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

14 March 2018

2017 Preliminary Results

Kenmare Resources plc (LSE:KMR, ISE:KMR), one of the leading global producers of titanium minerals and zircon, which operates the Moma Titanium Minerals Mine (the "Mine" or "Moma") in northern Mozambique, today announces its preliminary results for the twelve months to 31 December 2017.

Statement from Michael Carvill, Managing Director:
“Kenmare achieved record production and shipment volumes in 2017, in line with guidance given at the beginning of the year. EBITDA increased to US$59.6 million, while the Company retains a strong balance sheet, with just US$34.1 million of net debt. We are developing plans for a series of low capital-intensity brownfield expansion projects to increase mining capacity and fully utilise our installed plant capacity and export facilities, while helping to meet market demand as required.

Ilmenite prices continued to rise through 2017, albeit at a slower rate in the second half of the year as low-grade concentrates were induced into the market and Chinese environmental inspections caused disruption. Received prices are expected to average at higher levels in 2018, supported by continued demand growth and a reduction of low quality ilmenite supplied from stockpiles.

The zircon market remains tightly supplied, with strong price increases throughout 2017 and significant further rises already in 2018. Zircon prices remain far below the previous peaks achieved in 2012, though tight supply conditions are expected to continue and may lead to some thrifting and substitution.”

Overview

- Record annual production of ilmenite, rutile and zircon - achieving production guidance for all products
- Ilmenite production increased 11% to 998,200 tonnes (2016: 903,300 tonnes)
- Zircon production increased 9% to 74,000 tonnes (2016: 68,200 tonnes)
- Total shipments of finished products increased 2%, setting an annual record of 1,040,400 tonnes shipped
- Lost time injury frequency rate of 0.39 per 200,000 man hours worked in 2017 (2016: 0.20)
- Revenues increased 47% to US$208.3 million (2016: US$141.5 million)
- Cash operating costs declined 3% to US$132 per tonne of final product (2016: US$136 per tonne)
- EBITDA increased to US$59.6 million, up by US$55 million (2016: US$5.2 million)
- Profit after tax was US$19.4 million, an improvement of US$34 million (2016: loss US$15.2 million)
- Net debt declined by US$11 million to US$34.1 million at the end of 2017 (2016: US$44.8 million)
- Prices increased for all products during 2017
- Favourable demand outlook for ilmenite and particularly zircon markets in 2018

Results conference call
A conference call for analysts, investors and media will be held today at 9:00am GMT. Participant dial-in numbers are as follows:

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CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to report robust operational progress and much improved financial results in 2017. Kenmare has returned to profitability following product price increases and effective management focus on cost discipline and operational reliability, which has led to productivity gains.

Continued market improvement
Global markets for our products improved strongly in 2017, continuing the market recovery experienced in 2016. Inventories of titanium feedstocks and zircon, which had been high for several years, declined below normal operating levels during 2017, supporting long awaited product price increases. The outlook for our products remains positive, particularly for zircon.

Maintaining cost discipline
Kenmare has continued to focus on reducing unit operating costs, to ensure the Company will remain a low-cost producer - the best protection against any unforeseen economic or market conditions. Looking forward, whilst retaining the health and safety of our employees as a top priority, Kenmare is developing options to sustain production from our installed facilities despite falling grades and to spread fixed costs over a maximised production base.

Shareholder returns
The Board of Kenmare is acutely conscious of the need to provide tangible returns on investment to shareholders. Equally, it is of strategic importance to maintain the strength of the Company's balance sheet to provide stability through economic and commodity cycles - taking into account that Kenmare is for the time being a single asset, single commodity producer in an emerging market economy.

On 1 February 2018 we commenced debt repayment, in line with the 2016 restructuring, reducing gross debt. The start of dividend payments will be a watershed moment for the Company, to which the Board and management are fully committed. However, the timing of commencement of dividends needs to be carefully assessed in light of the requirements to maintain a robust balance sheet, service our debt obligations, and maintain covenant requirements, while also maintaining sufficient capital investment to optimise operational cashflows. Nevertheless, we intend to commence a legal process to facilitate the payment of dividends. This process requires, amongst other things, shareholder approval in due course.

Corporate governance and Board
I am pleased to welcome Peter Bacchus to the Board as Non-Executive Director, following the retirement of Sofia Bianchi after nine years of passionate and dedicated service to the Company, for which the Board would like to convey its sincere appreciation.

Peter brings a high level of corporate, strategic, M&A and investment banking expertise to the Board. He is a globally recognised mining industry specialist, and we are delighted that Kenmare can benefit from his input in coming years.

Continuing to deliver
Kenmare has made huge progress - increasing production, reducing costs and positioning the business to benefit from the resurgence in product prices. However, there is much more to be done and we look forward to growing the business and maximising value for shareholders from the long-life and diverse resource base in Mozambique.

Acknowledgements
I would like to thank all of our shareholders for their continued support, and I look forward to updating you in due course on progress with our process to facilitate payment of dividends.

Kenmare is privileged to operate in Mozambique, where we enjoy outstanding support from government, regulatory and regional authorities, as well as our local staff and utility suppliers.

Finally, I would like to acknowledge and applaud the exceptional efforts of all employees, executive management, and Directors of Kenmare during the past year of significant recovery. Their commitment and professionalism have allowed the Company to consolidate its financial position, plan confidently to capitalise on a unique resource base in Mozambique and benefit from improved global product market conditions.

Steven McTiernan
Chairman

MANAGING DIRECTOR'S STATEMENT

I am pleased to report that in 2017 operations set new records for production and shipments. The significant efforts made in increasing production and sales volumes and reducing unit costs converged with a recovering product market to result in US$59.6 million of EBITDA (2016: US$5.2 million) and US$19.4 million of profit for 2017 (2016: loss US$15.2 million). There is more to be done in 2018, but Kenmare remains on a positive trajectory to grow production further and is working on a set of options to deliver this growth.

Safety and community relations

The health and safety of our employees is a top priority for the Company. In 2017, the lost time injury frequency rate (LTIFR) was 0.39 (per 200k man-hours worked), an increase from 0.20 in 2016. We are focused on improving this performance and we are working to ensure safer work practices become embedded.

Relations with the community remain strong and a key highlight for 2018 will be the opening of a third-level technical school funded by Kenmare Moma Development Association (KMAD) which will provide skills training opportunities.

Increasing production, reducing costs

Kenmare continued to grow production in 2017, as targeted, with production volumes for all products achieving new records, particularly ilmenite which has been operating at an annualised rate of circa 1 million tonnes per annum since mid-2016. It is planned that production will remain at approximately this level until Wet Concentrator Plant (WCP) B begins mining the Pilivili deposit in 2021 after completion of its mine path in the Namalope ore zone. When WCP B moves to Pilivili, due to the higher grade of minerals present in the ore, production of final products is expected to increase beyond one million tonnes per annum.

Excellent progress has been made to reduce unit operating costs in recent years, through a combination of higher product volumes and cost saving measures. However, WCP A and B will encounter lower mineral grades as they enter the later years of their mine paths in the Namalope ore zone. The impact of this reduction in grade will be offset by some additional mining capacity, process improvements and increasing plant operating time, facilitated by enhanced business systems and equipment upgrades, together with continued training and up-skilling of our workforce.

As part of our process improvements, an increase of WCP B capacity is underway and expected to complete in Q3 2018, improving throughput of WCP B by up to 20%. WCP A production will be supplemented with a small additional mining and processing plant in 2019. A feasibility study to facilitate further automation of our dredges is also underway, with the goal of increasing throughput and reducing downtime.

Electricity power supply remained stable throughout 2017, with diesel-powered generators only operating during the southern hemisphere summer months to ensure stable power to the Mineral Separation Plant (MSP).

In 2018 we will continue to focus on operational improvements and the implementation of further cost reduction measures. We have dedicated a significant amount of time in 2017 towards improving our business and information systems. In 2018 we will be rolling out enhanced procurement systems and processes resulting from an extensive review and redesign of this aspect of our business.

Robust product markets

Prices for all products continued to increase strongly in 2017, rising from the multi-year low reached in early 2016. The outlook for ilmenite is positive, though price increases moderated in the second half of 2017 following very strong growth in the first half of the year. The Chinese Government's increased commitment to enforcement of environmental regulations and its requirement for environmentally positive process improvements have caused some disruption in this segment of our market as our pigment customers rush to implement required changes. However, we believe this disruption is temporary in nature and is in the interests of building a long-term sustainable titanium value chain in China.

The outlook for zircon is particularly strong as inventory levels have reduced globally. Tight supply conditions are set to continue in the coming years and bodes well for continued steady product price improvement.

Maximising value from existing assets

The efficient deployment of capital is a key priority for the Company and we have been examining a range of future mining options with a view to minimising capital required while achieving our production goals.

As Kenmare's dredge mining operations enter the latter years of operation in the Namalope ore zone, we have been carefully assessing options for the next ore zone to be developed. In addition to the enormous resources available at Nataka, Kenmare is fortunate to have a set of high-quality deposits in the portfolio that provide flexibility in our future product suite. Some of these deposits show promise of delivering high grades and favourable mineral assemblages. The Company has been exploring the most capital efficient ways to increase production utilising the installed asset base to its full potential.

A pre-feasibility study for a new WCP at Pilivili, with the objective of increasing Heavy Mineral Concentrate production to operate the MSP at full capacity, showed strong economics. However, the relocation of WCP B to Pilivili, rather than Nataka as previously envisaged, will achieve this objective without the need to build a new WCP. This has the benefit of reducing capital spend and saving operating costs. We are currently working on this solution with Hatch, an engineering firm.

Outlook

Kenmare will increase emphasis on improving personnel and community safety during the coming year. Delivering consecutive years of unit cost reductions whilst increasing production has been the result of sustained effort by the staff and Board and I would like to thank them for their continued commitment to increasing value for shareholders. The product market continues to show robust growth in demand, helping to support product price increases and providing a strong platform for shareholder returns in the future.

Michael Carvill
Managing Director

KENMARE RESOURCES PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	2017 US$'000	2016 US$'000
Assets			
Non-current assets			
Property, plant and equipment	9	793,630	793,875
Deferred tax asset		4,160	3,237
Other receivables		-	278
		797,790	797,390
Current assets			
Inventories		52,707	47,747
Trade and other receivables		25,412	23,558
Cash and cash equivalents	10	68,774	57,786
		146,893	129,091
Total assets		**944,683**	**926,481**
Equity			
Capital and reserves attributable to the Company's equity holders			
Called-up share capital	11	215,046	215,046
Share premium		730,897	730,897
Retained losses		(184,053)	(203,424)
Other reserves		34,251	33,247
Total equity		796,141	775,766
Liabilities			
Non-current liabilities			
Bank loans	12	81,174	100,000
Provisions		18,622	15,855
		99,796	115,855
Current liabilities			
Bank loans	12	21,693	2,618
Obligations under finance lease		-	264
Provisions		1,720	1,720
Other financial liabilities		8	4
Trade and other payables		25,325	30,254
		48,746	34,860
Total liabilities		148,542	150,715
Total equity and liabilities		**944,683**	**926,481**

KENMARE RESOURCES PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Notes	2017 US$'000	2016 US$'000
Revenue	2	208,299	141,491
Cost of sales	4	(156,622)	(144,014)
Gross profit/(loss)		51,677	(2,523)
Other operating costs	5	(24,094)	(22,835)
Operating profit/(loss)		27,583	(25,358)
Finance income		136	94
Finance costs	6	(6,798)	(27,960)
Gain on extinguishment of debt		-	38,255
Foreign exchange loss		(2,473)	(2,175)
Profit/(loss) before tax		18,448	(17,144)
Income tax credit	7	923	1,917
Profit/(loss) for the financial year and total comprehensive income for the financial year		19,371	(15,227)
Attributable to equity holders		19,371	(15,227)
		US$ per share	US$ per share
Profit/(loss) per share: Basic	8	0.18	(0.28)
Profit/(loss) per share: Diluted	8	0.18	(0.28)

KENMARE RESOURCES PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Called-Up Share Capital US$'000	Share Premium US$'000	Capital Conversion Reserve Fund US$'000	Capital Redemption Reserve Fund US$'000	Retained Losses US$'000	Share-Based Payment Reserve US$'000	Total US$'000
Balance at 1 January 2016	214,941	431,380	754	10,582	(175,651)	21,468	503,474
Loss for the financial year	-	-	-	-	(15,227)	-	(15,227)
Share-based payments	-	-	-	-	-	443	443
Equitisation of loans and loan fees	16	44,244	-	-	-	-	44,260
Equity issued	89	255,273	-	-	(12,546)	-	242,816
Balance at 1 January 2017	215,046	730,897	754	10,582	(203,424)	21,911	775,766
Profit for the financial year	-	-	-	-	19,371	-	19,371
Share-based payments	-	-	-	-	-	1,004	1,004
Balance at 31 December 2017	215,046	730,897	754	10,582	(184,053)	22,915	796,141

Capital Conversion Reserve Fund
The capital conversion reserve fund arose from the renominalisation of the Company's share capital from Irish Punts to Euros.

Capital Redemption Reserve Fund
The deferred shares of €0.25 were created in 1991 by subdividing each existing ordinary share of IR25 pence into one deferred share of IR20 pence and one new ordinary share of IR5 pence. The deferred shares were non-voting, carried no dividend rights, and the Company had the right to purchase any or all of these shares at a price not exceeding €0.01 per share for all the deferred shares so purchased or could execute a transfer of such shares without making any payment to the holders.

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

Retained Losses
Retained losses comprise the expenses on the issue of equity in July 2016 and accumulated profit and losses in the current and prior financial years.

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

KENMARE RESOURCES PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Notes	2017 US$'000	2016 US$'000
Operating activities			
Profit/(loss) for the financial year before tax		18,448	(17,144)
Adjustment for:			
Foreign exchange movement		2,473	2,175
Share-based payments	5	1,004	443
Finance income		(136)	(76)
Finance costs	6	6,798	27,960
Gain on extinguishment of debt		-	(38,255)
Depreciation	9	32,000	30,613
Disposals of property, plant and equipment	9	-	224
Increase/(decrease) in other financial liabilities		4	(18)
(Decrease)/increase in provisions		(315)	113
Operating cash flow		60,276	6,035
Increase in inventories		(4,960)	(1,519)
Increase in trade and other receivables		(1,576)	(2,919)
Decrease in trade and other payables		(8,481)	(4,573)
Cash from/(used in) operations		45,259	(2,976)
Interest received		136	76
Interest paid	12	(6,051)	(2,775)
Net cash from/(used in) operating activities		39,344	(5,675)
Investing activities			
Additions to property, plant and equipment	9	(28,055)	(6,697)
Net cash used in investing activities		(28,055)	(6,697)
Financing activities			
Proceeds from the issue of shares	11	-	254,762
Cost of the issue of shares	11	-	(12,546)
Repayment of borrowings	12	-	(179,555)
Loan fees and expenses	12	-	(6,699)
Payment of obligations under finance leases		(280)	(560)
Net cash (used in)/from financing activities		(280)	55,402
Net increase in cash and cash equivalents		11,009	43,030
Cash and cash equivalents at the beginning of the financial year		57,786	14,352
Effect of exchange rate changes on cash and cash equivalents		(21)	404
Cash and cash equivalents at the end of the financial year	10	68,774	57,786

1. BASIS OF ACCOUNTING AND PREPARTION OF FINANCIAL INFORMATION

On 13 March 2018, the Directors approved the preliminary results for publication. While the unaudited consolidated financial statements for the year ended 31 December 2017, from which the preliminary results have been extracted, are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, these preliminary results do not contain sufficient information to comply with IFRS. The Directors expect to publish the full financial statements that comply with IFRS as adopted by the European Union in March 2018.

Based on the Group's cash flow forecast, the Directors believe that the Group has adequate resources for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The auditors have not yet issued their audit opinion on the financial statements in respect of the year ended 31 December 2017. The financial information included within this unaudited preliminary results statement for the years ended 31 December 2016 and 31 December 2017 does not constitute the statutory financial statements of the Company within the meaning of section 293 of the Companies Act 2014. The Group financial information in this preliminary statement for the year ended 31 December 2017 is unaudited. A copy of the statutory financial statements in respect of the year ended 31 December 2017 will be annexed to the next annual return and filed with the Registrar of Companies.

The Group financial information for the year ended 31 December 2016 included in this preliminary statement represents an abbreviated version of the Company's group financial statements for that year. The statutory financial statements for the Group for the year ended 31 December 2016, upon which the auditors have issued an unqualified opinion, but with an emphasis of matter drawing attention to the recoverability of assets of the Group, were annexed to the annual return of the company and filed with the Registrar of Companies.

The accounting policies applied are consistent with those adopted and disclosed in the Group's financial statements for the year ended 31 December 2016. There have been a number of amendments to accounting standards and new interpretations issued by the International Accounting Standards Board which were applicable from 1 January 2017; however, these have not had a material impact on the accounting policies, methods of computation or presentation applied by the Group.

2. REVENUE

	2017 US$'000	2016 US$'000
Sale of mineral products	208,299	141,491

During the financial year, the Group sold 1,040,400 tonnes (2016: 1,024,200 tonnes) of finished products ilmenite, rutile and zircon to customers at a sales value of US$208.3 million (2016: US$141.5 million).

3. SEGMENT REPORTING

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

Segment revenues and results

	2017	2016
Moma Titanium Minerals Mine	US$'000	US$'000
Revenue	208,299	141,491
Cost of sales	(156,622)	(144,014)
Gross profit/(loss)	51,677	(2,523)
Other operating costs	(21,454)	(20,051)
Segment operating profit/(loss)	30,223	(22,574)
Other corporate operating costs	(2,640)	(2,784)
Group operating profit/(loss)	27,583	(25,358)
Finance income	136	94
Finance expenses	(6,798)	(27,960)
Gain on extinguishment of debt	-	38,255
Foreign exchange loss	(2,473)	(2,175)
Profit/(loss) before tax	18,448	(17,144)
Income tax credit	923	1,917
Profit/(loss) for the financial year	19,371	(15,227)

Segment assets		
Moma Titanium Minerals Mine assets	885,892	868,400
Corporate assets	58,791	58,081
Total assets	944,683	926,481
Segment liabilities		
Moma Titanium Minerals Mine liabilities	143,575	146,070
Corporate liabilities	4,967	4,645
Total liabilities	148,542	150,715
Other segment information		
Depreciation and amortisation		
Moma Titanium Minerals Mine	31,997	30,610
Corporate	3	3
Total	32,000	30,613
Additions to non-current assets		
Moma Titanium Minerals Mine	28,550	6,697
Corporate	601	-
Total	29,151	6,697

Revenue from major products

	2017 US$'000	2016 US$'000
Sale of mineral products (ilmenite, zircon and rutile)	208,299	141,491

Geographical information

	2017	2016
Revenue from external customers	US$'000	US$'000
Europe	52,099	36,502
Asia	119,216	69,164
North America	36,984	35,825
Total	208,299	141,491

The Group's revenue from external customers is generated by the Moma Titanium Minerals Mine, the non-current assets of which are US$797.2 million (2016: US$797.4 million).

Cost of sales for the financial year amounted to US$156.6 million (2016: US$144.0 million), including depreciation and amortisation of US$27.1 million (2016: US$25.3 million).

Information about major customers

Included in revenues are US$72.5 million (2016: US$35.8 million) from sales to the Group's largest customer, US$37.0 million (2016: US$20.5 million) from sales to the Group's second largest customer and US$23.9 million (2016: US$18.3 million) from sales to the Group's third largest customer. All revenues are generated by the Moma Titanium Minerals Mine.

4. COST OF SALES

	2017 US$'000	2016 US$'000
Opening stock of mineral products	30,631	27,643
Production costs	129,816	121,684
Depreciation	27,057	25,318
Closing stock of mineral products	(30,882)	(30,631)
Total	156,622	144,014

Mineral products consist of finished products, intermediate magnetic concentrate and heavy mineral concentrate. There was a higher depreciation and amortisation charge as a result of the increased production during the year. Mineral stock value increased by US$0.3 million (2016: US$3.0 million increase).

5. OTHER OPERATING COSTS

	2017	2016
	US$'000	US$'000
Distribution costs	11,440	11,287
Freight and demurrage costs	5,538	5,410
Administration costs	3,350	2,893
Arbitration costs	3,766	3,245
Total	24,094	22,835
Included in administration costs are:		
Share-based payments	1,004	473

Distribution costs of US$11.4 million (2016: US$11.3 million) represent the cost of running the Mine's finished product storage, jetty and marine fleet. Included in distribution costs is depreciation of US$4.9 million (2016: US$5.3 million). Freight costs of US$5.5 million (2016: US$5.4 million) are reimbursable by customers or factored into the sales price for product delivered to customers on a CIF or CFR basis. Demurrage costs were US$0.05 million (2016: US$0.01 million) during the financial year. Administration costs of US$3.4 million (2016: US$2.9 million) are the Group administration costs and include a share-based payment of US$1.0 million (2016: US$0.5 million). There were arbitration costs incurred in the financial year of US$3.8 million (2016: US$3.2 million). No further costs are expected in connection with the underlying dispute.

6. FINANCE COSTS

	2017	2016
	US$'000	US$'000
Interest on bank borrowings	6,300	23,888
Other financing fees	-	3,486
Finance lease interest	16	81
Change in fair value of warrants	4	-
Mine closure provision unwinding of the discount	478	505
Total	6,798	27,960

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

7. INCOME TAX EXPENSE

	2017	2016
	US$'000	US$'000
Corporation tax	-	-
Deferred tax	923	1,917
Total	923	1,917
Reconciliation of effective tax rate		
Profit/(loss) before tax	18,448	(17,144)
Profit/(loss) before tax multiplied by the applicable tax rate (12.5%)	2,306	(2,143)
Differences in effective tax rates on overseas earnings	(2,306)	2,143
Applied losses	(1,157)	-
Recognition of deferred tax asset	2,080	1,917
Total	923	1,917

GROUP

No charge to corporation tax arises in the financial years ended 31 December 2017 and 31 December 2016 as there were no taxable profits in either financial year.

At the statement of financial position date Kenmare Moma Mining (Mauritius) Limited had unused tax losses of US$11.9 million (2016: US$18.5 million) available for offset against future profits. The tax rate applicable to these losses is 35% as the 50% reduction in the corporate tax applicable to Kenmare Moma Mining (Mauritius) Limited in the initial ten-year period ended in 2017. As a result, the deferred tax asset was increased by US$2.1 million. During the year US$1.2 million deferred tax charges were recognised as tax losses of US$6.9 million were utilised and the related deferred tax asset was reduced. In 2016, an asset of US$1.9 million was recognised for losses available for offset against future profits. Based on the forecast at the year end for Kenmare Moma Mining (Mauritius) Limited, profits are expected to materialise within the next three years to allow the balance of losses be utilised.

The fiscal regime applicable to the mining activities of Kenmare Moma Mining (Mauritius) Limited allows for a 50% reduction in the corporate tax in the initial ten-year period of production following start-up (2007) and charges a royalty of 3% based on heavy mineral concentrate sold to Kenmare Moma Processing (Mauritius) Limited. The royalty charge payable to the Government of Mozambique for the financial year ended 31 December 2017 was US$2.9 million (2016: US$2.5 million). Under the fiscal regime applicable to mining activities, Kenmare Moma Mining (Mauritius) Limited is exempted from import and export taxes and VAT on imports, and accelerated depreciation is permitted. Whilst withholding tax is levied on certain payments to non-residents, mining companies are exempt from withholding tax on dividends for the first ten years or until their investment is recovered, whichever is earlier. The withholding tax charge payable to the Government of Mozambique for the financial year ended 31 December 2017 was US$0.9 million (2016: US$0.7 million).

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

Kenmare Moma Processing (Mauritius) Limited has Industrial Free Zone (IFZ) status. As an IFZ company, it is exempted from import and export taxes, VAT and other corporation taxes. A revenue tax of 1% is charged after six years of operation, which became payable in 2013. The revenue tax payable to the Government of Mozambique for the financial year ended 31 December 2017 was US$2.1 million (2016: US$1.4 million). There is no dividend withholding tax under the IFZ regime.

8. EARNINGS PER SHARE

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

	2017	2016
	US$'000	US$'000
Profit/(loss) for the financial year attributable to equity holders of the parent	19,371	(15,227)

	2017	2016
	Number of shares	Number of shares
Weighted average number of issued ordinary shares for the purpose of basic earnings per share	109,601,551	55,253,893
Effect of dilutive potential ordinary shares:		
Share awards	412,101	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	110,013,652	55,253,893

	2017	2016
	US$ per share	US$ per share
Earnings per share: basic	0.18	(0.28)
Earnings per share: diluted	0.18	(0.28)

In 2016, the basic earnings per share and the diluted earnings per share are the same as the outstanding share options, share awards and warrants are anti-dilutive.

On 26 July 2016, there was a capital reorganisation which resulted in a one for two hundred consolidation of the existing ordinary shares whereby the ordinary shares and the new ordinary shares have a nominal value of €0.001 each. 2,781,905,503 deferred shares of €0.059995 each were created by subdividing each existing ordinary share of €0.06 into one deferred share of €0.059995 and one new ordinary share of €0.001. On 26 July 2016, 81,368,822 new ordinary shares of €0.001 were issued by way of a placing and open offer which raised US$254.8 million. On the 28 July 2016, 14,323,202 new ordinary shares were issued to Lenders to discharge debt and fees.

9. PROPERTY, PLANT AND EQUIPMENT

	Plant & Equipment US$'000	Development Expenditure US$'000	Construction In Progress US$'000	Other Assets US$'000	Total US$'000
Cost					
At 1 January 2016	786,057	249,984	5,497	53,688	1,095,226
Transfer from construction in progress	5,897	-	(6,776)	879	-
Additions during the financial year	-	-	6,697	-	6,697
Disposals	(263)	-	-	(731)	(994)
Adjustments*	(16,946)	-	-	-	(16,946)
At 1 January 2017	774,745	249,984	5,418	53,836	1,083,983
Transfer from construction in progress	1,786	342	(3,166)	1,038	-
Additions during the financial year	557	-	27,993	601	29,151
Disposals	-	-	-	(375)	(375)
Adjustments**	3,083	-	-	(479)	2,604
At 31 December 2017	780,171	250,326	30,245	54,621	1,115,363
Accumulated Depreciation					
At 1 January 2016	122,354	110,075	-	27,836	260,265
Charge for the financial year	21,372	4,905	-	4,336	30,613
Disposals	(91)	-	-	(679)	(770)
At 1 January 2017	143,635	114,980	-	31,493	290,108
Charge for the financial year	22,264	6,043	-	3,693	32,000
Disposals	-	-	-	(375)	(375)
At 31 December 2017	165,899	121,023	-	34,811	321,733
Carrying Amount					
At 31 December 2017	614,272	129,303	30,245	19,810	793,630
At 31 December 2016	631,110	135,004	5,418	22,343	793,875

During the financial year the Group carried out an impairment review of property, plant and equipment. The cash-generating unit for the purpose of impairment testing is the Moma Titanium Minerals Mine. The basis on which the recoverable amount of the Moma Titanium Minerals Mine is assessed is its value-in-use. The cash flow forecast employed for the value-in-use computation is from a life of mine financial model. The recoverable amount obtained from the financial model represents the present value of the future pre-tax, pre-finance cash flows discounted at 11.5%.

Key assumptions include the following:

- The discount rate is based on the Group's weighted average cost of capital. This rate is a best estimate of the current market assessment of the time value of money and the risks specific to the Mine, taking into consideration country risk, currency risk and price risk. The factors making up the cost of equity, cost of debt and capital structure have changed from the prior year review resulting in a discount rate of 11.5%.

  Using a discount rate of 11.5%, the recoverable amount is greater than the carrying amount by US$151.3 million. The discount rate is a significant factor in determining the recoverable amount. A 1% increase in the discount rate to 12.5% which management believes could be a reasonably possible change in this assumption, would result in the recoverable amount being greater than the carrying amount by US$81.3 million. A 1% increase in the discount rate in the prior year to 12% would have resulted in the recoverable amount being greater than the carrying amount by US$47.5 million. The improvement in the recoverable amount from the prior year is a result of increased production in the near term as a result of the change in mine plan assumptions detailed below and increased forecast pricing particularly for zircon.

- In the prior year the mine plan was based on the Namalope and Nataka proved and probable reserves with the forecast running to 2056. The move of both mining plants into the adjacent Nataka deposit after depletion of Namalope (2021/22 for WCP B and 2025/2026 for WCP A) was primarily driven by the size, proximity and longevity of the Nataka deposit. The Group has developed an increasing understanding of other resources within the Group's portfolio. Alternative mine plans to Nataka are being explored which may reduce future capital costs and production risks and enhance shareholder value. The current mine plan assumption has WCP B moving to the Pilivili deposit in 2020 where the plant can take advantage of high ore grades early in the Pilivili mine plan to increase HMC production. The forecast life of mine runs to 2056, unchanged from the prior year review.

- Average annual production is approximately 0.9 million tonnes (2016: 0.9 million tonnes) of ilmenite plus co-products zircon and rutile over the life of the mine. This mine plan does not include investment in additional mining capacity. Certain minimum stocks of final and intermediate products are assumed to be maintained at period ends. The average annual production of final products has not changed from the prior year.

- Product sales prices are based on contract prices as stipulated in marketing agreements with customers, or where contracts are based on market prices or production is not presently contracted, prices are forecast by the Group taking into account independent titanium mineral sands expertise and management expectations including general inflation of 2% per annum. Average forecast product sales prices have increased slightly over the life of mine from the prior year-end review. A 7% reduction in average sales prices over the life of mine reduces the recoverable amount by US$151.3 million.

- Operating costs are based on approved budget costs for 2018 taking into account the current running costs of the Mine and escalated by 2% per annum thereafter. Average forecast operating costs have increased from the prior year-end review as a result of increased operating costs in 2017, which formed the basis for the 2018 budget and life of mine forecast thereafter. A 15% increase in operating costs over the life of mine reduces the recoverable amount by US$151.3 million.

- Sustaining capital costs are based on a life of mine capital plan considering inflation at 2% per annum from 2018. Average forecast sustaining capital costs have remained unchanged from the prior year-end review as the sustaining capital required to maintain the existing plant over the life of mine has remained unchanged. The forecast takes into account reasonable cost increases and therefore a sensitivity to this assumption has not been applied which would give rise to a reduction in the recoverable amount.

As a result of the review no impairment provision was recognised in the current financial year. No impairment was recognised in the prior financial year. Given the sensitivities of the forecast to the discount rate, pricing and to a lesser extent operating costs the impairment loss of US$64.8 million which was recognised in the consolidated statement of comprehensive income in 2014 is not reversed.

Depreciation during the year increased to US$32.0 million (2016: US$30.6 million) as a result of the increase in production.

*Kenmare Resources plc's operating subsidiaries Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited (together, the "Project Companies") were engaged in arbitration proceedings initiated by certain members of the Aveng Group (those members, together, "Aveng") in relation to the performance and completion of certain engineering, procurement and construction management contracts entered into in 2010 in connection with the expansion of the mine facilities. Aveng claimed that it was owed certain amounts in respect of unpaid professional fees, plus interest. The Project Companies counterclaimed for compensation for losses resulting from Aveng's contractual breaches, substantially in excess of the amounts claimed by Aveng.

The arbitral tribunal notified its award on the 23 December 2016. The tribunal determined that, due to Aveng's breaches, the final payment sought by Aveng should be reduced by the maximum amount allowable under the contracts, i.e. ZAR150 million. The net effect of the Tribunal's finding resulted in the Project Companies making a payment of US$4.9 million (ZAR56 million, plus interest accrued of ZAR11 million) in January 2017. There was an adjustment of US$10.1 million to property, plant and equipment as a result of the arbitral tribunal award, which resulted in a reduction in the amount payable to Aveng and therefore a reduction in the amount previously capitalised.

There was also an adjustment to the mine closure cost of US$6.9 million during 2016 as a result of a change in the estimated life of mine. The aggregate of US$10.1 million adjustment to plant and equipment and the US$6.9 million adjustment to the mine closure cost is US$17.0 million.

**There was an adjustment to the mine closure cost of US$2.6 million during 2017 as result of a change in the discount rate used to estimate the mine closure provision. There was also a reclassification of US$0.5 million from other assets to plant and equipment during the year.

Included in other assets is an amount of US$0.6 million (2016: nil) in respect of leasehold property of the Company. There was no depreciation during the year on the leasehold property.

Included in plant and equipment are capital spares of US$2.6 million (2016: US$2.1 million).

During the year there were disposals of property, plant and equipment of US$0.4 million (2016: US$0.2 million).

Substantially, all the property, plant and equipment of the Group is or will be mortgaged, pledged or otherwise secured to provide collateral for the Group's Senior and Subordinated Loans as detailed in Note 12.

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

10. CASH AND CASH EQUIVALENTS

	2017 US$'000	2016 US$'000
Immediately available without restriction	57,866	53,810
Contingency Reserve Account	2	2
Project Companies' Accounts	10,906	3,974
	68,774	57,786

Cash and cash equivalents comprise cash balances held for the purposes of meeting short-term cash commitments and investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Where investments are categorised as cash equivalents, the related balances have a maturity of three months or less from the date of investment.

The Contingency Reserve Account ("CRA") is an account established under a cash collateral and shareholder funding deed to provide for shareholder funding to the Project Companies and to secure the obligations of the Company and Congolone Heavy Minerals Limited (a wholly owned subsidiary undertaking) under the Completion Agreement.

Interest rate risk

Cash at bank earns interest at variable rates based on daily bank deposit rates, which may be zero. Short-term deposits are made for varying periods of between one day and three months, depending on the cash requirements of the Group, and earn interest at the respective short-term deposit rates. The interest rate profile of the Group's cash balances at the financial year end was as follows:

	2017 US$'000	2016 US$'000
Cash and cash equivalents at variable interest rate	52,205	56,634
Cash at bank on which no interest is received	16,569	1,152
	68,774	57,786

Currency risk

The currency profile of cash and cash equivalents at the financial year end is as follows:

	2017 US$'000	2016 US$'000
US Dollar	66,721	52,187
Sterling	957	2,563
Euro	583	2,699
Mozambican Metical	460	276
Renminbi	24	32
Australian Dollars	19	20
South African Rand	10	9
	68,774	57,786

Fluctuations in the currencies noted above will impact on the Group's financial results.

Credit risk

The credit risk on cash and cash equivalents is limited because funds available to the Group are deposited with banks with high credit ratings assigned by international credit rating agencies. For deposits in excess of US$50 million the Group requires that the institution has an A (S&P)/A2 (Moody's) long-term rating. For deposits in excess of US$20 million or South African Rand-denominated deposits, the Group requires that the institution has a BBB+ (S&P)/Baa1 (Moody's) long-term rating. US$53.7 million of the bank deposits are with Barclays Bank plc, which has a long-term credit rating of A Stable (S&P)/A1 Negative (Moody's). US$14.6 million of the bank deposits are with HSBC plc which has a long-term credit rating of A Stable (S&P)/A2 Negative (Moody's).

11. CALLED-UP SHARE CAPITAL

	2017	2016
	€'000	€'000
Authorised share capital		
181,000,000 ordinary shares of €0.001 each	181	181
4,000,000,000 deferred shares of €0.059995 each	239,980	239,980
	240,161	240,161

	2017	2016
	US$'000	US$'000
Allotted, called up and fully paid		
Ordinary shares		
Opening balance		
109,601,551 ordinary shares of €0.001 each	120	-
2,781,905,503 deferred shares of €0.059995 each	214,926	214,941
	215,046	214,941
Share consolidation		
13,909,527 ordinary shares of €0.001 each	-	15
2,781,905,503 deferred shares of €0.059995 each	-	214,926
Shares issued		
95,692,024 ordinary shares of €0.001 each	-	105
Closing balance		
109,601,551 ordinary shares of €0.001 each	120	120
2,781,905,503 deferred shares of €0.059995 each	214,926	214,926
Closing balance	215,046	215,046
Total called-up share capital	215,046	215,046

On 26 July 2016, there was a capital reorganisation which resulted in a one for two hundred consolidation of the existing ordinary shares whereby the ordinary shares and the new ordinary shares have a nominal value of €0.001 each. 2,781,905,503 deferred shares of €0.059995 each were created as part of the capital restructuring by subdividing each existing ordinary share of €0.06 into one deferred share of €0.059995 and one new ordinary share of €0.001. The deferred shares have no voting rights, dividend rights and, in effect, no rights on a return of capital. The deferred shares may be acquired by the Company for no consideration and cancelled.

On 26 July 2016, 81,368,822 new ordinary shares of €0.001 were issued by way of a placing and open offer which raised US$254.7 million. US$0.1 million of the issue has been credited to share capital and US$255.3 million has been credited to share premium. The cost of issue of US$12.5 million has been recognised in retained losses.

On 28 July 2016, 6,527,771 new ordinary shares of €0.001 were issued to Absa, EAIF, EIB and FMO, discharging US$20.4 million of debt under their US$40.8 million underwriting commitment. 7,603,860 new ordinary shares of €0.001 each were issued to Absa, EAIF, EIB and FMO, discharging US$23.8 million of senior and subordinated loans under the debt reduction equitisation. 191,571 new ordinary shares of €0.001 each were also issued to Absa, discharging a loan amendment fee of US$0.6 million. US$0.01 million of the issue has been credited to share capital and US$44.8 million has been credited to share premium.

12. BANK LOANS

	2017	2016
	US$'000	US$'000
Project Loans		
Senior Loans	25,902	25,857
Subordinated Loans	76,965	76,761
Total Project Loans	102,867	102,618
The borrowings are repayable as follows:		
Within one year	21,693	2,618
In the second year	19,048	19,048

In the third to fifth years inclusive	62,126	58,730
After five years	-	22,222
	102,867	102,618
Less: amount due for settlement within twelve months	(21,693)	(2,618)
Amount due for settlement after twelve months	81,174	100,000
Project Loans		
Balance at 1 January	102,618	367,811
Loan interest accrued	6,300	23,888
Loan interest paid	(6,051)	(2,775)
Project Loans novated to Kenmare Resources plc	-	(292,449)
Foreign exchange movement	-	6,186
Other finance fees	-	(43)
Balance at 31 December	102,867	102,618

Project Loans
Project Loans have been made to the Mozambique branches of Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited (the "Project Companies"). The Project Loans are secured by substantially all rights and assets of the Project Companies, and, amongst other things, the Group's shares in the Project Companies, substantially all of the Group's cash balances and substantially all of the Group's intercompany loans.

On 22 June 2016, the Group and the Lenders entered into an Amendment, Repayment and Equitisation Agreement (AREA) for purposes of a Group capital restructuring and debt equitisation. The Group also entered into Amended Financing Agreements, setting out the terms and conditions applicable to the US$100 million residual debt following the debt restructuring. Details of these agreements are set out below.

Amended financing agreements
On 28 July 2016, the debt restructuring was implemented pursuant, to which the terms of the residual debt of US$100 million became effective.

The residual debt was in two tranches: US$25.4 million senior debt and US$74.6 million subordinated debt.

Senior debt ranks in priority to subordinated debt in repayment, subject to the waterfall provision summarised below, on insolvency of the Group and on enforcement of security.

Voting thresholds are calculated on the basis of aggregate outstanding debt, being the aggregate of outstanding senior debt and outstanding subordinated debt. Decisions are taken by majority Lenders (Lenders whose principal amount of outstanding debt aggregate more than 50.1% of all outstanding debt) or supermajority Lenders (Lenders whose principal amount of outstanding debt aggregate more than 66.7% of all outstanding debt).

Senior debt
The final maturity date of the senior debt is 1 February 2022. Interest on the senior debt is payable in cash on each semi-annual payment date (1 February and 1 August). The interest rate on each tranche of senior debt is LIBOR plus a margin of 3.00% from and including 28 July 2016 to and including 31 January 2020, and 3.75% thereafter.

Scheduled repayment of the senior debt and subordinated debt is based on the following repayment schedule, the percentage being applied to total senior and subordinated debt outstanding on 28 July 2016 of US$100 million, in each case subject to the waterfall provisions summarised below:

Payment date	Principal amount to be repaid (%)
1 Feb 2018	9.52381
1 Aug 2018	9.52381
1 Feb 2019	9.52381
1 Aug 2019	9.52381
1 Feb 2020	9.52381
1 Aug 2020	9.52381
1 Feb 2021	9.52381
1 Aug 2021	11.11111
1 Feb 2022	22.22222

Each principal instalment is allocated 50% to senior debt until senior debt is fully repaid (provided that once the amount of Absa senior debt is reduced to US$10 million, Absa ceases to participate in the senior debt instalment and thereafter participates in the subordinated instalment) with the balance being applied to subordinated debt. The effect of the sharing provision is that senior debt, other than Absa's senior debt, will be repaid by 1 August 2019 under the agreed amortisation schedule.

In addition to the scheduled instalments of senior debt, prepayments based on 25% of cash available for restricted payments are required under a cash sweep mechanism, commencing 1 February 2018. Until the senior debt has been repaid in full, 50% of the prepayments will be allocated to senior debt (provided that once the amount of Absa senior debt is reduced to US$10 million, Absa ceases to participate in the senior debt prepayments and thereafter participates in the subordinated debt prepayments) with the balance applied to prepayments of subordinated debt. Senior debt prepayments are applied in inverse order of maturity.

Subordinated debt
The final maturity date of the subordinated debt is 1 February 2022. Interest on the subordinated debt is payable in cash on 1 February and 1 August. The interest rate on subordinated debt is LIBOR plus a margin of 4.75% from and including 28 July 2016 to and including 31 January 2020, and 5.50% thereafter. Subordinated Lenders will receive additional interest allocated pro rata to principal amounts outstanding equal to the difference between (i) interest on the senior loans calculated on the basis of subordinated loan margins and (ii) actual interest on the senior loans. Taken together, the margin on the senior and subordinated loans is thus 4.75% from and including 28 July 2016 to and including 31 January 2020, and 5.50% thereafter.

As mentioned above, scheduled principal instalments on subordinated loans will equal the total principal instalment due on a payment date less the principal instalment on senior loans. In addition to the scheduled instalments, prepayments based on 25% cash available for restricted payments less senior debt prepayments are required under a cash sweep mechanism, commencing 1 February 2018. Subordinated debt prepayments are applied in inverse order of maturity.

Group borrowings interest, currency and liquidity risk
The loan facilities are arranged at variable rates and expose the Group to cash flow interest rate risk. Variable rates are based on six-month LIBOR. The average effective borrowing rate at financial year end was 5.7% (2016: 5.2%). The interest rate profile of the Group's loan balances at the financial year end was as follows:

	2017	2016
	US$'000	US$'000
Variable rate debt	102,867	102,618

The fair value of the Group borrowings of US$102.5 million (2016: US$103.1 million) has been calculated by discounting the expected future cash flows at a market rate of 6%. The 6% market rate was estimated by reviewing borrowing rates of the mining sector and other relevant market yields. For B+ to B- rated debt the borrowing rates are in the range of 5 to 6%. Given the 2016 restructuring, the Group is deemed to be in this range of credit rating.

Under the assumption that all other variables remain constant, a 1% change in the 6-month LIBOR rate results in a US$1.0 million (2016: US$1.0 million) change in finance costs for the financial year.

The currency profile of loans at the financial year end is as follows:

	2017	2016
	US$'000	US$'000
US Dollars	102,867	102,618

On 28 July 2016, the debt restructuring was implemented pursuant to which all debt is now denominated in US Dollars.

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

13. 2017 ANNUAL REPORT AND ACCOUNTS

The Annual Report and Accounts will be posted to shareholders before 30 April 2018.

Glossary - Alternative Performance Measures

Certain financial measures set out in our preliminary results for the year endedAnnual Report to 31 December 2017 are not defined under International Financial Reporting Standards (IFRSs), but represent additional measures used by the Board to assess performance and for reporting both internally and to shareholders and other external users. Presentation of these Alternative Performance Measures (APMs) provides useful supplemental information which, when viewed in conjunction with the Company's IFRS financial information, allows for a more meaningful understanding of the underlying financial and operating performance of the Group.

These non-IFRS measures should not be considered as an alternative to financial measures as defined under IFRSs.

Descriptions of the APMs included in this report, as well as their relevance for the Group, are disclosed below.

APM	Description	Relevance
EBITDA	Operating profit/loss before depreciation and amortisation	Eliminates the effects of financing and accounting decisions to allow assessment of the profitability and performance of the Group
Capital costs	Additions to property, plant and equipment in the period	Provides the amount spent by the Company on additions to property, plant and equipment in the period
Cash operating cost per tonne of finished product produced	Total costs less freight and other non-cash costs, including inventory movements, divided by final product production (tonnes)	Eliminates the non-cash impact on costs to identify the actual cash outlay for production and, as production levels increase or decrease, highlights operational performance by providing a comparable cash cost per tonne of product produced over time
Net debt	Bank loans before loan amendment fees and expenses net of cash and cash equivalents	Measures the Group's ability to repay its debts if they were to fall due immediately, and aids in developing an understanding of the leveraging of the Group
Mining – HMC produced	Heavy mineral concentrate extracted from mineral sands deposits and which include ilmenite, zircon, rutile and other heavy minerals and silica	Provides a measure of heavy mineral concentrate extracted from the Mine
Processing – finished products produced	Finished products produced by the mineral separation process	Provides a measure of finished products produced from the processing plants
Marketing – finished products shipped	Finished products shipped to customers during the period	Provides a measure of finished products shipped to customers
LTIFR	Lost time injury frequency rate	Measures the number of injuries causing lost time per 200,000 man hours worked on site
AI	All injuries	Provides the number of injuries at the Mine in the year

EBITDA

	2012	**2013**	**2014**	**2015**	**2016**	**2017**
	US$m	US$m	US$m	US$m	US$m	US$m
Operating profit/(loss)	80.4	4.7	(31.5)	(47.3)	(25.4)	27.6
Depreciation and amortisation	18.5	24.3	40.9	35.8	30.6	32.0
EBITDA	98.9	29.0	9.4	(11.5)	5.2	59.6

Cash operating cost per tonne of finished product

	2012	2013	2014	2015	2016	2017
	US$m	US$m	US$m	US$m	US$m	US$m
Cost of sales	134.5	113.7	173.4	168.1	144.0	156.6
Other operating costs	19.7	19.5	32.4	21.8	22.8	24.1
Total operating costs	154.2	133.2	205.8	189.9	166.8	180.7
Freight charges	(3.2)	(3.4)	(8.2)	(3.7)	(5.4)	(5.5)
Total operating costs less freight	151.0	129.8	197.6	186.2	161.4	175.2
Non-cash costs						
Depreciation and amortisation	(18.5)	(24.3)	(40.9)	(35.8)	(30.6)	(32.0)
Share-based payments	(3.2)	(0.6)	(1.4)	0.7	(0.4)	(1.0)
Costs capitalised	-	27.2	-	-	-	
Mineral product movements	(5.9)	18.3	17.7	(14.7)	3.0	0.3
Adjusted cash operating costs	123.4	150.4	173.0	136.4	133.4	142.5
Final product production tonnes	626,400	755,500	911,500	821,300	979,300	1,081,300
Cash operating cost per tonne of finished product	US$197	US$200	US$190	US$166	US$136	US$132

Net debt

	2012	2013	2014	2015	2016	2017
	US$m	US$m	US$m	US$m	US$m	US$m
Bank loans	324.4	355.2	337.7	341.9	102.6	102.9
Loan amendment fees and expenses	-	6.7	12.4	25.9	-	-
Gross debt	324.4	361.9	350.1	367.8	102.6	102.9
Cash and cash equivalents	(46.1)	(67.5)	(21.8)	(14.4)	(57.8)	(68.8)
Net debt	278.3	294.4	328.3	353.4	44.8	34.1