KENMARE RESOURCES PLC

2018 Preliminary Results Presentation

13 March 2019

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Agenda

Introduction
Michael Carvill, Managing Director

Financial review
Tony McCluskey, Finance Director

Operational review
Ben Baxter, Chief Operations Officer

Market update
Michael Carvill, Managing Director

Outlook
Michael Carvill, Managing Director

Q&A

Growing from a position of strength

GROWTH

- WCP B upgrade delivered on time and >25% below budget in 2018
- >20% production growth by 2021

MARGIN EXPANSION

- EBITDA margin increased to 38% in 2018
- First Mineral Sands Concentrate sales expected in 2019

SHAREHOLDER RETURNS

- Net cash of US$13.5m at year-end 2018
- Dividend policy announced

Robust production, increased profitability

2018 overview

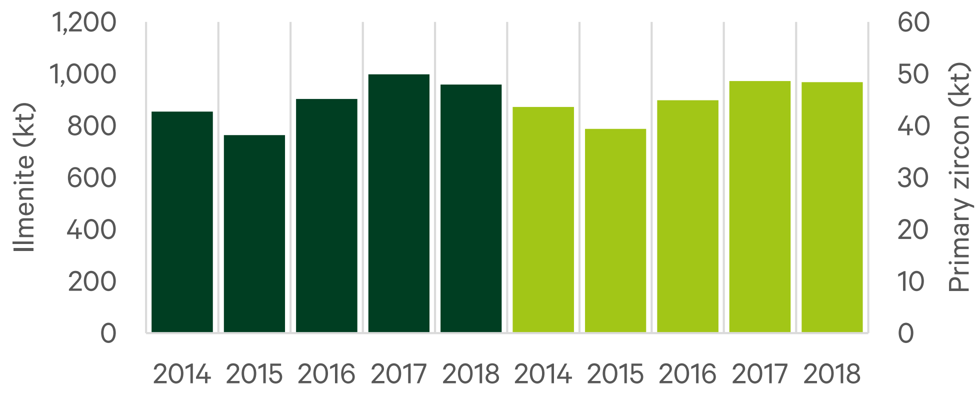
Operating and financial highlights

- Net cash position of US$13.5m achieved at year-end 2018 (2017: US$34.1m net debt)
- Mid-point of original 2018 production guidance exceeded for all products
- 54% increase in EBITDA to US$93.3m compared to 2017
- Higher cash operating costs of US$145/t reflect increased absolute costs and lower production

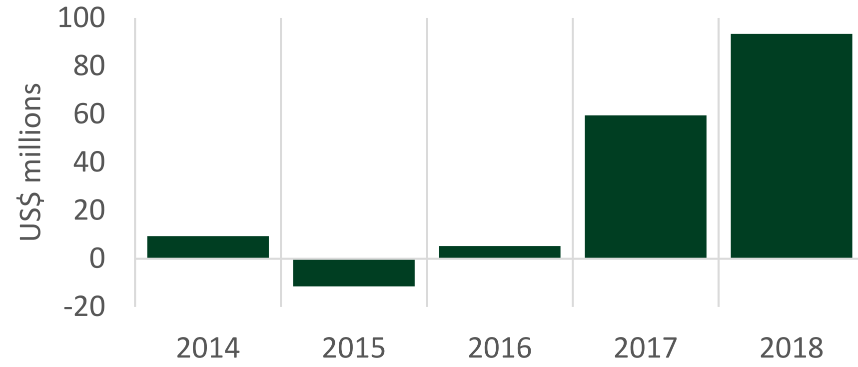
Development highlights

- WCP B upgrade commissioned, >25% below budget
- First production of Mineral Sands Concentrate in Q4 2018 – commissioned on time and below budget
- WCP C construction progressing well – commissioning expected before end 2019

Production guidance achieved for 3rd consecutive year



Increased EBITDA due to stronger pricing and shipments



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Financial review

Tony McCluskey, Finance Director

Strong financial performance

2018 financial overview

Revenue	Sales price[1]	Cash costs[2]
▲ 26%	▲ 17%	▲ 11%
2018: US$262.2m	**2018: US$229/t (FOB)**	**2018: US$145/t**
2017: US$208.3m	2017: US$195/t (FOB)	2017: US$131/t

EBITDA	Profit After Tax	Net cash
▲ 54%	▲ 162%	▲ US$47.6m
2018: US$93.3m	**2018: US$50.9m**	**31/12/18: US$13.5m net cash**
2017: US$60.5m	2017: US$19.4m	31/12/17: US$34.1m net debt

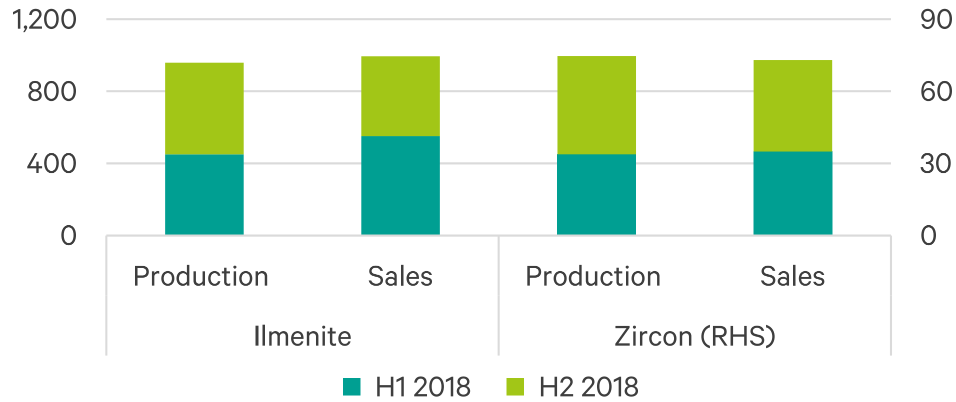
1. Weighted average sales price per tonne of product sold
2. Total cash cost per tonne of finished product

Positive market momentum

2018 revenue review (FOB)

- 21% increase in total revenue to US$245.9m compared to 2017
- 3% increase in sales volumes to 1,074,400 tonnes - a new annual record
- 2018 sales volumes weighted towards H1 2018 as strong ilmenite demand led to a drawdown of finished product inventories by 102,000 tonnes

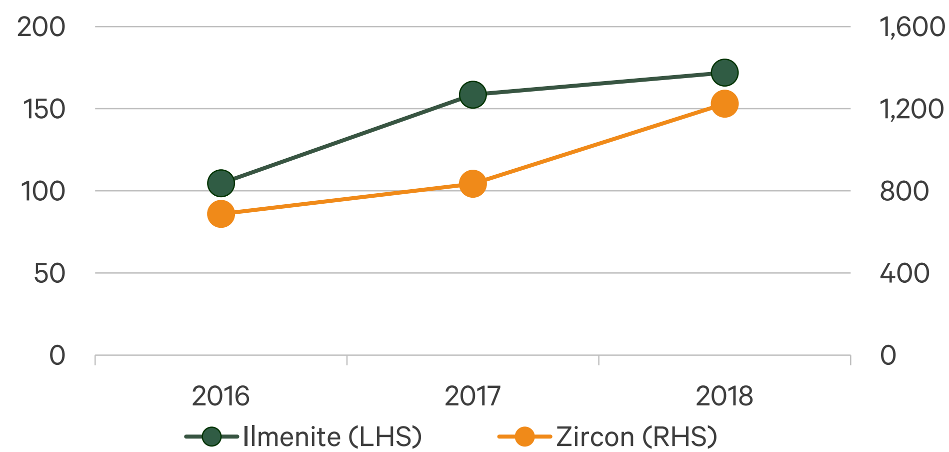
2018 production/sales (000's tonnes)



Higher received prices for all products

- 17% increase in 2018 average price per tonnes shipped (FOB) to US$229/t (2017: US$195/t)
- Annual price increases received for all products
  - 8% increase in ilmenite prices
  - 47% increase in primary zircon prices
- Strong price momentum maintained for zircon products in 2018

Strong annual pricing movement (US$/t, FOB)[1,2]



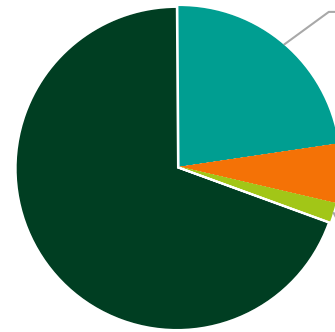
1. Primary zircon includes a blend of Standard and Special Grade
2. Free On Board (FOB) – received prices excluding shipping costs

Increased profitability

2018 Income Statement review

	2018 US$ million	2017 US$ million
Revenue	262.2	208.3
Freight costs	(16.3)	(5.5)
Revenue (FOB)	245.9	202.8
Cost of sales & other operating costs	(199.3)	(179.8)
Operating profit	62.9	28.5
Net finance costs	(6.9)	(7.5)
Foreign exchange gain/(loss)	0.1	(2.5)
Profit before tax	56.1	18.5
Tax (expense)/credit	(5.2)	0.9
Profit after tax	50.9	19.4

2018 revenue contribution by product (%)



- 21% increase in revenues due to a combination of higher volumes (+3%) and prices (FOB) (+21%)
- 11% increase in cost of sales and other operating costs, primarily due to increased sales volumes and higher costs
- increase in operating profit margin to 26%

Net profit margin rose to 21% in 2018

Continued reduction in net ilmenite unit cost

2018 cash operating costs reconciliation

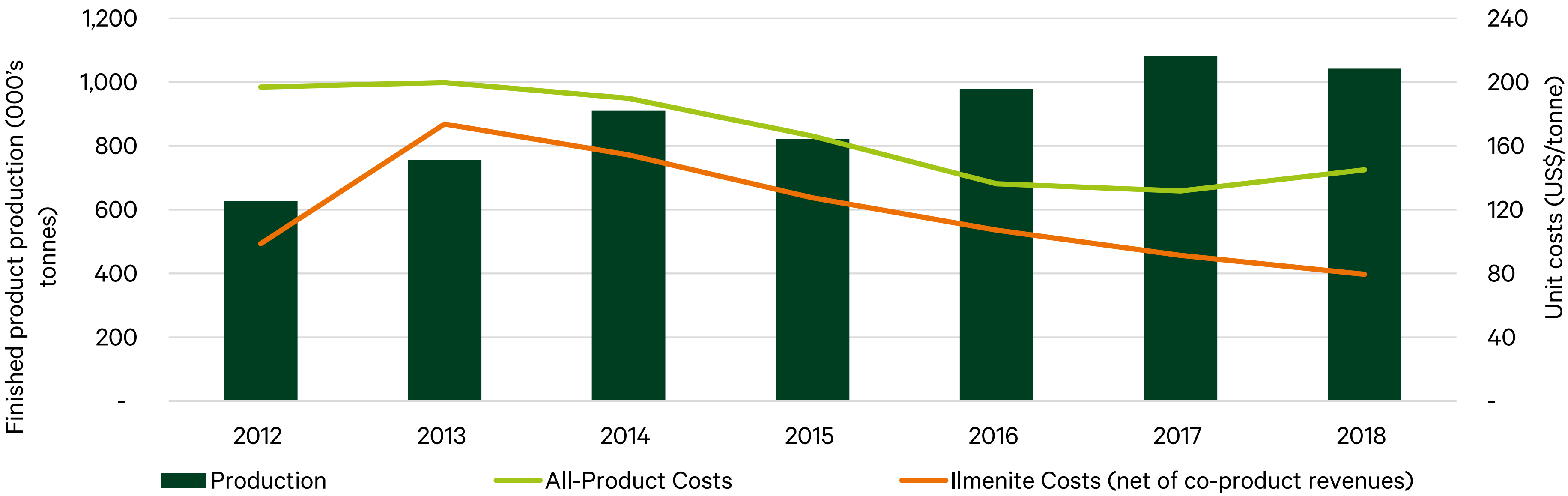
	Unit		2018	2017
Cost of sales	*US$m*		168.3	156.6
Other operating costs excluding freight	*US$m*		14.7	17.7
Total costs less freight			183.0	174.3
Depreciation	*US$m*		(30.4)	(32.0)
Share-based payments	*US$m*		(1.4)	(1.0)
Product stock movements	*US$m*		0.1	0.3
Adjusted cash operating costs	*US$m*	**7%**	151.3	141.6
Finished product production	*tonnes*	**(4%)**	1,043,300	1,081,300
Total cash cost per tonne	*US$*	**11%**	145	131
Adjusted cash operating costs less revenue of co-products	*US$m*		76.2	91.2
Ilmenite production	*tonnes*		958,500	998,200
Total cash cost per tonne of ilmenite	*US$*	**(13%)**	80	91

- Higher adjusted cash operating costs, due primarily to:
  - Increased electricity costs due to higher pricing by EdM (+US$1.6m) - power reliability issues also resulted in increased diesel generator usage (+US$2.7m)
  - Increased labour costs (+US$4.0m) largely as a result of increased dry mining headcount and pay increases
  - Increased fuel costs (+US$1.6m) as a result of higher diesel prices (19%) and additional fuel consumed by expanded dry mining
- 11% increase in total cash operating cost per tonne, due primarily to lower production and higher costs
- 13% decrease in ilmenite cost of production primarily due to zircon co-product benefits

- Analysis reconciles Income Statement to cash operating cost to run business
- Total cost per tonne of finished product is an all in cost including all company G&A
- Other operating costs include distribution, demurrage and administration costs

Targeting further unit cost reductions by 2021

Production and cash operating cost per tonne seven year profile

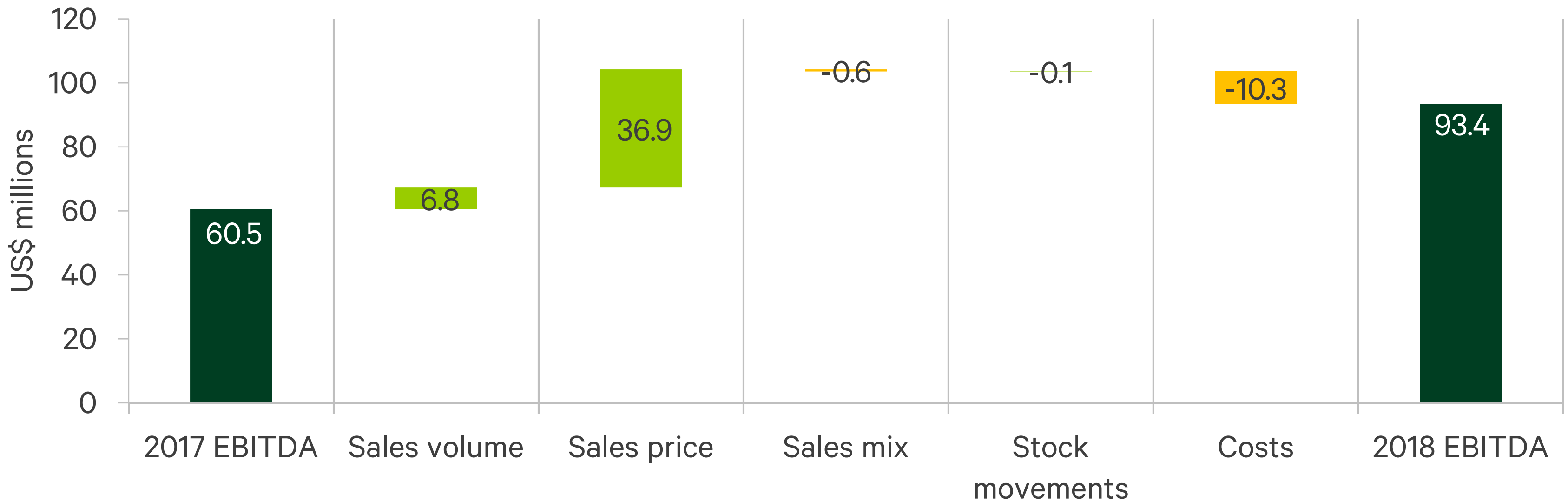


- Total cash operating cost of US$145/tonne, slightly above the 2018 guided range of US$130-143/tonne, as previously flagged
- 13% decrease in total cash operating cost of ilmenite (net of co-product revenues) to US$80/tonne in 2018 compared to 2017 due to higher volumes and prices of co-products
- Targeting total cash operating cost of US$120-130/tonne (in 2018 real terms) from 2021, due to increased production levels

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

EBITDA reflects stronger product markets

EBITDA bridge 2017 to 2018

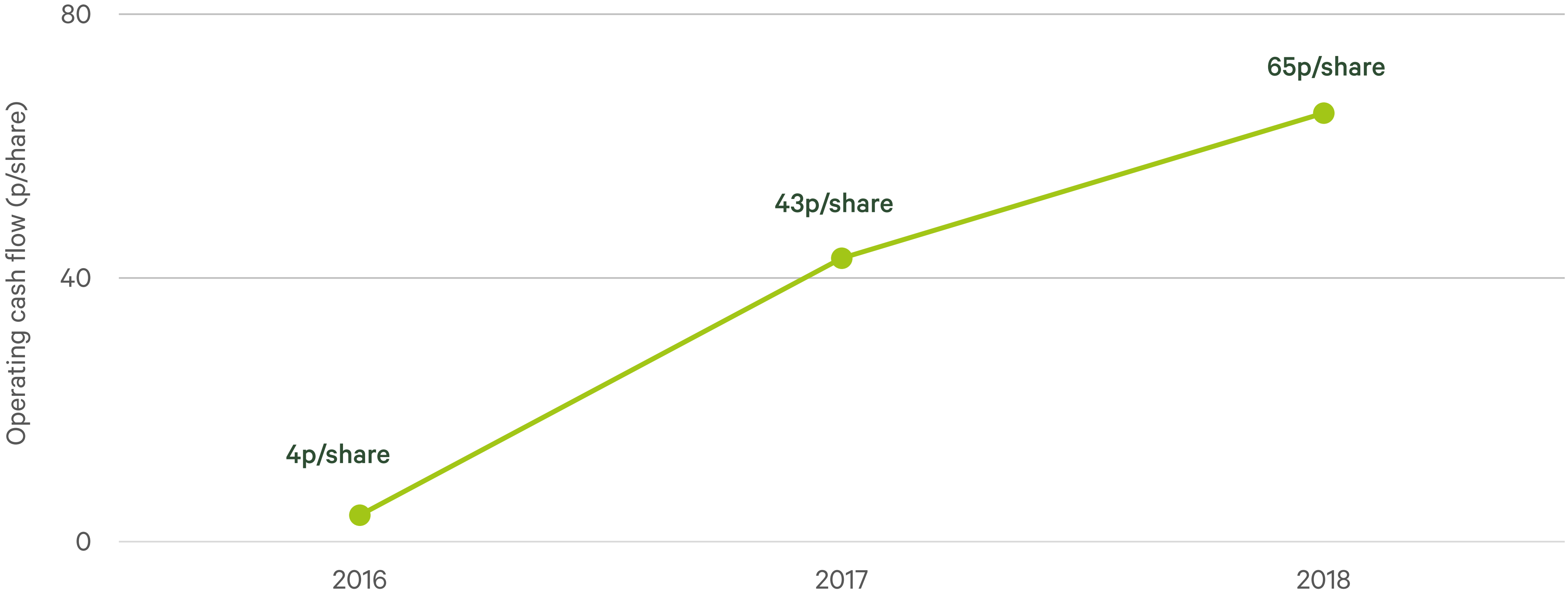


- EBITDA benefitted significantly from higher achieved prices for all products and increased sales volumes
- Sales mix reflects higher proportion of ilmenite sales, with lower EBITDA contribution than zircon
- Stock movements include movements in HMC and mineral stocks
- 11% increase in operating costs compared to 2017

54% increase in EBITDA in 2018 to US$93.3m compared to 2017

Increasing cash flow generation

Operating cash flow per share



51% increase in operating cash flow per share in 2018 compared to 2017

Strengthened balance sheet

Balance sheet review

	31-Dec-2018 US$ million	31-Dec-2017 US$ million
Property, plant & equipment	806.0	793.6
Inventories	53.9	52.7
Trade & other receivables	22.4	25.4
Deferred tax asset	-	4.2
Cash	97.0	68.8
Total assets	979.3	944.7
Equity & reserves	848.4	796.1
Bank loans	83.4	102.9
Creditors & provisions	47.5	45.7
Total equity & liabilities	979.3	944.7

- US$97.0m cash and cash equivalents at year-end 2018 - cash balance increased in line with increased sales and profitability
- Inventories included US$31.0m of mineral inventories at the end of 2018, including 200,000 tonnes of final product stocks
- Bank loans reduced to US$83.4m after principal repayments made in February and August 2018
- Tax losses were utilised during 2018 reducing the deferred tax asset to nil

US$19.0m of debt (principal) repaid during 2018

US$13.5m net cash at year-end

Net cash bridge 2017 to 2018

- Net cash of US$13.5m at year-end 2018, compared to US$34.1m net debt at year-end 2017
- 2018 capital spend of US$39.8m comprised US$19.5m sustaining capital and US$20.3m development capital

US$47.6m increase in net cash compared to year-end 2017

Dividend policy announced

Shareholder returns

Dividend policy

- Commitment to pay a minimum 20% of Profit After Tax
- Working towards maiden dividend in 2019

Subject to:

- Market conditions, debt and capital requirements
- Higher cash balances likely to be maintained until capital development projects completed

Final steps to maiden dividend:

- Completing group reorganisation, including tax aspects, and addressing remaining applicable conditions to the payment of dividends with Lenders

Expected higher capital returns from 2021

- Following completion of development projects
- May come in form of special dividend or share buy-backs

Note 1: Kenmare Resources plc. Note 2: Moma Subsidiaries comprise Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited.

Operational review

Ben Baxter, Chief Operations Officer

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

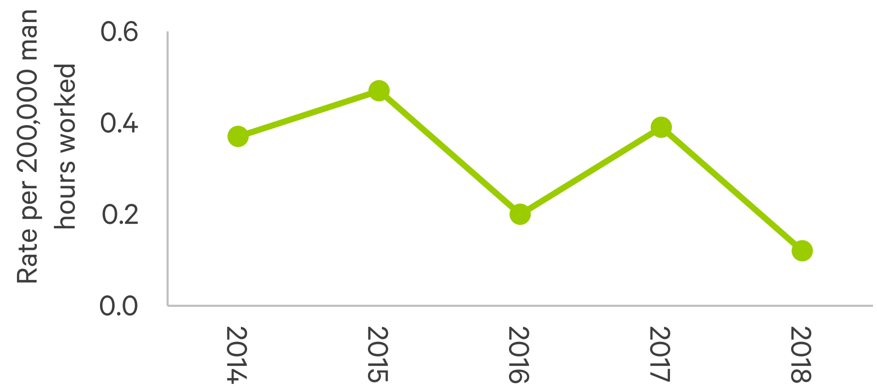
95% Mozambican employees

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

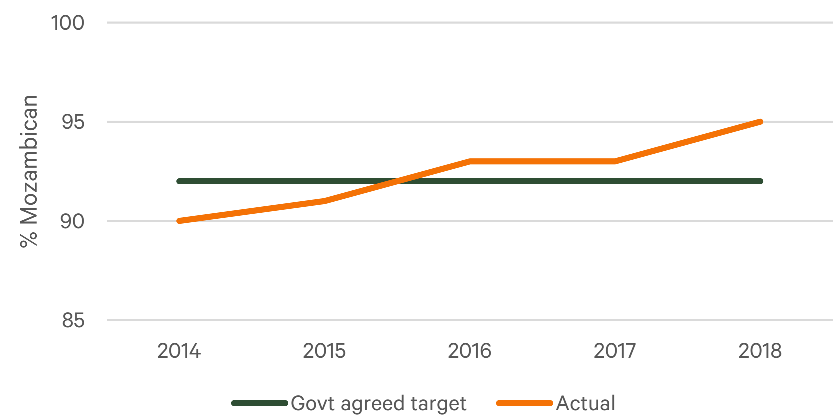
Advancing women

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

Lowest ever Lost Time Injury Frequency Rate

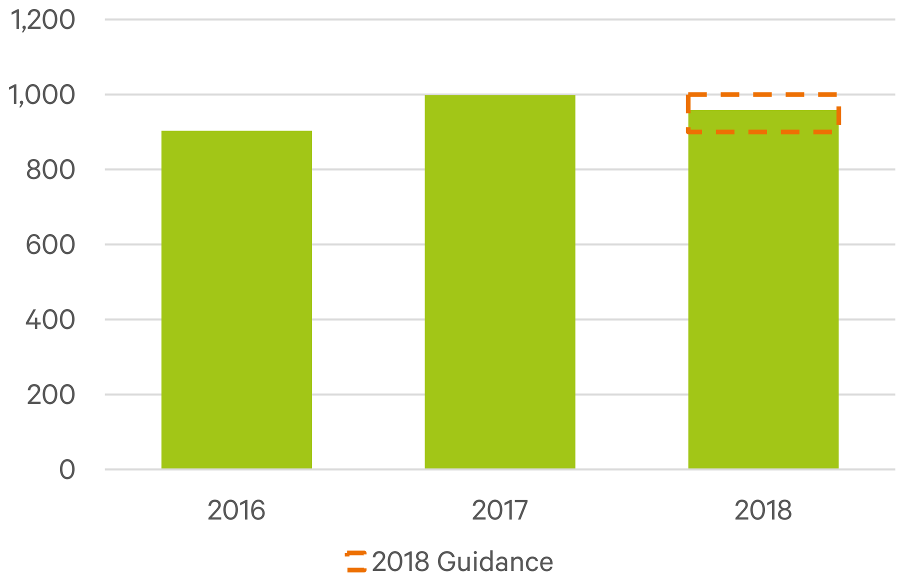


Increasing localisation of Kenmare employees

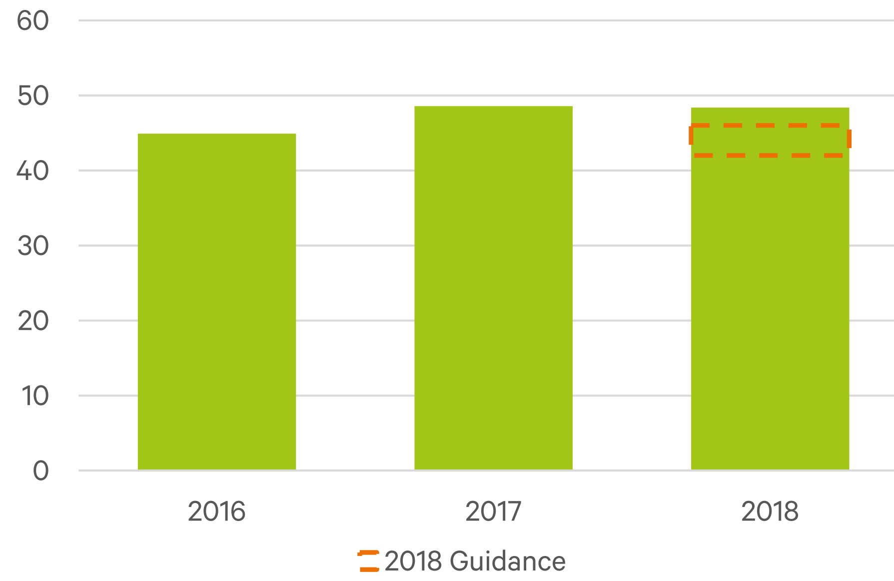


Meeting guidance for the third consecutive year

Ilmenite production (000's tonnes)



Primary zircon production (000's tonnes)



- Mid-point of original 2018 production guidance[1] exceeded for all products
- Heavy Mineral Concentrate (HMC) 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 1.2 Mtpa

1. 2018 production range based on guidance given on 11 January 2018

Progressing development projects

2018	2019	2020
WCP B UPGRADE	**WCP C DEVELOPMENT**	**WCP B MOVE**
STAGE	STAGE	STAGE
• Commissioned	• Execution underway	• DFS expected H1 2019
CAPITAL	CAPITAL	CAPITAL
• <US$16 million	• <US$45 million	• c. US$100m

Growing production to 1.2 Mtpa of ilmenite

Five year capital cost guidance

Sustaining capital

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

Development capital

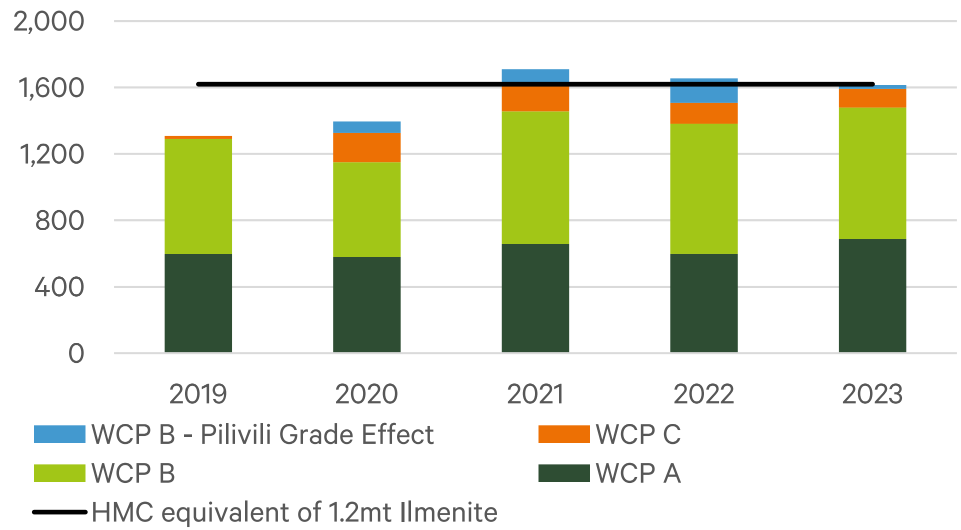
- 2019: guidance of US$70m
  - Main elements are construction of WCP C and early works for WCP B move in 2020
- 2020-2023:
  - c. US$75m - WCP B move to Pilivili
  - c. US$5m – primarily studies for Nataka

2024 onwards

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

Development Capital (US$m)	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 Pilivili	25	75	0	0	0
Total	**70**	**81**	**1**	**1**	**1**

Five year HMC production profile (000's tonnes)



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[1]	tonnes	33,500-43,500	28,200

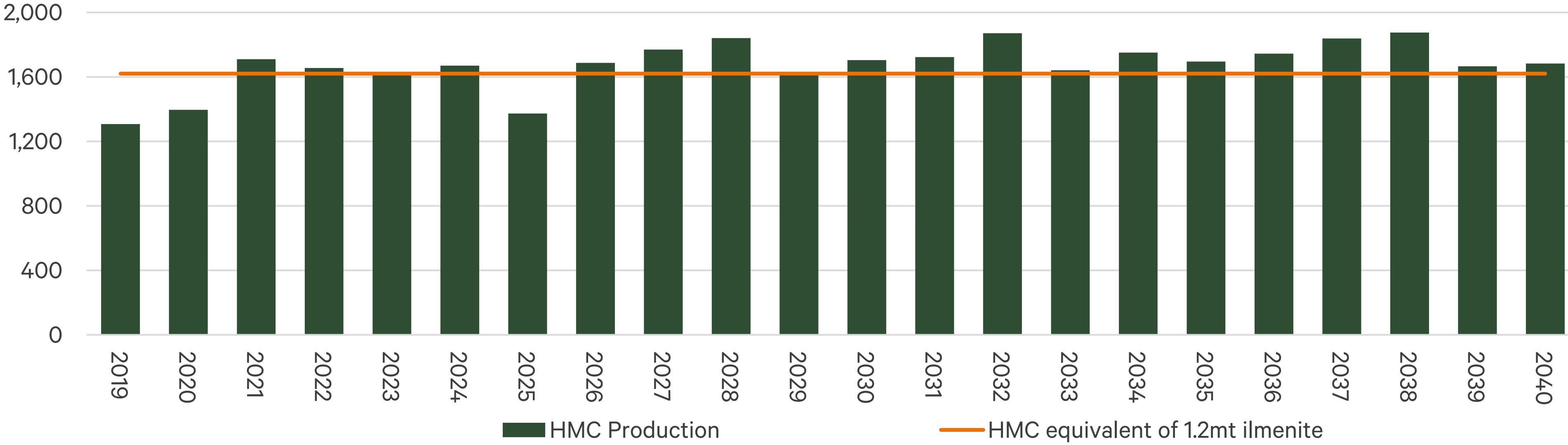
Costs			
Total cash operating costs	US$ m	151-167	151.3
Cash costs per tonne of finished product	US$/tonne	150-160	145

- 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. Concentrates includes secondary zircon and Mineral Sands Concentrate.

Sustained production at higher levels from 2021

20 year production profile (000's tonnes)



Moma operations at full capacity for 20+ years

- Unit costs falling to US$120-US$130/t (2018 real terms) from 2021 until WCP A moves to Nataka in 2025

Margin expansion

- Mineral Sands Concentrate project delivered on time and under budget in 2018, monetising historical tailings stream

Investing for cash flow stability

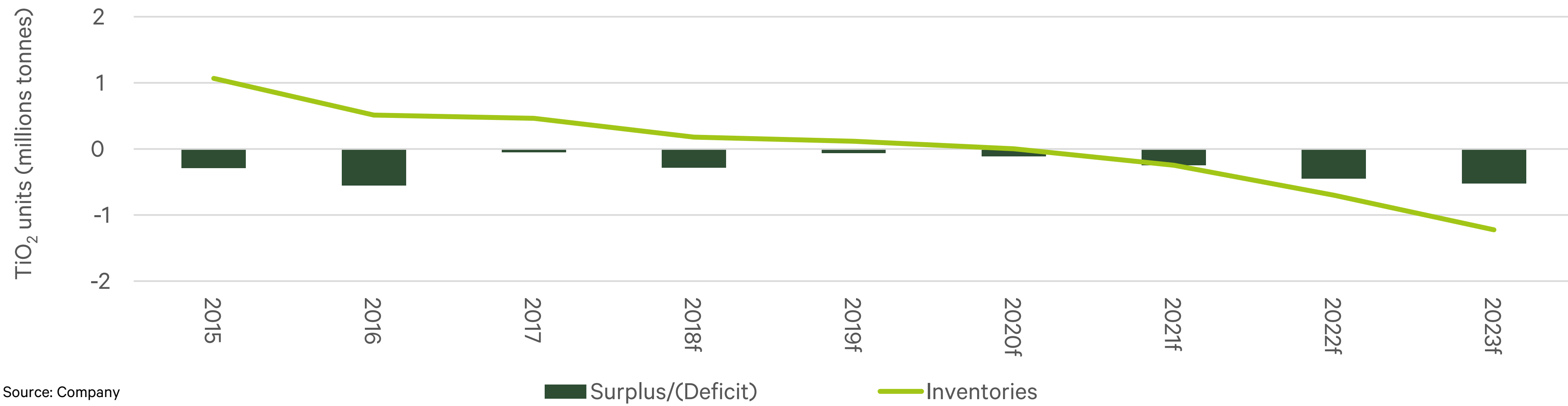
- Lower unit costs protect margins through the cycle

Market update

Michael Carvill, Managing Director

Global TiO_2 inventories are low

Forecast supply/demand market balance



Source: Company

Current prices profitable for existing producers

- Average ilmenite prices up in 2018, but sulphate ilmenite prices softened in H2
- Strong co-product pricing drove increased Chinese domestic supply in 2018

Strong fundamentals

- Global primary mine supply deficit since 2015 – excess inventories built during the last cycle have balanced the market to date
- Supply from existing mines expected to decline through depletion
- Additional supply necessary in the short/medium term

Positive outlook for ilmenite and zircon

Ilmenite

- Forecast supply deficits for sulphate and chloride ilmenite
- Long-term customers increasing offtake
- Additional Chinese upgrading plants set to be commissioned in 2019, requiring high quality ilmenite to be imported
- Significant depletion from existing mines in coming years
    - Limited new supply financed
    - Current prices remain largely insufficient to fund development of new projects
- Development of chloride pigment capacity will drive increased demand for imported ilmenite into China
- Prices still ~50% below previous peak in 2012

Zircon

- Zircon prices increased ~46% in 2018 compared to 2017 due to a supply deficit
- The market balanced in Q4 2018 following an increase in supply from swing suppliers and in the form of concentrates
- Demand growth forecast to outstrip supply
    - Global production expected to decline due to orebody depletion
    - Limited supply expected from new projects
    - Supportive of long-term prices

Ilmenite

Zircon

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Outlook

Michael Carvill, Managing Director

Building on our strategy

Strategy	2018	2019
Growth		
➢ Low capital intensity growth to fully utilise existing installed facilities	➢ WCP B upgrade completed on time and >25% below budget ➢ Record shipments achieved of all products	➢ DFS for WCP B move to Pilivili completed ➢ Commissioning of WCP C expected before end of 2019
Margin expansion		
➢ Focus on margin expansion through cost reductions or increased revenue streams	➢ Mineral Sands Concentrate product stream commissioned ➢ Dry mining implemented with target capacity achieved	➢ Projecto Oitenta targeting higher utilisation ➢ Dredge automation commissioning expected in H1 2019
Shareholder returns		
➢ Returns >20% profit after tax to shareholders and balance sheet strength and flexibility remain core	➢ Net cash position of US$13.5m (2017: net debt of US$34.1m) ➢ Dividend policy announced	➢ Working towards maiden dividend in 2019

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Appendices

Mineral sands: essential to modern life

Two core product streams of minerals sands

Titanium feedstocks (ilmenite and rutile)

- TiO_2 pigment imparts whiteness and opacity in the manufacture of paints, plastics and paper
- Non-recyclable and difficult to substitute

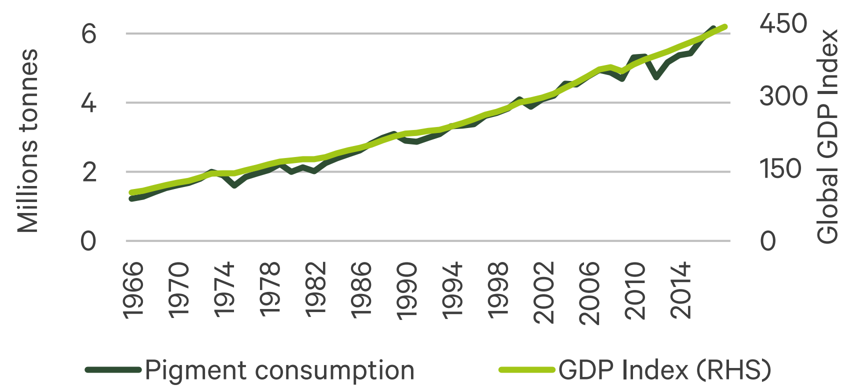
Zircon

- An important raw material for the ceramics industry for wall tiles, floor tiles and sanitary ware
- Favoured for whiteness, opacity, high melting point and shock resistance

Emerging market zircon & pigment demand growing rapidly

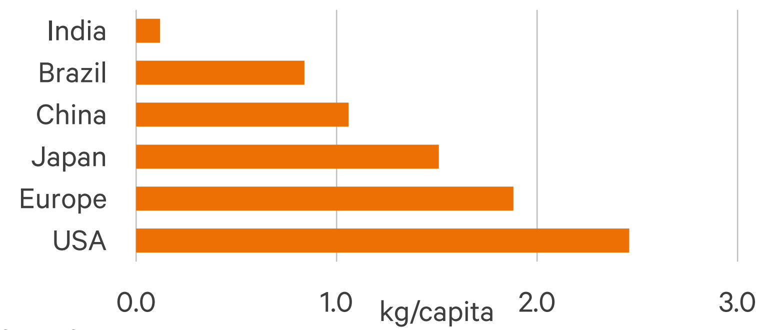
- Pigment is "quality of life" product, consumption grows as income levels increase
- Significantly higher TiO_2 pigment consumption per capita in developed western economies
- Large population developing economies are set for strongest pigment & zircon demand growth

World GDP vs TiO_2 pigment consumption



Source: Company (1966 base year)

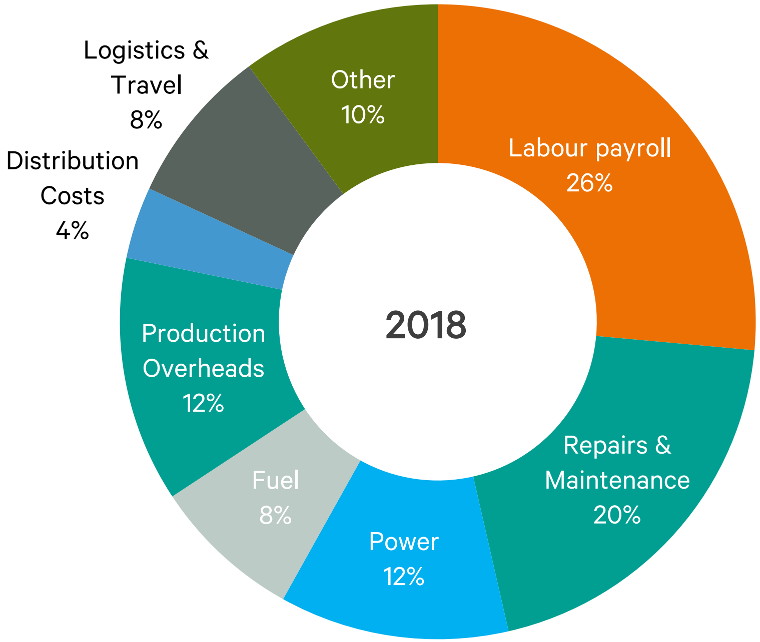
Regional pigment consumption (2017)



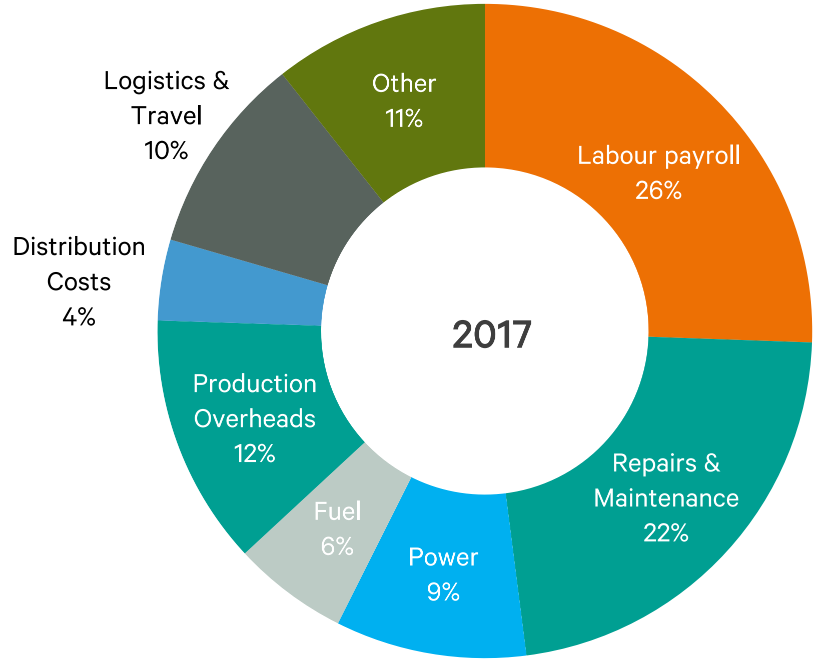
Source: Company

Demand for TiO_2 feedstocks and zircon is driven by global GDP growth and urbanisation in emerging markets

2018 cash operating cost breakdown



2018 total: US$199.3m



2017 total: US$179.8m

Adjusted cash operating costs

	2018	2017	Change	YoY
	US$M	US$M	US$M	%
Labour payroll	40.1	36.2	3.9	11%
Repairs & Maintenance	30.4	31.7	(1.3)	-4%
Power	17.7	13.4	4.3	32%
Fuel	10.9	8.1	2.8	35%
Production Overheads	19.0	17.6	1.4	8%
Distribution Costs	5.6	5.6	(0.0)	0%
Logistics & Travel	12.1	14.0	(1.9)	-14%
Other	15.5	15.0	0.5	3%
Total	**151.3**	**141.6**	**9.7**	**7%**

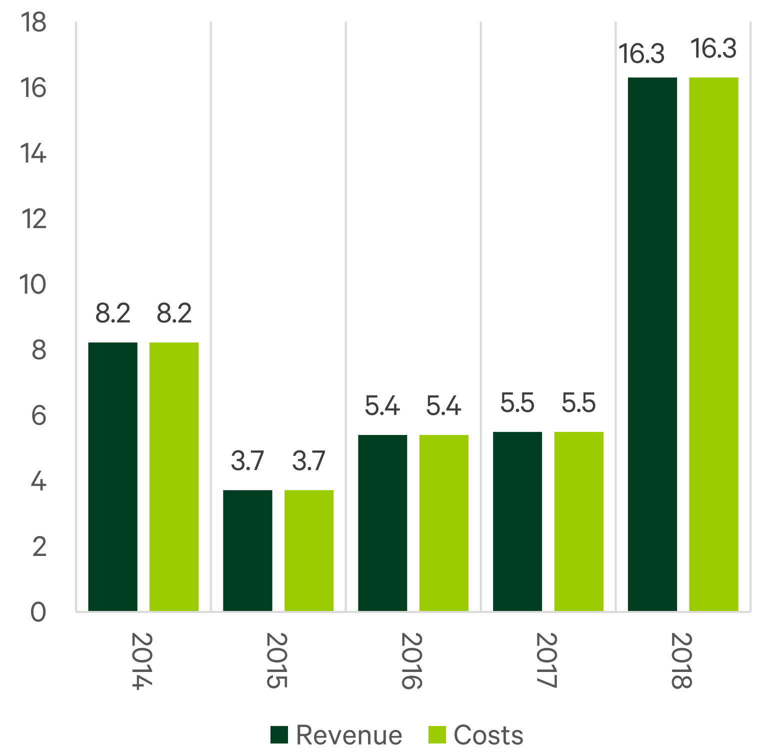
7% increase in 2018 compared to 2017 due primarily to:

- Labour: 11% increase due primarily to increased staff numbers and pay increases
- Power: 32% increase due to increased grid power costs and higher utilisation of diesel-powered electric generators
- Fuel: 35% increase in fuel costs due to 19% increase in price of diesel and additional dry mining, resulting in the heavy mobile equipment using more fuel
- Production overheads: 8% increase due primarily to a significant increase in crop compensation for mining areas disturbed
- 4% decrease in repairs & maintenance due to a reduction in plant breakdowns due to improved preventative maintenance and reduced use of contractors due to the employment of additional artisans.
- Logistics and travel costs have decreased due to improved cost control tools implemented during the year.

Freight costs

- Shipments on CIF/CFR basis, rather than FOB, results in freight included in the sales price
- Freight is recognised in both revenues and costs equally
- Freight costs in 2018 increased to US$16.3m (H1 2017: US$5.5m) reflecting:
  - Kenmare's decision to increase direct marketing in China - saving agent commissions and strengthening customer relationships
  - Higher average freight rates in the period
  - Revenue less freight costs (CIF/CFR) in 2018 amounted to US$245.9m (2017: US$202.8m), which represents the FOB sales value

Annual freight costs (US$m)

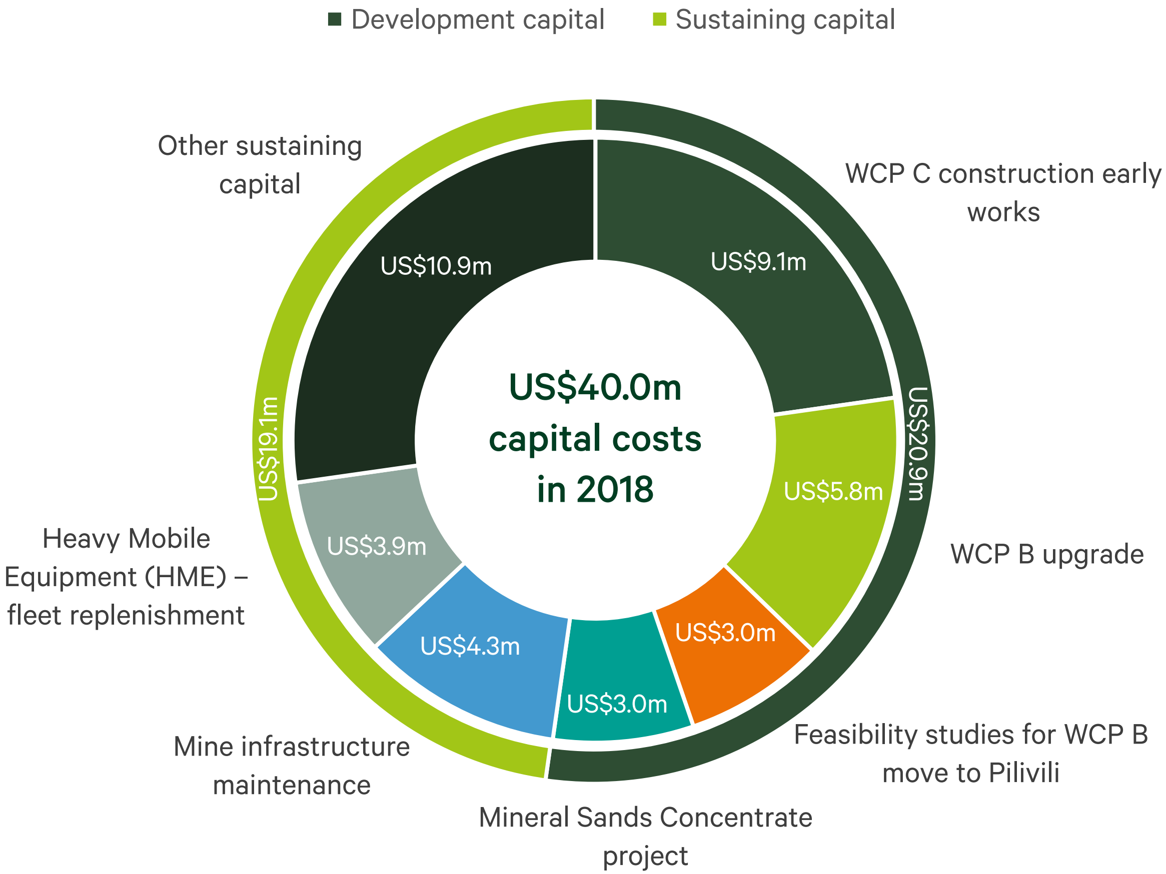


Note 1: Cost, Insurance and Freight (CIF) or Cost and Freight (CFR) basis amounts invoiced to customers in respect of shipping and handling are recognised as sales revenue. All shipping and handling costs incurred by the Group are recognised as Other Operating Costs.

Note 2: Free on Board (FOB) sales the customer is responsible for the cost of shipping and handling.

Capital costs driven by two development projects

2018 capital costs



23% of the 2018 capital costs relate to the commencement of WCP C construction

15% of the 2018 capital costs relate to the WCP B upgrade works

WCP B upgrade completed on time and >25% below budget

Why 1.2 million tonnes per annum of ilmenite?

Fully utilises our existing assets

- The Mineral Separation Plant has a capacity of 1.2 Mtpa 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

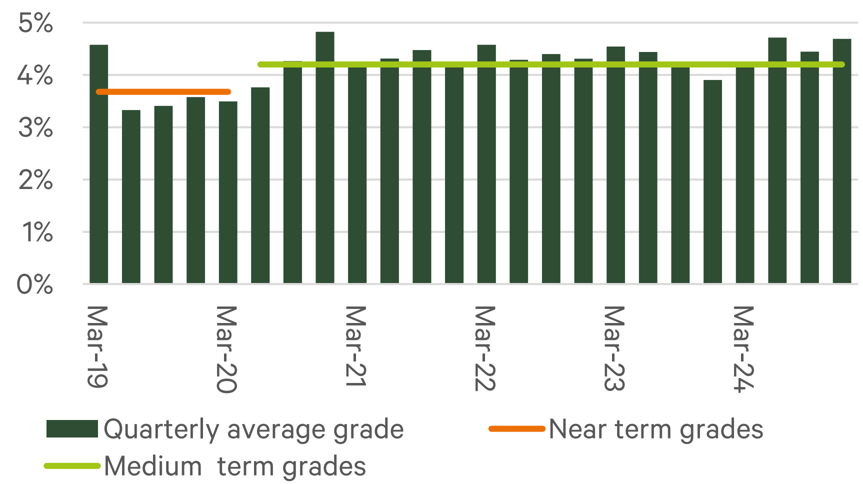
Stabilises cash flow

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

Two key development projects

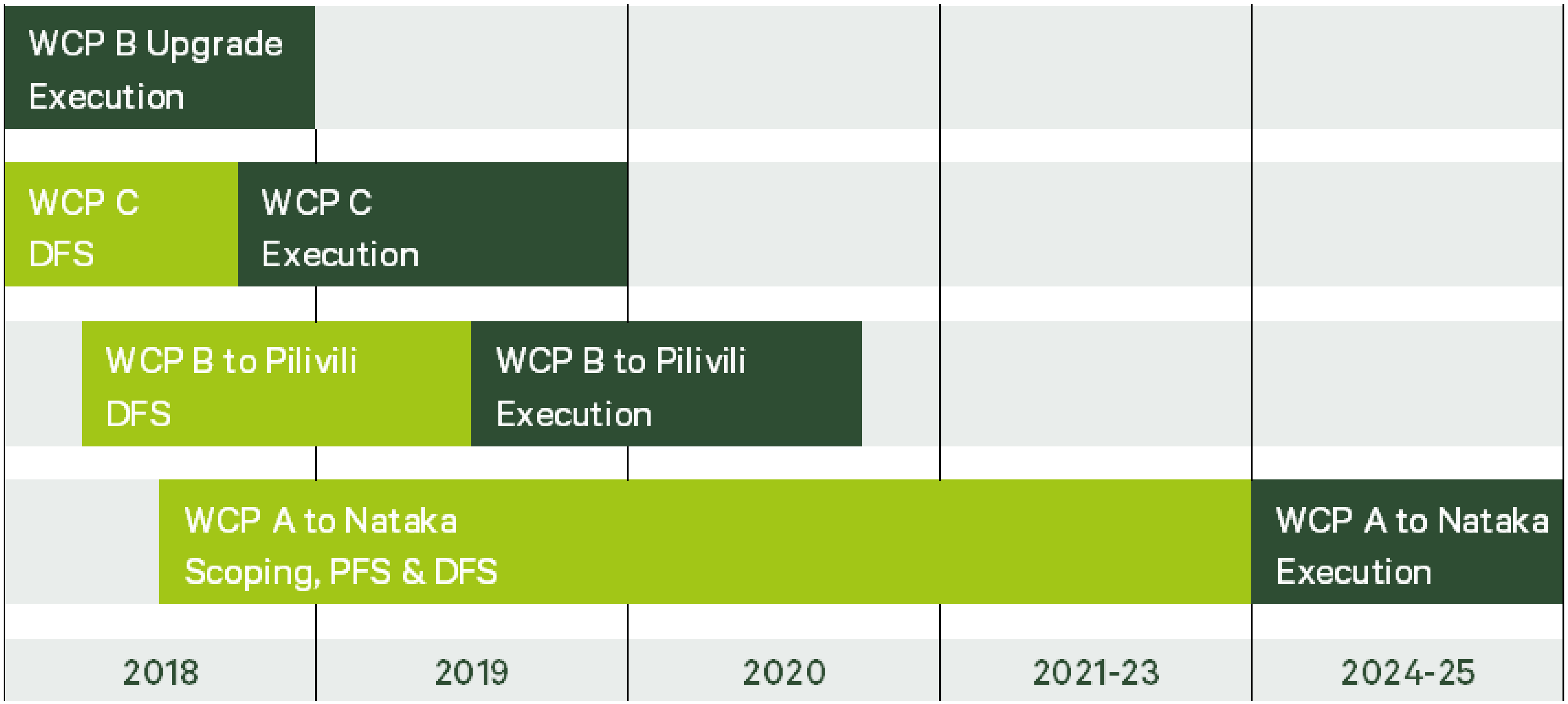
- Construction of WCP C - 2019
- WCP B move to Pilivili - 2020

Expected quarterly grades (% Total Heavy Mineral)



HMC stockpile at the Mineral Separation Plant

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

KENMARE RESOURCES PLC

Contact Us

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