

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to what action you should take you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional financial adviser which, if you are taking advice in Ireland, is authorised or exempted under the Investment Intermediaries Act 1995 or the European Communities (Markets in Financial Instruments Directive) Regulations 2007 (as amended) or, if you are taking advice in the United Kingdom, is authorised under the Financial Services and Markets Act 2000 (as amended) of the United Kingdom or, if you are taking advice other than in Ireland or the United Kingdom is an appropriately authorised independent adviser.

If you have sold or otherwise transferred all your shares, please forward this document together with the form of proxy to the purchaser or transferee or to the stockbroker, bank or other agent through or by whom the sale or transfer was effected, for delivery to the purchaser or transferee.

**Letter from the Chairman and  
Notice of Annual General Meeting**



Notice of the Annual General Meeting of Kenmare Resources plc  
to be held on Wednesday, 28 May 2014 at 11.00 a.m.  
at The Westbury Hotel, Grafton Street, Dublin 2 is set out in this document.



# Kenmare Resources plc.

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To the Shareholders,  
Kenmare Resources plc ("Kenmare" or "the Company"),

30 April 2014,

## Notice of Annual General Meeting ("AGM")

Dear Shareholder,

I enclose for your attention the Notice of AGM of Kenmare, and invite you to join me on 28 May 2014 at The Westbury Hotel, Grafton Street, Dublin 2 at 11.00 a.m.

The resolutions to be proposed at the forthcoming AGM are set out in the Notice of AGM on pages 3 to 4 of this circular, with further explanatory notes set out on pages 5 to 13 of this circular.

I would encourage all Shareholders to read the Company's business and strategy review for 2013 contained in the Annual Report, which is available on [www.kenmareresources.com](http://www.kenmareresources.com).

In line with Kenmare's commitment to best practice in corporate governance, all of the Directors will retire and those wishing to serve again shall submit themselves for re-election by the shareholders as per previous note. The performance of the Board is reviewed annually, and each of the Directors has made a substantial contribution to the leadership and governance of the Company during the year. A brief biography of each of the Directors is set out in the notes to the resolutions.

Kenmare Resources plc is an Irish-incorporated company and is therefore not subject to the UK company law requirement to submit its Directors' Remuneration Report to a binding policy vote on director pay to shareholders. However, we have adopted the new remuneration report format prescribed by UK company law and are submitting the Directors' remuneration policy and the annual report on remuneration for the 2013 financial year to shareholders for approval. Given the different legal jurisdiction in which the Company operates, this approval will be on an advisory rather than a binding basis. In line with the Company's commitment to good corporate governance, the Board will take due notice of shareholder feedback on the policy and it is the Board's intention to operate in line with the approved policy. The Company would seek a further advisory vote from its shareholders should the current policy change or, if earlier, in three years' time.

As part of the change in policy, Kenmare intends to set up a new Incentive Plan ("The Kenmare Incentive Plan" or "KIP") to replace for eligible participants both Kenmare's existing Annual Bonus Scheme and Company Share Option Scheme. Shareholders are being asked to approve the KIP and the initial KIP awards to Executive Directors as items of special business.

The other three items of special business relate to the share capital of the Company and the renewal of authorities previously given for a further 12 month period. The first of these is to create additional ordinary share capital for Kenmare's general purposes. The other two are matters which are now standard for most public companies.

Your participation at the AGM is important for the Company, and I would encourage every shareholder to take part in the meeting, either by attending the AGM or (if you are not able to attend) by casting your vote by proxy. Details of how you can vote, either in person or by proxy, are set out in the general notes to this circular.

Your Board believes that the resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders. Accordingly, the Directors unanimously recommend that shareholders vote in favour of the resolutions, as they intend to do in respect of their own beneficial holdings of shares in the Company.

Yours sincerely,

  
Justin Loasby  
Chairman

Directors: Justin Loasby (Chairman), Sofia Bianchi, Michael Carvill, Terence Fitzpatrick, Elizabeth Headon,  
Tony Lowrie, Tony McCluskey, Steven McTierney, Garbriel Smith. Secretary: Deirdre Corcoran

Registered Office: Chatham House, Chatham Street, Dublin 2, Ireland. Registered No. 37550. Registered in Dublin, Ireland.

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of Kenmare Resources plc will be held at The Westbury Hotel, Grafton Street, Dublin 2 on Wednesday 28 May 2014 at 11.00 a.m. for the following purposes:

### **ORDINARY BUSINESS**

1. To consider the Directors' Report, the Financial Statements and the Independent Auditors' Report thereon for the year ended 31 December 2013.
2. To consider the Directors' Remuneration Report (other than the Directors' Remuneration Policy Report) as set out on pages 45 to 60 of the Annual Report for the year ended 31 December 2013.
3. To consider the Directors' Remuneration Policy Report as set out on pages 46 to 55 of the Annual Report for the year ended 31 December 2013.
4. To re-elect the following Directors:
  - (a) Ms. S. Bianchi
  - (b) Mr. M. Carvill
  - (c) Mr. T. Fitzpatrick
  - (d) Ms. E. Headon
  - (e) Mr. J. Loasby
  - (f) Mr. A. Lowrie
  - (g) Mr. T. McCluskey
  - (h) Mr. S. McTiernan
  - (i) Mr. G. Smith

(each of which shall be proposed as a separate resolution).

5. To authorise the Directors to fix the remuneration of the Auditors.
6. To consider and, if thought fit, pass the following resolution as a special resolution:

That, for the purpose of article 50(a) of the Articles of Association of the Company, the Directors be and are hereby generally and unconditionally authorised to call a general meeting, other than an annual general meeting or a meeting for the passing of a special resolution, on not less than 14 days' notice. The authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company after the date of the passing of this resolution unless previously renewed, varied or revoked by the Company in general meeting.

### **SPECIAL BUSINESS**

7. To consider, and if thought fit, pass the following resolution as an ordinary resolution:

That (A) the rules of The Kenmare Incentive Plan 2014 (the "KIP"), a copy of which will be available for inspection immediately prior to the Annual General Meeting and the key terms of which are summarised in the explanatory notes and Appendix A to the circular of which this notice forms part be approved and adopted and that the Directors of the Company be authorised to do all such things in accordance with applicable law as may be necessary or desirable to carry the KIP into effect including, if considered necessary or desirable, by the establishment of a discretionary employee benefit trust to be used in conjunction with the KIP; and (B) the Directors of the Company be also authorised to adopt further schemes based on the KIP but modified to take account of local tax, exchange control or securities law in overseas territories, provided that any shares made available under such further schemes are treated as counting against any limits on individual or overall participation in the KIP.

8. To consider, and if thought fit, pass the following resolution as an ordinary resolution:

That the granting of Initial KIP Awards (as described in the explanatory notes and Appendix A to the circular of which this notice forms part) to the current Executive Directors under the KIP be approved and

the Directors of the Company be authorised to do all such things in accordance with applicable law as may be necessary or desirable to make such awards.

9. To consider, and if thought fit, pass the following resolution as an ordinary resolution:

That the authorised ordinary share capital of the Company be and is hereby increased from €180,000,000 to €240,000,000 by the creation of 1,000,000,000 new ordinary shares of €0.06 each, such new ordinary shares ranking pari passu in all respects with the existing authorised and issued ordinary shares of €0.06 each in the capital of the Company.

10. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That, in substitution for all existing authorities of the Directors pursuant to section 20 of the Companies (Amendment) Act 1983, and subject to and contingent upon the passing of resolution 9 above, the Directors be and are hereby generally and unconditionally authorised pursuant to Section 20 of the Companies (Amendment) Act 1983 to exercise all powers of the Company to allot relevant securities (within the meaning of Section 20 of the Companies (Amendment) Act 1983) up to an aggregate nominal amount equal to €55,639,000. The authority hereby conferred shall expire at the conclusion of the next Annual General Meeting, or, if earlier, 28 August 2015 provided that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority hereby conferred has expired.

11. To consider and, if thought fit, pass the following resolution as a special resolution:

That, in substitution for all existing authorities of the Directors pursuant to section 24 of the Companies (Amendment) Act 1983, and subject to the passing of resolution 10 above, the Directors be and they are hereby empowered pursuant to Section 24 of the Companies (Amendment) Act, 1983 to allot equity securities (as defined by Section 23 of the Companies (Amendment) Act, 1983) for cash pursuant to the authority conferred by Resolution 10 above as if sub-Section (1) of the said Section 23 did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:-

- (a) in connection with any offer of securities open for any period fixed by the Directors by way of rights issue, open offer or other invitation to or in favour of, holders of ordinary shares and/or any persons having a right to subscribe for or convert securities into ordinary shares in the capital of the Company (including, without limitation, any holders of options under any of the Company's share option schemes for the time being and any holders of warrants) and subject to such exclusions or arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal, regulatory or practical problems under the laws of, or the requirements of any recognised body or stock exchange in, any territory; and
- (b) (in addition to the authority conferred by paragraph (a) of this resolution), up to a maximum aggregate nominal value equal to the nominal value of 5% of the issued ordinary share capital as at the close of business on the date of passing of this resolution.

The power hereby conferred shall expire on the date of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, 28 August 2015 save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By order of the Board,  
Deirdre Corcoran  
Company Secretary

**30 April 2014**

## **GENERAL NOTES:**

### **Entitlement to attend and vote**

- (1) Only those Shareholders registered on the Company's register of members:
- 48 hours before the time appointed for the Annual General Meeting; or
  - if the Annual General Meeting is adjourned, at 6.00 p.m. on the day two days prior to the adjourned Annual General Meeting
- shall be entitled to attend and vote at the Annual General Meeting.

### **Information regarding the meeting**

- (2) Information regarding the Annual General Meeting, including the information required by section 133A(4) of the Companies Act 1963, is available from [www.kenmareresources.com](http://www.kenmareresources.com).
- (3) A copy of The Kenmare Incentive Plan 2014 will be available for inspection at the offices of McCann FitzGerald, Tower 42, Level 38C, 25 Old Broad Street, London, EC2N 1HQ, England and Riverside One, Sir John Rogerson's Quay, Dublin 2, Ireland during normal business hours on Monday to Friday (except for public holidays) from the date of this circular until the time of the Annual General Meeting.

### **Attending in person**

- (4) The Annual General Meeting will be held at 11.00 a.m. on 28 May 2014 at The Westbury Hotel, Grafton Street, Dublin 2, Ireland. If you wish to attend the Annual General Meeting in person, you are recommended to attend at least 15 minutes before the time appointed for holding of the Annual General Meeting to allow time for registration. Please bring the attendance card attached to your Form of Proxy and present it at the shareholder registration desk before the commencement of the Annual General Meeting.

### **Appointment of proxies**

- (5) A member entitled to attend, speak and vote at the above meeting is entitled to appoint a proxy to attend, speak and vote on his/her behalf. A member may appoint more than one proxy to attend and vote at the Annual General Meeting in respect of shares held in different securities accounts. A member acting as an intermediary on behalf of one or more clients may grant a proxy to each of its clients or their nominees provided each proxy is appointed to exercise rights attached to different shares held by that member. A proxy need not be a member of the Company.
- (6) A Form of Proxy for use by members is enclosed with this Notice of Annual General Meeting (or is otherwise being delivered to Shareholders). Completion of a Form of Proxy (or submission of proxy instructions electronically) will not prevent a shareholder from attending the Annual General Meeting and voting in person should he or she wish to do so.
- (7) To be valid, the Form of Proxy must be delivered to Computershare Investor Services (Ireland) Limited, PO Box 954, Sandyford, Dublin 18, Ireland (if delivered by post) or at Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland (if delivered by hand) as soon as possible and, in any event, so as to be received not less than forty-eight hours before the time for the holding of the meeting, or any adjournment thereof.
- (8) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST Sponsored Members, and those CREST Members who have appointed a voting service provider(s),

should refer to their CREST Sponsor or voting service provider(s), who will be able to take appropriate action on their behalf.

- (9) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and Ireland (EUI)'s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by Computershare Investor Services (Ireland) Limited, as issuer's agent, (ID 3RA50) by the latest time(s) for receipt of proxy appointments specified in this notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
- (10) CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member or Sponsored Member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (11) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Companies Act 1990 (Uncertificated Securities) Regulations 1996.
- (12) In case of a corporation, the instrument shall be executed either under its common seal or under the hand of an officer or attorney duly authorised on its behalf.
- (13) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other registered holder(s) and for this purpose, seniority will be determined by the order in which the names stand in the Register of Members in respect of a joint holding.
- (14) If a proxy is executed under a power of attorney or other authority, such power or authority (or a duly certified copy of any such power or authority) must be deposited with the Company with the Instrument of Proxy.

#### **Action to be taken**

- (15) Electronic proxy appointment is available for the Annual General Meeting. This facility enables a Shareholder to lodge its proxy appointment by electronic means by logging on to the website of the Registrars, [www.eproxyappointment.com](http://www.eproxyappointment.com). There will be a Control Number required in addition to the SRN and PIN in order to log into the meeting which will be printed on all Proxy Cards and outlined in the email broadcast to eComms holders. Alternatively, for those who hold Ordinary Shares in CREST, a Shareholder may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Computershare (CREST participant ID 3RA50). In each case the proxy appointment must be received by no later than 11.00 a.m. on 26 May 2014.

#### **Issued shares and total voting rights**

- (16) The total number of issued ordinary shares on the date of this notice of Annual General Meeting is 2,781,905,503. On a vote by show of hands every shareholder who is present in person and every proxy has one vote (but no individual shall have more than one vote). On a poll every shareholder shall have



one vote for every share carrying voting rights of which he is the holder.

The ordinary resolutions require a simple majority of votes cast by shareholders voting in person or by proxy to be passed. The special resolutions require a majority of not less than 75 per cent. of votes cast by those who vote either in person or by proxy to be passed.

### **Questions at the Annual General Meeting**

- (17) Under section 134C of the Companies Act 1963, the Company must answer any question you ask relating to the business being dealt with at the Annual General Meeting unless:
- answering the question would interfere unduly with the preparation for the Annual General Meeting or the confidentiality and business interests of the Company;
  - the answer has already been given on a website in the form of an answer to a question; or
  - it appears to the Chairman of the Annual General Meeting that it is undesirable in the interests of good order of the meeting that the question be answered.

### **Shareholders' right to table draft resolutions and put items on the agenda**

- (18) Pursuant to section 133B(1)(a) of the Companies Act 1963 (as amended) and subject to any contrary provision of company law, a shareholder or group of shareholders holding 3% of the Company's issued share capital, representing at least 3% of the total voting rights of all shareholders who have a right to vote at the meeting, have the right to put an item on the agenda of an annual general meeting. In the case of the 2014 Annual General Meeting, the latest date for submission of such requests/resolutions was 16 April 2014 (being 42 days prior to the date of the meeting).

The request:

- may be in hard copy form or in electronic form;
- must set out in writing the details of the item the shareholder(s) wish to have included in the AGM agenda;
- must set out in writing the shareholder(s)' reasons why the item is to be included in the AGM agenda;
- must be authenticated by the person or persons making it (by identifying the shareholder or shareholders meeting the qualification criteria and, if in hard copy, by being signed by the shareholder or shareholders); and
- must be received by the Company not later than 42 days before the meeting to which the request relates.

In addition to the above, any such request should be signed by the shareholder(s), state the full name and address of the shareholder(s) and sent either in hard copy to the Company Secretary, Kenmare Resources plc, Chatham House, Chatham Street, Dublin 2, Ireland, or, if in electronic form, by email to [info@kenmareresources.com](mailto:info@kenmareresources.com).

Any requested item must not be defamatory of any person.

- (19) Pursuant to Section 133B(1)(b) of the Companies Act 1963 (as amended) and subject to any contrary provision of company law, a shareholder or group of shareholders holding 3% of the Company's issued share capital, representing at least 3% of the total voting rights of all shareholders who have a right to vote at the meeting have the right to table a draft resolution relating to an item on the agenda of a

general meeting. In the case of the 2014 Annual General Meeting, the latest date for submission of such resolutions was 28 April 2014 (being 30 days prior to the date of the meeting).

The request:

- may be in hard copy form or in electronic form;
- must set out in writing details of the draft resolution in full or, if supporting a draft resolution sent by another shareholder, clearly identify the draft resolution which is being supported;
- must be authenticated by the person or persons making it (by identifying the shareholder or shareholders meeting the qualification criteria and, if in hard copy, by being signed by the shareholder or shareholders); and
- must be received by the Company not later than 30 days before the meeting to which the request relates.

In addition to the above, any such request should be signed by the shareholder(s), state the full name and address of the shareholder(s) and sent either in hard copy to the Company Secretary, Kenmare Resources plc, Chatham House, Chatham Street, Dublin 2, Ireland, or, if in electronic form, by email to [info@kenmareresources.com](mailto:info@kenmareresources.com).

A draft resolution must not be such as would be incapable of being passed or otherwise be ineffective (whether by reason of inconsistency with any enactment or the Company's Memorandum and Articles of Association or otherwise).

Any draft resolution must not be defamatory of any person.



## **NOTES ON RESOLUTIONS:**

### **Resolution 1: Financial statements**

The Directors will present the report and accounts of the Company for the year ended 31 December 2013. A full copy of the Annual Report is available on [www.kenmareresources.com](http://www.kenmareresources.com).

### **Resolutions 2 to 3: Directors' Remuneration Report**

Resolution 2 is to consider the Directors' Remuneration Report (other than the Directors' Remuneration Policy Report) as set out in pages 45 to 60 of the Annual Report for the year ended 31 December 2013. Resolution 3 is to consider the Directors' Remuneration Policy Report as set out on pages 46 to 55 of the Annual Report for the year ended 31 December 2013, both of which are being proposed as advisory resolutions.

Kenmare Resources plc is an Irish-incorporated company and is therefore not subject to the UK company law requirement to submit its Directors' Remuneration Report to a binding policy vote on directors' pay to shareholders. However, we have adopted the new remuneration report format set out under UK company law and are submitting the Directors' Remuneration Policy Report and the Directors' Remuneration Report for the 2013 financial year to shareholders for approval. Given the different legal jurisdiction in which the Company operates, this approval will be on an advisory rather than a binding basis. In line with the Company's commitment to good corporate governance, the Board will take due notice of shareholder feedback on the policy and it is the Board's intention to operate in line with the approved policy. The Company would seek a further advisory vote from its shareholders should the current policy change or, if earlier, in three years' time.

### **Resolution 4: Re-election of Directors**

Kenmare Resources plc is led by a strong and effective Board of Directors. The performance of the Board is reviewed annually, and each of the Directors has made a substantial contribution to the leadership and governance of the Company during the year and continues to contribute effectively and to demonstrate commitment to their respective roles.

#### **Sofia Bianchi (Non-Executive Director) (subject to re-election in Resolution 6(a))**

Sofia Bianchi has extensive experience in banking, fund management and mergers & acquisitions (M&A). She is currently Portfolio Manager with 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 from George Washington University, Washington, D.C. and an MBA from 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 and Remuneration Committees.

#### **Michael Carvill (Managing Director) (subject to re-election in Resolution 6(b))**

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.

#### **Terence Fitzpatrick (Technical Director) (subject to re-election in Resolution 6(c))**

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, which achieved completion on schedule and budget 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.

**Elizabeth Headon (Non-Executive Director) (subject to re-election in Resolution 6(d))**

Elizabeth Headon has over 15 years' experience in issue management, corporate affairs and social responsibility. She was Chief Executive of the Digicel Foundation Haiti 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 strategy. 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.

**Justin Loasby (Chairman and Non-Executive Director) (subject to re-election in Resolution 6(e))**

Justin Loasby has extensive experience of international corporate finance. A graduate of Oxford University and the London Business School (MA and M.Sc. Econ), his early career was at Morgan Grenfell & Co. Ltd and at 3i plc. He held senior management positions at the European Investment Bank, Luxembourg, notably from 1994 to 2005 heading up the EIB's financing operations in Southern Africa and the Indian Ocean. He represented the EIB as shareholder/director in a number of companies, including the African Lion Mining Fund. He retired from EIB in 2007, and continues to work in a private capacity, including currently on the Investment Committee of the AIC Caribbean Fund. He was appointed to the Board in August 2011 and appointed Chairman of the Company in January 2012. He is Chairman of the Nomination Committee and a member of the Remuneration Committee.

**Anthony Lowrie (Non-Executive Director) (subject to re-election in Resolution 6(f))**

Anthony Lowrie has over forty 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 for a period 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 is 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.

**Tony McCluskey (Financial Director) (subject to re-election in Resolution 6(g))**

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 & Touche as a senior manager in Dublin and also worked overseas.

**Steven McTiernan (Non-Executive Director) (subject to election in Resolution 6(h))**

Steven McTiernan has over forty 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 for 11 years until January 2013, was an Independent Director at First Quantum Minerals Ltd. until June 2012, and 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 Audit Committee and a member of the Remuneration and Nomination Committees.

**Gabriel Smith (Non-Executive Director) (subject to election in Resolution 6(i))**

Gabriel Smith is an independent consultant and private investor. He sits on several boards representing 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 held the position of Chairman of Pan Fish ASA, and from 2007 to 2009 he held the position as Chairman of Lighthouse Caledonia, a public seafood company. 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 a member of the Remuneration, Nomination and Audit Committees.

#### **Resolution 5: Auditors' remuneration**

The Directors are seeking to renew their authority to fix the remuneration of the Auditors for the year ending 31 December 2014.

#### **Resolution 6: General meetings**

Shareholders are being asked to renew, until the annual general meeting to be held in 2015, the authority allowing the Company to call a general meeting to consider an ordinary resolution on 14 days' notice. As a matter of policy, the 14 day notice period will only be utilised where the Directors believe that it is merited by the business of the meeting and the circumstances surrounding the business.

#### **Resolution 7 and 8: KIP and Initial KIP Awards**

These resolutions seek the approval of the introduction of The Kenmare Incentive Plan (the "KIP") and the grant to the current Executive Directors of initial awards under the KIP ("Initial KIP Awards"). The KIP is intended to replace the Company's current annual bonus scheme and share option scheme for eligible participants.

A summary of the background to the KIP and the key terms of Initial KIP Awards which are intended to be made under the KIP shortly following the AGM (which are also described in the Directors' Remuneration Policy Report which is being put to shareholders as resolution 3), subject to approval by shareholders, is set out below:

- the current incentive arrangements for Executive Directors of:
  - (a) an annual bonus opportunity of 50% of salary for on-target performance (25% for threshold and 75% maximum for above-target); and
  - (b) periodic grants of market-priced options (total number of options equivalent to 0.5% of issued share capital awarded per year to all Executive Directors with three-year performance-related vesting conditions)

will be replaced by a new structure – "KIP";

- awards under the KIP will contain a cash element and a share element, with the size of each element based on the satisfaction of performance metrics measured over one financial year. For 2014 the performance metrics for Executive Directors will relate to the satisfaction of operational, financial, HSE and corporate development / personal performance metrics aligned to the business strategy;
- for 2014 and 2015 the size of the annual awards for Executive Directors will be as follows:

% salary	Cash element			Share element			Total		
	Threshold	Target	Maximum	Threshold	Target	Maximum	Threshold	Target	Maximum
Managing Director	18.75%	37.5%	75%	43.75%	87.5%	175%	62.5%	125%	250%
Finance Director	18.75%	37.5%	75%	43.75%	87.5%	175%	62.5%	125%	250%
Technical Director	11.25%	22.5%	45%	26.25%	52.5%	105%	37.5%	75%	150%

- for performance below threshold no award will be paid so that there will be neither a cash element nor a share element delivered for the year.
- for 2016 and beyond the Remuneration Committee will determine the mix of performance measures and the maximum award levels on an annual basis, based on the priorities for the business at the time.

- based on the level of achievement against the annual targets, the cash element will be paid shortly after the end of the relevant year and the share element will be converted into an award of shares which will vest after three years with a further two year holding period. 75% of the shares will vest depending on further performance conditions, which for awards in respect of 2014 will relate to absolute Total Shareholder Return (“TSR”) exceeding a future target and relative returns against the FTSE 250 and the FTSE/MCSI Mining Index. Share vesting will be subject to malus provisions;
- with a view to aligning shareholder and Executive Director interests by bridging the gap caused by a transition to the new KIP award, initial share awards (the Initial KIP Awards) will be made to current Executive Directors in 2014. The number of shares subject to the Initial KIP Awards will be calculated with reference to the price of the October 2013 placing of £0.265 and, based on the current share price of around £0.14, will be approximately 110% of salary; and
- the Initial KIP Awards will vest after three years subject to relative Total Shareholder Return (TSR) performance against the constituents of the FTSE 250 Index and the FTSE/MSCI Mining Index over a three year performance period, and be released over three to five years thereby linking the value of this award directly to shareholders’ returns over the period;
- the Company will introduce a formal shareholding policy for all Executive Directors.

Set out below are the key reasons why the Remuneration Committee believe that the arrangement is in the best interests of shareholders:-

- the structure does not lead to any increase in the total remuneration of the Executive Directors, and provides for a greater proportion of total pay to be linked to corporate performance and deferred into equity which is earned over a number of years. The Committee believes that this approach will ensure that the Executive Directors are locked-in as shareholders and will provide them with a focus on long-term sustainable value;
- it demonstrates our commitment to implementing a simple remuneration structure which balances the interests of Executive Directors and shareholders and features terms and conditions which are in line with corporate governance best practice. The Remuneration Committee believe that the proposed KIP is transparent and can be readily understood by the Executive Directors, the Company and its shareholders;
- it ensures that any incentive payment and vesting of shares is linked to both:
  - (a) short term performance metrics which support the business strategy: and
  - (b) shareholder returns over the longer term;
- it requires the Remuneration Committee to fix annual performance metrics which support the business strategy in a volatile and economically challenging business environment which makes setting sensible and appropriate multiple-year corporate targets in advance extremely difficult. Retrospective disclosure of all targets at the end of the financial year concerned will provide shareholders with full transparency on remuneration outcomes.

The principal features of the KIP and the Initial KIP Awards are summarised in Appendix A to these notes.

#### **Resolution 9: Increase in authorised share capital**

The current authorised ordinary share capital of the Company is €180,000,000, consisting of 3,000,000,000 ordinary shares. Of these ordinary shares, 2,781,905,503 have been issued and 137,611,296 are subject to options or warrants. The Company therefore is limited in its ability to issue further ordinary shares to less than 3% of its current issued ordinary share capital. By resolution 9, the Directors will, at the forthcoming Annual General Meeting, seek an increase in authorised ordinary share capital by a nominal value of €60,000,000,

representing an additional 1,000,000,000 ordinary shares which would represent an increase of 33.33% in the Company's authorised share capital. The Directors have currently no intention to issue shares except for issues of ordinary shares under the Company's warrant instrument, its share option plan and the KIP and Initial KIP Awards.

#### **Resolution 10: Allotment of shares**

At the Annual General Meeting of the Company held in 2013, shareholders gave the Directors a general authority under Section 20 of the Companies (Amendment) Act, 1983 to allot shares. That authority will expire at the conclusion of the forthcoming Annual General Meeting. Shareholders are therefore being asked to renew the Directors' authority to allot shares in the Company.

By Resolution 10, the Directors will, at the forthcoming Annual General Meeting, seek authority to issue new shares up to a nominal value equal to €55,639,000, (which is equal to approximately one third of the existing issued ordinary share capital of the Company), assuming resolution 9 is passed. The authority will, if renewed, expire at the conclusion of the annual general meeting to be held in 2015 or 15 months after the forthcoming Annual General Meeting, whichever is the earlier. The Directors have currently no intention to issue shares pursuant to this authority except for issues of ordinary shares under the Company's share option plan and the KIP and Initial KIP Award. There are no treasury shares in issue.

#### **Resolution 11: Dis-application of pre-emption rights**

The power given to the Directors at the 2013 Annual General Meeting to allot shares for cash otherwise than in accordance with statutory pre-emption rights also expires at the conclusion of the forthcoming Annual General Meeting.

Shareholders are therefore also being asked to renew, until the Annual General Meeting to be held in 2015 or 15 months after the forthcoming Annual General Meeting, whichever is the earlier, the Directors' authority to allot shares for cash otherwise than in accordance with statutory pre-emption provisions in the event of a rights issue or other issue of equity securities for cash up to an aggregate nominal value equal to approximately 5% of the nominal value of the issued ordinary share capital on the date that the resolution is passed.

## **Appendix A**

### **Summary of the principal features of The Kenmare Incentive Plan 2014 (“the KIP”)**

#### **Introduction**

The KIP comprises a discretionary incentive scheme with provisions for the grant of both cash elements and share elements, under which awards may be made to selected employees or Executive Directors of the Company or any of its subsidiaries (the “Group”). The KIP also provides for the making of share awards in exceptional circumstances (such as on recruitment).

The Remuneration Committee (the “Committee”) will be responsible for the operation of the KIP.

Awards subject to the achievement of performance targets measured over a financial year (“Annual Awards”) will be made to participants. Annual Awards will consist of a “Cash Element” and a “Share Element”. Following the determination of the extent to which the performance targets have been met, the Cash Element is paid as cash and the Share Element is converted into shares partly as a “Deferred Share Award” and partly as a “Performance Share Award” (together “Share Awards”). Share Awards will vest at the end of a 3 year period, subject to the participant’s continued employment and the outcome of further performance conditions in the case of a Performance Share Award.

Share Awards made under the KIP will be either nil or nominal cost options to acquire shares at no or nominal cost to the participant or conditional share awards or restricted share awards.

Share Awards may be satisfied by the issue of new shares or by the transfer of shares held in treasury or by the trustee of an employee benefit trust.

Awards under the KIP are not pensionable.

#### **Eligibility**

A participant must be an employee or Executive Director of the Group at the time an Annual Award is made. Participation in the KIP will be at the invitation of the Committee.

#### **Individual Limits**

As stated in the Directors’ Remuneration Policy Report which is being put to shareholders as resolution 3, the maximum amount which may be payable under any Annual Award made during 2014 and 2015 may not exceed 250% of the participant’s salary. The absolute maximum Annual Award under the rules of the KIP will be 350% of the participant’s salary which will be granted only under exceptional circumstances. Of this limit, the Cash Element may be no more than 75% of salary. At the beginning of each year from 2016, the Remuneration Committee will have discretion to review the level of maximum award opportunity for above-target performance, if necessary taking into account prevailing market conditions.

#### **Annual performance targets**

An Annual Award will be subject to performance targets which will be set by the Committee at the start of each year, or shortly after the adoption of the KIP for the first awards, and which must be satisfied before the Annual Award is converted into the Cash Element or Share Element.

The Committee may vary or waive any performance target applying to an Annual Award if an event occurs which causes the Committee to consider that the performance target is no longer appropriate, provided that such variation or waiver is reasonable in the circumstances and, except in the case of a waiver, produces a fairer measure of performance and is not materially less difficult to satisfy, taking account of the relevant event.

#### **Leaving employment before the outcome of the annual performance conditions is determined**

If a participant ceases to be employed within the Group before an Annual Award made to him/her is converted (ie before the Cash Element is paid or the Share Element is converted into Share Awards) that Annual Award will normally lapse unless the participant is deemed to be a good leaver.



In general good leaver will apply in the case of death, retirement, ill-health, injury or disability or any other reason determined by the Remuneration Committee.

If the participant is deemed to be a good leaver then there will be a time and performance pro-rated incentive payment. The Remuneration Committee will have the discretion to either:

- assess performance and make a payment at the time of cessation of employment; or
- assess performance and make a payment at the end of the relevant financial year in line with the operation of the KIP for other participants.

The Committee has the discretion to vary the time pro-rating applied to allow a greater proportion of the Annual Award to vest in exceptional circumstances.

Where a participant's Annual Award vests following his cessation of employment, the whole of the amount due (both the Cash Element and the Share Element) will be paid as cash.

### **Payment of Cash Element and conversion of Share Element into Share Awards**

The Committee will determine the extent to which the performance targets applicable to an Annual Award have been met following the end of the relevant financial year, and accordingly the value of the Cash Element and the Share Element.

The Share Element of the Annual Award shall be converted into Share Awards, with the number of shares subject to the Share Award being determined by reference to the average share price over the financial year preceding the grant of the Share Award.

Share Awards will be split between Performance Share Awards (whose vesting will be subject to a further performance condition) and Deferred Share Awards (whose vesting will be subject to continued employment). 75% of the Share Awards will be Performance Share Awards.

The Cash Element will be paid as a cash sum as soon as possible after the outcome of the performance targets has been determined. In exceptional circumstances, where the Committee determines that payment of the Cash Element is not in the best interests of the Company, the Cash Element may instead be converted into a Deferred Share Award.

### **Making of Share Awards**

Share Awards will be made as soon as practicable following the determination of the extent to which the performance targets applicable to the relevant Annual Award have been met, subject to the Company being prevented from making awards over shares by restrictions on dealings in shares by Directors or employees of the Group imposed by statute, order, regulation, Government directive or by the Model Code or the Company's own code on dealings in its securities by Directors and employees.

No payment will be required for the making of a Share Award and Share Awards are not transferable (except on death).

### **Dilution Limits**

A Share Award may not be made under the KIP if it would cause the number of shares issued or issuable under any employee share scheme operated by the Company in the preceding 10 years to exceed 10% of the Company's issued ordinary share capital at that time.

In addition, a Share Award may not be made under the KIP if it would cause the number of shares issued or issuable under any discretionary employee share scheme operated by the Company in the preceding 10 years to exceed 5% of the Company's issued ordinary share capital at that time.

The above limits exclude any share awards which lapse, as well as any share awards which are satisfied by the transfer of existing shares. However, for as long as is required by guidelines issued the Association of British Insurers, the transfer of treasury shares will be treated as an issue of new shares.



### **Vesting of Performance Share Awards**

The vesting of Performance Share Awards will be subject to vesting conditions determined by the Remuneration Committee measured over a 3 year performance period. For the 2014 and 2015 annual awards the vesting conditions will be:

- absolute TSR exceeding a future target (66.7% weighting), which for 2014 awards will be 10% p.a.;
- TSR must exceed the TSR of the FTSE 250 Index (16.7% weighting); and
- TSR must exceed the TSR of the FTSE / MSCI Mining Index (16.7% weighting).

In addition the Committee will have the discretion to reduce the vesting if they believe that the outcome of the TSR conditions is not consistent with the underlying financial performance of the Company.

The Committee may vary or waive the performance target applying to a Performance Share Award if an event occurs which causes the Committee to consider that the performance target is no longer appropriate, provided that such variation or waiver is reasonable in the circumstances and, except in the case of a waiver, produces a fairer measure of performance and is not materially less difficult to satisfy, taking account of the relevant event.

Subject to meeting the performance conditions, Performance Share Awards will normally vest 3 years after they are made.

### **Vesting of Deferred Share Awards**

Deferred Share Awards will normally vest 3 years after they are made.

### **Holding periods for Share Awards**

Other than to meet tax liabilities, shares acquired from Share Awards will be subject to the following restrictions on sale:

- 60% can be sold on or after vesting;
- a further 20% can be sold after the first anniversary of vesting; and
- a further 20% can be sold after the second anniversary of vesting.

### **Malus**

At any time before a Share Award has vested the Committee may reduce the number of shares subject to the Share Award in the event of the discovery of a material misstatement in the accounts of the Company or another member of the Group, a regulatory breach by the Group resulting in material financial or reputational harm, the discovery of an error in the assessment of the extent to which a performance target applicable to a participant's Annual Award has been satisfied, or action or conduct of the participant amounting to fraud or gross misconduct.

### **Leaving employment before Share Awards vest**

If a participant ceases to be employed within the Group before a Share Award has vested that Share Award will normally lapse unless the participant is deemed to be a good leaver as defined above in which case unvested share awards will usually vest at the original dates and subject to the original performance conditions, but the number of shares will normally be reduced pro-rata to reflect the proportion of the performance period elapsed. The Remuneration Committee will have the discretion to allow shares to vest immediately (e.g. in case of death) but still subject to the outcome of the performance conditions as assessed at that time.

Alternatively, the Committee may determine that the Share Award will vest immediately upon the cessation of employment. In the case of Performance Share Awards vesting will also be conditional on the measurement of the performance conditions to the point of cessation of employment. Again, the number of shares vesting will normally be reduced pro-rata to reflect the proportion of the vesting period that has elapsed.

The Committee has the discretion to vary the time pro-rating applied to allow a greater proportion of the Share Award to vest in exceptional circumstances.

#### **Takeover, reconstruction etc.**

In the event of a takeover, reconstruction, amalgamation or winding up of the Company or if the Committee determines where the Company is affected by a demerger or similar other event, a Share Award will vest immediately.

Where Share Awards vest immediately in these circumstances, unless the Committee determines otherwise, the number of shares vesting will be reduced pro-rata to reflect the proportion of the vesting period which has elapsed and, in the case of Performance Share Awards, the outcome of any performance condition.

The Share Award may be exchanged for an award over shares in an acquiring company if an offer to exchange is made and accepted by the participant.

#### **Variations of share capital**

In the event of a variation of the share capital of the Company, including by way of a capitalisation issue, rights issue, demerger or other distribution, a special dividend or distribution, rights offer or bonus issue or any sub-division, consolidation, or reduction in the Company's share capital, either or both of the number of shares and the description of the shares subject to a Share Award may be adjusted in such manner as the Committee determines.

#### **Rights attaching to shares**

A Share Award will not confer any shareholder rights, such as the right to vote or to receive any dividend, where the record date is prior to the allotment or transfer of shares to the participant following the transfer of shares in respect of the Share Award.

A participant will be entitled to receive a payment in cash or shares upon his acquisition of the shares subject to his Share Award in respect of dividends on those shares. The payment will be of an amount equal to any dividends paid on the number of shares acquired pursuant to the Share Award during the period from the date that the Share Award was made to the date that the Share Award vests.

#### **Amendments**

The Committee may amend the rules of the KIP at any time. However, the provisions relating to eligibility requirements, individual participation limits, dilution limits, the basis for determining a participant's entitlement to benefits under the KIP, the adjustments that may be made in the event of a variation of share capital and the amendment provisions themselves may not be made to the advantage of existing or future participants without the prior approval of shareholders of the Company in general meeting.

There are exceptions for minor amendments to benefit the administration of the KIP or to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company or another member of the Group. Additionally, no amendment can be made which would adversely affect the rights of existing participants without their consent.

#### **Other Awards**

The Committee may, from time to time, grant Awards which are not Annual Awards. These Awards under the KIP will take the form of a grant of Performance Share Awards. The Committee intends to make such Awards in limited circumstances, for example as a recruitment award to a newly hired executive, or to act as an incentive or retention tool in exceptional circumstances. These Awards for individual participants will be limited, on a cumulative basis, to no more than 200% of salary.

#### **Initial KIP Awards to be made in 2014**

Subject to shareholder approval, the Committee intends to make Initial KIP Awards, in the form of a grant of Performance Share Awards, to the current Executive Directors in 2014.

The Initial KIP Awards will be the equivalent of 200% of base salary for all Executive Directors (with the number

of shares awarded being determined using a share price of £0.265, the price at which the October 2013 placing was concluded). On the basis of the current share price of around £0.14 this will represent approximately 110% of salary.

The vesting of the awards will be subject to TSR performance conditions measured over the period from the date of grant to the third anniversary of the date of grant where the date of grant will be as soon as practical after the 2014 AGM date as follows:

- 50% subject to TSR relative to the constituents of the FTSE 250 Index (with nil vesting below median performance; 25% vesting for median performance; 100% vesting for upper quartile or better performance; and the percentage vesting increasing on a straight-line basis for better than median, but below upper quartile, performance);
- 50% subject to TSR relative to the constituents of the FTSE / MSCI Mining Index (with nil vesting below median performance; 25% vesting for median performance; 100% vesting for upper quartile or better performance; and the percentage vesting increasing on a straight-line basis for better than median, but below upper quartile, performance);

Other terms and conditions associated with the Initial KIP Awards will be the same as those set out above for Performance Share Awards.

#### **Employee Benefit Trust**

The Company intends to establish a discretionary employee benefit trust to be used in conjunction with the KIP (the "Employee Trust"). The Employee Trust will have full discretion with regard to the application of the trust fund (subject to recommendations from a committee of the Board). The Company will be able to fund the Employee Trust to acquire shares in the market and/or to subscribe for shares at nominal value in order to satisfy awards granted under the KIP. Any shares issued to the Employee Trust in order to satisfy KIP Share Awards will be treated as counting towards the dilution limits that apply to the KIP. For the avoidance of doubt, any shares acquired by the Employee Trust in the market will not count towards these limits.

#### **Note**

This section summarises the main features of The Kenmare Incentive Plan 2014 but does not form part of it and should not be taken as affecting the interpretation of the detailed terms and conditions constituting the Rules. Copies of The Kenmare Incentive Plan will be available for inspection at the offices of McCann FitzGerald, Tower 42, Level 38C, 25 Old Broad Street, London EC2N 1HQ, England and Riverside One, Sir John Rogerson's Quay, Dublin 2, Ireland during normal business hours on Monday to Friday each week (except for public holidays) from the date of this Circular until the date of the Annual General Meeting. The Directors reserve the right, up to the time of the Meeting, to make such amendments and additions to the Rules as they consider necessary or desirable, provided that such amendments and additions do not conflict in any material respect with the summary set out in this section.



