

Yellowstone Advisory Webinar

18 May 2020



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Overview: Kenmare Resources



World's largest traded ilmenite supplier



Wet Concentrator Plant (WCP) A



Moma's jetty and one of two transshipment vessels

Moma Titanium Minerals Mine

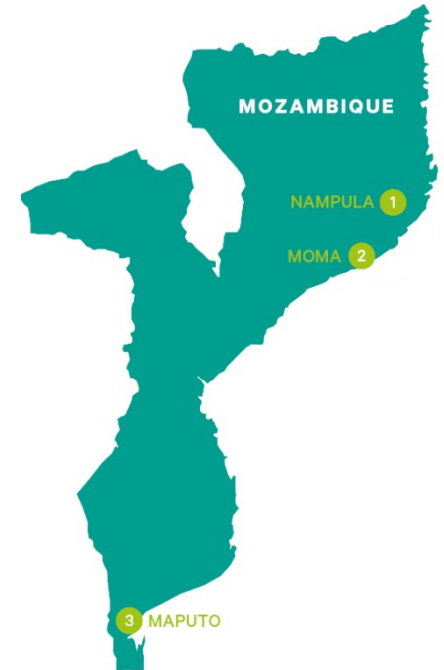
- >12 years of operations, 30 years in Mozambique
- 100+ years life of mine
- ~5% of Mozambique's exports in 2018
- Meaningful contribution to the local and national economy

4th largest producer of TiO_2 feedstocks

- Currently representing 7% of global supply
- Growing to 10% of global supply following the move of WCP B

Significant capital investment

- Capital expenditure of >US\$1.3 billion



Mineral sands are essential to modern life



The minerals produced by Kenmare are used in a wide range of 'quality of life' products

Two core product streams of minerals sands

Titanium feedstocks (ilmenite and rutile)

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

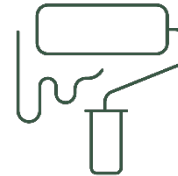
Zircon

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

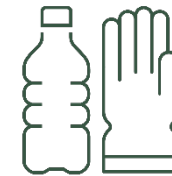
Supply/demand balance likely to be maintained

- Pigment is a 'quality of life' product - consumption grows as income levels increase
- Demand for pigment tends to be driven by GDP growth
- Slower GDP growth due to COVID-19 uncertainty may impact demand for products
- However this is likely to be balanced by reduced new production coming onstream

Examples of end products



Paints and coatings



Plastics and rubber



Paper



Glazes and enamels



Foods



Fabrics and textiles



Inks



Pharmaceuticals



Cosmetics

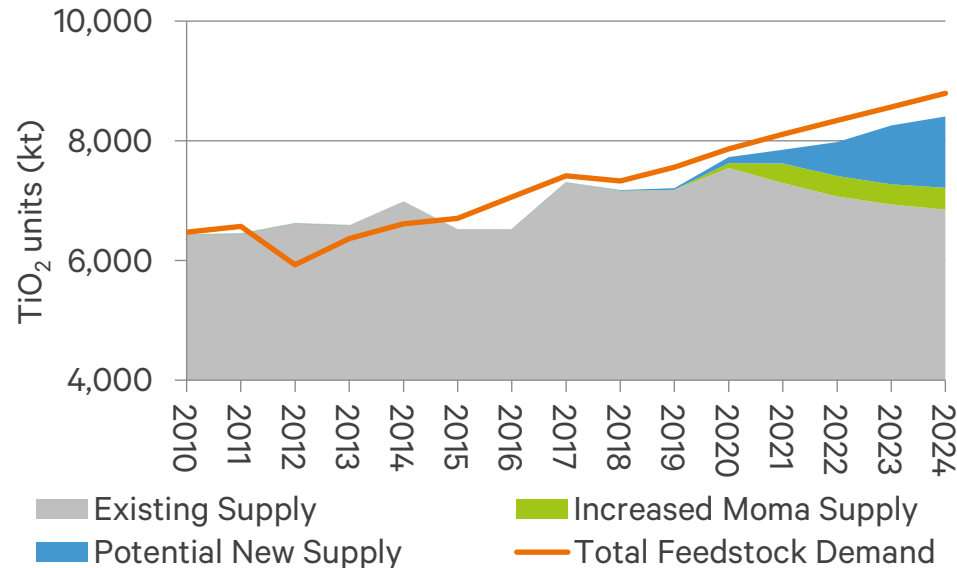
Medium and long-term outlook for all products remains strong

Global TiO₂ feedstock inventories are low



New mines will be required to maintain global TiO₂ production volumes

Forecast supply/demand market balance

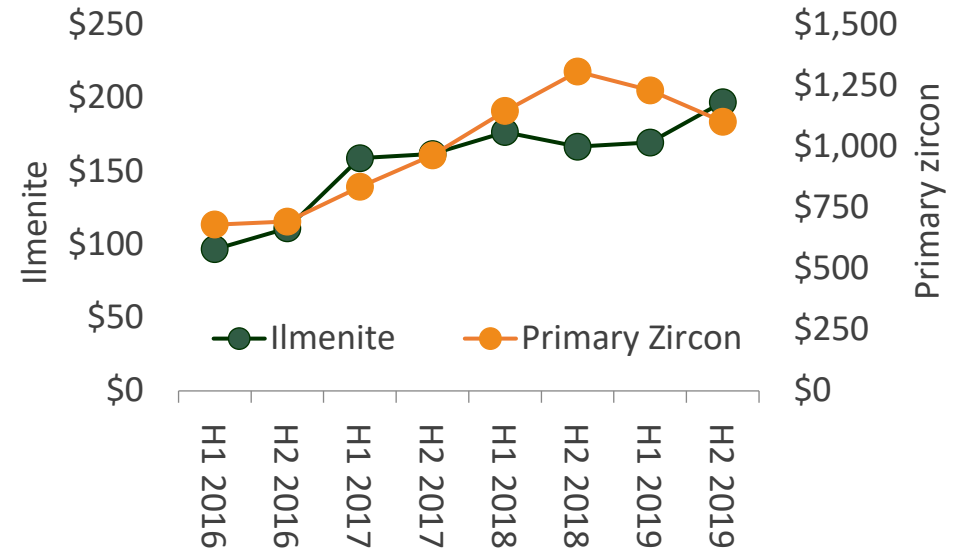


Source: Company

Strong fundamentals for TiO₂ feedstocks

- Legacy inventories now depleted
- Supply from existing mines expected to decline further
- New projects are facing significant hurdles to development

Ilmenite and zircon price movement (US\$/t, FOB)^{1,2}



Four consecutive quarters of increasing ilmenite prices

- Tight ilmenite market conditions continued into Q1 2020, while the zircon market remaining softer
- Outlook uncertain due to lower supply

Moma Titanium Minerals Mine schematic



A globally significant heavy minerals resource

Tier 1 resource base

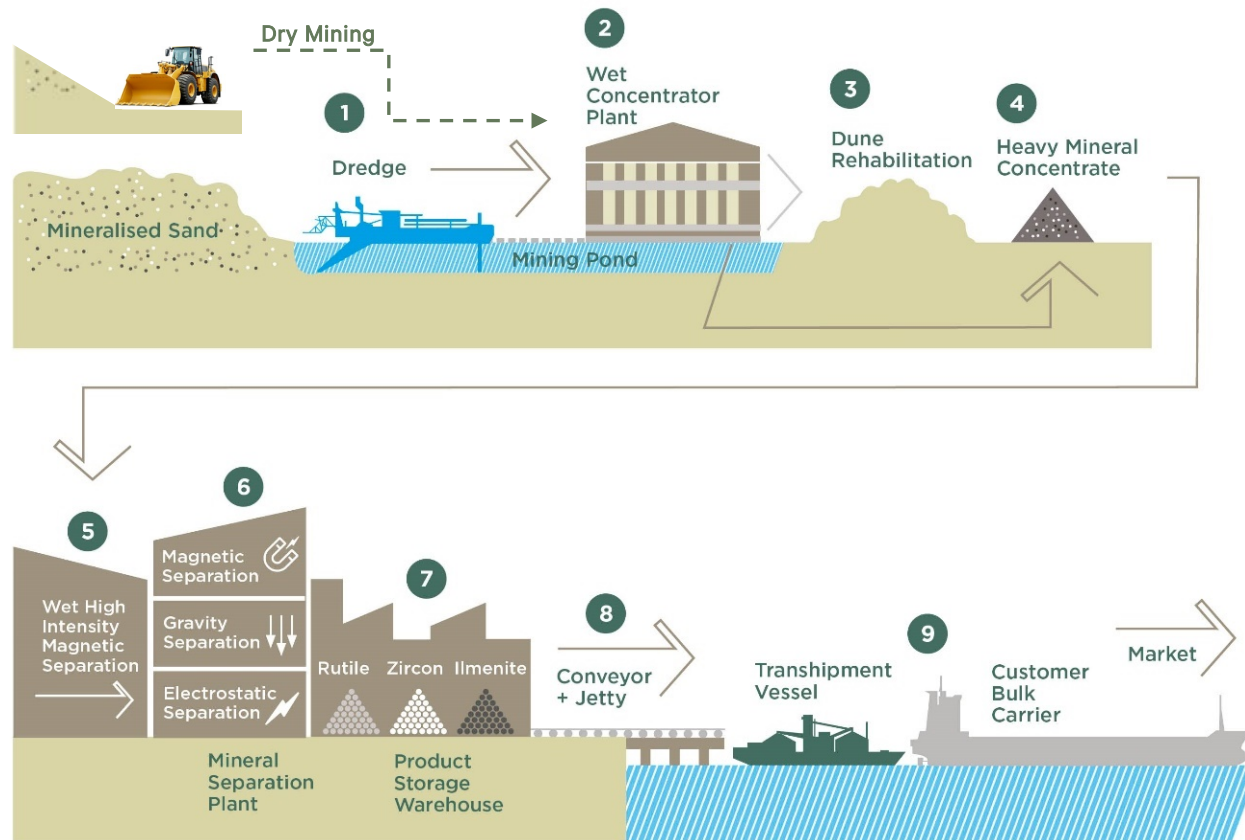
- >100 year life of mine
- Moma is multiple ore bodies – 8 billion tonnes of Mineral Resources
- Current mine plan runs beyond 2040

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 (90% of power demand in 2019)
- Progressive rehabilitation of mined areas
- No chemicals used



COVID-19: Employees and host communities



Kenmare's highest priorities are the safety and wellbeing of our employees and host communities

No known cases at the Mine or in the communities

- Stringent risk mitigation measures have been implemented
- Access to site restricted significantly - employees living outside of the local mine area are no longer permitted to travel to site
- Upgraded health protocols in place and social distancing measures have been implemented
- Additional medical equipment and testing kits have been ordered, including breathing equipment

Supporting our host communities

- 1,000 hand sanitation kits, digital thermometers, masks and posters donated to local health facilities and local communities
- Various types of ventilation equipment ordered to be donated to medical facilities in Nampula
- KMAD health volunteers conducting door-to-door education campaigns and local radio stations disseminating information



COVID-19: Operations and markets



Production and shipments continue at the Moma Mine

Higher production expected in Q2 but outlook remains unclear

- Production is forecast to increase in Q2 2020, as stated in the Q1 production update
- COVID-19 restrictions may result in a delay to the move of Wet Concentrator Plant B - as a result, 2020 guidance has been suspended until further notice
- Kenmare is working through a series of mitigation plans and will provide updated guidance as soon as practical

Ilmenite market remained strong in Q1 2020

- Offtake agreements secured for the majority of Moma's ilmenite production in 2020
- However there has been disruption to both supply and demand, creating an uncertain outlook

Focused on keeping our operations running safely

- Working closely with contractors to ensure staff wellbeing and business continuity
- Evaluating the impact of the virus on Kenmare's development projects, supply chain and customers
- Focused on securing access to critical spares



WCP B move timeline may be impacted



Focused on keeping Moma running safely

A strengthened focus on sustainability



Board-level Sustainability Committee established in October 2019

Health & safety

- LTIFR of 0.27 per 200k man-hours worked to 31 December 2019 and LTIFR of 0.25 to 31 March 2020
- Five star rating achieved from NOSA safety audit for fourth consecutive year
- 30% reduction in malaria cases amongst employees compared to the average of the last 4 years

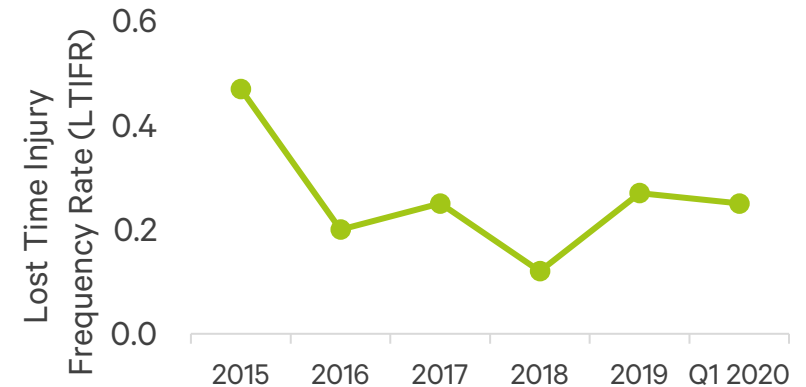
Environment

- 200 Ha of land rehabilitated, representing a 26% increase compared to 2018
- 90% of Moma's power supplied from hydropower, transmitted through the national power grid
- 17,700 casuarina plants planted, bringing the three year total to over 90,000

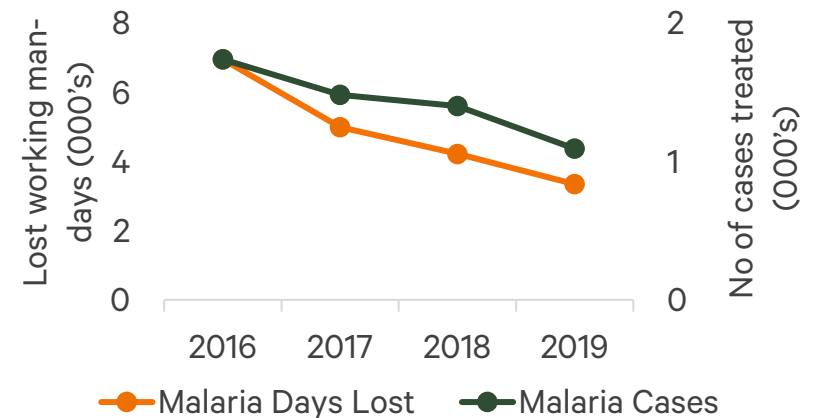
People

- 96% of 1,420 employees were Mozambican at the end of 2019, including 91% of supervisory personnel
- Focus moves towards skills and development, with US\$700,000 invested in employee training and development in 2019

Continuous commitment to safety



30% reduction in malaria cases in 2019



KMAD: 2019 Highlights



A catalyst for positive social and economic change in the Moma Mine's host communities

>40 small businesses supported by KMAD by year-end 2019



New ambulance provided to community health centre



Construction of a primary school in Cabula village



Second phase of technical school for vocational development constructed



Renovations and repair work funded at community health centre



Mozambican NGO engaged to improve primary education in the district



2019 overview

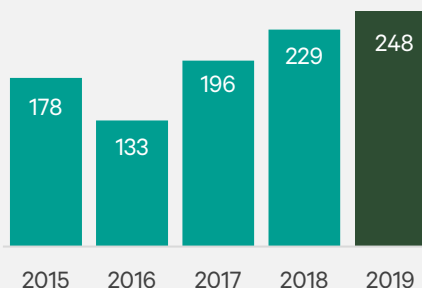


Sustained financial and operational performance

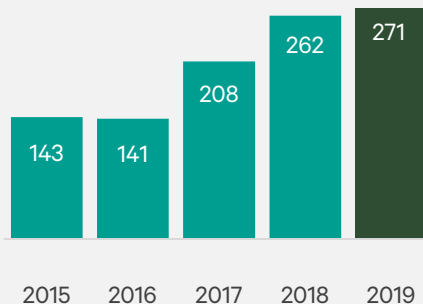
Shipments 1.03Mt



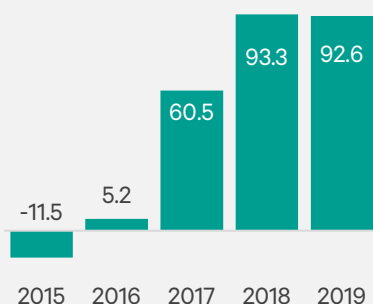
Sales price (FOB) US\$248/t



Revenue US\$270.9m



EBITDA US\$92.6m



Other financial highlights

Maiden dividend

USc8.18 per share¹

2019 full year dividend

New debt facilities

US\$150 million

New corporate facilities
secured to provide enhanced
financial flexibility

Growth projects advanced

WCP B move

Q3 2020

Project execution for WCP
B move to Pilivili advancing
on schedule

WCP C development

February 2020

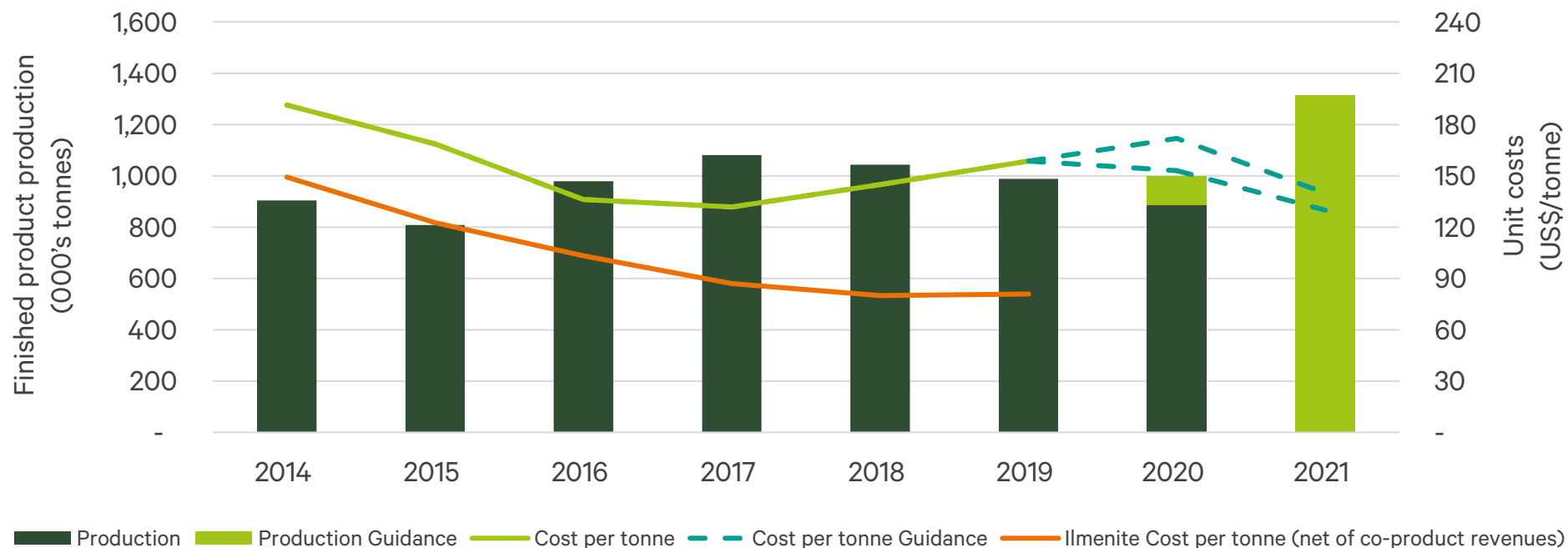
First HMC production
from WCP C

1. Including interim dividend of USc2.66 per share paid in 2019 and final dividend of USc5.52

Targeting further unit cost reductions from 2021



Production and cash operating cost per tonne profile



- 2020 guidance was suspended on the 9 April 2019 due to potential COVID-19 impacts
- Targeting total cash operating cost¹ per tonne of US\$125-135/t (in 2020 real terms) from 2021, benefitting from higher production volumes spread over a largely fixed cost base

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

2. 2020 guidance was suspended on the 9 April 2019

WCP B move to Pilivili



Project execution commenced but timeline may be impacted by COVID-19 restrictions

Accessing higher grade ore

- Highest grade ore zone in Moma's portfolio – Mineral Reserves of 180Mt (2018: 220Mt) at 4.4% THM, delivering an 8 year mine life
- Other favourable characteristics such as free flowing sand, low slimes and relatively close to MSP
- WCP B expected to mine contiguous ore zones of Mualadi and Nataka after Pilivili
- Transportation by road is lowest risk relocation option and move will be undertaken by a specialist contractor, scheduled for Q3 2020
- Relocation scheduled to take up to 12 weeks

Project now >40% completed

- Good progress continues with road construction at Moma
- Timeline is being impacted by COVID-19 restrictions in Mozambique, South Africa and elsewhere, particularly relating to fabrication of equipment and mobilisation of contractors to site
- It is difficult to gauge the impact these disruptions will have at this time – further guidance will be provided when possible

Infrastructure construction at Pilivili



Construction of road on schedule



Strong financial position



Financially well resourced to complete the WCP B move and pay a dividend

New facilities agreed in December 2019

- New facilities extend debt maturity profile beyond current short period of increased capital expenditure
- The drawn RCF is not reflected in the March balances

Favourable interest rates

- Term loan interest rate: 5.40% + LIBOR
- Revolving credit facility interest rate: 5.00% + LIBOR

Term Loan¹

US\$110m

Revolving Credit Facility²

US\$40m

Cash (21 March 2020)^{1,2}

US\$102.4m

Debt (31 March 2020)^{1,2}

US\$111.4m

Dividend policy in action

- Dividend policy to pay a minimum of 20% of profit after tax
 - Interim dividend of US\$2.9m paid in October 2019
 - Final dividend of US\$6.1m approved at 2020 AGM

Subject to market conditions, debt and capital requirements

Expected higher shareholder returns

- Dividends expected to increase following completion of the WCP B move
- May come in form of special dividend or share buy-backs

2019 profit after tax

US\$44.8m

Total dividend distribution

US\$9.0m

Final dividend per share

USc5.52

Full year 2019 dividend

USc8.18

1. Term Loan is included in March balances as it was drawn in March 2020.

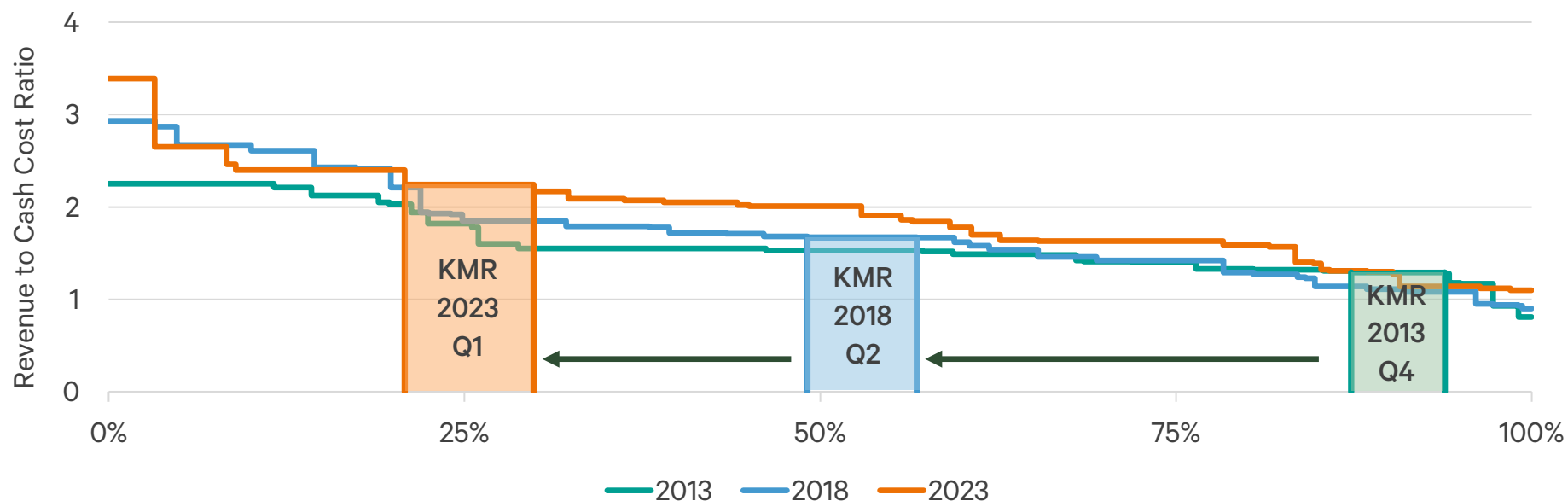
2. RCF is not included in March balances as it was drawn in April 2020.

Becoming a first quartile margin producer



Kenmare is well-positioned to deliver strong free cash flow

Mineral sands industry revenue to cash cost curve



- Kenmare is on track to become a first quartile margin producer following the WCP B move
- This is expected to deliver increased cash flow stability
- Ability to remain cash flow positive throughout the commodity price cycle

Source: TZMI

Kenmare: Investment case



Kenmare's three strategic pillars

GROWTH

35%

Kenmare is targeting 1.2 Mtpa of ilmenite production (plus associated co-products) post WCP B move

Following completion of WCP B move, Kenmare is positioned to deliver a 35% production increase

MARGIN EXPANSION

>36%

Kenmare is targeting a first quartile position on the industry revenue to cost curve post WCP B move

Increased production and lower unit costs will increase EBITDA margins from 36% in 2019

SHAREHOLDER RETURNS

>20%

With higher cash flows and lower development capital requirements, Kenmare will have the opportunity to make increased shareholder returns

Dividend policy of a minimum 20% profit after tax

Follow Kenmare on social media



Facebook, Twitter and LinkedIn



Kenmare has gone social

- Kenmare has profiles on Facebook, Twitter and LinkedIn, which feature regular updates on our corporate social responsibility initiatives, operational and development milestones, news flow and more
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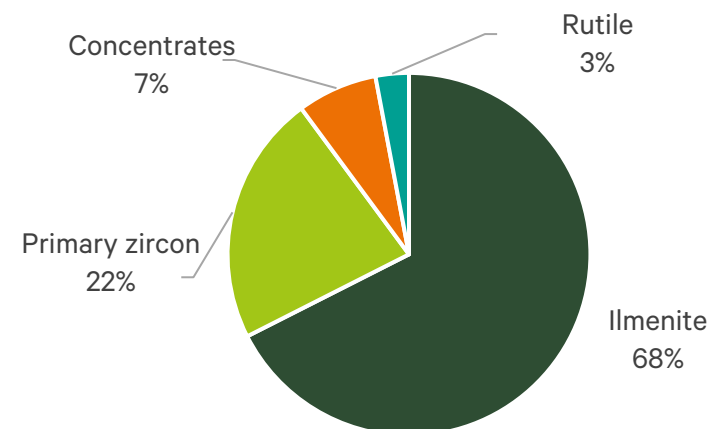
36% EBITDA margin



2019 Income Statement review

	2019 US\$ million	2018 US\$ million
Revenue	270.9	262.2
Freight costs	(15.4)	(16.3)
Revenue (FOB)	255.5	245.9
Cost of sales & other operating costs	(211.7)	(199.3)
Operating profit	59.2	62.9
Net finance costs	(7.4)	(6.9)
Foreign exchange (loss)/gain	(1.9)	0.1
Profit before tax	50.0	56.1
Tax (expense)	(5.2)	(5.2)
Profit after tax	44.8	50.9
EBITDA	92.6	93.3

Revenue by product (%)



- 3% increase in revenues due to higher average sales prices, offset by lower sales volumes
- 6% increase in cost of sales and other operating costs, primarily due to higher production costs and depreciation charge, offset by lower sales volumes
- 12% decrease in profit after tax due to increased net finance costs, FX losses and depreciation

Well-positioned to generate significantly stronger EBITDA from 2021

Strong and flexible balance sheet



Balance sheet review

	31-Dec-2019 US\$ million	31-Dec-2018 US\$ million
Property, plant & equipment	852.0	806.0
Inventories	51.8	53.9
Trade & other receivables	41.2	22.4
Deferred tax asset	0.5	-
Cash	81.2	97.0
Total assets	1,026.7	979.3
Equity & reserves	891.8	848.4
Bank loans	60.9	83.5
Leases	4.5	-
Creditors & provisions	69.5	47.4
Total equity & liabilities	1,026.7	979.3

- PPE additions of US\$68.5m (2018: US\$40.1m) include development capex of US\$44.3m, primarily relating to WCP C (US\$26.8m) and preparation for the WCP B move (US\$16.1m), and sustaining capex of US\$23.7m
- Inventories include US\$26.5m final product (2018: US\$31.0m), reduction due to product sales exceeding production in 2019
- Record Q4 2019 shipments, increasing trade receivables vs 2018
- Bank loans reflect US\$67.3m drawdown less transaction costs¹ of US\$6.6m, plus loan interest amortised of US\$0.2m. Principal of US\$19.0m repaid in 2019
- Leases recognised on the balance sheet (IFRS 16) from 1 January 2019
- Trade payables increased in 2019 primarily due to development project costs

Balance sheet strengthened following debt refinancing

1. Transaction costs will be amortised over life of loans (IFRS 9)

Net ilmenite unit costs largely in line with 2018



2019 cash operating costs reconciliation

	Unit		2019	2018	
Cost of sales	US\$m		178.4	168.3	➤ Decrease in product stock movements due to sales from inventory (159kt at year-end 2019 compared to 200kt at year-end 2018)
Other operating costs excluding freight	US\$m		17.9	14.7	
Total costs less freight			196.3	183.0	➤ 4% increase in adjusted cash operating costs, due primarily to:
Depreciation	US\$m		(33.4)	(30.4)	➤ Additional demurrage costs in the period as a result of adverse weather and unscheduled maintenance work
Share-based payments	US\$m		(1.8)	(1.4)	
Product stock movements	US\$m		(4.5)	(0.1)	➤ Adjustment to consumable spares stock
Adjusted cash operating costs	US\$m	+4%	156.6	151.3	
Finished product production	tonnes	-5%	988,300	1,043,300	➤ 9% increase in cash operating cost per tonne driven by lower production volumes
Total cash operating cost per tonne	US\$	9%	158	145	
Total cash operating costs less co-products revenue (FOB)	US\$m		72.1	76.2	➤ Net ilmenite unit cost in 2019 largely in line with 2018 due to increased co-product revenue contributions
Ilmenite production	tonnes		892,900	958,500	
Total cash cost per tonne of ilmenite	US\$	+3%	81	79	

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