2008

KENMARE

ANNUAL REPORT & ACCOUNTS

Mining & Processing Operations

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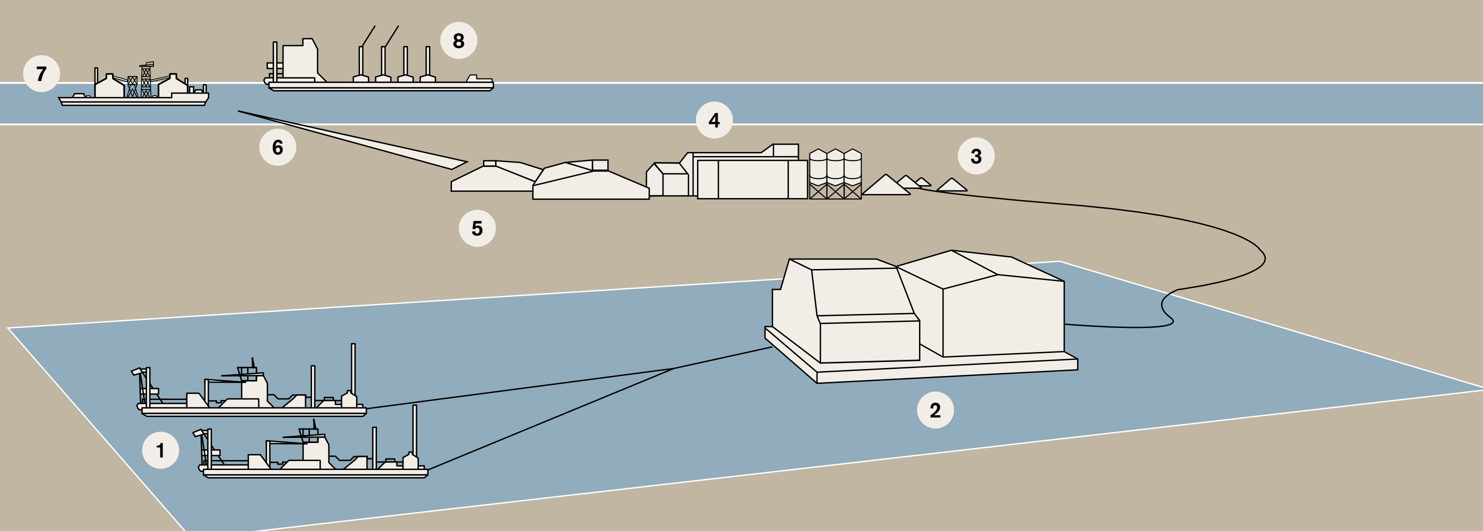

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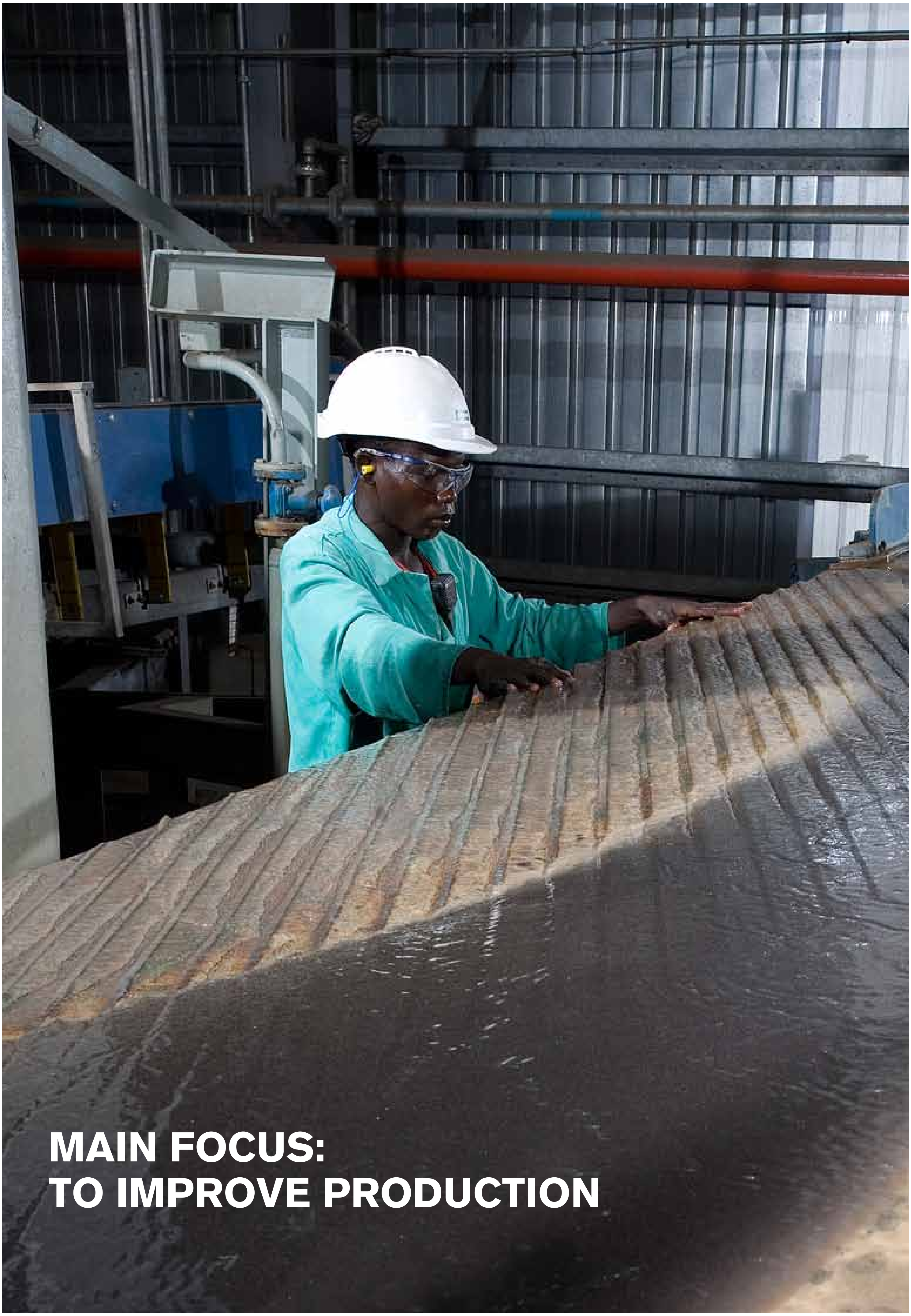
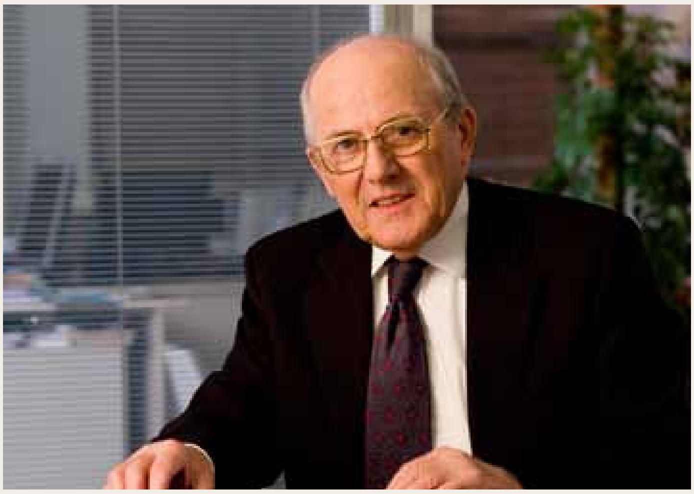


MAIN FOCUS:
TO IMPROVE PRODUCTION

Chairman's Statement



Chairman, Charles Carvill

Dear Shareholder,

Over the past year we have worked with one main focus: to improve production. We are now in a much improved position to deliver on our targets for the Moma Titanium Minerals Mine.

While we have made significant improvements in production levels over the past year, there have also been significant challenges. These included Cyclone Jokwe, successive missed deadlines by our construction contractor and aspects of the plant which were demonstrated as not being fit for purpose frustrating our ability to reach full production. However, the Board remains confident that the mine will reach full production by the end of this year and that the plan to get there is both achievable and realistic.

Key steps taken by the Board and Kenmare's management team to ensure that these targets are reached by late 2009 include:

- Development of a detailed plan which addresses production issues and their solutions;
- Implementation of a detailed Performance Improvement Project ("PIP") to rectify deficiencies in the plant and equipment, 75% complete; and
- Appointment of a new Chief Operating Officer and a new General Manager for the mine.

In November 2008, Kenmare required the construction contractor to participate in a set of performance tests on the facilities at the mine. These tests were witnessed by a jointly appointed independent observer and, as we anticipated, failed to achieve the required performance criteria outlined in the contract in a number of key areas. This enabled Kenmare to present the contractor with a set of projects we considered necessary to reach full production, and to insist that implementation commence immediately.

This set of projects, known collectively as the PIP, is being implemented largely by the contractor with close involvement by a dedicated Kenmare project team to ensure adherence to the agreed schedule and scope of work. In the three months since it was initiated, the PIP has been 75% completed across 326 action areas with all necessary new equipment either delivered, in transit or in manufacture. While most tasks within the PIP fall under the contractor's responsibility, Kenmare is itself responsible for a sub-set of tasks necessary to achieve full production of 800,000 tonnes per annum of ilmenite plus co-products rutile and zircon.

The PIP is addressing key areas that are vital to achieving production targets, including the upgrade of the dredge hydraulics, slimes and tailings disposal pumping systems, material handling systems in the mineral separation plant, and provision of additional separation equipment in the ilmenite, zircon and rutile circuits, combined with a new ilmenite reject scavenging system to optimise recoveries and product quality. Most of the work has to be completed before achieving significantly higher production levels and implementation involves some disruption of production as work is carried out. Nonetheless, production of heavy mineral concentrate, the limiting parameter, increased by 18% in quarter 1, 2009 compared with quarter 4, 2008.

Kenmare has recruited a new Chief Operating Officer and General Manager for the mine. Both have successful track records and considerable experience in the mineral sands industry in South Africa and Australia, which will benefit the mine. They have, in turn, appointed a number of experienced personnel to key mining and processing positions, further strengthening the capacity of the mine to deliver on production targets.

Drilling completed during 2008 resulted in an upgrade of an Inferred Resource at Namalope, the orebody on which the dredges are

The Performance Improvement Project is addressing key areas that are vital to achieving production targets.

Drilling results on the Namalope orebody increased this reserve adding an estimated 5 years to its mine life.

working, to a Probable Reserve. As a result, the heavy mineral reserves for the Namalope orebody increased from 21 million tonnes to 26 million tonnes of total heavy minerals, despite the consumption of 0.6 million tonnes during 2008. The new reserves have added an estimated five years of mine life to the Namalope deposit.

At our Board meeting on 16 April 2009, Dr. Alastair Brown retired both from his executive position as Director of Geology and from the Board. Alastair was with Kenmare from 1987, providing the resource definition which has enabled the financing and construction of the mine. He worked in difficult circumstances with limited resources, but with rigorous methodology which has withstood examination by third party experts throughout the financing process. We all wish Alastair well in his retirement and thank him for his enormous contribution.

The present difficulties faced by the world's economies are impacting on the uptake of titanium mineral products. In particular there has been strong inventory de-stocking, reducing demand by pigment producers, our key market. The bulk of the mine's planned production for 2009 is covered under marketing contracts and the shipment schedule for the coming months remains busy. We are hopeful that this inventory de-stocking cycle is nearing completion and that normal market conditions, even if at reduced levels, will soon resume.

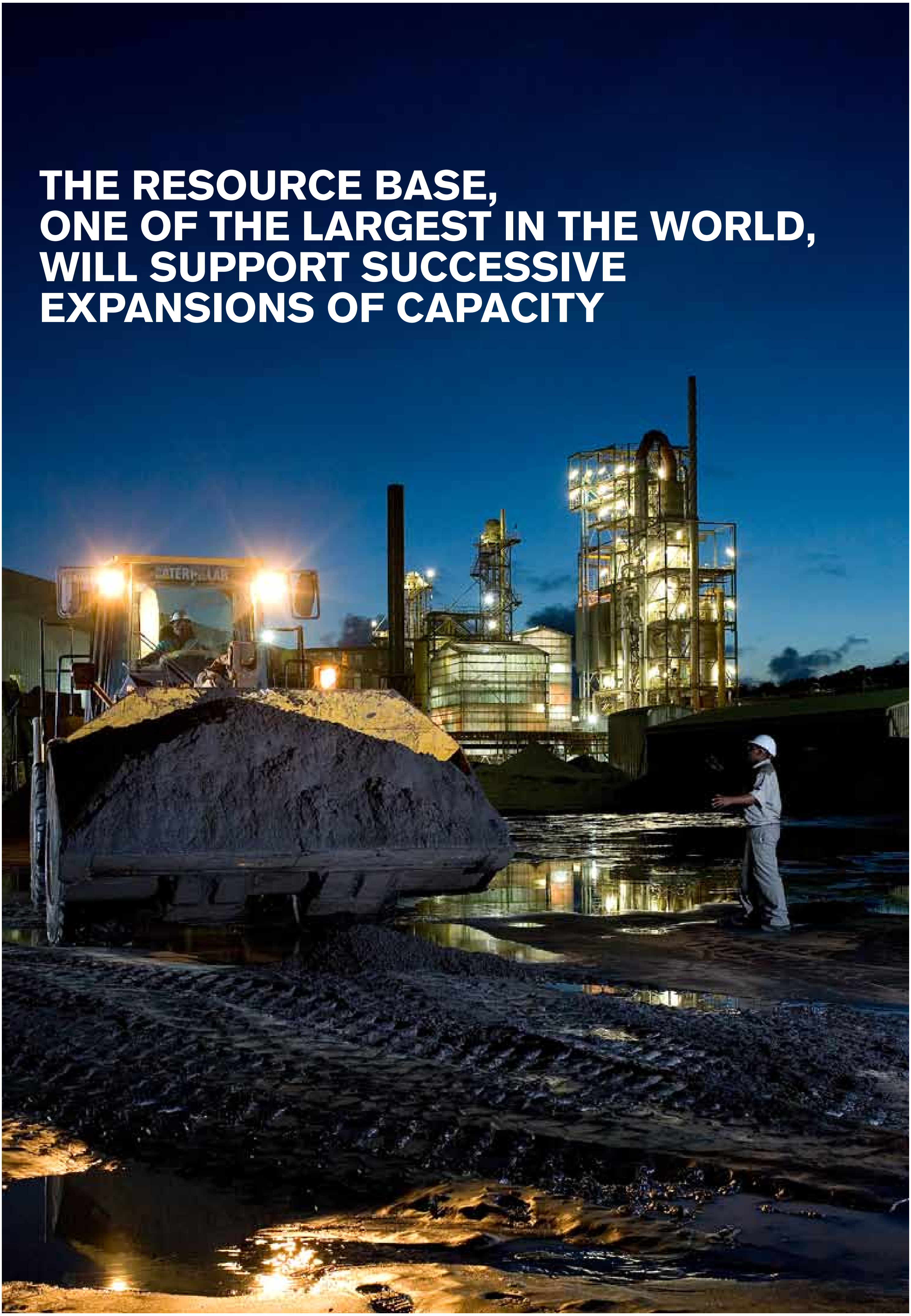
In September 2008, we initiated a dialogue with our lenders with the objective of preserving liquidity. As a result, I am pleased to report that lenders agreed to a deferment of capital repayments during 2009, to allow us use funds in the Contingency Reserve Account (US$15 million) for project purposes, and to defer the date by which we would otherwise have been required to achieve financial completion. This arrangement, along with existing financial resources and an invoice discounting facility being arranged with one of the lenders, will provide the additional liquidity necessary to enable Kenmare to achieve production ramp-up plans.

The profit after tax for the year is US$0.3 million and arises from deposit interest earned and foreign exchange gains, less corporate and exploration costs. During 2008, operating and financial costs net of revenue earned for the period, totalling US$60.1 million, were capitalised in property, plant and equipment as construction was not yet complete and as the mine was not yet capable of operating close to design capacity. Senior and subordinated loans drawn at the year end amounted to US$334.8 million, US$121.7 million of which were Euro-denominated loans.

At full production, we expect the mine's operating cost will be in the lowest quartile for titanium feedstock producers. The resource base, one of the largest in the world, will support successive expansions of capacity. We remain confident that, despite the disappointing delays in achieving full production, the mine's potential is enormous and we expect it will provide huge value to our shareholders.

Charles Carvill
Chairman

THE RESOURCE BASE, ONE OF THE LARGEST IN THE WORLD, WILL SUPPORT SUCCESSIVE EXPANSIONS OF CAPACITY



Operating, Marketing and Financial Review

Introduction
The principal activity of Kenmare Resources plc ("Kenmare"), listed on the main board of the Irish and London Stock Exchanges, is the operation of the Moma Titanium Minerals Mine which is located on the northern coast of Mozambique. The mine contains reserves of heavy minerals which include the economic titanium minerals ilmenite and rutile, as well as the relatively high-value zirconium silicate mineral, zircon.

Mining is by means of dredging in an artificial mining pond, with concentration of the heavy minerals in a floating wet concentrator plant (WCP) to produce a heavy mineral concentrate (HMC) which is pumped to a minerals separation plant (MSP) for further processing. The MSP separates and upgrades the HMC into the final products, ilmenite, rutile and zircon. These products are exported directly from the mine site using a dedicated shipping terminal and a trans-shipment barge which loads ocean-going ships.

The principal business objective of Kenmare is to ramp-up production to 800,000 tonnes per annum of ilmenite plus co-products zircon and rutile. Further expansion opportunities are being considered in order to maximise the value of the world-class mineral reserves at the mine. With the successful production and shipping of products, which have been well received by all customers, Kenmare is establishing itself as a producer of high quality mineral products.

Kenmare continues to give priority to the health and safety of all its employees and aims to successfully manage the environmental and social impacts of its operation on the local area and communities surrounding the mine operation. Further details on Kenmare's health and safety, environmental, human resources and social initiatives are included in the Corporate Social Responsibility Statement.

OPERATING REVIEW

Description of mining and processing operations
The mining operation consists of an artificial, freshwater mining pond approximately 800m long, 300m wide and up to 15m deep. Mining is conducted by two 2,500 tonne per hour capacity dredges which extract mineral-bearing sands from the pond mining face. The mineral-bearing sands are pumped to the WCP where HMC is recovered by gravity separation. The products of the WCP are HMC and tailings. Tailings, which consist of a coarse fraction (sand) that settles immediately, and a fine fraction (slimes) that settle less quickly, are deposited at the rear of the mining pond where they are spread out for future rehabilitation. The concentrate comprises a mixture of the valuable minerals ilmenite, rutile, and zircon as well as some non-valuable silica and alumino-silicates. The concentrate, which represents approximately 5% by weight of the total sand mined, is pumped overland to the MSP where it is stockpiled prior to further processing.

The MSP is fed with HMC to produce a suite of ilmenite products, rutile and two zircon products. The MSP uses high-intensity magnets to separate the magnetic minerals (ilmenite) from the non-magnetics (rutile and zircon). This is followed by a wet, gravity separation process to remove low-density trash minerals (silicates), after which electrostatic separators are used to remove conducting minerals (rutile) from non-conductors (zircon).

A 50 tonne per hour ilmenite roaster and downstream magnetic separation plant has also been built to enhance the quality of the high titanium dioxide (TiO_2) ilmenite product when required.

Final products are stored in a 145,000 tonne capacity warehouse under secure, watertight cover and with facilities for reloading products

The Performance Improvement Project is 75% complete and on schedule on major items.

onto a 2.4 km long overland conveyor. The overland conveyor leads to a 400m long jetty which supports the product export conveyor and a walkway for personnel.

From the jetty, product is loaded onto the 4,000 tonne capacity self-propelled product trans-shipment vessel Bronagh J., which transports mineral from the jetty to the trans-shipment point, where it self-discharges into the customer's vessel.

The mine also has other supporting infrastructure including a 170 km 110kV power transmission line, 6 MW of standby generation capacity, an accommodation village, offices, laboratory, airstrip, water supply, sewage treatment plants and roads.

Operations

During 2008, operations at the mine demonstrated that the facilities are capable of mining the orebody, concentrating the ore into HMC, separating the HMC into final products, storing these products and loading the products onto customer vessels. Ore grades and recoveries through the system were as expected, with the exception of the zircon and rutile circuits where additional separation equipment is being added to improve recoveries and product quality.

Cyclone Jokwe, which hit the site in March 2008, caused extensive damage to the accommodation camp and facilities. These have been covered by insurance and rebuilt by the contractor to a more robust design. Jokwe also severed the umbilical linkages between the dredges and the WCP causing the WCP to be down for a significant period while new large diameter pipes were being manufactured and delivered to site. Fortunately the MSP only sustained minor damage and was able to resume production a few days after Jokwe using as feed a combination of stockpiled HMC and spillage material from early commissioning.

Shortly after handover of the dredges to Kenmare in April 2007, both dredge pump motors failed. These are large 770kw 10 pole motors which drive the main pump on each dredge, pumping mined ore to the WCP. They are the most critical pumps in the entire operation. In the face of this situation, Kenmare was forced to make use of modified tailings pump motors to perform this duty temporarily. These motors did not have the capacity for the duty and were at best a stop-gap solution. The contractor rewound the original motors and delivered them back to site after several months. They failed again. A further unsuccessful attempt was made to rewind the motors by the contractor, adding several more months of delay, despite insistence from Kenmare that new, higher specification motors be supplied. The contractor eventually agreed to supply new, larger specification motors, and fitting was completed in July 2008. Until that time, continual dredge pump motor problems significantly restricted production of HMC which in turn constrained the MSP during 2008.

It was anticipated that the arrival of the new dredge pump motors would allow production to move rapidly to design rate. However, it became apparent that other issues had been masked by the poor performances of the dredges. Kenmare initiated a set of management changes and commenced a root and branch analysis of the issues that were holding back production. This analysis was developed into an integrated improvement plan.

Performance Improvement Project (PIP)

In October and November 2008, Kenmare required the contractor to participate in a set of performance tests on the facilities at the mine. These tests were witnessed by a jointly appointed independent observer and failed to achieve the required performance criteria outlined in the contract in a number of key areas of the operation. This result enabled Kenmare to present to the contractor a set of

projects which it considered necessary to reach full production and to insist that implementation of these projects commence immediately. This set of projects, together with a small number of additional projects that are beyond the contractors scope, is known collectively as the Performance Improvement Project (“PIP”) and is being largely implemented by the contractor with close management involvement by a dedicated Kenmare project team to ensure that it adheres to the agreed schedule and scope of work. The PIP is 75% complete and almost all the necessary new equipment is either delivered to site, in transit or in manufacture.

The PIP involves 326 separate tasks. While the PIP is mainly addressing deficiencies in the plant and equipment supplied by the contractor, there are some aspects which fall into Kenmare’s responsibility such as the provision of addition bulldozers for more effective root clearing. The main areas the PIP is addressing are:

Mining Face Preparation

Two additional larger bulldozers have been provided to more effectively clear the orebody of root matter prior to dredging. Roots become entwined with the dredge cutters necessitating downtime to clear the cutter heads. The bulldozers are on site and related downtime has declined dramatically.

Dredges

- Gland Water Seals
  The dredge pump gland water system supplied pond water directly into the pump gland seals. This dirty water rapidly deteriorated the seals causing significant downtime. Clean water directly from boreholes using dedicated pumps is now supplied for gland water.
- Hydraulic Upgrade
  The hydraulic system is being upgraded to operate at 240 bar compared with the present system which operates at around 160 bar. To this end hydraulic pumps are being changed from vane type pumps to higher pressure positive displacement pumps and additional filters are being added to the circuits. This will significantly reduce the downtime the dredges have experienced through hydraulic system failures.
- Maintenance Platforms
  Maintenance platforms are being installed to allow for more rapid and safe cleaning of the cutter heads.
- Increased Spare Parts Availability
  A significant investment has been made in a more comprehensive set of spare parts in order to reduce downtime.
- Dredge Operator Training
  A formal dredge operator training programme has been introduced with the objective of enhancing skills of dredge operators and increasing the number of qualified dredge operators.

Wet Concentrator Plant

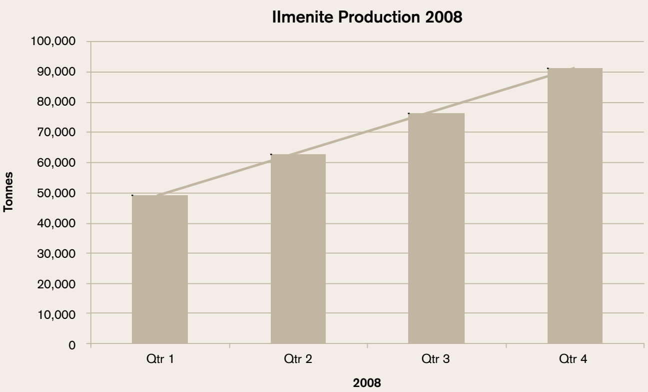
- Surge Bin Agitation
  Modification and recommissioning of a surge bin agitation system, which had never worked properly, was carried out. This system is now operating and delivering a continuous flow of material to the spiral separators in the WCP.
- Control Room Training
  A control room operator training programme has been introduced to enhance control room operator skills.
- Tailings Pumping Systems
  The sand tailings pumping system supplied under the Engineering, Procurement and Construction (EPC) contract is not capable of pumping the volume of tails produced by the WCP at full operational rates. This tailings system is being replaced with a new system incorporating larger pumps and pipes.
- Slimes Pumping
  Large submersible pumps for the pumping of slimes from a containment pond to the slimes paddock were installed and are working. The original supplied pumps did not have sufficient capacity.

Mineral Separation Plant

- Roll Feeders
  The first stage of separation in the MSP is a set of roll magnets. The feed material was presented to these magnets by vibratory feeders which gave a variable flow over the magnets. This variable flow contributed greatly to poor recovery of rutile and zircon. These vibratory feeders have been replaced with roll feeders which provide a more controllable and constant flow. Recoveries have improved as expected.
- Materials Handling Systems
  Materials handling systems throughout the MSP have been reviewed to assess their ability to handle the tonnages they will encounter at full production rates. Where this has shown the systems to not be fit for purpose they are being enhanced.

- Scavenger Circuit
  At the end of the ilmenite circuit, as part of the final clean-up of products, non-conductor material is rejected. This material contains zircon. The PIP includes a new circuit to retrieve this zircon.
- Rutile Circuit
  Recovery in the rutile circuit has been well below design requirements. The circuit is being enhanced with additional stages of separation and an enlarged reheater to allow the circuit to operate at higher temperature levels. Higher temperature aids separation.
- Zircon Circuit
  The zircon circuit is being enhanced by the addition of spiral separators as well as shaking tables in the wet circuit and by the provision of extra stages of roll separators in the dry circuit. A belt filter is being provided for the more effective drying and storage of feed material.

The adherence of the PIP to its timetable and the successful implementation of its tasks is of primary importance in achieving forecasted tonnages for the year. The PIP is 75% complete and on schedule on all major items.



Note: Trend developed using least squares regression analysis

Shipping
Shipping of products during 2008 continued with 17 customer vessels being loaded. 268,000 tonnes of ilmenite and 5,000 tonnes of zircon were exported. The product loading, conveying system, jetty and trans-shipment vessel, the Bronagh J., all functioned effectively.

Construction
The mine has been constructed under an EPC contract between Kenmare and the contractor.

In April 2007 the mining facilities, which comprise two dredges, the WCP, HMC pumping system, raw water supply from a borehole field, powerline and water reservoir as well as the tailings and slimes handling systems, were taken over by Kenmare. The taking-over of the MSP section occurred in August 2007, followed by the trans-shipment vessel, the Bronagh J., in November 2007.

The remaining major items, comprising the roaster and camp facilities, are planned for taking-over during the second quarter of 2009. The contractor will maintain a presence on site until outstanding snag list items, equipment and process defects including the PIP and environment related responsibilities are completed.

Project reserves and resources
Drilling completed during 2008 allowed for the upgrade of an Inferred Resource at Namalope to a Probable Reserve. As a result the estimated heavy mineral reserves for the Namalope orebody increased from 21 million tonnes to 26 million tonnes of total heavy mineral, despite the consumption and sterilisation of 0.6 million tonnes during 2008. The new reserves have added an estimated five years of mine life to the operation at the Namalope deposit.

Drilling is planned on the Nataka deposit, located near the MSP, to the south of the Namalope deposit. This drilling is intended to upgrade part of the Nataka deposit from an Inferred Resource to an Indicated Resource, and in some places, to a Probable Reserve. The present Inferred Resource at the Nataka deposit contains an estimated 120 million tonnes of ilmenite in addition to 7.7 million tonnes of zircon and 2.5 million tonnes of rutile.

Ore Reserves and Mineral Resources
Reserve-Resource Table

Zones	Category	Million tonnes of ore (sand)	% THM in ore	% ilmenite in THM	% ilmenite in ore	Million tonnes THM	Million tonnes ilmenite	Million tonnes rutile	Million tonnes zircon
Reserves									
Namalope	Proved Reserve	276	4.7	80	3.8	13	10	0.26	0.76
Namalope	Probable Reserve	358	3.6	81	2.9	13	10	0.26	0.78
Total Reserves		634	4.1	81	3.3	26	21	0.52	1.54
Resources									
Congolone	Measured Resource	167	3.3	77	2.5	5.4	4.2	0.1	0.4
Pilivili	Inferred Resource	227	5.4	80	4.3	12	9.8	0.3	0.8
Mualadi	Inferred Resource	327	3.2	80	2.6	10	8.4	0.2	0.7
Nataka	Inferred Resource	4,700	3.0	83	2.5	140	120	2.5	7.7
Mpitini	Inferred Resource	287	3.6	80	2.9	10	8.3	0.2	0.7
Marrua	Inferred Resource	54	4.1	80	3.3	2.2	1.8	0.1	0.1
Quinga North	Inferred Resource	71	3.5	80	2.8	2.5	2.0	0.1	0.2
Quinga South	Inferred Resource	71	3.4	80	2.7	2.4	1.9	0.1	0.2
Total Resources		5,900	3.1	82	2.7	180	160	3.6	11

Resources are additional to Reserves.

The data is in accordance with the JORC Code (2004) (Australian Code for Reporting Ore Reserves and Mineral Resources).

The Competent Person for the Namalope Reserves and Nataka Resource is Colin Rothnie (MAusIMM), a full time employee of Kenmare. The Competent Person for the other Resources is Dr. Alastair Brown (FIMMM).

THM is total heavy minerals of which ilmenite (typically 81%), rutile (2.3%) and zircon (6.4%) total 90%.

Tonnes and grades have been rounded, and hence small differences may appear in totals.

THE KEY OBJECTIVE FOR KENMARE DURING 2009 REMAINS THE SUCCESSFUL RAMP-UP OF PRODUCTION

Exploration for other minerals

Mozambique Minerals Limited, a 100% subsidiary of Kenmare Resources plc, continued an exploration programme for uranium with emphasis on the Tete licences in the Zambezi valley in western Mozambique. One zone of particular interest was located with several samples from trenches returning significant values in the range 350-870 ppm U_3O_8. However, with the present emphasis on preserving liquidity within the Group, further exploration has been put on temporary hold.

Expansion

Studies were conducted in 2008 to develop an expansion strategy for the mine. A number of production levels were considered and feasibility test work was performed to develop costing and design information. This work is continuing, however the key objective for Kenmare during 2009 remains the successful ramp-up of production to the current target levels.

MARKETING REVIEW

Titanium Minerals Market

Kenmare's mine is a producer of ilmenite, rutile and zircon and has a global customer base that includes some of the world's largest end-users. Ilmenite and rutile are titanium-bearing minerals used as feedstocks to produce titanium dioxide (TiO_2) pigment, which accounts for approximately 93% of global titanium feedstock consumption. TiO_2 pigment is in turn consumed in the manufacture of paints and other coatings, plastics and as a whitener for paper, as well as a number of other applications, including cosmetics, food additives, ceramics, inks and textiles. It is favoured in many such applications for its brilliant whiteness, ultraviolet protection, non-toxicity, inertness, and its opacity or 'covering power', which results from its superior ability to disperse light as a result of its high refractive index.

Titanium metal and welding electrodes applications largely account for the remaining 7% of the demand for titanium minerals. Titanium metal's unique properties, including its high strength to weight ratio, high melting point and its resistance to corrosion make it the preferred metal for a number of demanding applications such as the manufacture of airframes and jet engines for the aerospace industry. It is also widely used in chemical and power plants, as well as a number of growing applications for the electronics, medical and leisure industries. Rutile and some grades of ilmenite are also used as a component of fluxes for coating welding electrodes, which are in turn consumed by the construction and shipbuilding industries.

Pigment demand, which drives titanium feedstock consumption, was strong for the first nine months of 2008 with global growth averaging around 3%, much of which was attributable to the Asia Pacific and European markets. However, pigment demand slowed in the fourth quarter of 2008 reflecting the general slowdown in global economic activity and the latest estimates point to an overall contraction in pigment demand for 2008. Pigment is a lifestyle product linked to economic development. The slowdown in pigment consumption followed the sequence of the slowdown of the global economy, commencing in the USA, and now spreading to other regions including China.

This slowdown in pigment consumption has necessitated a prompt supply response, with many producers reducing production rates to avoid the build-up of excessive inventories, affecting mineral feedstock demand. While most feedstocks were in tight supply at the end of 2008, this situation is likely to change in 2009 as inventory de-stocking and lower pigment production will result in reduced feedstock demand.

Demand for titanium feedstocks for the titanium metal market has also declined due to the global recession as orders for the new generation Airbus and Boeing passenger aircraft, which are more titanium-intensive than previous generations, slowed. Demand for titanium feedstocks for the welding electrode sector has also slowed due to reduced activity in the construction and shipbuilding sectors.

Many forecasters expect that this recession will be temporary and that a recovery will commence in late 2009 or early 2010 in response to stimulative monetary and fiscal policies being implemented by the governments of the large global economies.

Despite the less favourable market conditions, demand for Kenmare's titanium minerals continues to be relatively strong and we have sales contracts that cover the bulk of our production in 2009. Short-term demand risks remain as our customers face demand uncertainties for their own products and seek to reduce inventories.

Zircon Market

Zircon is a zirconium silicate mineral typically produced as a co-product of titanium minerals mining. It is an important raw material for the ceramics industry as an opacifier and frit compound for decorative wall and floor tiles and sanitary ware. It is also consumed in the foundry and refractory industries and in a growing number of chemical applications, which include fused and chemical zirconia. The largest consuming regions for zircon are Mediterranean Europe and Asia, in particular China. India, the Middle East and South America are fast-growing markets.

Zircon demand for the first ten months of 2008 was strong but declined in the last two months of the year in line with the general downturn in global economic activity. While consumption growth in Europe (the second largest consuming region) was flat to declining in the first ten months of the year, growth in Asia Pacific, and in particular China, more than offset Europe's lacklustre demand. Coupled with a significant reduction in producer inventories that had built up in 2007, and the outlook for reduced production due to mining constraints, this has led to the expectation that a significant supply deficit would develop in 2009 and prices had started to move up strongly in the third quarter of 2008 in response.

It was against this background that the large zircon producers announced plans to significantly increase zircon prices in 2009. This led to inventory building by end-users in advance of the imminent price increases just as the general decline in demand for zircon occurred in the last two months of 2008. As a result, in the first quarter of 2009, the zircon supply chain is going through a period of de-stocking. Demand is expected to pick up once the de-stocking process is complete, but uncertainty regarding demand for zircon in 2009 persists as the level of activity in the ceramics sector and other end-use markets currently remains low.

Kenmare has sales contracts in place and expects to be able to sell all its 2009 zircon production. However short-term uncertainties remain as our customers face demand uncertainties for their end products. Many analysts believe that the slowdown will be temporary and the market will return to normal growth rates of around 3%, with 2010 and 2011 likely to exceed normal growth rates during the recovery period.

FINANCIAL REVIEW

Funding

In August 2008, Kenmare raised US$30 million by way of a share placing. The main use of these funds is to support the increase in the production rate at the mine to target levels.

Subsequent to the year end, Kenmare concluded two Deeds of Waiver and Amendment with the lenders to the Moma Titanium Minerals Mine which deferred scheduled repayments of senior debt principal amounting to US$22.6 million that would otherwise have been due in 2009. In addition, these Deeds of Waiver and Amendment provided for increased access to the Contingency Reserve Account (the "CRA"), a waiver of the CRA top-up obligations until 31 December, 2010, and changed the timetable for achieving financial completion, with operational and environmental tests (technical completion) to be concluded by 31 December 2010, marketing tests by 30 June 2011, and financial and legal tests to be concluded by 31 December 2012. Originally, all these tests were to be completed by 30 June 2009.

In return, Kenmare agreed to pay fees to the lenders and their guarantors amounting to US$1.9 million and 28.2 million ordinary shares in the Company, representing approximately 3.5% of the existing issued share capital of the Company. In circumstances which Kenmare considers unlikely, an additional contingent fee consisting of US$0.5 million and a further 28.2 million shares would be payable. Interest margins on subordinated loans will increase by 3% until technical completion and by 1% until financial completion. This additional margin will be payable only after senior loans have been repaid in full.

During 2008, Kenmare utilised an invoice discounting facility provided by Barclays Bank plc. This facility operated successfully, but expired in accordance with its terms in January 2009. Kenmare is arranging with Absa Bank replacement of this facility. Absa is a senior lender to the mine. The invoice discounting facility is an important component of Kenmare's financing arrangements and we expect that a replacement for the expired facility will be available later this year.

Results

Consolidated Income Statement

The profit after tax for the year is US$0.3 million and arises from foreign exchange gains less Kenmare corporate and exploration costs plus deposit interest earned.

In accordance with International Financial Reporting Standards, operating and financial costs net of revenue for the year, totalling US$60.1 million, were capitalised in property, plant and equipment since the mine was not capable of operating at the capacity level planned by management. Revenue in 2008 amounted to US$25.3 million.

Consolidated Balance Sheet

The Group balance sheet at 31 December 2008 is summarised in the table below:

	Assets	Liabilities	Net Assets
	US$m	**US$m**	**US$m**
Property, plant and equipment	539.7	-	539.7
Current assets and liabilities	49.9	(60.1)	(10.2)
Other non-current assets and liabilities	-	(306.4)	(306.4)
Total as at 31 December 2008	589.6	(366.5)	223.1
Total as at 31 December 2007	553.7	(360.2)	193.5

Property, plant and equipment, including development expenditure of US$236.4 million, amounted to US$539.7 million at the year end.

Development expenditure increased by US$60.1 million during the year of which US$26.9 million was loan interest capitalised, US$1.5 million was finance fees and US$31.7 million was costs net of revenue earned during the year. The increase in development expenditure is also net of delay damages levied on the Contractor of US$3.1 million.

Inventory at the year end amounted to US$6.4 million. Trade and other receivables amounted to US$3.0 million of which US$0.6 million was trade receivables, US$1.3 million relates to claims made against the contractor, US$0.7 million relates to amounts due on an insurance claim for Cyclone Jokwe costs and prepayments of US$0.1 million.

Senior and subordinated loans drawn at the year end amounted to US$334.8 million, US$121.7 million of which were Euro-denominated loans. Amounts drawn from lenders plus interest capitalised during the year amounted to US$29.3 million while loan repayments amounted to US$20.3 million.

The loan facilities are provided by European Investment Bank (EIB), the African Development Bank (AfDB), FMO (a Dutch development finance institution), KfW (a German government-owned financial institution), Emerging Africa Infrastructure Fund Limited (EAIF) and Absa Bank (a South African commercial bank). Political risk insurance was provided by MIGA (a member of the World Bank Group) for the KfW/MIGA senior loan. Political and commercial insurance cover was provided by Hermes for the KfW/Hermes senior loan and by the Export Credit Insurance Corporation of South Africa (ECIC), the South African export credit agency, for the Absa senior loan.

Details of loan facilities as at 31 December 2008 are set out below:

	Loan Balance (US$m)	Maturity
Senior Debt		
AfDB	37.5	2018
Absa (ECIC)	71.7	2015
EIB	19.8	2018
KfW (Hermes)	20.9	2015
KfW (MIGA)	14.0	2018
FMO	20.2	2016
EAIF	4.7	2018
Total	**188.8**	
Subordinated Debt		
EIB	82.5	2019
FMO	14.8	2019
EAIF	16.1	2019
Total	**113.4**	
Standby & Additional Standby Subordinated Debt		
EIB	4.5	2019
FMO	12.4	2019
EAIF	15.7	2019
Total	**32.6**	

The current weighted average interest rate of the debt package is 8%. Euro denominated loans have been converted to US Dollars at the year end exchange rate.

Financial outlook

Kenmare recognises the business risks inherent in its operations, which are mitigated to an extent through the implementation of appropriate internal control systems, close management of costs and by maintaining funding adequate to meet expected Group requirements.

Kenmare has sufficient available funding to meet requirements based on Group plans, which include the PIP and associated production ramp-up schedule, marketing and financing arrangements. In the event that these plans require modification, Kenmare will endeavour to put in place additional financing arrangements to ensure that the Group retains sufficient liquidity.

The key tasks for Kenmare in the coming months are the successful completion of the PIP and management of the production ramp-up within available funding, close-out of the EPC contract, and continued development of plans to expand production.

DURING 2008, THIRTY THREE NEW SAVINGS AND CREDIT GROUPS WERE FORMED COVERING 639 INDIVIDUALS, OF WHICH 50% WERE WOMEN

Corporate Social Responsibility Statement

GENERAL COMMUNITY INTERACTION

Introduction
Kenmare recognises the importance of carrying out its activities in a responsible manner and as one element of doing so has established the Kenmare Moma Associação de Desenvolvimento/Development Association (KMAD), an independent not-for-profit development organisation which supports and contributes to the development of the community within a 10 km radius of the mine, assisting community members to improve their livelihoods and wellbeing. This area is extremely poor and disadvantaged with the majority of the population engaged in subsistence farming and fishing.

Community Support
In 2004, the Board of Kenmare Resources plc established KMAD with the objective of using the presence of the mine to strengthen the socio-economic development of the host communities in the immediate vicinity of the mine.

KMAD has three main objectives:

- Maximise the benefits of the Moma Titanium Minerals Mine to create secondary economic opportunities within the local communities;
- Generate long-term sustainable economic opportunities and facilitate socio-cultural activities within local communities that are independent of the Moma Titanium Minerals Mine; and
- Mitigate possible negative impacts of the mine.

While some activities to date were implemented directly by KMAD, most were executed in collaboration with partners from government institutes, non-governmental organisations (NGOs) and private sector partners.

Three areas of activity were progressed:

- Economic development projects;
- Socio-cultural development projects; and
- Rural infrastructure development projects.

Good progress was made in most areas of KMAD activities during 2008, although Cyclone Jokwe, which passed directly over the mine locality in March, caused a significant amount of damage. The cyclone had a devastating impact on the community, with infrastructure being destroyed and food security being severely compromised. It also affected the progress of virtually all KMAD activities. During the year ongoing programmes, such as egg production, vegetable production, savings and credit associations, and soccer development were further progressed. A number of new programmes, such as the creation of sewing associations and the large scale distribution of disease-resistant cassava to help address the food security problems created by the cyclone, were initiated.

2008 also marked the final year of the initial three year development programme. During the course of the year, a new strategy covering the period 2009-2013 was designed, together with a detailed implementation plan covering the first three years. This was the culmination of an extensive consultation process with the local communities and the district and provincial authorities.

Organisational Development
KMAD Membership
The KMAD Board consists of members of the Board and executives of Kenmare Resources plc. The KMAD management committee is comprised of five community representatives and members of the operations team at the mine including the General Manager.

Operation
The operational structure of KMAD did not change during the course of 2008 although two full time assistants were recruited to provide additional support to the full time coordinator.

Sources of Funding
The bulk of funding to date has come from Kenmare Resources plc. Further resources have been leveraged through direct support by partner institutions:

- FMO has provided funds for technical assistance and capacity-building on the agriculture and chicken projects; and
- WWF (World Wildlife Federation) has committed funds to working

Local sewing groups supply 4,000 geology sample bags to the mine every month.

with the community to preserve the local indigenous Icuria forest and supporting agricultural extension.

KMAD has also leveraged indirect support by working with partners who have projects in the region and can extend their focus to include KMAD's target area with minimal support. This has occurred with Ophavela, a local NGO specialising in rural credit and savings associations. It received funds from IDDPE, a government institute for small-scale fisheries development, to work in the coastal region of Nampula, the province in which the mine is located. Support from KMAD enabled Ophavela to place another field officer in Tupuito, a local village, to provide greater assistance to the communities.

Donations have also been received from Kenmare Directors and employees as well as a number of individuals not connected to Kenmare who heard about the work being done by KMAD.

Implementation Strategies
KMAD's project implementation philosophy remained unchanged during 2008, being a mixture of:

- Direct implementation
  KMAD has in some instances directly managed activities, such as construction of water points. Direct implementation is generally the most rapid. Given the desire to maintain a lean operational structure, KMAD's capacity to carry out direct implementation projects is limited.
- Contracted implementation
  KMAD provides funds to an organisation for implementation. There are a number of organisations working in the Nampula province active in community development. Working with these organisations helps leverage their existing organisational capacities and field experience. As various projects are identified, KMAD has worked to explore possible linkages. This has generally been the preferred form of implementation method in order to ensure high quality of implementation.
- Collaborative implementation
  KMAD increasingly seeks to develop long-term collaborative relationships with partners in the area. Such relationships will be pursued with organisations, such as WWF, that have a long-term interest in the region. Collaboration encompasses planning of activities and management of resources. While such arrangements take considerable time to develop and there are inevitable challenges in coordination, these have long term benefits for the community in terms of greater assistance and for the institutions in terms of more efficient activities.

Projects Implemented
The following is a summary of the principal projects implemented during the course of the year.

Savings and credit
Support for savings and credit activities was one of the first areas identified for support by KMAD and is implemented through a local NGO, Ophavela, a Mozambican organisation that specialises in assisting communities to develop savings and credit associations. This programme addresses the lack of access to financial services in rural areas through a simplified institutional approach that is easier to create, manage and sustain than a microfinance institution and thus is better suited to rural areas with a dispersed and poor population lacking in sophisticated financial management skills. During 2008 thirty three new groups were formed covering 639 individuals, of which 50% were women.

When the contract with Ophavela was renewed in 2008, a new component was included to implement a training programme in small business skills for all groups financed by KMAD.

Horticulture
The horticulture project continued during 2008. Over the year a total of 12,000 kilograms of diverse vegetables were produced, up from 7,500 kilograms in 2007, generating an income for the 120 farmers involved in the project. This was despite the destruction of all the crops that were in the ground when Cyclone Jokwe hit the area.

In order to speed up the propagation of disease resistant cassava, the staple food crop of the locality, an initiative started the previous year, and also in response to an issue raised by the community about the shortage of cassava sticks for planting due to the effects of the cyclone, 75,000 cassava sticks were delivered to the area and distributed to the seven villages around the mine.

Poultry
The egg production project was expanded during 2008 with two new chicken houses. There are now a total of six chicken houses at the egg farm that are producing eggs to supply to the mine. Over the year approximately 300,000 eggs were produced by the farmers generating revenue of around US$54,000.

The successful sale of hens that had reached the end of their productive life showed the potential market for the sale of live chickens. Twelve broiler houses have been built in two of the surrounding villages (six in each) in order to supply live chickens to the local market. A group of six women in each village was set up to run the training houses with 250 chickens per house. The technician working at the egg farm will assist these groups in raising the chickens and selling in the local market. The number of broilers will be gradually increased in line with demand. The technical advice provided on this project is financed by FMO.

Sewing
The sewing project was started with a group of six people. The group was provided with three sewing machines and other material on a loan basis to start up the project. A local tailor trained the group over a period of a month and then the group was ready to produce sample bags for the mine's geology department. The first agreement was to deliver 800 sample bags which increased gradually to 2,000 bags per month generating revenue of US$1,900 per month for this group. By the end of the year the loans incurred by the group had been paid off in their entirety. Increased demand from the mine allowed for an expansion of the project. A new group with the same arrangement was set up in Kabula, a village in the mine locality, and has also received training before it started production. Now 4,000 sample bags are being produced monthly by the local community which will represent an estimated revenue of US$46,000 in 2009.

Socio-Cultural Development

Sports
Soccer plays an important role in entertainment in the area. This year the local league was organised by the local soccer commission, independent of KMAD. KMAD provided full soccer kits to the two new football teams which participated in the league and sponsored the prizes for the winning teams.

Local village schools
KMAD worked on reconstructing the old block at Tupuito village school and a new block at Tebane village school. Cyclone Jokwe damaged all the schools in the area. KMAD provided new roofing for the schools in the area. During the second half of the year, a project to produce furniture for the schools was started as the result of a fundraising campaign undertaken in Dublin that raised around US$10,000. Thanks to this initiative the school children are now able to study in better conditions, having proper desks and benches to sit on. The project produced 250 desks and benches during its first phase for the Nahaloco, Mtitikoma, Tupuito and Thipane village schools. During phase two, continuing in 2009, another 250 desks will be produced for Nataka village school along with the new school blocks in Thipane and Tupuito.

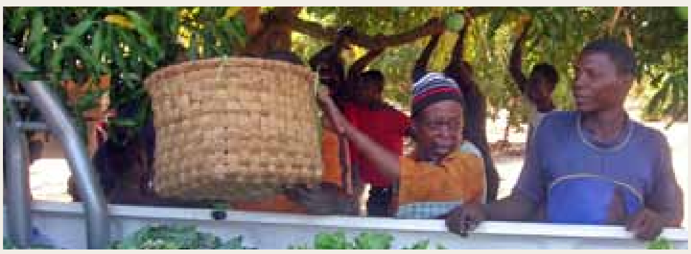
COMPANY COMMUNITY INTERACTION

In addition to the KMAD sponsored activities, the mining operations personnel and the community interact daily. A full time community liaison officer is employed to liaise with the local communities about the mining activities and the associated impacts. A Local Working Group (LWG) is the primary channel of communication between Kenmare and the Government of Mozambique on the one hand, and the surrounding communities on the other. The LWG was formed during the detailed design phase and meets on a bi-monthly basis. It comprises the District Administrator, Government representatives, Kenmare management and a number of other local representatives.

In addition to acting as a conduit of information, the LWG has the following key responsibilities:

- monitor implementation of the Resettlement and Compensation Plan;
- identify issues or areas of concern that may have been overlooked or under-emphasised in the Social Impact Assessment or Resettlement Guidelines, and suggest amelioration and/or mitigation measures;
- assist in the finalisation of the Land Use Plan for the resettlement areas;
- facilitate land acquisition in areas under its control, both in the mine site area and in the host resettlement area;
- hold regular meetings with the affected constituencies to explain the process of compensation and resettlement, and advise about progress; and
- monitor the project area to prevent illegal encroachment and squatting.

Issues related to the resettlement of Mtitikoma village continued to be dealt with during the course of the year. These included the allocation



of new land for crop growing as the mine path was developed. It was encouraging that the newly-built resettlement village withstood the effects of Cyclone Jokwe remarkably well with very little damage being reported. Unfortunately, this was in stark contrast to the other villages in the area that were severely damaged.

ENVIRONMENT

Kenmare is committed to management of its operations in accordance with the World Bank and MIGA "Environment, Health and Safety Guidelines for Mining and Milling - Open Pit" and the African Development Bank's "Environmental Guidelines for Mining Projects", in addition to the environmental laws and standards in force in Mozambique.

Kenmare's Environmental Management Plan (EMP) identifies the monitoring activities, management and training programs, reporting activities, auditing and mitigation measures that are needed in order to identify and reduce any negative impacts of its operations and to comply with applicable environmental laws and guidelines. It incorporates into a single document all mitigation measures and recommendations identified during the development and construction phases of the mine so that they can be considered during the remaining phases of the project (operations and decommissioning). The EMP is a clear record of the standards and intentions of Kenmare's environmental programme.

Environmental Objectives

Kenmare will:

- conduct regular performance reviews and legal compliance audits and act upon the results to ensure compliance with national laws and Kenmare Group policy;
- provide adequate resources, staff and training so that employees at all levels recognise and are able to fulfil their responsibilities; and
- develop, maintain and test emergency procedures in conjunction with the relevant authorities;

In addition, Kenmare plans to make annual statements of environmental performance and communicate it to all interested and affected parties.

Rehabilitation

As the mining face advances, the rear of the mining pond fills with sand tailings from the WCP to a level similar to the pre-existing land surface. This sand is contoured and then covered with a layer of clay-rich material which is mixed into the sand. The additional clay helps the subsoil to retain moisture and nutrients. Finally, topsoil containing seeds, organic material and microorganisms is stripped from the active mining area and placed onto the subsoil. The rehabilitation will be completed by fertilising and seeding with a variety of native or endemic species. Trials are under way to determine the combination of plants most suitable for rehabilitating the mining area, which will include both native flora and food crops. Kenmare is working with WWF to identify the optimum re-vegetation strategy. To this end a nursery area has been established to investigate the optimum conditions and plants for rehabilitation of the area. The slimes dam and the initial tailings stockpile area are part of the trial area.

The total area to be affected by the mine, processing plant and associated infrastructure based on the Namalope Reserves at 31 December 2008 is approximately 2,829 hectares of which the mine path is 2,500 hectares. Given that clearing, mining, tailings disposal and land rehabilitation can be completed in a five to six year cycle, approximately one third of the mining area or 800 hectares will not be available for agricultural purposes at any one time. Rehabilitation of mining areas will commence in 2009, after land-forming is completed on early mining areas. Infrastructure areas can be rehabilitated only after closure of the operation.

Tailings Disposal

The great majority of the waste tailings material comprises of sand, silt and clay particles removed from the ore in the WCP. These can be sub-divided into sand tailings (>0.045 mm) and slimes (<0.045 mm), which are collected in a series of hoppers at the back of the WCP. Disposal of sand-sized particles is straightforward, these being pumped to the rear of the pond and deposited by means of cyclones which are located on top of a mobile stacker.

Disposal of slimes material is more complex, given the propensity for this size fraction to remain in suspension for longer periods. A significant proportion of the slimes fraction is incorporated between sand grains in the sand tailings and needs no further management. Excess slimes in the tails are allowed to consolidate in settling ponds, and are then pumped as a thick slurry to drying cells. Over the following months, the water evaporates from these slurries, leaving low-moisture clay that can be easily moved and handled. This material will be placed into the subsoil during rehabilitation of the dredge path, providing benefits for the subsequent re-vegetation.

Kenmare is working with the World Wildlife Federation to identify the optimum re-vegetation strategy.

Sand tailings consisting of non-valuable minerals are also generated by the MSP. These are returned to the mining void from which they originated and are buried under the inert sand tailings from the WCP.

Water Supply

Water for the mine is supplied from an aquifer via twelve boreholes and from a lake. Water is mainly used in the dredge pond and processing plants as well as for domestic use. In 2008 a total of 3.3 million cubic meters of water was extracted from the aquifer. This is just over half of the quantity consumed in 2007. The difference is due to the fact that in 2007 the dredge pond was filled and expanded and was also largely above the water level in the upper aquifer. The aquifer recharges each year with rainfall.

A water monitoring programme, which has been approved by the Mozambique authorities under a separate document from the EMP, continues to be followed. A total of eleven surface water sites, six community water wells, six ground water sites and four internal drinking water sites are regularly monitored for a wide range of constituents.

Sewage and Waste Water Handling Facilities

Sewage treatment plants have been provided for the MSP, WCP and accommodation village. The treatment plants each comprise a collector tank and pumping station, aerobic treatment unit, agitated aeration tank and sludge disposal to a sludge digestion pond.

Non-Hazardous Solid Wastes

Solid wastes include materials from the workshop, laboratory and domestic sources. A solid waste disposal facility has been provided, including a lined area for non-inert material.

Hazardous Waste

This may include liquid waste from the laboratory and hydrocarbon contaminated material from the workshops. These are disposed of at an approved hazardous waste disposal site.

Energy Consumption

Electrical power is used for the dredges, WCP, tailings and slimes disposal pumps and MSP, as well as offices and the accommodation village. This is sourced from the national grid by means of a 110 kV overhead transmission line from the sub-station at Nampula. The power is generated by the hydro-electric dam at Cahora Bassa. A small on-site diesel power station has been constructed to supply back-up power for critical equipment in the event of power outages. This power station is rated at 6 MW and is capable of supplying the MSP and other key equipment (but not the mining operation) during an extended grid outage. During 2008, 56,500 MWh of power was consumed. Kenmare also signed a local transmission agreement with the local electricity company, EdM, to extend the distribution of power to the surrounding community. By the end of 2008, a transmission line to Moma town had been built and electrified and a second line to Larde was under construction. It is expected that the individual villages in the immediate vicinity of the mine will be connected during the course of 2009.

Emissions

A monitoring programme has been designed within the ilmenite roaster plant which records ambient meteorological conditions, as well as the primary anticipated pollutants (inhalable particulates, total particulate matter, CO, SOx, and NOx). It had been intended that Kenmare would report against the applicable standards during 2008, once the roaster had been commissioned. Delays in the commissioning of the roaster mean that this reporting will start in 2009. Data will be presented in the form of wind roses, pollution roses and average concentrations per measured parameter. Emissions modelling conducted at the roaster stack design stage confirmed that the off-gas would be adequately dispersed.

Workplace Noise

A monitoring survey was carried out in the last quarter of 2008. When the survey results are available they will form the basis for assessing compliance with occupational noise exposure limit of 85 dB(A) beyond which hearing protection is mandatory.

Radiation

Radioactive elements such as uranium and thorium occurs naturally, in very small quantities, in most heavy minerals including those mined by Kenmare. The presence of radioactive elements in the heavy minerals results in a natural level of radioactivity in the region. The extraction and processing of the heavy minerals merely concentrates naturally occurring radioactive minerals; no radioactive substances are created by mining or processing.

The standards used for radiation protection for the Moma Titanium Minerals Mine are the international standards recommended in the Basic Safety Standards of the International Atomic Energy Association.


THERE ARE NOW SIX
CHICKEN HOUSES AT THE
EGG FARM SUPPLYING THE
MINE CANTEEN WITH EGGS

Under these standards, public exposure may not exceed 1 millisievert per annum (mSv/a), while occupational exposure to employees may not exceed 20 mSv/a. All areas monitored are within these limits.

HUMAN RESOURCES

Kenmare's Conditions of Employment Policy are compliant with the Mozambican Labour Law, the International Labour Organisation Labour Convention and FMO Core Labour Standards. These cover hours of work, meal breaks, transport, shift hours, overtime, standby, call outs and payment on Sundays and holidays, amongst others. Employee benefits are also included, with focus on retirement benefits, health, personal accidents and medical benefits. Kenmare does not employ child labour or commit any forced labour practices.

Employee Demographics
There were 444 Kenmare employees at the mine during March 2009. The majority of the employees (72%) are Mozambicans and 28% of the workforce are expatriates. 54% of the expatriates are from Zimbabwe, 40% from South Africa, and 6% other nations. Women make up 4.5% of the workforce.

Literacy level is generally poor in lower-level positions, such as security guards, mechanic's assistants and camp maintenance assistants. In its quest to develop and empower the local community, Kenmare has sought in many cases to employ community members although they have little education. At this time, the lack of education limits most employees from the host communities to non-skilled positions. The immigration of people from other areas of Mozambique has improved the average educational level of local communities residents.

Labour turnover was 11% in 2008 up from 8% in 2007. This was above Mozambican industrial average of 5% and Kenmare is targeting a reduction in labour turnover in 2009. Cumulative absenteeism was 1.38%, up from 0.03% in 2007. Although Kenmare endeavors to maintain absenteeism at as low a level as possible the rate for 2008 was within target levels. Kenmare's industrial relations policy is to continue our relationship-building with the trade union and employees while maintaining industrial peace. Kenmare maintains a pro-active working relationship with a single union.

HEALTH AND SAFETY

Kenmare is committed to conduct its business without risk to the health and safety of its employees, contractors and the general public.

Kenmare applies a strategy of zero tolerance with the objective of zero fatalities or major injuries.

Zero tolerance means that:

- no one observes an unsafe situation without taking appropriate action;
- no one observes someone behaving in an unsafe manner without requiring the individual to stop;
- no one allows a colleague to work in unsafe conditions; and
- health and safety is everyone's responsibility.

Senior managers are responsible for ensuring that appropriate organisational arrangements and resources are made available for the fulfilment of this policy and for monitoring its implementation and effectiveness.

Health and Safety Objectives

Kenmare will:

- meet and where possible exceed all applicable legal requirements and standards for health, safety and welfare of employees;
- demonstrate visible commitment by all line managers showing positive leadership in all matters relating to health and safety;
- seek to eliminate at risk behaviour;
- achieve and maintain healthy and safe work conditions;
- provide adequate welfare facilities for all employees;
- carry out appropriate health screening of employees;
- provide effective instruction, training and supervision for all employees;
- identify hazards, assess risks and eliminate these where practicable;
- involve employees at all levels by establishing local health and safety committees;
- provide and maintain safe plant and equipment;
- regularly review and, as necessary, revise Group policy and guidance notes; and
- ensure that all contractors and consultants adhere to site procedures.

Safety Performance 2008

Safety Statistics	Operation	Contractors	Total
Man-hours worked	1,139,119	479,034	1,618,153
Lost Time Injury (LTI)	6	2	8
LTI Rate	5.3	4.2	4.9
Minor Injury	36	9	45
Minor Injury Rate	31.6	18.8	27.8
Days lost	35	12	47

Note: Contractors in the table above relates to operation contractors engaged by Kenmare and not the construction contractor.

In 2008, eight Lost Time Injuries were reported for a Lost Time Injury Rate of 4.9 (2007:nil).

The focus for the year has been on identification of safety management systems that will help site management guide the operation toward sustainable safety performance. To this end a number of policies and procedures have been identified and are being developed and implemented.

Improved incident reporting systems coupled with increased man-hours worked during 2008 provided a baseline against which improvements in safety performance can be measured in subsequent years.

The dual emphasis on behaviour-based initiatives and management systems is seen to be instrumental for improving Kenmare's health and safety performance. Therefore, behavioural emphasis will be consolidated around hazard and near-miss reporting, and job safety observation systems. In addition, the risk assessment process will continue to be rolled-out and promoted, followed by the development of a health and safety risk register and a risk reduction process targeting high and extreme risks.

HEALTH

Occupational Health Programmes

An occupational hygiene survey to assess the potential for employee exposure in the workplace was conducted during the year by an occupational health consultant. The results of this survey will provide the baseline exposure profiles for dust and noise in all tasks. In addition to personal exposure assessments, a noise survey of plant and equipment has been conducted and an additional survey completed to assess noise levels in the environment surrounding the plant. An illumination survey has recently been completed. Surveys were conducted in accordance with standard methodology and results are assessed against internationally recognised occupational health standards. The survey results will be used to assess the effectiveness of existing control measures and, if necessary, determine the need to implement additional protective measures or engineering design changes. The compliance with legislation governing exposure limits and worker safety is also assessed.

Medical Centre

The Occupational Health Centre operates on site on a 24 hour basis. The professional staff assess and treat any injury that occurs on site and are equipped to respond to any medical emergency situation that may arise. In addition to emergency treatment, the clinic conducts periodic medical examinations for all employees. No cases of occupational illness have been recorded since operation of the mine commenced in 2007.

In addition to occupational health management, the clinic also assesses and treats malaria cases amongst employees and contractors on site.

Malaria Prevention and Management Programme

Malaria remains one of the most serious tropical diseases in the world. The Moma Titanium Minerals Mine is located in an endemic malaria area. A number of initiatives were implemented during the year to minimise the impact of malaria on site. These included distribution of mosquito bed nets to all employees and, if applicable, their families, pesticide spraying of the camp, provision of pesticide spray on site, and malaria awareness campaigns.

HIV/AIDS Awareness Programmes

Internal HIV/AIDS awareness initiatives have been conducted through a range of communication media including toolbox talks, newsletter articles, posters etc. Shorts printed with the HIV/AIDS awareness slogans were distributed to all employees along with booklets and leaflets providing general awareness information on prevention and positive living. Condom dispensers are placed throughout the plant with condoms freely available.

SUPPLY CHAIN

Kenmare is committed to optimising the involvement of Mozambican companies in the mine's supply chain. We are working closely with the Centre for the Promotion of Investment in Mozambique to identify potential Mozambican suppliers of goods and services to the mine. In November, Kenmare signed an agreement with the Government of Mozambique, represented by the Minister of Mineral Resources, which defines the processes to be followed to optimise the involvement of Mozambican companies.

Kenmare's Moma Titanium Minerals Mine is a major investment in the north of Mozambique. We believe this will serve as a catalyst for further investment and Kenmare actively supports the Government of Mozambique in its attempts to promote investment in the country.

DONATIONS

Kenmare does not give donations or contributions to any political party and does not tolerate bribery in any shape or form.

Board of Directors

CHARLES CARVILL
Chairman

Charles Carvill has been involved in the mining industry for over 40 years. He served as a Director of Tara Exploration and Development Limited, the parent company of Tara Mines, for over 20 years and was a founding member and subsequently Director of Minquest plc which later merged with Kenmare Resources plc. He is founder and Chairman of Carvill Group Limited and Vico Properties plc., a Belfast based construction and development group with activities in the Republic of Ireland, Northern Ireland, Scotland, England and Germany.

MICHAEL CARVILL
Managing Director

Michael Carvill is a Fellow of the Institute of Engineers of Ireland (FIEI). He holds a BSc in Mechanical Engineering (Queen's University, Belfast) and an MBA (Wharton School, University of Pennsylvania). He worked as a contracts engineer in Algeria and as a project engineer at Tara Mines, Ireland. He has been the Managing Director of Kenmare since 1986.

DR. ALASTAIR BROWN
Director of Exploration

Dr. Alastair Brown has over 40 years experience in geology and mineral exploration. He has worked extensively on metallic and industrial mineral exploration in Zambia, where he discovered the Maamba coal field, Australia and in Ireland where he discovered the Westport talc deposit. He was responsible for the development of the graphite orebody at Ancuabe, and at Moma, the development of the Congolone and Namalope orebodies plus the discovery of the Nataka deposit. He holds a BSc in Geology (University of Edinburgh), an MSc in Mineral Exploration (University of Leicester) and a DIC and PhD in Applied Geochemistry (Imperial College, University of London). He is a Fellow of the Institute of Material, Minerals and Mining. He joined Kenmare in 1987.

TERENCE FITZPATRICK
Technical Director

Terence Fitzpatrick is a graduate of University of Ulster (Mech. Eng.). He worked as Project Manager and then Technical Director of Kenmare from 1990 to 1999. He was responsible for the development of the Ancuabe Graphite Mine, which achieved completion on schedule and budget in 1994. He was appointed to the Board of Kenmare in 1994. He served as a Non-Executive Director from 2000 to 2008. He was appointed as Technical Director in February 2009.

TONY MCCLUSKEY
Financial Director

Tony McCluskey has worked with Kenmare since 1991 as Company Secretary and Financial Controller, before being appointed Financial Director in 1999. He holds a Bachelor of Commerce degree from University College Cork and is a Fellow of the Institute of Chartered Accountants. Before joining Kenmare, he worked for a number of years with Deloitte & Touche as a senior manager in Dublin and also worked overseas.

SOFIA BIANCHI

Non-Executive Director

Sofia Bianchi has extensive experience in banking, fund management and mergers & acquisitions (M&A). She is currently Portfolio Manager with BlueCrest Capital Management. She held the position of Deputy Managing Director of the Emerging Africa Infrastructure Fund with Standard Bank London from 2002 to 2007. She has previously held a senior position with European Bank for Reconstruction & Development. From 1987 to 1992 she was a member of a global M&A advisory team where she initiated, structured and executed cross-border M&A transactions. She holds a BA in Economics from George Washington University, Washington, DC and an MBA from Wharton School, University of Pennsylvania. She was appointed to the Kenmare Board as a Non-Executive Director in May 2008.

IAN EGAN

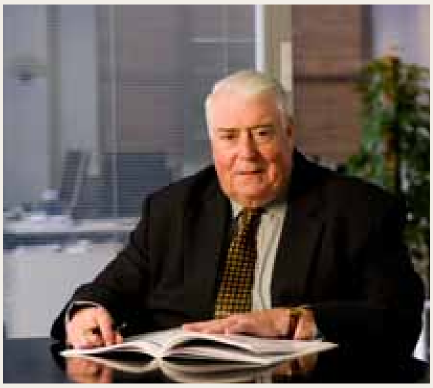
Non-Executive Director

Ian Egan has worked in the natural resources industry for more than 35 years, including holding senior management positions at BHP Limited, Utah Mining Australia Limited, Mineral Deposits Limited and N L Industries Inc. He is a fellow of the Australian Institute of Mining and Metallurgy (FAusIMM) and a Fellow of the Australian Institute of CPAs (FCPA). He has been awarded a BEc in Accounting and Law and an MEc in Industry Economics from the University of Sydney. He is currently a Director and Chairman of Fortitude Minerals Limited.

SIMON FARRELL

Non-Executive Director

Simon Farrell has over 30 years experience in the mining industry at senior management and board level, principally in the areas of finance, marketing and general management. He holds a BComm degree from the University of Western Australia and an MBA from the Wharton School at the University of Pennsylvania. He is a Fellow of both the Australian Society of Accountants and the Australian Institute of Company Directors. He was appointed to the Board of Kenmare in January 2000.



TONY LOWRIE

Non-Executive Director

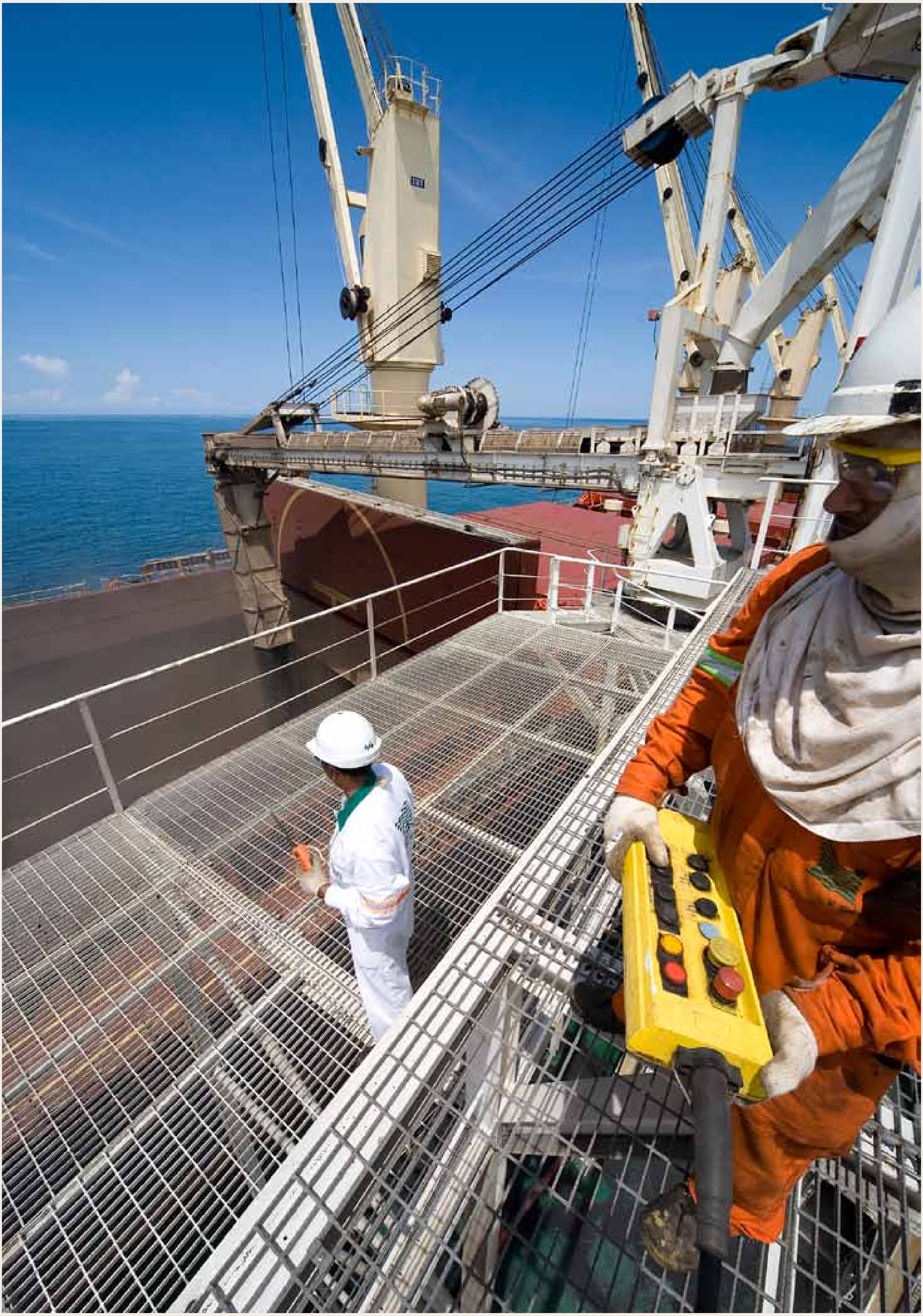
Tony Lowrie has over 35 years association with the equities business. He was a partner with Hoare Govett, London from 1976 until 1986 when it was sold to Security Pacific. He then became a member of the main Board of Security Pacific Hoare Govett for a period from 1986 to 1991. He led a management buyout of Asian Equities in 1991 and became Chairman of HG Asia Securities in 1991. He held this position until HG Asia Securities was sold to ABN AMRO Bank in 1996 at which point he assumed the role of Chairman for ABN AMRO Asia Securities until 2004. He was formerly also a Managing Director of ABN AMRO Bank. He has been a Non-Executive Director in several quoted Asian closed end funds. His current directorships comprise of The Thai-Euro Fund, Edinburgh Dragon Fund, and Allied Gold . He has been a Non-Executive Director of Dragon Oil plc., and had, for 18 years, been a Non-Executive Director of J. D. Wetherspoon plc.

PETER MCALEER

Non-Executive Director

Peter McAleer has over 40 years international experience at board and senior management level in the natural resources sector. He has been involved in the discovery and/or successful development of more than 10 base and precious metal deposits and has extensive experience in project development and financing. He holds a Bachelor of Commerce and is qualified as a Barrister at Law. He has been involved in the management of mining operations in Australia, Chile, Europe and North America. In the late 1990's as a Director of Equatorial Mining Limited and President of Equatorial Latin America he was Equatorials representative on the Owners team which arranged the financing of the Minera El Tesoro copper project in Chile which involved raising project financing of US$296 million. He is also Chairman of Latin Gold Limited (Australia) and a Director of Kingsgate Consolidated Limited (Australia).

EXPANSION OPPORTUNITIES ARE BEING CONSIDERED TO MAXIMISE THE VALUE OF THE WORLD-CLASS MINERAL RESERVES AT MOMA



Accounts
for the year ended 31 December 2008

General Information

GROUP SECRETARY AND REGISTERED OFFICE
Deirdre Corcoran
Chatham House,
Chatham Street,
Dublin 2.

AUDITORS
Deloitte & Touche,
Chartered Accountants and Registered Auditors,
Deloitte & Touche House,
Earlsfort Terrace,
Dublin 2.

SOLICITORS
Eversheds O'Donnell Sweeney,
One Earlsfort Centre,
Earlsfort Terrace,
Dublin 2.

BANKERS
Absa Capital affiliated with
Barclays Capital,
1 Churchill Place,
London, E14 5HP.

AIB Bank plc.,
87 North Strand,
Dublin 3.

Anglo Irish Bank Corporation (I.O.M.) plc,
Jubilee Building,
Victoria Street,
Douglas,
Isle of Man,
IMI 25H.

STOCKBROKERS
Canaccord Adams,
7th Floor,
Cardinal Place,
80 Victoria Street,
London SW1E 5JL.

Davy,
Davy House,
49 Dawson Street,
Dublin 2.

Mirabaud Securities,
21 St. James's Square,
London SW1Y 4JP.

REGISTRAR
Computershare Services (Ireland) Limited,
Heron House,
Corrig Road,
Sandyford Industrial Estate,
Dublin 18.

WEBSITE
www.kenmareresources.com

Directors' Report

For the year ended 31 December 2008

The Directors present their report and the audited financial statements for the year ended 31 December 2008.

Principal Activities

The principal activity of Kenmare Resources plc ("the Company") and its subsidiary undertakings ("the Group") is the operation of the Moma Titanium Minerals Mine, in Mozambique. The Group is also involved in mineral exploration.

Business Review and Future Developments

An Operating, Marketing and Financial Review, including future developments, is given on pages 6 to 14.

Risks and Uncertainties

The risks and uncertainties facing the Group and management of these are detailed in the Risk and Risk Management Report on pages 36 to 37.

Key Performance Indicators

The Group's main key performance indicators are in relation to the Moma Titanium Minerals Mine and include:

- the successful delivery of the remaining project works in accordance with the construction contract and the Performance Improvement Project;
- the management of operations and the ramp-up of production within available funding;
- the management of customer contracts and the mine's ongoing operating costs.

Statement of Results

The profit after tax for the year ended 31 December 2008 amounts to US$0.3 million (2007: loss US$9.6 million). During the year, operating and financial costs of US$60.1 million (2007: US$35.3 million) net of sales proceeds of US$25.3 million (2007: US$2.9 million) relating to the sale of mineral products, have been capitalised in development expenditure in the balance sheet under property, plant and equipment. The Moma Titanium Minerals Mine was still in development phase during the year as it was not capable of operating at the production levels intended by management.

Directors

The Directors who held office at 31 December 2008 were as follows:

C. Carvill	Non-Executive (Chairman)		*	+
S. Bianchi	Non-Executive	Δ	*	+
A. Brown	Executive			
M. Carvill	Executive			
T. Fitzpatrick	Executive			
T. McCluskey	Executive			
I. Egan	Non-Executive	Δ	*	+
S. Farrell	Non-Executive	Δ	*	+
T. Lowrie	Non-Executive		*	+
P. McAleer	Non-Executive	Δ	*	+

Δ: Members of the Audit Committee currently chaired by Mr. P. McAleer

+: Members of the Remuneration Committee currently chaired by Ms. S. Bianchi

*: Members of the Nomination Committee currently chaired by Mr. C. Carvill

On 8 May 2008, Ms. S. Bianchi was appointed to the Board as a Non-Executive Director. On 25 August 2008, Ms. S. Bianchi was appointed to the Audit, Nomination and Remuneration Committees and on 20 November 2008 was appointed Chairperson of the Remuneration Committee.

On 1 September 2008, Dr. C Gilchrist resigned as Chief Operations Director.

On 1 September 2008, Mr. T. Fitzpatrick was appointed as acting Chief Operations Director, thereby assuming an executive role in the Group. He stepped down as Chairman of the Remuneration Committee at the next available committee meeting on 20 November 2008. On 2 February 2009, Mr. T. Fitzpatrick was appointed as Technical Director.

Dr. A. Brown retired on 16 April 2009.

Under Articles 94 to 102 of the Company Articles of Association, Mr. M. Carvill, Mr. S. Farrell and Mr. T. Lowrie retire from the Board and being eligible offer themselves for re-election.

Mr. C. Carvill and Mr. I. Egan being Non-Executive Directors who have served for over nine years on the Board, retire from the Board in accordance with the Combined Code (2006) and being eligible, will offer themselves for re-election.

Directors' and Secretary's Shareholdings

The interests of the Directors and Secretary of the Company, their spouses and minor children, in the Ordinary Share Capital of the Company are as follows:

	Shares Held 14 April 2009	Shares Held 31 Dec. 2008	Shares Held 1 Jan. 2008
C. Carvill (Chairman)	6,668,782	6,668,782	4,878,157
S. Bianchi	–	–	–
A. Brown	199,020	199,020	187,070
M. Carvill	3,810,709	3,810,709	3,450,000
I. Egan	333,333	333,333	333,333
S. Farrell	466,333	466,333	466,333
T. Fitzpatrick	41,026	41,026	37,944
T. Lowrie	2,464,230	2,464,230	2,264,230
P. McAleer	156,250	156,250	125,000
T. McCluskey	231,250	231,250	200,000
D. Corcoran (Secretary)	–	–	–

3,000,000 shares are held by a Carvill Family Trust, of which 750,000 shares held in trust for the children of Mr. M. Carvill, are included in his holding above.

The interests of Directors in warrants of the Company are as follows:

	Warrants Held 14 April 2009	Warrants Held 31 Dec. 2008	Warrants Held 1 Jan. 2008	Average Exercise Price 31 Dec. 2008 €
C. Carvill	–	–	790,625	–
S. Bianchi	–	–	–	–
A. Brown	–	–	11,950	–
M. Carvill	–	–	189,909	–
I. Egan	27,083	27,083	27,083	20c
S. Farrell	–	–	–	–
T. Fitzpatrick	–	–	3,082	–
T. Lowrie	2,512,500	2,512,500	2,512,500	20c
P. McAleer	–	–	31,250	–
T. McCluskey	–	–	31,250	–

Directors' and Secretary's Share Options

Details of the share options of the Secretary and Directors who held office in 2008, granted in accordance with the rules of the Share Option Scheme, are as follows:

	1 Jan and 31 Dec 2008	Average option price €	Option price range from €	Option Price range to €
C. Carvill (Chairman)	2,496,629	25c	6c	41c
S. Bianchi	–	–	–	–
A. Brown	3,371,629	28c	6c	41c
M. Carvill	6,530,000	29c	11c	41c
I. Egan	2,180,000	25c	11c	41c
S. Farrell	1,180,000	30c	20c	41c
T. Fitzpatrick	900,000	16c	9c	41c
C. Gilchrist	2,500,000	32c	23c	41c
T. Lowrie	500,000	41c	41c	41c
P. McAleer	1,250,000	25c	15c	41c
T. McCluskey	4,430,000	29c	11c	41c
D. Corcoran (Secretary)	1,825,000	31c	13c	41c

During the year there were no Director's share options exercised, granted or lapsed. The above share options are all exercisable at 31 December 2008 and the latest exercise date is September 2013. The share option period may be extended at the decision of the Board.

On 8 January 2009, Mr T. Fitzpatrick was awarded 2,000,000 share options. On 28 February 2009, Dr. C. Gilchrist's share options lapsed. The share price at the year end was €0.08 and the share price range for the year was between €0.08 and €0.74.

Share Option Scheme

It is the policy of the Company, in common with other companies operating in the industry, to award share options to certain Directors, employees and consultants. The Board makes awards at such time or times as it may determine, subject to the conditions of the Model Code for Directors' dealings. Any offer to grant options shall specify the consideration payable on acceptance, the number of shares comprised in the option, the mode of acceptance together with the latest date for acceptance and for payment of the said consideration. Upon receipt by the Board of such acceptance and consideration, the option will be granted and the option certificate delivered. The options generally vest over a three to five year period, in equal annual amounts. At 31 December 2008, there were options in issue that had been granted under the share option scheme dated 15 May 1987 to persons (other than Directors and the Secretary) to subscribe for a total of 9,490,000 shares, exercisable at an average price of €0.37 per share.

Share Capital

The Company's share capital consists of Ordinary €0.06 Shares and Deferred €0.25 Shares. Ordinary Shares account for 84% and Deferred Shares account for 16% of the total Share Capital.

The Ordinary Shares carry voting and dividend rights. The Deferred Shares of €0.25 were created in 1991 by subdividing each existing Ordinary Share of IR25p into one Deferred Share of IR20p and one new Ordinary Share of IR5p. The Deferred Shares are non-voting, carry no dividend rights and the Company may purchase any or all of these shares at a price not exceeding €0.013 for all the deferred shares so purchased.

The Company is aware that on 14 April 2009 the following held in excess of 3% of the issued ordinary shares of the Company:

	No. of shares	% of issued share capital
Nortrust Nominees Limited	130,625,480	16.42
State Street Nominees Limited	51,336,000	6.45
HSBC Global Custody Nominee (UK) Limited	39,212,500	4.93
Nederlandse Financierings –FMO	37,433,541	4.71

Directors are appointed by the shareholders at the Annual General Meeting of the Company. The shareholders must approve any resolution to amend the Company's Articles of Association.

In the event of a change in control, directly or indirectly, in Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited, subsidiary undertakings of the Company, the senior and subordinated lenders may require payment in full of debt obligations subject to conditions set out in the loan agreements.

The Directors have been given the authority by shareholders to allot shares up to an amount equal to the authorised but unissued share capital of the Company.

Going Concern

The Directors' believe that the Group has adequate resources to continue for the foreseeable future following their review of the accounts, budgets and future plans. For this reason, and having regard to the disclosures made in relation to the waivers and amendments to the financing documents referred to in the Financing Risks section of the Risk and Risk Management Report on pages 36 and 37 and in Note 16 to the Financial Statements, the Directors continue to adopt the going concern basis in preparing the financial statements.

Books of Account
The Directors have employed appropriately qualified accounting personnel and have maintained appropriate accounting systems, to ensure that proper books and accounting records are kept in accordance with Section 202 Companies Act, 1990. The books of account are kept at the Company's office at Chatham House, Chatham Street, Dublin 2.

Subsidiary Undertakings
The subsidiary undertakings of the Company at 31 December 2008 are outlined in Note 9 to the financial statements.

Annual General Meeting
Mr. M. Carvill, Mr. S. Farrell and Mr. T. Lowrie will be proposed for re-appointment at the Annual General Meeting.

Ms. S. Bianchi will be proposed for appointment to the Board at the Annual General Meeting.

Mr. C. Carvill and Mr. I. Egan being Non-Executive Directors who have served for over nine years on the Board, retire from the Board in accordance with the Combined Code (2006) and being eligible, will offer themselves for re-election.

Biographical details of the above Directors are set out on pages 24 and 25.

The Chairman, Mr. C. Carvill, confirms that the performance of Non-Executive Directors, who are subject to re-appointment, continue to be effective and that they demonstrate commitment to the role, including commitment to both Board and Committee meetings. The Senior Independent Non-Executive Director, Mr. P. McAleer confirms that Mr. C. Carvill's performance continues to be effective and that he demonstrates commitment to the role, including commitment to both Board and Committee meetings.

Shareholders are being asked to give the Directors authority to allot shares. In addition, shareholders are being asked to renew the authority to disapply the statutory pre-emption provisions in the event of any issue for cash up to an aggregate nominal value of 10% of the nominal value of the Company's issued Ordinary Share Capital.

The Directors recommend that shareholders vote in favour of all resolutions, as set out in the Notice of Annual General Meeting.

Political Donations
There were no political contributions which require disclosure under the Electoral Act 1997.

Events since the year end
Subsequent to the year end, the Group concluded two Deeds of Waiver and Amendment with the lenders to the Moma Titanium Minerals Mine which result in the deferral of scheduled repayments of senior debt amounting to US$22.6 million that would otherwise have been due in 2009. In addition to deferral of scheduled repayments, these Deeds of Waiver and Amendment also provided for increased access to the Contingency Reserve Account and delaying the final date for achieving financial completion. Further details are set out under the Financing Risks heading of the Risk and Risk Management Report on page 36 and 37.

Auditors
The Auditors, Deloitte & Touche, Chartered Accountants and Registered Auditors, continue in office in accordance with Section 160 (2) of the Companies Act 1963.

On behalf of the Board:

M. Carvil	T. McCluskey
Director	Director

16 April 2009

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements. The Directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and have also elected to prepare financial statements for the Company in accordance with IFRSs. Company law requires the Directors to prepare such financial statements in accordance with IFRSs, the Companies Acts 1963 to 2006 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- state that the financial statements comply with IFRSs as issued by the IASB and as adopted by the European Union; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2006 and as regards the Group financial statements, Article 4 of the EU IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for the preparation of a Directors' Report which complies to the requirements of the Companies Acts 1963 to 2006 and for reports relating to Directors' remuneration and corporate governance that comply with the Listing Rules issued by the Irish and London Stock Exchanges.

The Directors are responsible for the maintenance and integrity of the annual report and financial statements posted to the Company website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

Responsibility statement

The Directors confirm to the best of our knowledge that:

- the financial statements, prepared in accordance with IFRSs as issued by the IASB and as adopted by the EU, give a true and fair view of the assets, liabilities, financial position of the Company and the undertakings included in the consolidation taken as a whole;
- the Operating and Financial Review includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole; and
- the Risk and Risk Management Report contains a description of the principal risks and uncertainties they face.

On behalf of the Board:

M. Carvil	T. McCluskey
Director	Director

16 April 2009

Risk and Risk Management Report

The Group's business may be affected by risks similar to those faced by many companies in the mining industry. These include geological, political, operational and environmental risks and changes in the macroeconomic environment. The main risks applicable to the mine are set out below:

Commercial risks

The main use for ilmenite and rutile is as a feedstock for titanium dioxide pigment, primarily used in the manufacture of paint, plastics and fabrics. Zircon is primarily used in the ceramics industry. Consumption of titanium dioxide pigment and ceramics is closely correlated with global economic activity and demand can vary over time. There is a risk that changes in the macroeconomic environment and changes in the mining industry, may result in increases in operating costs. Senior management monitor closely customer sales contracts and manage the mine's cost base to ensure it remains competitive.

Operational risks

The achievement of target design production levels is dependent upon completion of remaining construction activities and the ability of mine management to continue to increase production levels. Senior management will continue to carefully manage the construction contract and allocate the required resources to enable the mine management to overcome hurdles that may present themselves during the course of the remaining ramp-up period.

Financing risks

The achievement of successful delivery of the remaining project works and production ramp-up depends on the availability of sufficient finance. The Board carefully monitors senior management's financing activities both with respect to existing loans and prospective sources of funds. Project loan documentation requires the maintenance of a Contingency Reserve Account ("CRA"). The amount of funds required to be on deposit in this account is determined by a calculation involving projected capital and operating costs, revenues, interest and principal payments on the Senior Loans, and reserve account contributions required to achieve completion under the project loan documentation.

On 30 January 2009 a Deed of Waiver and Amendment was entered into by the Mozambique branches of Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited (the Project Companies), the lenders, and the other parties thereto whereby the senior principal instalments totaling US$11.3 million due on 2 February 2009 were deferred, to be repaid over the remaining life of the respective loan facility, and pursuant to which the Group contributed US$15 million to the Contingency Reserve Account between 12 December 2008 and 31 January 2009. On 31 March 2009, a second Deed of Waiver and Amendment was entered into by the Project Companies whereby the following key waivers and amendments have been agreed:

- Deferral of the scheduled Senior principal instalments due on 4 August 2009 in the amount of US$11.3 million together with the instalments due on 2 February 2009 also in the amount of US$ 11.3 million will be repaid commencing 1 February 2010 over the remaining life of the respective Senior Loan in equal semi-annual instalments and, following financial completion, with additional mandatory payments equal to 25% of available cash flow after senior and subordinated debt service;
- Access to the funds on deposit in the CRA and a waiver until 31 December 2010 of any obligation for the Company to top up the CRA; and
- Changing the timetable for achieving financial completion, with operational and environmental tests (technical completion) to be concluded by 31 December 2010, marketing tests by 30 June 2011 and financial and legal tests to be concluded by 31 December 2012. Originally, all these tests were to be completed by 30 June 2009. Interest margins on subordinated loans will increase by 3% until technical completion and by 1% until financial completion. The additional margin will be payable only after senior loans have been repaid in full.

In connection with the two Deeds of Waiver and Amendment, the Group has agreed to pay fees to the Lenders and their guarantors totalling US$1.9 million and 28.2 million ordinary shares in Kenmare Resources plc. In circumstances which the Group considers unlikely, an additional contingent fee consisting of US$0.5 million in cash and a further 28.2 million shares would be payable. Whether the contingent fee will be payable will be determined by 31 August 2009.

The Group operated an invoice discounting facility with Barclays Bank plc during 2008. This facility operated successfully, but expired in January 2009. The Group is arranging with Absa Bank replacement of this facility. Absa is a South African bank and existing senior loan provider to the mine. The invoice discounting facility is a key component of the Group's financing arrangements and we expect that the facility will be active when required later this year.

Senior management is maintaining a close dialogue with lenders and, taking account of existing financial resources available to the Group, will ensure that plans are in place to maintain sufficient funding to carry out the planned improvements projects.

Financial risks

The development of the mine has been financed in part by Euro and US Dollar denominated senior and subordinated loans. At 31 December 2008 the loan balance of US$334.8 million is made up of US$213.1 million denominated in US Dollars and US$121.7 million denominated in Euro. The Euro denominated loans expose the Group to currency fluctuations. The borrowings issued at variable rates expose the Group to cash flow interest risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Senior management regularly monitors and reports to the Board on these currency and interest rate risks. The Board has determined that the Group's current policy of not entering into derivative financial instruments to manage such risks continues to be appropriate in light of the mix of fixed and variable rate exposures and currencies. The Group's policy with respect to liquidity and cash flow risk is to aim to ensure continuity of funding mainly through the issue of shares, bank loans and cash generated from operations.

Environmental and social risks

The Group is committed to managing its operations in accordance with applicable guidelines issued by the World Bank, MIGA, the African Development Bank and FMO, in addition to the environmental laws and standards in force in Mozambique, as well as its own policies. The Group's Environmental Management Plan sets out the monitoring activities, management and training programs, reporting activities, auditing and mitigation measures that are required in order to identify and reduce any negative impacts of the Moma Titanium Minerals Mine and to comply with applicable environmental laws and guidelines. Senior management regularly reports to the Board on the status of compliance with the Group's environmental and social obligations, and aims to ensure that this plan is properly implemented and maintained.

Health and safety risks

The Group is committed to conducting its business in a manner that minimises the exposure of its employees, contractors and the general public to health and safety risks arising from its operations. The Group's operations personnel worked 1.1 million hours in 2008, with 6 lost-time injuries. The Group's operations contractors worked 0.5 million hours in 2008, with 2 lost-time injuries. Malaria is a key risk at the mine and the Group continues to develop and implement programs to minimise its impact on all personnel at the mine. The Group will also continue to ensure that appropriate health and safety standards are maintained in all Group activities.

Corporate Governance Report

Corporate Governance
The Directors recognise the importance of good corporate governance and have ensured that appropriate corporate governance procedures are in place. In the financial year under review they have applied the principles and complied with the provisions of the Combined Code on Corporate Governance June 2006 except for the following matters:

- The Non-Executive Directors have been granted share options under the Company Share Option Scheme. Share options were deemed by the Board the most appropriate means to recognise the significant contribution Non-Executive Directors have made to the development of the Group. Details of Non-Executive Directors' share options are set out in the Directors' Report on page 33; and
- Notice period on rolling service contracts with Executive Directors is up to two years as provided for in the terms and conditions of employment, which were agreed a number of years ago. These terms were determined appropriate by the Remuneration Committee in order to retain key personnel and expertise within the Company.

The Board of Directors
Kenmare Resources plc is led by a strong and effective Board of Directors. Directors' biographical details are set out on pages 24 and 25. The Board consists of nine Directors, three Executive Directors and six Non-Executive Directors. On 7 March 2008 Mr. P. McAleer was appointed as the Senior Independent Non-Executive Director.

The roles of the Non-Executive Chairman (Mr. C. Carvill) and Chief Executive (Mr. M. Carvill) are separate.

Operation of the Board
The Board has reserved certain items for its consideration and decision. These include approval of the strategic plans of the Group, approval of financial statements, the annual budget, major acquisitions, review of the Group's system of internal control, significant contracts, major investments, interim and preliminary results announcements, appointment of Directors and the Company Secretary and circulars to shareholders.

The Board has delegated responsibility for the management of the Group, through the Chief Executive to executive management.

All Directors are subject to retirement by rotation and may offer themselves for reappointment at the Company's Annual General Meeting. In addition, Non-Executive Directors serving more than nine years on the Board are subject to re-election on an annual basis.

Directors may take independent advice in the furtherance of their duties at the Company's expense.

Meetings
The Board and its Committees met regularly throughout 2008. Details of Directors' attendance at Board and Committee meetings are set out below. Additional meetings, to consider specific issues, were held as and when required.

	Full Board Meeting		Audit Committee		Remuneration Committee		Nomination Committee	
	A	B	A	B	A	B	A	B
C.Carvill (Chairman)	6	6	–	–	3	3	1	1
S. Bianchi*	4	4	1	1	2	2	–	–
A. Brown	6	6	–	–	–	–	–	–
M. Carvill	6	6	–	–	–	–	–	–
C. Gilchrist**	4	4	–	–	–	–	–	–
T. McCluskey	6	6	–	–	–	–	–	–
I. Egan	6	6	4	4	3	3	1	1
S. Farrell	6	3	4	–	3	1	1	–
T. Fitzpatrick	6	6	4	4	2	2	1	1
T. Lowrie	6	5	–	–	3	3	1	1
P. McAleer	6	6	4	4	3	3	1	1
D. Corcoran***	6	6	4	4	3	3	1	1

* Ms. S. Bianchi was appointed to the Board on 8 May 2008. **Dr. C. Gilchrist resigned on 1 September 2008. ***In attendance only

Column A - indicates the number of meetings held during the period the Director was a member of the Board and/or Committee.
Column B - indicates the number of meetings attended during the period the Director was a member of the Board and/or Committee.

In addition to formal meetings, the Executive Directors have regular contact with the Non-Executive Directors regarding developments within the Group. The Board and its Committees are circulated with Board papers in advance of meetings.

Independence of Non-Executive Directors

The Board has determined that each of the Non-Executive Directors is independent. In reaching that conclusion, the Board took into account a number of factors that might appear to affect the independence of some of the Non-Executive Directors, including whether the Non-Executive Director has been an employee of the Group within the last five years; has or had within the last three years, a material business relationship with the Group; receives remuneration from the Group other than a Director's fee; has close family ties with any of the Group's advisers, Directors or senior employees; holds cross-directorships or has significant links with other Directors through involvement in other companies or bodies; represents a significant shareholder or has served on the Board for more than nine years from the date of their first election.

The Non-Executive Directors are remunerated by way of consultancy fees set out in agreements between each of them and Congolone Heavy Minerals Limited, a subsidiary undertaking of Kenmare Resources plc. Details of the Non-Executive Directors' consultancy fees are set out in Note 6 on pages 59 and 60. The Non-Executive Directors have been granted share options under the Company Share Option Scheme. Share options were deemed by the Board the most appropriate means to recognise the significant contribution Non-Executive Directors have made to the development of the Group. Details of Non-Executive Directors' share options are set out in the Directors' Report on page 33. Mr. C. Carvill, Chairman is the father of Mr. M. Carvill, Managing Director. The Non-Executive Directors hold shares in the Group as set out in the Directors' Report on page 32. Mr. C. Carvill and Mr. I. Egan have served on the Board for more than nine years from the date of their first election.

In each of the cases detailed above, the Board considered and concluded that the independence of the relevant Non-Executive Director was not compromised as they discharged their duties in a proper and consistently independent manner and constructively challenge the Executive Directors and the Board.

Performance Appraisal

The Chairman conducted a review of the operation and performance of the Board and its Committees. This was achieved through discussions with each Director and the Company Secretary. The Chairman also conducted a performance evaluation of individual Directors. The Senior Independent Director completed an evaluation of the performance of the Chairman, taking into account the views of the Executive Directors. It was concluded that all Directors continue to contribute effectively and to demonstrate commitment to their roles.

Committees

The Board has established Audit, Remuneration and Nomination Committees. All Committees of the Board have written terms of reference setting out their authorities and duties. These terms of reference are available for review at the Company's registered office.

Nomination Committee

The Nomination Committee consists of the Non-Executive Chairman and Non-Executive Directors as detailed on page 31.

The Committee met during 2008 to consider the appointment of Ms. S. Bianchi to the Board. The Board approached Ms S. Bianchi directly as they were aware of her experience in banking and financing and had worked with her when she held the position of Deputy Managing Director of the Emerging Africa Infrastructure Fund with Standard Bank London from 2002 to 2007. As a result, neither an external search consultant nor open advertising was needed in the appointment to the Board.

The main responsibilities of the Committee include:

- identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- before making an appointment, evaluating the balance of skills, knowledge and experience on the Board and, in light of this evaluation, preparing a description of the role and capabilities required for a particular appointment;
- reviewing periodically the time required from a Non-Executive Director. Performance evaluation is used to assess whether the Non-Executive Director is spending enough time to fulfil their duties;
- giving full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are therefore needed on the Board in the future;
- regularly reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and making recommendations to the Board with regard to changes considered advisable; and
- keeping under review the leadership needs of the organisation, both Executive and Non-Executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.

The standard terms of contract with the Non-Executive Directors are available, on request, from the Company Secretary, at the Company's registered office during normal business hours and at the Annual General Meeting (for 15 minutes prior to the meeting and during the meeting).

Audit Committee
The Audit Committee consists of the Non-Executive Directors as detailed on page 31. The Committee has determined that Mr. I. Egan, as a Fellow of the Australian Society of Certified Practising Accountants (CPA Australia), is the Committee's financial expert. As outlined in the Directors' biographical details, set out on pages 24 and 25, members bring considerable financial and accounting experience to the work of the Committee.

The main responsibilities of the Committee include:

- monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance, reviewing significant financial reporting judgements contained in them;
- reviewing the Group's internal financial controls and internal control and risk management systems;
- monitoring and reviewing whether a dedicated internal audit function is required;
- making recommendations to the Board for it to put to the shareholders for their approval in general meeting, in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements;
- developing and implementing policy on the engagement of external auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by an external audit firm; and
- reporting to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken.

These responsibilities were discharged during 2008 as follows:

- the Committee reviewed the preliminary and interim results issued by the Company in April and August 2008 respectively;
- the Committee reviewed the 2007 Annual Report in April 2008 and the 2008 Interim Report in August 2008. As part of these reviews the Committee received a report from the external auditors on their audit of the Annual Report and their review of the Interim Report;
- the Committee agreed the fees to be paid to the external auditors for their audit of the 2007 Annual Report and accounts and 2008 Interim Report;
- the Committee considered the need for a dedicated internal audit function. The Committee has agreed the appointment of an internal auditor in February 2009. The role of the internal auditor will to be to report to the Committee on compliance and reporting matters at the Moma Titanium Minerals Mine.
- the Committee evaluated the performance of the external auditors; and
- the Committee reviewed the safeguards to avoid the possibility that the auditors' objectivity and independence could be compromised. The Committee is satisfied that the appropriate policy is in place in respect of services provided by external auditors.

The Company Secretary and the external audit lead partner and, from time to time, the Finance Director, attend meetings at the invitation of the Committee. During these meetings, the Committee and the external auditor discuss, without management present, matters relating to its remit and any issues arising from the audit. The external auditors have unrestricted access to the Chairman of the Audit Committee.

The Audit Chairman, Mr. P. McAleer, can receive in confidence complaints on accounting, risk issues, internal controls, auditing issues and related matters for reporting to the Audit Committee.

Internal Control
The Board of Directors has responsibility for the Group's system of internal control. This involves an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and reviewing the effectiveness of the resultant system of internal control that has been in place throughout the year and up to the date of approval of the Annual Report and Accounts. The Board has delegated to management the planning and implementation of the systems of internal control throughout the Group. The system of internal control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and accords with the guidance in Internal Control: Guidance for Directors on the Combined Code (Turnbull October 2005).

The key elements of the system include:

- The Board, in conjunction with management, identifies the major risks faced by the Group and determines the appropriate course of action to manage these risks;
- Risk assessment and evaluation is an integral part of the management process throughout the Group. Risks are identified, evaluated and appropriate risk management strategies implemented;
- The Board maintains control and direction over appropriate strategic, financial, organisational and compliance issues, and has put in place an organisational structure with defined lines of responsibility and authority;
- Capital expenditures are controlled centrally and, if in excess of predefined levels, are subject to approval by the Board.

During the course of its review of the system of internal control, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant.

Communication with Shareholders
Communications with shareholders are given high priority and regular meetings take place between institutional shareholders and senior management. The Company's Annual General Meeting affords individual shareholders the opportunity to question the Chairman and the Board. Result announcements are sent to shareholders and are released through the London and Irish Stock Exchanges and on the Company's web site, www.kenmareresources.com.

Directors' Remuneration Report

Remuneration Committee
The Remuneration Committee consists of the Non-Executive Directors as detailed on page 31. The main responsibility of the Committee is to determine the total individual remuneration package of each Executive Director including, where appropriate, bonuses and share options. The remuneration of Non-Executive Directors is a matter for the Chairman and Executive members of the Board. The remuneration of the Chairman is a matter for the Board. No Director is involved in any decisions as to their own remuneration.

Remuneration Policy
The philosophy of the Remuneration Committee in determining Executive Directors' remuneration is to ensure that individuals are appropriately rewarded relative to their responsibility, experience and value to the Group. In setting its remuneration policy the Remuneration Committee has given consideration to the provisions of the Combined Code (2006) and Stock Exchange requirements on Directors' remuneration.

Non-Executive Directors' Remuneration
Non-Executive Directors are remunerated by way of consultancy fees set out in agreements between them and Congolone Heavy Minerals Limited, a subsidiary undertaking of Kenmare Resources plc. Details of these consultancy fees are set out in Note 6 on pages 59 and 60. Details of share options granted to Non-Executive Directors are set out in the Directors' Report on page 33.

None of the Non-Executive Directors had a beneficial interest in any contract to which the Company or any of its subsidiary undertakings was a party during the financial year except the consultancy agreements referred to in the previous paragraph.

Executive Directors' Remuneration
The remuneration package of Executive Directors comprises basic salary and benefits, pension, an annual performance-related bonus and participation in the Company Share Option Scheme. Employment related benefits, where applicable, consist of health insurance payments and motor expenses. Annual performance related bonuses are determined based on the Group's objectives and individual performance. The Company operated an externally funded contribution pension scheme for Dr. A. Brown. This scheme ended in November 2008. In addition, the Company contributes to individual pension schemes on behalf of the some of the other Executive Directors. Pension contributions are determined in relation to basic salary.

A contract exists with Vico Properties plc. to provide for services from Mr. M. Carvill. Service contracts exist with Dr. A. Brown, Mr. T. Fitzpatrick and Mr. T. McCluskey. Notice period on rolling service contracts with Executive Directors is up to two years as provided for in the terms and conditions of employment, which were agreed a number of years ago. These terms were determined appropriate by the Remuneration Committee in order to retain key personnel and expertise within the Company.

Details of Executive Directors' Remuneration are set out in Note 6 on pages 59 and 60. Details of Executive Directors' share options are set out in the Directors' Report on page 33.

The Company released Mr. M. Carvill to serve as a Non-Executive Director for a number of subsidiary undertakings in the Carvill Group Limited and he does not retain a fee for his service. This release was granted a number of years ago.

None of the Executive Directors had a beneficial interest in any contract to which the Company or any of its subsidiary undertakings was a party during the financial year other than their own employment contracts.

Independent Auditors' Report

To the Members of Kenmare Resources plc

Deloitte.

We have audited the financial statements of Kenmare Resources plc. for the year ended 31 December 2008 which comprise the Consolidated Financial Statements including the Statement of Accounting Policies, the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the Parent Company Financial Statements including the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes 1 to 26. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the Company's members, as a body, in accordance with Section 193 the Companies Act 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report, including as set out in the Statement of Directors' Responsibilities, the preparation of the Group Financial Statements and the Parent Company Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Our responsibility, as independent auditor, is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Group Financial Statements and the Parent Company Financial Statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2006, and as regards the Group Article 4 of the IAS Regulation. We also report to you whether in our opinion: proper books of account have been kept by the Company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the Company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all information and explanations necessary for the purposes of our audit and whether the Company's Balance Sheet is in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law or the Listing Rules of the Irish and London Stock Exchange regarding Directors' remuneration and Directors' transactions is not disclosed and, where practicable, include such information in our report.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the Combined Code 2006 specified for our review by the Listing Rules of the Irish Stock Exchange and we report if it does not. We are not required to consider whether the Boards' statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its internal controls.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' Report, the Operating, Marketing and Financial Review and the Corporate Governance Statement. Our responsibilities do not extend to other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion:

- the Group Financial Statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the affairs of the Group as at 31 December 2008 and of the profit for the year then ended;

- the Group Financial Statements have been properly prepared in accordance with the Companies Acts, 1963 to 2006 and Article 4 of the IAS Regulations;

- the Parent Company Financial Statements give a true and fair view, in accordance with IFRSs, as adopted by the European Union of the state of the affairs of the Parent Company as at 31 December 2008; and

- the Parent Company Financial Statements have been properly prepared in accordance with the Companies Acts 1963 to 2006.

Emphasis of matter – Property, plant and equipment and amounts due from subsidiary undertakings
Without qualifying our opinion, we draw your attention to notes 7 and 9 concerning the recoverability of property, plant and equipment and amounts due from subsidiary undertakings. The recovery of the value of property, plant and equipment of US$539,672,000 included in the Group's Balance Sheet and amounts due from subsidiary undertakings of US$193,919,000 in the Parent Company Balance Sheet is dependent on the successful development of economic ore reserves, successful ramp-up of production which includes the rectification of mining and processing equipment and the continued availability of adequate financing including the waivers and amendments to the financing documents referred to in Note 16 to the financial statements. The financial statements do not include any adjustments relating to these uncertainties and the ultimate outcome cannot at present be determined.

We have obtained all the information and explanations we considered necessary for the purpose of our audit. In our opinion proper books of account have been kept by the Company. The Parent Company's, Balance Sheet is in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

The net assets of the Company, as stated in the Parent Company Balance Sheet are more than half the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2008 a financial situation which, under Section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the Company.

Deloitte & Touche,
Chartered Accountants and Registered Auditors
Deloitte & Touche House
Earlsfort Terrace
Dublin 2

16 April 2009

Consolidated Income Statement

For the year ended 31 December 2008

	Notes	2008 US$'000	2007 US$'000
Continuing Operations			
Revenue		–	–
Operating expenses	2	(957)	(12,557)
Finance income	3	1,302	2,925
Profit/(loss) before tax		345	(9,632)
Income tax expense	4	–	–
Profit/(loss) after tax for the financial year		345	(9,632)
Attributable to equity holders		345	(9,632)
		US$ cents per share	US$ cents per share
Earnings/(loss) per share: Basic	5	0.045c	(1.40c)
Earnings/(loss) per share: Diluted	5	0.042c	(1.40c)

The accompanying notes form part of these financial statements.

On behalf of the Board:

M. Carvil — Director

T. McCluskey — Director

16 April 2009

Consolidated Balance Sheet

As at 31 December 2008

	Notes	2008 US$'000	2007 US$'000
Assets			
Non-current assets			
Property, plant and equipment	7	539,672	486,960
Current assets			
Inventories	8	6,405	5,631
Trade and other receivables	10	3,033	4,842
Cash and cash equivalents	11	40,536	56,203
		49,974	66,676
Total assets		**589,646**	**553,636**
Equity			
Capital and reserves attributable to the Company's equity holders			
Called-up share capital	12	66,178	61,496
Share premium	13	145,088	121,501
Retained losses	14	(30,791)	(31,136)
Other reserves	15	42,668	41,562
Total equity		**223,143**	**193,423**
Liabilities			
Non-current liabilities			
Bank loans	16	299,982	299,570
Obligations under finance lease	17	2,264	2,292
Provisions	18	4,179	2,505
		306,425	304,367
Current liabilities			
Bank loans	16	34,842	26,273
Trade and other payables	17	25,236	29,573
		60,078	55,846
Total liabilities		**366,503**	**360,213**
Total equity and liabilities		**589,646**	**553,636**

The accompanying notes form part of these financial statements.

On behalf of the Board:

M. Carvil   T. McCluskey
Director   Director

16 April 2009

Consolidated Cash Flow Statement

For the year ended 31 December 2008

	Notes	2008 US$'000	2007 US$'000
Cash flows from operating activities			
Profit/(loss) for the year		345	(9,632)
Adjustment for:			
Foreign exchange movement		(5,472)	1,680
Operating cash outflow		(5,127)	(7,952)
Decrease/(increase) in inventories		408	(5,631)
Decrease/(increase) in trade and other receivables		1,809	(4,032)
Decrease in trade and other payables		(4,414)	(7,896)
Increase in provisions		1,674	140
Cash used by operations		(5,650)	(25,371)
Finance costs		(13,739)	(12,249)
Net cash used in operating activities		(19,389)	(37,620)
Cash flows from investing activities			
Additions to property, plant and equipment		(39,050)	(67,027)
Net cash used in investing activities		(39,050)	(67,027)
Cash flows from financing activities			
Proceeds on the issue of shares		28,269	3,542
Proceeds on shares to be issued		–	14,249
Repayment of borrowings		(20,335)	(4,424)
Increase in borrowings		29,316	59,691
Increase in obligations under finance leases		50	2,242
Net cash from financing activities		37,300	75,300
Net decrease in cash and cash equivalents		(21,139)	(29,347)
Cash and cash equivalents at beginning of the year		56,203	87,230
Effect of exchange rate changes on cash and cash equivalents		5,472	(1,680)
Cash and cash equivalents at the end of the year	11	**40,536**	**56,203**

Consolidated Statement Of Changes In Equity

For the year ended 31 December 2008

	Called-Up Share Capital	Share Premium	Retained Losses	Other Reserves	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2007	56,694	108,512	(21,504)	40,347	184,049
Loss for the year	–	–	(9,632)	–	(9,632)
Share based payments	–	–	–	1,215	1,215
Issue of share capital	798	2,744	–	–	3,542
Share capital to be issued	4,004	10,245	–	–	14,249
Balance at 1 January 2008	61,496	121,501	(31,136)	41,562	193,423
Profit for the year	–	–	345	–	345
Share based payments	–	–	–	1,106	1,106
Issue of share capital	4,682	23,587	–	–	28,269
Balance at 31 December 2008	66,178	145,088	(30,791)	42,668	223,143

Retained Losses
Retained losses comprise accumulated profit and losses in the current and prior years.

Other Reserves
Other reserves consist of the share option reserve, revaluation reserve and translation reserve detailed below.

Share Option Reserve
The share option reserve arises on the grant of share options to certain Directors, employees and consultants under the share option scheme.

Revaluation Reserve
The revaluation reserve relates to the surplus arising on revaluation of plant in 2000 on a depreciated cost replacement basis.

Translation Reserve
The translation reserve relates to currency movements arising on the translation of overseas subsidiary undertakings using the closing rate method. There has been no movement in this translation reserve since 1 January 2002 when the Group changed its reporting currency from Euro to US Dollar.

Company Balance Sheet

As at 31 December 2008

	Notes	2008 US$'000	2007 US$'000
Assets			
Non-current assets			
Property, plant and equipment	7	99	–
Amounts due from subsidiary undertakings	9	193,919	156,704
		194,018	156,704
Current assets			
Trade and other receivables	10	99	176
Cash and cash equivalents	11	78	11,655
		177	11,831
Total assets		**194,195**	**168,535**
Equity			
Capital and reserves attributable to the Company's equity holders			
Called-up share capital	12	66,178	61,496
Share premium	13	145,088	121,501
Retained losses		(26,375)	(22,980)
Share option reserve	15	8,885	7,779
Total equity		**193,776**	**167,796**
Liabilities			
Current liabilities			
Trade and other payables	17	419	739
Total liabilities		**419**	**739**
Total equity and liabilities		**194,195**	**168,535**

The accompanying notes form part of these financial statements.

On behalf of the Board:
M. Carvil T. McCluskey
Director Director

16 April 2009

Company Cash Flow Statement

For the year ended 31 December 2008

	Notes	2008 US$'000	2007 US$'000
Cash flows from operating activities			
Loss for the year		(3,395)	(641)
Adjustment for:			
Foreign exchange movement		128	(220)
Depreciation		25	–
Share-based payments expense		1,106	1,215
Operating cash (out)/in flow		(2,136)	354
Decrease/(increase) in trade and other receivables		77	(51)
Decrease in trade and other payables		(320)	(168)
Net cash (used in)/from operating activities		(2,379)	135
Cash flows from investing activities			
Additions to property, plant and equipment		(124)	–
Amounts due from subsidiary undertakings		(37,215)	(6,558)
Net cash used in investing activities		(37,339)	(6,558)
Cash flows from financing activities			
Proceeds on the issue of shares		28,269	3,542
Proceeds on the shares to be issued		–	14,249
Net cash from financing activities		28,269	17,791
Net (decrease)/increase in cash and cash equivalents		(11,449)	11,368
Cash and cash equivalents at beginning of the year		11,655	67
Effect of exchange rate changes on cash and cash equivalents		(128)	220
Cash and cash equivalents at the end of the year	11	**78**	**11,655**

Company Statement Of Changes In Equity

For the year ended 31 December 2008

	Called-Up Share Capital	Share Premium	Retained Losses	Share Option Reserve	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2007	56,694	108,512	(22,339)	6,564	149,431
Loss for the year	–	–	(641)	–	(641)
Share based payments	–	–	–	1,215	1,215
Issue of share capital	798	2,744	–	–	3,542
Share capital to be issued	4,004	10,245	–	–	14,249
Balance at 1 January 2008	61,496	121,501	(22,980)	7,779	167,796
Loss for the year	–	–	(3,395)	–	(3,395)
Share based payment	–	–	–	1,106	1,106
Issue of share capital	4,682	23,587	–	–	28,269
Balance at 31 December 2008	66,178	145,088	(26,375)	8,885	193,776

Retained Losses
Retained losses comprise accumulated profit and losses in the current and prior years.

Share Option Reserve
The share option reserve arises on the grant of share options to certain Directors, employees and consultants under the share option scheme.

Statement of Accounting Policies

Group
The significant accounting policies adopted by the Group are set out below.

Basis of preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

Basis of accounting
The financial statements are prepared in US Dollars under the historical cost convention.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All Group transactions, balances, income and expenses are eliminated on consolidation.

Determination of ore reserve estimates
The Group estimates its ore reserves and mineral resources based on information compiled by Competent Persons as defined in accordance with the Australian Code for Reporting of Ore Reserves and Mineral Reserves of December 2004 (the JORC Code). Reserves determined in this way are used in the calculation of depreciation, amortisation and impairment charges, the assessment of life of mine and for forecasting the timing of the payment of close-down, restoration and clean-up costs. In assessing the life of a mine for accounting purposes, mineral resources are only taken into account where there is a high degree of confidence of economic extraction. There are numerous uncertainties inherent in estimating ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of final products, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

Segmental Reporting
Management considers the operation of the Moma Titanium Minerals Mine in Mozambique as its primary business segment and its geographical segment. The Moma Titanium Minerals Mine is made up of the mining operation held by Kenmare Moma Mining (Mauritius) Limited and the processing operation held by Kenmare Moma Processing (Mauritius) Limited. All other group undertakings are defined as corporate for reporting purposes.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for mineral products provided in the normal course of business, net of discounts and related sales taxes. Sales of mineral products are recognised when mineral products have been delivered and title has passed. Typically, delivery takes place when product is loaded in the customer's vessel.

Revenue earned during the period of commissioning the mine, before it is capable of operating in the manner intended by management, is deducted from costs capitalised in development expenditure.

Finance income represents deposit interest earned. It is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases
Assets held under finance lease are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to directly achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see below).

Operating leases
Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Retirement benefit costs
Payments to defined contribution retirement schemes are charged as an expense as they fall due.

Statement of Accounting Policies

Foreign currency
The individual financial statements of each Group entity are presented in their functional currency, US Dollars. The consolidated financial statements are expressed in US Dollars, which is the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the year.

Borrowing costs
All borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts 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 balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that is probable that taxable profits will be available against deductible temporary differences which can be utilised. Such assets and liabilities are not recognised if the temporary differences arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiary undertakings, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is released. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities.

Exploration and evaluation expenditure
Exploration and evaluation expenditure activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation expenditure is charged to the income statement as incurred except where the existence of a commercially viable mineral deposit has been established. Capitalised exploration and evaluation expenditure considered to be tangible is recognised as a component of property, plant and equipment at cost less impairment charges. As the asset is not available for use, it is not depreciated. All capitalised exploration evaluation expenditure is monitored for indications of impairment. To the extent that capitalised expenditure is not expected to be recovered it is charged to the income statement.

Property, plant and equipment
The cost of property, plant and equipment comprises its purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated closure costs associated with the asset. Mining and processing plant acquired in 2000 is carried

at the revalued amount which is deemed to be the cost of the asset and the surplus is included in the revaluation reserve.

Construction in progress expenditures for the construction and commissioning of the Moma Titanium Minerals Mine in Mozambique are deferred until, on a section-by-section basis, the facilities are operational, at which point the costs are transferred to property, plant and equipment and depreciated at the applicable rates.
Property, plant and equipment is depreciated over its useful life, or over the remaining life of mine if shorter. The major categories of property, plant and equipment are depreciated as follows:

Plant & Equipment	Units of production basis.
Buildings & Airstrip	20 years
Mobile Equipment	3 to 5 years
Fixtures & Equipment	3 to 10 years

Units of production depreciation is calculated using the quantity of material extracted from the mine for processing or sterilised in the period as a percentage of the total quantity of material planned to be extracted in current and future periods based on the mining reserve. In the case of the Moma Titanium Minerals Mine, the mining reserve is a proven and probable reserve which represents approximately a 21 year life at the initial expected production levels.

Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Changes to the estimated residual values or useful lives are accounted for prospectively.

Development expenditure
Mineral exploration and project development costs, including finance costs and lender and advisor fees for the Moma Titanium Minerals Mine during the period before the mine is capable of operating at production levels in the manner intended by management are deferred and included in property, plant and equipment. In addition, expenses including depreciation net of revenue earned during commissioning the mine in the period before it is capable of operating in the manner intended by management are deferred. These costs include an allocation of costs, including share based payments as determined by management and incurred by Group companies. Interest on borrowings related to the construction and mine development projects is capitalised until the point when the activities that enable the mine to operate in its intended manner are complete. When the mine is operating in the manner intended by management, the related costs will be written off over the life of the estimated ore reserve on a unit of production basis. Where the project is terminated or an impairment in value has occurred, related costs are written off immediately.

Impairment of tangible assets
At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss.
If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories
Product inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and overheads, including depreciation incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Quantities are assessed primarily through surveys and assays.

Consumable spares are stated at the lower of actual cost and net realisable value. Cost comprises the purchase price and related

Statement of Accounting Policies

costs incurred in bringing the inventories to their present location and condition. Actual cost is calculated using the weighted average method.

Financial assets and financial liabilities
Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes party to a contractual provision of the instrument.

Trade receivables
Trade receivables are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Financial liabilities and equity
Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Bank borrowings
Interest-bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortised cost, using the effective rate method. Any difference between the proceeds and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

Trade payables
Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Equity instruments
Equity capital issued by the Company is recorded at the value of proceeds received, net of direct issue costs. The only equity instruments of the Group are ordinary share capital and warrants.

Mine closure provision
The mine closure provision represents the Directors' best estimate of the Group's liability for close-down, dismantling and restoration of the mining and processing site, but excluding reclamation of areas disturbed by mining activities, which is covered under the mine rehabilitation provision. A corresponding amount equal to the provision is recognised as part of property, plant and equipment and depreciated over its estimated useful life. The costs are estimated on the basis of a formal closure plan and are subject to regular review. The mine closure provision is determined as the net present value of such estimated costs. Changes in the estimated timing or costs are recorded by an adjustment to the provision and corresponding adjustment to property, plant and equipment. The unwinding of the discount on the mine closure provision is recognised as a finance cost and capitalised if eligible.

Mine rehabilitation provision
The mine rehabilitation provision represents the Directors' best estimate of the Company's liability for reclaiming areas disturbed by mining activities. Reclamation costs are recognised in each period based on the area disturbed in such period.

Share-based payments
The Group issues share options to certain Directors, employees and consultants. Share options are measured at fair value at the date of grant. The fair value determined at the grant date of the share options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. Fair value is measured using a Black-Scholes pricing model. The share-based payment is capitalised if eligible. The policy described above is applied to all equity-settled share-based payments that were granted after 7 November 2002 that vested after 1 January 2005.

Parent Company
The separate financial statements of the Company are presented as required by the Companies Acts 1963 to 2006. As permitted by these Acts, the separate financial statements have been prepared in accordance with International Financial Reporting Standards. The principal accounting policies adopted are the same as those set out above to the Group financial statements except as noted below.

Amounts due from subsidiary undertakings are initially recognised at fair value and are subsequently measured at amortised cost

Statement of Accounting Policies

using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is determined based on the net asset position of the subsidiary undertaking.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical judgements in applying the Group's accounting policies
In the process of applying the Group's accounting policies, which are described above, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below)

Property, plant and equipment
The recovery of property, plant and equipment of the Moma Titanium Minerals Mine is dependent upon the successful operation of the mine, which in turn is dependent on the successful ramp-up of production, including rectification of mining and processing equipment, and continued availability of adequate funding for the mine.

The Directors are satisfied that at the balance sheet date the recoverable amount of property, plant and equipment exceeds its carrying amount and based on planned mine production levels, that the Moma Titanium Minerals Mine will achieve positive cash flows. No impairment provision has been made in respect of property, plant and equipment as a result.

The assessment of impairment involves judgement over the likely future cash flows based on future revenues, capital and operating costs, and the discount rate to be applied to such cash flows.

Key sources of estimation uncertainty
The preparation of financial statements requires Directors to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date. The nature of estimation means the actual outcomes could differ from those estimates. The main areas subject to estimation uncertainty are detailed below.

Provisions
The mine closure provision represents the Directors' best estimate of the Group's liability for close down, dismantling and restoration of the mining and processing site but excluding reclamation of areas disturbed by mining activities, which is covered under the mine rehabilitation provision. The costs are estimated on the basis of a formal closure plan and are subject to regular review. The costs are estimated based on the net present value of estimated future cost.

The mine rehabilitation provision represents the Directors' best estimate of the Group's liability for reclaiming areas disturbed by mining activities. Reclamation costs are recognised in each period based on the area disturbed in such period.

Notes to the Financial Statements

For the year ended 31 December 2008

1. Segmental Reporting

Management considers the operation of the Moma Titanium Minerals Mine in Mozambique as its primary business segment and its geographical segment. Segmental information is presented as follows:

	2008 US$'000	2007 US$'000
Results		
Operating gains/(expenses)		
Moma Titanium Minerals Mine		
Expenses net of revenue	(31,725)	(8,365)
Loan interest	(26,861)	(25,091)
Finance fees	(1,455)	(1,806)
Total capitalised in development expenditure	(60,041)	(35,262)
Foreign exchange gain/(loss) credited/(expensed) in the income statement	5,792	(11,887)
Mozambique Uranium Project exploration expenditure	(503)	(1,455)
Unallocated Corporate expenses	(801)	(504)
Corporate foreign exchange (loss)/gain	(5,445)	1,289
Total operating expenses	(957)	(12,557)
Finance income	1,302	2,925
Profit/(loss) before tax	345	(9,632)
Income tax expense	–	–
Profit/(loss) for the year	345	(9,632)
Other information		
Capital additions	63,775	87,304
Balance Sheet		
Moma Titanium Minerals Mine assets	554,562	501,027
Corporate assets	35,084	52,609
Total assets	589,646	553,636
Moma Titanium Minerals Mine liabilities	364,401	357,348
Corporate liabilities	2,102	2,865
Total liabilities	366,503	360,213

During the year a mobile crane with net book value of US$0.2 million was deemed impaired and therefore written off.

During 2008 exploration expenditure of US$0.5 million was expensed and in 2007 exploration expenditure of US$1.5 million was deemed impaired and therefore written off.

2. Operating Expenses

The profit/(loss) for the year comprises:

	2008 US$'000	2007 US$'000
Foreign exchange gain/(loss)	347	(10,598)
Exploration expenditure written off	(503)	(1,455)
General and administrative expenses	(801)	(504)
	(957)	(12,557)

	2008 US$'000	2007 US$'000
The analysis of the auditors' remuneration is as follows:		
Audit fees	147	127
Non-audit services comprising:		
Tax services	20	6
Other services pursuant to legislation	14	7
Other services	–	48
Total non-audit fees	34	61

3. Finance Income

	2008 US$'000	2007 US$'000
Interest on bank deposits	1,302	2,925

This amount excludes interest earned from bank deposits of Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited which has been deducted from interest costs included in development expenditure in property, plant and equipment.

4. Income Tax Expense

No charge to taxation arises in the years ended 31 December 2008 or 31 December 2007 as there were no taxable profits in either year.

Moma Titanium Minerals Mine

The fiscal regime applicable to 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 and charges a royalty of 3% based on minerals sold. Import and export taxes and VAT are exempted 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.

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. There is no dividend withholding tax under the IFZ regime.

5. Earnings/(Loss) Per Share

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

	2008 US$'000	2007 US$'000
Profit/(loss)		
Profit/(loss) for the year attributable to equity holders of the parent	345	(9,632)

	2008 Number of shares	2007 Number of shares
Weighted average number of issued and to be issued ordinary shares for the purpose of basic earnings/(loss) per share	760,160,548	689,587,755
Effect of dilutive potential ordinary shares:		
Share options	36,653,258	36,803,258
Warrants	28,572,536	29,261,155
Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share	825,386,342	755,652,168

In 2007 the basic loss per share and the diluted loss per share are the same as the effect of the outstanding share options and warrants are anti-dilutive.

6. Employee Numbers And Benefits

The average number of persons employed by the Group (including Executive Directors) was 454 (2007:348) and is analysed below:

	2008	2007
Management and administration	74	58
Development and mining	380	290
	454	348

The aggregate payroll costs, including costs capitalised in development expenditure in property, plant and equipment, incurred in respect of these employees comprised:

	2008 US$'000	2007 US$'000
Wages and salaries	13,040	9,969
Share-based payments	1,106	1,215
Social welfare	407	282
Pension costs	200	144
	14,753	11,610

6. Employee Numbers And Benefits (Continued)

Executive Directors' Emoluments	Remuneration 2008 US$'000	Bonus 2008 US$'000	Other Benefits 2008 US$'000	Pension 2008 US$'000	Total 2008 US$'000
A. Brown	284	–	2	62	348
M. Carvill	541	–	11	41	593
T. Fitzpatrick	242	–	–	–	242
C. Gilchrist	386	–	–	–	386
T. McCluskey	468	–	3	35	506
	1,921	–	16	138	2,075

Non Executive Directors' Consultancy Fees	Consultancy Fee 2008 US$'000				Total 2008 US$'000
C. Carvill	147				147
S. Bianchi	27				27
I. Egan	162				162
S. Farrell	44				44
T. Fitzpatrick	44				44
T. Lowrie	45				45
P. McAleer	70				70
	539				539
Total	2,460	–	16	138	2,614

Executive Directors' Emoluments	Remuneration 2007 US$'000	Bonus 2007 US$'000	Other Benefits 2007 US$'000	Pension 2007 US$'000	Total 2007 US$'000
A. Brown	254	37	–	59	350
M. Carvill	462	147	9	35	653
C. Gilchrist	380	37	–	–	417
T. McCluskey	410	110	3	31	554
	1,506	331	12	125	1,974

6. Employee Numbers And Benefits (Continued)

Non Executive Directors' Consultancy Fees	Consultancy Fee 2007 US$'000	Bonus 2007 US$'000	Other Benefits 2007 US$'000	Pension 2007 US$'000	Total 2007 US$'000
C. Carvill	141				141
I. Egan	162				162
S. Farrell	42				42
T. Fitzpatrick	42				42
D. Kinsella	41				41
T. Lowrie	41				41
P. McAleer	60				60
	529				529
Total	2,035	331	12	125	2,503

Directors' fees for services provided to the Company, Kenmare Resources plc, and the entities controlled by the Company are nil (2007:nil). Consultancy fees paid to Non-Executive Directors are for non-executive services provided to the Group.

S. Bianchi was appointed as a Non-Executive Director on 8 May 2008 and the consultancy fee set out above relates to the period of her directorship.

C. Gilchrist resigned on 1 September 2008. An amount of US$211,000 not included in his remuneration above was paid as compensation on resignation.

T. Fitzpatrick was appointed as acting Operations Director on 1 September 2008 and appointed as Technical Director on 2 February 2009.

The underlying currency of Directors' emoluments is Euro. Further information on the remuneration policy for Directors is set out in the Directors' Remuneration Report. Further information on Directors' share options is set out in the Directors' Report on page 33.

7. Property, Plant And Equipment

GROUP

	Plant & Equipment US$'000	Buildings & Airstrip US$'000	Mobile Equipment US$'000	Fixtures & Equipment US$'000	Construction In Progress US$'000	Development Expenditure US$'000	Total US$'000
Cost							
At 1 January 2007	–	–	–	–	265,718	140,751	406,469
Transfer from construction in progress	255,175	3,812	5,919	1,949	(266,855)	–	–
Additions during the year	2,327	–	103	586	47,219	37,069	87,304
Impairment during the year	–	–	–	–	–	(1,455)	(1,455)
At 1 January 2008	257,502	3,812	6,022	2,535	46,082	176,365	492,318
Transfer from construction in progress	2,403	–	177	78	(2,658)	–	–
Reclassification to inventory	(1,182)	–	–	–	–	–	(1,182)
Additions during the year	793	–	525	135	2,281	60,041	63,775
Impairment during the year	–	–	(486)	–	–	–	(486)
At 31 December 2008	259,516	3,812	6,238	2,748	45,705	236,406	554,425
Accumulated Depreciation							
At 1 January 2007	–	–	–	–	–	–	–
Charge for the year	2,775	74	2,207	302	–	–	5,358
At 1 January 2008	2,775	74	2,207	302	–	–	5,358
Charge for the year	7,445	191	1,252	820	–	–	9,708
Impairment during the year	–	–	(313)	–	–	–	(313)
At 31 December 2008	10,220	265	3,146	1,122	–	–	14,753
Carrying Amount							
At 31 December 2008	249,296	3,547	3,092	1,626	45,705	236,406	539,672
At 31 December 2007	254,727	3,738	3,815	2,233	46,082	176,365	486,960

7. Property, Plant And Equipment (Continued)

A construction contract for the engineering, procurement, building, commissioning and transfer of facilities at the Moma Titanium Minerals Mine in Mozambique was entered into on 7 April 2004. The Contractor is a joint venture formed for this project by subsidiaries of Multiplex Limited and Bateman B.V. Construction in progress shown in a separate note in the 2007 Annual Report has been included above.

The construction contract was amended in December 2006 to provide for among other things, taking-over the Moma Titanium Minerals Mine works in sections. At 31 December 2008, the only remaining section to be taken over was the roaster.

During the 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 as this is the primary business and geographic segment of the Group. 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 a life of mine financial model. The recoverable amount obtained from the financial model represents the present value of the future pre tax and finance cash flows discounted at the average effective borrowing rate of the Moma Titanium Mineral Mine of 8%. Key assumptions include the following:

- Life of mine at 31 December 2008 was estimated at 21 years, based on the Namalope proved and probable reserves.
- The cash flows assume ramp-up to expected production levels during 2009. Expected production levels are annual production levels of approximately 800,000 tonnes of ilmenite per annum plus co-products, rutile and zircon.
- Product sales prices are based on contract prices as stipulated in marketing agreements with customers or if no agreements are in place, prices as determined by the lender group's independent marketing consultant.
- Operating and capital replacement costs are based on approved budget costs for 2009 and escalated by 2% per annum there after.

The discount rate is the significant factor in determining the recoverable amount and a 1% change in the discount rate results in an 8% change in the recoverable amount.

A detailed asset review during the year resulted in a mobile crane with net book value of US$0.2 million deemed to be impaired and therefore written off. In the prior year following an impairment review, uranium exploration expenditure of US$1.5 million was written off.

During the year the mining reserve was increased to represent approximately a 21 year life at expected production levels. This has resulted in a change in the unit of production depreciation which is calculated using the quantity of material extracted from the mine in the period as a percentage of the total quantity of material to be extracted in current and future periods based on the mining reserve.

Included in plant and equipment are capital spares of US$0.5 million. The Company has reclassified consumable spares included in property, plant and equipment of US$1.2 million into inventory.

Substantially all the property, plant and equipment will be mortgaged to secure banking facilities granted, as detailed in Note 16.

The carrying amount of the Group's plant and equipment includes an amount of US$1.7 million (2007: US$1.9 million) in respect of assets held under a finance lease, detailed in Note 17.

Additions to development expenditure include loan interest capitalised of US$26.9 million (2007:US$25.0 million), finance fees of US$1.5 million (2007: US$1.8 million), costs of US$31.7 million (2007:US$8.4 million) net of revenue earned of US$25.3 million (2007:US$2.9 million) and net of delay damages of US$3.1 million (2007:US$15.8 million). Included in development expenditure are amounts of US$1.1 million (2007: US$1.2 million) relating to share based payments as detailed in Note 23.

The recovery of property, plant and equipment is dependent upon the successful operation of the Moma Titanium Minerals Mine, which in turn is dependent on the successful ramp-up of production, including rectification of mining and processing equipment and continued availability of adequate funding for the mine. The Directors are satisfied that at the balance sheet 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. No impairment provision has been made in respect of property, plant and equipment.

COMPANY

Included in the carrying amount of the Group's mobile equipment is an amount of US$0.1 million (2007: nil) owned by the Company, Kenmare Resources plc.

8. Inventories

GROUP

	2008 US$'000	2007 US$'000
Mineral products	3,971	5,631
Consumable spares	2,434	–
	6,405	5,631

As detailed in Note 7, the Group has reclassified consumable spares included in property, plant and equipment of US$1.2 million into inventory. The replacement cost of inventory does not differ significantly from the amount stated above.

9. Amounts Due From Subsidiary Undertakings

COMPANY

	2008 US$'000	2007 US$'000
Opening balance	156,704	150,146
Funding	38,995	6,558
Impairment provision	(1,780)	–
Closing balance	193,919	156,704

The movements in amounts due from subsidiary undertakings primarily represents funds transferred to subsidiary undertakings for the development of the Moma Titanium Minerals Mine. An impairment provision of US$1.8 million for estimated irrecoverable amounts has been recognised in the income statement during the year. The provision recognised is determined based on the net asset position of the subsidiary undertaking.

The subsidiary undertakings of the Company as at 31 December 2008 are as follows:

	Place of Incorporation	Place of Operation	Percentage Ownership
Kenmare UK Company Limited	Northern Ireland	Northern Ireland	100%
Kenmare Minerals Company Limited	Republic of Ireland	Republic of Ireland	100%
Kenmare C.I. Limited	Jersey	Jersey	100%
Congolone Heavy Minerals Limited	Jersey	Mozambique	100%
Kenmare Graphite Company Limited	Jersey	Jersey	100%
Kenmare Moma Mining (Mauritius) Limited	Mauritius	Mozambique	100%
Kenmare Moma Processing (Mauritius) Limited	Mauritius	Mozambique	100%
Mozambique Minerals Limited	Jersey	Mozambique	100%

Each of the subsidiary undertakings has issued ordinary shares only. A number of the subsidiary undertakings are indirectly owned by Kenmare Resources plc. The activities of the above undertakings are mineral exploration, management and development.

The principal activity of Grafites de Ancuabe, S.A.R.L was the development and operation of the Ancuabe Graphite Mine. The mine has been on care and maintenance since 1999. The Group does not control the Ancuabe Graphite Mine. Therefore in accordance with International Accounting Standard 27, Grafites de Ancuabe, S.A.R.L. is excluded from consolidation. Full provision has been made in the Group Financial Statements for the investment in and debt due by Grafites de Ancuabe, S.A.R.L to other Group Companies.

The registered office of the Northern Ireland company is Vico House, Derriaghy Industrial Park, Dunmurry Industrial Estate, Belfast. The registered office of the Republic of Ireland company is Chatham House, Chatham Street, Dublin 2. The registered office of the Channel Island companies is Barclays Wealth, 39 - 41 Broad Street, St. Helier, Jersey. The registered office of Grafites de Ancuabe, S.A.R.L. is Rua de Chuindi No. 67, Maputo, Mozambique. The registered office of the Mauritius companies is 4th Floor IBI House, Caudan, Port Louis, Mauritius.

The recovery of amounts due from subsidiary undertakings is dependent on the successful operation of the Moma Titanium Minerals Mine, which in turn is dependent on the successful ramp-up of production, including rectification of mining and processing equipment, and continued availability of adequate funding for the mine.

10. Trade And Other Receivables

	GROUP		COMPANY	
	2008 US$'000	2007 US$'000	2008 US'000	2007 US$'000
Trade receivables	593	2,922	–	–
Other receivables	2,343	1,851	58	133
Prepayments	97	69	41	43
	3,033	4,842	99	176

The carrying amount of the trade and other receivables represents the maximum credit exposure. Before entering into sales contracts with new customers, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly during the year. In addition the lenders, in certain circumstances, must approve new customers as detailed in the financing documentation.

During the year an invoice discounting facility was in place with Barclays Bank plc. The invoice discounting fee was LIBOR plus 1%. This facility expired in January 2009. The Group is arranging with Absa Bank, an existing senior lender, replacement of this facility. The invoice discounting facility is an important component of the Group's financing arrangements, and the Group expects that replacement facility will be available later this year.

Of the US$0.593 million outstanding from trade receivables above, US$0.520 million is less than 30 days and an amount of US$0.588 million was received after the year end. There has been no impairment in trade receivables during the year and no allowance for impairment has been provided for during the year or at the year end.

Included in other receivables is an amount US$1.3 million due from the contractor for repair and other costs incurred by the Group on behalf of the contractor which are refundable under the terms of the construction contract. The Directors are satisfied that these amounts can be deducted from amounts due to the contractor detailed in Note 17.

Included in other receivables is an amount US$0.7 million due from an insurance claim. The Directors are satisfied this amount is recoverable.

Of the US$0.058 million outstanding from Company's other receivables above, US$0.027 million is less than 30 days with the balance of US$0.031 million greater than 30 days. There has been no impairment in other receivables during the year and no allowance for impairment has been provided for during the year or at the year end.

The currency profile of trade and other receivables at the year end is as follows:

GROUP	2008 US$'000	2007 US$'000
US Dollars	2,877	4,476
Euro	84	126
Sterling	61	206
Mozambican Metical	11	34
	3,033	4,842

COMPANY	2008 US$'000	2007 US$'000
Sterling	55	43
Euro	44	133
	99	176

11. Cash and Cash Equivalents

	GROUP		COMPANY	
	2008 US$'000	2007 US$'000	2008 US'000	2007 US$'000
Immediately available without restriction	19,548	26,497	78	11,655
On fixed short-term deposit:				
Contingency Reserve Account	15,292	26,048	–	–
Shareholder Funding Account	24	25	–	–
Other short-term deposit	5,672	3,633	–	–
	40,536	56,203	78	11,655

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.

Cash at bank earns interest at floating rates based on daily bank deposit rates. 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 year end was as follows:

	2008 US$'000	2007 US$'000
Cash and cash equivalents at floating interest rate	40,194	44,012
Cash at bank on which no interest is received	342	12,191
	40,536	56,203

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

GROUP	2008 US$'000	2007 US$'000
Sterling	20,157	16,263
US Dollars	20,150	36,317
Euro	179	3,512
Mozambican Metical	34	66
South African Rand	13	35
Australian Dollar	3	10
	40,536	56,203

COMPANY	2008 US$'000	2007 US$'000
Euro	81	235
Sterling	(3)	11,420
	78	11,655

The Contingency Reserve Account and Shareholder Funding Account on fixed short term deposit are amounts held in support of conditions required for Senior and Subordinated Loans as detailed in Note 16.

The amount required by the Senior and Subordinated Loan documentation to be maintained in the Contingency Reserve Account from time to time depends on a calculation involving capital and operating costs, interest and principal payments, and reserve account contributions required to achieve completion under the Project Loans as referred to in Note 16.

12. Called Up Share Capital

GROUP & COMPANY

	2008 US$'000	2007 US$'000
Authorised:		
Equity Share Capital		
900,000,000 Ordinary Shares of €0.06 each	57,949	57,949
100,000,000 Deferred Shares of €0.25 each	22,032	22,032
	79,981	79,981
Allotted, Called Up and Fully Paid:		
Equity Share Capital		
Opening Balance		
741,464,393 Ordinary Share of €0.06 each	50,914	–
686,459,278 Ordinary Shares of €0.06 each	–	46,112
	50,914	46,112
Shares issued during the year		
53,860,217 Ordinary Shares of €0.06 each	4,682	–
9,664,186 Ordinary Shares of €0.06 each	–	798
	4,682	798
Shares to be issued at the year end		
45,340,929 Ordinary Shares of €0.06 each	–	4,004
Closing Balance		
795,324,610 Ordinary Shares of €0.06 each	55,596	–
741,464,393 Ordinary Shares of €0.06 each	–	50,914
	55,596	50,914
Opening & Closing Balance		
48,031,467 Deferred Shares of €0.25 each	10,582	10,582
Total Called Up Share Capital	66,178	61,496

During 2008, 53.9 million ordinary shares were issued at an average share price of US$0.58. The issue of these shares resulted in proceeds of US$28.3 million, of which US$23.5 million was credited to the share premium account.

Funds received from shares issued during the year were used for the development of the business or are held on bank deposit at the year end.

The Deferred Shares of €0.25 were created in 1991 by subdividing each existing Ordinary Share of IR25p into one Deferred Share of IR20p and one new Ordinary Share of IR5p. The Deferred Shares are non-voting, carry no dividend rights and the Company may purchase any or all of these shares at a price not exceeding €0.013 for all the deferred shares so purchased.

Included in share capital is a capital conversion reserve fund of US$0.8 million. This was shown as a note in the 2007 Annual Report and has been included in ordinary share capital as it arose from the re-nominalisation of the Company's share capital from Irish Punts to Euro and is therefore deemed ordinary share capital.

13. Share Premium

GROUP & COMPANY

	2008 US$'000	2007 US$'000
Opening Balance	121,501	108,512
Premium on shares issued during year	26,355	2,759
Premium on shares to be issued at the year end	–	10,245
Costs associated with shares issued during year	(2,768)	(15)
Closing Balance	145,088	121,501

14. Retained Losses

GROUP

	US$'000
Balance at 1 January 2007	(21,504)
Loss for the year attributable to equity holders of the parent	(9,632)
Balance at 1 January 2008	(31,136)
Profit for the year attributable to equity holders of the parent	345
Balance at 31 December 2008	(30,791)

15. Other Reserves

GROUP

	Share Option Reserve	Revaluation Reserve	Translation Reserve	Total
	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2007	6,564	30,141	3,642	40,347
Recognition of share-based payments	1,215	–	–	1,215
Balance at 1 January 2008	7,779	30,141	3,642	41,562
Recognition of share-based payments	1,106	–	–	1,106
Balance at 31 December 2008	8,885	30,141	3,642	42,668

COMPANY

	Share Option Reserve
	US$'000
Balance at 1 January 2007	6,564
Recognition of share-based payment	1,215
Balance at 1 January 2008	7,779
Recognition of share-based payment	1,106
Balance at 31 December 2008	8,885

The revaluation reserve relates to the surplus arising on revaluation of plant in 2000 on a depreciated cost replacement basis.

The translation reserve relates to currency movements arising on the translation of overseas subsidiary undertakings using the closing rate method. There has been no movement in this translation reserve since 1 January 2002 when the Group changed its reporting currency from Euro to US Dollar.

Details of share-based payments are given in Note 23.

16. Bank Loans

GROUP

	2008 US$'000	2007 US$'000
Senior Loans	188,844	210,694
Subordinated Loans	145,980	115,149
	334,824	325,843
The borrowings are repayable as follows:		
Within one year	34,842	26,273
In the second year	36,633	28,283
In the third to fifth years inclusive	109,899	101,299
After five years	153,450	169,988
	334,824	325,843
Less: amount due for settlement within 12 months	(34,842)	(26,273)
Amount due for settlement after 12 months	299,982	299,570

The Bank Loans have been made to the Mozambique branches of Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited (the Project Companies). Bank loans are secured by substantially all rights and assets of the Company (other than cash and cash equivalents listed in Note 11 as "Immediately available without restriction" of US$19.5 million at 31 December 2008 (31 December 2007: $26.5 million)) and the Moma Titanium Minerals Mine; security agreements over shares in the Project Companies; and a Contingency Reserve and Shareholder Funding Account as detailed in Note 11.

The Company has guaranteed the Bank Loans during the period prior to completion. The final date for achieving completion was formerly 30 June 2009. The Deed of Waiver and Amendment dated 31 March 2009 extended this date to 31 December 2012. Completion occurs upon meeting certain tests on a phased basis, including installation of all required facilities, meeting certain cost and production benchmarks and social and environmental requirements (technical completion, which must take place by 31 December 2010), meeting marketing requirements (which must take place by 30 June 2011), and meeting legal and permitting requirements, and filling of specified reserve accounts to the required levels. Upon completion, the Company's guarantee of the Bank Loans will terminate. Failure to meet any of the phased tests or, subject to extension for force majeure not to exceed 365 days, failure to achieve completion by 31 December 2012, would result in an event of default under the Senior and Subordinated Loan documentation which, following notice, would give Lenders the right to accelerate the loans against the Project Companies, and to commence a two-stage process allowing the Lenders to exercise their security interests in the shares and assets (including accounts) of the Project Companies and in the Contingency Reserve Account and the Shareholder Funding Account. Under the Deed of Waiver and Amendment, the Company has access to the Contingency Reserve Account and a waiver until 31 December 2010 of any obligation for the Company to top up this account.

Seven Senior Loan credit facilities were made available for financing the Moma Titanium Minerals Mine. The aggregate maximum amount of the Senior Loan credit facilities is US$185 million plus €15 million of which US$182.8 million and €15 million had been drawn at 31 December 2008, and US$2.2 million was undrawn and available under one of the facilities. The available facility incurs commitment fees of 0.5% per annum on the available amounts. Repayments during the year totaled US$20.3 million, reducing the balance outstanding at the year end to US$188.8 million.

Senior Loans were originally scheduled to be repaid in equal semi-annual installments commencing on 1 February 2008 in the case of six of the seven Senior Loan facilities, and on 2 February 2009 in the case of the seventh. Principal instalments originally scheduled to be paid in 2008 were paid when due. On 30 January 2009 a Deed of Waiver and Amendment was entered into by the Project Companies whereby the Senior principal installments due on 2 February 2009 were deferred, to be repaid over the remaining life of the respective loan facility commencing on 4 August 2009, and pursuant to which the Group contributed US$15 million to the Contingency Reserve Account between 12 December 2008 and 31 January 2009. On 31 March 2009 a second Deed of Waiver and Amendment was entered into by the Project Companies whereby the Senior principal instalments due on 4 August 2009 were also deferred, to be repaid over the remaining life of the loan facilities commencing on 1 February 2010. These repayments will be in equal semi-annual installments and, following financial completion, include additional mandatory prepayments of 25% of available cashflow after senior and subordinated debt service.

16. Bank Loans (Continued)

The Senior Loan tenors have therefore remained unchanged and range from 6.5 years to 9.5 years from 31 December 2008. Three of the Senior Loans bear interest at fixed rates and four bear interest at variable rates.

The Subordinated Loan credit facilities of €47.1 million plus US$10 million (excluding capitalised interest) were fully drawn down at year end. Under the loan documents Subordinated Loans were repayable in 21 semi-annual installments commencing on 4 August 2009. Under the second Deed of Waiver and Amendment referred to above, the first scheduled Subordinated Loan principal instalment, which would have otherwise been due on 4 August 2009 has been deferred and is scheduled for repayment on 1 February 2010, and if cash is insufficient on such payment date, on the first semi-annual payment date thereafter on which sufficient cash is available, in accordance with the terms of the financing documentation. The final installments are due on 1 August 2019. The Subordinated Loans denominated in Euro bear interest at a fixed rate of 10% per annum, while the Subordinated Loans denominated in US Dollars bear interest at variable rates. Pursuant to the original terms of the financing documentation, Subordinated Loan interest is being capitalised up to and including 4 August 2009. Subordinated Loan interest is due to be paid in cash for the first time on 1 February 2010, but if cash is insufficient on such payment date to make the schedule interest payment, interest will be capitalised and become payable on the first semi-annual payment date on which sufficient cash is available, in whole or in part, to the extent of available cash.

The Standby Subordinated Loan credit facilities of €2.8 million and US$4 million (excluding capitalised interest) were fully drawn down at year end. Standby Subordinated Loans bear interest at fixed rates in respect of €2.8 million and US$1.5 million and at variable rates in respect of US$2.5 million. Standby Subordinated Loans are repayable on the same terms as the Subordinated Loans and have an option to require that Kenmare Resources plc purchase the loans on agreed terms.

The Additional Standby Subordinated Loan credit facilities of US$12 million and US$10 million (excluding capitalised interest) were fully drawn down at year end. The Additional Standby Subordinated Loans bear interest at variable rates. The Additional Standby Subordinated Loans are repayable on the same terms as the Subordinated Loans.

The revised repayment schedule based upon the Deeds of Waiver and Amendment set out above is as follows:

	2008 US$'000	2007 US$'000
The borrowings are repayable as follows:		
Within one year	5,160	26,273
In the second year	40,649	28,283
In the third to fifth years inclusive	121,946	101,299
After five years	167,069	169,988
	334,824	325,843
Less: amount due for settlement within 12 months	(5,160)	(26,273)
Amount due for settlement after 12 months	329,664	299,570

The Group has agreed to pay fees to the lenders and their guarantors of US$1.9 million and 28.2 million ordinary shares in the Company, representing approximately 3.5% of the existing issued share capital of the Company. In circumstances which the Group considers unlikely, an additional contingent fee consisting of US$0.5 million and a further 28.2 million shares would be payable. Whether this additional contingent fee will be payable will be determined by 31 August 2009.

Interest margins on subordinated loans will increase by 3% until technical completion and by 1% until financial completion. This additional margin will be payable only after senior loans have been repaid in full.

Loan facilities arranged at fixed interest rates expose the Group to fair value interest rate risk. Loan facilities arranged at variable rates expose the Group to cash flow interest rate risk. Variable rates are based on six month LIBOR. The average effective borrowing rate at the year end was 8%. The interest rate profile of the Group's loan balances at the year end was as follows:

	2008 US$'000	2007 US$'000
Fixed rate debt	196,208	203,252
Variable rate debt	138,616	122,591
Total debt	334,824	325,843

16. Bank Loans (Continued)

For bank borrowings which bear fixed and variable rates of interest, fair value is estimated to be equivalent to book value. Due to the specific nature of the project financing, there is no basis to assume that current market rates differ from those in the fixed rate loans documents. Consequently the Directors consider them to be the same.

Under the assumption that all other variables remain constant and using the most relevant 6 month LIBOR rates a 1% change in the LIBOR rate will result in a US$1.3 million (2007: US$1.0 million) change in finance costs for the year.

The currency profile of loans at the 31 December 2008 is as follows:

	2008 US$'000	2007 US$'000
Euro	121,666	119,253
US Dollars	213,158	206,590
	334,824	325,843

The Euro denominated loans expose the Group to currency fluctuations. These currency fluctuations are realised on payment of Euro denominated debt. Under that assumption that all other variables remain constant and using the most relevant 6 month LIBOR rate a 10% strengthening or weakening of Euro against the US Dollar, would result in a US$1.3 million (2007: US$1.3 million) change in finance costs for the year.

The above sensitivity analysis 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.

The Directors have prepared cash flow projections for the estimated life of the Moma Titanium Minerals Mine. These forecasts are based on the planned mine production levels which are dependent on the successful ramp-up of production through the project improvement plans and continued adequate funding for the mine. The cash flow projections based on planned mine production levels, arrangement of an invoice discounting facility referred to in Note 10 and revised financing arrangements detailed above show that the mine operations will result in positive cash flows, and that the mine will have adequate funding for a period of not less than twelve months from the date of this report. Accordingly the Directors have prepared the financial statements on the basis that the Group is a going concern.

17. Trade And Other Payables

Amounts payable within one year	GROUP		COMPANY	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Trade payables	2,349	1,233	28	262
Accruals	22,859	28,390	391	477
Obligation under finance lease	28	(50)	–	–
	25,236	29,573	419	739

Included in the Group's accruals is an amount of US$17.6 million (2007:US$20.9 million) due to subsidiaries of Multiplex Limited and Bateman B.V. for construction services work on the Moma Titanium Minerals Mine and costs incurred by the contractor on behalf of the Group.

Amounts payable after one year

	GROUP		COMPANY	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Obligation under finance lease	2,264	2,292	–	–

	Minimum lease payments		Present value of minimum lease payments	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Amounts payable under finance lease				
Within one year	560	547	28	(50)
In the second to fifth year	1,680	2,240	470	498
After five years	2,520	2,520	1,794	1,794
Less future finance charges	(2,468)	(3,065)	–	–
Present value of lease payments	2,292	2, 242	2,292	2,242
Less/add amounts due for settlement within 12 months			(28)	50
Amounts due for settlement after 12 months			2,264	2,292

The Group has leased equipment for the receipt, storage and dispensing of diesel fuel under a finance lease. The lease term is ten years from the commencement date with an option to purchase the assets after one year from the commencement date of the lease. For the year ended 31 December 2008, the average effective borrowing rate was 8%. The lease is on a fixed repayment basis and the lease obligation is denominated in US Dollars. The fair value of the Group's lease obligation is equal to its carrying amount. The Group's obligations under the finance lease are unsecured with the lessor retaining title to the leased assets.

The average credit period on the purchase of goods and services is 30 days from the date of the invoice. The Group has financial risk management policies in place to ensure that all payables are paid within credit timeframes.

17. Trade and Other Payables (Continued)

The currency profile of trade and other payables at the year end is as follows:

GROUP	2008 US$'000	2007 US$'000
US Dollars	17,773	22,544
Euro	3,178	2,856
Australian Dollar	2,607	3,048
South African Rand	734	326
Mozambican Metical	570	454
Sterling	374	345
	25,236	29,573

COMPANY	2008 US$'000	2007 US$'000
Euro	406	677
Sterling	13	62
	419	739

18. Provisions

GROUP

	Mine closure provision 2008 US$'000	2007 US$'000	Mine rehabilitation provision 2008 US$'000	2007 US$'000	Total Provisions 2008 US$'000	Total Provisions 2007 US$'000
Balance at 1 January	2,505	2,365	–	–	2,505	2,365
Additional provision in the year	–	–	1,525	–	1,525	–
Unwinding of the discount	149	140	–	–	149	140
Balance at 31 December	2,654	2,505	1,525	–	4,179	2,505

The mine closure provision represents the Directors' best estimate of the Group's liability for close-down, dismantling and restoration of the mining and processing site. A corresponding amount equal to the provision is recognised as part of property, plant and equipment. The costs are estimated on the basis of a formal closure plan and are subject to regular review. The costs are estimated based on the net present value of estimated future cost. Mine closure costs are a normal consequence of mining, and the majority of close-down and restoration expenditure is incurred at the end of the life of the mine. The unwinding of the discount is recognised as a finance cost and has been capitalised in development expenditure in 2008. The main assumptions used in the calculation of the estimated future costs include a discount rate of 8% based on the average effective borrowing rate for the Moma Titanium Minerals Mine, an inflation rate of 2% and life of mine of 21 years. The significant factor in determining the estimated future cost is the discount factor and a 1% change in the discount rate results in a 12% change in the estimated future cost.

The mine rehabilitation provision represents the Directors' best estimate of the Company's liability for reclaiming areas disturbed by mining activities. Reclamation costs are recognised based on the area disturbed.

19. Capital Commitments

GROUP

	2008 US$'000	2007 US$'000
Construction contract	–	2,900

There are no (2007: US$2.9 million) capital commitments to the contractor under the contract for engineering, procurement and construction services at year end.

20. Parent Company, Kenmare Resources plc, Income Statement

In accordance with section 148(8) of the Companies Act, 1963 and section 7(1A) of the Companies (Amendment) Act, 1986, the Company is availing of the exemption from presenting its individual Income Statement to the Annual General Meeting and from filing it with the Registrar of Companies. The Company's loss for the financial year determined in accordance with IFRSs is US$3.4 million (2007: loss of US$0.6 million).

21. Operating Lease Arrangements

GROUP

The Group as lessee	2008 US$'000	2007 US$'000
Minimum lease payments under operating leases recognised as an expense in the year	112	132

At the balance sheet date, the Group has outstanding commitments under a non-cancellable operating lease which fall due as follows:

	2008 US$'000	2007 US$'000
Within one year	118	123
In the second to fifth years inclusive	473	494
After five years	236	370
	827	987

Operating lease payments represent rentals payable by the Group for its office buildings. The lease has a term of 25 years and rentals are fixed for an average of 5 years. The unexpired term of the lease is 7 years at the year end.

22. Retirement Benefit Plans

The Company operated an externally funded defined contribution pension scheme for a certain employee. The assets of the scheme are held in a fund administered by an insurance company. This scheme ended in November 2008. In addition the Company contributes to individual pension schemes on behalf of certain employees. Contributions to the schemes are charged in the period in which they are payable to the scheme.

GROUP & COMPANY

	2008 US$'000	2007 US$'000
Contributions	200	144

23. Share Based Payments

GROUP & COMPANY

The Company has a share option scheme for certain Directors, employees and consultants. Options are exercisable at a price equal to the quoted market price of the Company's shares on the date of grant. The options generally vest over a three to five year period, in equal annual amounts. If options remain unexercised after a period of 7 years from the date of grant, the options expire. Option expiry period may be extended at the decision of the Board of Directors.

Details of the share options outstanding during the year are as follows:

	2008 Number of Share options	Weighted average exercise price US$	2007 Number of Share options	Weighted average exercise price US$
Outstanding at the beginning of the year	36,878,258	62c	37,013,258	53c
Granted during the year	800,000	97c	3,200,000	94c
Exercised during the year	(200,000)	80c	(2,010,000)	63c
Expired during the year	(1,625,000)	96c	(1,325,000)	53c
Outstanding at the end of the year	35,853,258	58c	36,878,258	62c
Exercisable at the end of the year	33,703,258		31,065,758	

The weighted average share price at the date of exercise for share options exercised during the year was US$0.75. The options outstanding at the end of the year have exercise prices which range from US$0.09 to US$1.06 and a weighted average remaining contractual life of 3.3 years (2007: 4.3 years). In 2008, options were granted on 8 May. The aggregate of the estimated fair values of the options granted on those dates is US$0.4 million. In 2007, options were granted on 2 January, 21 August and 25 September. The aggregate of the estimated fair values of the options granted on those dates is US$1.5 million.

The fair values were calculated using a Black-Scholes option pricing model. The inputs into the calculation were as follows:

	2008	2007
Weighted average share price	US$0.95	US$1.07
Weighted average exercise price	US$0.97	US$0.94
Expected volatility	40%	39%
Expected life	7	7
Risk free rate	5%	5%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous year as this is deemed the most reliable indicator of the Company's share price.

During the year the Group recognised a share-based payment expense of nil (2007: nil) and capitalised share-based payments of US$1.1 million (2007: US$1.2 million).

24. Related Party Transactions

GROUP

Transactions between the Company and its subsidiary undertakings, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Remuneration of key management personnel
The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual Directors is provided in Note 6.

	2008 US$'000	2007 US$'000
Short-term employee benefits	2,476	2,378
Post-employment benefits	138	125
Other long term benefits	–	–
Compensation on retirement	211	–
Share-based payments	–	–
Total benefits	2,825	2,503

A contract exists with Vico Properties plc to provide services from Mr. M. Carvill. Vico Properties plc is a related party of the Company as both Mr. C. Carvill and Mr. M. Carvill are Directors of both the Company and Vico Properties plc. There was a balance outstanding of US$175,000 (2007:US$172,000) at the year end between the related parties.

Other related party transactions
Kenmare Resources plc performed certain administrative services for Vico Properties plc. The charge for the year was US$36,000 (2007: US$40,000). At the year end the balance outstanding was US$17,000 (2007: US$40,000).

COMPANY

Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited, the Project Companies, are wholly owned subsidiary undertakings of Congolone Heavy Minerals Limited, which in turn is a subsidiary undertaking of Kenmare Resources plc. During the year funding for the Moma Titanium Minerals Mine was provided to the Project Companies by Congolone Heavy Minerals Limited. At the year end the amount due to Congolone Heavy Minerals Limited from the Project Companies was US$214.8 million (2007: US$174.1 million).

Under the terms of a management services agreement with the Company, Kenmare Resources plc, management services costing US$4.1 million (2007: US$3.7 million) were provided during the year to Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited. US$2.1 million of this amount has been capitalised as part of development expenditure in the financial statements of Kenmare Moma Mining (Mauritius) Limited and US$2.0 million in Kenmare Moma Processing (Mauritius) Limited.

25. Standards Not Yet Effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, as deemed potentially relevant to the Group, were in issue but not yet effective:

- IAS 1 (Revised) Presentation of Financial Statements (effective for accounting periods beginning on or after 1 January 2009);
- IAS 23 (Revised) Borrowing Costs (effective for accounting periods beginning on or after 1 January 2009);
- IAS 27 (Revised) Consolidated and Separate Financial Statements (effective for accounting periods beginning on or after 1 July 2009);
- IAS 32 (Amendment) Financial Instruments: Presentation (effective for accounting periods beginning on or after 1 January 2009);
- IAS 39 (Amendment) Financial Instruments: Recognition and Measurement (effective for accounting periods beginning on or after 1 July 2009);
- IFRS 2 (Revised) Share Based Payment (effective for accounting periods beginning on or after 1 January 2009);
- IFRS 3 (Revised) Business Combinations (effective for accounting periods beginning on or after 1 July 2009);
- IFRS 7 (Amendment) Financial Instruments: Disclosures (effective for accounting periods beginning on or after 1 July 2008);
- IFRS 8 Operating Segments (effective for accounting periods beginning on or after 1 January 2009);
- IFRIC 9: Embedded Derivatives (effective for annual periods beginning on or after 30 June 2009);
- IFRIC 13 Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 July 2008);
- IFRIC 15 Agreements for the Construction of Real Estate (effective for accounting periods beginning on or after 1 January 2009);
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008);
- IFRIC 17 Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009); and
- IFRIC 18 Transfers of Assets from Customers (effective for annual periods beginning on or after 1 July 2009).

The Directors anticipate that the adoption of these Standards and Interpretations in future years will have no material impact on the financial statements of the Group other than the changes in the presentation of operating segments information under IFRS 8.

26. Approval Of Financial Statements

The financial statements were approved by the Board on 16 April 2009.

Shareholder Profile

Based on the Register as at 14 April 2009

Size of Holdings	No. Of Shareholders	No. Of Shares Held
1 – 1,000	974	666,011
1,001 – 5,000	2,132	6,061,246
5,001 – 25,000	1,799	20,753,442
25,001 – 100,000	548	26,910,013
100,001 – 250,000	135	22,690,291
250,001 – 500,000	47	16,398,582
500,001 – 750,000	26	16,158,460
over 750,000	103	685,686,565
Total	**5,764**	**795,324,610**

Geographic Distribution of Holdings

	No. of Shareholders	No. of Shares Held
Republic of Ireland	2,218	55,466,276
Northern Ireland & Great Britain	3,432	680,117,297
Other	114	59,741,037
Total	**5,764**	**795,324,610**

Notice Of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Kenmare Resources plc will be held at the Westbury Hotel, Grafton Street, Dublin 2 on Thursday 11 June 2009 at 12 noon for the following purposes:

Ordinary Business

1. To receive and consider the Directors' Report, the Financial Statements and the Independent Auditors' Report thereon for the year ended 31 December 2008.

2. To re-elect as a Director Mr. M. Carvill who retires by rotation in accordance with the Company's Articles of Association.

3. To re-elect as a Director Mr. S. Farrell who retires by rotation in accordance with the Company's Articles of Association.

4. To re-elect as a Director Mr. T. Lowrie who retires by rotation in accordance with the Company's Articles of Association.

5. To re-elect as a Director Mr. C. Carvill who, being a Non-Executive Director who has served for over nine years on the Board, retires in accordance with best practice.

6. To re-elect as a Director Mr. I. Egan who, being a Non-Executive Director who has served for over nine years on the Board, retires in accordance with best practice.

7. To re-elect as a Director Ms. S. Bianchi

8. To authorise the Directors to fix the remuneration of the Auditors.

Special Business

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

   That the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 20 of the Companies (Amendment) Act 1983) up to an amount equal to the number of authorised but unissued share capital of the Company as at the date of the passing of this resolution. The authority hereby conferred shall expire at the conclusion of the next Annual General Meeting, or, if earlier, 11 September 2010 provided that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority hereby conferred has expired.

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

    That, subject to the passing of Resolution 9 above, the Directors be and they are hereby empowered pursuant to Section 24 of the Companies (Amendment) Act, 1983 to allot equity securities (as defined by Section 23 of the Companies (Amendment) Act, 1983) for cash pursuant to the authority conferred by Resolution 9 above as if sub-Section (1) of the said Section 23 did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:-

    a) in connection with any offer of securities open for any period fixed by the Directors by way of rights, open offer or otherwise in favour of holders of ordinary shares and/or any persons having a right to subscribe for or convert securities into ordinary shares in the capital of the Company (including, without limitation, any holders of options under any of the Company's share option schemes for the time being) and subject to such exclusions or arrangements as the Directors may deem necessary or expedient in relation to legal or practical problems under the laws of, or the requirements of any recognised body or stock exchange in, any territory; and

    b) in connection with the exercise of any options or warrants to subscribe granted by the Company; and

    c) (in addition to the authority conferred by paragraphs (a) and (b) of this Resolution), up to a maximum aggregate nominal value equal to the nominal value of 10% of the issued share capital of the Company from time to time.

    The power hereby conferred shall expire on the date of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, 11 September 2010 save that the Company may before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By order of the Board,
Deirdre Corcoran
Company Secretary
16 April 2009

Notes

1. A member entitled to attend, speak and vote at the above meeting is entitled to appoint a Proxy to attend, speak and vote in his/her behalf. A proxy need not be a member of the Company.

2. The Form of Proxy must be delivered to Computer Share Investor Services (Ireland) Ltd, PO Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18 not less than forty-eight hours before the time for the holding of the meeting, or any adjournment thereof.

3. In case of a corporation, the instrument may be either under the common seal or under the hand of an officer or attorney authorised in that behalf.

4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other registered holder(s) and for this purpose, seniority will be accepted to order in which the names stand in the Register of Members in respect of a joint holding.

5. If a proxy is executed under a power of attorney, such power of attorney must be adopted with the Company with the Instrument of Proxy.

6. Completing and returning the Form of Proxy does not preclude a member from attending and voting at the meeting should he/she so wish.

7. In accordance with the requirements of The Stock Exchange, details of the Directors' service contracts will be available for inspection by members at the registered office of the Company during normal business hours from the date of this notice and at the place of the Annual General Meeting for a period of fifteen minutes prior to the said meeting until the conclusion of the meeting.

8. Pursuant to Regulation 14 of the Companies Act, 1990 (Uncertificated Securities) Regulations 1996, only those shareholders on the Register of Shareholders at 12 noon on 9 June 2009 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at that time. If the meeting is adjourned by more than 48 hours, then to be so entitled, shareholders must be entered on the Company's Register of Shareholders at the time which is 48 hours before the time appointed for holding the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.


TANZANIA
Mbeya
Lindi
Mtwara
Kasama
Songea
Mansa
Lubumbashi
Mzuzu
Ndola
Pemba
Lichinga
Chipata
MALAWI
Lilongwe
ZAMBIA
Kabwe
Nacala
Nampula
Lusaka
Blantyre
Tete
Moma
Chinhoyi
Mazowe
Harare
Quelimane
Marondera
ZIMBABWE
Mutare
Chimoio
Gweru
Beira
Masvingo
Bulawayo
Gwanda
INDIAN
OCEAN
Pietersburg
SOUTH
AFRICA
Inhambane
Xai-Xai
Nelspruit
Maputo
Mbabane
SWAZILAND
MOZAMBIQUE
0 km
100
200
300
400 km

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