

# Mining Ireland Conference

8 October 2019





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# Overview: Kenmare Resources



World's largest merchant ilmenite producer



Ilmenite



Zircon

## 4th largest producer of $\text{TiO}_2$ feedstocks

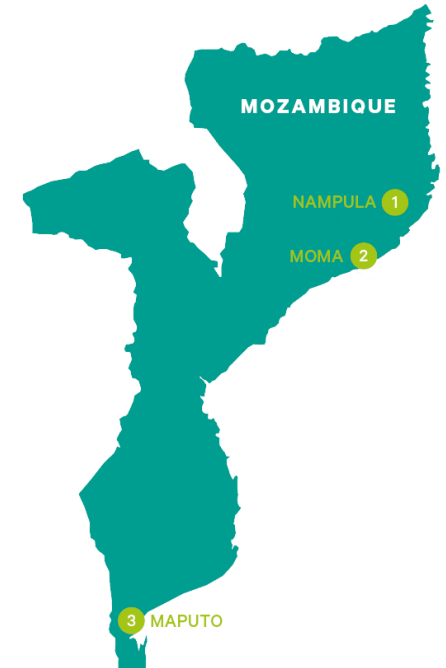
- Currently representing 7% of global supply
- Growing to 10% of global supply by 2021

## Moma Titanium Minerals Mine

- >10 years of operations, 30 years in Mozambique
- 100+ years life of mine
- ~5% of Mozambique's exports in 2018
- Meaningful contribution to the local and national economy

## Significant capital investment

- Capital expenditure of >US\$1.2 billion



# Mineral sands: essential to modern life



## Two core product streams of mineral sands

### Titanium feedstocks (ilmenite and rutile)

- Titanium dioxide (TiO<sub>2</sub>) pigment imparts whiteness and opacity in the manufacture of paints, plastics and paper
- Non-recyclable and difficult to substitute

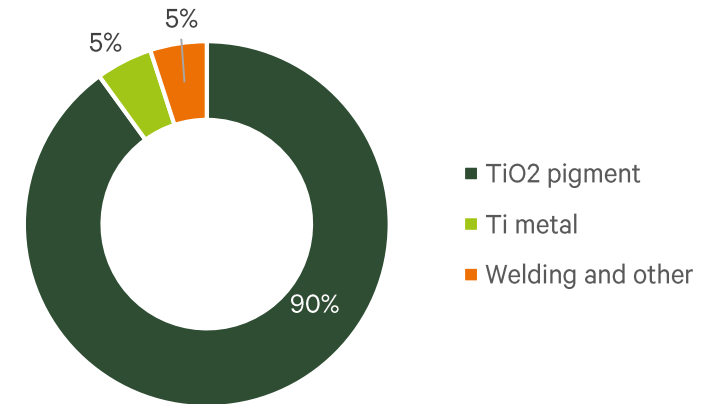
### Zircon

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

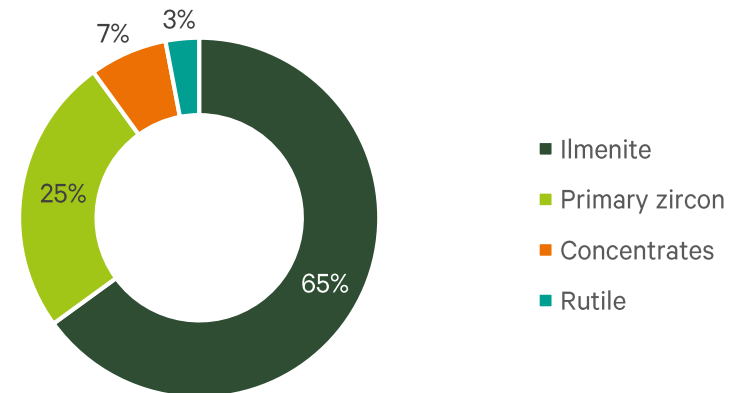
### New product: Monazite

- Included in our Concentrates production
- Monazite is a mineral containing Rare Earth Oxides (REO)
- REOs are used in various industrial applications, including the production of high strength magnets for electric cars, wind turbines and other clean energy applications

## Titanium feedstock usage: 7.4Mt (2017)



## Kenmare's H1 2019 revenue split



# Emerging market demand growing rapidly

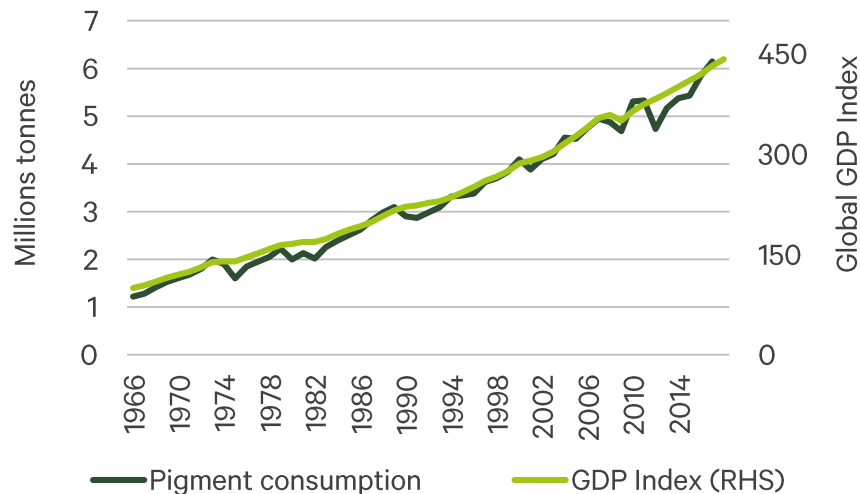


Kenmare has customers in more than 15 countries

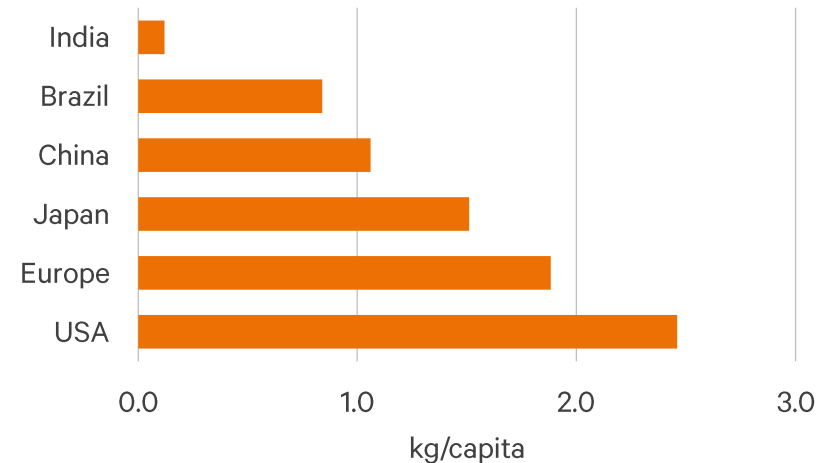
## Quality of life products

- Pigment is “quality of life” product, consumption grows as income levels increase
- Significantly higher TiO<sub>2</sub> pigment consumption per capita in developed western economies
- Large population developing economies are set for strongest pigment and zircon demand growth

## World GDP vs TiO<sub>2</sub> pigment consumption



## Regional pigment consumption (2017)



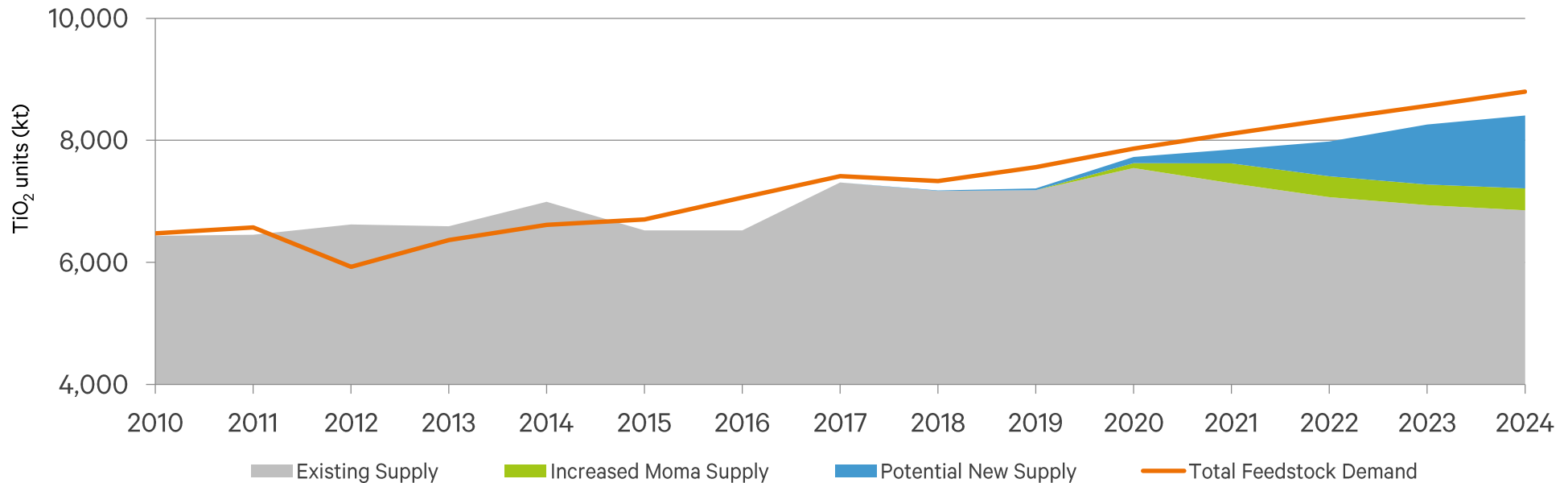
Demand for our products is driven by global GDP growth and urbanisation in emerging markets

Source for both graphs: Company. World GDP graph uses a 1966 base year.

# Supply deficit for titanium feedstocks



## Forecast supply/demand market balance



Source: Company

## Strong fundamentals for all products

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

# 30 year presence in Mozambique



Mining-friendly jurisdiction with a developed natural resources industry

## Moma is in north-eastern Mozambique



## Mozambique: Quick facts<sup>1</sup>

Capital	Maputo
Government type	Presidential Democratic Republic
Nominal GDP	US\$34.9 billion
Net FDIs / GDP	10.0%
GDP growth	6.6%
Population	30.4 million

## Numerous natural resources companies operating in Mozambique

There are currently over 60 natural resources companies operating in Mozambique, including various multinational corporations:



1. GDP data as at 2017. Population figure as at 2018.

# Overview: Moma Titanium Minerals Mine



## Globally significant Mineral Reserves of heavy minerals

### Tier 1 resource base

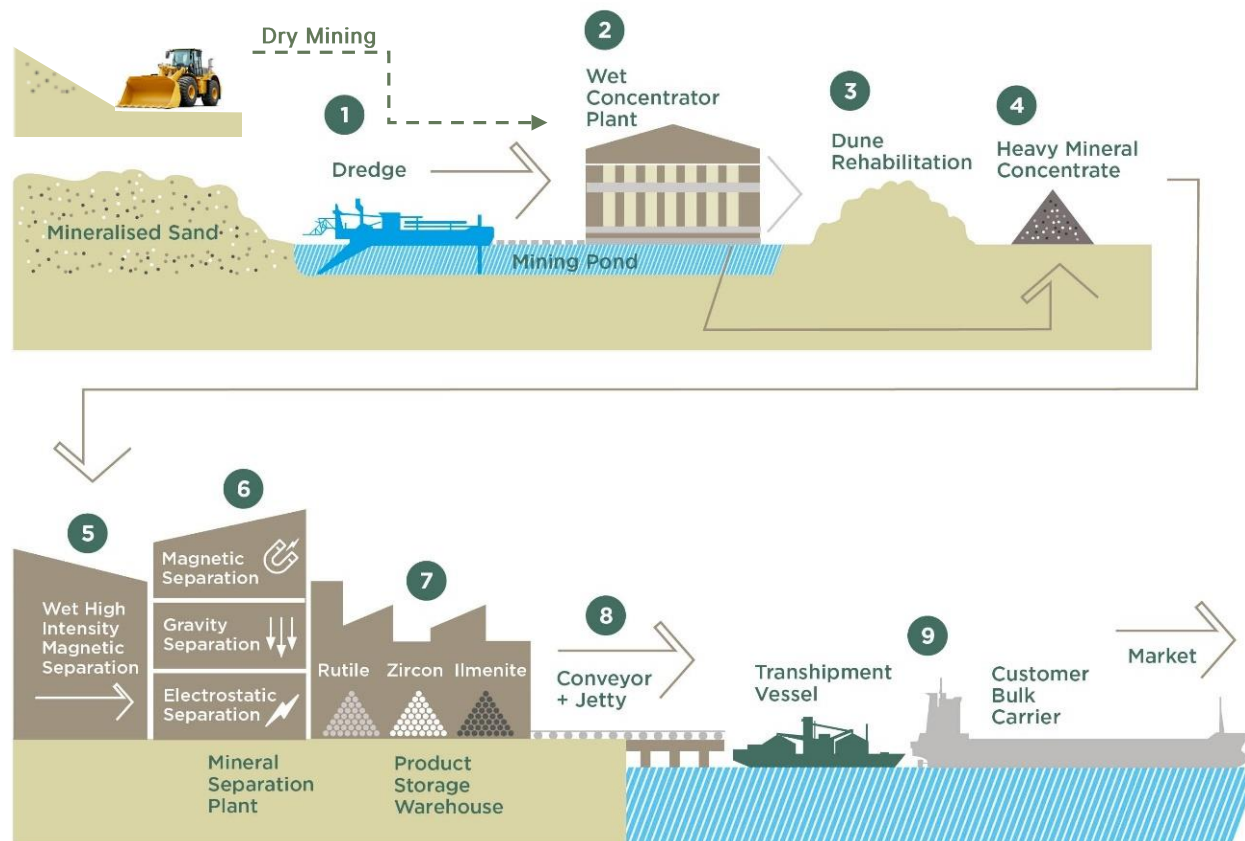
- >100 year life of mine
- Moma is multiple ore bodies – 8 billion tonnes of Mineral Resources
- Current mine plan runs to 2040

### Low cost, bulk mining operation

- Mature operation – in production since 2007
- Currently two wet concentrator plants (WCPs) mining the Namalope ore zone
- Dedicated on-site port facilities

### Low environmental impact

- Primarily hydro-generated power (80% of power demand in 2018)
- Progressive rehabilitation of mined areas
- No chemicals used





# Sustainable operating practices



## Committed to being a responsible corporate citizen

### Safety

- LTIFR of 0.12 per 200k man hours worked to 30 June 2019 – continued strong safety performance
- Strong improvement due to increased focus on risk assessment and personal accountability
- Increased focus on community safety – theatre workshops and awareness sessions on mining risks and traffic risks

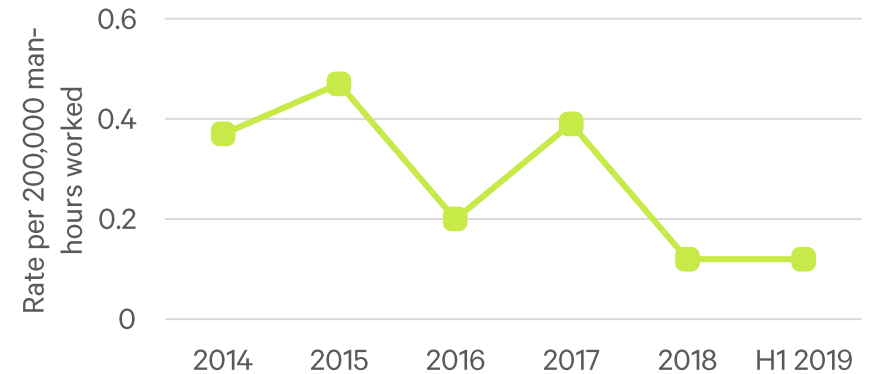
### 95% Mozambican employees

- Localisation of employees increased from 93% to 95% between 2017 and 2018
- 100% of operator personnel and 87% supervisory personnel are Mozambican
- Increasing number of Mozambicans in management positions

### Advancing women

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

### Lost Time Injury Frequency Rate



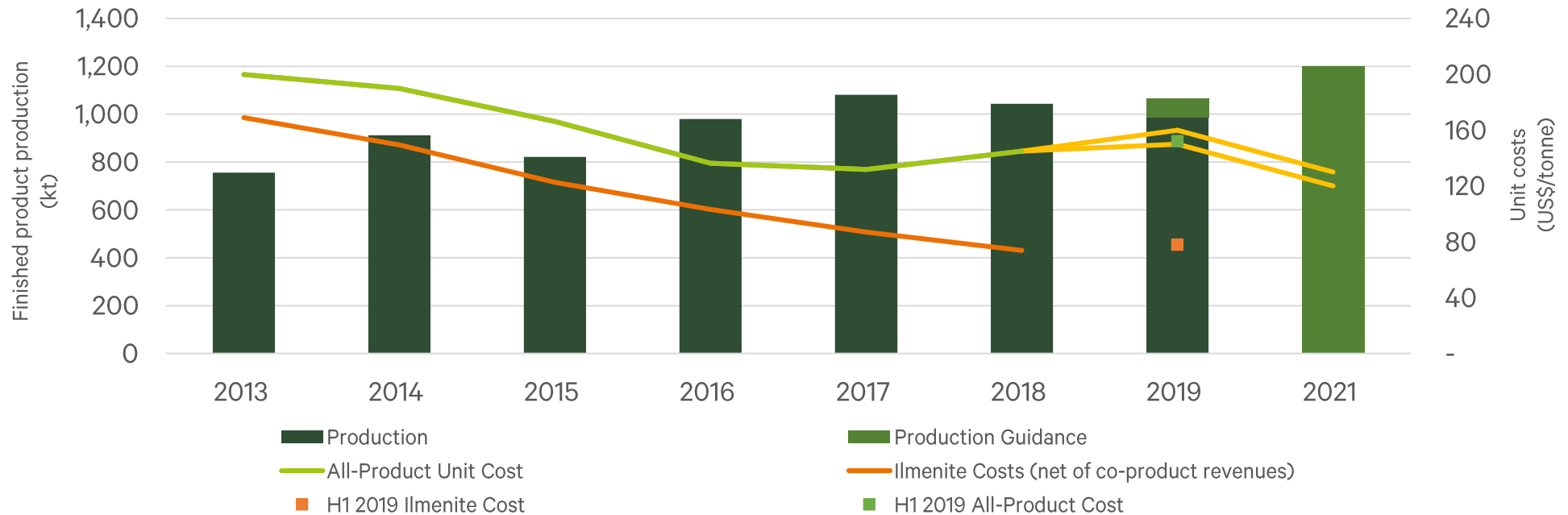
### Tina Faque, Rehabilitation Officer



# Growing production, reducing costs



## Production and cash operating cost per tonne<sup>1</sup> profile



## Focused on margin expansion

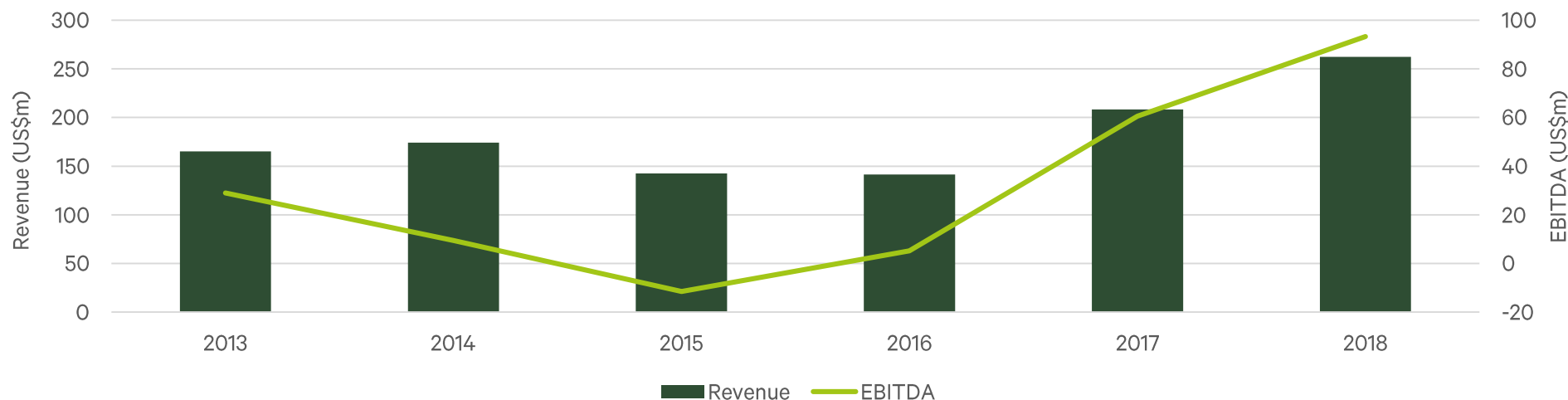
- 958,500 tonnes of ilmenite production in 2018 and >1 million tonnes of finished product production
- 2019 production guidance of 900,000-960,000 tonnes of ilmenite and total cash operating costs of US\$150-160/t
- Growing ilmenite production to 1.2 Mtpa from 2021 through three development projects
- Targeting total cash operating cost of US\$120-130/t (in 2018 real terms) from 2021, benefitting from higher production

1. 2021 forecast cash operating costs are in 2018 real terms. Total cash operating costs include all mine production, transshipment, sales and distribution, taxes, royalties, and corporate costs.

# Strong revenue and profit generation



## Revenue and EBITDA profile



## 2018 financial highlights

- Revenues of US\$262 million, EBITDA of US\$93 million and profit after tax of US\$51 million generated in 2018

## Maiden dividend declared

- Maiden dividend of USc2.66/share declared in August 2019, in line with dividend policy to return minimum of 20% profit after tax
- Expected higher shareholder returns from 2021, following completion of development projects

## Net cash position

- Net cash of US\$3.5 million at 30 June 2019, including US\$77.0 million gross cash

# Growing ilmenite production to 1.2 Mtpa



## Three development projects

### WCP B upgrade (2018)



20% capacity upgrade of WCP B complete and delivering to scope

Cost: <US\$10 million

### WCP C development (2019)



Construction of WCP C and dredge progressing in line with project delivery timeline

Cost: <US\$45 million

### WCP B move (2020)



Project execution commenced following DFS completion and Board approval

Cost: US\$106 million



# Execution underway of WCP C development



On track for commissioning to commence in Q4 2019

## Smaller scale, high grade production

- WCP C has a target capacity of 500 tph
- Targeting a high grade area of the Namalope ore zone that is inaccessible to either of the larger Wet Concentrator Plants
- Expected to add 150kt/annum (average) of additional heavy mineral concentrate production to Moma's profile

## Dredge has arrived in Mozambique

- The new dredge, named Julia, was launched at Royal IHC's yard in May 2019 – performance testing was completed successfully
- The Julia dredge was shipped to Mozambique and arrived on site in early October 2019 – it will now be re-constructed

## Advancing to schedule

- Starter pond and construction site advancing in line with project delivery schedule
- Wet Concentrator Plant being constructed by Mineral Technologies in South Africa – equipment starting to arrive at site

## Julia dredge's launch in the Netherlands



## Lorries carrying dredge leave Nacala port



# Execution underway of WCP B move



Relocation scheduled to be completed in Q3 2020

## Pilivili ore zone

- Highest grade ore zone in Moma's portfolio – Mineral Reserves of 4.4% Total Heavy Mineral (THM)
- Other favourable characteristics including free flowing sand, low slimes and close proximity to MSP
- Expected to deliver 130kt/annum (average) of additional heavy mineral concentrate production

## Higher grades, additional production

- Average grade mined of 4.6% THM over 8 year life of mine and average grade of 5.3% THM in years 1-4
- Adjacent future ore zones identified for mining in Mualadi and Nataka – no further move expected in WCP B's economic life

## Transportation of WCP B

- Various options considered – moving the assembled plant by road was selected as lowest risk option
- Specialist heavy lifting and transport contractor will be appointed

## Watch an animation of the WCP B move



## WCP B will be transported by SPMTs\*



\* Self-Propelled Modular Transporters

# Kenmare Moma Development Association (KMAD)



## Not-for-profit development organisation

Established in 2004, KMAD's objective is to implement development programmes in the Moma Mine's host communities.

Examples of KMAD's initiatives to date:

### Economic Development and Livelihoods

- Funding provided for >65 new local businesses
- Agriculture projects supported to teach local farmers how to increase crop yields

### Healthcare Development

- 24 boreholes drilled to provide clean drinking water for c.24,000 people
- Community health centre constructed to provide care for c.18,000 people per year

### Education Development

- 31 classrooms constructed in local schools, plus 1,100 desks, and 90 scholarships funded
- Technical school constructed and equipped for vocational development



KMAD-constructed technical school



KMAD-constructed health centre



KMAD-supported poultry farm



# Building on our strategy



## GROWTH

- >20% production growth to 1.2 Mtpa ilmenite from 2021

## MARGIN EXPANSION

- Targeting cash operating costs of US\$120-130/t<sup>1</sup> from 2021

## SHAREHOLDER RETURNS

- Maiden dividend payable in late October 2019

1. In 2018 real terms



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