

KENMARE

2015 Annual General Meeting

Dublin, 28 May 2015

 **London**
Stock Exchange

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PREMIUM



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Kenmare Resources – 2014/2015

Operations improving

- Mine production increasing
- Cost savings programme continuing
- Power issues addressed but more work to do

Product market conditions remain challenging

Restructured project financing for Moma Mine

- Additional US\$50m facility
- Reduced fixed payments and extended maturities

Updated conditional proposal from Iluka Resources

- Highly conditional proposal
- Working to satisfy pre-conditions

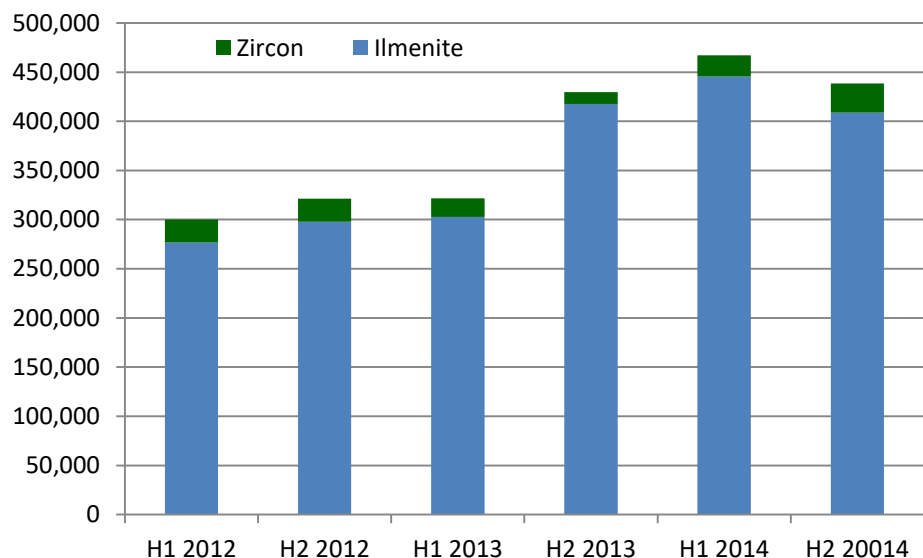
Focus on running the business

- Reducing costs
- Improving efficiency
- Positioned to take full advantage when market turns

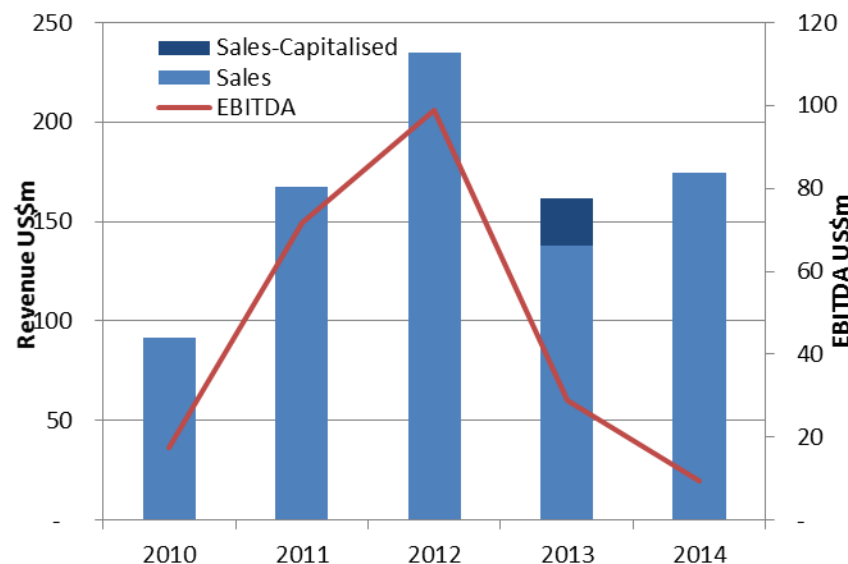


Key Performance Indicators

Production 2012 - 2014 (Half-Yearly) 000t

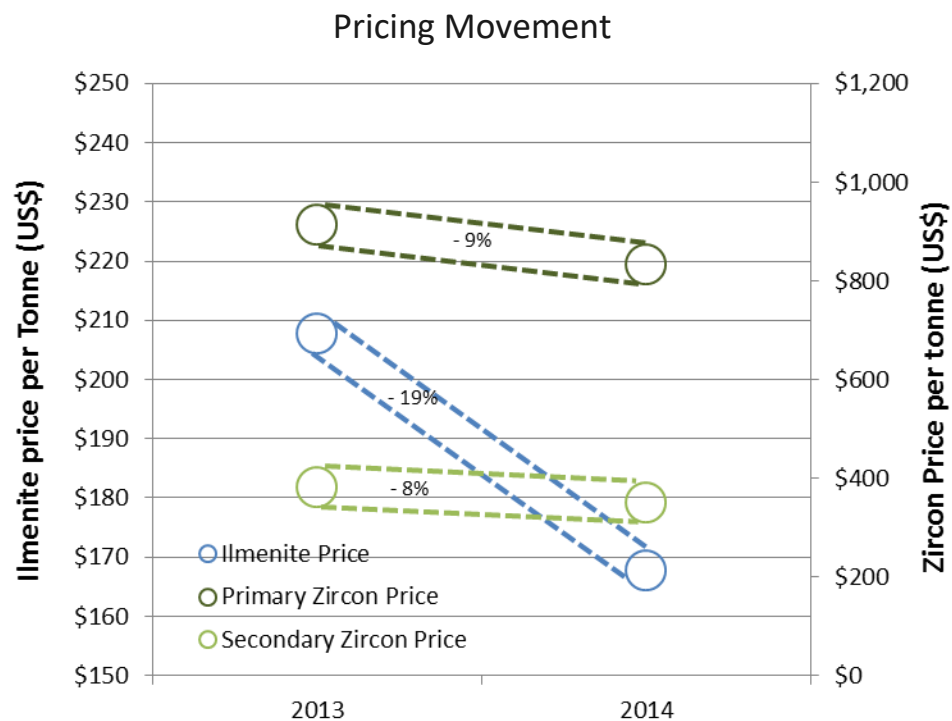


Revenue & EBITDA 2010 – 2014 US\$m



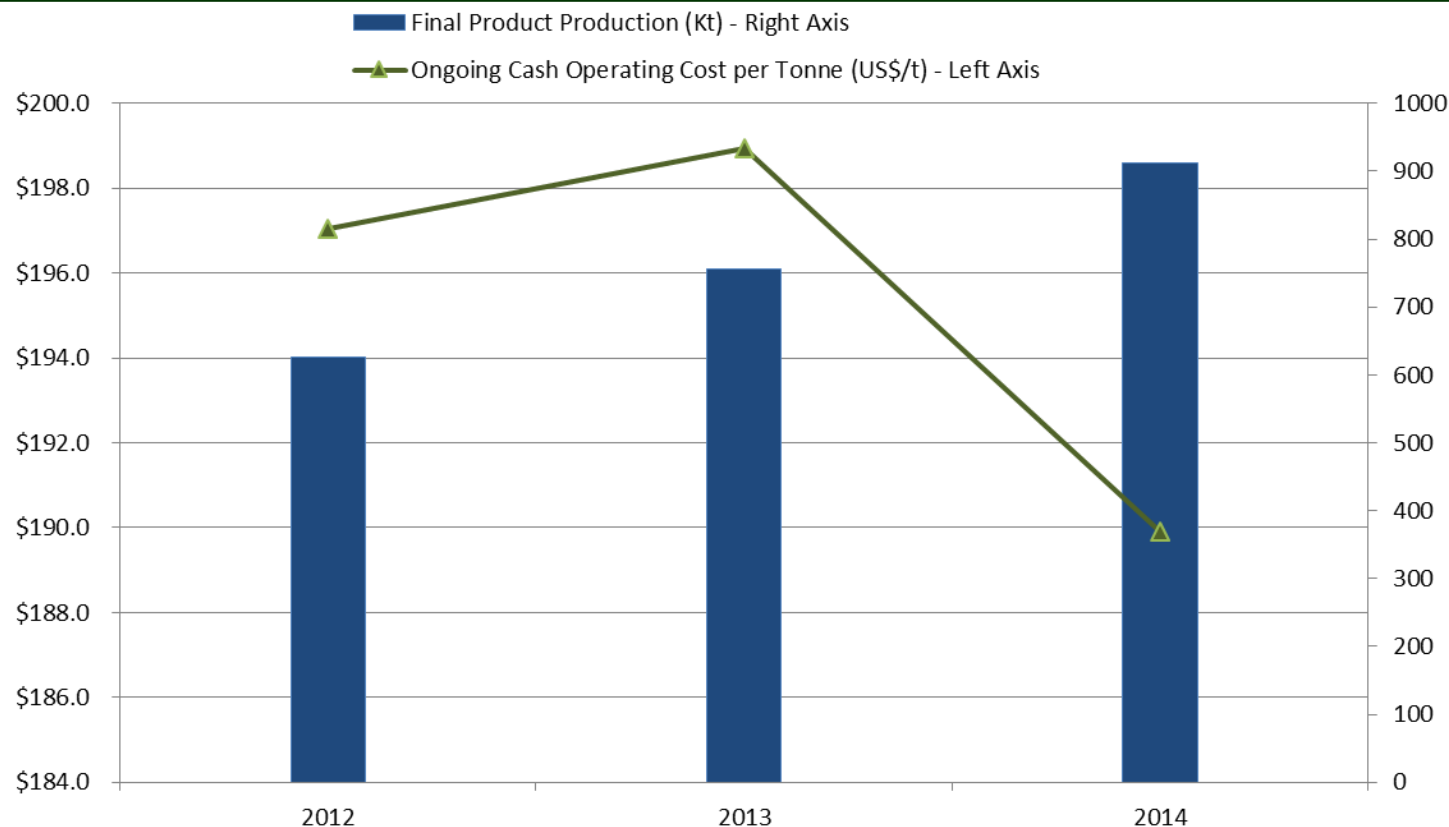
- HMC production increased 13% to 1,287,300 tonnes (2013: 1,137,200 tonnes)
- Ilmenite production increased 19% to 854,600 tonnes (2013: 720,100 tonnes)
- Zircon production increased 62% to 50,800 tonnes (2013: 31,400 tonnes)
- Closing final product stocks at end 2014 of 219,500 tonnes (2013: 107,100 tonnes)
- 2014 Sales volumes increased to 800,000 tonnes (2013: 677,800 tonnes)

2014 Revenue Review



Focussing on costs in response to pricing and lowering unit costs through higher production and efficiencies

2012 – 2014 Cash Operating Costs



- Cost per tonne fell in 2014, as expected from peak in 2013, due to:
 - Increasing production
 - Focus driving cost efficiencies
- Retrenchment programme in 2015 will deliver further cost efficiencies

Cost Efficiency Initiatives

- Cost efficiencies realised in the following areas:
 - Labour: Reduced numbers of short-term contracts, catering cost reductions and lower recruitment costs
 - Engineering: Efficiencies in plant maintenance and reduced dry mining costs
 - Production Overheads: Reduced machine rentals, external drilling and on-site contractors
 - Freight & Travel: More efficient transportation of materials and reduction in vehicle rentals
- Cost Savings next steps – retrenchment & labour efficiency programme in 2015
 - Estimate savings of US\$12.5m per annum

Power Solutions

Power stability and reliability issues have been in three core areas:

1) Voltage dips and spikes

- Installation of Voltage Stabilisation Equipment (Dip Doctor)
- Streamlined procedures to restart operations after a stoppage

2) Power line transmission capacities

- Peak time load rising above the current 118MW stability limit
- Significant transmission infrastructure upgrades to the national grid will provide an additional 40MW in July 2015 and a further 20MW in Q1 2016
- Diesel generators installed at Moma to run the MSP during periods of voltage instability (resulted in the best December production to date)

3) Flood damage to power lines in Q1 2015

- Unprecedented physical damage to power lines
- Power outages totalling seven weeks in Q1 2015
- Installing further diesel generator sets to fully operate the mine if required in future

Marketing

- Global pigment production grew by ~4% in 2014
 - Pigment production in China grew by ~16% in 2014 and ~8.3% in Q1 2015
 - Higher pigment plant operating rates in 2015 to contribute to higher feedstock demand
- New titanium slag plants starting production in the Middle East & Asia will consume significant ilmenite volumes
 - Including; Cristal Global, Hennan Billions & Yunan Xinli
- Reduced feedstock supply from Vietnam, USA & Australia in 2015; poor economics & mine closures
- Reduced ilmenite production from China due to declining iron ore prices
- Market rebalancing evident but yet to impact pricing

April 2015 Loan Amendment

The key terms of the debt restructuring include:

- The provision by the lenders of US\$50 million in additional standby funding
- Extension of debt maturities
- Removal of most fixed amortisation requirements to be replaced with a cash sweep leaving a minimum balance of US\$30 million in the Group
- A requirement for deleveraging in the medium term
- A lender-approved Non-Executive Director to be appointed to Kenmare's Board

Iluka Resources Conditional Proposal

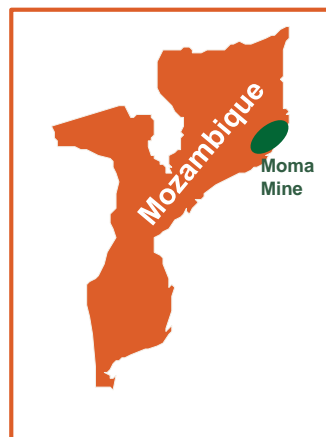
- A revised, non-binding proposal was announced on 30th April at a ratio of 0.016 Iluka shares for each Kenmare share
- Taking into consideration Kenmare's financial position, prevailing market conditions and the terms of the debt amendment Kenmare believes it is in shareholders interests to continue to work with Iluka
- Significant due diligence has been conducted by Iluka
- The proposal is subject to a significant number of pre-conditions that the Board and management of Kenmare are working with Iluka to satisfy
- There can be no certainty that an offer by Iluka for Kenmare will ultimately be forthcoming or the terms of that offer
- The Board and management continue to run Kenmare as an independent business, reducing costs, improving efficiency and ensuring that our company has the ability to thrive regardless of the outcome of the Iluka process



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Appendix

Mozambique Overview



Quick facts (2013)

Capital	Maputo
Government type	Presidential Democratic Republic
Ratings	S&P (B / Stable) Fitch (B+ / Positive)
Nominal GDP	US\$15.3bn
Total Debt / GDP	46.7%
Net FDIs / GDP	10.0%
GDP Growth	6.6%
Population	24 million

Key highlights

- Stable political environment – supportive government with which Kenmare has a favorable fiscal arrangement
- Diversified economy with extensive agricultural and natural resources as well as hydroelectric potential and tourism sector
- Growth is underpinned by robust investment inflows in large projects in the mining sector
- Mozambique continues to encourage foreign investment through open-market policies

International natural resources companies operating in Mozambique

There are currently over 60 natural resources companies operating in Mozambique, with several international names having local operations:



Operations Review

The Moma Mine

- Kenmare's expanded operating capacity is 1.2mtpa of ilmenite, plus co-products zircon & rutile
- Mining performed by three dredges floating in two artificial mining ponds
- These dredges slurry & pump mineralised sands from the mining face into two floating wet concentrator plants
- A heavy mineral concentrate is produced, which is pumped into a nearby minerals separation plant. It is then separated into final products for export via Kenmare's own product trans-shipment vessels
- These vessels are self-propelled, self-discharging & capable of carrying mineral from the jetty to the trans-shipment point, where product is loaded on to the customer's vessel



Operating Characteristics

- >4mt have been shipped to date
- Coastal location; no overland transport
- Surface mineralisation (no overburden)
- Principally low cost dredge mining
 - Wet mining plants are designed to produce a high grade of heavy mineral concentrate (distinct from more well known dry mining which use trucks, excavators, scrapers, or loaders to recover ore to a mining unit plant)
- Limited infrastructure requirements
 - The ability to mine & export directly from the Moma site using a dedicated shipping terminal contributes to placing Kenmare toward the bottom of the industry production cost curve
- Low cost hydro power supply
- Significant co-product revenue offers diversification of customers, & a higher product price portfolio
- Ilmenite products are suitable for both sulphate & chloride pigment markets direct without further beneficiation
- Substantial further mineral resources providing long mine life

Kenmare Resources at a Glance

Location of mine	Moma Mine, North-east Coast Mozambique
Products (market share) ⁽¹⁾	Titanium feedstock (approximately 8% global supply)
Mine life	One of the world's largest known titanium minerals deposits with 100+ years at expanded production levels
Equity listing	Primary: London Stock Exchange (Premium Listing) Secondary: Irish Stock Exchange
Market capitalisation	c. US\$169m ⁽²⁾
In Mozambique since	1987
Operations commenced	2007
Number of employees	1,565 ⁽³⁾



- The Moma Mine produces titanium minerals ilmenite & rutile, used as feedstocks to produce titanium dioxide pigment & the relatively high-value zirconium silicate mineral, zircon
 - Titanium dioxide pigment has a high refractive index & brilliant white colour, which makes it an excellent reflective optical coating. It is used in paints, paper & plastic production
 - The primary applications for zircon are in the manufacture of opacifiers for ceramics & for refractory products used in the steel & foundry industries
- Currently ramping up completed expansion project, which is expected to increase production capacity by 50%
 - Production capacity: c.1.2 mtpa ilmenite, 75 ktpa zircon, 21 ktpa rutile
 - Moma Mine expected to produce ~8% of global titanium feedstock supply

(1) Expected market share in 2015 based on Kenmare's estimate.

(2) US\$ equivalent as at 27 May 2015

(3) As at 31 December 2014

KMAD - Community Relations

2013 – 2015 Strategic Plan Agreed, MOU signed with community leaders and District Government

Current Projects

- Health post started operating in March 2013 & ambulance allocated for community service
- 6 new primary schools constructed
- MOU with Government for vocational training centre financed by Kenmare finalised – to be signed shortly
- New Conservation Agriculture project covering 200 families started this year
- Small scale enterprise projects supported in all surrounding villages
- Water system set up in Topuito and Mtitikoma villages. Currently being installed in Tebane
- Malaria spraying in all locality villages – supervised by Ministry of Health, financed by Kenmare
- General Urbanisation Plan for Topuito locality completed – supervised by MICOA, financed by Kenmare



Reserves & Resources

Reserves & resources table as at 31 December 2014

Reserves	Category	Ore (Mt)	% THM*	% Ilmenite in THM	% Ilmenite in ore	% Rutile in ore	% Zircon in ore	% Slime	THM (Mt)	Ilmenite (Mt)	Rutile (Mt)	Zircon (Mt)
Namalope	Proved	246	4.1	82	3.3	0.077	0.24	8.05	10	8.2	0.19	0.58
Namalope	Probable	97	3.3	81	2.7	0.103	0.21	8.25	3.2	2.6	0.10	0.20
Nataka	Probable	472	2.8	82	2.3	0.049	0.15	13.08	13	11	0.23	0.71
Total Reserves		815	3.3	82	2.7	0.064	0.18	10.98	27	22	0.52	1.5

Resources	Category	Sand (Mt)	% THM*	% Ilmenite in THM	% Ilmenite in sand	% Rutile in sand	% Zircon in sand	% Slime	THM (Mt)	Ilmenite (Mt)	Rutile (Mt)	Zircon (Mt)
Congolone	Measured	167	3.3	77	2.5	0.060	0.24		5.4	4.2	0.1	0.4
Namalope	Measured	92	3.6	81	2.9	0.066	0.21	8.87	3.3	2.7	0.1	0.2
Namalope	Indicated	134	2.9	81	2.3	0.055	0.17	6.85	3.8	3.1	0.1	0.2
Nataka	Indicated	1064	3.3	81	2.7	0.059	0.18	17.69	34.9	28.4	0.6	1.9
Pivilli	Inferred	227	5.4	80	4.3	0.13	0.35		12	9.8	0.3	0.8
Mualadi	Inferred	327	3.2	80	2.6	0.061	0.21		10	8.4	0.2	0.7
Nataka	Inferred	4,800	2.7	83	2.2	0.046	0.14	13.95	130	110	2.2	6.8
Mpitini	Inferred	287	3.6	80	2.9	0.070	0.24		10	8.3	0.2	0.7
Marrua	Inferred	54	4.1	80	3.3	0.19	0.19		2.2	1.8	0.1	0.1
Quinga North	Inferred	71	3.5	80	2.8	0.14	0.28		2.5	2.0	0.1	0.2
Total Resources		7,200	3.0	83	2.5	0.055	0.17	12.06	210	180	3.9	12