



RESPONSIBLY MEETING  
GLOBAL DEMAND FOR

**QUALITY-OF-LIFE  
MINERALS**

# 2021 Results Presentation

23 March 2022

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*All monetary amounts refer to United States dollars unless otherwise indicated.*

# Agenda



## Introduction

Michael Carvill, Managing Director

## Financial review

Tony McCluskey, Finance Director

## Operational review

Ben Baxter, Chief Operations Officer

## Market update

Michael Carvill, Managing Director

## Outlook

Michael Carvill, Managing Director

## Questions?



# Creating sustainable competitive advantage



## Strategic priorities

### OPERATE RESPONSIBLY

- Safe and engaged workforce
- Thriving communities
- Healthy natural environment
- Trusted business

**0.03**

**LOST TIME INJURY  
FREQUENCY RATE -  
RECORD LOW**

### DELIVER LONG LIFE, LOW COST PRODUCTION

- >100 years of Mineral Resources provides significant growth potential
- 1<sup>st</sup> quartile revenue/cost target
- >20 year mine path visibility

**+48%**

**ILMENITE  
PRODUCTION  
IN 2021**

### ALLOCATE CAPITAL EFFICIENTLY

- Balance sheet strength
- Shareholder returns
- Develop value accretive growth opportunities

**~\$100m**

**SHAREHOLDER  
RETURNS  
IN 2021**

# Enhanced sustainability strategy



Short and medium-term KPIs available in Sustainability Report (to be published in early April)

## Safe and engaged workforce

Taking a proactive approach to safety and ensuring we attract, develop, and retain the best people

- Sustaining a Total Reportable Injury Frequency Rate in the top quintile relative to ICMM
- Structured approach to growing female representation in Moma Mine workforce

## Healthy natural environment

Protecting the environment by setting challenging targets and monitoring performance

- RUPS<sup>1</sup> contributing majority of 12% reduction in Greenhouse Gas emissions by 2024
- Ambition to achieve Net Zero by 2040
- Updated Rehabilitation Plan with improved balance between biodiversity and food security

## Thriving communities

Minimising risk and maximising social and economic opportunities for the Mine's host communities

- Investing in growing capacity of service provision, maximising previous investments in infrastructure
- Increased strategic focus on water and sanitation
- Increasing operating expenditure with Mozambique-based suppliers

## Trusted business

Responsibly managing and overseeing our operations and business activities

- Upholding principles of EITI<sup>2</sup>, TCFD<sup>3</sup>, UN Global Compact and Voluntary Principles
- Building capacity of on site suppliers to comply with Kenmare's sustainability policies

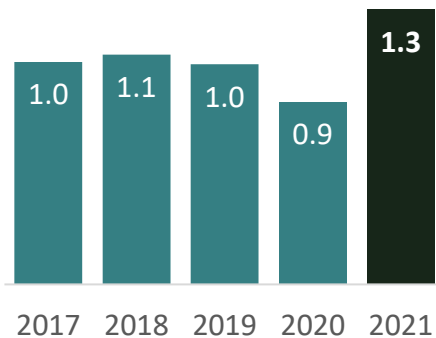
1. Rotary Uninterruptible Power Supply (reducing reliance on diesel generators and reducing CO<sub>2</sub> emissions) 2. EITI: Extractive Industries Transparency Initiative 3. TCFD: Task Force on Climate-related Financial Disclosures

# Record revenues, profits, and shareholder returns

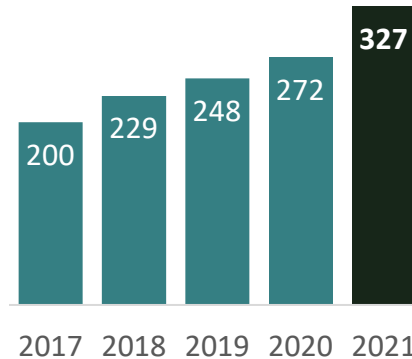


## Operational and financial highlights

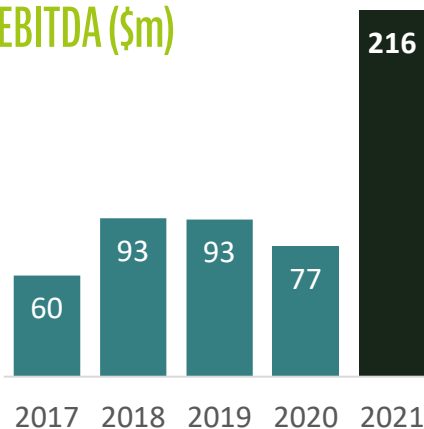
### Shipments (Mt)



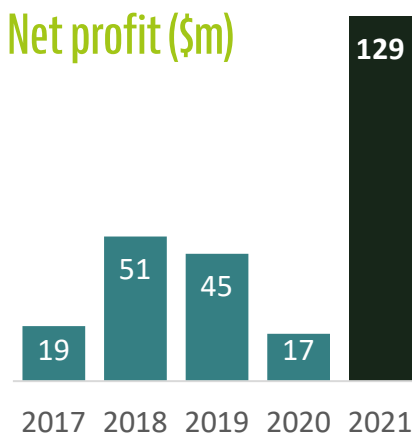
### Sales price (FOB) (\$/t)



### EBITDA (\$m)



### Net profit (\$m)



## Other highlights

### 2021 Dividends

**Up 227%**

2021: US\$32.7/sh  
(2020: US\$10.0/sh)

### Net debt

**\$83m**

(2020: \$64m)

## Projects

### RUPS<sup>1</sup>

**Commissioning**

Currently in progress

### Nataka PFS

**On track**

Expected in 2022,  
WCP A move in 2025

1. Rotary Uninterruptible Power Supply (reducing reliance on diesel generators and reducing CO2 emissions)

# Financial review

Tony McCluskey, Finance Director



Mineral Separation Plant

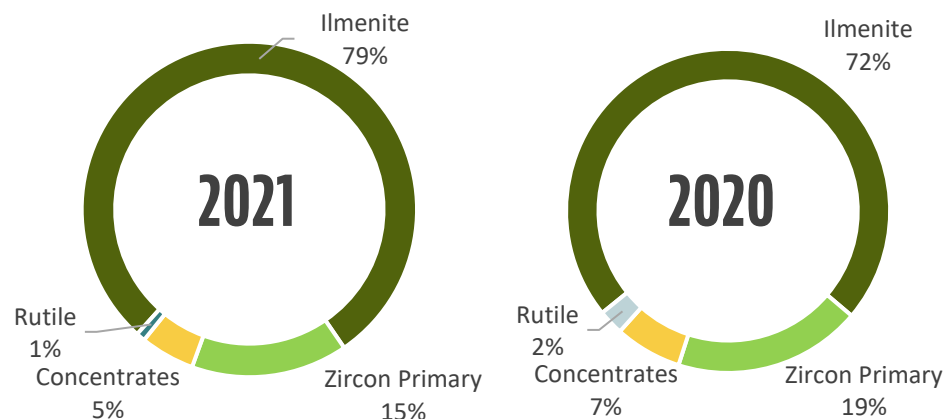
# \$216m EBITDA in 2021



## 2021 Income Statement review

	2021 \$ million	2020 \$ million
Revenue	455.9	243.7
Freight costs	(35.4)	(12.2)
Revenue (FOB) <sup>1</sup>	420.5	231.5
Cost of sales and other operating costs	(303.0)	(209.4)
Operating profit	153.0	34.4
Net finance costs	(11.8)	(10.7)
Foreign exchange loss	(3.9)	(1.0)
Profit before tax	137.3	22.8
Tax expense	(8.8)	(6.0)
Profit after tax	128.5	16.7
EBITDA	216.1	76.7

## Revenue by product (%) – 2021 vs 2020



- Higher ilmenite revenue mix due to stronger ilmenite pricing and slippage of a zircon and rutile shipment into January 2022
- 82% increase in revenues (FOB)<sup>1</sup> due to higher sales volumes and prices
- Tax increase moderated by increased depreciation shield
- Near 7-fold increase in profit after tax due to increased volumes, lower unit costs, and improved pricing

51% EBITDA margin benefitting from higher production, lower unit costs, and improved pricing

1. Free On Board (FOB) – received prices excluding freight costs



# Stronger prices received for all products in 2021



## 2021 product price and shipping (FOB)<sup>1</sup> review

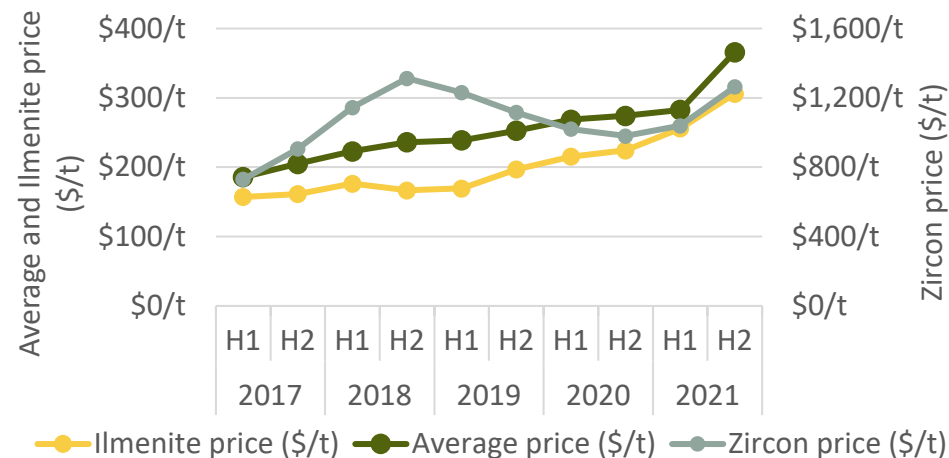
### Strong pricing in 2021

- 21% increase in average sales price (FOB)<sup>1</sup> to \$327/t in 2021 (2020: \$272/t)
- 28% increase ilmenite prices
- 18% increase primary zircon prices
- Tight ilmenite and zircon market conditions continuing in H1 2022

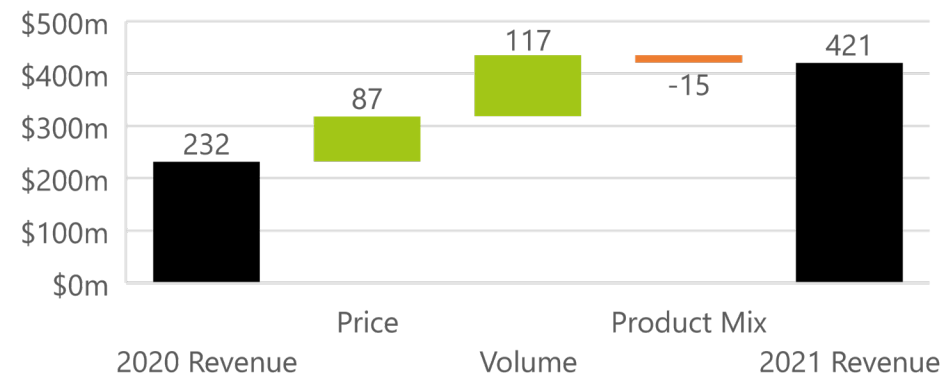
### Shipping volumes

- 51% increase in total sales volumes to 1.3 Mt in 2021 (2020: 0.9 Mt)
- 55% increase in ilmenite volumes
- 23% increase in primary zircon volumes, lower than the ilmenite increase due to timing of shipments
- Bronagh J transshipment vessel scheduled for dry-dock inspection and maintenance in Q2 2022 (occurs every five years)

### Commodity price movements (\$/t, FOB)<sup>1</sup>



### Revenue bridge (FOB)<sup>1</sup>



1. Free On Board (FOB) – received prices excluding freight costs

# Lower unit costs in 2021



## 2021 cash operating costs reconciliation

	Unit		2021	2020
Cost of sales	\$m		245.0	179.1
Other operating costs <sup>1</sup> excluding freight	\$m		22.6	18.1
<b>Total costs excluding freight</b>			<b>267.6</b>	<b>197.2</b>
Depreciation	\$m		(63.1)	(42.3)
Product stock movements, share-based payments and other adjustments	\$m		(14.8)	2.8
<b>Total cash operating costs<sup>2</sup></b>	<b>\$m</b>	<b>+20%</b>	<b>189.7</b>	<b>157.7</b>
Finished product production	tonnes	<b>+46%</b>	1,228,500	840,500
<b>Total cash operating cost per tonne</b>	<b>\$/t</b>	<b>-18%</b>	<b>154</b>	<b>188</b>
Total cash operating costs less co-products revenue (FOB)	\$m	<b>+10%</b>	103.9	94.8
Ilmenite production	tonnes	<b>+48%</b>	1,119,400	756,000
<b>Total cash cost per tonne of ilmenite</b>	<b>\$/t</b>	<b>-26%</b>	<b>93</b>	<b>125</b>

- 20% increase in cash operating costs, mainly due to costs relating to higher production, repairs and maintenance, WCP B HMC road haulage, COVID-19 measures and royalty charges relating to increased revenues
- Increased depreciation due to higher production on elevated asset base following significant capital investment in recent years
- Reduction in net ilmenite unit cost to \$93/t due to increased ilmenite production and higher co-product revenues

Higher production drove lower unit costs

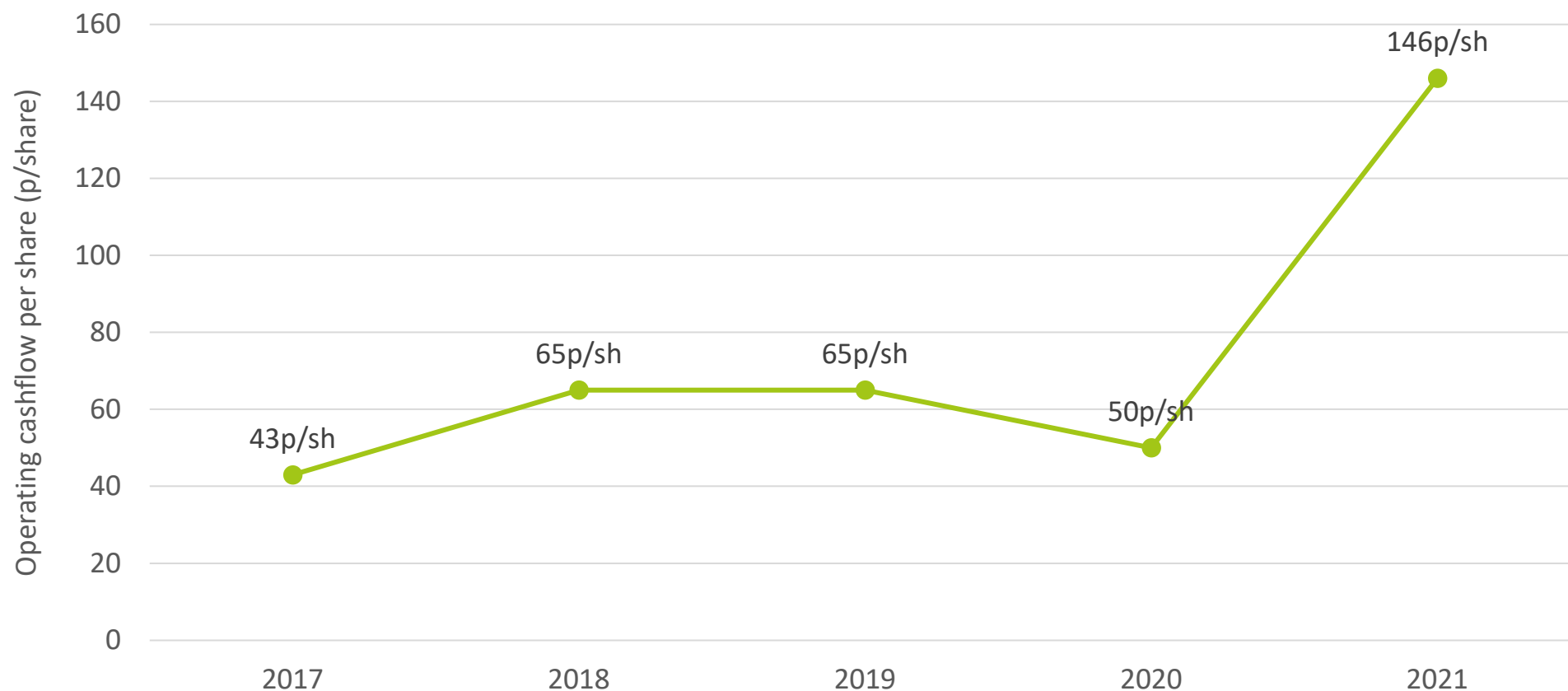
1. Other operating costs include distribution, demurrage and administration costs

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

# Significant increase in cash flow from operations



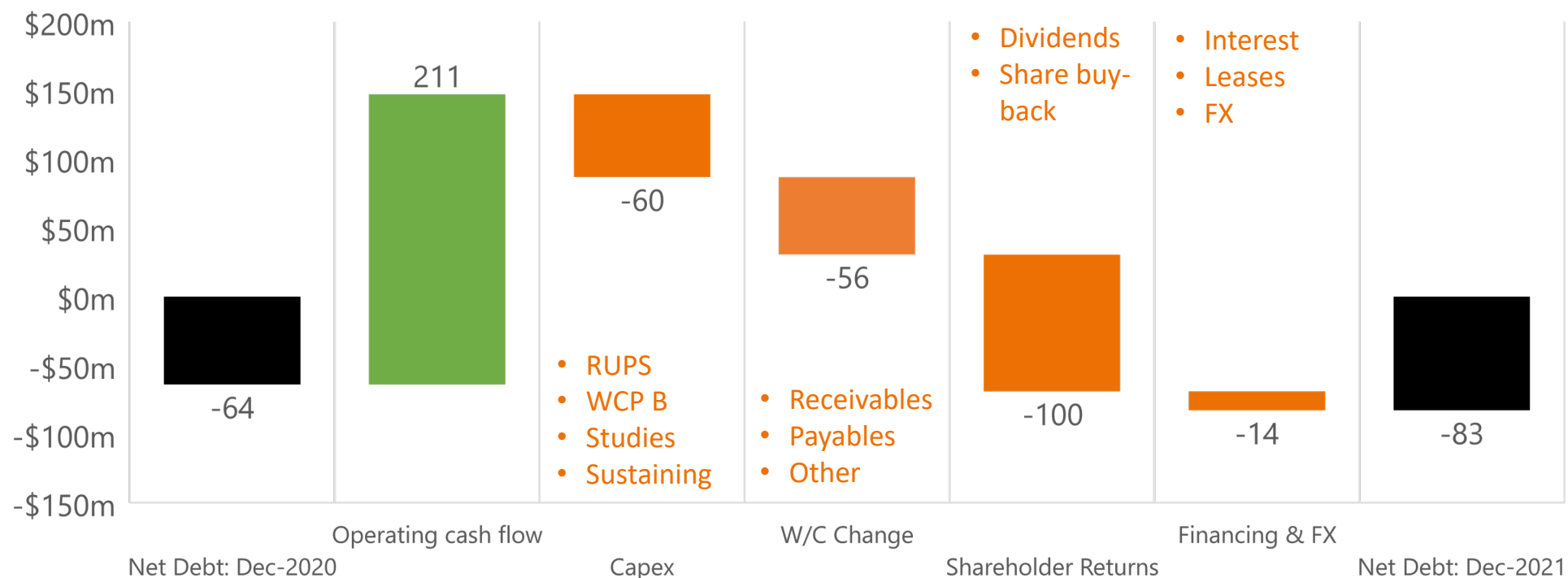
## Operating cash flow per share



Cash flow per share +192% in 2021

# Increased cash flow, lower capex and higher returns

## Movement in net debt



- Strong operating cash flow in 2021 due to higher production/sales and improved pricing
- ~\$100m returned to shareholders in 2021
- 2022 expected to deliver strong operating cashflow, supported by robust pricing

Note: Shareholder returns includes dividends, share buy-back and costs associated with the share buy-back



# Strong and flexible balance sheet



## Balance sheet review

	31-Dec-2021 \$ million	31-Dec-2020 \$ million	
Property, plant and equipment	956.7	961.7	➤ PPE additions of \$60.3m, down from \$114m in 2020
Inventory	60.2	63.7	➤ Inventory down \$3.5m
Trade and other receivables	74.7	30.0	➤ Decreased mineral stocks of \$9.3m (due to lower stock volumes)
Deferred tax asset	0.0	0.2	➤ Increased spares stocks of \$5.9m (to support increased production)
Cash	69.1	87.2	➤ Trade and other receivables increased by \$44.7m, mainly due to higher sales volumes, higher prices, timing of shipments and non-utilisation of Absa invoice discounting facility
<b>Total assets</b>	<b>1,160.7</b>	<b>1,142.8</b>	
Equity and reserves	930.6	900.5	➤ Debt facilities fully drawn at the end 2021
Bank loans	148.1	145.8	➤ \$20m of RCF repaid in January 2022
Leases	2.2	3.3	➤ First semi-annual term loan repayment of \$15.7m in March 2022
Creditors and provisions	79.8	93.2	➤ Creditors and provisions decrease due to reduction in capital projects' creditors as major projects completed
<b>Total equity and liabilities</b>	<b>1,160.7</b>	<b>1,142.8</b>	

Strong balance sheet following completion of major capital projects and share buy-back

# ~\$100m cash returned to shareholders in 2021



Dividend payout increased to 25% for 2021 and share buy-back completed

## Dividends

Dividends per share

**+227%**

Full year 2021 dividend

**USc32.7/sh**

## Share buy-back (December 2021)

Total cash returned

**\$81.6m**

% of shares repurchased

**13.5%**

## Dividend policy delivery

- 2021 target dividend of 25% of profit after tax met
- 2021 dividend distribution of \$32.1m or USc32.7/sh
  - Recommended FY21 final dividend of \$24.1m or USc25.4/sh (to be paid post 2022 AGM)
- 2022 dividend target to be outlined with H1 2022 results

## Dividend Timetable 2022

Event	Date
Ex-dividend date	28 April 2022
Record date	29 April 2022
AGM date for shareholder approval	26 May 2022
Payment date	1 June 2022

Delivering on commitment to increase returns to shareholders

# Operational review

Ben Baxter, Chief Operations Officer



Higino Jamisse, General Manager

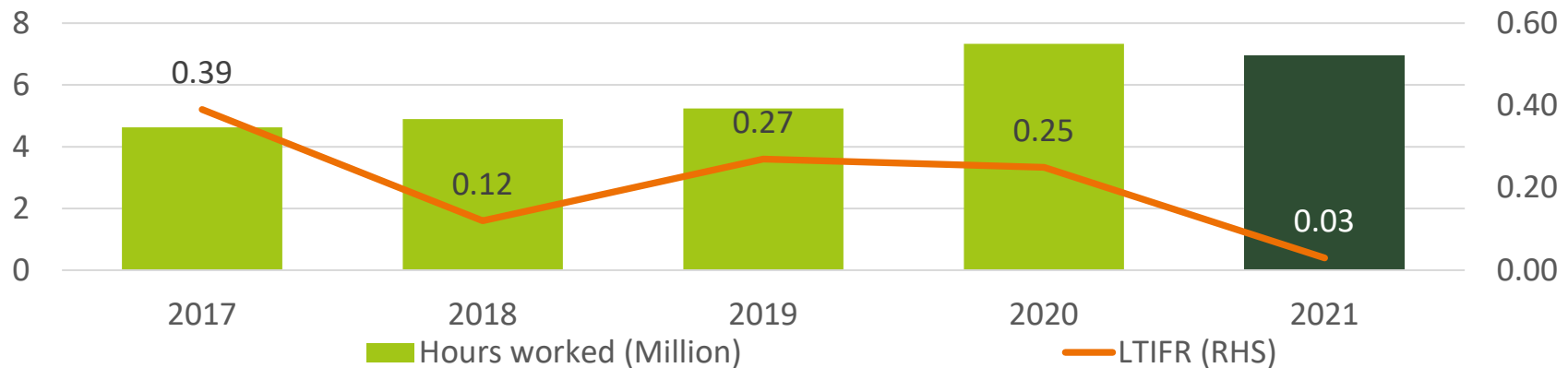


# Record safety performance in 2021



Over eight million hours worked without a Lost Time Injury to early March 2022

## Lowest ever LTIFR



## Lowest ever Lost Time Injury Frequency Rate (LTIFR)

- LTIFR of 0.03 per 200k hours worked for 12 months to 31 December 2021, 88% improvement vs 2020
- Top quintile Total Recordable Injury Frequency Rate (TRIFR) relative to ICMM<sup>1</sup>
- Significant achievement due to COVID-19 related protocols and pressures
- One year LTI-free milestone achieved on 6 January 2022
- Improved performance related to hazard identification, risk assessments, and site leadership's focus on safety standards

1. 2020 data



# Sustainability goals advanced in 2021



## Sustainability pillars



### Safe and engaged workforce

- 96% of employees double vaccinated against COVID-19 by year-end
- 83% of Moma management roles (supervisor and above) held by Mozambicans



### Thriving communities

- \$2.3m invested in community initiatives through KMAD, including new Pilivili health centre
- 49% of total supplier spend was with Mozambique-based companies



### Healthy natural environment

- Climate Policy approved by Board
- 20% reduction in carbon intensity vs 2020
- 198 ha of land rehabilitated, up 10% on 2020
- 28% improved water efficiency vs 2020



### Trusted business

- Kenmare named Most Transparent Extractives Company in Mozambique for 2<sup>nd</sup> consecutive year
- Voluntary Principles on Security and Human Rights training refreshed

# Record production in 2021



Operational performance improved as growth projects advanced

## HMC production

1,555,900t

30%

2020: 1,201,100t

## Ilmenite

1,119,400t

48%

2020: 756,000t

## Primary zircon

56,300t

30%

2020: 43,300t

## Rutile

8,900t

48%

2020: 6,000t

## Concentrates

43,900t

25%

2020: 35,200t

## Shipments

1,285,300t

51%

2020: 853,100t

## HMC

- Increased in excavated ore volumes (+14%), with a full year of operations for WCP C and for WCP B
- Higher grade overall (+19%), primarily due to WCP B operating in the Pilivilili ore zone
- Production impacted by power reliability and higher slimes affecting recoveries, as well as on-going COVID-19 disruption in H1 2021

## Final products

- **Ilmenite (+48%)**: Higher ilmenite content in HMC processed following the relocation of WCP B to Pilivilili, improved ilmenite recoveries at processing plant relative to 2020 and drawdown of HMC stocks
- **Primary zircon (+30%)**: Increased HMC processed and improved recoveries
- **Rutile (+48%)**: Recovery improvement plan delivered

## Shipping

- Record year for shipments based on improved reliability and cycle times

# Targeting 1.2 Mtpa ilmenite on a sustainable basis



## 2022 production guidance

Production		2022 Guidance <sup>1</sup>	2021 Actual	2020 Actual
Ilmenite	tonnes	1,125,000 - 1,225,000	1,119,400	756,000
Primary zircon	tonnes	54,400 - 63,200	56,300	43,300
Rutile	tonnes	9,500 - 11,500	8,900	6,000
Concentrates <sup>2</sup>	tonnes	40,300 - 46,800	43,900	35,200

Costs				
Total cash operating costs	\$m	190 - 210	193	158
Cost per tonne	\$/tonne	148 - 171	157	188

- Production of all finished products expected to increase in 2022
  - Higher tonnes mined offsetting lower ore grades
  - Production in Q1 2022 has been impacted by poor weather conditions but we remain on track to achieve our 2022 guidance
- Shipments expected to be lower than production due to the scheduled dry dock of the Bronagh J transshipment vessel
- Total cash operating costs are anticipated to increase in 2022 due to higher tonnes mined and inflation
- Expected capital expenditure of \$28.5m on development projects and studies, with sustaining capital of \$33m

1. Guidance provided on 13 January 2022. 2. Concentrates includes secondary zircon and mineral sands concentrate.

# Commissioning of RUPS commenced



## Capital projects update

### RUPS: improved power reliability and reduced carbon footprint

- Estimated cost of ~\$18m, commissioning underway
- Improved operating time and recoveries in the MSP
- Reduced diesel consumption will benefit operating costs
- The main contributor to the 12% targeted carbon emissions reduction by 2024

### WCP C project completed

- Outstanding items for completion of the project were resolved in 2021
- Project closed out with final cost of \$43.5m versus budget of \$45m

### Relocation to Pilivili delivering results

- Pumping system upgraded to improve reliability and minimise HMC haulage, testing underway and expected to be completed in H1 2022
- Capital cost remains in line with prior guidance of \$127m

RUPS building



Pilivili pumping system





# Nataka PFS on track for delivery in 2022



WCP A is expected to begin mining Nataka in 2025

## Pre-Feasibility Study (PFS) due in 2022

- Nataka is the long-term ore zone for Moma and contains higher slimes than currently mined
- Relocation of WCP A expected in 2025 by dredging a corridor to a 20-year high grade path

## Slimes management is key success factor

- Hydromining trial successfully completed in Namalope and trial commencing in Nataka currently, to support optimal mining plan
- Process flowsheet developed and currently being costed
- Tailings plan being developed to optimise slimes, including energy considerations

## Current status

- Development of ore zone knowledge nearing completion
- PFS completion expected in 2022
- Definitive Feasibility Study expected to commence in 2022

## Hydromining trial in Nataka

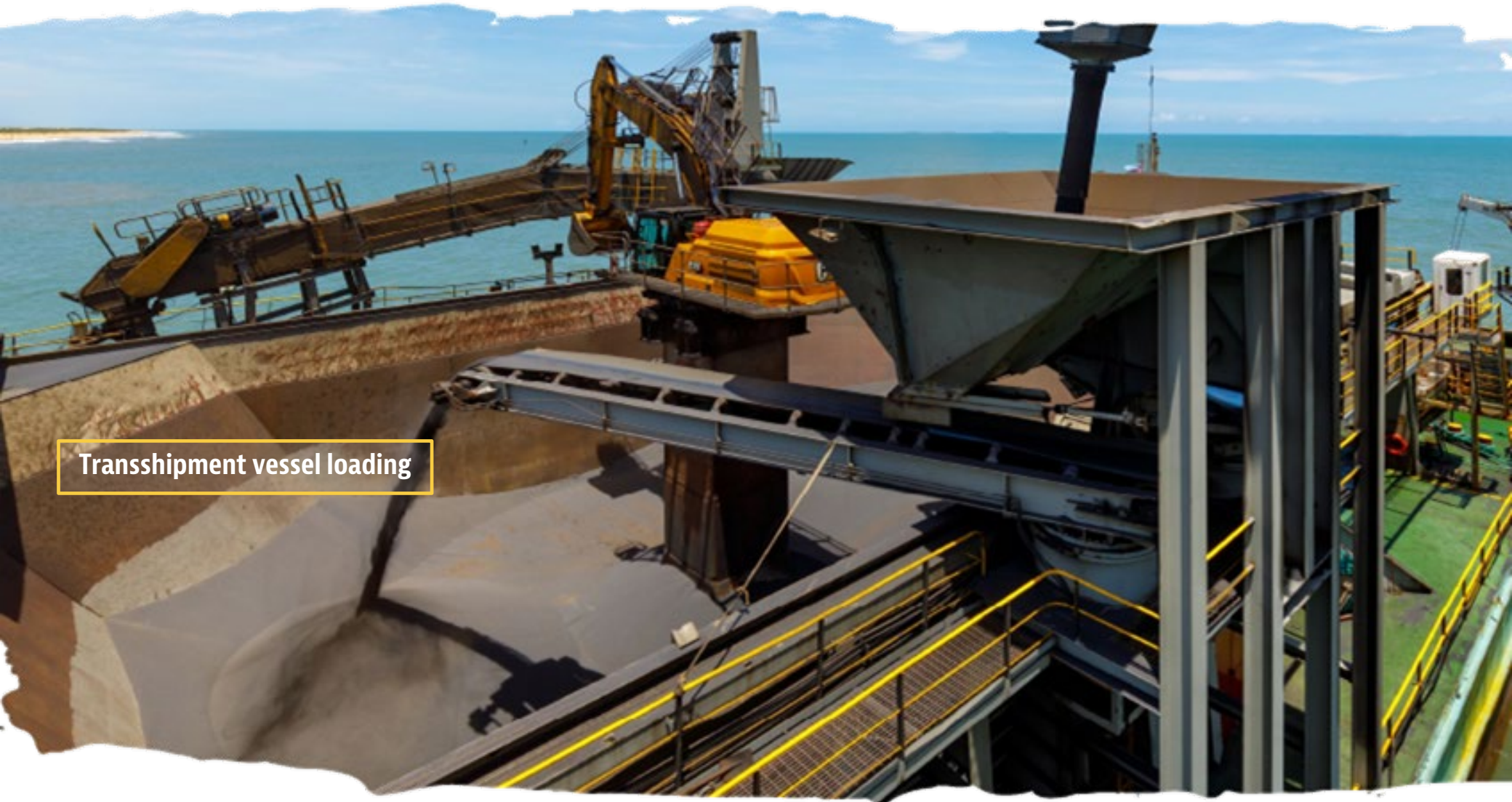


# Market update

Michael Carvill, Managing Director



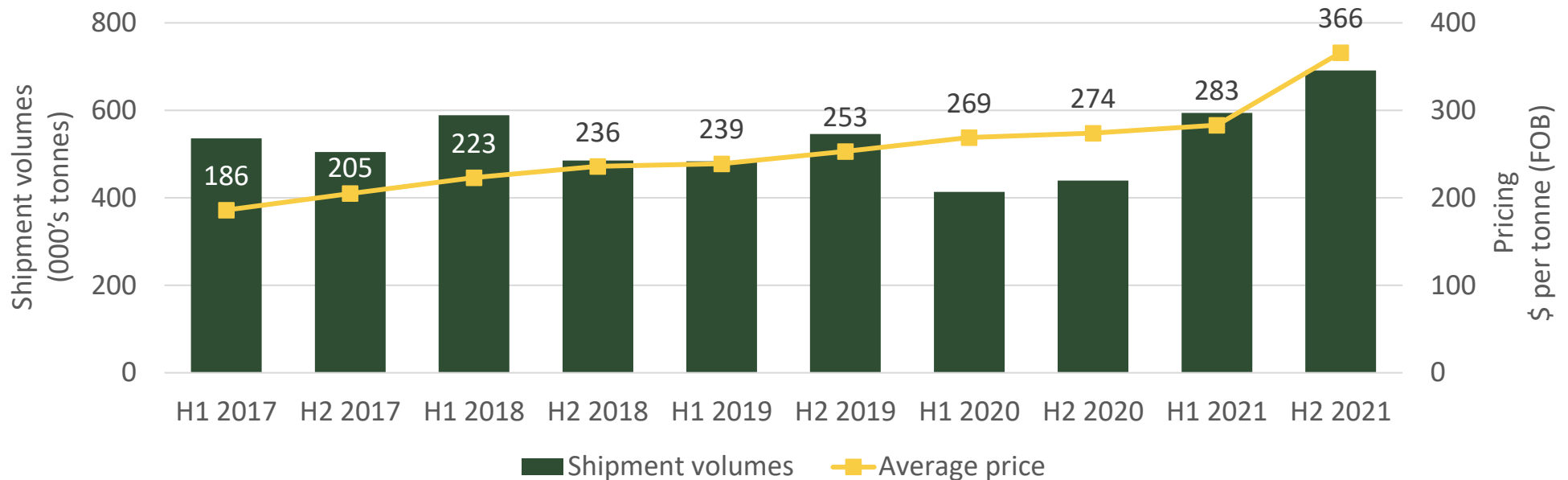
Transshipment vessel loading



# Record volumes shipped at higher average prices



2021 was a strong year for all of Kenmare's products



## Record sales in 2021

- Kenmare's increased supply required to meet market demands
- Prices increased through the year as markets tightened and global inventories were drawn to low levels
  - Received FOB prices were dampened by higher freight rates
- Positive market conditions have continued into H1 2022

# Record TiO<sub>2</sub> pigment production in 2021



## Pigment producers driving demand for Kenmare ilmenite

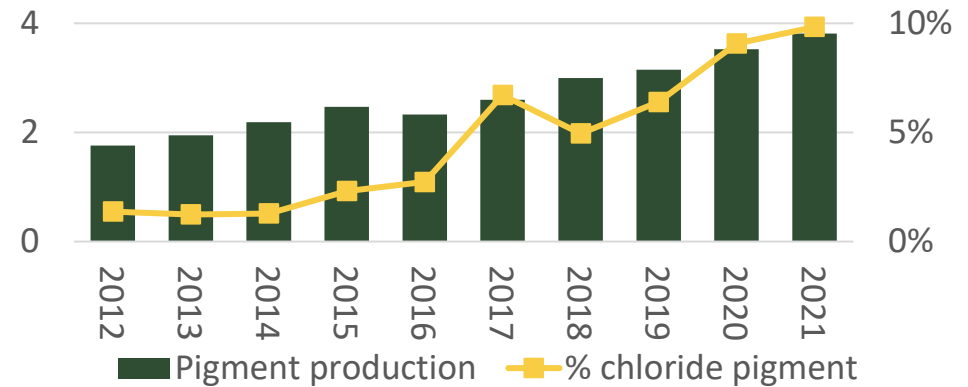
### Record TiO<sub>2</sub> pigment production in 2021

- Record pigment production supported ilmenite demand
- Pigment production grew in all major producing regions in response to strong demand for pigment
- Pigment production in China showed the largest regional growth
  - This was supported by record chloride pigment production in 2021
- Pigment and feedstock inventories were drawn down to meet downstream demand

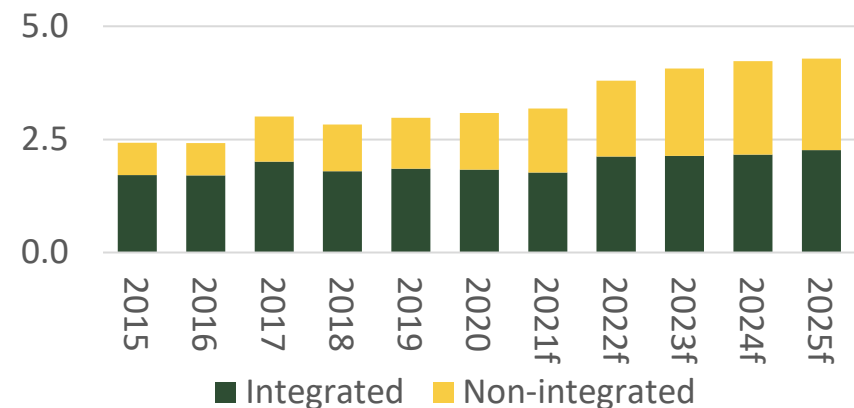
### Ilmenite beneficiation continues to grow

- Demand to upgrade ilmenite to chloride slag and synthetic rutile continues to grow each year
- Demand is predominantly driven by chloride pigment and titanium metal production growth
- Increasing requirement of ilmenite from non-captive sources
- Kenmare is a preferred supplier to these markets and further growth is expected in the coming years

### Pigment production in China (Mt)<sup>1</sup>



### Global ilmenite for beneficiation (Mt TiO<sub>2</sub> units)<sup>2</sup>

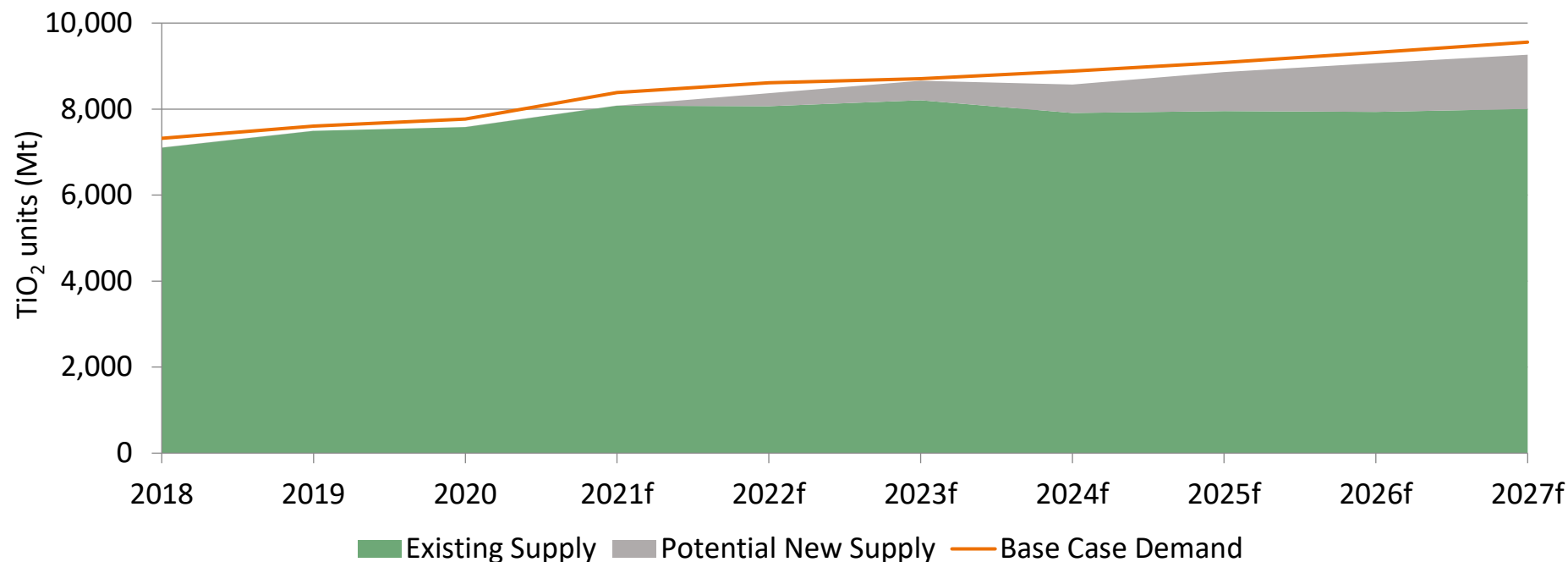


Sources: 1. Tooodudu 2. TZMI

# Titanium feedstocks remain in undersupply



## Forecast TiO<sub>2</sub> supply/demand market balance



## Strong market fundamentals expected to continue

- TiO<sub>2</sub> pigment production was unable to meet strong demand in 2021 because of insufficient feedstocks in 2021
  - Major pigment producers expect similar challenges in 2022
- Higher prices are incentivising additional supply from lower quality ilmenite and ilmenite concentrates
- Increasing feedstock supply is expected to balance the market in 2023 before a supply deficit emerges again
- Market fundamentals remain supportive of the positive pricing environment



# Strong market fundamentals continuing into 2022



Demand for all of Kenmare's products is robust

## Titanium feedstocks

- Momentum in the ilmenite and rutile market has continued into H1 2022
- Demand is exceeding Kenmare's ability to supply
  - Shipments expected to be lower due to Bronagh J dry-dock
- Titanium feedstock and pigment inventories are well below normal levels
- Favourable conditions for further price increases for ilmenite and rutile products

## Zircon

- Positive market conditions have continued into H1 2022
- Demand remains robust and the Chinese market looks firm following Lunar New Year
- Zircon sand inventories were depleted in 2021 reducing supply available in 2022
- Price increases have been announced for Q1 2022
- Potential interruptions to European ceramic supply chains as the war in Ukraine may impact zircon demand

# Outlook

Michael Carvill, Managing Director

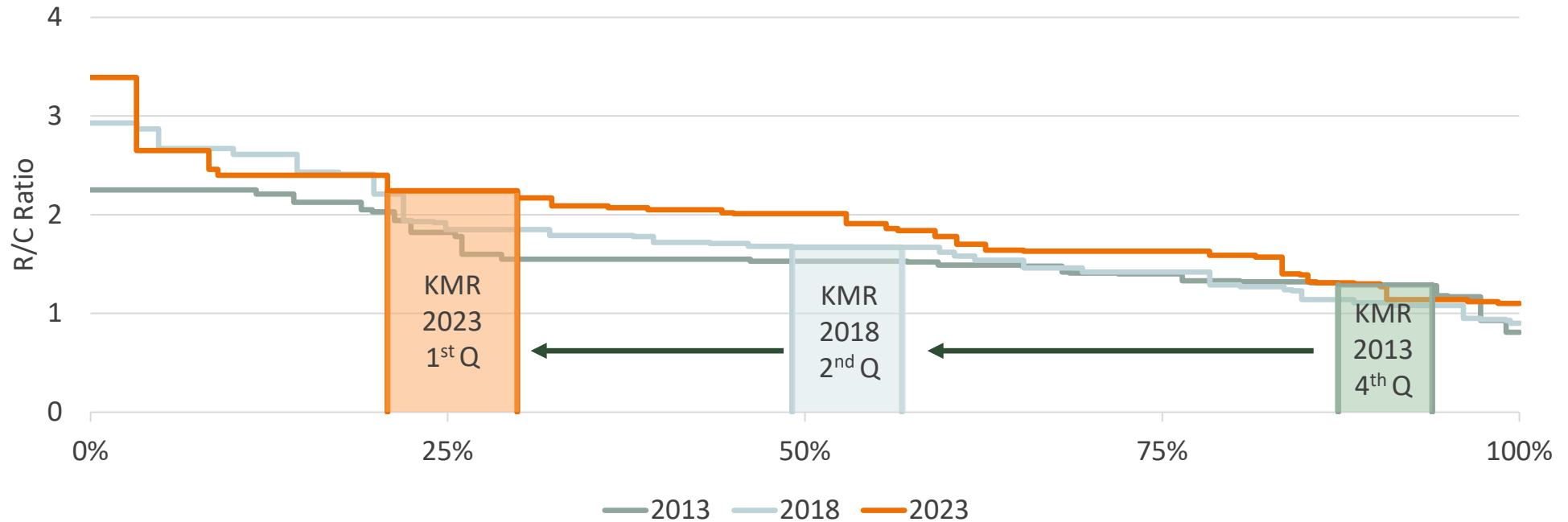


WCP A control room

# Becoming a first quartile margin producer



## Industry revenue to cash cost curves



- Kenmare is targeting a first quartile margin position
- This will lead to increased cash flow stability
- Ability to remain cash flow positive throughout the commodity price cycle

Source: TZMI

# Building on our strategy



## Strategic performance and targets

### 2021 performance

### 2022 targets

#### OPERATE RESPONSIBLY

- Record low LTIs
- Inaugural Climate Strategy Report

- RUPS commissioning
- Broad range of ESG targets set

#### DELIVER LONG LIFE, LOW COST PRODUCTION

- Ilmenite production up 48%
- 18% reduction in unit costs

- Higher forecast production in 2022
- Maintain cost control in an inflationary environment

#### ALLOCATE CAPITAL EFFICIENTLY

- Dividends up 227%
- 13.5% of shares repurchased

- Nataka PFS expected
- Reduced net debt and strong shareholder returns



# Questions?



2022 Board site visit to Moma





# Appendices



# Mineral sands: essential to modern life



## Two core product streams: titanium feedstocks and zircon

### Titanium feedstocks (ilmenite and rutile)

- $\text{TiO}_2$  pigment imparts whiteness and opacity in the manufacture of paints, plastics and paper
- Non-recyclable and difficult to substitute

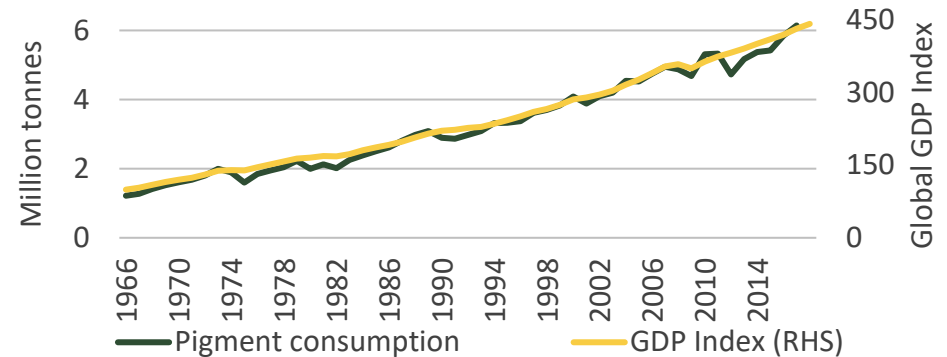
### Zircon

- An important raw material for the ceramics industry for wall tiles, floor tiles and sanitary ware
- Favoured for whiteness, opacity, high melting point and shock resistance
- Emerging market zircon and pigment demand growing rapidly

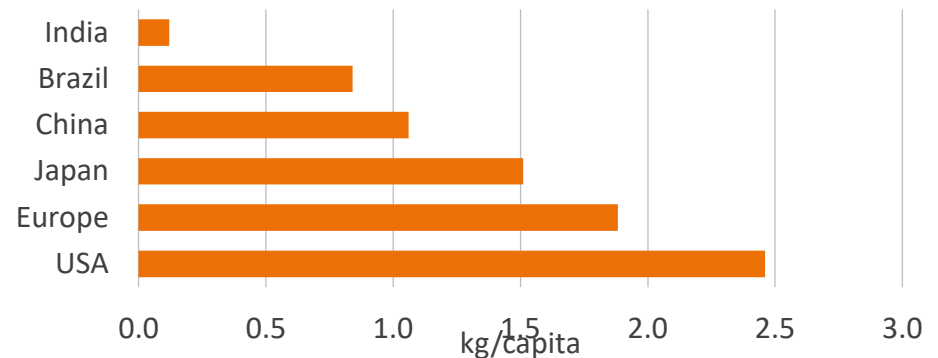
### Pigment is “quality of life” product, consumption grows as income levels increase

- Significantly higher  $\text{TiO}_2$  pigment consumption per capita in developed western economies
- Large population developing economies are set for strongest pigment and zircon demand growth

### World GDP vs $\text{TiO}_2$ pigment consumption<sup>1</sup>



### Regional pigment consumption (2017)<sup>2</sup>



Demand for Kenmare's products is driven by global GDP growth and urbanisation in emerging markets

1: Source: Company (1966 GDP base year)

2: Source: Company

# A globally significant titanium minerals deposit



## Moma Titanium Minerals Mine overview

### Tier one Mineral Resources

- >100 year life of mine at targeted production rate of 1.2 Mtpa ilmenite
- Moma is comprised of multiple ore zones – 6.4 billion tonnes of Mineral Resources
- Current mine plan runs beyond 2040

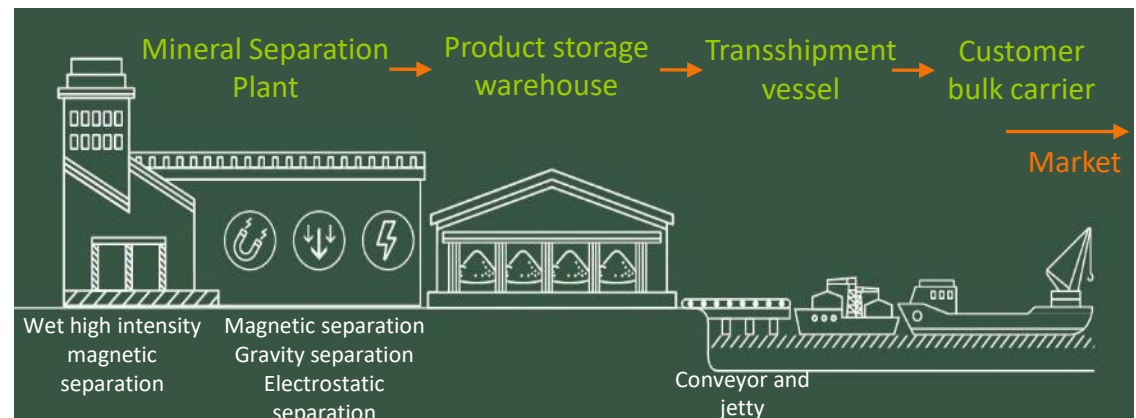
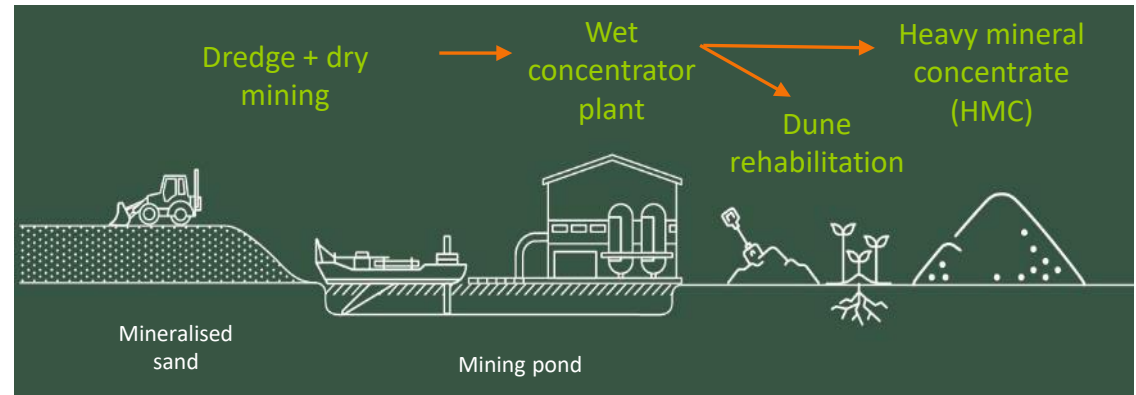
### Low cost, bulk mining operation

- Mature operation – in production since 2007
- Three Wet Concentrator Plants (WCPs) in operation – two mining the Namalope ore zone and one mining at Pilivili
- Dedicated on-site port facilities

### Low environmental impact

- Primarily hydro-generated power (>90% of power demand)
- Progressive rehabilitation of mined areas
- No chemicals used

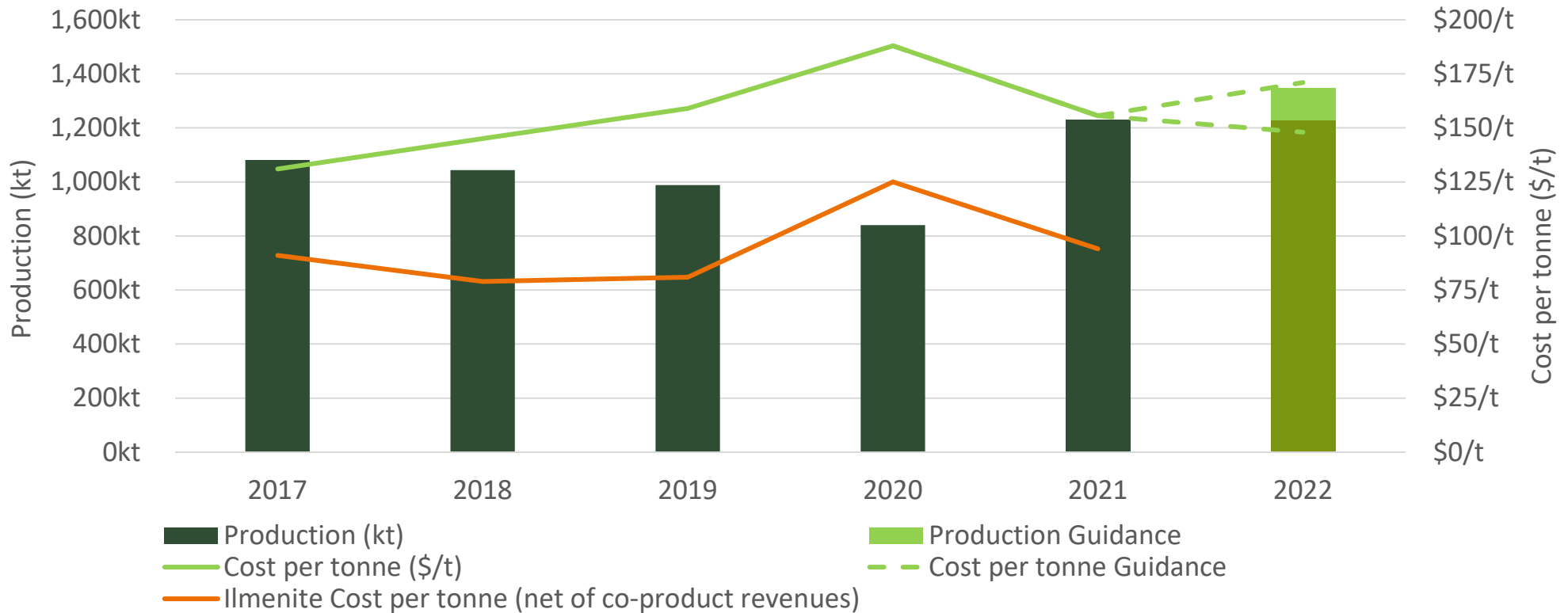
### Operational process outline



# Economies of scale reduced unit costs in 2021



## Production and cash operating cost per tonne profile



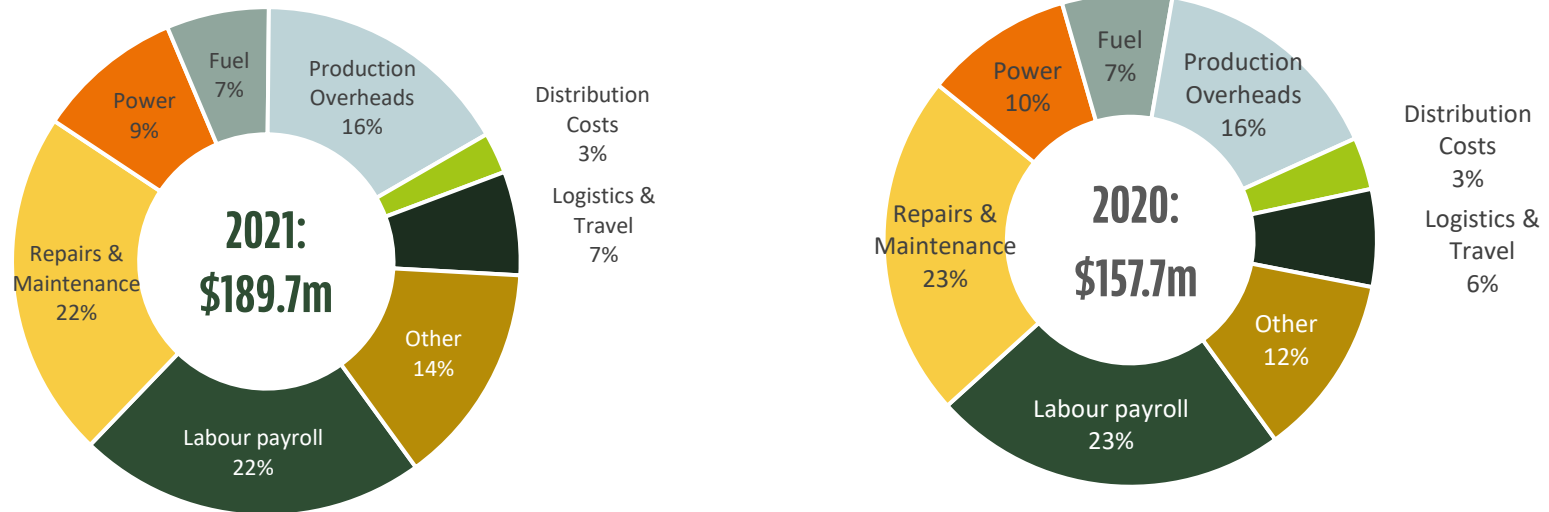
- Higher production in 2021 offset by additional costs combine to deliver a reduced cost per tonne of \$154/t
- Targeting total cash operating cost per tonne of \$148/t-\$171/t from 2022 as per guidance issued 13 January 2022

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

# Higher cash costs reflect increased production



## Total cash operating costs breakdown



### Increase in cash operating costs due to

- Labour: More staff, higher rates and FX
- Production overheads: Primarily HMC road haulage requirements in 2021, high insurance premiums and consultancy costs
- Other: Royalties (\$3m), COVID-19 management (\$2m), indirect tax provision (\$2m), admin (\$1m)
- Power and fuel: Increase primarily driven by increased production volumes



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