



**2019
Site Visit
Presentation**

31 January-1 February 2019

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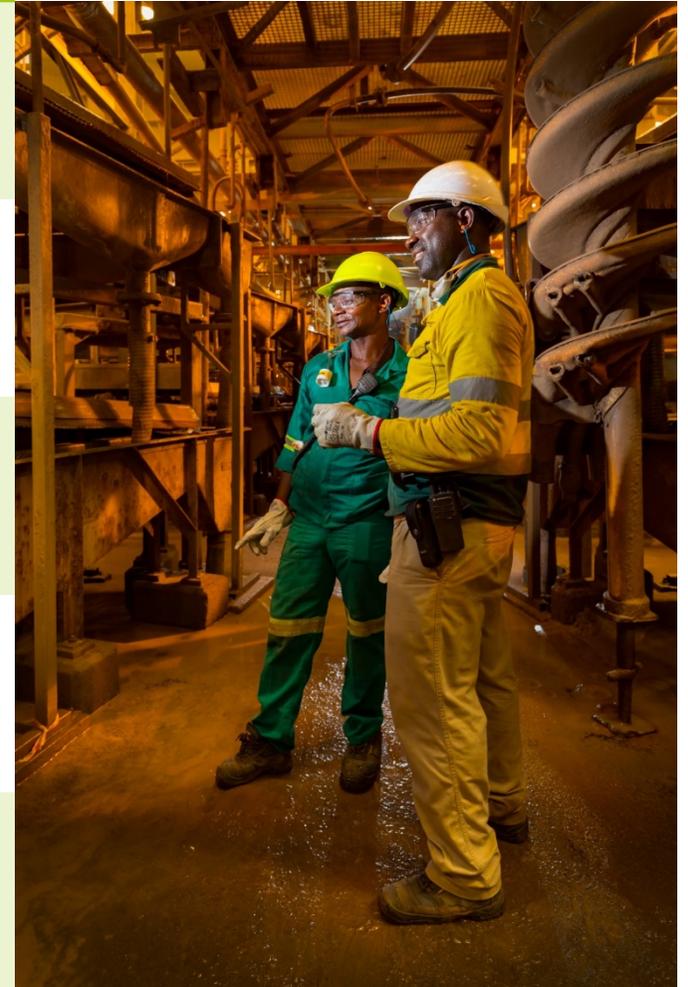
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Presentation overview



Overview	Ben Baxter, Chief Operating Officer
Sustainability	Koos Grove, General Manager, Moma Mine Regina Macuacua, Corporate Affairs Manager
Operations update	Higino Jamisse, Operations Manager Ben Baxter, Chief Operating Officer
Our path to 1.2mtpa	Gary Short, Projects Director Ben Baxter, Chief Operating Officer
Q&A	





Overview

Ben Baxter, Chief Operating Officer

Growing from a position of strength



GROWTH

- >20% production growth by 2021
- Staged development capital programme through 2019 & 2020

MARGIN EXPANSION

- New Mineral Sands Concentrate product stream since Q4 2018
- Unit cost reductions driven by increased volumes

SHAREHOLDER RETURNS

- Strong balance sheet
- Dividend policy, >20% of profits, from 2019

Overview: Kenmare Resources



4th largest producer of TiO₂ feedstocks

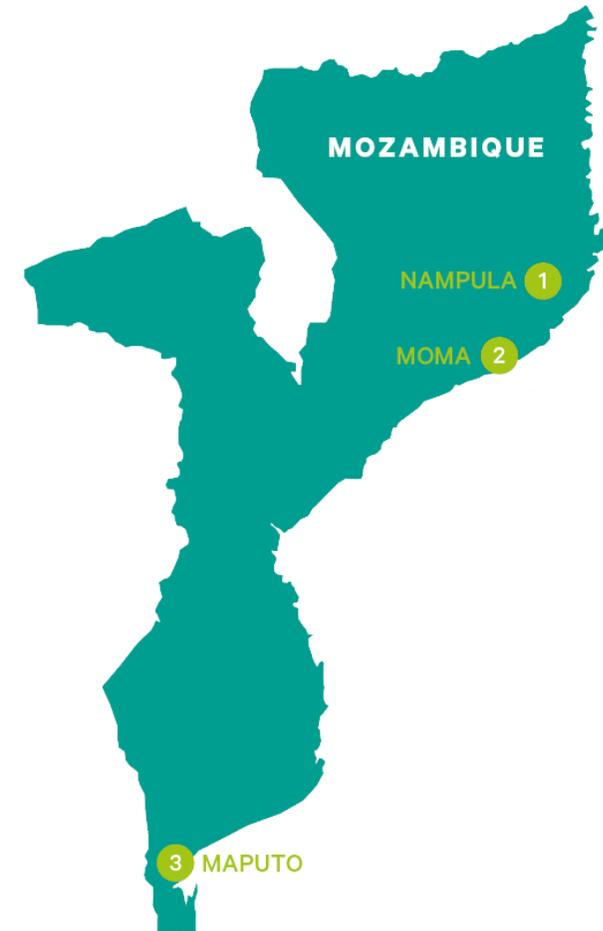
- Representing 7% of supply
- World's largest ilmenite supplier

Located in Mozambique

- >10 years of operations, 30 years in Mozambique
- 100+ years life of mine
- ~5% of Mozambique's exports in 2017
- Meaningful contribution to the local economy

Significant capital investment

- Capital expenditure of US\$1,200 million
- Balance sheet value US\$790 million



Mineral sands: essential to modern life



Two core product streams of minerals sands

Titanium feedstocks (ilmenite and rutile)

- TiO₂ pigment imparts whiteness and opacity in the manufacture of paints, plastics and paper
- Non-recyclable and difficult to substitute

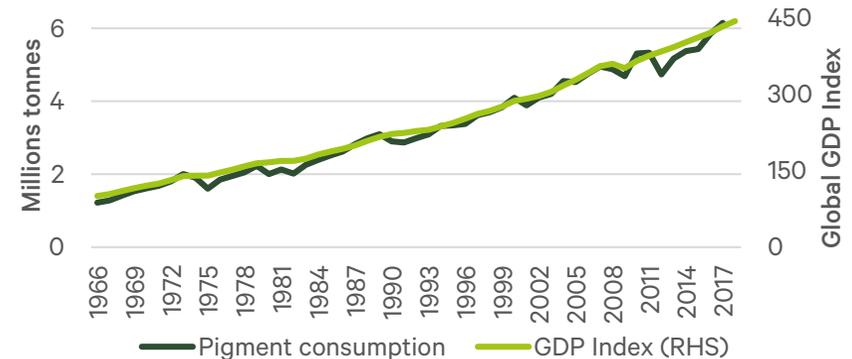
Zircon

- An important raw material for the ceramics industry for wall tiles, floor tiles and sanitary ware. Also consumed in foundry, refractory industries and chemical applications
- Favoured for whiteness, opacity, high melting point and shock resistance

Emerging market pigment demand growing rapidly

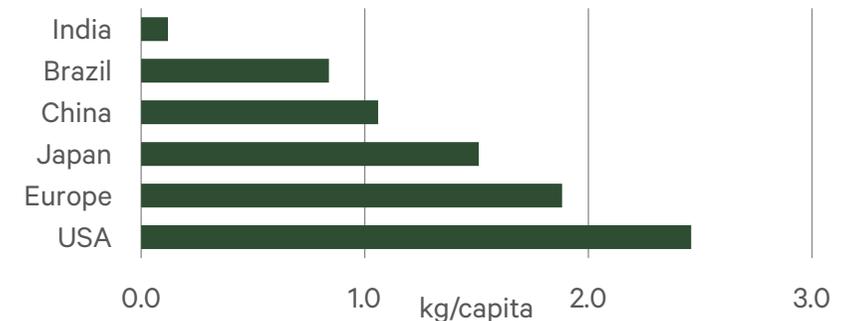
- “Quality of life” product, consumption grows as income levels increase
- Benefits from late stage economic cycle demand, driven by increasing per capita GDP & urbanisation trends
- Significantly higher TiO₂ pigment consumption per capita in developed western economies
- Large population developing economies are set for strongest pigment demand growth

World GDP vs TiO₂ pigment consumption



Source: Company (1966 base year)

Regional pigment consumption (2017)



Source: TZMI

Demand for TiO₂ feedstocks and zircon is driven by global GDP growth and urbanisation in emerging markets



Sustainability

Koos Grove, General Manager

Regina Macuacua, Corporate Affairs Manager

Sustainable operating practices



Safety

- 67% decrease in Lost Time Injuries in 2018 compared to 2017 (from 9 to 3)
- LTIFR of 0.12 per 200k man hours worked in 2018 – Kenmare’s lowest ever level
- Strong improvement due to increased focus on risk assessment and personal accountability
- Retained NOSA 5 star status for third consecutive year
- Focusing on workforce and community safety

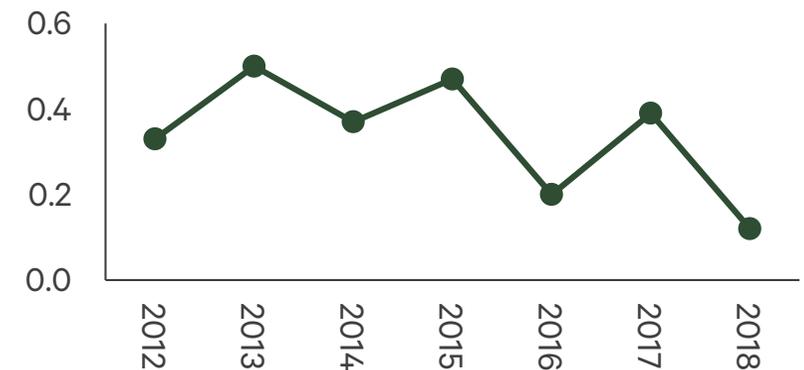
Environment

- No significant environmental incidents in 2018

Malaria

- Prevention improved, 13% reduction in cases in 2018 compared to the last three year average
- Comprehensive programme including education, improved spraying, prophylaxis, bed nets
- Increase in productivity as a result of fewer work days lost to illness

Lost Time Injury Frequency Rate



Community safety engagement



95% Mozambican workforce



Kenmare directly employs 1,400 people

- 6% increase in number of employees compared to 2017

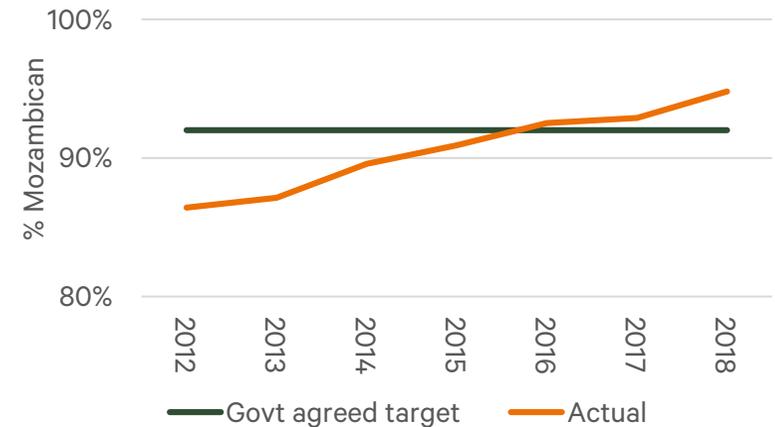
95% Mozambican workforce in 2018

- 2% increase in localisation of workforce compared to 2017
- 100% of operator personnel and 87% supervisory personnel are Mozambican
- Increasing number of Mozambicans in management positions

Increasing gender diversity

- 7% of workforce was female in 2018, compared to 5% in 2017
- Training initiatives in place to recruit more female employees
- Targeting a 10% female workforce by 2020

Localisation at Kenmare



Getida Ibraimo, HME Driver



Kenmare Moma Development Association (KMAD)



Established in 2004, KMAD is a not-for-profit organisation with the objective of implementing development programmes in Kenmare's host communities.

KMAD has 3 key areas of focus:

Economic Development and Livelihood

- Income generating activities, food security/agriculture

Healthcare Development

- Capacity building of healthcare staff, improved infrastructure, community health & HIV awareness, clean water provision and sanitation

Education Development

- Capacity building of teachers, improved school infrastructure, training and skills provision, sport



KMAD in 2018



Examples of community initiatives supported by KMAD during 2018...

Economic Development and Livelihood

- Funding provided for 7 new businesses
- A total of 43 small businesses supported by KMAD at the end of 2018

Healthcare Development

- Over 11,000 people tested for malaria
- 16,782 mosquitoes nets provided to 8,391 households
- Pharmacy constructed in community health centre

Education Development

- Training courses commenced at new Kenmare-funded Technical School
- Construction completed of 2 new classroom blocks

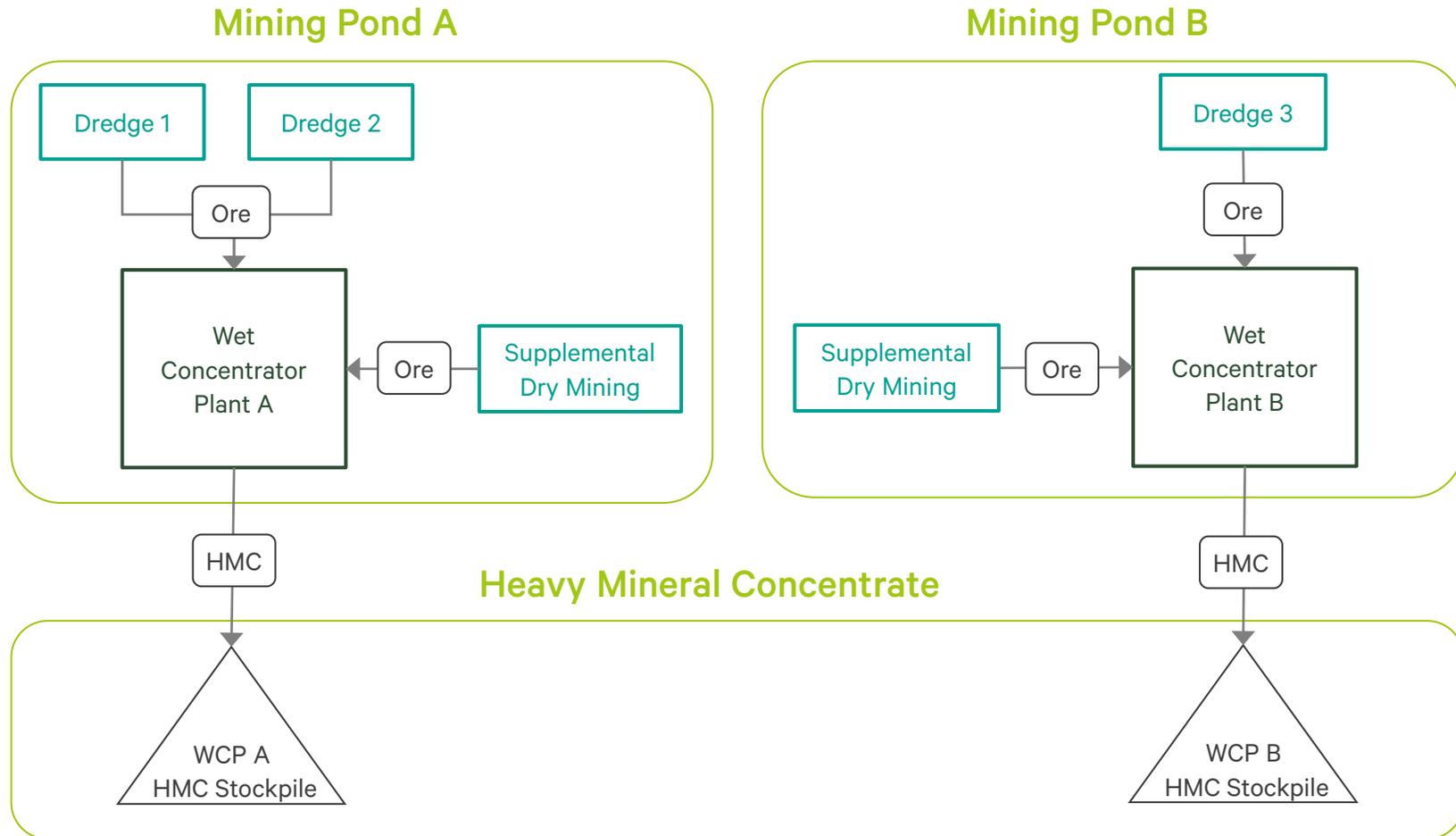




Operations update

Higino Jamisse, Operations Manager
Ben Baxter, Chief Operating Officer

Simplified mining flowsheet



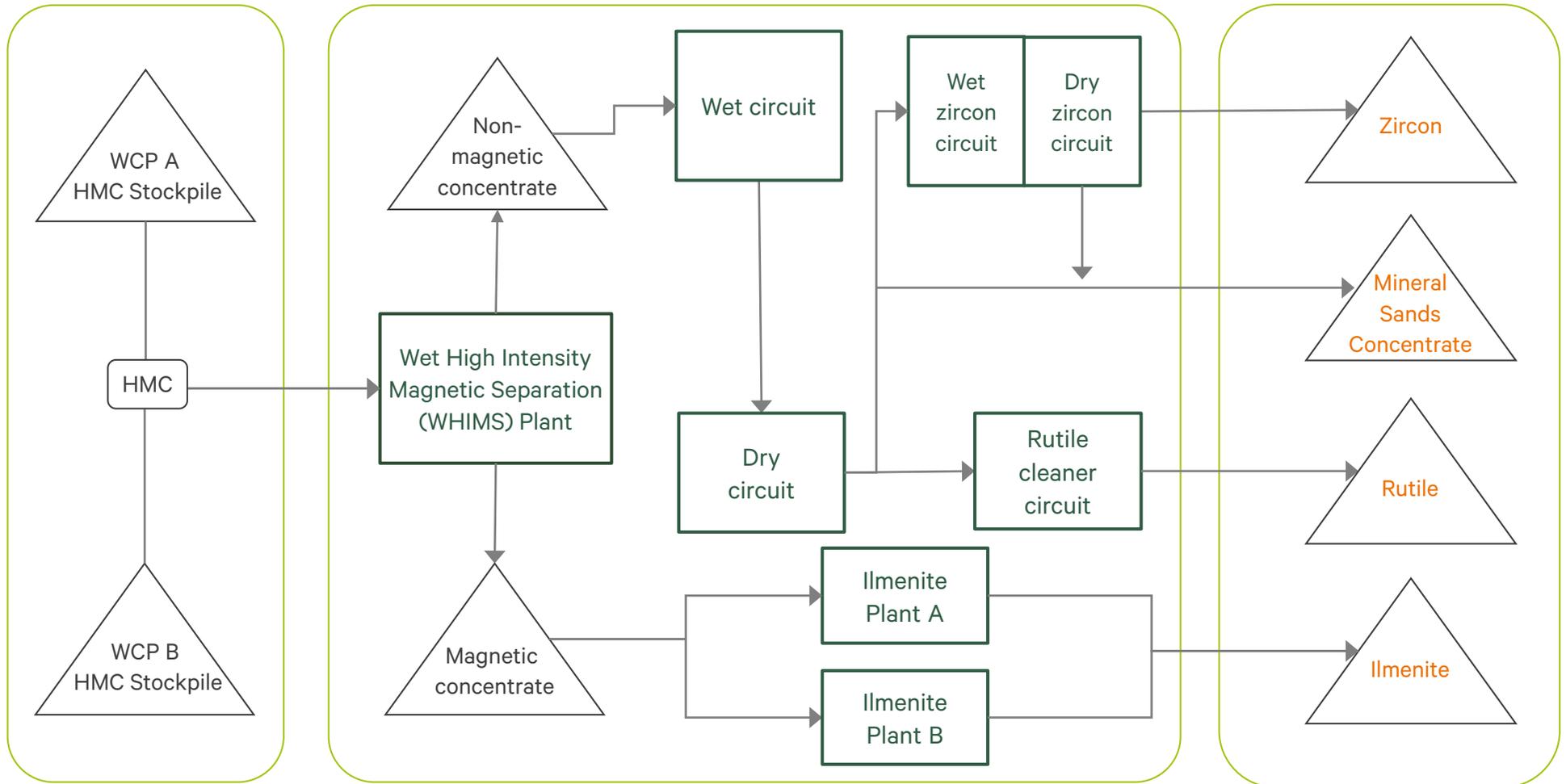
Simplified processing flowsheet



HMC Stockpile

Mineral Separation Plant

Product Warehouse



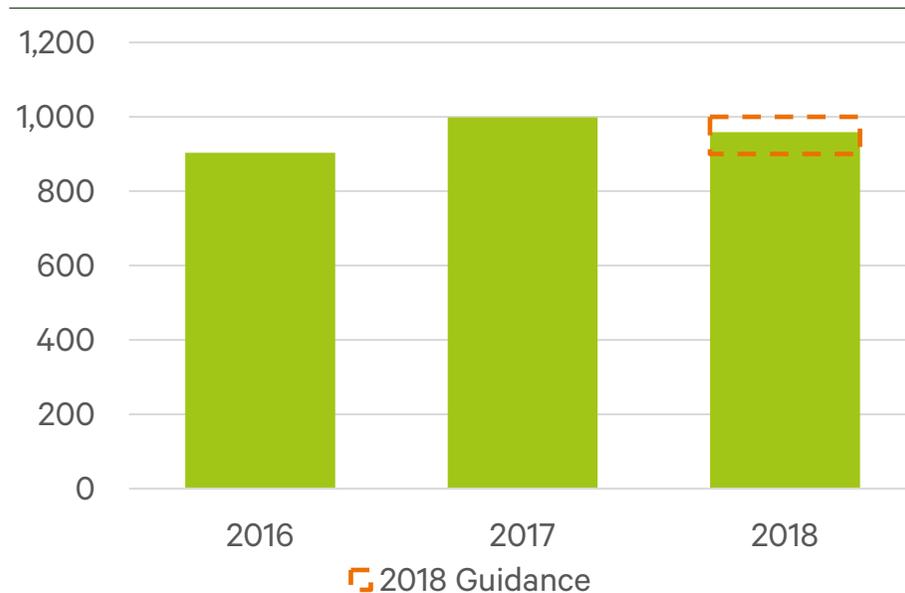
Mineral Separation Plant (MSP): aerial view



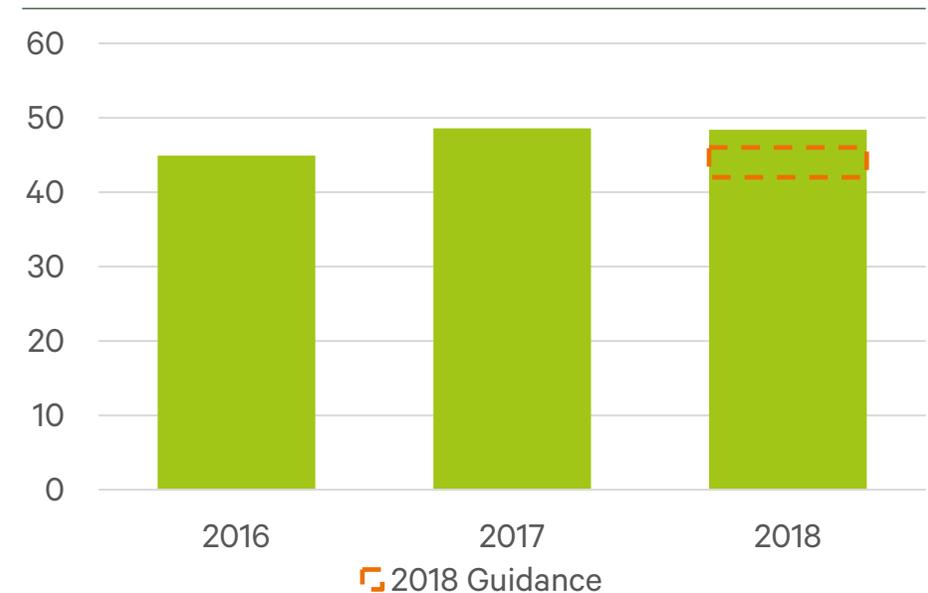
Meeting guidance for the third consecutive year



Ilmenite production (000's tonnes)



Primary zircon production (000's tonnes)



- Mid-point of original FY 2018 production guidance exceeded for all products
- Heavy Mineral Concentrate production up 4% on 2017, benefitting from increased supplementary dry mining, despite power interruptions and upgrade works to WCP B
- 2017 ilmenite production benefitted from the processing of HMC inventories not available in 2018
- Record monthly production of ilmenite in December 2018, achieving a run rate of 1.2Mtpa

* 2018 production range based on guidance given on 11 January 2018.

Optimising current operations



Focused on increasing recoveries and expanding margins

INCREASING THROUGHPUT

- Dry mining
- Dredge automation

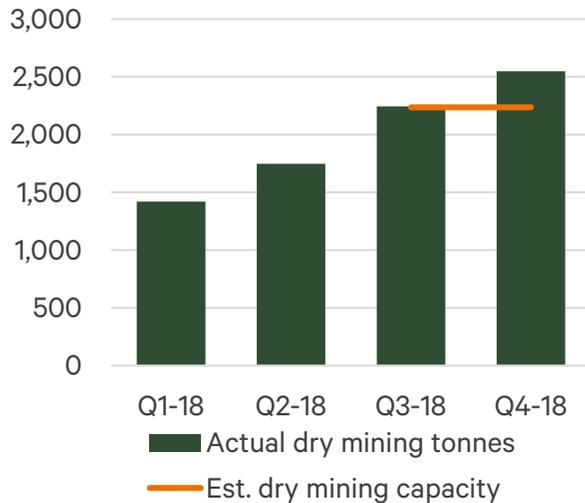
RAISING UTILISATION

- Projecto Oitenta
- Mine planning

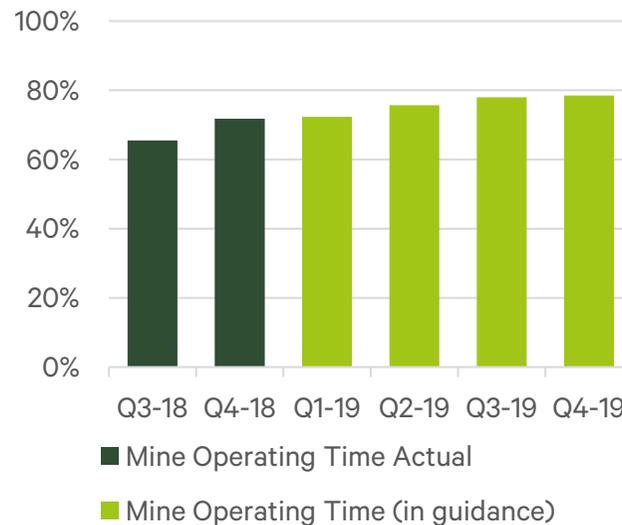
INCREASING RECOVERY

- Zircon projects
- Mineral Sands Concentrate

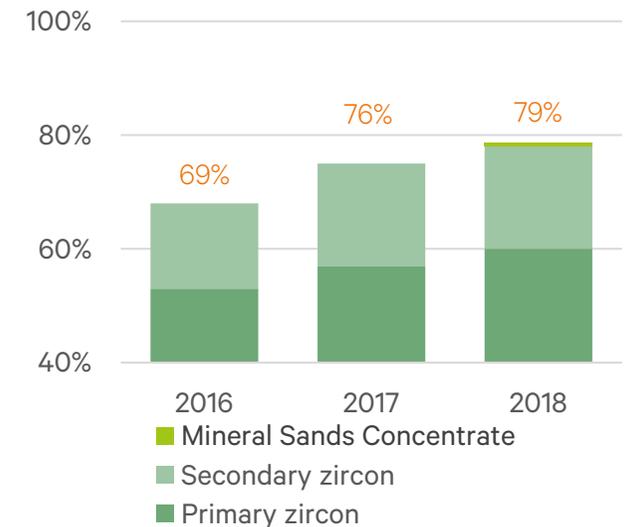
Dry mining (Kt)



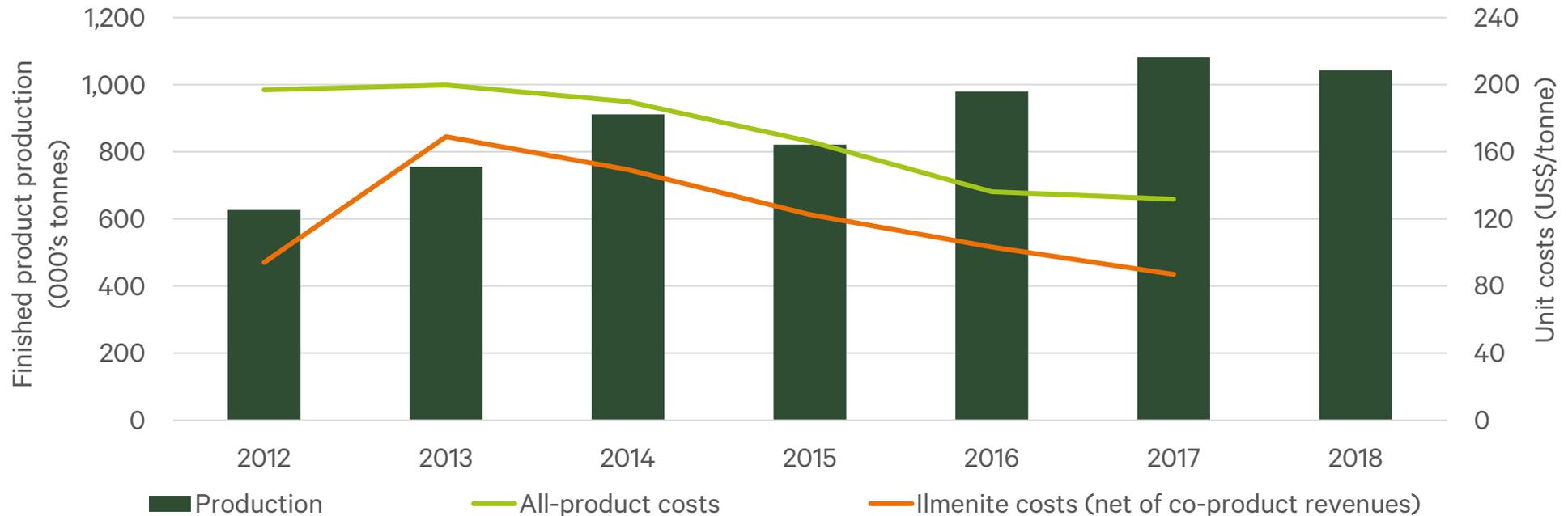
Mine operating time



Overall zircon product recoveries



Targeting further unit cost reductions by 2021



- Unit cash operating costs for all products are expected to be marginally above the guided range of US\$130-143 per tonne in 2018, as previously guided
- Cost pressures in 2018 included power and fuel
- Targeting total cash operating cost of US\$120-130/t (in 2018 real terms) from 2021, due to increased production levels

Total cash operating costs include all mine production, transshipment, sales and distribution, taxes, royalties, and corporate costs.

2019 guidance (provided 10 January 2019)



Production		2019 Guidance	2018 Actual
Ilmenite	tonnes	900,000-960,000	958,500
Primary zircon	tonnes	44,500-52,000	48,400
Rutile	tonnes	8,100-9,500	8,200
Concentrates*	tonnes	33,500-43,500	28,200

Costs			
Total cash operating costs	US\$ m	151-167	N/R ¹
Cash costs per tonne of finished product	US\$/tonne	150-160	N/R ¹

- Production is expected to moderate slightly, mainly due to expected lower grades mined
- Ilmenite shipment volumes are expected to be maintained, as finished goods inventory is drawn down
- Total cash operating costs in 2019 are anticipated to be higher than in 2018, the largest elements of which relate to increases in fuel price and labour costs
- Development capital costs are expected to be approximately US\$70 million
- Sustaining capital costs are expected to be approximately US\$23 million

1. To be reported in full year financial statements.

2. Concentrates includes secondary zircon and Mineral Sands Concentrate.



**Our path to
1.2Mtpa**

Ben Baxter, Chief Operating Officer
Gary Short, Project Director

Why 1.2Mtpa (million tonnes per annum)?



Fully utilises our existing assets

- The Mineral Separation Plant has a capacity of 1.2mtpa ilmenite (plus associated co-products)
- Production of Heavy Mineral Concentrate is limited by mining and concentrating capacity

Unit cost benefits

- Higher volumes help spread fixed costs (75-80%) – reducing unit costs

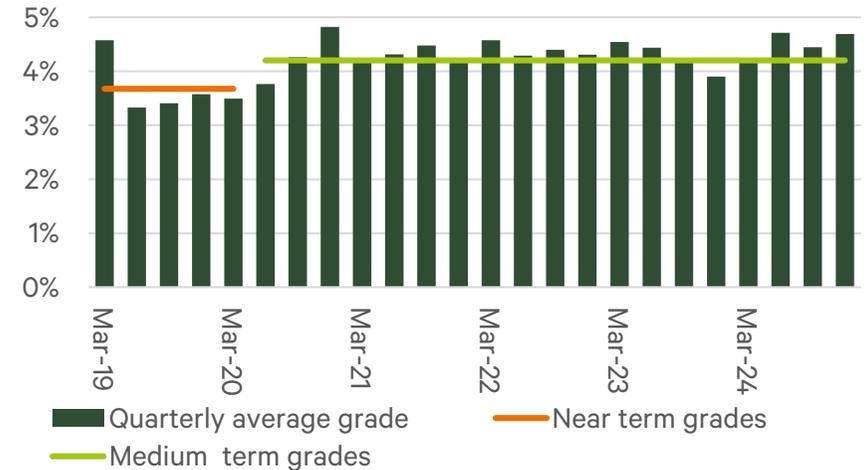
Stabilises cash flow

- Low cost operations are crucial to maintaining positive free cash-flow through the cycle

Two key development projects

- Construction of WCP C - 2019
- WCP B move to Pilivili - 2020

Expected quarterly grades



Long life, sustained grades

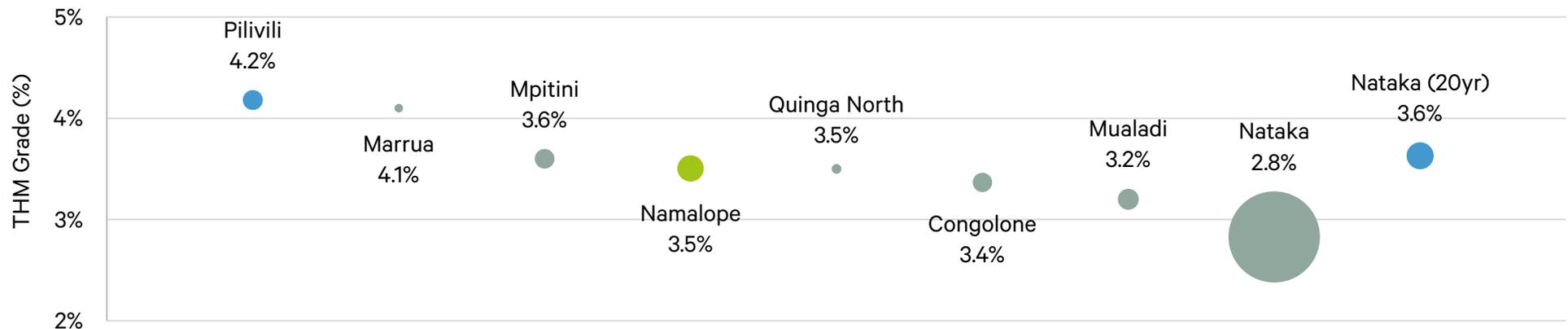
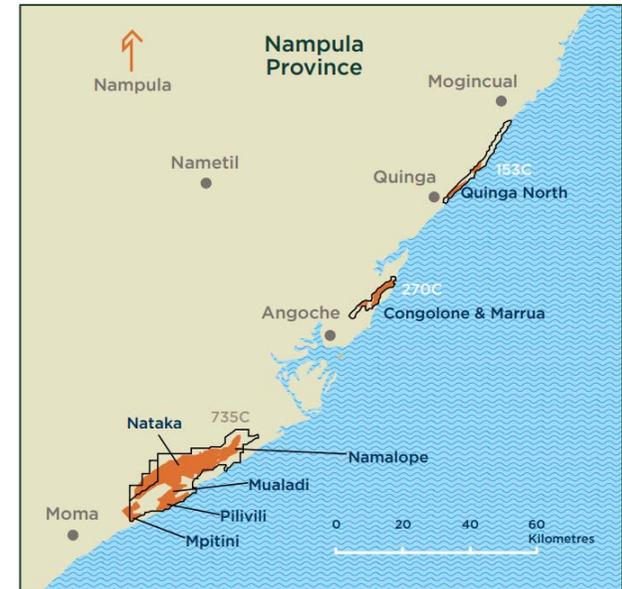


8 billion tonnes of Mineral Resources

- Moma is comprised of a number of different ore zones, which differ due to grades, size, mineral assemblage

Optimised long term plan, focusing on:

- Namalope: near term production, high-grade WCP C resources
- Pilivili: Highest grade, free flowing sands, good co-products
- Nataka: 20 year high grade path identified



Progressing development projects



2018

WCP B UPGRADE

STAGE

- Largely complete

CAPITAL

- <US\$16 million

2019

WCP C DEVELOPMENT

STAGE

- Execution underway

CAPITAL

- <US\$45 million

2020

WCP B MOVE

STAGE

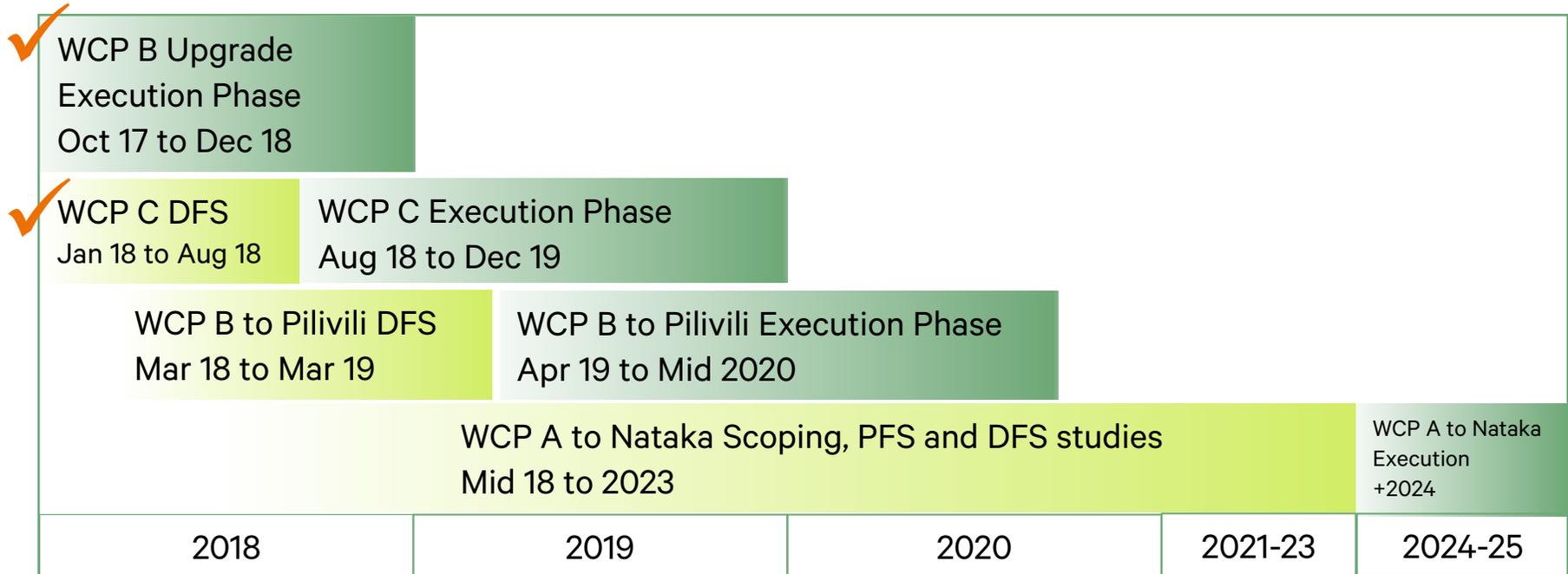
- DFS underway

CAPITAL

- c. US\$100m

Growing production to 1.2million tonnes per annum of ilmenite

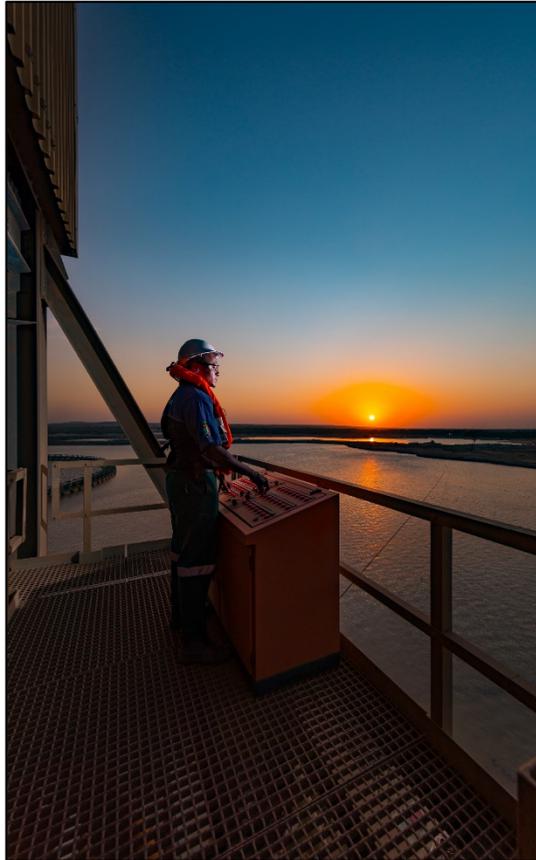
Project timeline: low risk, phased approach



PFS: Pre-Feasibility study
DFS: Definitive Feasibility Study

- Progressive workload with phased studies prior to execution
- Project timeline is progressing on track and on or under budget

Minimising project risk



Kenmare will deliver high quality projects by:

- Ensuring good value delivery with suitable contract models using a dedicated Owners Team and experienced EPCM contractor
- Following a phased project delivery model ensuring capital spend is focused and efficient
- Minimising project risk through:
 - Building appropriate knowledge using study phasing prior to execution decision
 - Maintaining a detailed governance and project controls process
 - Developing in-depth project contingency

SAFE

ON TIME

ON BUDGET

WCP B upgrade



Delivers additional 130kt HMC per annum

- Increasing capacity by 20% to 2,400tph

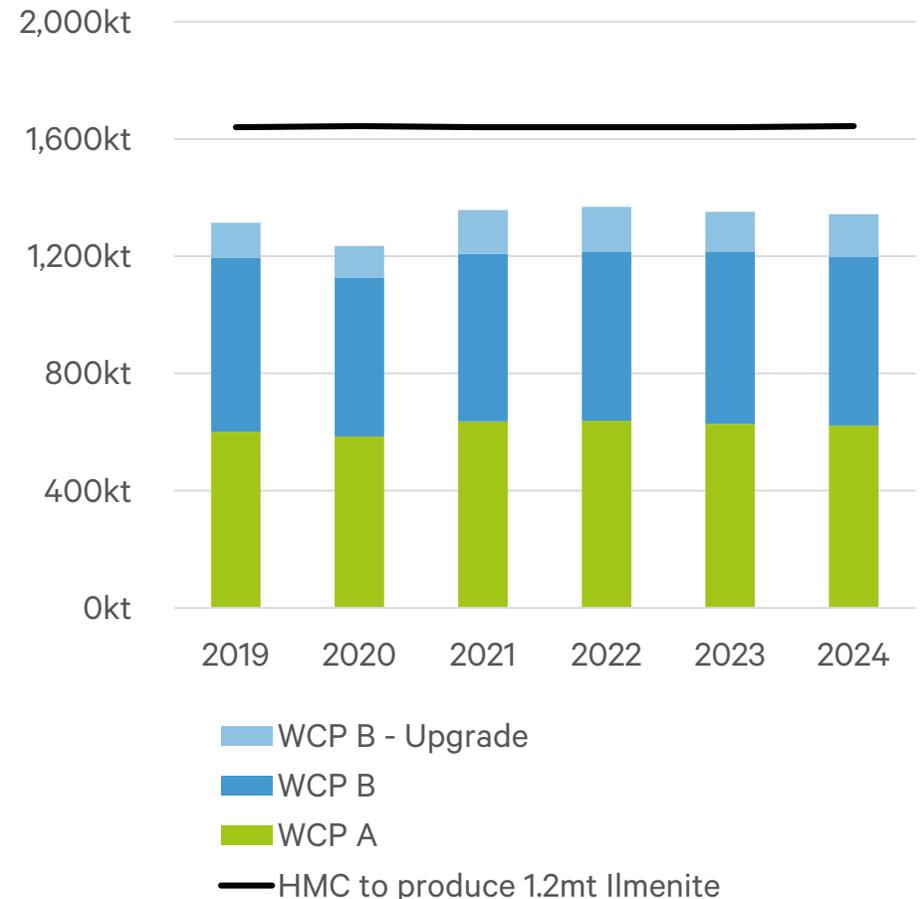
Lowest capital intensity

- Utilises existing WCP space and related infrastructure
- Minimal additional operating costs
- Phased approach to delivering WCP B upgrade has minimised capital costs

Current status

- Largely complete and in operation
- Consistently operating at 2,400 tph but final phase of works underway to improve robustness
- Expected to be >25% below original US\$16 million budget including final phase works

WCP B Upgrade additional HMC contribution



Construction of WCP C (2019)



Delivers additional 150kt HMC per annum

- Capital costs up to US\$45m
- 20 year life of mine identified
- Mines ore previously not accessible

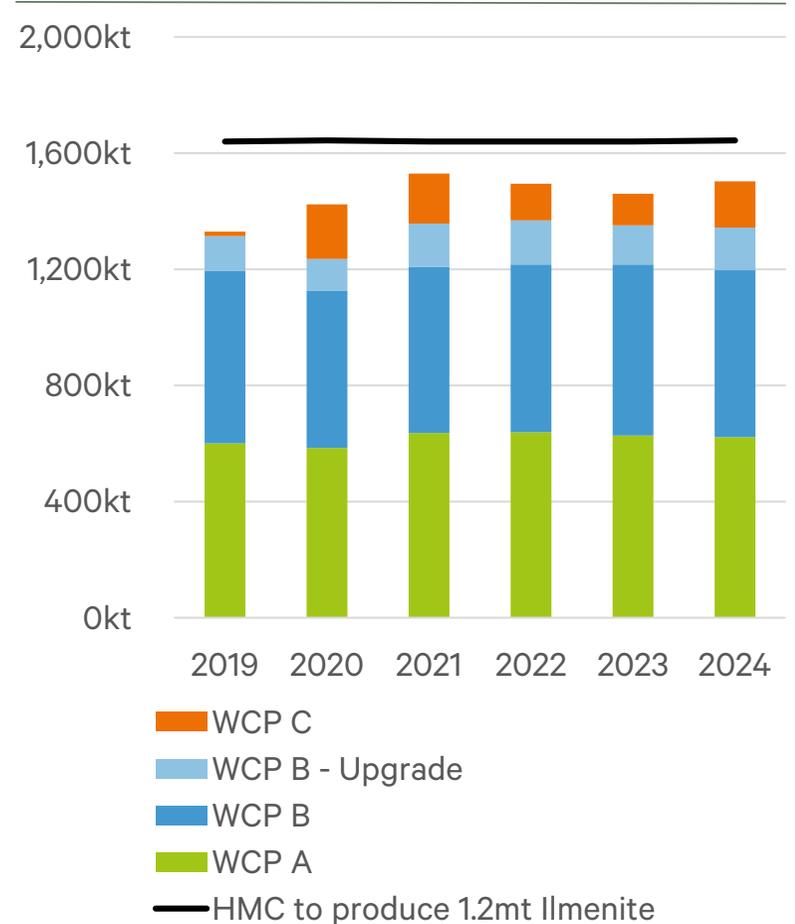
Operating costs

- Located close to the MSP; low pumping costs
- Leverages existing fixed cost base and infrastructure
- Additional annual operating costs of US\$9-10m per annum over next 5 years

Current status

- IHC dredge critical path ahead of schedule
- Construction of Mineral Technologies' WCP on track
- Hatch's infrastructure and ancillaries on track, starter pond construction underway
- Commissioning expected by end 2019, as planned

WCP C additional HMC contribution



WCP B move to Pilivili: delivering 1.2Mtpa ilmenite



Pilivili is the highest grade deposit in the portfolio

- Good co-product contributions
- Low slimes grades and free-flowing sands provide good mining conditions

Contributes an average additional 130ktpa of HMC

- Delivers 1.2 million tonnes per annum ilmenite production

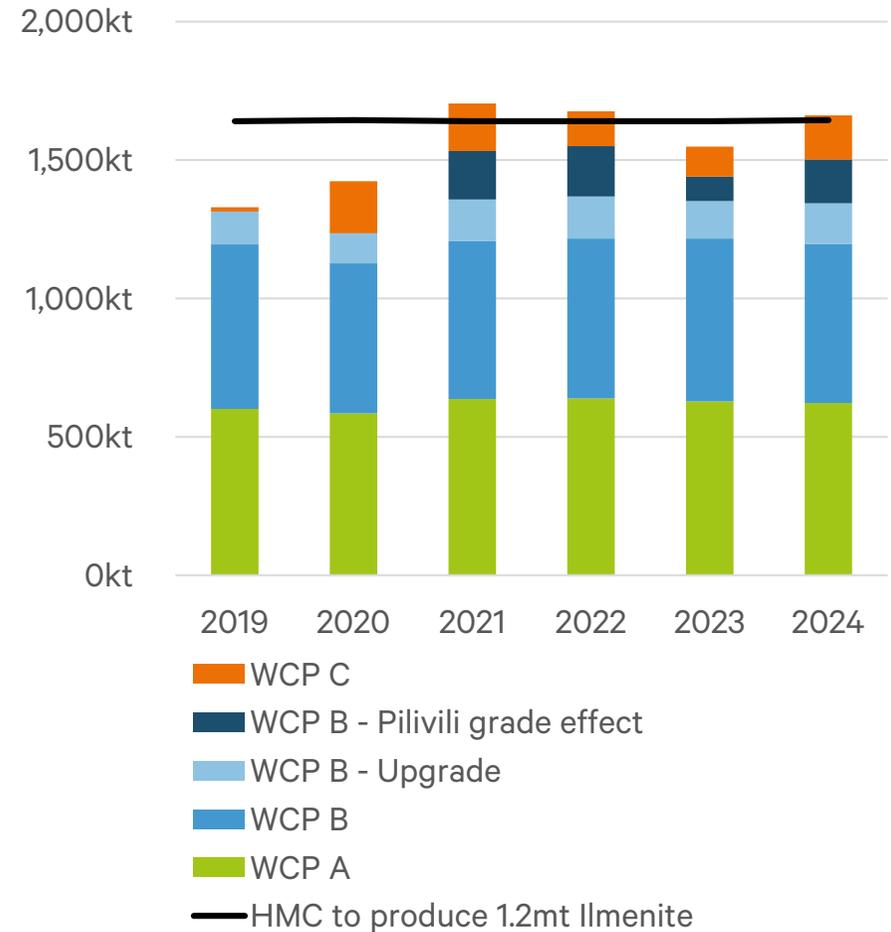
Capital and operating costs

- Estimated US\$100m capital cost
- Additional operating costs of US\$2.5-3m per annum over initial 5 years
- Costs mostly relate to HMC pumping to MSP

Current status

- ESHIA submitted for approval in December 2018
- Transport route ESHIA underway and to be submitted in June 2019
- DFS on track to be completed in H1 2019

WCP B move additional HMC contribution



Maintaining 1.2Mtpa ilmenite production



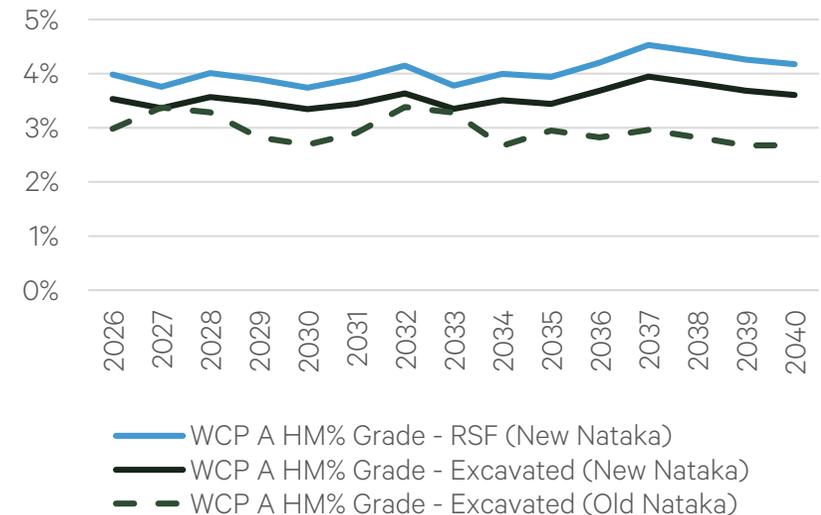
WCP A to Nataka (2025):

- Move necessary as Namalope mining completed
- Conceptual studies completed
- High grade 20 year path identified:
 - 24% higher HM grades
 - Higher slimes will require upfront desliming circuit:
 - Increases excavated ore grade by further 21%
 - 4-4.5% final feed grade
- Project requirements: Additional mining capacity, slimes thickening & storage, HMC transportation
- PFS to commence in 2019

High grade Nataka path



Improved Nataka Grade (% HM)



5 year capital cost guidance



Sustaining capital

- 2019: FY guidance of US\$23m
- Expected US\$20-25m from 2020-2025

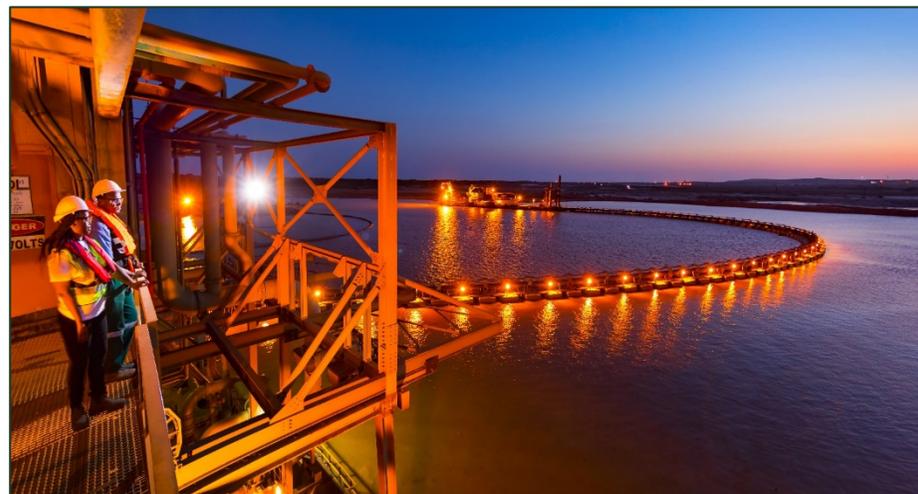
Development capital

- 2019: FY guidance of US\$70m
- Main elements are construction of WCP C and early works for WCP B move in 2020
- 2020-2023:
 - c. US\$75m - WCP B move to Pilivilili
 - c. US\$5m – primarily studies for Nataka

2024 onwards

- Capital required for execution of WCP A move to Nataka in 2024-2025 to be determined in PFS

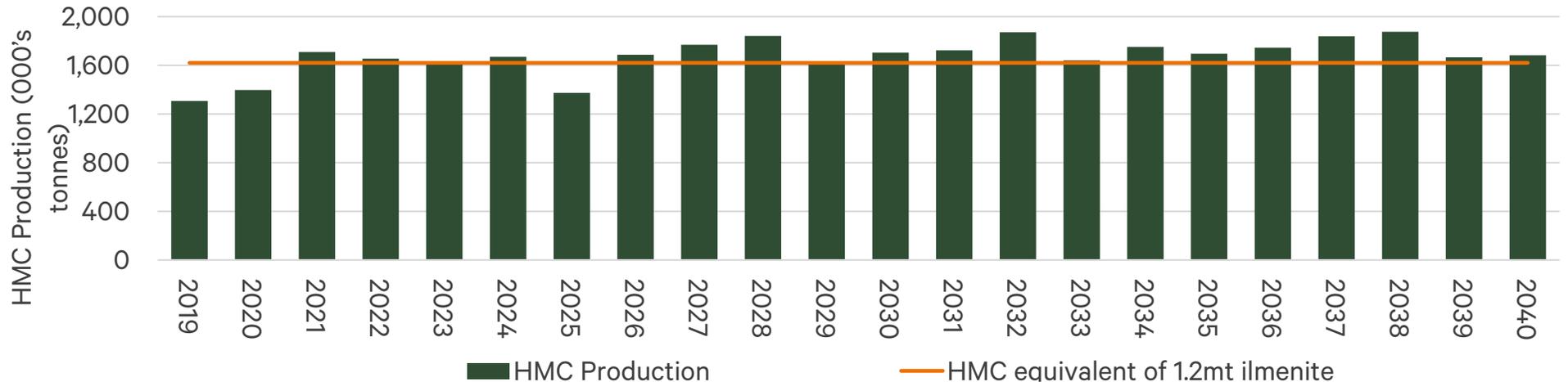
Estimated Development Capital	2019	2020	2021	2022	2023
Development Studies	3	2	1	1	1
WCP C at Namalope	39	1	0	0	0
MSP Improvements	3	3	0	0	0
WCP B to Pilivilili	25	75	0	0	0
Total	70	81	1	1	1



Sustained production at higher levels from 2021



20 year production profile



- **Moma operations at full capacity for 20+ years**
 - Unit costs falling to USD120 - USD130/t (2018 real terms) from 2021 until WCP A moves to Nataka in 2025
- **Limited capital expenditure beyond WCP A & WCP B moves**
 - Expanded WCP B capacity required from 2028
- **Margin expansion initiatives also underway**
 - Mineral sands concentrate project delivered in 2018, monetising historical tailings stream
 - Projecto Oitenta targeting increased operating times in 2019
- **Investing to bring cash flow stability**
 - Lower unit costs protect margins through the cycle

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