuneration is to pay competitively to attract the appropriate high calibre candidate to the role. Our principle is that the pay of any new recruit would be assessed following the same principles as for the Executive Directors.

Directors' Remuneration Report
(continued)

Service contracts
The Company's policy is that Executive Directors should have a notice period of no more than 12 months. The notice periods are, in the case of Mr. M. Carvill and Mr. T. McCluskey, 12 months' notice from the Company and 3 months' notice from the Executive Director and in the case of Mr. T. Fitzpatrick 6 months' notice from the Company and 3 months' notice from the Executive Director

In the event of termination, the Remuneration Committee will agree an appropriate termination payment for the relevant individual reflecting the circumstances, service and existing contractual terms and conditions.

Kenmare has the right, or maybe required in certain circumstances, to make a payment in lieu of notice of termination, the amount of that payment being base salary and benefits that would have accrued to the Executive Director during the contractual notice period. In addition, the Remuneration Committee reserves the right to allow continued participation in the KIP during the notice period.

Mr. M. Carvill serves as Non-Executive Director for a number of subsidiary undertakings in the Vico Group and Carvill Group Limited; he does not receive a fee for his services. This release to serve as a Non-Executive Director was granted a number of years ago. No other Executive Director serves as Non-Executive Directors elsewhere.

Policy on payment for loss of office and change of control
When determining any loss of office payment or change of control payment for a departing individual, the Committee will protect the Company's interests and reflect the circumstances in place at the time.

Base salary, benefits and pension will be paid for the applicable notice period. Payments under the Kenmare Incentive Plan will usually be prorated for time and performance, but the Remuneration Committee will have the discretion not to apply this pro-rating.

In the event of a compromise or settlement agreement, the Committee may make payments it considers reasonable in settlement of potential legal claims. The Committee may also include in such payments reasonable reimbursement of professional fees in connection with such agreements.

The reimbursement of repatriation costs or fees for professional or outplacement advice may also be included in the termination package, as deemed reasonable by the Committee, as may the continuation of benefits for a limited period.

The company's full approach can be found in the 2013 Annual Report.

Non-Executive Directors' remuneration
Executive Directors set the remuneration of Non-Executive Directors. The fees paid are set at a level to attract individuals with the necessary experience and ability to make a significant contribution to the Group's activities, while also reflecting the time commitment and responsibility of the role.

Non-Executive Directors are remunerated by way of Director's fees. In addition, Ms S. Bianchi and Mr A. Lowrie receive consultancy fees set out in agreements between them and Congolone Heavy Minerals Limited, a subsidiary of Kenmare Resources plc. Lemna Limited, a company connected with Mr. J. Ensall, received fees for services provided by him. Mr. J. Ensall is not a director or shareholder of Lemna Limited.

Non-Executive Directors do not participate in any annual bonus scheme nor do they hold share options.

None of the Non-Executive Directors had a beneficial interest in any contract to which the Company or any of its subsidiary undertakings was a party during the financial year except the consultancy agreements referred to above.

Non-Executive Directors are not entitled to any compensation on the termination of their appointment. All Directors are subject to annual re-election. No compensation is payable to Non-Executive Directors if they are not re-elected.

Nomination Committee Report

Composition of the Nomination Committee

The Nomination Committee consists of the Non-Executive Chairman, Mr. S. McTiernan and Non-Executive Directors, Ms. S. Bianchi, Ms. E. Headon and Mr. G. Smith.

Summary of role of the Nomination Committee

The main responsibilities of the Committee include:

- identifying and nominating for the approval of the Board candidates to fill Board vacancies as and when they arise;
- before making an appointment, evaluating the balance of skills, knowledge and experience on the Board and, in light of this evaluation, preparing a description of the role and capabilities required for a particular appointment;
- reviewing periodically the time required from a Non-Executive Director. Performance evaluation is used to assess whether the Non-Executive Director is spending enough time to fulfil his or her duties;
- giving full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are therefore needed on the Board in the future;
- regularly reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and making recommendations to the Board with regard to changes considered advisable; and
- keeping under review the leadership needs of the organisation, both Executive and Non-Executive, with a view to ensuring the continued ability of the Group to compete effectively in the marketplace.

The standard terms of contract with the Non-Executive Directors are available on request from the Company Secretary, at the Company's registered office during normal business hours, and at the AGM (for 15 minutes prior to the meeting and during the meeting).

Meetings

The Committee met five times during the year ended 31 December 2015. Details of Directors' and Secretary's attendance at Nomination Committee meetings are set out on page 55.

The Committee met during 2015 to consider the appointment of Mr. J. Ensall as a Non-Executive Director. Under the April 2015 loan amendment agreement there was a requirement to appoint a Lender Approved Non-Executive Director.

The Committee also met during 2015 to consider the identification of candidates to fill the role of an independent Non-Executive Director. Mr. A. Lowrie, is currently not considered to be an independent Non-Executive Director as he has served for more than nine years on the Board. He will not be seeking re-election at the next AGM.

Steven McTiernan
Chairman of the Nomination Committee
29 April 2016

Corporate Social Responsibility Statement

Corporate Social Responsibility Statement

GENERAL COMMUNITY INTERACTION

Introduction

Kenmare is committed to operating in a sustainable and responsible manner and has a long-term strategic approach to the conduct of its business with corporate responsibility as a key priority. Kenmare recognises that its social license to operate derives from its stakeholders, in particular the members of the community in the immediate vicinity of the Mine. Ensuring close communication and consultation with all stakeholders is therefore one of the central pillars of its operations. Kenmare aims to be a catalyst for positive social and economic improvements in the communities neighbouring its operations. One of the ways it does this is by supporting the Kenmare Moma Development Association ("KMAD"), an independent not-for-profit development organisation established to implement development programmes in these communities.

Gareth Clifton
Mozambique Country Manager

Regina Macuacua
Mine Corporate Affairs Manager

The community and its needs are at the centre of KMAD's programmes, rather than a conventional CSR programme which takes the business's responsibilities as its starting point.

KMAD's vision is to achieve a community of:

- Healthy people living in safe and dignified conditions, free of disease and hazards;
- An informed and independent population with access to education and opportunity for individuals to reach their potential;
- Many cohesive social groups and networks contributing to sustainable development.

Since KMAD's first activities were started in 2004 there have been significant improvements in infrastructure, with all the villages now electrified, water access improved and mobile phone coverage throughout the community. Direct and indirect employment opportunities have been created, training initiatives have been implemented and numerous development activities started by KMAD have now matured. 2015 was the final year of implementation of the 2013-2015 Strategic Plan, the details of which were finalised through extensive community consultations and the goals of which have formed the basis of a Community Agreement which was signed by the local leaders, the District Government and Kenmare in 2013. A new Strategic Plan for the period 2016 to 2018 has been drafted and is currently in the final stages of community consultation. KMAD's goal is to work to:

- Facilitate the economic development and income generation capacity of the local community. This includes maximising the benefits of the Mine by creating secondary economic opportunities in the community and generating long-term sustainable economic opportunities independent of the Mine, as well as supporting facilitating mechanisms such as education, adult literacy and vocational training;
- Improve the wellbeing of the local population. This includes supporting social development in health, with special focus on community health awareness, sports, and the construction of appropriate social infrastructure such as water pumps (accompanied by building the capacity of local water management committees) and educational facilities (including investing in vocational training).

KMAD's core values are:

- Participation: priorities for activities are based on local needs as identified by community members, and only those development initiatives with active local participation are supported by KMAD;
- Sustainability: investment in the building of skills and capacity will accompany any projects supported by KMAD to ensure their viability and only those initiatives with strong potential are supported;
- Equality: all people and communities have the same rights and are to be treated equally. KMAD particularly promotes the involvement of women in all its activities to achieve this aim;
- Efficiency: maximising local benefits of resources and leveraging off the mine infrastructure rather than setting up parallel systems and evaluating activities to look for improvement and effectiveness;
- Integrity, Honesty and Transparency: KMAD is open about its allocation and use of resources and in its dealings with all its partners and stakeholders.

KMAD operates in three main areas:

Livelihoods and economic development

This includes capacity development and financial support to income generating initiatives, agriculture/food security and livestock support and economic infrastructures.

Corporate Social Responsibility Statement

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Health development

This includes support of the health sector – capacity development of medical staff, equipment, materials and infrastructure improvements, community health and HIV awareness, water and sanitation.

Education development

This includes support to the education sector including support for capacity development of teachers, educational materials and equipment, school infrastructures and furniture, vocational training, community environmental awareness and sports.

Organisational Development

Operation

KMAD activities are supervised by the Kenmare Country Manager in coordination with the Corporate Affairs Manager and KMAD Coordinator who is responsible for the day to day management of the portfolio of activities together with a total of five field staff. The Community Liaison Officer (a member of the Mine operations team) helps to monitor activities. Financial information is maintained by the Company's Financial Controller.

Sources of funding

The majority of funding to date has come from donations from Kenmare. Additional resources have been obtained through direct support from partner institutions such as FMO (the Netherlands Development Finance Company) who have supported the community health project. Donations have also been received from Kenmare employees. KMAD has leveraged indirect support by working with partners who have projects in the region and can extend their focus to include KMAD's target area with minimal additional effort.

Implementation Strategies

KMAD's approach to project implementation includes a mixture of direct, contracted, and collaborative implementation.

Direct implementation

KMAD has in some instances directly managed activities, such as construction projects and the promotion of small scale business opportunities. Direct implementation is generally the most rapid implementation method but is also very time consuming and, given the desire to maintain a lean operational structure, KMAD's capacity to carry out direct implementation projects is limited.

Contracted implementation

KMAD provides funds to an organisation for implementation. There are a number of organisations working in Nampula province active in community development. Working with these organisations helps leverage their existing organisational capacities and field experience. As various projects are identified KMAD works to explore possible linkages. This has generally been the preferred form of implementation method in order to ensure high quality of implementation.

Collaborative implementation

KMAD increasingly seeks to develop long-term collaborative relationships with partners in the area. Such relationships will be pursued with institutions, both government and non-government organisations, that have a long-term interest in the region. Collaboration encompasses planning of activities and management of resources. While such arrangements take considerable time to develop and there are inevitable challenges in coordination, these have long term benefits to the community in terms of greater assistance.

Enterprise Projects

In 2015 an extensive review involving KMAD, local community leaders and the District Government was carried out to assess the impact and viability of the income generating projects. All parties agreed that no new business projects would be financed whilst this review was ongoing.

KMAD receives business proposals from the community and these proposals are then analysed for their economic viability. If considered viable they receive funding. A number of proposals have potential but are not considered viable in their proposed form. In these cases discussion are held with the proponents to investigate whether certain changes could be made to make the proposed projects more robust.

The community felt strongly that when proposals were revised, it weakened the buy in from members and therefore contributed to a number of businesses performing poorly. KMAD agreed that in future projects would either be implemented in their original proposed form or not at all. An increased role for community members monitoring the projects was also agreed. These changes were implemented from the beginning of 2016.

Weather events took a toll on businesses during the first quarter of 2015, when the area was without power for 57 days as a result of power supply disruptions. In addition, there was serious flooding and the roads became impassable leading to many of the businesses having supply difficulties.

At the end of 2015 there were 27 economic development projects supported by KMAD benefiting a total of 268 beneficiaries (and by extension their families). The businesses generated revenue US$114,152 and profits of US$30,979.

Corporate Social Responsibility Statement

(continued)

KMAD continued to support the farmers' associations at Nathaca, Nathuco and Mpago that produce vegetables for sale to both the Mine's catering company and the local market. Virtually all the crops were destroyed in the flooding that took place in Q1 2015. Local farmers were unable to supply the catering company, forcing new sources of supply to be identified. Farming and marketing has since returned to normal. The farmers sold a total of 4,449 kg of vegetables (2014: 14,868kg) and 3,570kg of fruits (2014: 10,546kg) generating revenue of US$13,378 (2014: $34,092) and profits of US$3,103 (2014: $6,808).

The conservation agriculture project, initiated in 2014 in partnership with Kurima Povo Cubatsirana ("KPC") was extended for a further year. The objective of this programme is to transfer skills to local farmers that will enable them to increase the productivity of their fields, reduce diseases and grow crops that were previously not viable in the area. Sixteen demonstration plots were opened, with half the plots cultivated using conservation agriculture and half using traditional farming techniques. The purpose of these plots was to show both the farmers participating in the programme, and the population in general, the advantages of the conservation approach. Although three of these were destroyed by the floods, the results were impressive. In the demonstration plots, yields totalled 23,584 kg of maize, 2,780kg of ground nuts, 3,500kg of round nuts, and 3,788kg of cow peas against 860kg of maize, 750kg of ground nuts, 970kg of round nuts, and 1,260kg of cowpeas in the plots using tradition methods. There are currently 95 farmers actively enrolled in the programme.

The orange flashed sweet potato programme was expanded from five to seven villages. A further ten farmers have been trained (bringing the total to nineteen). During 2015 58,235 vines were purchased from the farmers for distribution to 128 families. These producers were also affected by the floods meaning overall yields for the year were down to 2,548kg (2014: 3,858kg).

The Mtiticoma egg farm was closed down and moved to Topuito and production from the Tebane farm was limited due to the floods, as it was not possible to procure new layers. The Naholoco broiler project performed very well managing to sell 1,086 broilers (90% of target) despite the difficulties caused by the floods.

The sewing groups producing sample bags for the mine laboratory produced a total of 78,188 calico bags generating revenue of US$62,269, and profit of US$13,700. The various shops continued to perform steadily.

The conservation agriculture project, initiated in 2014 in partnership with Kurima Povo Cubatsirana ("KPC") was extended for a further year.

Project description	Communities involved	Number of participants	Gross revenue (US$)	Profit (US$)
Existing projects				
Vegetable, sweet potatoes & fruit farming	Mtiticoma, Nathuco, Nathaca, Cabula, Mpago, Topuito and Mulimuni	239	16,206	4,575
Egg farming and broilers	Thipane, Naholoco	4	10,229	6,484
Sewing project – sample bags	Mtiticoma, Thipane, Cabula	18	62,269	13,700
Others	All	42	25,448	6,220
Total		303	114,152	30,979

Social and Cultural Projects

Health Clinic

Support continued to be given to the health clinic in the form of materials and ambulance maintenance. A total of 12,269 individuals attended the clinic for consultations. The majority of the consultations were for malaria, a total of 8,082 cases, with 5,747 cases (1,913 adults and 3,834 children) testing positive. This is a reduction on the 6,484 cases (3,253 adults and 3,231 children) in 2014. A large number of consultations were for sexually transmitted infections. There were 1,845 pre-natal consultations in the maternity block and 745 births in the maternity ward. There were just 16 births at home in the community, which marks a change in community attitudes to hospital births. As the Larde District Health Authority had no budget for ambulance maintenance, KMAD continued to support this activity. Unfortunately the Larde District Health Authority transferred the driver and did not replace him leaving the ambulance standing for much of the year. The ambulance transferred 29 patients from the health clinic and 10 patients from Larde to the Moma hospital. It was also used to distribute medication throughout the area.

Community Health Awareness

There are currently 33 active community health volunteers. During the year there were a total of 1,148 group discussions, covering 9,412 individuals (3,823 women). The volunteers visited 3,024 households and 8,343 individuals (4,696 women) in door to door visits. The main topics addressed were water/sanitation, malaria and HIV prevention.

Malaria

A broader community malaria program was implemented during the year that includes indoor spraying (quarterly), ultra-low volume spray and fogging (fortnightly) in ten villages around the Mine. The Larde District Health Authority are responsible for monitoring the spraying program and undertake the community awareness and education sessions that take place prior to spraying campaigns.

The numbers of houses and other buildings sprayed during 2015 are presented below:

Campaign	Number of houses & other buildings sprayed	Number of houses that refused
February	6,717	123
July/August	5,816	201
November	5,704	196
Total	18,237	520

Water and Sanitation

KMAD has begun installation of a new water system in Tebane village. The system will be similar to that established in Topuito (5 stand points throughout the village) but will be linked to an independent borehole rather than the Mine water supply.

The borehole in Nathaca was repaired during the year. This had not been operating due to lack of maintenance from the local water committee. The committee contributed to the cost of repair with KMAD supplying the balance of funds.

New latrines were installed in the Tebane and Mtitikoma schools.

Corporate Social Responsibility Statement

(continued)

Education

As in prior years, at the beginning of the school year KMAD distributed school material to all the pupils attending school in the locality.

Responsibility for the adult literacy programme was passed to the District Education Department as they now have a budget for this activity. KMAD has committed to continuing any training activities the department identify as necessary for the volunteers. During the year there were a total of seven adult literacy centres running with a total of 441 adults enrolled. This represented a 10% increase on 2014.

The secondary and technical school scholarship programme continued and at year end there were 37 students on this programme. A further 24 students were identified to enter the programme at the start of the 2016 academic year. KMAD also funded repairs to the Moma secondary school boarding house. This included a new roof, window frames and repainting.

Due to cost control constraints reducing the levels of donations from Kenmare in the year the start of the construction of the technical training school was postponed to 2016.

Sports

The local men's soccer tournament had nine teams in 2015. The female league also restarted and football kits were distributed to nine teams.

Population Influx Management

Final approval of the influx management plan was given by the Government. This is now a District of Larde plan and they will be responsible for its implementations. KMAD will provide support in terms of materials and finance to ensure its implementation as it is in the interests of all parties to improve the physical planning of the area around the Mine.

Government Support

As a result of the flooding in Q1 2015, Kenmare worked closely with the Government's National Disaster Management Institute to try and alleviate the suffering caused by the floods. The Kenmare airstrip was used for emergency aid flights, a storage facility was provided for the aid, and labour and boats were provided to help with transport. KMAD also donated 50,000 cassava sticks to replant crops destroyed by the floods.

2016-2018 KMAD Strategic Plan

In Q4 2015 KMAD contracted Akhily Consultores, a company which specialises in community development, to carry out the community consultations and assist in the drafting of the new KMAD strategic plan.

All eight target communities within a radius of 10 km from the mine (Topuito, Thipane, Cabula, Mtiticoma, Naholoco, Mulimuni, Nathuco and Nathaca) were consulted in order to understandtheir ideas on development priorities. These ideas constitute the basis for the new strategic plan.

The community consultations were held together with the representatives of the Government of Larde District and the community leadership. In every neighbourhood the community was given a presentation detailing planned activities versus the activities carried out under the 2013-2015 Strategic Plan. Discussions on the various projects were conducted with the community, where the members involved in projects shared their success stories, the challenges they faced and, where projects failed, the lessons which can be learned. The community's opinion on how to improve the management and implementation of the development projects was also discussed.

Work was undertaken in small groups (women, younger people, older people and community leaders) to discuss their ideas for the development priorities for their community for the next three years. Each participant then voted on a list of priorities ideas and ranked them by importance.

The results were summarised and presented to the entire community, explaining their choices. Questions were answered by participants, government representatives, consultants and KMAD.

At the end of each session, KMAD explained the next steps of the process being; the preparation of the new plan based on the priorities decided upon; review by the KMAD board; incorporation of inputs by the District Government; and presentation of the final plan to the communities. This plan will serve as the basis for a Memorandum of Understanding that will include specific initiatives to be undertaken in each community to be supported by KMAD from 2016 to 2018. It is expected that this will be concluded in the first half of 2016.

Corporate Social Responsibility Statement

(continued)

COMPANY COMMUNITY INTERACTION

Kenmare is committed to conducting all of its activities in a manner that minimises risks to employees, contractors, the general public and the environment.

The Company recognises that its license to operate requires a good relationship with the local community. Kenmare's stakeholder engagement plan is updated annually and takes into account any changing dynamics in the relationship between the Mine and the community.

Kenmare recognises that the benefits of community engagement include:

A strengthened sense of community;

- The development of a co-operative working environment;
- Communities that take greater responsibility for what is happening in their areas;
- Increased conflict management capacities;
- Informed policy-making with local government.

Engagement focuses on the processes that bring people together. Good community engagement builds agreement around issues and creates momentum for communities to address these issues. Community members need to be at the centre of the engagement process to ensure that they are empowered and have control over their decision-making processes. Kenmare's approach is therefore to engage frequently and proactively with communities adjacent to the Mine.

The key criteria that Kenmare focuses on to ensure successful engagement are:

- Ensuring that a broad range of people and sectors participate in the process;
- Striving to resolve complex issues;
- Creating a vision that achieves results and creates change;
- Ensuring collaboration and social inclusion;
- Identifying local priorities together with communities;
- Creating a balance between the community engagement process and the resulting actions required from both the Company and the community.

In order to manage its stakeholder engagement process the Mine has a Community Liaison Department. The department is led by the Community Relations Superintendent who has two Community Liaison Officers (CLOs) working under her. The Community Relations Superintendent reports to the General Manager. The CLOs are mandated to deal with the issues raised by local communities. Typical issues dealt with by the CLOs include crop compensation, grave relocations, general grievances, employment opportunities, and water and sanitation issues. These are dealt with individually if applicable, or in the regular community workshop forums facilitated by Kenmare. While specific community relations programmes will change between project phases, the overall goal is to align Kenmare's business and community actions to improve communication between the Company and the community.

Regular meetings were held with representatives of local communities during the year to share information. Minutes are prepared for all meetings and are approved by Kenmare and the community.

A Local Working Group ("LWG") is the primary channel of communication between the Company, government representatives and representatives from the surrounding communities. This LWG, which has been set up to ensure continuity of issues discussed by a permanent group, is composed of the village secretaries, local government officials, traditional leaders, school directors, a representative of the local women's organisation, a representative of the youth population and elected community leaders. By invitation representatives from District Government also take part.

During the year there were four formal community meetings dealing with issues of recruitment, communication between the villages, water supply, farmland and influx management. There were also five specific meetings held – one to discuss crop compensation issues in the main mine path, one to discuss compensation issues in an exploration area, one to explain the retrenchment process and two to consult on the proposed new 2016-2018 KMAD strategic plan. There is constant interaction on a daily basis between the community liaison department and the local community.

Corporate Responsibility

Below we have disclosed our payments to governments. All of the payments disclosed have been made to national governments, either directly or through a ministry or department of the national government on a cash basis. Payroll taxes consist of income tax withheld at source and employer and employee social security tax.

Kenmare's Moma Titanium Minerals Mine is a major investment in the north of Mozambique, which we believe serves as a catalyst for further investment and actively support the Government of Mozambique in promoting investment in the country.

Kenmare does not give donations or contributions to any political party and does not tolerate bribery in any shape or form.

	2015 US$'000	2014 US$'000	2013 US$'000	2012 US$'000
Mozambique				
Mining royalty	2,826	3,563	3,860	2,931
IFZ Royalty	1,486	1,868	-	-
Payroll taxes	8,551	10,564	9,499	5,842
Withholding taxes	462	422	459	768
Licenses	123	215	77	178
Total	13,448	16,632	13,895	9,719
Ireland				
Payroll taxes	2,240	2,463	1,966	1,846
Corporation taxes	11	2	9	5
Total	2,251	2,465	1,975	1,851
UK				
Payroll taxes	169	162	119	-
Total	169	162	119	-
Total payments to governments	15,868	19,259	15,989	11,570

Directors' Report & Financial Statements

Directors' Report

The Directors present their report and the audited financial statements for the financial year ended 31 December 2015.

Principal Activities

The principal activity of Kenmare Resources plc ("the Company") and its subsidiary undertakings (together, "the Group" or "Kenmare") is the operation and further development of the Moma Titanium Minerals Mine (the "Mine" or "Project") in Mozambique.

Business and Strategy Review and Future Developments

A Business and Strategy Review, including likely future developments of the Group, set out on pages 14 to 21, forms part of the Directors' Report and is incorporated by reference.

Finance Review and Risks and Uncertainties

A Finance Review, including a description of the principal risks and uncertainties facing the Group, set out on pages 35 to 48, forms part of the Directors' Report and is incorporated by reference.

Risk Exposure

The exposure of the Group to price and credit risk is detailed in the trade and other receivables (Note 17), cash and cash equivalents (Note 18), bank loans (Note 23), and trade and other payables (Note 27) notes to the financial statements. The exposure of the Group to liquidity risk and cash flow risk is detailed in the capital and liquidity management (Note 28) note.

Key Performance Indicators

The Group's key performance indicators are detailed on pages 20 to 21.

Statement of Results

During 2015, the Group sold 800,400 tonnes of ilmenite, zircon and rutile to customers at a sales value of US$142.6 million (2014: US$174.3 million). Cost of sales for the financial year was US$168.1 million (2014: US$173.4 million), resulting in a gross loss of US$25.6 million (2014: US$1.0 million profit).

Other operating costs were US$21.8 million (2014: US$32.4 million), comprising distribution costs for the financial year of US$12.5 million (2014: US$14.3 million) and freight and demurrage costs of US$3.9 million (2014: US$8.1 million). Administration costs were US$1.4 million (2014: US$6.9 million). Total share-based payments for 2015 amounted to a US$0.7 million credit (2014: US$1.3 million expense), of which a US$1.2 million credit (2014: US$0.9 million expense) relates to staff at the Mine as a result of share options lapsing in the financial year and is included as a production cost of inventories, with the balance of US$0.5 million (2014: US$0.4 million) being expensed in the statement of comprehensive income. There were arbitration costs of US$4.0 million (2014: US$3.1 million) during the financial year.

There was finance income of US$0.5 million (2014: US$6.3 million), mainly resulting from a fair value adjustment of warrants at the statement of financial position date. Loan interest and finance fees were US$37.8 million (2014: US$34.9 million) during the financial year.

There was a foreign exchange gain for the financial year of US$22.7 million (2014: US$24.1 million), mainly as a result of gains on the retranslation of the Euro denominated loans and gains on the retranslation of cash deposits. The resultant loss before tax for the financial year was US$61.9 million (2014: US$100.7 million).

As at 31 December 2015, the statement of financial position date, Kenmare Moma Mining (Mauritius) Limited had unused tax losses of US$7.4 million (2014: nil). A deferred tax asset was recognised of US$1.3 million as it is anticipated that the losses will be carried forward for offset against future profits. This resulted in a tax credit for the financial year of US$1.3 million (2014: US$0.1 million charge), resulting in a loss after tax for the financial year of US$60.6 million (2014: US$100.8 million) which has been carried to retained losses.

Additions to property, plant and equipment amounted to US$5.6 million (2014: US$5.2 million). At the financial year end, the Group carried out an impairment review of property, plant and equipment. The mine plan is based on the Namalope and Nataka proved and probable reserves as set out in the Reserve and Resource table. During 2015, 776 million tonnes of the Nataka orebody were reclassified as Reserves. Inclusion of these additional reserves extends the last year of operations from 2033 to 2056. As a result of the increase in the life of mine, no impairment provision is required.

The Group had total debt of US$341.9 million as at 31 December 2015 (2014: US$337.7 million). During the financial year there were additional drawdowns of super senior loans of US$10.0 million (2014: nil), loan interest payments amounting to US$5.7 million (2014: interest and principal US$20.0 million), interest accrued of US$32.7 million (2014: US$31.4 million), loan amendment and advisor fees incurred of US$17.3 million (2014: US$8.3 million), loan amendment fees amortised of US$3.8 million (2014: US$2.6 million) and positive foreign exchange movements of US$19.3 million (2014: US$23.2 million). This resulted in an overall increase in Group debt of US$4.2 million (2014: US$17.5 million decrease). Under the April 2015 Amendment the Absa Corporate Facility ceased to be an unsecured debt obligation of the Company and was novated as a secured Subordinated Debt obligation of the Project Companies.

As at 31 December 2015, the Project Companies were in breach of a number of loan covenants. As a result, the loan balances are classified as falling due immediately.

Directors

The Directors who held office at 31 December 2015 were as follows:

S. McTiernan (Chairman)	Non-Executive		*	+
S. Bianchi	Non-Executive	Δ	*	+
M. Carvill	Executive			
J. Ensall	Non-Executive			
T. Fitzpatrick	Executive			
E. Headon	Non-Executive	Δ	*	+
T. Lowrie	Non-Executive			
T. McCluskey	Executive			
G. Smith	Non-Executive	Δ	*	+

Δ: Member of the Audit Committee chaired by Mr. G. Smith
+: Member of the Remuneration Committee chaired by Ms. E. Headon
*: Member of the Nomination Committee chaired by Mr. S. McTiernan

The April 2015 Project Loan Amendment included an undertaking that a Lender Approved Non-Executive Director be appointed. In July 2015, Mr. J. Ensall was appointed to the Board as Non-Executive Director in satisfaction of this requirement.

The Articles of Association empower the Board to appoint Directors but also require Directors to retire and submit themselves for re-election at the first Annual General Meeting following their appointment. Under the Articles of Association, a third of the Board must retire annually but may offer themselves for re-election. However, in accordance with the provisions contained in the UK Corporate Governance Code, the Board has decided that all Directors should retire annually at the Annual General Meeting and offer themselves for re-election.

Directors are appointed and removed by the shareholders in General Meeting of the Company and may be co-opted by the Board.

Directors' and Secretary's Shareholdings and Share Options

The interests of the Directors and Secretary of the Company, their spouses and minor children, in the ordinary share capital of the Company, and details of the share options granted in accordance with the rules of the Share Option Scheme, are detailed in the Directors' Remuneration Report on page 65.

Share Option Scheme and Kenmare Incentive Plan

It is the policy of the Company to award share options to certain employees and consultants. In the past share options were awarded to Executive Directors but this practice ceased with the introduction of the Kenmare Incentive Plan ("KIP") in 2014.

Any offer to grant options will specify the consideration payable on acceptance, the number of shares comprised in the option, and the mode of acceptance, together with the latest date for acceptance and for payment of the said consideration. Upon receipt by the Board of such acceptance and consideration, the option will be granted and the option certificate delivered. The options generally vest over a three year period, in equal annual amounts. At 31 December 2015, there were options in issue that had been granted under the share option scheme dated 15 May 1987 to persons (other than Directors and the Secretary) to subscribe for a total of 19,791,667 million shares, exercisable at an average price of US$0.39 per share.

Directors' Report

(continued)

In 2014, the KIP was adopted and an Initial KIP award was made to the Executive Directors resulting in a total of 6,875,622 performance-based shares being awarded as at 31 December 2014. In 2015, awards of 3,294,553 performance-based shares crystalised in favour of the Executive Directors under the 2014 KIP award. These shares will be awarded when the Company is not subject to dealing restrictions.

Going Concern

The Directors have at the time of approving the financial statements, a reasonable expectation that the Company and the Group have or will have adequate resources to continue in operational existence for the foreseeable future. In carrying out their going concern assessment the Directors noted, given that the Group is in default of loan facility covenants as outlined in Note 23 resulting in bank loans being classified as due within one year, that the Group's ability to continue as a going concern is dependent on achieving a material deleveraging plan with its lenders and other investors. The Directors note that there are material risks associated with the ability to successfully conclude the deleveraging plan but expect that it will be concluded successfully and therefore they continue to adopt the going concern basis of accounting in preparing the financial statements. Further details are contained in Note 1 on page 107.

Viability Statement

The Directors have assessed the prospects of the business and its ability to meet its liabilities as they fall due over the next 12 months. The Directors concluded, for the reasons outlined below, that one year was an appropriate period for the assessment.

A Group cash flow forecast ("Group Forecast") has been prepared by management with best estimates of production, pricing and cost assumptions over the period. The cash flow includes the successful execution of the Deleveraging Plan as set out in Note 1.

Key assumptions upon which the Group Forecast is based include a mine plan covering production using the Namalope reserves as set out in the Reserve and Resources table. Production levels for the purpose of the forecast are approximately 1.0 million tonnes of ilmenite plus co-products, zircon and rutile, per annum over this period. Assumptions of 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 presently contracted, prices are forecast taking into account independent titanium mineral sands expertise and management expectations. Operating costs are based on approved budget costs for 2016 taking into account the current running costs of the Mine and escalated by 2% per annum thereafter. Capital costs are based on the capital plans and include escalation at 2% per annum.

Sensitivity analysis is applied to the assumptions above to reflect the potential impact of market prices, demand risks and operating and capital cost risks faced by the Group as described in the Risk Review on pages 44 to 48. These risks could affect the level of sales and profitability of the Group and the amount of capital required to deliver the required production levels. The forecast assumes a revised debt structure as detailed in Note 23 is in place over the period.

As detailed in Note 1 the continued liquidity and going concern of the Group is conditional on, amongst other things, the implementation of the Deleveraging Pan. This represents a material uncertainty that may cast significant doubt about the Group's and Company's ability to continue as a going concern and viability such that they may be unable to realise their assets and discharge their liabilities in the normal course of business.

Whilst the Directors expect that the Deleveraging Plan can be implemented and that the Group will then be in a position to continue in operation well into the future, the Directors cannot provide assurance over the viability of the Group over a period in excess of the one year period applied for the assessment of going concern as documented in Note 1.

Share Capital

As at 31 December 2015, Ordinary Shares accounted for 100% of the total share capital. The Ordinary Shares of €0.06 rank equally in all respects and carry no special rights. They carry voting and dividend rights. There are no restrictions on the transfer of the Company's shares or voting rights. There are no restrictions on voting rights.

On 12 October 2015, it was resolved that the Company acquire all of the 48,031,467 Deferred Shares of €0.25 each in the capital of the Company in issue by transfer or surrender to the Company otherwise than for valuable consideration in accordance with Section 102(1)(a) of the Companies Act 2014 and Article 3(ii) of the Articles of Association of the Company and, in accordance with Section 106(1) of the Companies Act 2014, cancel such Deferred Shares.

The Deferred Shares of €0.25 were created in 1991 by subdividing each existing Ordinary Share of IR25p into one Deferred Share of IR20p and one new Ordinary Share of IR5p. The Deferred Shares were non-voting, carried no dividend rights and the Company could purchase any or all of these shares at a price not exceeding €0.01 per share for all the deferred shares so purchased or could execute a transfer of such shares without making any payment to the holders.

Authority to Allot

The Directors have been given the authority by shareholders to allot shares up to an amount equal to the authorised but unissued share capital of the Company.

Purchase of own shares

On 12 October 2015, the Company acquired all the Deferred Shares in issue otherwise than for valuable consideration in accordance with the Companies Act 2014 and the Company's Articles of Association.

Substantial Interests

As at 25 April 2016, the Company has been notified of the following shareholdings in excess of 3% of the issued ordinary shares of the Company:

	No. of Ordinary Shares	% of Issued Share Capital
Prudential plc	556,000,189	20%
The Capital Group Companies Inc.	164,678,932	6%
Majedie Asset Management Ltd	152,518,237	5%
Foord Asset Management (Singapore) Pte. Ltd	114,886,100	4%
Norges Bank (The Central Bank of Norway)	104,566,574	4%
Foord Asset Management Guernsey Ltd	103,326,936	4%
Sanlam Four Investments UK Ltd	94,107,336	3%

Takeover Directive

In the event of a change in control, directly or indirectly, of Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited, both subsidiary undertakings of the Company, the Project Lenders may require payment in full of debt obligations, in addition to certain prepayment fees, subject to conditions set out in the financing documents. The financing documents also contain provisions that would become effective on a change of control of the Company. The Company's Share Option Scheme and KIP each contain change of control provisions that allow for acceleration of the exercise of options and awards in the event of a change of control of the Company.

Other than as described in the Directors' Remuneration Report on pages 60 to 72, there are no agreements between the Company and its Directors or employees providing for pre-determined compensation for loss of office or employment that would occur in the event of a bid for the Company, save that certain executives, not being directors, have service contracts that either provide for extended notice periods or fixed payments on termination following a change in control of the Company.

Accounting Records

The Directors have employed appropriately qualified accounting personnel and have maintained appropriate accounting systems to ensure that adequate accounting records are kept in accordance with Section 281 to 285 of the Companies Act, 2014. The books of account are kept at the Company's office at Chatham House, Chatham Street, Dublin 2.

Powers of the Directors

Under the Articles of Association of the Company, the business of the Company is to be managed by the Directors who may exercise all the powers of the Company subject to the provisions of the Companies Acts, the Memorandum and Articles of Association of the Company and to any directions given by resolution of a General Meeting not being inconsistent with the Companies Acts and the Articles of Association. The Articles further provide that the Directors may make such arrangement as may be thought fit for the management of the Company's affairs including the appointment of such attorneys as they may think fit with such powers, authorities and discretions (not to exceed those vested in or exercisable by the Directors under the Articles) and for such period and subject to such conditions as they may think fit.

Directors' Report

(continued)

Subsidiary Undertakings

The subsidiary undertakings of the Company at 31 December 2015 are outlined in Note 16 to the financial statements. Each of the subsidiary undertakings Kenmare Moma Mining (Mauritius) Limited, Kenmare Moma Processing (Mauritius) Limited and Mozambique Minerals Limited operate branches in Mozambique.

Notice of Annual General Meeting and Special Business

Notice of the Annual General Meeting, together with details of special business to be considered at the meeting, is set out in a separate circular to be sent to shareholders and will also be available on the Company website www.kenmareresources.com.

Memorandum and Articles of Association

The Company's Memorandum and Articles of Association set out the objects and powers of the Company and may be amended by shareholders at a General Meeting of the Company.

General Meetings and Shareholders Rights

Under the Articles of Association, the power to manage the business of the Company is generally delegated to the Directors. However, the shareholders retain the power to pass resolutions at a General Meeting of the Company which may give directions, not being inconsistent with the Companies Acts and the Articles of Association, to the Directors as to the management of the Company.

The Company must hold a General Meeting in each year as its Annual General Meeting, in addition to any other meetings in that year. The Annual General Meeting will be held at such time and place as the Directors determine. All General Meetings, other than Annual General Meetings, are called Extraordinary General Meetings. The Directors may at any time call an Extraordinary General Meeting. Extraordinary General Meetings shall also be convened by the Directors on the requisition of members holding, at the date of the requisition, not less than 5% of the paid up capital carrying the right to vote at General Meetings.

No business may be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Three members present in person or by proxy and entitled to vote at such meeting constitutes a quorum.

The shareholders have the right to receive notice of a General Meeting. In the case of an Annual General Meeting or of a meeting for the passing of a Special Resolution, twenty-one clear days' notice at the least, and in any other case fourteen clear days' notice at the least, needs to be given in writing in the manner provided for in the Articles to all the members (other than those who, under the provisions of the Articles or the conditions of issue of the shares held by them, are not entitled to receive the notice) and to the Auditors at the time being of the Company.

The Shareholders also have the right to attend, speak, vote and ask questions at General Meetings. In accordance with Irish company law, the Company specifies record dates for general meetings, by which date shareholders must be registered in the Register of Members of the Company to be entitled to attend. Record dates are specified in the notes to the Notice of a General Meeting. Shareholders may exercise their right to vote some or all of their shares by appointing a proxy or proxies, by electronic means or in writing. The requirements for the receipt of valid proxy forms are set out in the notes to the Notice convening the meeting. A shareholder, or a group of shareholders, holding at least 3% of the issued share capital of the Company, has the right to put an item on the agenda of the AGM or to table a draft resolution for inclusion in the agenda of a General Meeting, subject to certain timing requirements presented by the Companies Act and any contrary provision of Irish company law.

All business that is transacted at an Extraordinary General Meeting is deemed special. All business that is transacted at an Annual General Meeting is also deemed special, with the exception of declaring a dividend, considering the accounts, statement of financial positions and reports of the Directors and Auditors, electing Directors in the place of those retiring, re-appointing retiring Auditors and fixing the remuneration of the Auditors.

Voting at any General Meeting is by a show of hands unless a poll is properly demanded. On a show of hands, every member who is present in person or by proxy has one vote regardless of the number of shares they hold. On a poll, every member who is present in person or by proxy has one vote for each share they hold. A poll may be demanded by the Chairman of the meeting or by at least three members having the right to vote at the meeting or by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting or by a member or members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one tenth of the total sum paid up on all shares conferring that right.

Deadlines for Exercising Voting Rights

Voting rights at General Meetings of the Company are exercised when the Chairman puts the resolution at issue to the vote of the meeting. Where a person is appointed to vote for a shareholder as proxy, the instrument of appointment must be received by the Company not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the appointed proxy proposes to vote, or, in the case of a poll, not less than forty-eight hours before the time appointed for taking the poll.

Secondary Listing

Kenmare Resources plc has a premium listing on the Main Market of the London Stock Exchange and has a secondary listing on the Main Securities Market of the Irish Stock Exchange. For this reason the Company is not subject to the same on-going listing requirements as those which apply to an Irish company with a primary listing on the Irish Stock Exchange including that certain transactions require the approval of shareholders. The Company is subject to the Listing Rules of the UK Listing Authority.

Corporate Governance

The annual Corporate Governance Statement on pages 54 to 72 forms part of the Directors' Report and is incorporated by reference.

Political Donations

There were no political donations which require disclosure under the Electoral Act 1997 (as amended).

Branches

The Company established and maintains a branch in the United Kingdom. This branch was registered with the UK Companies House with registration number FC031738.

Environmental and Employee Matters

Information in relation to environmental and employee matters set forth on pages 22 to 29 forms part of the Directors' Report and is incorporated by reference.

Events since the financial year end

On 29 April 2015, the Group entered into an amended project loan agreement ("the April 2015 Amendment") with the Lender Group, the details of which are set out in Note 23. A condition of the April 2015 Amendment was a requirement on the Group to deliver a deleveraging plan to Lenders, and agree such a plan with Lenders, by 31 January 2016. The Group delivered a deleveraging plan to Lenders by the 31 January deadline, but it was not agreed by the Lenders by that deadline, giving rise to an event of default. However, the Lenders have continued to work with the Group on the execution of a deleveraging plan, details of which are set out in Note 1 and Note 23.

Also after the year end, Kenmare entered into a conditional subscription and relationship agreement with King Ally Holdings Limited ("King Ally"), a chemicals trading company incorporated in the British Virgin Islands, in respect of a proposed investment by King Ally in Kenmare. This proposed investment is in respect of US$100 million and is on the basis that King Ally would be interested in not more than 29.9% of the enlarged issued share capital of the Company following the completion of a capital restructuring of the Group.

Auditors

The Auditors, Deloitte, Chartered Accountants and Statutory Audit Firm, continue in office in accordance with Section 383(2) of the Companies Act 2014.

On behalf of the Board:

M. Carvill Director T. McCluskey Director
29 April 2016

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report together with the financial statements in accordance with applicable laws and regulations.

Irish company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group for that period. Under that law the Directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the Parent Company financial statements under IFRSs as adopted by the European Union as applied, in accordance with the Companies Acts, 2014. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- prepare financial statements on a going concern basis unless it is inappropriate to presume the Group will continue in business.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and presentation of financial statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

The Directors are responsible for keeping adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy and to enable them to ensure that the financial statements are prepared in accordance with IFRSs as adopted by the European Union and comply with the Companies Acts 2014 and as regards the consolidated financial statements, Article 4 of the IAS Regulation and enable the financial statements to be audited.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland, the Directors are required to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group. The Directors are also required by applicable law and the Listing Rules issued by the Irish Stock Exchange and the UK Listing Authority to prepare a Directors' Report and reports relating to Directors' remuneration and corporate governance.

Responsibility statement

Each of the Directors whose names and functions appear on pages 52 and 53 of the Annual Report confirms to the best of such person's knowledge and belief:

- the consolidated financial statements for the financial year ended 31 December 2015, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position of the Group and the undertakings included in the consolidation taken as a whole, as at that date and its loss for the financial year then ended;
- the Company financial statements for the financial year ended 31 December 2015, prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2014, give a true and fair view of the assets, liabilities, financial position of the Company;
- the Business and Strategy Review and Principal Risks and Uncertainties, which are incorporated into the Directors' Report, include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

On behalf of the Board:

M. Carvill Director T. McCluskey Director
29 April 2016

Independent Auditor's Report

to the Members of Kenmare Resources Plc

Deloitte.

Opinion on Consolidated Financial Statements of Kenmare Resources plc

In our opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Group and the Company as at 31 December 2015 and of the Group's loss for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and in particular, with the requirements of the Companies Act 2014 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

The financial statements comprise the Group Financial Statements: Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and the Parent Company Financial Statements: Parent Company Statement of Financial Position, Parent Company Statement of Cash Flows, Parent Company Statement of Changes in Equity and related notes 1 to 37. The financial reporting framework that has been applied in the preparation of the Group and parent company financial statements is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Emphasis of matter- Going concern and the directors' assessment of the principal risks that would threaten the solvency or liquidity of the Group

As required by the Listing Rules we have reviewed the Directors' statement regarding the appropriateness of the going concern basis contained within the Directors' report on page 90 and the Directors' statement on the viability of the Group on page 90.

Without modifying our opinion on the financial statements, we draw your attention to Note 1 of the financial statements in relation to Going Concern and Note 23 in relation to Bank Loans. In Note 1, the Directors set out their assessment of the Group's ability to continue as a going concern. Note 1 outlines that in April 2015 the Group entered into an amended loan agreement with its lenders, the details of which are set out in Note 23. The amended loan agreement required that the Group deliver a deleveraging plan, acceptable to the lenders, no later than 31 January 2016 to enable it to draw down committed loan facilities. A deleveraging plan was submitted but was not approved by lenders by that date. At 31 December 2015, the Group was in breach of its loan covenants, and continues to be in breach of loan covenants to date. The Directors note that the Group is currently in discussion with its lenders and potential new and existing investors, to agree a deleveraging plan which would result in new equity investment, amendment of loan facilities, debt discharge and potentially debt to equity conversion, as disclosed in Note 1.

The Group's ability to continue as a going concern is dependent on the successful completion of the deleveraging plan as outlined in Note 1 and on the Group achieving its cashflow projections. The deleveraging plan involves multiple counterparties and is subject to a number of risks including; the risk that one or more parties may withdraw support for the plan; legal and execution risk and the risk that the completion of the plan could be delayed resulting in the Group exhausting available cash resources prior to completion.

These matters indicate the existence of a material uncertainty relating to the successful execution of the deleveraging plan and which may cast doubt on the Groups ability to continue as a going concern and meet its liabilities as they fall due in the normal course of business. The Directors expect that the deleveraging plan and the cashflow projections will be achieved and that the Group will continue as a going concern. Accordingly, the financial statements do not include any adjustments to the carrying amounts or classification of assets and liabilities that would result if the Group was unable to continue as a going concern.

We have nothing further to draw attention to in relation to:

- the Directors' confirmation on page 44 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 44 to 48 that describe those risks and explain how they are being managed or mitigated;
- the Directors' statement in Note 1 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the Directors' explanation in the viability statement on page 90 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Deloitte.

We agreed with the Directors' adoption of the going concern basis of accounting and did not identify any material uncertainties other than as noted above. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Emphasis of matter- Realisation of Assets of the Group

Without modifying our opinion on the financial statements we have considered the adequacy of the disclosures made in Notes 13 and 16 of the financial statements concerning the realisation of property, plant and equipment of US$835 million included in the Consolidated Statement of Financial Position and investments in and amounts due from subsidiary undertakings of US$559 million in the Parent Company's Statement of Financial Position all of which are dependent on the successful operation of the Mine and the realisation of the cashflow forecast assumptions as set out in Note 13. The financial statements do not include any adjustments relating to the uncertainties concerning the realisation of assets and the ultimate outcome cannot at present be determined.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk of material misstatement	How the scope of our audit responded to the risk
Going Concern Going concern was an area of focus due to: • continued weakness in sales prices resulting in negative cashflow from operations and; • covenant breaches in Group loan facilities and ongoing negotiations to successfully conclude the current deleveraging plan. *Refer also to page 57 (Audit Committee Report), pages 44 to 48 (Principal Risks and Uncertainties), and Notes 1 and 23 to the financial statements.*	We reviewed board minutes, post year end results, budgets and cashflow projections. We focused on the key assumptions in relation to sales quantities and pricing together with the timing of discharging of liabilities of the Group. In relation to the current deleveraging plan as summarised in Note 1, we reviewed correspondence and documentation supporting the plan and we also made enquiries of management and their advisors and considered the associated risks and the likely timing of execution of the plan.
Impairment of Property, Plant and Equipment The Group has recognised property, plant and equipment assets of US$835 million at 31 December 2015. Management undertake an annual impairment review to support the carrying value of property, plant and equipment. The recoverable amount of the Mine is assessed on its value-in-use. Key assumptions in the review relate to the useful life of the mine and the property, plant and equipment, the cash flows as set out in the life of mine financial model and the discount rate applied to arrive at net present value. *Refer also to page 57 (Audit Committee Report), pages 113 to 114 (Impairment of Non-Current Assets accounting policy) and Note 13 to the financial statements.*	We considered the appropriateness of the Group's impairment review for property, plant and equipment and challenged the validity of assumptions used therein. Specifically our work included, but was not limited to, the following procedures: • benchmarking sales price assumptions against contracted prices and available market data; • review of estimated future costs by agreement to approved budgets; • agreement of proved and probable reserves to competent valuer reports; • recalculation and benchmarking of discount rate applied with involvement of Deloitte valuation specialists; and • confirmed validity of mine extraction and operating licences. We considered the adequacy of the disclosures in relation to these matters and whether they met the requirements of IFRSs.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on pages 57 to 59 and in the Principal Risks and Uncertainties on pages 44 to 48.

Independent Auditor’s Report

Deloitte.

to the Members of Kenmare Resources Plc (continued)

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our assessment of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the group to be US$10 million (2014: US$10 million), which is approximately 2% (2014: under 2%) of equity. We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of US$500,000 (2014: US$500,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Group audit scope focused on Head Office and two principal subsidiary undertakings operating the mining and processing facilities in Mozambique. These two principal subsidiaries account for 100% of the Group’s total revenue and 98% of the Group’s total assets.

The subsidiary undertakings were subject to a full scope audit. We determined the materiality level for each component calculated with reference to the size of the entity involved.

The Group audit team issues detailed instructions to the component auditor for the Group audit, with specific audit requirements and confirmation requests across key areas. Significant audit procedures were performed by the component auditor. The Group audit team are actively involved in the performance of, and direction of, all stages of the audit process from planning, execution and reporting to enable the Group audit team conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole.

Other matters on which we are required to report by the Companies Act 2014

Directors’ Report and Corporate Governance Statement

In our opinion the information given in the Directors’ Report is consistent with the financial statements and based on the work undertaken in the course of the audit the description in the Corporate Governance Statement of the main features of the internal control and risk management systems in relation to the financial reporting process and the information required under Regulation 21(2) (c), (d), (f), (h) and (i) of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 (S.I. No.255 of 2006) are consistent with the financial statements and have been prepared in accordance with section 1373 Companies Act 2014. Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in this information. In our opinion, the information required pursuant to section 1373(2) (a), (b) (e) and (f) Companies Act 2014 is contained in the Company’s Corporate Governance Statement.

Adequacy of explanations received and accounting records

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit;
- In our opinion the accounting records of the Company were sufficient to permit the Financial Statements to be readily and properly audited; and
- The Parent Company statement of financial position is in agreement with the accounting records.

Deloitte.

Matters on which we are required to report by exception

Directors' remuneration

Under the United Kingdom Listing Authority Listing Rules (the Listing Rules) we are required to review the six specified elements of disclosures in the report to shareholders by the Board on Directors' remuneration. Under the Companies Act, 2014 we are required to report to you if, in our opinion the disclosures of Directors' remuneration and transactions specified by law are not made. We have nothing to report arising from our review of these matters.

Corporate Governance Statement

Under the Listing Rules, we are also required to review the part of the Corporate Governance Statement relating to the company's compliance with certain provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Kevin Sheehan
For and on behalf of Deloitte
Chartered Accountants and Statutory Audit Firm
Dublin
29 April 2016

Consolidated Statement of Comprehensive Income

For the Financial Year Ended 31 December 2015

	Notes	2015 US$'000	2014 US$'000
Revenue	3	142,583	174,317
Cost of sales		(168,138)	(173,366)
Gross (loss)/profit		(25,555)	951
Other operating costs	5	(21,780)	(32,415)
Impairment loss	13	-	(64,762)
Operating loss		(47,335)	(96,226)
Finance income	8	543	6,314
Finance costs	9	(37,805)	(34,852)
Foreign exchange gain		22,658	24,113
Loss before tax		(61,939)	(100,651)
Income tax credit/(charge)	10	1,320	(143)
Loss for the financial year and total comprehensive income for the financial year		(60,619)	(100,794)
Attributable to equity holders		(60,619)	(100,794)
		Cent per share	Cent per share
Loss per share: Basic	11	(2.18)	(3.62)
Loss per share: Diluted	11	(2.18)	(3.62)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2015

	Notes	2015 US$'000	2014 US$'000
Assets			
Non-current assets			
Property, plant and equipment	13	834,961	865,217
Deferred tax asset	14	1,320	-
Other receivables	17	649	1,021
		836,930	866,238
Current assets			
Inventories	15	46,228	62,452
Trade and other receivables	17	20,268	27,118
Cash and cash equivalents	18	14,352	21,795
		80,848	111,365
Total assets		**917,778**	**977,603**
Equity			
Capital and reserves attributable to the Company's equity holders			
Called-up share capital	19	214,941	225,523
Share premium	20	431,380	431,380
Retained losses	21	(175,651)	(115,032)
Other reserves	22	32,804	22,896
Total equity		503,474	564,767
Liabilities			
Non-current liabilities			
Bank loans	23	-	261,634
Obligations under finance lease	24	264	743
Provisions	25	22,100	21,624
		22,364	284,001
Current liabilities			
Bank loans	23	341,943	76,040
Obligations under finance lease	24	479	415
Provisions	25	1,714	2,387
Other financial liabilities	26	22	520
Trade and other payables	27	47,782	49,473
		391,940	128,835
Total liabilities		414,304	412,836
Total equity and liabilities		**917,778**	**977,603**

The accompanying notes form part of these financial statements.

On behalf of the Board:

M. Carvill Director T. McCluskey Director

29 April 2016

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2015

	Notes	2015 US$'000	2014 US$'000
Operating activities			
Loss for the financial year before tax		(61,939)	(100,651)
Adjustment for:			
Foreign exchange movement		(22,658)	(24,113)
Share-based payments	5	(674)	1,349
Finance income	8	(45)	(184)
Finance costs	9	37,805	34,852
Depreciation	6	35,820	40,850
Impairment loss	13	-	64,762
Decrease in other financial liabilities	26	(498)	(5,331)
(Decrease)/increase in provisions	25	(742)	528
Operating cash flow		(12,931)	12,062
Decrease/(increase) in inventories	15	16,224	(18,256)
Decrease/(increase) in trade and other receivables	17	7,222	(7,532)
(Decrease)/increase in trade and other payables	27	(1,901)	1,780
Cash from/(used in) operations		8,614	(11,946)
Interest received	8	45	184
Interest paid	23	(5,700)	(7,046)
Net cash from/(used in) operating activities		2,959	(18,808)
Investing activities			
Additions to property, plant and equipment	13	(5,564)	(5,187)
Net cash used in investing activities		(5,564)	(5,187)
Financing activities			
Repayment of borrowings	23	-	(13,001)
Decrease in borrowings	23	(7,330)	(8,268)
Payment of obligations under finance leases	24	(560)	(560)
Net cash used in financing activities		(7,890)	(21,829)
Net decrease in cash and cash equivalents		(10,495)	(45,824)
Cash and cash equivalents at the beginning of the financial year		21,795	67,546
Effect of exchange rate changes on cash and cash equivalents		3,052	73
Cash and cash equivalents at the end of the financial year	18	**14,352**	**21,795**

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2015

	Called –Up Share Capital	Share Premium	Capital Conversion Reserve Fund	Capital Redemption Reserve Fund	Retained Losses	Share Based Payment Reserve	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2014	225,523	431,380	754	-	(14,238)	20,793	664,212
Loss for the financial year	-	-	-	-	(100,794)	-	(100,794)
Share-based payments	-	-	-	-	-	1,349	1,349
Balance at 1 January 2015	225,523	431,380	754	-	(115,032)	22,142	564,767
Loss for the financial year	-	-	-	-	(60,619)	-	(60,619)
Share-based payments	-	-	-	-	-	(674)	(674)
Redemption of deferred shares	(10,582)	-	-	10,582	-	-	-
Balance at 31 December 2015	214,941	431,380	754	10,582	(175,651)	21,468	503,474

Retained Losses

Retained losses comprise accumulated profit and losses in the current and prior financial years.

Share-Based Payment Reserve

The share-based payment reserve arises on the grant of share options and shares to certain Directors, employees and consultants under the share option scheme and under the Kenmare Incentive Plan.

Capital Conversion Reserve Fund

The capital conversion reserve fund arose from the re-nominalisation of the Company's share capital from Irish Punts to Euro.

Capital Redemption Reserve Fund

The Deferred Shares of €0.25 were created in 1991 by subdividing each existing Ordinary Share of IR25p into one Deferred Share of IR20p and one new Ordinary Share of IR5p. The Deferred Shares were non-voting, carried no dividend rights, and the Company had the right to purchase any or all of these shares at a price not exceeding €0.01 per share for all the deferred shares so purchased or could execute a transfer of such shares without making any payment to the holders.

On 12 October 2015, it was resolved that the Company acquire all of the 48,031,467 Deferred Shares of €0.25 each in the capital of the Company in issue by transfer or surrender to the Company otherwise than for valuable consideration in accordance with Section 102(1)(a) of the Companies Act 2014 and Article 3(ii) of the Articles of Association of the Company and, in accordance with Section 106(1) of the Companies Act 2014, cancel such Deferred Shares.

Parent Company Statement of Financial Position

As at 31 December 2015

	Notes	2015 US$'000	2014 US$'000
Assets			
Non-current assets			
Investments in and amounts due from subsidiary undertakings	16	558,541	643,840
Current assets			
Trade and other receivables	17	173	169
Cash and cash equivalents	18	99	195
		272	364
Total assets		558,813	644,204
Equity			
Capital and reserves attributable to the Company's equity holders			
Called-up share capital	19	214,941	225,523
Share premium	20	431,380	431,380
Retained losses	21	(123,596)	(60,277)
Other reserves	22	32,804	22,896
Total equity		555,529	619,522
Liabilities			
Non-current liabilities			
Bank loans	23	-	19,399
Provisions	25	-	-
		-	19,399
Current liabilities			
Provisions	25	1,444	2,107
Other financial liabilities	26	22	520
Trade and other payables	27	1,818	2,656
		3,284	5,283
Total liabilities		3,284	24,682
Total equity and liabilities		558,813	644,204

The accompanying notes form part of these financial statements.

On behalf of the Board:

M. Carvill Director T. McCluskey Director
29 April 2016

Parent Company Statement of Cash Flows

For the Financial Year Ended 31 December 2015

	Notes	2015 US$'000	2014 US$'000
Operating activities			
Loss for the financial year before tax	31	(63,319)	(3,330)
Adjustment for:			
Foreign exchange movement		(66)	(35)
Share-based payments	5	580	441
Finance cost	23	1,441	2,313
Decrease in other financial liabilities	26	(498)	(5,331)
Increase in provision for amounts due from subsidiary undertakings	16	60,619	-
(Decrease)/increase in provisions	25	(629)	10
Operating cash flow		(1,872)	(5,932)
(Increase)/decrease in receivables	17	(4)	125
(Decrease)/increase in trade and other payables	27	(839)	1,552
Cash used in operations		(2,715)	(4,255)
Interest paid	23	(1,458)	(2,308)
Net cash used in operating activities		(4,173)	(6,563)
Investing activities			
Investments in and amounts due from subsidiary undertakings	16	4,044	6,560
Net cash used in investing activities		4,044	6,560
Net cash from financing activities		-	-
Net decrease in cash and cash equivalents		(129)	(3)
Cash and cash equivalents at beginning of the financial year		195	214
Effect of exchange rate changes on cash and cash equivalents		33	(16)
Cash and cash equivalents at the end of the financial year	18	99	195

Parent Company Statement of Changes in Equity

For the Financial Year Ended 31 December 2015

	Called-Up Share Capital	Share Premium	Capital Conversion Reserve Fund	Capital Redemption Reserve Fund	Retained Losses	Share Based Payments Reserve	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2014	225,523	431,380	754	-	(56,947)	20,793	621,503
Loss for the financial year	-	-	-	-	(3,330)	-	(3,330)
Share based payments	-	-	-	-	-	1,349	1,349
Balance at 1 January 2015	225,523	431,380	754	-	(60,277)	22,142	619,522
Loss for the financial year	-	-	-	-	(63,319)	-	(63,319)
Share based payments	-	-	-	-	-	(674)	(674)
Redemption of deferred shares	(10,582)	-	-	10,582	-	-	-
Balance at 31 December 2015	214,941	431,380	754	10,582	(123,596)	21,468	555,529

Retained Losses
Retained losses comprise accumulated profit and losses in the current and prior financial years.

Share-Based Payments Reserve
The share-based payments reserve arises on the grant of share options and shares to certain Directors, employees and consultants under the share option scheme and under the Kenmare Incentive Plan.

Capital Conversion Reserve Fund
The capital conversion reserve fund arose from the re-nominalisation of the Company's share capital from Irish Punts to Euro.

Capital Redemption Reserve Fund
The Deferred Shares of €0.25 were created in 1991 by subdividing each existing Ordinary Share of IR25p into one Deferred Share of IR20p and one new Ordinary Share of IR5p. The Deferred Shares were non-voting, carried no dividend rights, and the Company had the right to purchase any or all of these shares at a price not exceeding €0.01 per share for all the deferred shares so purchased or could execute a transfer of such shares without making any payment to the holders.

On 12 October 2015, it was resolved that the Company acquire all of the 48,031,467 Deferred Shares of €0.25 each in the capital of the Company in issue by transfer or surrender to the Company otherwise than for valuable consideration in accordance with Section 102(1)(a) of the Companies Act 2014 and Article 3(ii) of the Articles of Association of the Company and, in accordance with Section 106(1) of the Companies Act 2014, cancel such Deferred Shares.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2015

1. GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Operational Review. The financial position of the Group at the financial year end, its cash flows, liquidity position and borrowing facilities are described in the Finance and Risk Review.

On 29 April 2015, the Group entered into an amended project loan agreement ("the April 2015 Amendment") with its lenders ("Lenders"), the details of which are set out in Note 23. A condition of the April 2015 Amendment was a requirement on the Group to deliver to, and agree with, Lenders a material deleveraging plan ("Deleveraging Plan") by 31 January 2016, failing which an event of default would ensue. A Deleveraging Plan was delivered to Lenders by this deadline, but was not agreed with Lenders by this deadline. To date, a Deleveraging Plan has not been agreed by Lenders. However, significant progress has now been made and the Lenders continue to work with the Group on satisfaction of the pre-conditions necessary for the implementation of a deleveraging plan.

The current Deleveraging Plan includes the following key elements (together "the Capital Restructuring"):

(i) A US$100 million placing of new ordinary shares with a sovereign wealth fund of the Sultanate of Oman ("SGRF") and a US$100 million placing of new ordinary shares with King Ally Holdings Limited ("King Ally") (in aggregate US$200 million) ("the Cornerstone Placing") and an additional firm placing, at the same issue price ("Issue Price") as the Cornerstone Placing, of not less than US$75 million ("Firm Placing") for which participation commitments will be sought from a number of new and existing institutional shareholders;

(ii) Application of US$200 million of the proceeds of the Cornerstone Placing and Firm Placing to repay US$200 million of debt, the discharge of an additional US$50 million of debt at no additional cost, together with the discharge of certain interest accruing on project loans (excluding the Super Senior Facility) from 25 November, 2015 until the receipt of Lender approvals, with the balance of the net proceeds (after expenses of the issue and of the Capital Restructuring) of the Cornerstone Placing and Firm Placing being retained by the Company for working capital purposes;

(iii) An open offer ("Open Offer") to existing shareholders to subscribe for new ordinary shares on the same terms as under the Cornerstone Placing and Firm Placing. The maximum size of the Open Offer will be such as to enable the discharge of all remaining outstanding indebtedness in the event of full subscription under the Open Offer on the basis that for every US$3 raised under the Open Offer US$4 of debt obligations are extinguished;

(iv) To the extent that subscriptions under the Open Offer are insufficient to reduce outstanding indebtedness to US$100 million, the amount of debt in excess of US$100 million will be equitized at the Issue Price.

The net effect of these arrangements will be that the amount of debt remaining outstanding following the completion of the Capital Restructuring will not be more than US$100 million and (depending on the level of subscription for new ordinary shares under the Open Offer) could be less.

The Deleveraging Plan is a complex initiative with multiple counterparties. It remains subject to significant third party, internal and external risks. Moreover any commitment from SGRF and/or King Ally, if made, will be subject to a number of key conditions, including, inter alia, their being respectively satisfied with the form and content of a pathfinder prospectus to be prepared by Kenmare, that an agreement with Lenders is entered into and reflects the envisaged debt restructuring, and that not less than in aggregate US$275 million is raised by way of an equity issue, as well as conventional conditions for an equity issue of this nature. The Lenders have not yet agreed to the Deleveraging Plan.

In addition, the Capital Restructuring will require publication of a prospectus and convening of an extraordinary general meeting, at which approval of a number of resolutions (expected to include ordinary resolutions, special resolutions and resolutions on which only certain independent shareholders can vote) will be required.

There is a risk that one or more of these steps may not be completed or satisfied and the Deleveraging Plan may not be implemented. In summary, these risks include the possibility that one or more of the key stakeholders may withdraw from the transaction, that execution of the transaction may be unable to be completed for the documentary, approval or other reasons and that the Company may not have the necessary funding or other resources to complete the transaction in case of delays.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2015 (continued)

1. GOING CONCERN (continued)

If it becomes likely that any key element of the Deleveraging Plan, or any condition required for its implementation, is not completed or satisfied, the Directors would immediately seek to agree and implement an alternative deleveraging plan that was acceptable to all relevant stakeholders, however there is no guarantee that an alternative plan could be agreed or implemented within the timeframes dictated by the limited remaining liquidity reserves of the Group. If the Deleveraging Plan does not proceed and absent support and additional funds from the Lenders, the Directors are of the opinion that the Group would not have adequate resources for the foreseeable future and the Group may be required to initiate a wind-down of some or all of its operations and/or appropriate proceedings in relevant jurisdictions.

On the basis that the Deleveraging Plan is successfully achieved as outlined above, the Group's financial footing and ability to continue in operation would be significantly strengthened. The Group's financial forecasts and projections for the next twelve months indicate that the Group would then be able to meet its obligations as they fall due, however, this assessment is sensitive to a number of downside risks such as any further significant deterioration in product prices, any significant disruption to the Group's production revenue stream due to operational or other factors, and the crystallisation of other risks such as those described in the Principal Risk and Uncertainties, particularly if such downside risks were to materialise in combination.

The Group Forecast for the next twelve months is based on a mine plan covering production using the Namalope and Nataka proved and probable reserves as set out in the Reserve and Resources table. Production levels over the life of mine for the purpose of the forecast are approximately 1.0 million tonnes per annum of ilmenite plus co-products, zircon and rutile. Assumptions of 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 presently contracted, prices are forecast taking into account independent titanium mineral sands expertise and management expectations. Operating costs are based on approved budget costs for 2016 taking into account the current running costs of the Mine. Capital costs are based on the capital budget for 2016 taking into account revisions to this plan and scheduling of outlay over the next twelve months.

The Directors recognise that the combination of the circumstances described above represents a material uncertainty that may cast significant doubt as to the Group's ability to continue as a going concern and that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Accordingly the auditors have included an emphasis of this matter in their report. Nevertheless, the Directors expect that the Deleveraging Plan will obtain all of the necessary approvals and consents as set out above and the Directors therefore have a reasonable expectation that the Group will be able to successfully navigate the present uncertainties and continue in operation. Accordingly, the financial statements have been prepared on a going concern basis and no break-up adjustments have been made.

2. STATEMENT OF ACCOUNTING POLICIES

GROUP

The significant accounting policies adopted by the Group are set out below.

ADOPTION OF NEW AND REVISED STANDARDS

The following new and revised Standards and Interpretations have been adopted in the current financial year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements:

- IFRS 1 (amendment) First time adoption of International Financial Reporting Standards (effective for accounting periods beginning on or after 1 July 2014)
- IFRS 2 (amendment) Share-based Payment (effective for accounting periods beginning on or after 1 July 2014)
- IFRS 3(amendments) Business Combinations (effective for accounting periods beginning on or after 1 July 2014)
- IFRS 8 (amendment) Operating Segments (effective for accounting periods beginning on or after 1 July 2014)
- IFRS 13 (amendments) Fair Value Measurements (effective for accounting periods beginning on or after 1 July 2014)
- IAS 16 (amendment) Property, Plant and Equipment (effective for accounting periods beginning on or after 1 July 2014)
- IAS 19 (amendment) Employee Benefits (effective for accounting periods beginning on or after 1 July 2014)
- IAS 24 (amendment) Related Party Disclosures (effective for accounting periods beginning on or after 1 July 2014)
- IAS 38 (amendment) Intangible Assets (effective for accounting periods beginning on or after 1 July 2014)
- IAS 40 (amendment) Investment Property (effective for accounting periods beginning on or after 1 July 2014)

2. STATEMENT OF ACCOUNTING POLICIES (continued)

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 5 (amendment) Non-current Assets Held for Sale and Discontinued Operations (effective for accounting periods beginning on or after 1 January 2016)
- IFRS 7 (amendment) Financial Instruments: Disclosures (effective for accounting periods beginning on or after 1 January 2016)
- IFRS 9 Financial Instruments (effective for accounting periods beginning on or after 1 January 2018)
- IFRS 10 (amendments) Consolidated Financial Statements (effective for accounting periods beginning on or after 1 January 2016)
- IFRS 11 (amendment) Joint Arrangements (effective for accounting periods beginning on or after 1 January 2016)
- IFRS 12 (amendment) Disclosure of Interests in Other Entities (effective for accounting periods beginning on or after 1 January 2016)
- IFRS 14 Regulatory Deferral Accounts (effective for accounting periods beginning on or after 1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018)
- IFRS 16 Leases (effective for accounting periods beginning on or after 1 January 2019)
- IAS 1 (amendment) Presentation of Financial Statements (effective for accounting periods beginning on or after 1 January 2016)
- IAS 7 (amendments) Statement of cash flows (effective for accounting periods beginning on or after 1 January 2017)
- IAS 12 (amendments) Income taxes (effective for accounting periods beginning on or after 1 January 2017)
- IAS 16 (amendments) Property, Plant and Equipment (effective for accounting periods beginning on or after 1 January 2016)
- IAS 19 (amendment) Employee Benefits (effective for accounting periods beginning on or after 1 January 2016)
- IAS 27 (amendment) Consolidated and Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2016)
- IAS 28 (amendments) Investments in Associates (effective for accounting periods beginning on or after 1 January 2016)
- IAS 34 (amendment) Interim Financial Reporting (effective for accounting periods beginning on or after 1 January 2016)
- IAS 38 (amendment) Intangible Assets (effective for accounting periods beginning on or after 1 January 2016)
- IAS 41 (amendment) Agriculture (effective for accounting periods beginning on or after 1 January 2016)

The Directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Group in future periods.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the IAS Regulation. The financial statements have been prepared in accordance with Companies Acts 2014.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources or will have to continue in operational existence for the foreseeable future. Therefore they continue to adopt the going concern basis of accounting in preparing the financial statements. Further details are contained in Note 1 on page 107.

Basis of accounting

The financial statements are prepared in US Dollars under the historical cost convention except for share-based payments and warrants. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. Fair value of share options at grant date is recognised over the vesting period. As warrants are not issued in the entity's reporting currency, they do not meet the requirements in IAS 32 of settlement in a fixed amount of the value of equity, and therefore are recorded at fair value. As a result warrants are re-measured at each reporting date and the increase or decrease in the fair value is recognised as a finance cost or income in the statement of comprehensive income.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2015 (continued)

2. STATEMENT OF ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each financial year. Control is achieved where the Company: has the power over the investee; is exposed, or has the right, to variable return from its involvement with the investee; and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the financial year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Changes in the Group's interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets, less liabilities of the subsidiary. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets and liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement, when applicable, the costs on initial recognition of an investment in an associate or a joint venture.

Determination of ore reserve estimates

The Group estimates its ore reserves and mineral resources based on information compiled by a Competent Person as defined in accordance with the Australasian Code for Reporting of Mineral Exploration Results, Mineral Resources and Ore Reserve of 2012 (the "JORC Code"). Reserves determined in this way are used in the calculation of depreciation, amortisation and impairment charges, the assessment of life of mine and for forecasting the timing of the payment of close-down costs, restoration costs and clean-up costs. In assessing the life of a mine for accounting purposes, mineral resources are only taken into account where there is a high degree of confidence of economic extraction. There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of final products, production costs or recovery rates may change the economic status of reserves and may ultimately result in the reserves being restated.

Revenue recognition

Revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for mineral products provided in the normal course of business, net of discounts and related sales taxes. Sales of mineral products are recognised when mineral products have been delivered. Typically, delivery takes place when product is loaded on the customer's vessel, with most sales being made on either a "free on board" ("FOB"), "cost, insurance and freight" ("CIF"), or a "cost and freight" ("CFR") basis. For FOB sales the customer is responsible for the cost of shipping and handling. For CIF and CFR sales amounts billed to customers in respect of shipping and handling are classed as sales revenue where the Group is responsible for shipping and handling. All shipping and handling costs incurred by the Group are recognised as operating costs. If the Group is acting solely as an agent, amounts billed to customers are offset against the relevant costs.

2. STATEMENT OF ACCOUNTING POLICIES (continued)

Finance income represents deposit interest earned and the decrease in the fair value of warrants as noted in financial liabilities. Deposit interest is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's net carrying amount.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases.

Finance leases

Assets held under finance lease are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to directly achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs.

Operating leases

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Retirement benefit costs

Payments to defined contribution retirement schemes are charged as an expense as they fall due.

Foreign currency

The individual financial statements of each Group entity are prepared in its functional currency which in each case is US Dollars. The presentation currency for the consolidated financial statements is also US Dollars.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at rates prevailing on such statement of financial position date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the statement of comprehensive income for the financial year.

Borrowing costs

All borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2015 (continued)

2. STATEMENT OF ACCOUNTING POLICIES (continued)

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other financial years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against deductible temporary differences which can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiary undertakings, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is released. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and tax liabilities on a net basis.

Operating Profit/Loss

Operating profit or loss is stated after charging all costs arising from continuing operations, other than those permitted to be capitalised, but before finance income, finance costs, foreign exchange gain or loss and taxation.

Exploration and evaluation expenditure

Exploration and evaluation expenditure activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation expenditure is charged to the statement of comprehensive income as incurred except where the existence of a commercially viable mineral deposit has been established. Capitalised exploration and evaluation expenditure considered to be tangible is recognised as a component of property, plant and equipment at cost less impairment charges. As the asset is not available for use, it is not depreciated. All capitalised exploration evaluation expenditure is monitored for indications of impairment. To the extent that capitalised expenditure is not expected to be recovered it is charged to the statement of comprehensive income.

Property, plant and equipment

The cost of property, plant and equipment comprises its purchase price except for plant that was revalued prior to the date of transition to IFRS (2005), any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated closure costs associated with the asset.

Construction in progress expenditures for the construction and commissioning of property, plant and equipment are deferred until the facilities are operational, at which point the costs are transferred to property, plant and equipment and depreciated at the applicable rates.

2. STATEMENT OF ACCOUNTING POLICIES (continued)

Property, plant and equipment are depreciated over their useful life on a straight line basis, or over the remaining life of the Mine if shorter, or on a unit of production basis. The major categories of property, plant and equipment are depreciated as follows:

Plant & Equipment	Units of production basis
Development Expenditure	Units of production basis

Other Assets

Buildings & Airstrip	20 years
Mobile Equipment	3 to 5 years
Fixtures & Equipment	3 to 10 years

Units of production depreciation is calculated using the quantity of heavy mineral concentrate extracted from the Mine for processing or sterilised in the period as a percentage of the total quantity of heavy mineral concentrate planned to be extracted in current and future periods based on the mining reserve. The mining reserve is updated on an annual basis for results of drilling programmes carried out, mining activity during the year, and other relevant considerations. The unit of production depreciation rate is adjusted as a result of this update and applied prospectively.

Capital spares consist of critical plant spares with estimated useful lives greater than one year and are included in property, plant and equipment. Capital spares are stated at cost less accumulated depreciation.

Residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Changes to the estimated residual values or useful lives are accounted for prospectively.

Development expenditure

Mineral exploration and project development costs, including finance costs and lender and advisor fees for a mine during the period before such mine is capable of operating at production levels in the manner intended by management are deferred and included in property, plant and equipment. In addition, expenses including depreciation net of revenue earned during commissioning the mine in the period before it is capable of operating in the manner intended by management are deferred. These costs include an allocation of costs, including share-based payments, as determined by management and incurred by Group companies. Interest on borrowings relating to the mine construction and development projects are capitalised until the point when the activities that enable the mine to operate in its intended manner are complete. Once the mine is operating in the manner intended by management, the related costs are written off over the life of the estimated ore reserve of such mine on a unit of production basis. Where the mine project is terminated or impairment in value has occurred, related costs are written off immediately.

Impairment of non-current assets

At each statement of financial position date, the Group reviews the carrying amounts of its non-current assets including construction in progress to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2015 (continued)

2. STATEMENT OF ACCOUNTING POLICIES (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior financial years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Product inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and overheads, including depreciation incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Quantities are assessed primarily through surveys and assays.

Consumable spares are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method and comprises the purchase price and related costs incurred in bringing the inventories to their present location and condition.

Financial assets and financial liabilities

Financial assets and financial liabilities in respect of financial instruments are recognised on the Group's statement of financial position when the Group becomes party to a contract relating to such instrument.

Trade receivables

Trade receivables are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The warrants, which are not listed or admitted to trading and which have limited transferability rights, have an exercise price, denominated in a currency not being the Company's or Group's functional currency, of Stg29.09p and Stg11p, and an exercise period of five years commencing 16 November 2014 and seven years commencing 16 November 2014 respectively. As the warrants are not issued in the entity's reporting currency, they do not meet the IAS 32 requirements of settlement in a fixed amount of the value of equity, and therefore are recorded at fair value. As a result, the warrants are re-measured at each reporting date and the increase or decrease in the fair value is recognised as a finance cost or income in the statement of comprehensive income.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value plus transaction costs directly attributable to the bank borrowings, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Trade payables

Trade payables are initially measured at fair value plus transaction costs directly attributable to the payables, and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Share capital issued by the Company is recorded at the value of proceeds received, net of direct issue costs. The only equity instruments of the Group are ordinary shares.

2. STATEMENT OF ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Mine closure provision

The mine closure provision represents the Directors' best estimate of the Group's liability for close-down, dismantling and restoration of the mining and processing site, but excluding reclamation of areas disturbed by mining activities, which is covered under the mine rehabilitation provision. A corresponding amount equal to the provision is recognised as part of property, plant and equipment and depreciated over its estimated useful life. The costs are estimated on the basis of a formal closure plan and are subject to regular review. The mine closure provision is determined as the net present value based on a risk free rate of such estimated costs. Changes in the estimated timing or costs are recorded by an adjustment to the provision and corresponding adjustment to property, plant and equipment. The unwinding of the discount on the mine closure provision is recognised as a finance cost and capitalised if eligible.

Mine rehabilitation provision

The mine rehabilitation provision represents the Directors' best estimate of the Company's liability for reclaiming areas disturbed by mining activities. Reclamation costs are recognised in each period in the statement of comprehensive income based on the area disturbed in such period.

Legal provision

The legal provision represents the Directors' best estimate of the Company's liability for costs associated with a defamation case and further actions taken by a former Director.

Executive Director bonus provision

Prior to 2014 there was an Annual Bonus Scheme for the Executive Directors in place. The key feature of the scheme was the payment of a bonus earned for target performance which is deferred for three years.

In 2014, the Kenmare Incentive Plan ("KIP") was adopted. Annual awards under the KIP have a cash element and a separate share element. Both the cash element and the share element are based on a number of in-year performance targets. Based on the level of achievement against these targets, the cash element will be paid shortly after the end of the relevant year. The share element will vest, subject to certain vesting conditions, after a further three years with part of the shares subject to a further two year holding period.

Share-based payments

The Group issues share options to certain employees and consultants. In the past share options were awarded to Executive Directors but this practice ceased with the introduction of the Kenmare Incentive Plan in 2014. Share options are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. Fair value is measured using a Black-Scholes pricing model. Share options granted to employees of subsidiary undertakings of the Company are recognised as an expense in the statement of comprehensive income of the subsidiary undertaking and as a capital contribution in the statement of financial position. Where a share-based payment is directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, its fair value is added to the cost of those assets until such time as the assets are substantially ready for their intended use. The policy described above is applied to all equity-settled share-based payments granted after 7 November 2002 that vested after 1 January 2005.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2015 (continued)

2. STATEMENT OF ACCOUNTING POLICIES (continued)

In 2014, the KIP was adopted and an Initial KIP award was made. Annual awards under the KIP have a cash element and a share element. Both the cash element and the share element are based on a number of in-year performance targets. Based on the level of achievement against these targets, the cash element is paid in the year following the relevant performance year. The share element will vest, subject to certain vesting conditions, after a further three years with part of the shares subject to a further two year holding period. The value of the shares is measured as fair value at the date of grant, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. The fair value at the grant date is expensed on a straight-line basis over the vesting period. Fair value is measured using a Monte Carlo pricing model.

PARENT COMPANY

The separate financial statements of the Company are presented as required by the Companies Act 2014. As permitted by the Act, the separate financial statements have been prepared in accordance with International Financial Reporting Standards.

The principal accounting policies adopted are the same as those set out for the Group financial statements except as noted below.

Investments in subsidiary undertakings are recognised at cost. Amounts due from subsidiary undertakings are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is evidence that the asset is impaired.

The Company is party to guarantees on Group borrowings. These are treated as insurance contracts and accounted for as such.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's and Company's accounting policies, which are described above, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below). Details in relation to the Directors' assessment of the appropriateness of the going concern basis of preparation of the financial statements is set out in Note 1.

Property, plant and equipment

The recovery of property, plant and equipment is dependent upon the successful operation of the Mine; the realisation of cash flow forecast assumptions as set out in Note 13 would result in the recovery of such amounts.

During the financial year the Group carried out an impairment review of property, plant and equipment. The cash generating unit for the purpose of impairment testing is the Moma Titanium Minerals Mine. The basis on which the recoverable amount of the Moma Titanium Minerals Mine is assessed is its value-in-use. The cash flow forecast employed for the value-in-use computation is from a life-of-mine financial model. The recoverable amount obtained from the financial model represents the present value of the future pre-tax, pre-finance cash flows discounted at 10%.

Key assumptions include the following:

- A mine plan based on the Namalope and Nataka proved and probable reserves as set out in the Reserve and Resources table. During 2015, 776 million tonnes of resources at the Nataka orebody were reclassified as Reserves. Inclusion of these additional reserves extends the last year of operations from 2033 to 2056. The life of mine assumption has changed from the prior year end review to include reserves and resources. Specific resource material is only included where there is a high degree of confidence in its economic extraction.
- Average annual production is approximately 1.0 million tonnes of ilmenite plus co-products, zircon and rutile over the life of the mine. This assumption has remained unchanged from the prior financial year end review.
- 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 presently contracted, prices are forecast by Kenmare taking into account independent titanium mineral sands expertise and management expectations including general inflation of 2% per annum. Average forecast product sales prices have remained relatively unchanged over the life of mine from the prior financial year end review.
- Operating costs are based on approved budget costs for 2016 taking into account the current running costs of the mine, adjusted for forecast cost savings and escalated by 2% per annum thereafter.
- Capital costs are based on a life of mine capital plan considering inflation at 2% per annum from 2017.

2. STATEMENT OF ACCOUNTING POLICIES (continued)

As a result of the increase in the life of mine no impairment provision is required. The impairment loss of US$64.8 million which was recognised in the consolidated statement of comprehensive income in 2014 is not reversed as the low product sale prices and market conditions which resulted in this impairment are still existent.

Investments in and amounts due from subsidiary undertakings

The recovery of investments in and amounts due from subsidiary undertakings is dependent upon the successful operations of the Mine; the realisation of cash flows forecast assumptions as set out in Note 13 would result in the recovery of such amounts.

The Directors are satisfied that, at the statement of financial position date, the recoverable amount of investments in and amounts due from subsidiary undertakings exceeds its carrying amount and that based on planned mine production levels, the Mine will achieve positive cash flows. An impairment provision of US$60.6 million (2014: nil) has been recognised in the statement of comprehensive income, in respect of investments in and amounts due from subsidiary undertakings.

Key sources of estimation uncertainty

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date. The nature of estimation means the actual outcomes could differ from those estimates. The main areas subject to estimation uncertainty are detailed below.

Provisions

The mine closure provision represents the Directors' best estimate of the Group's liability for closedown, dismantling and restoration of the mining and processing site, but excluding reclamation of areas disturbed by mining activities, which is covered under the mine rehabilitation provision. The costs are estimated on the basis of a formal closure plan and are subject to regular review. The mine closure provision is estimated based on the net present value at the risk free rate of estimated future mine closure costs. Mine closure costs are a normal consequence of mining, and the majority of such costs are incurred at the end of the life of mine.

The mine rehabilitation provision represents the Directors' best estimate of the Group's liability for reclaiming areas disturbed by mining activities. Reclamation costs are recognised in each period based on the area disturbed in the period and an estimated cost of rehabilitation per hectare which is reviewed regularly against actual rehabilitation cost per hectare. Actual rehabilitation expenditure is incurred approximately twelve months after the area has been disturbed.

The legal provision represents the Directors' best estimate of the Company's liability for costs associated with a defamation case and further legal actions taken by a former director. In estimating the provision the Directors have sought legal advice on costs.

Unit of production depreciation and amortisation

Unit of production depreciation is calculated using the quantity of heavy minerals extracted from the Mine for processing or sterilised in the period as a percentage of the total quantity of heavy minerals planned to be extracted in current and future periods based on the mining reserve.

The Group estimates its ore reserves and mineral resources based on information compiled by a Competent Person as defined in accordance with the Australasian Code for Reporting of Mineral Exploration Results, Mineral Resources and Ore Reserve of 2012 (the "JORC Code"). There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of final products, production costs or recovery rates may change the economic status of reserves and may ultimately result in the reserves being restated.

Share-based payments

The Group issues share options to certain employees and consultants. In the past share options were awarded to Executive Directors but this practice ceased with the introduction of the Kenmare Incentive Plan in 2014. Share options are measured at fair value at the date of grant. Fair value is measured using a Black-Scholes pricing model. Assumptions included in this model include: expected volatility, as determined by calculating the historical volatility of the Company's share price over the previous year, as this is deemed the most reliable indicator of the Company's share price volatility; a risk-free rate; and expected life of seven years.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2015 (continued)

2. STATEMENT OF ACCOUNTING POLICIES (continued)

The Group has made share awards to Directors under the Kenmare Incentive Plan. The value of these shares is measured as fair value at the date of grant. Fair value is measured using a Monte Carlo pricing model. Assumptions made in this model include: expected volatility of the Company's share price, as determined by calculating the historical volatility of the Company's share price over the historic period immediately prior to the date of grant and commensurate with the expected life of the awards; comparator group constituents and indices, their individual volatilities calculated using total shareholder return data for each company over a period commensurate with the expected life of the award; dividend yield; expected life of the awards of three years; risk-free rates; and correlation between comparators.

Deferred tax

A deferred tax asset has been recognised where previous tax losses can be utilised to reduce taxes on future taxable profits and it is considered probable that a portion of such losses can be applied before expiry. Future taxable profits are based on cash flow projections using a life of mine financial model for the Mine. Key assumptions in the cash flow projections include a mine production schedule based on the Namalope and Nataka proved and probable reserves. Average annual production levels over the life of the mine are approximately 1.0 million tonnes of ilmenite plus co-products, zircon and rutile. 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 presently contracted, prices are forecast taking into account independent titanium mineral sands expertise and management expectations including general inflation at 2% per annum. Operating costs are based on approved budget costs for 2016 and escalated by 2% per annum thereafter and capital costs are based on a life of mine capital plan considering inflation at 2% per annum. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced if and to the extent that it is no longer probable that sufficient taxable profit will be available to allow the asset to be recovered.

Financial liability

On 16 October 2013, 250,300,000 new ordinary shares were issued by way of a placing. In addition to ordinary shares, participants in the placing were issued warrants on the basis of one warrant to subscribe for one ordinary share in the Company for every five placing shares. In total 50,060,000 warrants were issued. The warrants, which are not listed or admitted to trading and which have limited transferability rights, have an exercise price of Stg29.09p and an exercise period of five years, commencing 16 November 2014.

On 1 September 2014, the Company issued 7,257,850 warrants to Absa Bank Limited ("Absa") in discharge of the US$800,000 extension fee due to Absa as part of a loan amendment. These warrants have an exercise price of Stg11p, an exercise period of seven years from 16 November 2014 and are otherwise on substantially the same terms as the warrants detailed above.

The warrants are measured at fair value at the statement of financial position date. Fair value is measured using a Black-Scholes pricing model. Assumptions included in this model include: expected volatility, as determined by calculating the historical volatility of the Company's share price over the previous year, this being deemed the most reliable indicator of the Company's share price volatility; a risk-free rate; and an expected life of six to seven years.

Inventories

Product inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and overheads, including depreciation incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Net realisable value is determined with respect to forecast prices estimated to be achieved for finished products. There is no guarantee that these prices will be achieved in the future, particularly in weak product markets.

3. REVENUE

	2015 US$'000	2014 US$'000
Sale of mineral products	142,583	174,317

During the financial year, the Group sold 800,400 tonnes (2014: 800,000) of finished products ilmenite, rutile and zircon to customers at a sales value of US$142.6 million (2014: US$174.3 million).

4. SEGMENT REPORTING

Information on the operations of the Moma Titanium Minerals Mine in Mozambique is reported to the Board for the purposes of resources allocation and assessment of segment performance. Information regarding the Group's operating segment is reported below.

Segment revenues and results

	2015 US$'000	2014 US$'000
Moma Titanium Minerals Mine		
Revenue	142,583	174,317
Cost of sales	(168,138)	(173,366)
Gross (loss)/profit	(25,555)	951
Other operating costs	(20,529)	(26,099)
Segment operating loss	(46,084)	(25,148)
Other corporate operating costs	(1,251)	(6,316)
Group operating loss	(47,335)	(31,464)
Impairment loss	-	(64,762)
Finance income	543	6,314
Finance expenses	(37,805)	(34,852)
Foreign exchange gain	22,658	24,113
Loss before tax	(61,939)	(100,651)
Income tax credit/(charge)	1,320	(143)
Loss for the financial year	(60,619)	(100,794)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2015 (continued)

4. SEGMENT REPORTING (continued)

	2015 US$'000	2014 US$'000
Segment assets		
Moma Titanium Minerals Mine assets	905,795	956,437
Corporate assets	11,983	21,166
Total assets	917,778	977,603
Segment liabilities		
Moma Titanium Minerals Mine liabilities	409,500	386,441
Corporate liabilities	4,804	26,395
Total liabilities	414,304	412,836
Other segment information		
Depreciation and amortisation		
Moma Titanium Minerals Mine	35,805	40,830
Corporate	15	20
Total	35,820	40,850
Additions to non-current assets		
Moma Titanium Minerals Mine	5,564	5,187
Corporate	-	-
Total	5,564	5,187

	2015 US$'000	2014 US$'000
Revenue from major products		
Mineral products (ilmenite, zircon and rutile)	142,583	174,317

Geographical information

	2015 US$'000	2014 US$'000
Revenue from external customers		
Europe	49,653	62,337
Asia	43,691	50,380
USA	40,230	42,513
Rest of World	9,009	19,087
Total	142,583	174,317

The Group's revenue from external customers is generated by the Moma Titanium Minerals Mine, the non-current assets of which are US$836.9 million (2014: US$866.2 million).

Cost of sales for the financial year amounted to US$168.1 million (2014: US$173.4 million), including depreciation and amortisation of US$30.8 million (2014: US$36.1 million).

Information about major customers

Included in revenues are US$39.9 million (2014: US$44.2 million) from sales to the Group's largest customer, US$23.2 million (2014: US$30.2 million) from sales to the Group's second largest customer, and US$20.5 million (2014: US$25.2 million) from sales to the Group's third largest customer. All revenues are generated by the Moma Titanium Minerals Mine.

5. OTHER OPERATING COSTS

	2015 US$'000	2014 US$'000
Distribution costs	12,504	14,250
Freight and demurrage costs	3,856	8,091
Administration costs	1,449	6,945
Arbitration costs	3,971	3,129
	21,780	32,415
Included in administration costs are:		
Share-based payments	580	441

Distribution costs of US$12.5 million (2014: US$14.3 million) represents the cost of running the Mine's finished product storage, jetty and marine fleet. Included in distribution costs is depreciation of US$5.0 million (2014: US$4.9 million). Freight costs of US$3.7 million (2014: US$8.2 million) are reimbursable by customers or factored into the sales price for product delivered to customers on a CIF or CFR basis. Demurrage costs were US$0.1 million (2014: US$0.1 million write-back) during the financial year. Administration costs of US$1.4 million (2014: US$6.9 million) are the group administration costs and include a share-based payment of US$0.5 million (2014: US$0.4 million). There were arbitration costs incurred in the financial year of US$4.0 million (2014: US$3.1 million).

Total share-based payments for 2015 amounted to a credit of US$0.7 million (2014: US$1.3 million expense) of which a US$1.2 million credit (2014: US$0.9 million expense) relates to staff at the Mine as a result of share options lapsing in the year and is included as an offset to production cost of inventories, and an expense of US$0.5 million (2014: US$0.4 million) is included in administration costs in the statement of comprehensive income.

6. LOSS FOR THE FINANCIAL YEAR

The loss for the financial year has been arrived at after charging/(crediting) items detailed below. Depreciation and amortisation and staff costs noted below have been included in cost of sales for the financial year or inventory at 31 December 2015.

	2015 US$'000	2014 US$'000
Staff costs	43,609	57,461
Repairs and maintenance	24,687	32,459
Power and fuel	23,969	26,935
Other operating costs	47,134	65,769
Decrease/(increase) in value of mineral products inventory	14,699	(17,693)
Depreciation and amortisation of property, plant and equipment	35,820	40,850
Impairment of property, plant and equipment	-	64,762
Finance income	(543)	(6,314)
Finance costs	37,805	34,852
Foreign exchange gain	(22,658)	(24,113)
Total	204,522	274,968

Notes to the Financial Statements

For the Financial Year Ended 31 December 2015 (continued)

7. AUDITORS' REMUNERATION

The analysis of the Company auditors' remuneration is as follows:

	2015 US$'000	2014 US$'000
Audit fees		
Fees payable to the Company's auditors for audit of the Company's annual accounts	15	15
Fees payable to the Company's auditors for other services to the Group:		
The audit of the Company's subsidiaries	60	60
Total audit fees	75	75
Non-audit fees		
Audit related assurance services		
Fees payable to the Company's auditors for review of the Group's Half Yearly Financial Report	33	19
Taxation compliance services		
Fees payable to the Company's auditors for taxation compliance services	5	5
Corporate finance, compliance and assurance services		
Fees payable to the Company's auditors for corporate finance, compliance and assurance services relating to funding activities	119	-
Total non-audit fees	157	24
Total fees	232	99

The analysis of the Project Companies auditors' remuneration is as follows:

	2015 US$'000	2014 US$'000
Audit fees		
Fees payable to the Project Companies' auditors for audit of the Project Companies' accounts	80	90
Total audit fees	80	90
Non-audit fees		
Fees payable to the Project Companies' auditors for review of the Project Companies' Half Yearly Financial Reports	36	33
Taxation compliance services		
Fees payable to the Project Companies' auditors for taxation compliance services	10	10
Other assurance services		
Fees payable to the Project Companies' auditors for preparation of statutory books under Mozambican company law	3	3
Total non-audit fees	49	46
Total fees	129	136

The Company's auditors are Deloitte and the Project Companies' auditors are KPMG. Details of the Company's policy on the use of auditors for non-audit services, the reasons why the Company auditor was used rather than another supplier and how the auditors' independence and objectivity was safeguarded are set out in the Audit Committee Report on pages 57 to 59.

8. FINANCE INCOME

	2015 US$'000	2014 US$'000
Interest on bank deposits	45	184
Fair value of warrants	498	6,130
Total	543	6,314

9. FINANCE COSTS

	2015 US$'000	2014 US$'000
Interest on bank borrowings	32,705	31,370
Other financing fees	4,379	2,709
Finance lease interest	145	210
Mine closure provision unwinding of the discount	576	563
Total	37,805	34,852

The interest on all Group borrowings has been expensed in the financial year.

10. INCOME TAX EXPENSE

	2015 US$'000	2014 US$'000
Corporation tax	-	-
Deferred tax	1,320	(143)
Total	1,320	(143)
Reconciliation of effective tax rate		
Loss before tax	(61,939)	(100,651)
Loss before tax multiplied by the applicable tax rate (12.5%)	(7,742)	(12,581)
Differences in effective tax rates on overseas earnings	7,742	12,581
Applied losses	-	(143)
Recognition of deferred tax asset	1,320	-
Total	1,320	(143)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2015 (continued)

10. INCOME TAX EXPENSE (continued)

GROUP

No charge to corporation tax arises in the financial years ended 31 December 2015 and 31 December 2014 as there were no taxable profits in either financial year.

At the statement of financial position date Kenmare Moma Mining (Mauritius) Limited had unused tax losses of US$7.5 million (2014: nil) available for offset against future profits. A deferred tax asset of US$1.3 million (2014: nil) has been recognised for losses available for offset against future profits. Based on the forecast at the year end for Kenmare Moma Mining (Mauritius) Limited these profits are expected to materialise within the next three years.

The fiscal regime applicable to the mining activities of Kenmare Moma Mining (Mauritius) Limited allows for a 50% reduction in the corporate tax in the initial ten year period of production following start-up (2007) and charges a royalty of 3% based on heavy mineral concentrate sold to Kenmare Moma Processing (Mauritius) Limited. The royalty charge payable to the Government of Mozambique for the financial year ended 31 December 2015 was US$2.6 million (2014: US$3.6 million). Under the fiscal regime applicable to mining activities, Kenmare Moma Mining (Mauritius) Limited is exempted from import and export taxes and VAT, and accelerated depreciation is permitted. Whilst withholding tax is levied on certain payments to non-residents, mining companies are exempt from withholding tax on dividends for the first ten years or until their investment is recovered whichever is earlier. The withholding tax charge payable to the Government of Mozambique for the financial year ended 31 December 2015 was US$0.4 million (2014: US$0.5 million).

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. The fiscal regime applicable to mining allows for the option to use accumulation of exploration and development expense and optional depreciation at 25% per annum with tax losses allowed to be carried forward for three years.

Kenmare Moma Processing (Mauritius) Limited has Industrial Free Zone ("IFZ") status. As an IFZ company, it is exempted from import and export taxes, VAT and other corporation taxes. A revenue tax of 1% is charged after six years of operation, which became payable in 2013. The revenue tax payable to the Government of Mozambique for the financial year ended 31 December 2015 was US$1.4 million (2014: US$1.7 million). There is no dividend withholding tax under the IFZ regime.

COMPANY

No charge to taxation arises in the financial years ended 31 December 2015 or 31 December 2014 as there were no taxable profits in either financial year.

At the statement of financial position date, the Parent Company has unused tax losses. Due to the uncertainty over the existence of future taxable profits, a deferred tax asset of US$2.0 million at 31 December 2015 (2014: US$2.0 million) calculated at a rate of 12.5% for tax losses has not been recognised in the statement of financial position.

11. LOSS PER SHARE

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

	2015 US$'000	2014 US$'000
Loss for the financial year attributable to equity holders of the parent	(60,619)	(100,794)

	2015 Number of shares	2014 Number of shares
Weighted average number of issued ordinary shares for the purpose of basic loss per share	2,781,905,503	2,781,905,503
Effect of dilutive potential ordinary shares: Shares, share options and warrants	-	-
Weighted average number of ordinary shares for the purposes of diluted loss per share	2,781,905,503	2,781,905,503
	Cent per share	**Cent per share**
Loss per share: basic	(2.18)	(3.62)
Loss per share: diluted	(2.18)	(3.62)

In 2015, the basic loss per share and the diluted loss per share are the same as the effect of the outstanding share options, share awards and warrants are anti-dilutive.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2015 (continued)

12. EMPLOYEE NUMBERS AND BENEFITS

The average number of persons employed by the Group (including Executive Directors) in 2015 was 1,441 (2014: 1,592) and is analysed below:

	2015	2014
Management and administration	398	464
Operations	1,043	1,128
	1,441	1.592

The aggregate payroll costs incurred in respect of these employees comprised:

	2015 US$'000	2014 US$'000
Wages and salaries	41,817	52,757
Share-based payments	(674)	1,349
Social insurance costs	2,156	2,984
Retirement benefit costs	310	371
	43,609	57,461

All costs disclosed above were expensed in the current and prior financial years.

Included in wages and salaries are payroll taxes of US$7.1 million (2014: US$8.3 million) payable to the Government of Mozambique, US$1.6 million (2014: US$1.9 million) payable to Irish Revenue and US$0.1 million (2014: US$0.1 million) payable to Her Majesty's Revenue & Customs of the UK.

Included in the social insurance costs is US$1.6 million (2014: US$2.2 million) payable to the Government of Mozambique, US$0.5 million (2014: US$0.7 million) payable to Irish Revenue and US$0.1 million (2014: US$0.1 million) payable to Her Majesty's Revenue & Customs of the UK.

Included in the payroll cost above are Executive and Non-Executive emoluments (inclusive of the share-based payments) of US$2.2 million (2014: US$2.7 million). In addition, during 2015, US$0.3 million of fees were paid to Lemna Limited, a company connected with Mr. J. Ensall, for services provided by him.

13. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Plant & Equipment US$'000	Development Expenditure US$'000	Construction In Progress US$'000	Other Assets US$'000	Total US$'000
Cost					
At 1 January 2014	789,246	249,984	14,195	32,518	1,085,943
Transfer from construction in progress	7,905	-	(9,574)	1,669	-
Adjustments during the financial year	(20,198)	-	-	18,730	(1,468)
Additions during the financial year	-	-	5,187	-	5,187
At 1 January 2015	776,953	249,984	9,808	52,917	1,089,662
Transfer from construction in progress	9,104	-	(9,875)	771	-
Additions during the financial year	-	-	5,564	-	5,564
At 31 December 2015	786,057	249,984	5,497	53,688	1,095,226
Accumulated Depreciation					
At 1 January 2014	69,283	32,463	-	17,087	118,833
Charge for the financial year	27,462	7,938	-	5,450	40,850
Impairment loss	-	64,762	-	-	64,762
At 1 January 2015	96,745	105,163	-	22,537	224,445
Charge for the financial year	25,609	4,912	-	5,299	35,820
At 31 December 2015	122,354	110,075	-	27,836	260,265
Carrying Amount					
At 31 December 2015	663,703	139,909	5,497	25,852	834,961
At 31 December 2014	680,208	144,821	9,808	30,380	865,217

During the financial year the Group carried out an impairment review of property, plant and equipment. The cash generating unit for the purpose of impairment testing is the Moma Titanium Minerals Mine. The basis on which the recoverable amount of the Moma Titanium Minerals Mine is assessed is its value-in-use. The cash flow forecast employed for the value-in-use computation is from a life of mine financial model. The recoverable amount obtained from the financial model represents the present value of the future pre-tax, pre-finance cash flows discounted at 10%.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2015 (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Key assumptions include the following:

- A mine plan based on the Namalope and Nataka proved and probable reserves as set out in the Reserve and Resources table. During 2015, 776 million tonnes of Nataka orebody resources were reclassified as reserves. Inclusion of these additional reserves extends the last year of operations from 2033 to 2056. The life of mine assumption has changed from the prior year end review to include reserves and resources. Specific resource material is only included where there is a high degree of confidence in its economic extraction.
- Average annual production is approximately 1.0 million tonnes of ilmenite plus co-products, zircon and rutile over the life of the mine. This assumption has remained unchanged from the prior financial year end review.
- 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 presently contracted, prices are forecast by Kenmare taking into account independent titanium mineral sands expertise and management expectations including general inflation of 2% per annum. Average forecast product sales prices have remained relatively unchanged over the life of mine from the prior financial year end review.
- Operating costs are based on approved budget costs for 2016 taking into account the current running costs of the mine, adjusted for forecast cost savings and escalated by 2% per annum thereafter.
- Capital costs are based on a life of mine capital plan considering inflation at 2% per annum from 2016.

As a result of the review no impairment provision is required. The impairment loss of US$64.8 million recognised in the consolidated statement of comprehensive income in 2014 is not reversed as the low product sale prices and market conditions which resulted in this impairment are still existent.

The discount rate is a significant factor in determining the recoverable amount. A 1% increase/(decrease) in the discount rate results in a 9% decrease/(11% increase) in the recoverable amount.

Included in plant and equipment are capital spares of US$2.9 million (2014: US$3.0 million).

Assets of US$18.7 million were reclassified from plant and equipment to other assets in 2014.

Kenmare Moma Processing (Mauritius) Limited (Mozambique Branch) and Electricidade de Mocambique ("EdM") amended the power supply agreement in 2013 to cater for the increased power requirement of the mine as result of the expansion. As part of this amendment EdM agreed to reimburse part of the capital costs incurred to upgrade the power grid to accommodate the increased power requirement. These costs were finalised in 2014 with EdM's share being US$1.4 million and this was transferred from property, plant and equipment to other receivables in 2014.

Substantially all the property, plant and equipment of the Group is or will be mortgaged, pledged or otherwise secured to provide collateral for the Group's Super Senior, Senior and Subordinated Loans as detailed in Note 23.

The carrying amount of the Group's plant and equipment includes an amount of US$0.7 million (2014: US$1.1 million) in respect of assets held under finance lease, detailed in Note 24.

The recovery of property, plant and equipment is dependent upon the successful operation of the Moma Titanium Minerals Mine; the realisation of the cash flow forecast assumptions as set out in this note, and in Note 1, would result in the recovery of such amounts. The Directors are satisfied that at the statement of financial position date the recoverable amount of property, plant and equipment exceeds its carrying amount and based on the planned mine production levels that the Moma Titanium Minerals Mine will achieve positive cash flows.

14 DEFERRED TAX

GROUP

	US$'000
At 1 January 2014	143
Charge to statement of comprehensive income	(143)
At 1 January 2015	-
Credit to statement of comprehensive income	1,320
At 31 December 2015	1,320

At the statement of financial position date, Kenmare Moma Mining (Mauritius) Limited had unused tax losses of US$7.5 million (2014: nil) available for offset against future profits. A deferred tax asset of US$1.3 million (2014: nil) has been recognised for losses which are available for offset against future profits. Tax losses of nil (2014: US$0.8 million) expired in the financial year. Tax losses may be carried forward for three years. No deferred tax liability is recognised on temporary differences arising in connection with accelerated tax depreciation as the differences are not significant. Revenues of Kenmare Moma Mining (Mauritius) Limited are determined with reference to cost incurred in producing heavy mineral concentrate plus a margin which is related to prices earned by Kenmare Moma Processing (Mauritius) Limited.

15. INVENTORIES

GROUP

	2015 US$'000	2014 US$'000
Mineral products	27,643	42,312
Consumable spares	18,585	20,140
	46,228	62,452

At 31 December 2015, total final product stocks were 237,300 tonnes (2014: 219,500 tonnes) of which 40,000 tonnes were being held for a customer under a bill and hold arrangement. Closing stock of intermediate magnetic concentrate at the end of 2015 was 70,500 tonnes (2014: 60,600 tonnes). Closing stock of heavy mineral concentrate was 11,800 tonnes (2014: 29,600 tonnes).

Net realisable value is determined with reference to forecast prices of finished products expected to be achieved. There is no guarantee that these prices will be achieved in the future, particularly in weak product markets. During the financial year there was a write down of US$16.0 million (2014: US$7.7 million) to mineral products to value them at net realisable value.

16. INVESTMENTS IN AND AMOUNTS DUE FROM SUBSIDIARY UNDERTAKINGS

COMPANY

	2015 US$'000	2014 US$'000
Opening balance	643,840	649,493
Funding	(4,680)	(5,653)
Novated Absa Facility	(20,000)	-
Provision	(60,619)	-
Closing balance	558,541	643,840

Notes to the Financial Statements

For the Financial Year Ended 31 December 2015 (continued)

16. INVESTMENTS IN AND AMOUNTS DUE FROM SUBSIDIARY UNDERTAKINGS (continued)

The investments in subsidiary undertakings are US$110.3 million (2014: US$111.5 million). This is made up of the investment during 2013 in Kenmare Resources Jersey Limited as part of the equity placing of US$104.4 million, initial investments of less than US$500 in the other subsidiary undertakings of the Group and share-based payments of US$5.9 million (2014: US$7.1 million) relating to staff of the subsidiary undertakings Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited. During the financial year there were share-based payments of which US$1.2 million credit (2014: US$0.9 million expense) related to the subsidiary undertakings Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited.

The balance of US$448.2 million (2014: US$532.3 million) represents funds transferred to subsidiary undertakings. During 2015 there was a net movement of US$4.7 million (2014: US$5.6 million) relating to funding of subsidiary undertakings. As detailed in Note 23, under the April 2015 Amendment the Absa Corporate facility of US$20.0 million ceased to be an unsecured debt obligation of the Company and was novated as a secured Subordinated Debt obligation of the Project Companies. A provision was created against the amounts due from subsidiary undertakings of US$60.6 million (2014: nil) at the financial year end.

Credit Risk

The carrying amount of investments in and amounts due to subsidiary undertakings represents the maximum credit exposure. Amounts due from subsidiary undertakings are current (i.e. not overdue). An impairment provision of US$60.6 million (2014: nil) has been recognised in the statement of comprehensive income. The amounts due from subsidiary undertakings are unsecured and interest free.

The subsidiary undertakings of the Company as at 31 December 2015 are as follows:

	Place of Incorporation	Place of Operation	Percentage Ownership
Kenmare (U.K.) Company Limited	Northern Ireland	Northern Ireland	100%
Kenmare Minerals Company Limited	Republic of Ireland	Republic of Ireland	100%
Kenmare C.I. Limited	Jersey	Jersey	100%
Congolone Heavy Minerals Limited	Jersey	Mozambique	100%
Kenmare Resources (Jersey) Limited	Jersey	Jersey	100%
Kenmare Moma Mining (Mauritius) Limited	Mauritius	Mozambique	100%
Kenmare Moma Processing (Mauritius) Limited	Mauritius	Mozambique	100%
Mozambique Minerals Limited	Jersey	Mozambique	100%

Each of the subsidiary undertakings with the exception of Kenmare Resources (Jersey) Limited has issued ordinary shares only. Kenmare Resources (Jersey) Limited has both ordinary and preference shares. A number of the subsidiary undertakings are indirectly owned by Kenmare Resources plc. The activities of the above undertakings are mining, mineral exploration, management and development.

The registered office of the Northern Ireland company is Terence McCourt Solicitors, 19 Bachelors Walk, Lisburn BT28 1XJ. The registered office of the Republic of Ireland company is Chatham House, Chatham Street, Dublin 2. The registered office of the Jersey companies is Zedra Trust Company (Jersey) Limited, 39 - 41 Broad Street, St. Helier, Jersey except for Kenmare Resources Jersey Limited whose registered office is Ogier House, The Esplanade, St. Helier, Jersey. The registered office of the Mauritius companies is 10th Floor Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius.

The recovery of amounts due from subsidiary undertakings is dependent on the successful operation of the Moma Titanium Minerals Mine; the realisation of cash flow forecast assumptions as set out in Note 1 and Note 13 would result in the recovery of such amounts.

17. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2015	2014	2015	2014
	US$'000	US$'000	US'000	US$'000
Trade receivables	17,220	25,150	-	-
EdM receivable	1,020	1,392	-	-
Other receivables	193	590	77	64
Prepayments	2,484	1,007	96	105
	20,917	28,139	173	169
Amounts due within one year	20,268	27,118	173	169
Amounts due after one year	649	1,021	-	-
	20,917	28,139	173	169

EdM receivable

Kenmare Moma Processing (Mauritius) Limited (Mozambique Branch) and Electricidade de Mocambique ("EdM") amended the power supply agreement in 2013 to cater for the increased power requirement of the mine as result of the expansion. As part of this amendment EdM agreed to reimburse part of the capital costs incurred to upgrade the power grid to accommodate the increased power requirement. These costs were finalised in 2014 with EdM's share being US$1.4 million. This is repayable in 48 monthly instalments by means of a credit to the electricity bill. During 2015 repayments totalled US$0.4 million (2014: US$0.1 million).

Credit risk

The carrying amount of the trade and other receivables represents the maximum credit exposure. Before entering into sales contracts with new customers, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly during the year. Of the trade receivables balance at the end of the financial year, US$9.8 million (2014: US$9.7 million) is due from the Group's three largest customers. The external credit scoring system used by the Group gives each of these three customers the highest score in their financial strength credit index and their risk indictor represents a minimum risk of business failure.

The Group has a trade finance facility with Absa Corporate and Business Bank.

All trade receivables are current (i.e. not overdue). There has been no impairment in trade receivables during the financial year and no allowance for impairment has been provided for during the financial year or at the financial year end.

Currency risk

The currency profile of trade and other receivables at the financial year end is as follows:

GROUP	2015	2014
	US$'000	US$'000
US Dollars	20,231	28,048
Euro	257	65
South African Rand	217	-
Mozambican Metical	165	21
Australian Dollar	38	-
Sterling	9	5
	20,917	28,139

Notes to the Financial Statements

For the Financial Year Ended 31 December 2015 (continued)

17. TRADE AND OTHER RECEIVABLES (continued)

COMPANY	2015 US$'000	2014 US$'000
Euro	84	65
US Dollars	80	99
Sterling	9	5
	173	169

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

18. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2015	2014	2015	2014
	US$'000	US$'000	US'000	US$'000
Immediately available without restriction	9,658	9,619	99	195
Contingency Reserve Account	2	2	-	-
Project Companies' Accounts	4,692	12,174	-	-
	14,352	21,795	99	195

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.

The Contingency Reserve Account (the "CRA") is an account established under a cash collateral and shareholder funding deed to provide for shareholder funding to the Project Companies and to secure the obligations of the Company and Congolone Heavy Minerals Limited (a wholly-owned subsidiary undertaking) under the Completion Agreement.

Interest rate risk

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

	2015 US$'000	2014 US$'000
Cash and cash equivalents at variable interest rate	13,843	21,510
Cash at bank on which no interest is received	509	285
	14,352	21,795

18. CASH AND CASH EQUIVALENTS (continued)

Currency risk

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

GROUP	2015 US$'000	2014 US$'000
US Dollars	7,976	16,351
Sterling	4,710	4,997
Euro	1,411	232
Mozambican Metical	214	158
Australian Dollars	18	34
South African Rand	4	13
Renminbi	19	10
	14,352	21,795

COMPANY	2015 US$'000	2014 US$'000
Euro	71	148
Renminbi	19	10
Sterling	8	37
US Dollars	1	-
	99	195

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

Credit risk

The credit risk on cash and cash equivalents is limited because funds available to the Group are deposited with banks with high credit ratings assigned by international credit rating agencies. For deposits of US$50 million plus the Group requires that the institution have an A (S&P)/ A2 (Moody's) long term rating. For deposits of US$20 million or South African Rand denominated deposits the Group requires that the institution have a BBB+ (S&P)/Baa1 (Moody's) long term rating.

19. CALLED-UP SHARE CAPITAL

GROUP & COMPANY

	2015 €'000	2014 €'000
Authorised Share Capital		
4,000,000,000 Ordinary Shares of €0.06 each	240,000	240,000
100,000,000 Deferred Shares of €0.25 each	25,000	25,000
	265,000	265,000

Notes to the Financial Statements

For the Financial Year Ended 31 December 2015 (continued)

19. CALLED-UP SHARE CAPITAL (continued)

	2015 US$'000	2014 US$'000
Allotted, Called-Up and Fully Paid		
Ordinary Shares		
Opening & Closing balance		
2,781,905,503 Ordinary Shares of €0.06 each	214,941	214,941
Deferred Shares		
Opening & Closing balance		
48,031,467 Deferred Shares of €0.25 each	-	10,582
Total Called-Up Share Capital	214,941	225,523

On 12 October 2015, it was resolved that the Company acquire all of the 48,031,467 Deferred Shares of €0.25 each in the capital of the Company in issue by transfer or surrender to the Company otherwise than for valuable consideration in accordance with Section 102(1)(a) of the Companies Act 2014 and Article 3(ii) of the Articles of Association of the Company and, in accordance with Section 106(1) of the Companies Act 2014, cancel such Deferred Shares.

The Deferred Shares of €0.25 per share were created in 1991 by subdividing each existing Ordinary Share of IR25p into one Deferred Share of IR20p and one new Ordinary Share of IR5p. The Deferred Shares were non-voting, carried no dividend rights, and the Company had the right to purchase any or all of these shares at a price not exceeding €0.01 per share for all the deferred shares so purchased.

20. SHARE PREMIUM

GROUP & COMPANY

	2015 US$'000	2014 US$'000
Opening and closing balance	431,380	431,380

Share premium of US$431.4 million (2014: US$431.4 million) relates to share premium arising on shares issued.

21. RETAINED LOSSES

GROUP

	US$'000
Balance at 1 January 2014	(14,238)
Loss for the financial year attributable to equity holders of the parent	(100,794)
Balance at 1 January 2015	(115,032)
Loss for the financial year attributable to equity holders of the parent	(60,619)
Balance at 31 December 2015	(175,651)

21. RETAINED LOSSES (continued)

COMPANY

	US$'000
Balance at 1 January 2014	(56,947)
Loss for the financial year attributable to equity holders of the parent	(3,330)
Balance at 1 January 2015	(60,277)
Loss for the financial year attributable to equity holders of the parent	(63,319)
Balance at 31 December 2015	(123,596)

During the financial year nil (2014: nil) share options were exercised.

22. OTHER RESERVES

GROUP & COMPANY

	Share Based Payment Reserve US$'000	Capital Conversion Reserve Fund US$'000	Capital Redemption Reserve Fund US$'000	Total US$'000
Balance at 1 January 2014	20,793	754	-	21,547
Recognition of share-based payments	1,349	-	-	1,349
Balance at 1 January 2015	22,142	754	-	22,896
Recognition of share-based payments	(674)	-	-	(674)
Redemption of deferred shares	-	-	10,582	10,582
Balance at 31 December 2015	21,468	754	10,582	32,804

The share based payment reserve arises on the grant of share options and shares to certain Directors, employees and consultants under the share option scheme and Kenmare Incentive Plan. Details of share-based payments are given in Note 34.

The capital conversion reserve fund arises from the re-nominalisation of the Company's share capital from Irish Punts to Euro.

The Deferred Shares of €0.25 per share were created in 1991 by subdividing each existing Ordinary Share of IR25p into one Deferred Share of IR20p and one new Ordinary Share of IR5p. The Deferred Shares were non-voting, carried no dividend rights, and the Company had the right to purchase any or all of these shares at a price not exceeding €0.01 per share for all the deferred shares so purchased.

On 12 October 2015, it was resolved that the Company acquire all of the 48,031,467 Deferred Shares of €0.25 each in the capital of the Company in issue by transfer or surrender to the Company otherwise than for valuable consideration in accordance with Section 102(1)(a) of the Companies Act 2014 and Article 3(ii) of the Articles of Association of the Company and, in accordance with Section 106(1) of the Companies Act 2014, cancel such Deferred Shares.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2015 (continued)

23. BANK LOANS

	2015 US$'000	2014 US$'000
Project Loans		
Super Senior Loans	10,417	-
Senior Loans	79,178	80,059
Subordinated Loans	278,216	249,996
Total	367,811	330,055
Project Loan amendment fees	(25,868)	(11,780)
Total Project Loans	341,943	318,275
Corporate Loan	-	19,399
Total Bank Loans	341,943	337,674
The borrowings are repayable as follows:		
Within one year	341,943	76,040
In the second year	-	53,326
In the third to fifth years inclusive	-	208,308
After five years	-	-
	341,943	337,674
Less: amount due for settlement within 12 months	(341,943)	(76,040)
Amount due for settlement after 12 months	-	261,634

Project Loans		
Balance at 1 January	318,275	335,781
Loan interest accrued	31,264	29,057
Loan interest paid	(4,242)	(4,738)
Loan repayment	-	(13,001)
Loan drawdown	10,000	-
Loan amendment fees	(17,303)	(7,371)
Loan amendment fees amortised	3,214	1,754
Novated corporate loan	20,000	-
Foreign exchange movement	(19,265)	(23,207)
Balance at 31 December	341,943	318,275
Corporate Loan		
Balance at 1 January	19,399	19,398
Loan interest accrued	1,441	2,313
Loan interest paid	(1,458)	(2,308)
Loan arrangement fees	-	(897)
Loan arrangement fees amortised	618	893
Novated corporate loan	(20,000)	-
Balance at 31 December	-	19,399

Project Loans

Project loans have been made to the Mozambique branches of Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited (the "Project Companies"). The Project Loans are secured by substantially all rights and assets of the Project Companies, and, amongst other things, the Group's shares in the Project Companies and the Group's intercompany loans to the Project Companies.

An amendment to the terms of the Project Loans and the Absa corporate facility was agreed with the Project Lenders and Absa on 29 April 2015 ("April 2015 Amendment"). The terms of the amendment are set out below.

23. BANK LOANS (continued)

At 31 December 2015, the Project Companies were in breach of the following loan covenants, and continued to be in breach, and, as a result, loan balances were classified as falling due immediately.

As detailed in the Half Yearly Financial Report 2015 a cash flow forecast was prepared by management with best estimates of price assumptions and shipment assumptions supported by the Directors (the "Group Forecast"). In addition, as set out in the Agreed Roadmap, stipulated in the April 2015 Amendment, a cash flow forecast (termed the "Revised Forecast" in the finance documents) was delivered to Lenders. The Revised Forecast was prepared on a more conservative basis than the Group Forecast. Both the Group Forecast and Revised Forecast assumed that the US$30 million of the Super Senior Loan available for working capital purposes will be fully drawn. However, in order to draw the remainder of the Super Senior Loan, the assumptions and resulting cash flow projections in the Revised Forecast (but not the Group Forecast) resulted in a requirement for waivers from Lenders in respect of (i) a requirement that the Revised Forecast show that over the following six months the aggregate of Group cash and the Super Senior Facility undrawn working capital loan commitments shall be no less than US$10 million and (ii) a requirement that the Revised Forecast demonstrate the ability to repay the Super Senior Loan as scheduled. As a result, the Group submitted to Project Lenders a request for waivers of the relevant event of default and conditions precedent. As at 31 December 2015, the requested waivers had not been granted, and to date, necessary waivers have not been granted. In addition, a number of other events of default have arisen under the loan documents. As a consequence, the Group has been unable to draw the additional US$20 million of working capital loans under the Super Senior Facility.

Deleveraging Plan and reduction of existing Project Debt

A condition of the April 2015 Amendment was a requirement on the Group to deliver to, and agree with, Lenders a material deleveraging plan ("Deleveraging Plan") by 31 January 2016, failing which an event of default would ensue. A Deleveraging Plan was delivered to Lenders by this deadline, but was not agreed with Lenders by this deadline. To date, a Deleveraging Plan has not been agreed by Lenders. However, significant progress has now been made and the Lenders continue to work with the Group on satisfaction of the pre-conditions necessary for the implementation of a deleveraging plan.

The current Deleveraging Plan includes the following key elements (together "the Capital Restructuring"):

(i) A US$100 million placing of new ordinary shares with a sovereign wealth fund of the Sultanate of Oman ("SGRF") and a US$100 million placing of new ordinary shares with King Ally Holdings Limited ("King Ally") (in aggregate US$200 million) ("the Cornerstone Placing") and an additional firm placing, at the same issue price ("Issue Price") as the Cornerstone Placing, of not less than US$75 million ("Firm Placing") for which participation commitments will be sought from a number of new and existing institutional shareholders;

(ii) Application of US$200 million of the proceeds of the Cornerstone Placing and Firm Placing to repay US$200 million of debt, the discharge of an additional US$50 million of debt at no extra cost, together with the discharge of certain interest accruing on project loans (excluding the Super Senior Facility) from 25 November, 2015 until the date of receipt of Lender approvals, with the balance of the net proceeds (after expenses of the issue and of the Capital Restructuring) of the Cornerstone Placing and Firm Placing being retained by the Company for working capital purposes;

(iii) An open offer ("Open Offer") to existing shareholders to subscribe for new ordinary shares on the same terms as under the Cornerstone Placing and Firm Placing. The maximum size of the Open Offer will be such as to enable the discharge of all remaining outstanding indebtedness in the event of full subscription under the Open Offer on the basis that for every US$3 raised under the Open Offer US$4 of debt obligations are extinguished;

(iv) To the extent that subscriptions under the Open Offer are insufficient to reduce outstanding indebtedness to US$100 million, the amount of debt in excess of US$100 million will be equitized at the Issue Price.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2015 (continued)

23. BANK LOANS (continued)

The net effect of these arrangements will be that the amount of debt remaining outstanding following the completion of the Capital Restructuring will not be more than US$100 million (the "Retained Debt") and (dependent on the level of subscription for new ordinary shares under the Open Offer) could be less.

Retained Debt

The final maturity date applicable to the Retained Debt will be 1 February 2022. The Retained Debt will be repayable on each payment date (being 1 February and 1 August), commencing on 1 February 2018 (each a "Debt Payment Date") in semi-annual instalments (each, a "Debt Repayment Instalment") in accordance with the amortisation profile set out below:

Debt Payment Date	Debt Repayment Instalment (%)
1 Feb 2018	9.52381
1 Aug 2018	9.52381
1 Feb 2019	9.52381
1 Aug 2019	9.52381
1 Feb 2020	9.52381
1 Aug 2020	9.52381
1 Feb 2021	9.52381
1 Aug 2021	11.11111
1 Feb 2022	22.22222

The interest rate on the Retained Debt will be a 6 month US LIBOR plus a margin of 4.75% per annum until 1 February 2020 and thereafter 5.50% per annum. Interest will be payable in cash on each Debt Payment Date, commencing 1 August 2016.

On each Debt Payment Date from and including the first Debt Payment Date, the Borrowers shall prepay a portion of outstanding Retained Debt in an amount equal to the sum of (i) 25% of the amounts available to make a Restricted Payment in accordance with and subject to the loan agreements and (ii) 50% of "Net Arbitration Proceeds" as defined below, to be applied across all Retained Debt in inverse order of amortisation payments, provided that if any Lender elects not to participate in this cash sharing, the amount that would otherwise be available to prepay that Lender shall be applied in prepayment of the other Lenders. Restricted Payments will not be permitted prior to the first Debt Payment Date.

In the event that the current arbitration is resolved in favour of the Project (whether by way of arbitral award, settlement or otherwise), the resulting proceeds received by the Project Companies following such resolution (net of all costs incurred in connection with such arbitration) (such net proceeds, the "Net Arbitration Proceeds") shall be applied by the Project Companies as follows:

- 50% of the Net Arbitration Proceeds shall be applied in mandatory prepayment of the Retained Debt on the next following Payment Date in the order of priority to be agreed between the Lenders; and
- Any residual amounts of Net Arbitration Proceeds may be retained by the Project Companies to apply in accordance with applicable waterfalls and may also be deposited in a segregated reserve account (which shall be secured in favour of the Lenders) to fund future capital expenditures, but shall in any case not count as an amount available for Restricted Payments for purposes of the Cash Sharing provision above unless actually used (in part or in whole) for purposes of making a Restricted Payment.

23. BANK LOANS (continued)

No restructuring or other fees will be payable to Lenders as a result of the Deleveraging Plan or Equity Issue.

All costs and expenses (including legal fees) reasonably incurred by the Lenders and their advisers in connection with the preparation, negotiation, printing, execution and syndication of a supplemental agreement and any other document referred to in it shall be paid by the Project Companies, subject, in each case, to the relevant engagement letters and to terms referred to therein.

A summary of the project debt at 31 December 2015 is detailed below.

Super Senior Facility

The Project Lenders provided to the Project Companies a two year US$50 million non-revolving facility maturing on 29 April 2017, US$30 million of which (the "Working Capital Loans") was made available for drawing for working capital purposes and US$20 million of which was made available to fund, if required, certain disputed liabilities subject to arbitration. Interest on the facility is at LIBOR for the applicable period plus a margin of 10% per annum, payable semi-annually on 1 February and 1 August. Commitment fees are 4% on the average undrawn balance payable quarterly in arrears. An arrangement fee of 1% flat on the commitment was payable within 5 business days of 29 April 2015. Other than the payment of any outstanding amounts at maturity, there are no fixed principal repayments. Instead, payments based on available cash under a cash sweep mechanism will be required to be made. Any amount of Super Senior Debt repaid will not be available to be redrawn. The Super Senior Facility comprises the most senior tranche of project financing debt and benefits from the same guarantees (including from the Company pursuant to the Completion Agreement) and security as the existing Senior Debt and Subordinated Debt; it ranks contractually senior to the existing Senior Debt. Project Lenders made an initial disbursement of the Working Capital Loans of US$10 million on 11 August 2015. As noted above, because certain events of default and conditions precedent to disbursement remain unwaived, the balance of the Super Senior Loans is not available for drawdown.

Senior Debt

Seven Senior Loan credit facilities were made available for financing the Moma Titanium Minerals Mine. The aggregate maximum available amount of the Senior Loan credit facilities was US$185 million plus €15 million which were fully drawn in 2008. As at 31 December 2015, the Senior Loan tenors ranged from 2.5 year to 5 years. Three of the Senior Loans bear interest at fixed rates and four bear interest at variable rates.

Scheduled repayment of the Senior Debt is on the basis of a fixed US$2 million semi-annual instalment allocated pro rata to the amounts outstanding as at 1 February 2015. The first such instalment is scheduled for no earlier than 1 February 2017 and no later than 1 August 2017, depending on when the Super Senior Facility is repaid in full.

In addition to the scheduled instalments of Senior Debt, payments based on available cash under a cash sweep mechanism will be required to be made.

Subordinated Debt

The original Subordinated Loan credit facilities (made available under documentation entered into in June 2004) with original principal amounts of €47.1 million plus US$10 million (excluding capitalised interest) were fully drawn in 2005. The Standby Subordinated Loan credit facilities (made available under documentation entered into in June 2005) with original principal amounts of €2.8 million and US$4 million were fully drawn in 2007. The Additional Standby Subordinated Loan credit facilities of US$12 million and US$10 million (made available under documentation entered into in August 2007) were fully drawn in 2008.

All the Subordinated Loans bear interest at a fixed rate of 11% per annum. Interest that is not paid under cash sweep mechanism will be capitalised. Scheduled payments of interest and principal are no longer required to be made, and the final maturity date is 1 August 2021. Prior to the final maturity date, interest and principal payments based on available cash based on a cash sweep mechanism will be required to be made.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2015 (continued)

23. BANK LOANS (continued)

Novated Absa Facility

The Absa Corporate Facility ceased to be an unsecured primary debt obligation of the Company upon the effectiveness of the April 2015 Amendment on 24 July 2015 and was novated as a secured obligation of the Project Companies (the "Novated Absa Facility"); the Novated Absa Facility comprises a tranche of Subordinated Debt and benefits from the same guarantees (including from the Company pursuant to the Completion Agreement) as the existing Senior Debt, Subordinated Debt and the Super Senior Facility and the same security as the Subordinated Debt; it ranks pari passu with the other Subordinated Loans for purposes of enforcement but shall, other than as specified under the cash sweep mechanism, ranks contractually subordinated to the Super Senior Loans, Senior Loans and the other Subordinated Loans. At the same time the terms and conditions of the Novated Absa Facility were amended, the principal terms being summarised below:

- Final maturity: 1 August 2021 (was 31 March 2016);
- Interest: accrues at 11% per annum and is payable under the cash sweep mechanism;
- Amortisation: no fixed amortisation. Repayment of principal is payable under the cash sweep mechanism.

Consistent with the other Subordinated Debt, the Novated Absa Loan has the benefit of the right of Subordinated Lenders under the Subordinated Lenders' Option Agreement to elect to receive, upon a change of control, payment of the full amount of the Subordinated Debt outstanding, together with a prepayment fee calculated as 30% of the outstanding principal amount of Subordinated Debt. In connection with a partial change of control (being the acquisition, directly or indirectly, of more than 25% of the voting shares or capital stock in a Project Company), the Novated Absa Loan has the benefit of the right of the Subordinated Lenders to elect to receive a payment in relation to such percentage of Subordinated Debt as is equal to the percentage of voting shares or capital stock acquired, together with a prepayment fee of 30% calculated on the amount repaid.

April 2015 Amendment Fees and Expenses

A restructuring fee of 0.75% on the 1 February 2015 outstanding balance on the Project Loans is payable to Project Lenders. A restructuring fee of 4% on the principal amount of the Absa Corporate Facility is payable to Absa in the form of warrants on a basis similar to those issued to Absa in connection with the July 2014 Amendment. Payment of these fees has been deferred to the 30 June 2016.

Group borrowings interest, currency and liquidity risk

Loan facilities arranged at fixed interest rates expose the Group to fair value interest rate risk. Loan facilities arranged at variable rates expose the Group to cash flow interest rate risk. Variable rates are based on six month LIBOR. The average effective borrowing rate at financial year end was 9.6%. The interest rate profile of the Group's loan balances at the financial year end was as follows:

	2015 US$'000	2014 US$'000
Fixed rate debt	294,932	210,459
Variable rate debt	47,011	127,215
Total debt	341,943	337,674

The fair value of the Group borrowings of US$333.3 million (2014: US$301.8 million) has been calculated by discounting the expected future cash flows at prevailing interest rates and by applying financial year end exchange rates.

23. BANK LOANS (continued)

Under the assumption that all other variables remain constant and using the most relevant 6 month LIBOR rates a 1% change in the LIBOR rate will result in a US$0.5 million (2014: US$1.3 million) change in finance costs for the financial year.

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

	2015 US$'000	2014 US$'000
Euro	170,195	184,239
US Dollars	171,748	153,435
	341,943	337,674

The Euro denominated loans expose the Group to currency fluctuations. These currency fluctuations are realised on payment of Euro denominated debt principal and interest. Under the assumption that all other variables remain constant, a 10% strengthening or weakening of Euro against the US Dollar would result in a US$2.0 million (2014: US$1.8 million) change in finance costs and a US$17.0 million (2014: US$18.4 million) change in foreign exchange gain or loss 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 and exchange rates to vary from the assumptions made above and therefore should not be considered a projection of likely future events.

24. FINANCE LEASE

	Minimum lease payments		Present value of minimum lease payments	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Amounts payable under finance lease				
Within one year	560	560	479	415
In the second to fifth year	280	840	264	743
Less future finance charges	(97)	(242)	-	-
Present value of lease payments	743	1,158	743	1,158
Less amounts due for settlement within 12 months			(479)	(415)
Amounts due for settlement after 12 months			264	743

The Group has leased equipment for the receipt, storage and dispensing of diesel fuel under a finance lease. The lease term is ten years from the commencement date (2007) with an option to purchase the assets after one year from the commencement date of the lease. For the financial year ended 31 December 2015, the average effective borrowing rate was 9.6%. The lease is on a fixed repayment basis and the lease obligation is denominated in US Dollars. The fair value of the Group's lease obligation is equal to its carrying amount. The fair value has been calculated by discounting the expected future lease payments over the life of the lease at the discount rate.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2015 (continued)

25. PROVISIONS

GROUP & COMPANY

	2015 US$'000	2014 US$'000
Mine closure provision	19,890	19,314
Mine rehabilitation provision	2,480	2,590
Legal provision	1,444	1,444
Executive Directors' bonus provision	-	663
	23,814	24,011
Current	1,714	2,387
Non-current	22,100	21,624
	23,814	24,011

	Mine Closure Provision US$'000	Mine Rehabilitation Provision US$'000	Legal Provision US$'000	Bonus Provision US$'000	Total US$'000
At 1 January 2014	18,751	2,073	1,444	703	22,971
Additional provision in the financial year	-	700	-	282	982
Provision released in the financial year	-	(183)	-	(322)	(505)
Unwinding of the discount	563	-	-	-	563
At 1 January 2015	19,314	2,590	1,444	663	24,011
Additional provision in the financial year	-	709	-	-	709
Provision released in the financial year	-	(819)	-	(663)	(1,482)
Unwinding of the discount	576	-	-	-	576
At 31 December 2015	19,890	2,480	1,444	-	23,814

The mine closure provision represents the Directors' best estimate of the Group's 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 cost. Mine closure costs are a normal consequence of mining, and the majority of close-down and restoration expenditure is incurred at the end of the life of the mine. The unwinding of the discount is recognised as a finance cost and US$0.6 million (2014: US$0.6 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 3% (2014: 3%) based on a 20-year US Treasury yield rate;
- an inflation rate of 2% (2014: 2%);
- an estimated life of mine of 24 years; and
- an estimated closure cost of US$20.4 million (2014: US$20.4 million) and an estimated post-closure monitoring provision of US$1.9 million (2014: US$1.9 million).

25. PROVISIONS (continued)

A significant factor in determining the mine closure provision is the discount rate. A 1% change in the discount rate results in a 22% change in the mine closure provision.

The mine rehabilitation provision represents the Directors' best estimate of the Company's liability for rehabilitating areas disturbed by mining activities. Rehabilitation costs are recognised based on the area disturbed and estimated cost of rehabilitation per hectare which is reviewed regularly against actual rehabilitation cost per hectare. Actual rehabilitation expenditure is incurred approximately twelve months after the area has been disturbed. During the financial year there was a release of US$0.8 million (2014: US$0.2 million) to reflect the actual mine rehabilitation costs being incurred, and an additional provision of US$0.7 million (2014: US$0.7 million) for areas disturbed.

On 17 November 2010, a High Court jury delivered a verdict of damages of €10 million in a defamation case taken by a former Company director. The Company has submitted an appeal to the Supreme Court with a view to setting aside both the verdict and the amount, with the intention of securing a retrial. The High Court granted a stay on the award subject to the payment of €0.5 million until the hearing of the Supreme Court appeal. The Company's legal team strongly advise that the award will be set aside on appeal. The same former director has also served notice that he intends to pursue a number of non-defamation actions against the Company.

Prior to 2014 an Annual Bonus Scheme was in place for the Executive Directors a feature of which was the payment of a bonus earned for target performance which is deferred for three years. The bonus in respect of performance in 2011 of US$0.4 million was paid in 2015. In 2014 the Kenmare Incentive Plan was adopted. Annual awards under the Kenmare Incentive Plan normally have a cash element. The cash element is based on a number of in-year performance targets. Based on the level of achievement against these targets, the cash element will be paid shortly after the end of the relevant performance year. During the financial year US$0.3 million was paid for the 2014 cash element. For the financial year ended 31 December 2015, the Remuneration Committee considered, in light of the exceptional circumstances facing the Company, that the cash element be awarded as shares, as detailed in Note 34.

26. OTHER FINANCIAL LIABILITIES

GROUP & COMPANY

	2015 US$'000	2014 US$'000
Warrants – equity	12	380
Warrants – corporate facility	10	140
	22	520

On 16 October 2013, 250,300,000 new ordinary shares were issued by way of a placing which raised US$101.9 million net of expenses. In addition to ordinary shares, participants in the placing were issued warrants on the basis of one warrant to subscribe for one ordinary share in the Company for every five placing shares. In total 50,060,000 warrants were issued. The warrants, which are not listed or admitted to trading and which have limited transferability rights, have an exercise price of Stg29.09p and an exercise period of five years commencing thirteen months after the date of issue.

On 31 July 2014, the Group agreed with corporate bank loan provider, Absa, an extension of the maturity date of the US$20 million corporate loan (the "Absa facility") from 31 March 2015 to 31 March 2016. An extension fee of US$800,000 was settled in 7,257,850 warrants for Kenmare Resources plc shares on 1 September 2014 which have an exercise price of Stg11p. The warrants are exercisable for a period of seven years and are otherwise on substantially the same terms as the warrants issued on 16 October 2013 detailed above.

A financial liability of nil (2014: US$0.5 million) based on the fair value of the warrants at the statement of financial position date has been recorded as the cost of issuing the warrants with the reduction in value of US$0.5 million included in finance income in the statement of comprehensive income.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2015 (continued)

26. OTHER FINANCIAL LIABILITIES (continued)

The fair values were calculated using a Black-Scholes option pricing model. The inputs into the calculation were as follows:

	2015	2014
Year end share price	£0.0046	£0.0324
Year end Stg£/US$ exchange rate	0.68	0.64
Warrant exercise price	£0.11/£0.2909	£0.11/£0.2909
Expected volatility	94%	70%
Expected life (years)	4 to 6	5 to 7
Risk free rate	2.0%	1.8%

Significant factors in determining the warrant fair value are the Company share price and expected volatility. A 10% change in the Company share price results in a 20% change in the fair value of the warrants. A 10% change in expected volatility results in a 65% change in the fair value of the warrants.

27. TRADE AND OTHER PAYABLES

Amounts payable within one year

	GROUP		COMPANY	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Trade payables	8,415	13,657	300	-
Accruals	39,367	35,816	1,518	2,656
	47,782	49,473	1,818	2,656

Included in Group accruals at the financial year end is an amount of US$0.9 million (2014: US$1.1 million) and in the Company US$0.1 million (2014: US$0.2 million) for payroll and social insurance taxes. Included in accruals is US$19.6 million (2014: US$20.4 million) relating to capital projects of which US$19.4 million is disputed by the Group in arbitration proceedings.

Credit risk

The average credit period on the purchase of goods and services is 30 days from the date of the invoice except for invoices which are being held as a result of disputes. The Group has financial risk management policies in place to ensure that all payables are paid within the relevant credit periods.

Currency risk

The currency profile of trade and other payables at the financial year end is as follows:

GROUP	2015	2014
	US$'000	US$'000
South African Rand	20,105	22,201
US Dollars	21,214	18,177
Mozambican Metical	2,771	4,395
Euro	1,956	1,866
Australian Dollar	1,498	1,669
Sterling	238	1,165
	47,782	49,473

27. TRADE AND OTHER PAYABLES (continued)

COMPANY	2015 US$'000	2014 US$'000
Euro	1,591	1,721
US Dollars	206	-
Sterling	21	935
	1,818	2,656

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

28. CAPITAL AND LIQUIDITY MANAGEMENT

The Group's capital management objective is to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Deleveraging Plan as set out in Note 1 is critical to the Group's ability to continue as a going concern.

The principal activity of the Group is the operation of the Mine. The Group therefore manages its capital to ensure existing operations are adequately funded and, based on planned mine production levels, that the Mine will achieve positive cash flows allowing returns to shareholders.

The Group has total debt of US$341.9 million (2014: US$337.7 million), details of which are set out in Note 23. At 31 December 2015, the Project Companies were in breach of a number of loan covenants and, as a result, loan balances are classified as falling due immediately.

In April 2015, the Project Lenders provided to the Project Companies a two year US$50 million non-revolving facility, US$30 million of which (the "Working Capital Loans") was available for drawing for working capital purposes and US$20 million of which was made available to fund, if required, certain disputed liabilities subject to arbitration. Other than the payment of any outstanding amounts at maturity, there are no fixed principal repayments. Instead, payments based on available cash will be required to be made under a cash sweep mechanism. Any Super Senior Debt repaid will not be available to be redrawn. Project Lenders made an initial disbursement of the Working Capital Loans of US$10 million on 11 August 2015. As detailed in Note 23, until certain waivers are granted by the Lenders, the balance of the Super Senior Loans is not available for drawdown.

The other Project loans are all fully drawn. Upon the effectiveness of the April 2015 Amendment, the following provisions were implemented: extension of the final maturity of existing facilities; reduction in scheduled principal payments on the Senior Debt; elimination of scheduled interest and principal on Subordinated Debt; novation and restatement of the Absa Corporate Facility as a Subordinated Debt obligation of the Project Companies and an extension of final maturity from 31 March 2016 to 1 August 2021; repayment of Super Senior Facility principal, Senior Debt principal and Subordinated Debt interest and principal (including interest and principal on the novated Absa Facility) by means of a cash sweep dependent on the Group's consolidated cash position on each Payment Date commencing 1 August 2016.

The Board periodically reviews the capital structure of the Group, including the cost of capital and the risks associated with each class of capital. The Group manages and, if necessary, adjusts its capital structure taking account of the underlying economic conditions. Any material adjustments to the Group's capital structure in terms of the relative proportions of debt and equity are approved by the Board. The Group is not subject to any externally imposed capital requirements.

The definition of capital/capital structure of the Group consists of debt, which includes bank borrowings as disclosed in Note 23, the finance lease as disclosed in Note 24, and equity attributable to equity holders of the Company, comprising issued capital, reserves, retained losses and other reserves as disclosed in Notes 19 to 22.

The Group's policy with respect to liquidity and cash flow risk is to ensure continuity of funding through continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2015 (continued)

29. CAPITAL COMMITMENTS

GROUP

	2015 US$'000	2014 US$'000
Contracts for future expenditure authorised by the Board:		
Capital authorised and contracted	-	-
Capital authorised not contracted	2,824	4,259

Capital authorised and contracted represents the amount authorised and contracted at 31 December of the relevant financial year to be spent on mine operations-related approved capital projects.

Capital authorised not contracted represents the amount not contracted but authorised at 31 December of the relevant financial year to be spent on mine operations-related approved capital projects.

30. CONTINGENT LIABILITIES

On 17 November 2010, a High Court jury delivered a verdict of damages of €10 million in a defamation case taken by a former Company director. The Company has submitted an appeal to the Supreme Court with a view to setting aside both the verdict and the amount, with the intention of securing a retrial. The High Court granted a stay on the award subject to the payment of €0.5 million until the hearing of the Supreme Court appeal. The Company's legal team strongly advise that the award will be set aside on appeal and therefore no provision has been made in these financial statements for the award as the Company do not consider that there is any future probable loss. The Company has provided US$1.4 million for the costs associated with the defamation case appeal and retrial and further actions taken by the former director, as detailed in Note 25.

31. PARENT COMPANY, KENMARE RESOURCES PLC STATEMENT OF COMPREHENSIVE INCOME

In accordance with section 304(2) of the Companies Act, 2014 the Company is availing of the exemption from presenting its individual statement of comprehensive income to the Annual General Meeting and from filing it with the Companies Registration Office. The Company's loss for the financial year determined in accordance with IFRS is US$63.3 million (2014: US$3.3 million). The loss is due to administration costs of US$0.6 million (2014: US$5.8 million), share-based payments expenses of US$0.6 million (2014: US$0.4 million), finance income from the fair valuation of warrants of US$0.5 million (2014: US$6.1 million loss), Absa corporate facility loan interest, fees and expenses of US$2.0 million (2014: US$3.2 million) and a provision for amounts due from subsidiary undertakings of US$60.6 million (2014: nil).

32. OPERATING LEASE ARRANGEMENTS

GROUP & COMPANY

The Group as lessee

	2015 US$'000	2014 US$'000
Minimum lease payments under operating leases recognised as an expense in the financial year	102	115

At the statement of financial position date, the Group has outstanding commitments under a non-cancellable operating lease which fall due as follows:

	2015 US$'000	2014 US$'000
Within one year	-	102

Operating lease payments represent rentals payable by the Group for its office buildings. The lease had an original term of 25 years and rentals were fixed for an average of 5 years. The lease has expired at year end. The underlying currencies of lease payments are Euro.

33. RETIREMENT BENEFIT PLANS

The Company contributes to individual pension schemes on behalf of certain employees. Contributions to the schemes are charged in the period in which they are payable to the scheme.

GROUP & COMPANY

	2015 US$'000	2014 US$'000
Contributions	310	371

Notes to the Financial Statements

For the Financial Year Ended 31 December 2015 (continued)

34. SHARE-BASED PAYMENTS

Share option scheme

The Company has a share option scheme for employees and consultants. In the past share options were awarded to Executive Directors but this practice ceased with the introduction of the Kenmare Incentive Plan in 2014. Options are exercisable at a price equal to the quoted market price of the Company's shares on the date of grant. The options generally vest over a three year period in equal annual amounts or if performance related in the year the performance criteria are met. If options remain unexercised after a period of 7 years from the date of grant, the options expire. Option expiry periods may be extended at the discretion of the Board of Directors.

Details of the share options outstanding during the financial year are as follows:

	2015		2014	
	Number of share options	Weighted average exercise price US$	Number of share options	Weighted average exercise price US$
Outstanding at the beginning of the financial year	56,706,333	47c	79,047,962	48c
Granted during the financial year	-	-	2,000,000	19c
Exercised during the financial year	-	-	-	-
Expired/lapsed during the financial year	(10,616,667)	54c	(24,341,629)	46c
Outstanding at the end of the financial year	46,089,666	45c	56,706,333	47c
Exercisable at the end of the year	40,914,653		38,864,661	

No share options were issued or exercised during the financial year. The options outstanding at the end of the financial year have exercise prices which range from US$0.14 to US$0.78 and a weighted average remaining contractual life of 2.4 years (2014: 3.5 years).

In 2014, options were granted on 20 May. The aggregate of the estimated fair values of the options granted on those dates is US$0.2 million.

The fair values were calculated using a Black-Scholes option pricing model. The inputs into the calculation in 2014 were as follows:

	2014
Weighted average share price	US$0.19
Weighted average exercise price	US$0.19
Expected volatility	51%
Expected life (years)	7
Risk free rate	3%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous year as this is deemed the most reliable indicator of the volatility of the Company's share price.

During the financial year the Group recognised a share-based payment credit of US$0.9 million (2014: US$1.3 million expense) due to the number of share options which lapsed in the financial year.

34. SHARE-BASED PAYMENTS (continued)

Kenmare Incentive Plan ("KIP")

The Company has an incentive plan under which annual awards have a cash element and a separate share element. Both the cash element and the share element are based on a number of in-year performance targets. Based on the level of achievement against these targets, the cash element is paid shortly after the end of the relevant year. The share element vests after a further three years with part of the shares subject to a further two year holding period. The share element is subject to performance vesting conditions. The value of the shares is measured at fair value at the date of grant based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period.

As at 31 December 2015, a provision for the 2015 KIP award of 22,306,824 shares (2014: 3,294,553 shares) was created. 6,692,047 of these shares represent the cash element of the 2015 KIP award. The estimated fair value of these shares is US$0.1 million (2014: US$0.2 million). In 2014, 6,875,622 shares were granted to Directors as an initial KIP award. The estimated fair value of these shares awarded is US$0.5 million.

The estimated fair values of the awards are calculated using a Monte Carlo pricing model. The inputs into the calculations were as follows:

Date of grant	2015 award 31 December 2015	2014 award 31 December 2014	Initial award 21 October 2014
Share price at date of grant	£0.0046	£0.0324	£0.0739
Company's share price volatility	71%	56%	55%
FTSE 250 volatility	12%	13%	27%
FTSE Mining Index volatility	28%	25%	44%
Expected life	3 years	3 years	3 years
Risk free rate	0.95%	0.77%	1.02%
FTSE 250 correlation	17%	31%	22%
FTSE Mining correlation	14%	32%	33%

In order to estimate the value of the 2015 and 2014 award a financial year end valuation date of 31 December 2015 and 2014 was used. The expected volatility of the Company's share price is calculated over the prior three year period, commensurate with the expected life of the awards. The comparator group constituents and indices are calculated over their individual volatilities using total shareholder return ("TSR") data for each company over a three year period. The share award have a performance period of three years, so this is the assumption for expected life. The risk free rate assumption is based on a three year zero coupon UK government bond yield.

During the financial year, the Group recognised a share-based payment expense of US$0.2 million (2014: US$0.05 million) as a result the above awards.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2015 (continued)

35. RELATED PARTY TRANSACTIONS

GROUP

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2015 US$'000	2014 US$'000
Short-term employee benefits	2,047	2,516
Long-term employee benefits	-	-
Post-employment benefits	131	151
Compensation on retirement	-	-
Share-based payments	-	74
Total benefits	2,178	2,741

In addition, during 2015, US$0.3 million of fees were paid to Lemna Limited, a company connected with Mr. J. Ensall, for services provided by him. Mr. J. Ensall is not a director or shareholder of Lemna Limited.

COMPANY

Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited, the Project Companies, are wholly owned subsidiary undertakings of Congolone Heavy Minerals Limited, which in turn is a subsidiary undertaking of Kenmare Resources plc. During the financial year, funding for the Moma Titanium Minerals Mine was provided to the Project Companies by Congolone Heavy Minerals Limited. At the year end the amount due to Congolone Heavy Minerals Limited from the Project Companies was US$665.8 million (2014: US$681.3 million).

Under the terms of a management services agreement with the Company, management services costing US$8.4 million (2014: US$7.6 million) were provided during the financial year to the Project Companies.

36. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

On 29 April 2015, the Group entered into an amended project loan agreement (“the April 2015 Amendment”) with the Lender Group, the details of which are set out in Note 23. A condition of the April 2015 Amendment was a requirement on the Group to deliver to, and agree with, Lenders a material deleveraging plan by 31 January 2016. A deleveraging plan was delivered to Lenders by this deadline, but was not agreed by the Lenders by the deadline, resulting in an event of default. The Lenders have however continued to work with the Group on the execution of a deleveraging plan, details of which are set out in Note 1 and Note 23.

Also after the year end, Kenmare entered into a conditional subscription and relationship agreement with King Ally Holdings Limited (“King Ally”), a chemicals trading company incorporated in the British Virgin Islands, in respect of a proposed investment by King Ally in Kenmare. This proposed investment is in respect of US$100 million and is on the basis that King Ally would hold not more than 29.9% of the enlarged issued share capital of the Company following the completion of the capital restructuring of the Group.

37. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board on 29 April 2016.

Shareholder Profile

Based on the Register as at 25 April 2016

SIZE OF HOLDINGS	No. of Shareholders	No. of Shares Held
1 - 1,000	971	658,602
1,001 - 5,000	1,941	5,505,138
5,001 - 25,000	1,695	20,207,210
25,001 - 100,000	606	30,707,963
100,001 - 250,000	169	28,384,167
250,001 - 500,000	65	23,115,846
500,001 - 750,000	38	23,147,066
over 750,000	154	2,650,179,511
Total	5,639	2,781,905,503

GEOGRAPHIC DISTRIBUTION OF HOLDINGS	No. of Shareholders	No. of Shares Held
Republic of Ireland	2,162	98,182,244
Northern Ireland & Great Britain	3,364	2,644,988,062
Other	113	38,735,197
Total	5,639	2,781,905,503

General Information

SECRETARY AND REGISTERED OFFICE
Deirdre Corcoran
Kenmare Resources plc
Chatham House
Chatham Street
Dublin 2.

REGISTERED NUMBER
37550

AUDITORS
Deloitte
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
Earlsfort Terrace
Dublin 2.

SOLICITORS
McCann FitzGerald
Riverside One
Sir John Rogerson's Quay
Dublin 2.

BANKERS
Absa Capital, affiliated with Barclays Capital
1 Churchill Place
London E14 5HP.

AIB Bank plc
87 North Strand
Dublin 3.

HSBC
Jersey Regional & Commercial Centre
Green Street
St Helier
Jersey.

STOCKBROKERS
Canaccord Genuity Ltd.
88 Wood Street
London EC2V 7QR.

Davy
Davy House
49 Dawson Street
Dublin 2.

Mirabaud Securities
33 Grosvenor Place
London SW1X 7HY.

REGISTRAR
Computershare Services (Ireland) Limited
Heron House
Corrig Road
Sandyford Industrial Estate
Dublin 18.

WEBSITE
www.kenmareresources.com


TANZANIA
Mbeya
Kasama
Lindi
Mtwara
Songea
Mansa
Lubumbashi
Mzuzu
Ndola
Lichinga
Pemba
Chipata
MALAWI
Lilongwe
ZAMBIA
Kabwe
Nacala
Nampula
Lusaka
Blantyre
Tete
Moma
Chinhoyi
Mazowe
Harare
Quelimane
Marondera
ZIMBABWE
Mutare
Chimoio
Gweru
Bulawayo
Masvingo
Beira
Gwanda
I N D I A N
O C E A N
Pietersburg
SOUTH AFRICA
Inhambane
Xai-Xai
Nelspruit
Maputo
Mbabane
SWAZILAND
MOZAMBIQUE
0 km
100
200
300
400 km

KENMARE

Kenmare Resources plc
Chatham House,
Chatham Street,
Dublin 2,
Ireland

Tel: +353 1 671 0411
Fax: +353 1 671 0810
Email: info@kenmareresources.com
www.kenmareresources.com