Directors' remuneration report

Graham Martin
Chairman of the Remuneration Committee

Dear shareholders,

On behalf of the Board, I am pleased to present to you the Remuneration Committee's report for 2017 on Directors' remuneration.

Summary of the work of the Committee in 2017

The early part of 2017 was spent liaising with the Executives and our major shareholders in finalising the terms of a proposed new Directors' remuneration policy, which was then submitted to shareholders for approval at the 2017 AGM. I am very pleased that this new policy was approved by shareholders and we are grateful for your support. Thereafter in 2017 the major work of the Committee focused on monitoring the performance of the Company, on a quarterly basis, against the key performance metrics set for the Executives' bonus scheme.

The Committee met five times during the year and there were also a number of less formal communications between me and members of the Committee. In November, the Committee received a presentation from PwC, the Company's remuneration advisers, covering matters such as current trends in remuneration practices, the benchmarking of the Company and the status of proposed governance reforms affecting remuneration.

Performance and reward for 2017

Under the new remuneration policy, the Executive Directors receive a base salary (which has been frozen since 2010 other than for inflationary adjustments), pension contributions, certain other benefits, an award of shares under the Kenmare Restricted Share Plan (KRSP) and the opportunity to earn a cash bonus depending on the outcome of certain key performance criteria.

As noted by the Chairman and the Managing Director in their respective reports, 2017 has been an excellent year for the Company in terms of improved financial results, setting record production levels and reducing costs while at the same time remaining focused on health and safety, environmental protection and community relations. These results are reflected in the outcome of the Executives' bonus.

The performance criteria set by the Committee under the bonus scheme reflected a mixture of quantitative targets (67.5% of the maximum 100% opportunity) and qualitative targets (32.5%) and were set at stretching levels for the maximum award. The quantitative targets covered various metrics reflecting production, financial results and safety and environmental matters, while the qualitative targets covered other areas determined by the Committee to be important for the Company in 2017 in aligning incentives with the Company's strategy and ensuring the long-term viability of the Mine and the Company. These qualitative measures, which are reported on more fully later in this report, included: substantially progressing development options for the Mine; developing new products and markets; progressing the changes in the capital structure of the Group to facilitate the payment of dividends at the appropriate time; progressing succession and development plans for the Executives and other staff; upgrading IT and other systems and reporting procedures; and taking steps to improve liquidity in the Company's shares.

The outcome of the Committee's assessment of performance against these criteria resulted in the Executives receiving a cash bonus of 59.01% of their respective base salaries in the case of the Managing Director and Financial Director, and 35.41% in the case of the Technical Director, which in each case the Committee considers a fair result for the year.

Conclusion

The objective when proposing the new remuneration policy to shareholders last year was to have a remuneration structure which was simple, flexible and motivating while allowing sufficient discretion to the Committee to make any adjustments necessary to take into account all matters which had affected the Company or its performance during the year. We firmly believe that this has been achieved in 2017 and that the remuneration structure will remain suitable for 2018, with certain adjustments to the performance metrics as described later in this report.

I would like to thank my fellow members of the Remuneration Committee for their support and guidance throughout the year, the Executive Directors for their positive and constructive engagement with me and the Committee, and Deirdre Corcoran for her invaluable role as Secretary to the Committee.

I hope you will vote in support of the remuneration report at the forthcoming AGM. Should you have any questions, comments or feedback on remuneration matters at Kenmare I would be very pleased to discuss them with you. I can be reached via the Company Secretary at dcorcoran@kenmareresources.com.

Graham Martin
Chairman of the Remuneration Committee
28 March 2018

Directors' remuneration report continued

Annual report on remuneration 2017

Composition and role of the Remuneration Committee

The Remuneration Committee comprises five independent Non-Executive Directors: Mr G Martin (Chairman), Ms E Headon, Mr P Bacchus, Mr S McTiernan and Mr G Smith. Further details regarding the members of the Remuneration Committee, including their biographies and lengths 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 a summary is available on the Company's website, www.kenmareresources.com.

The Committee is responsible for determining the policy for the remuneration of the Executive Directors and for monitoring and reviewing the level and structure of remuneration throughout the Group. 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 seeks to ensure that risk is properly considered in the setting of the remuneration policy, by ensuring that targets are appropriately stretching but do not lead to the taking of excessive risk.

The Committee determines the remuneration packages of the Executive Directors, including salary, bonuses, share 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 Pricewaterhouse Coopers (PwC), which has no other connection with the Company. PwC charges fees on a time and materials basis and during the year ended 31 December 2017 the total fees payable to PwC in respect of these services was £88,000. 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.

The Committee met five times during the year ended 31 December 2017. Details of the 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 54.

The main agenda items included remuneration policy, remuneration trends and benchmarking, performance metrics, KIP and KRSP awards, service contracts and remuneration packages of the Executive Directors, and a review of the Committee's terms of reference.

Directors' remuneration

The following table sets out the total remuneration for Directors for the year ended 31 December 2017 and the prior year. There was no increase in the base salary of Executive Directors during 2017 (differences in figures in the table reflect movements in conversion rates between Euros and US Dollars at the relevant dates).

	Salary and fees		All taxable benefits		Cash bonus and deferred shares		Total Emoluments		LTIP		Pension		Total	
	2017 US$'000	2016[i] US$'000	2017 US$'000	2016 US$'000	2017 US$'000	2016[v] US$'000	2017 US$'000	2016 US$'000	2017[vi] US$'000	2016 US$'000	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Executive Directors														
M Carvill	**621**	781	**12**	10	**366**	488	**999**	1,279	**467**	—	**62**	61	**1,528**	1,340
T Fitzpatrick	**304**	304	**5**	5	**108**	141	**417**	450	**138**	—	**30**	30	**585**	480
T McCluskey	**410**	577	**6**	6	**242**	322	**658**	905	**308**	—	**41**	40	**1,007**	945
Subtotal	**1,335**	1,662	**23**	21	**716**	951	**2,074**	2,634	**913**	—	**133**	131	**3,120**	2,765
Non-Executive Directors														
P Bacchus[ii]	**47**	—	**—**	—	**—**	—	**47**	—	**—**	—	**—**	—	**47**	—
S Bianchi[ii]	**40**	89	**—**	—	**—**	—	**40**	89	**—**	—	**—**	—	**40**	89
J Ensall[iii]	**—**	54	**—**	—	**—**	—	**0**	54	**—**	—	**—**	—	**—**	54
E Headon	**86**	83	**—**	—	**—**	—	**86**	83	**—**	—	**—**	—	**86**	83
T Keating[iv]	**65**	13	**—**	—	**—**	—	**65**	13	**—**	—	**—**	—	**65**	13
A Lowrie	**—**	37	**—**	—	**—**	—	**0**	37	**—**	—	**—**	—	**—**	37
G Martin[iv]	**82**	16	**—**	—	**—**	—	**82**	16	**—**	—	**—**	—	**82**	16
S McTiernan	**214**	208	**—**	—	**—**	—	**214**	208	**—**	—	**—**	—	**214**	208
G Smith	**93**	91	**—**	—	**—**	—	**93**	91	**—**	—	**—**	—	**93**	91
Subtotal	**627**	591	**—**	—	**—**	—	**627**	591	**—**	—	**—**	—	**627**	591
Total	**1,962**	2,253	**22**	21	**716**	951	**2,701**	3,225	**914**	—	**133**	132	**3,748**	3,356

(i) The figures for 2016 include payments in settlement of acrued and unused holiday leave which was built up over a number of years and amounts in relation to life assurance and income protection.

(ii) Mr. P. Bacchus was appointed to the Board as Non-Executive Directors on 25 May 2017 and Ms. S. Bianchi stepped down from the Board on that date. The fees set out in the table above relate to the period of their respective directorship.

(iii) Mr. J. Ensall was appointed to the Board as a Non-Executive Director on 27 July 2015. The 2016 remuneration for Mr. J. Ensall relates to the period of his directorship. During 2016, US$0.06 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.

(iv) Mr. T. Keating and Mr. G. Martin were appointed to the Board as Non-Executive Directors on 14 October 2016. The fees set out in the table above relate to the period of their respective directorship.

(v) 2016 includes the KIP deferred shares earned in the year. Awards under the KIP were 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. 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 will be included in the Directors' Remuneration table in the year of vesting.

(vi) The LTIP for 2017 is the KRSP incentives earned in the year. Awards under the KRSP are made 100% in shares which vest, subject to continued employment, 60% on the third anniversary of grant and 20% on each of the fourth and fifth anniversary of grant.

(vii) No share options were exercised in 2017 or 2016.

(viii) The underlying currencies of Directors' emoluments are Euros and US Dollars.

(ix) This disclosure forms an integral part of the financial statements.

There was no increase in the Non-Executive Directors' fees in 2017.

Executive and Non-Executive Directors' fees for services as Directors provided to the Company and the entities controlled by the Company are US$3.1 million (2016: US$2.8 million) and US$0.6 million (2016: US$0.6 million) respectively. These figures have been calculated based on the requirements of the UK's Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the "Regulations"), to which the Company has regard. Consultancy fees paid to Ms S Bianchi are for non-executive services as a Director provided to the Group.

Directors' remuneration report continued

Annual report on remuneration 2017

2017 annual bonus award

The performance metrics of the 2017 annual bonus award sought to deliver continuous and stretching progress in relation to operational performance, cost efficiency and capital expenditure management, health and safety initiatives, and corporate objectives. Performance targets for 2017 were identical for all Executive Directors.

The maximum opportunity under the annual bonus award for 2017 was 100% of base salary for the Managing Director and Financial Director and 60% of base salary for the Technical Director.

Performance targets and outcomes for the 2017 financial year were as follows:

		Performance needed for pay-out at		
2017 annual bonus outcome	Weighting	Threshold (25% of maximum vests)	Target (50% of maximum vests)	Stretch (100% of maximum vests)
Operational				
Ilmenite production (tonnes)	15%	903,300	1,002,000	1,102,200
Rutile production (tonnes)	5%	9,000	10,000	11,000
Zircon production (tonnes)	5%	69,840	77,600	85,360
Primary zircon production (tonnes)	5%	28,350	31,500	34,650
Financial				
EBITDA	15%	$29m	$58m	$87m
Direct production costs	10%	$143m	$130m	$117m
Cost per tonne	5%	$138	$125	$113
HSE				
LTIFR per 200,000 man-hours	5%	0.40	0.30	0.20
Safety – other	2.5%	This included maintaining the Company's NOSA 5-star industry safety rating and a material reduction in malaria incidents.		
Environmental breaches	2.5%	This included ensuring no material spills of hazardous waste.		
Environmental – other	5%	This included continuing progress with the rehabilitation plan and regular, constructive engagement with the local community on environmental issues.		
Strategic				
Mine optimisation, etc.	15%	These included metrics around projects geared to long-term mine optimisation, business development and increasing shareholder returns.		
Other strategic targets	10%	These were targets considered to be of key importance in 2017, including: succession planning, corporate and social responsibility projects, IT and other systems upgrades, improvement in supply chain processes and increasing liquidity in the Company's shares.		
Total				

Overall, the outcome of the scorecard was 59.01%. The outcome for Mr M Carvill and Mr T McCluskey was therefore 59.01%, out of their maximum 100% of respective salary, and for Mr T Fitzpatrick it was 35.41%, being 59.01% of his maximum 60% of salary. The 2017 annual bonus award was delivered 100% in cash.

Performance achieved	Proportion of element vesting %	Formulaic level of award % maximum %(i)
998,200	49	7.36
9,100	28	1.38
74,000	38	1.92
30,800	44	2.22
$59.6m	53	7.97
$134.1m	42	4.21
$131.6	37	1.87
0.39	27.6	1.38
The demanding NOSA 5-star rating was maintained and malaria statistics trended below the previous two years, resulting in considerably less lost time.	100	2.50
There were no material spills of hazardous waste and a successful external environmental audit was concluded.	100	2.50
The rehabilitation plan exceeded target by 18% resulting in a record closure of open areas (i.e. areas of land yet to be rehabilitated and returned to the community), and there was successful engagement with the local community on matters such as relocation of housing and resolving issues around new development areas.	100	5.00
Various mine development options and iterations were considered, some of which are now underway and some still in progress; a new monazite project is underway; new markets were developed and new customers engaged; consideration was given to diversification of the business; and good progress was made on preparing the route to dividends.	86.2	12.90
Excellent progress was made on staff training and development plans; some CSR projects were successful, some remain works in progress; some systems were upgraded; Board reporting was improved; material improvements were made in supply chain processes with substantial savings identified; however, liquidity in trading of the Company's shares remains a work in progress.	78	7.80
		59.01

(i) Formulaic level of award equates to the weighting multiplied by the proportion of element vesting.

Directors' remuneration report continued

Annual report on remuneration 2017

Total pension entitlements

Pension provision for the Executive Directors was made in 2017 based on 10% of base salary, in line with the remuneration policy. 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.

Scheme interests vested during the year

During the year the three-year performance period set to determine the vesting of the initial KIP award and the 2014 KIP award ended. Kenmare's total shareholder return (TSR) for the relevant period was below median, relative to the constituents of the FTSE 250 Index and relative to the FTSE/MSCI Mining Index, and consequently no vesting occurs under the initial KIP award or the 2014 KIP award.

Scheme interests awarded during the year

During the year awards in respect of 2016 were made under the KIP. The table below sets out details of the scheme interests awarded to the Executive Directors during the year which are subject to TSR performance conditions. The number of shares awarded under the KIP in respect of a performance year is based on the average share price over the relevant performance year which was €2.47 for 2016. These awards will vest on 31 March 2020.

	Award	Date of grant	Number of shares	Share price at date of grant €	Face value of award €	Exercise price	Date to which performance is measured	Performance conditions*	Percentage of interests receivable if minimum performance is achieved*
M Carvill	2016 KIP	31/03/2017	193,976	3.55	688,615	Nil	Three years to 31/12/2019	Absolute TSR and relative TSR to FTSE 250 and FTSE/MSCI Mining Index	100%
T McCluskey	2016 KIP	31/03/2017	128,017	3.55	454,460	Nil	Three years to 31/12/2019	Absolute TSR and relative TSR to FTSE 250 and FTSE/MSCI Mining Index	100%
T Fitzpatrick	2016 KIP	31/03/2017	56,134	3.55	199,276	Nil	Three years to 31/12/2019	Absolute TSR and relative TSR to FTSE 250 and FTSE/MSCI Mining Index	100%

* Two-thirds of the performance shares awarded under the 2016 KIP awards are subject to performance against absolute TSR performance targets, while one-sixth are subject to the achievement of TSR performance targets relative to the FTSE 250 and the remaining one-sixth are subject to the achievement of TSR performance targets relative to the FTSE/MSCI Mining Index. In each case the performance condition is an underpin so that if it is met the award vests in full and if it is not met the award lapses.

During the year deferred share awards in respect of 2016 were made under the KIP to the Executive Directors, which are subject to continued employment and no performance conditions. These total 64,659 deferred shares for Mr M Carvill, 42,672 deferred shares for Mr T McCluskey and 18,711 deferred shares for Mr T Fitzpatrick.

In addition, share awards were made under the KRSP on 26 May 2017 as set out on page 66. These awards represent 75% of base salary for Mr M Carvill and Mr T McCluskey and 45% of base salary for Mr T Fitzpatrick based on a share price of £2.68 at the date of award.

Payments for loss of office

No payments for loss of office were made during the year.

Payments to past Directors

There were no payments to former Directors during the year.

Directors' and Secretary's shareholdings

The interests of the Secretary and Directors who held office at 31 December 2017, and their spouses and minor children, in the ordinary share capital of the Company were as follows:

	Shares held 26 March 2018	Shares held 31 December 2017	Shares held 1 January 2017
P Bacchus	—	—	—
S Bianchi	374,484	374,484	374,484
M Carvill(i), (ii)	77,575	77,575	77,575
T Fitzpatrick(ii)	10,122	10,122	10,122
E Headon	5,033	5,033	5,033
T Keating	—	—	—
G Martin	57,820	37,320	19,230
T McCluskey(ii)	35,334	35,334	35,334
S McTiernan	69,596	69,596	69,596
G Smith	20,078	20,078	10,078
D Corcoran (Secretary)	6,334	6,334	6,334

(i) 3,750 shares held by a Carvill family trust for the children of Mr M Carvill are included in his holding.

(ii) Shareholding requirements of 250% of salary apply for the Managing Director and Financial Director and a shareholding requirement of 150% of salary applies for the Technical Director. This shareholding can be built up over the period to 25 May 2022.

Directors' and Secretary's share options, KIP and KRSP

Details of the share options of the Secretary and Executive Directors who held office at 31 December 2017, granted in accordance with the rules of the share option scheme, are as follows:

	1 Jan 2017	Granted during 2017	Exercised or transferred during 2017	Lapsed during 2017	31 Dec 2017	Average option price €	Option price range from €	Option price range to €
M Carvill	39,973	—	—	(25,000)	14,973	110.95	107.72	113.55
T Fitzpatrick	7,500	—	—	(2,500)	5,000	110.63	107.72	113.55
T McCluskey	27,267	—	—	(17,250)	10,017	110.40	107.72	113.55
D Corcoran (Secretary)	13,000	—	—	(6,250)	6,750	77.98	66.42	92.43

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 £2.77 and the share price range for the year was between £2.40 and £3.44.

Details of the Executive Directors' outstanding KIP interests as at 31 December 2017 including those awarded in 2017 in respect of 2016 referred to above are as follows:

		Unvested KIP interest subject to performance conditions	Date of vesting	Unvested KIP interest not subject to performance conditions	Date of vesting	Vested KIP interest
M Carvill	2014 KIP award	5,961	06-Jul-19	1,987	06-Jul-19	—
	2015 KIP award	20,627	06-Jul-19	18,663	06-Jul-19	—
	2016 KIP award	193,976	31-Mar-20	64,659	31-Mar-20	—
T McCluskey	2014 KIP award	4,576	06-Jul-19	1,525	06-Jul-19	—
	2015 KIP award	16,573	06-Jul-19	14,994	06-Jul-19	—
	2016 KIP award	128,017	31-Mar-20	42,672	31-Mar-20	—
T Fitzpatrick	2014 KIP award	1,818	06-Jul-19	606	06-Jul-19	—
	2015 KIP award	6,699	06-Jul-19	6,061	06-Jul-19	—
	2016 KIP award	56,134	31-Mar-20	18,711	31-Mar-20	—

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

Directors' remuneration report continued

Annual report on remuneration 2017

Directors' and Secretary's share options, KIP and KRSP continued

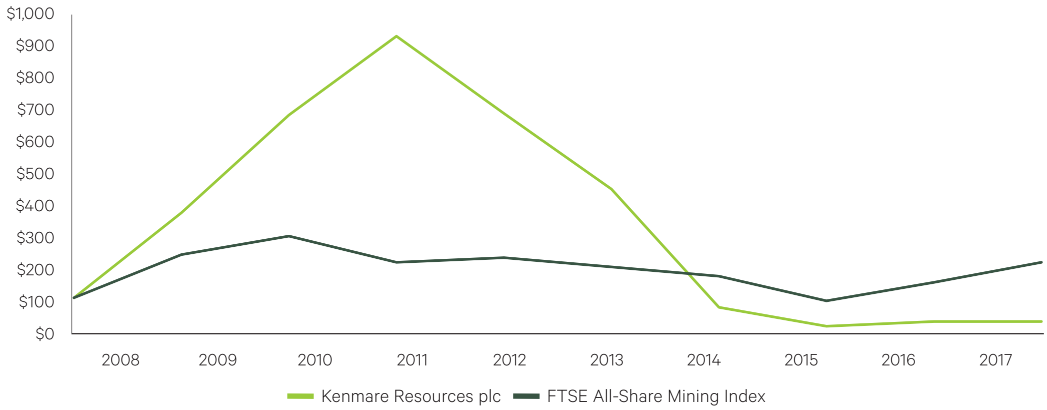
Details of the Executive Directors' outstanding KRSP interests as at 31 December 2017 are as follows:

	Unvested KRSP interests	Vested KRSP interests
M Carvill	134,466	—
T McCluskey	88,743	—
T Fitzpatrick	39,737	—

The above KRSP awards were made on 26 May 2017 and vest subject to continued employment, 60% on 26 May 2020, 20% on 26 May 2021 and 20% on 26 May 2022.

Performance graph and table

The value at 31 December 2017 of US$100 invested in 2008 compared with the value of US$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 eight 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)
2017	M Carvill	1,528	59%	—
2016	M Carvill	1,340	66%(i)	N/A
2015	M Carvill	744	22%(i)	N/A
2014	M Carvill	967	26%(i)	N/A
2013	M Carvill	809	—	—
2012	M Carvill	783	—	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 the Regulations, to which the Company has regard, figures shown in the table above relate to remuneration for performance each year.

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 2017 with 2016.

	Salary % change	Taxable benefits % change	Bonus % change(i)
Managing Director	—	20	(25)
Average employee pay	6	—	11

(i) The 2016 bonus includes deferred shares awarded.

The underlying currency of the Managing Director's salary is the Euro.

Relative importance of spend on pay

	Disbursements from profit		Change
Significant distributions	2017 US$'000	2016 US$'000	US$'000
Overall spend on pay including Directors	37,865	34,766	3,099
Profit distributed by way of dividend or share buyback	—	—	—
Group cash operating costs	142,500	133,400	9,100

Employee numbers throughout the Group increased from 1,344 in 2016 to 1,365 in 2017.

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 2018

Base salary

The base salaries for the forthcoming year are set out below:

Executive Director	2018 US$'000	2017 US$'000	% change
M Carvill	**621**	621	—
T Fitzpatrick	**304**	304	—
T McCluskey	**410**	410	—

The underlying currency of Mr M Carvill and Mr T McCluskey's base salaries is the Euro. The US Dollar figures shown above for 2018 have been calculated using the average 2017 Euro to US Dollar exchange rate. The final US Dollar figure for 2018 will vary depending on exchange rate movements.

The incentive opportunity for the Executive Directors under the incentive scheme for 2018 will be as follows:

Annual bonus

Executive Director	On-target incentive (% of salary)	Maximum incentive (% of salary)
M Carvill	50%	100%
T Fitzpatrick	30%	60%
T McCluskey	50%	100%

Directors' remuneration report continued

Annual report on remuneration 2017

Statement of implementation of policy in 2018 continued

Annual bonus continued

The performance metrics for 2018 annual bonuses and their associated weightings are as follows:

Area	Measure	Weight
Operational	Ilmenite, rutile and zircon production volumes	25%
Financial	EBITDA	15%
	Direct production costs	5%
	Cost per tonne	5%
	Total shareholder return	10%
Safety and environment	Safety – LTIFR and community	10%
	Environment	5%
Strategic	Quantitative: efficient execution of approved capital projects;	7.5%
	Qualitative: various metrics, including substantial progress on projects to maximise the utilisation of the Mine and its infrastructure	17.5%

The performance metrics as set out above seek to deliver ongoing progress in relation to operational performance, cost efficiency, health and safety initiatives, and strategic corporate objectives. Full details of the performance targets associated with these measures are considered by the Directors to be commercially sensitive and are not disclosed in advance. Target levels of performance and actual outcomes relative to the targets will be disclosed retrospectively in next year's Directors' Remuneration Report.

Kenmare Restricted Share Plan (KRSP)

The KRSP was introduced last year as part of the Directors' remuneration policy in order to provide the executives with the opportunity to build up over five years a meaningful shareholding in the Company and so to provide alignment with the shareholders and the long-term sustainable performance of the business. Having considered the original objectives of the KPSP, the Company's and the Executives' performance in 2017 and other relevant factors the Remuneration Committee has determined that the award levels for the Executive Directors under the KRSP in 2018 will be as follows:

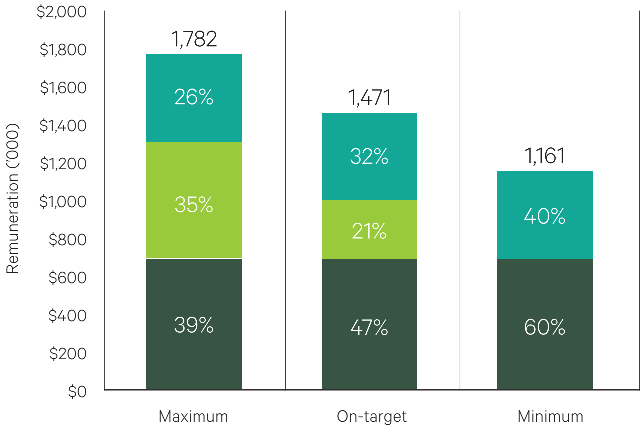
Executive Director	Award level (% of salary)
M Carvill	75%
T Fitzpatrick	45%
T McCluskey	75%

Illustrations of application of remuneration policy

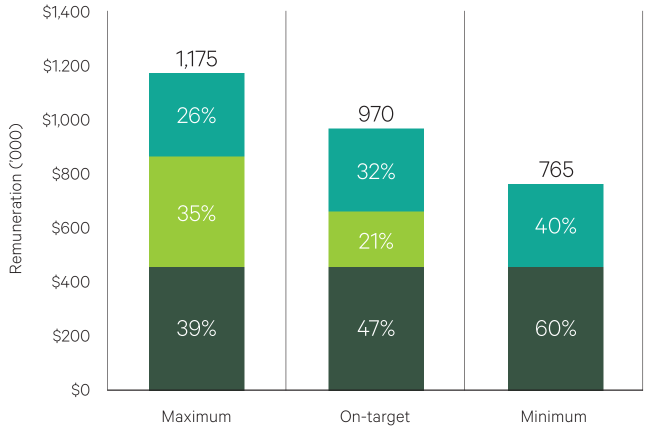
The total remuneration opportunity in 2018 for each of the Executive Directors is shown below under three different performance scenarios: (i) minimum; (ii) on-target; and (iii) maximum. The elements of remuneration have been based on the policy for 2017 as set on pages 70 to 74 and have been categorised into three components: (i) salary, benefits and pension; (ii) annual bonus; and (iii) share awards under the KRSP, with the assumptions set out below:

Element	Minimum	On-target	Maximum
Salary, benefits and pension	Included	Included	Included
Annual bonus	No variable payable	50% of the maximum opportunity	100% of the maximum opportunity
Share awards under the KRSP	100% of the maximum opportunity	100% of the maximum opportunity	100% of the maximum opportunity

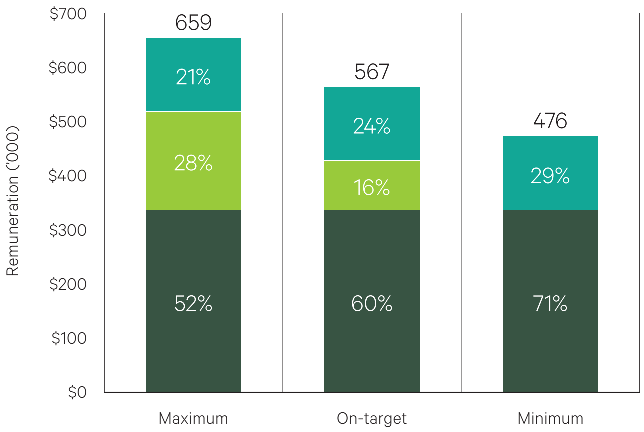
Managing Director

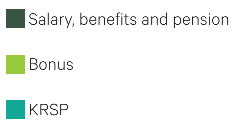


Financial Director



Technical Director





Statement of voting at Annual General Meeting

The table below shows the outcome of the advisory vote on the Directors' Remuneration Report (DDR) and Directors' remuneration policy at the 2017 AGM.

Item	Votes for	%	Votes against	%	Votes withheld
Advisory vote on 2016 DRR	81,032,679	96.26	3,146,061	3.74	15,121
Advisory vote on 2017 Directors' remuneration policy	77,522,058	92.08	6,667,480	7.92	4,324

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

Graham Martin
Chairman of the Remuneration Committee
28 March 2018

Directors' remuneration report continued

Directors' remuneration policy report

Introduction

The Directors' remuneration policy (the "policy") as summarised below was approved by a shareholder vote at the Annual General Meeting on 25 May 2017 and applies for the period of three years from the date of approval. For clarity, a summary of the policy is included in this report. The full policy can be found in the 2016 Annual Report, which is available under the Investors section of our website, www.kenmareresources.com.

Principles

Kenmare's Group-wide remuneration policy is designed to ensure that:

- the Company can attract, develop and retain high-performing and motivated employees in a competitive international market;
- employees are offered a competitive and market aligned remuneration package; and
- employees are incentivised to create sustainable results and are rewarded for high performance.

Applying these Group principles to the Executive Directors, the Board seeks to align the long-term interests of Executive Directors with those of shareholders, within the framework set out in the UK Corporate Governance Code.

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 the remuneration policy and in determining remuneration packages, with a focus on simplicity, transparency and the promotion of long-term alignment with shareholders.

Remuneration policy for 2017 onwards

The remuneration policy set out on pages 70 to 74 covers the three-year period between the 2017 AGM and the 2020 AGM and its presentation complies, on a voluntary basis, with the relevant regulations set out in the UK's Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

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.

Element of remuneration	How the element supports our strategic objectives	Operation of the element including any provision for malus or clawback	Maximum potential value	Performance metrics, weighting, minimum pay-out and time period (where applicable)
Base salary	Supports the recruitment and retention of Executive Directors, recognising the scope and responsibility of the roles and the individual's skills and experience.	Reviewed annually with increases generally effective from 1 January. When determining levels, consideration is given to: • Company performance; • the performance of the Executive over the previous twelve months; • the salary review for all employees for the coming year; • retention risk and the ability to replace higher-value skills if needed in the market; • benchmark data of other UK and Irish listed companies of similar market capitalisation and practice in the global mining sector; and • inflation.	Base salaries for Executive Directors are at the discretion of the Remuneration Committee but will generally be increased with the 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 benchmark data for that role; or • an individual is brought in below market level with a view to increasing base pay over time to reflect proven competence in role; or • there is a material increase in scope or responsibility of the Executive Director's role.	None.

Element of remuneration	How the element supports our strategic objectives	Operation of the element including any provision for malus or clawback	Maximum potential value	Performance metrics, weighting, minimum pay-out and time period (where applicable)
Annual bonus	To ensure market competitive package and to incentivise Executive Directors to achieve the Company's business objectives.	Based on the level of performance over the financial year, the annual bonus will be paid in cash shortly after the end of the relevant financial year up to a maximum cash payment of 75% of base salary. Where the annual bonus achieved exceeds 75% of base salary, Executive Directors will, in respect of the excess, be granted restricted shares under the KRSP, which will vest three years from the start of the annual bonus performance period. The Remuneration Committee will have the discretion to adjust the results of the outcome of the scorecard if it believes this does not accurately reflect the underlying performance or align with the experience of shareholders. If the Remuneration Committee, in exceptional circumstances, believes that payment in cash is not appropriate it will instead be able to make an award of restricted shares of equivalent value. Such restricted shares would not be subject to forfeiture but would be subject to a minimum retention period. Clawback in each case, only if malus is applicable, will apply to cash annual bonus awards for two years from the date of payment. Annual bonus awards made in the form of restricted shares will be subject to malus during the vesting period. Clawback in each case, only if malus is applicable, will apply to these for two years post-vesting.	The maximum annual opportunity is 100% of base salary or, in the case of the Technical Director, 60% of base salary.	Performance is measured over the financial year. Performance metrics and targets are determined at the start of each year by the Remuneration Committee and will consist of a balanced scorecard of financial and non-financial measures. The Remuneration Committee has the discretion to vary the weighting of the metrics or to substitute different measures over the lifetime of the policy to take account of changes in business strategy and/or external market conditions, but a significant proportion of the bonus scorecard must be weighted towards financial and operational metrics. The targets and actual levels of performance will be disclosed retrospectively within the Implementation section of the Company's Directors' Remuneration Report.

Directors' remuneration report continued

Directors' remuneration policy report

Remuneration policy for 2017 onwards continued

Element of remuneration	How the element supports our strategic objectives	Operation of the element including any provision for malus or clawback	Maximum potential value	Performance metrics, weighting, minimum pay-out and time period (where applicable)
Share awards under the Kenmare Restricted Share Plan (KRSP)	To increase shareholder alignment by providing Executive Directors with longer-term interests in shares.	Annual awards of shares will be made under the KRSP. The awards will vest subject to continued employment as follows: • 60% vests on the third anniversary of grant; • 20% vests on the fourth anniversary of grant; and • 20% vests immediately after the fifth anniversary of grant. Awards will be subject to malus during the vesting period. Clawback will apply for two years post-vesting in the case of malus. Awards made under the KRSP may carry an entitlement to dividend equivalents in respect of dividends paid between granting and vesting.	The maximum award level in any year is 75% of base salary or, in the case of the Technical Director, 45% of base salary.	None. In relation to awards for 2018 onwards, the Remuneration Committee will use its discretion to consider the appropriate level of award (including making no award if it believes this is appropriate) in light of the Company's performance at the time of making of the award, including financial, operational or share price performance. The share price used to determine the award levels will normally be the share price shortly before the date of grant. However, for the current Executive Directors only, the share price used will not be less than £2.32 (the open offer price for the 2016 capital raise).
Pension	To provide a market competitive remuneration package by facilitating long-term saving for retirement.	Each Executive Director is entitled to receive a payment into the Company's personal pension plan or their private pension arrangements.	The maximum pension contribution is 10% of salary.	None.
Other benefits	Provides market competitive benefits to support Executive Directors in carrying out their duties.	Benefits include holiday and sick pay, 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 Company may introduce new benefits that are, or become, prevalent in a jurisdiction in which it operates and in which a Director is located.	Set at a level appropriate to the individual's role and circumstances. The maximum opportunity will depend on the type of benefit and cost of its provision, which will vary according to the market and individual circumstances.	None.

Element of remuneration	How the element supports our strategic objectives	Operation of the element including any provision for malus or clawback	Maximum potential value	Performance metrics, weighting, minimum pay-out and time period (where applicable)
Shareholding requirement	To strengthen the alignment between the interests of Executive Directors and those of shareholders.	Executive Directors' shareholdings measured after the five-year period from the 2017 AGM (or date of appointment if later).	• Managing Director: 250% of salary. • Financial Director: 250% of salary. • Technical Director: 150% of salary.	
Legacy incentive awards				
Kenmare Incentive Plan 2014	To align the interests of Executive Directors with those of shareholders.	The Kenmare Incentive Plan was replaced by the annual bonus and the Kenmare Restricted Share Plan from the date of the 2017 AGM. The final awards under the Kenmare Incentive Plan (KIP) were made in respect of performance in 2016. Unvested share awards made under the KIP will continue under their original terms and conditions.	Maximum awards are: • Managing Director: 250% of salary. • Financial Director: 250% of salary. • Technical Director: 150% of salary.	The share element vests after three years with part of the shares subject to a further two-year holding period. The share element is subject to vesting conditions as follows: • Continuation of employment: 25%. • Median relative TSR: 25% (equal weighting against FTSE 250 and FTSE/MSCI Mining Index). • Absolute TSR exceeding a future target: 50%.

Notes to the remuneration policy table

Performance measures and targets

The Remuneration Committee will select performance conditions for the annual bonus which reflect the Company's overall strategy and are the key metrics used by the Executive Directors to oversee the operation of the business. The performance targets are determined annually. The Remuneration Committee is of the opinion that the performance targets for the annual bonus are commercially sensitive in respect of the Company and that it would be detrimental to the interests of the Company to disclose them fully before the start of the financial year. The targets will therefore be disclosed after the end of the relevant financial year in that year's Remuneration Report.

Share awards under the KRSP do not have explicit performance conditions, though in relation to share awards for 2018 onwards, the Remuneration Committee will use its discretion to consider the appropriate level of award (including making no award if it believes this is appropriate) in light of the Company's performance at the time of making the award, including financial, operational or share price performance.

The Committee believes that the KRSP will provide an opportunity for the Executive Directors to rebuild meaningful shareholdings in the Company and so align the longer-term experience of shareholders and management. This increases the simplicity of our remuneration arrangements without requiring the setting of long-term targets, which is challenging in the economic environment in which the Company operates. The absence of long-term performance conditions is reflected in the significantly decreased remuneration opportunity under the new policy as compared to the KIP.

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 existing Executive Directors.

Service contracts

The Company's policy is that Executive Directors should have a notice period of no more than twelve months. Other than in the case of termination by an Executive Director on change of control, the notice periods are, in the case of Mr M Carvill and Mr T McCluskey, twelve months' notice from the Company and three months' notice from the Executive Director and, in the case of Mr T Fitzpatrick, six months' notice from the Company and three months' notice from the Executive Director.

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

Directors' remuneration report continued

Directors' remuneration policy report

Service contracts continued

Kenmare has the right, or may be 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 Company's incentive arrangements during the notice period.

Upon a change of control, each Executive Director has the right to terminate his employment by notice and be entitled to receive an amount equal to twelve months' (or, in the case of the Technical Director, six months') salary, cash equivalent of benefits and pension contributions, subject to such amount being reduced by the equivalent amounts in respect of any months worked by the Executive Director after his giving of notice. Such payment would be in settlement of all claims that the Executive Director may have against the Group, but shall not affect the Executive Director's entitlement to accrued but unpaid salary, deferred bonus or similar incentive payments and certain other amounts.

Mr M Carvill serves as a Director of a number of private companies. Mr T Fitzpatrick serves as a Director of Born 2 Run Events Limited. Neither Mr M Carvill nor Mr T Fitzpatrick receives a fee for his services. No other Executive Directors serve as Non-Executive Directors elsewhere.

Policy on payment for loss of office or change of control

When determining any loss of office 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, having taken into consideration terms of Executive Directors' service agreements.

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.

Remuneration Committee discretions

In addition to assessing and making judgements on the meeting of performance targets and the appropriate incentives payable, the Remuneration Committee has certain operational discretions available that can be exercised in relation to Executive Directors' remuneration, including but not limited to:

- amending the outcome of the relevant scorecard if the Committee believes the formulaic outcome of the scorecard does not reflect the true underlying performance of the Company or the experience of shareholders;
- deciding whether some or all cash bonus amounts should be settled in restricted shares;
- deciding whether to apply malus or clawback to an award;
- determining whether a leaver is a "good leaver" under the Company's incentive plans; and
- amending performance conditions following a major corporate event or in circumstances in which the Committee considers that the impact of external influences is such that the original metrics are no longer appropriate.

Where such discretion is exercised, it will be explained in the next Directors' Remuneration Report.

Consideration of employment conditions elsewhere in the Company

The Committee does not directly consult with employees when formulating the Executive Director pay policy. However, the Committee does take into consideration information on pay arrangements for the wider employee population when determining the pay of Executive Directors.

Consideration of shareholder views

The Remuneration Committee considers shareholder feedback received in relation to the AGM each year and guidance from shareholder representative bodies more generally. This feedback, together with additional feedback received during meetings from time to time, is then considered as part of the Company's review of remuneration policy.

In formulating the policy for 2017 onwards, the Committee consulted with a number of the Company's significant shareholders regarding their views on remuneration practice and policies. The views expressed during these consultations were taken into consideration when setting the current remuneration structure.

Non-Executive Directors' remuneration

The Non-Executive Directors are remunerated entirely through fees and associated benefits. They are not eligible to receive any performance-related remuneration nor do they hold share options. The fees paid to the Non-Executive Directors 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. Additional per diem rates may be paid to Non-Executive Directors when the meeting load has significantly exceeded what would be expected in the normal course of business.

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.

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.