

Directors' remuneration report




Graham Martin
Chairman of the Remuneration Committee

MEMBERSHIP AND MEETINGS

The Remuneration Committee consists of the Non-Executive Chairman, Mr. G. Martin and Non-Executive Directors Mr. S. McTiernan, Mr. P. Bacchus, Ms. E. Headon, and Mr. G. Smith.

		Independent	Date of appointment to Committee	Meetings attended
Mr G Martin	Chairman	Yes	14/10/16	
Mr S McTiernan	Member	Yes ¹	12/03/13	
Mr P Bacchus	Member	Yes	25/05/17	
Ms E Headon	Member	Yes	21/04/11	
Mr G Smith	Member	Yes	12/03/13	

 Meetings attended

1. On appointment as Chairman of the Company.

Dear shareholders,

On behalf of the Board, I am pleased to present the Remuneration Committee's report for 2018 on Directors' remuneration.

This report is divided into three main sections:

- this statement, which provides a summary of the year under review and the Committee's intentions going forward;
- the 2018 Annual Report on remuneration which provides details of the remuneration earned by the Directors in the year ended 31 December 2018; and
- the summary of the Directors' remuneration policy, which was approved by shareholders at the 2017 AGM, and which applies for the three-year period commencing 1 January 2017.

Summary of the work of the Committee in 2018

In early 2018 most of the Committee's work focused on assessing the outcome of the key performance metrics ("KPIs") under the bonus scheme for 2017, and agreeing some modifications to those metrics for the application of the scheme in 2018. With the assistance of PwC (the Committee's remuneration advisers) who prepared benchmarking reports, we also reviewed the salaries and fees of the Executive Directors and the Chairman.

During the remainder of the year, the Committee monitored, on a quarterly basis, the performance of the Company against the KPIs and provided regular feedback to the Executive Directors.

The Committee also kept under review during the year the pay and benefits of the Executive Directors in the context of the remuneration of the Company's other employees, both at the Mine in Mozambique and in the Dublin head office. We were kept abreast of evolving plans to introduce a new remuneration and personal development policy for senior management, and during a visit to the Mine in December 2018, Elizabeth Headon and I met with senior representatives of the Mine management, including the HR Manager, for a briefing on pay and benefits policies as they relate to our employees and contractors at the Mine. The primary purpose of that meeting was to satisfy ourselves, as we did, that in accordance with our Group-wide remuneration policy our Mine staff receive pay and benefits which are competitive in the local context, with some element of performance related pay, and that they receive appropriate opportunities for development training.

The Committee formally met three times during the year. There were also a number of ad-hoc communications throughout the year on remuneration issues between members of the Committee. In December 2018, the Committee received a presentation from PwC with an update on the executive remuneration landscape generally covering matters such as the benchmarking of the Company, the views of institutional shareholders and the recent changes to the UK Corporate Governance Code affecting the Remuneration Committee and the remuneration of Executive Directors. The Committee will take these factors on board in the development of the new policy and its activities in 2019.

Performance and reward for 2018

Under the Directors' remuneration policy the Executive Directors receive a base salary (which, apart from inflationary adjustments, has not been increased since 2010), pension contributions, certain other benefits, an award of shares under the Kenmare Restricted Share Plan (KRSP) and the opportunity to earn a cash annual bonus depending on the outcome of the KPIs.

As noted by the Chairman and the Managing Director in their respective reports, 2018 was a year of robust performance for Kenmare, with increased profitability as a result of greater plant productivity and higher commodity prices together with an improved safety performance with a lost time injury frequency rate of 0.12 per 200,000 man-hours. These results are reflected in the outcome of the KPIs and consequently the bonus earned by the Executive Directors.

The performance criteria set by the Committee under the bonus scheme reflected a mix of quantitative targets and qualitative targets and were set at stretching levels for the maximum award. The maximum 100% opportunity for 2018 comprised 75% of quantitative targets (2017: 67.5%) and 25% qualitative targets (2017: 32.5%).

The quantitative targets covered metrics reflecting mineral production, financial results, certain safety and environmental matters and the timely and on-budget execution of two approved capital projects. The qualitative targets included matters such as progressing mine development projects, considering diversification projects, improving community safety and increasing the rate of land rehabilitation.

The outcome of the Committee's assessment of performance against these criteria resulted in the Executive Directors receiving a cash bonus of 57.75% of their respective bonus opportunity, which the Committee considers an appropriate result for the year.

Implementation of the Remuneration Policy for 2019

The Committee believes that the current Directors' remuneration policy remains appropriate for 2019. It is relatively simple and easily understandable, we believe it is motivating and it also allows sufficient discretion to the Committee to take account of all relevant matters affecting the Company or its performance in the year. For 2019 we are proposing to retain the existing structure subject to some changes to the performance metrics to reflect corporate and individual priorities for the year. Further details of the intended implementation of the Remuneration Policy for 2019 are set out on page 77.

Shareholder dialogue

Your views on executive remuneration are very important to the Board. In particular, during 2019 we will be formulating a new three-year remuneration policy to put before you for consideration at the AGM in 2020, and so should you have any questions, comments or feedback on remuneration matters at Kenmare I would be very pleased to hear from you. I can be reached via the Company Secretary at dcorcoran@kenmareresources.com.

I hope you will vote in support of the Remuneration Report at the forthcoming AGM.

As usual, I am very grateful for the support and guidance given to me throughout the year by my fellow members of the Remuneration Committee and Deirdre Corcoran, the Company Secretary.

Graham Martin

Chairman of the Remuneration Committee

29 March 2019

Directors' remuneration report continued

ANNUAL REPORT ON REMUNERATION 2018

Composition and role of the Remuneration Committee

The Remuneration Committee comprises five independent Non-Executive Directors: Mr. G. Martin (Chairman), Mr. P. Bacchus, Ms. E. Headon, Mr. S. McTiernan and Mr. G. Smith. Further details regarding the members of the Remuneration Committee, including their biographies and lengths of service are set out on pages 58 and 59. The Company Secretary acts as Secretary to the Committee. The Managing Director and Financial Director may be invited to attend meetings of the Committee, except when their own remuneration is being discussed. No Director is involved in consideration of their own remuneration.

The role and responsibilities of the Remuneration Committee are set out in its written terms of reference, which are available on request and a summary is available on the Company's website, www.kenmareresources.com.

The Committee is responsible for determining the policy for the remuneration of the Executive Directors and for monitoring and reviewing the level and structure of remuneration throughout the Group. In this regard the Committee gives full consideration to legal and regulatory requirements, to the principles and provisions of the UK Corporate Governance Code and to related guidance. The Committee also seeks to ensure that risk is properly considered in the setting of the remuneration policy, by ensuring that targets are appropriately stretching but do not lead to the taking of excessive risk.

The Committee determines the remuneration packages of the Executive Directors, including salary, bonuses, share awards, pension rights and other benefits. The Committee also determines the fees for the Chairman.

The Remuneration Committee seeks independent advice when necessary from external remuneration consultants. During the year, the Committee received independent external advice from PwC, which has no other connection with the Company. PwC charges fees on a time and materials basis and during the year ended 31 December 2018 the total fees payable to PwC in respect of these services was £38,000. PwC is a member of the Remuneration Consultants Group and a signatory of the Group's Code of Practice for remuneration consultants. The Committee reviews the services and advice provided by PwC each year and is satisfied that the advice it receives is independent and objective.

The Committee met three times during the year ended 31 December 2018. Details of Directors' and Secretary's attendance at Remuneration Committee meetings as well as individual attendance at all Board and Committee meetings are set out on page 62.

The main agenda items included remuneration trends and benchmarking, performance metrics, KIP and KRSP awards, consideration of UK Corporate Governance Code changes in so far as they are likely to affect the role and remit of Remuneration Committee, and an overall review of the Committee's terms of reference.

Directors' remuneration

The following table sets out the total remuneration for Directors for the year ended 31 December 2018 and the prior year. There was no increase in the base salary of Executive Directors during 2018 (differences in figures in the table reflect movements in conversion rates between Euros and US Dollars at the relevant dates).

	Salary and fees		All taxable benefits		Cash bonus and deferred shares		Total emoluments		LTIP			Pension		Total	
	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000	KRSP 2018 ⁽ⁱⁱⁱ⁾ US\$'000	KIP 2018 ^(iv) US\$'000	KRSP 2017 ⁽ⁱⁱⁱ⁾ US\$'000	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
Executive Directors															
M. Carvill	649	621	12	12	375	366	1,036	999	512	49	467	65	62	1,662	1,528
T. Fitzpatrick ⁽ⁱ⁾	152	304	3	5	53	108	208	417	137	8	138	8	30	361	585
T. McCluskey	428	410	7	6	247	242	682	658	338	39	308	43	41	1,102	1,007
Subtotal	1,229	1,335	22	23	675	716	1,926	2,074	987	96	913	116	133	3,125	3,120
Non-Executive Directors															
P. Bacchus ⁽ⁱⁱ⁾	81	47	—	—	—	—	81	47	—	—	—	—	—	81	47
S. Bianchi ⁽ⁱⁱ⁾	—	40	—	—	—	—	—	40	—	—	—	—	—	—	40
C. Fonseca ⁽ⁱ⁾	34	—	—	—	—	—	34	—	—	—	—	—	—	34	—
E. Headon	94	86	—	—	—	—	94	86	—	—	—	—	—	94	86
T. Keating	67	65	—	—	—	—	67	65	—	—	—	—	—	67	65
G. Martin	88	82	—	—	—	—	88	82	—	—	—	—	—	88	82
S. McTiernan	224	214	—	—	—	—	224	214	—	—	—	—	—	224	214
G. Smith	97	93	—	—	—	—	97	93	—	—	—	—	—	97	93
Subtotal	685	627	—	—	—	—	685	627	—	—	—	—	—	685	627
Total	1,914	1,962	22	23	675	716	2,611	2,701	987	96	913	116	133	3,810	3,748

(i) Mr. C. Fonseca was appointed to the Board on 1 July 2018 and Mr. T. Fitzpatrick stepped down from the Board on that date. The fees set out in the table above relate to the period of their respective directorship.

(ii) Mr. P. Bacchus was appointed to the Board on 25 May 2017 and Ms. S. Bianchi stepped down from the Board on that date. The fees set out in the table above relate to the period of their respective directorship.

(iii) The LTIP KRSP for 2018 and 2017 refer to the KRSP awards earned in the year. Awards under the KRSP are made 100% in shares which vest, subject to continued employment, 60% on the third anniversary of grant and 20% on each of the fourth and fifth anniversary of grant.

(iv) The LTIP KIP for 2018 relates to the performance element of the 2015 KIP awards which are due to vest in July 2019, based on the performance measured to 31 December 2018.

(v) No share options were exercised in 2018 or 2017.

(vi) The underlying currencies of Directors' emoluments are Euros and US Dollars.

(vii) This disclosure forms an integral part of the financial statements.

There has been no increase in the Non-Executive Directors' fees since 2011.

Executive and Non-Executive Directors' fees for services as Directors provided to the Company and the entities controlled by the Company are US\$3.1 million (2017: US\$3.1 million) and US\$0.7 million (2017: US\$0.6 million) respectively. These figures have been calculated based on the requirements of the UK's Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the "Regulations"), to which the Company has regard. Consultancy fees paid to Ms. S. Bianchi were for non-executive services as a Director provided to the Group.

2018 annual bonus award

The performance metrics of the 2018 annual bonus award sought to deliver continuous and stretching progress in relation to operational performance, cost efficiency and capital expenditure management, health and safety initiatives, and corporate objectives. Performance targets for 2018 were identical for all Executive Directors.

The maximum opportunity under the annual bonus award for 2018 was 100% of base salary for the Managing Director and Financial Director and 60% of base salary for the Technical Director.

Directors' remuneration report continued

ANNUAL REPORT ON REMUNERATION 2018 CONTINUED

2018 annual bonus award continued

Performance targets and outcomes for the 2018 financial year were as follows:

2018 annual bonus outcome	Weighting	Performance needed for pay-out at		
		Threshold (25% of maximum vests)	Target (50% of maximum vests)	Stretch (100% of maximum vests)
Operational				
Ilmenite production (tonnes)	15%	902,785	950,300	1,000,000
Rutile production (tonnes)	2.5%	6,660	7,400	8,140
Zircon production (tonnes)	2.5%	61,290	68,100	74,910
Standard zircon production	5%	25,470	28,300	31,130
Financial				
EBITDA	15%	\$62m	\$103m	\$144m
Direct production costs	5%	\$148m	\$135m	\$121m
Cost per tonne	5%	\$151	\$137	\$123
TSR	10%	£3.20	£3.34	£3.48
HSE				
LTIFR per 200,000 man-hours	5%	0.39	0.30	0.20
Community safety	2.5%	Working safely with the community; putting into practice lessons learned from previous incidents; and demonstrating measures are in place to minimise community safety incidents related to operations.		
Safety – other	2.5%	Continuation of the NOSA 5 star industry safety rating; a material improvement in malaria statistics; learning from incidents and close out of over 80% of previous year’s issues; and a positive insurance inspection report.		
Environmental breaches	2.5%	No material spills of hazardous waste.		
Environmental – other	2.5%	The extent to which the rehabilitation plan is ahead of target; regular, constructive engagement with the local population on environmental issues; and continued compliance with all relevant laws and regulations.		
Project Execution				
Execution of capital projects	7.5%	This related to the efficient execution of the two approved capital projects: WCP B upgrade and the Monazite Project (now called mineral sands concentrate). The projects were given equal weighting (3.75% each).		
Strategic				
Other strategic targets	17.5%	These were various strategic targets considered materially important for the Company in 2018, including: making substantial progress on the various development projects under review to maximise utilisation of the MSP; the consideration of projects which would diversify the business; a clear strategy for commencement of dividends; a review of KMAD; the upgrade of various corporate systems; and improving liquidity in the Company’s shares.		
Total				

(i) Formulaic level of award equates to the weighting multiplied by the proportion of element vesting.

Overall, the outcome of the scorecard and therefore outcome for Mr. M. Carvill and Mr. T. McCluskey was 57.75% of maximum. The outcome for Mr. T. Fitzpatrick was 34.65%. The Committee believes this appropriately reflects the Executive Directors' performance during the year and the Company's results, and therefore has not applied further discretion to this outcome. The 2018 annual bonus award was delivered 100% in cash.

Performance achieved	Proportion of element vesting %	Formulaic level of award % maximum % ⁽¹⁾
958,455	58.2	8.73
8,154	100.0	2.50
74,692	98.4	2.46
27,528	43.2	2.16
\$93m	44.2	6.62
\$143m	35.4	1.77
\$145	35.6	1.78
£1.94	—	—
0.12	100.0	5.00
Good progress was made in developing and implementing a “safety in the community programme”, including educational programmes, radio messaging and the use of community theatre groups. Particular effort was placed on road traffic education. However, despite these efforts there were some road traffic and other fatal accidents involving community members and the Committee determined that no award should be made in respect of this measure.	—	—
Kenmare retained the demanding NOSA 5 start rating; there was a 13% reduction in malaria compared to the previous three-year average and a material reduction in resulting lost work days; over 98% of outstanding actions were closed; and the Company received a favourable insurance risk review.	100.0	2.50
There were no material spills.	100.0	2.50
There was a good rehabilitation performance but the plan was not fully achieved for a number of operational reasons; there were good communications with the local population, particularly around resettlement plans; and the Company was in full compliance with all relevant laws and regulations.	80.0	2.00
WCP B upgrade was commissioned safely and significantly below budget. Some residual works have been required to enhance consistent delivery of the new run-rate with these works to be completed in 2019. The Committee awarded 90% achievement. The mineral sands concentrate project was successfully commissioned on time and budget in November. Sales and shipping negotiations have begun. The Committee awarded 100% achievement.	95.1	7.13
These targets were weighted according to their significance with higher weighting given to progress on the development projects and to diversification. The Committee's assessment was that excellent progress had been made on updating and optimising the mine plan and a clear pathway was delivered to take full advantage of the 1.2Mt ilmenite capacity of the MSP; various diversification projects were presented to the Board, some of which are still being considered; various corporate hurdles to allow dividends were overcome; KMAD governance was refreshed and a new strategic plan is now underway; and some corporate systems were successfully upgraded but liquidity in the trading of the Company's shares remains an issue.	72.0	12.60
		57.75

Directors' remuneration report continued

ANNUAL REPORT ON REMUNERATION 2018 CONTINUED

Total pension entitlements

Pension provision for the Executive Directors was made in 2018 based on 10% of base salary, in line with the remuneration policy. Fees paid to Non-Executive Directors are not pensionable. No Director has a prospective entitlement to a defined benefit pension by reference to their service as a Director.

Scheme interests vested during the year

During the year the three-year performance period set to determine the vesting of the 2015 KIP ended. The share-based portion of the 2015 KIP award will vest in July 2019 as follows:

- 25% based on continued employment;
- 12.5% based on Kenmare's total shareholder return (TSR) for the relevant period relative to the FTSE 250 Index;
- 12.5% based on Kenmare's TSR for the relevant period relative to the FTSE/MSCI; and
- 50% based Kenmare's absolute TSR exceeding 10% pa.

In each case TSR performance is measured in Sterling over the period 1 January 2016 to 31 December 2018, with averaging over the period of one month immediately before the beginning and end of the performance period. The table below sets out the Company's TSR performance over the 2015 KIP three-year performance period compared to the hurdles of each element.

	Kenmare	FTSE 250 Index	FTSE Mining Index	Absolute TSR
TSR performance/hurdle	124.7%	11.3%	157.4%	33.1%

Kenmare's TSR performance has been measured from a base of 85.1 pence (being the average share price over December 2015, adjusted to allow for the consolidation and open offer elements of the capital changes in 2016). This compares to the average share price over December 2018 of 191.2 pence.

On this basis vesting on 9 July 2019 will be as follows:

2015 KIP award	M. Carvill	T. McCluskey	T. Fitzpatrick
Performance shares vesting			
FTSE 250 Index	3,438	2,762	1,117
Absolute TSR	13,751	11,048	4,466
	17,189	13,810	5,583
Performance shares not vesting			
FTSE Mining Index	3,438	2,762	1,117

Scheme interests awarded during the year

Share awards were made under the KRSP on 15 March 2018 as set out on page 76. These awards represent 75% of base salary for Mr. M. Carvill and Mr. T. McCluskey and 45% of the base salary of Mr. T. Fitzpatrick based on a share price of £2.45 at the date of award. The value of award totalled £0.7 million. Awards under the KRSP are made 100% in shares which vest, subject to continued employment, 60% on the third anniversary of grant and 20% on each of the fourth and fifth anniversary of grant.

Payments for loss of office

No payments for loss of office were made during the year. On 1 July 2018 Mr. T. Fitzpatrick retired from the Board. His outstanding share awards will continue in the usual way and so have been disclosed in this report.

Payments to past Directors

There were no payments to past Directors in the year in respect of services as a Director. There were payments to past Directors in the year in respect of employment and other contractual services for the Company other than a Director.

Directors' and Secretary's shareholdings

The interests of the Secretary and Directors who held office during 2018, their spouses and minor children in the ordinary share capital of the Company were as follows:

	Shares held 29 March 2019	Shares held 31 December 2018	Shares held 1 January 2018
P. Bacchus	—	—	—
M. Carvill ⁽ⁱ⁾	77,575	77,575	77,575
T. Fitzpatrick	10,122	10,122	10,122
C. Fonseca	—	—	—
E. Headon	5,033	5,033	5,033
T. Keating	—	—	—
G. Martin	57,820	57,820	37,320
T. McCluskey ⁽ⁱⁱ⁾	44,357	44,357	35,334
S. McTiernan	117,215	117,215	69,596
G. Smith	20,078	20,078	20,078
D. Corcoran (Secretary)	6,334	6,334	6,334

(i) 3,750 shares held by a Carvill Family Trust for the children of Mr. M. Carvill are included in his holding.

(ii) Shareholding requirements of 250% of salary apply for the Managing Director and Financial Director. This shareholding can be built up over the period to 25 May 2022.

Directors' and Secretary's share options, KIP and KRSP

Details of the share options of the Secretary and Executive Directors who held office at 31 December 2018, granted in accordance with the rules of the share option scheme, are as follows:

Share Options

	1 Jan 2018	Granted during 2018	Exercised or transferred during 2018	Lapsed during 2018	31 Dec 2018	Average option price £	Option price range From £	Option price range To £
M. Carvill	14,973	—	—	(8,306)	6,667	88.22	88.22	88.22
T. Fitzpatrick	5,000	—	—	(2,500)	2,500	88.22	88.22	88.22
T. McCluskey	10,017	—	—	(4,600)	5,417	88.22	88.22	88.22
D. Corcoran (Secretary)	6,750	—	—	—	6,750	63.87	54.40	75.40

The latest exercise date for the share options shown in the table above is September 2020. The share option period may be extended at the discretion of the Board.

The share price at the year end was £1.91 and the share price range for the year was between £1.82 and £2.83.

None of the Non-Executive Directors held share options during the period.

KIP

Details of the Executive Directors' outstanding KIP interests as at 31 December 2018 are as follows:

		Unvested KIP interest subject to performance conditions	Date of vesting	Unvested KIP interest not subject to performance conditions	Date of vesting	Vested KIP interest
M. Carvill	2014 KIP award	5,961	6 July 2019	1,987	6 July 2019	—
	2015 KIP award	20,627	6 July 2019	18,663	6 July 2019	—
	2016 KIP award	193,976	31 March 2020	64,659	31 March 2020	—
T. McCluskey	2014 KIP award	4,576	6 July 2019	1,525	6 July 2019	—
	2015 KIP award	16,573	6 July 2019	14,994	6 July 2019	—
	2016 KIP award	128,017	31 March 2020	42,672	31 March 2020	—
T. Fitzpatrick	2014 KIP award	1,818	6 July 2019	606	6 July 2019	—
	2015 KIP award	6,669	6 July 2019	6,061	6 July 2019	—
	2016 KIP award	56,134	31 March 2020	18,711	31 March 2020	—

Directors' remuneration report continued

ANNUAL REPORT ON REMUNERATION 2018 CONTINUED

KRSP

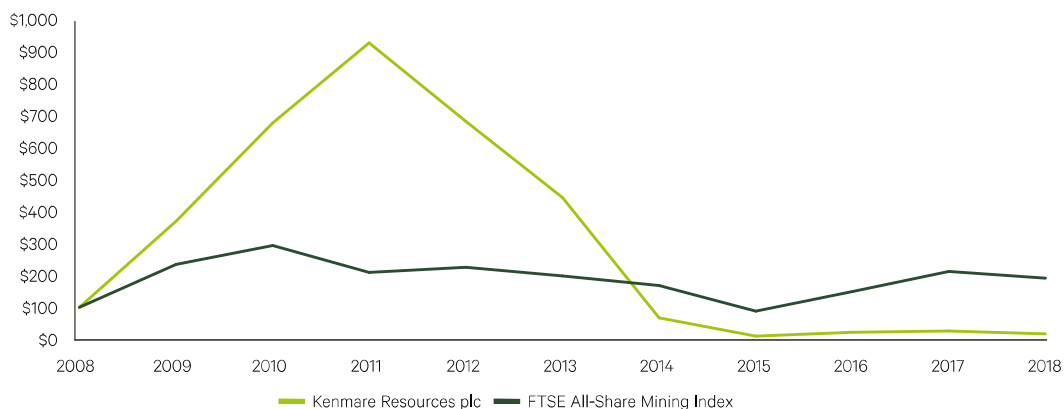
Details of the Executive Directors' outstanding KRSP interests as at 31 December 2018 are as follows:

	Date of grant	Unvested KRSP interests	Vested KRSP interests
M. Carvill	26 May 17	134,466	—
	15 Mar 18	149,362	—
T. McCluskey	26 May 17	88,743	—
	15 Mar 18	98,574	—
T. Fitzpatrick	26 May 17	39,737	—
	15 Mar 18	39,994	—

The above KRSP awards vest subject to continued employment, 60% on the third anniversary of grant date, 20% on fourth anniversary and 20% on fifth anniversary.

Performance graph and table

The value at 31 December 2018 of US\$100 invested in 2008 compared with the value of \$100 invested in the FTSE All Share Mining Index is shown in the graph below:



The remuneration paid to the Managing Director in the past nine years is set out below:

Year	Name	Single figure of total remuneration US\$'000	Bonus pay-out (as % maximum opportunity)	Long-term incentive vesting rates (as % maximum opportunity)
2018	M. Carvill	1,662	58%	83.3%
2017	M. Carvill	1,528	59%	0%
2016	M. Carvill	1,340	66% ⁽¹⁾	N/A
2015	M. Carvill	744	22% ⁽¹⁾	N/A
2014	M. Carvill	967	26% ⁽¹⁾	N/A
2013	M. Carvill	809	0%	0%
2012	M. Carvill	783	0%	N/A
2011	M. Carvill	1,035	37%	N/A
2010	M. Carvill	784	48%	N/A
2009	M. Carvill	896	86%	N/A

⁽¹⁾ Amount shown reflects the cash and deferred share award under the KIP, part of which is conditional on long-term performance.

In line with the Regulations, to which the Company has regard, figures shown in the table above relate to remuneration for performance each year.

Percentage change in Managing Director remuneration

The table below compares the percentage change in the Managing Director's salary, taxable benefits and annual bonus with the whole employee population comparing 2018 with 2017.

	Salary % change	Taxable Benefits % change	Bonus % change
Managing Director	—	4	2
Average employee pay	9	—	57

The underlying currency of the Managing Director's salary is Euro.

Relative importance of spend on pay

Significant distributions	Disbursements from profit		Change US\$'000
	2018 US\$'000	2017 US\$'000	
Overall spend on pay including Directors	43,381	37,865	5,516
Profit distributed by way of dividend or share buyback	—	—	—
Group cash operating costs	151,300	141,600	9,700

Employee numbers throughout the Group increased from 1,365 in 2017 to 1,420 in 2018.

Group cash operating costs have been included in the table in order to give a context to spend on pay relative to the overall cash operating costs.

Statement of implementation of policy in 2019

Base salary

The base salaries for the forthcoming year are set out below:

Executive Director	2019 US\$'000	2018 US\$'000	% change
M. Carvill	649	649	—
T. McCluskey	428	428	—

The underlying currency of Mr. M. Carvill and Mr. T. McCluskey's base salaries is Euro. The US Dollar figures shown above for 2019 have been calculated using the average 2018 Euro to US Dollar exchange rate. The final US Dollar figure for 2019 will vary depending on exchange rate movements.

Annual bonus

The incentive opportunity for the Executive Directors under the incentive scheme for 2019 will be as follows:

Executive Director	On-target incentive (% of salary)	Maximum incentive (% of salary)
M. Carvill	50%	100%
T. McCluskey	50%	100%

The performance metrics for 2019 annual bonuses and their associated weightings are as follows:

Area	Measure	Weight	
		M. Carvill	T. McCluskey
Operational	Ilmenite, rutile and concentrates production volume	25%	25%
Financial	EBITDA	10%	10%
	Total cash operating costs	10%	10%
	Cash cost per tonne	5%	5%
	Total shareholder return	10%	10%
Safety and environment	Safety – LTIFR and community	10%	10%
	Environment	5%	5%
Corporate	Project execution	15%	7.5%
	Other corporate	10%	17.5%

Directors' remuneration report continued

ANNUAL REPORT ON REMUNERATION 2018 CONTINUED

Annual bonus continued

The performance metrics as set out on page 77 seek to deliver ongoing progress in relation to operational performance, cost efficiency, health and safety initiatives, and strategic corporate objectives. Full details of the performance targets associated with these measures are considered by the Directors to be commercially sensitive and are not disclosed in advance. Target levels of performance and actual outcomes relative to the targets will be disclosed retrospectively in next year's Directors' Remuneration Report.

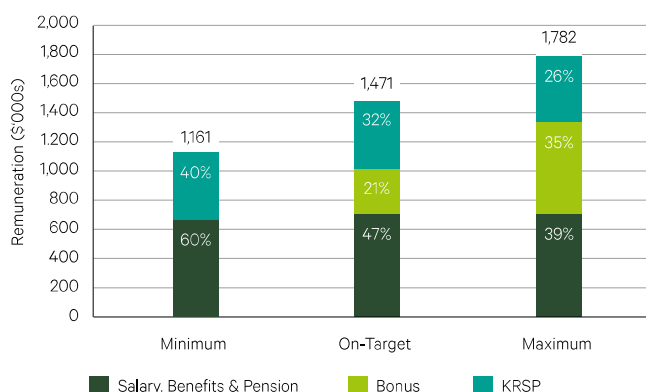
Kenmare Restricted Share Plan (KRSP)

The KRSP was introduced in 2017 as part of the Directors' remuneration policy in order to provide the Executive Directors with the opportunity to build up over five years a meaningful shareholding in the Company and so to provide alignment with the shareholders and the long-term sustainable performance of the business. Having considered the original objectives of the KRSP, the Company's and the Executive Directors' performance in 2018 and other relevant factors the Remuneration Committee has determined that the award levels for the Executive Directors under the KRSP in 2019 will be 75% of base salary. As set out in the KRSP, the share price used will not be less than £2.32, the open offer price for the 2016 capital raise.

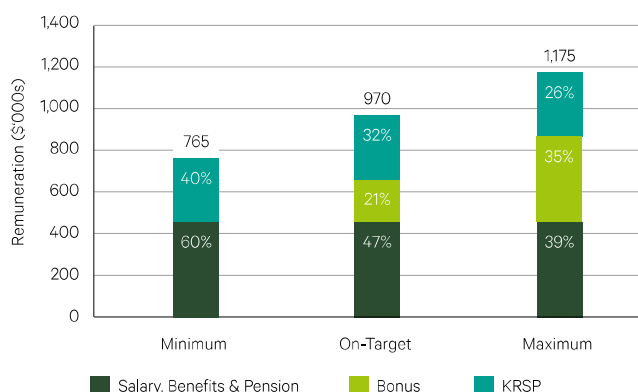
Illustrations of application of remuneration policy

The total remuneration opportunity in 2019 for each of the Executive Directors is shown below under three different performance scenarios: (i) minimum; (ii) on-target; and (iii) maximum. The elements of remuneration have been based on the policy for 2017 as set on pages 79 to 83 and have been categorised into three components: (i) salary, benefits and pension; (ii) annual bonus; and (iii) share awards under the KRSP, with the assumptions set out below:

Managing Director



Financial Director



Element	Minimum	On-target	Maximum
Salary, benefits and pension	Included	Included	Included
Annual bonus	No variable payable	50% of the maximum opportunity	100% of the maximum opportunity
Share awards under the KRSP	100% of the maximum opportunity	100% of the maximum opportunity	100% of the maximum opportunity

Statement of voting at Annual General Meeting

The table below shows the outcome of the advisory vote on the Directors' Remuneration Report and Directors' remuneration policy at the 2018 AGM.

Item	Votes for	%	Votes against	%	Votes withheld
Advisory vote on 2017 DRR	66,679,604	96.68	2,290,775	3.32	806

This report was approved by the Board of Directors and signed on its behalf by:

Graham Martin

Chairman of the Remuneration Committee

29 March 2019

DIRECTORS' REMUNERATION POLICY REPORT

Introduction

The Directors' remuneration policy (the "policy") as summarised below was approved by a shareholder vote at the Annual General Meeting on 25 May 2017 and applies for the period of three years from the date of approval. For clarity, a summary of the policy is included in this report. The full policy can be found in the 2016 Annual Report, which is available under the Investors section of our website, www.kenmareresources.com.

Principles

Kenmare's Group-wide remuneration policy is designed to ensure that:

- the Company can attract, develop and retain high-performing and motivated employees in a competitive international market;
- employees are offered a competitive and market aligned remuneration package; and
- employees are incentivised to create sustainable results and are rewarded for high performance.

Applying these Group principles to the Executive Directors, the Board seeks to align the long-term interests of Executive Directors with those of shareholders, within the framework set out in the UK Corporate Governance Code.

The Remuneration Committee seeks to ensure:

- that Executives are rewarded in a fair and balanced way for their individual and team contribution to the Group's performance;
- that Executives receive a level of remuneration that is appropriate to their scale of responsibility and individual performance;
- that the overall approach to remuneration has regard to the sector within which the Group operates and the markets from which it draws its Executives; and
- that risk is properly considered in setting the remuneration policy and in determining remuneration packages, with a focus on simplicity, transparency and the promotion of long-term alignment with shareholders.

Remuneration policy for 2017 onwards

The remuneration policy set out on pages 79 to 83 covers the three-year period between the 2017 AGM and the 2020 AGM and its presentation complies, on a voluntary basis, with the relevant regulations set out in the UK's Large and Medium-sized Companies and Groups (Accounts and Report) (Amendment) Regulations 2013.

The main components of the remuneration policy and how they are linked to and support the Company's business strategy are summarised in the table below.

Element of remuneration	How the element supports our strategic objectives	Operation of the element including any provision for malus or clawback	Maximum potential value	Performance metrics, weighting, minimum pay-out and time period (where applicable)
Base salary	Supports the recruitment and retention of Executive Directors, recognising the scope and responsibility of the roles and the individual's skills and experience.	<p>Reviewed annually with increases generally effective from 1 January.</p> <p>When determining levels, consideration is given to:</p> <ul style="list-style-type: none"> • Company performance; • the performance of the Executive over the previous twelve months; • the salary review for all employees for the coming year; • retention risk and the ability to replace higher-value skills if needed in the market; and • benchmark data of other UK and Irish listed companies of similar market capitalisation and practice in the global mining sector; and inflation. 	<p>Base salaries for Executive Directors are at the discretion of the Remuneration Committee but will generally be increased with the cost of living and with consideration to general Company increases.</p> <p>The only exceptions to this rule are where:</p> <ul style="list-style-type: none"> • there is a significant movement in the benchmark data for that role; or • an individual is brought in below market level with a view to increasing base pay over time to reflect proven competence in role; or • there is a material increase in scope or responsibility of the Executive Director's role. 	None.

Directors' remuneration report continued

DIRECTORS' REMUNERATION POLICY REPORT CONTINUED

Remuneration policy for 2017 onwards continued

Element of remuneration	How the element supports our strategic objectives	Operation of the element including any provision for malus or clawback	Maximum potential value	Performance metrics, weighting, minimum pay-out and time period (where applicable)
Annual bonus	To ensure market competitive package and to incentivise Executive Directors to achieve the Company's business objectives.	<p>Based on the level of performance over the financial year, the annual bonus will be paid in cash shortly after the end of the relevant financial year up to a maximum cash payment of 75% of base salary. Where the annual bonus achieved exceeds 75% of base salary, Executive Directors will, in respect of the excess, be granted restricted shares under the KRSP, which will vest three years from the start of the annual bonus performance period.</p> <p>The Remuneration Committee will have the discretion to adjust the results of the outcome of the scorecard if it believes this does not accurately reflect the underlying performance or align with the experience of shareholders. If the Remuneration Committee, in exceptional circumstances, believes that payment in cash is not appropriate it will instead be able to make an award of restricted shares of equivalent value. Such restricted shares would not be subject to forfeiture but would be subject to a minimum retention period.</p> <p>Clawback, in each case only if malus is applicable, will apply to cash annual bonus awards for two years from the date of payment.</p> <p>Annual bonus awards made in the form of restricted shares will be subject to malus during the vesting period. Clawback, in each case only if malus is applicable, will apply to these for two years post-vesting.</p>	The maximum annual opportunity is 100% of base salary.	<p>Performance is measured over the financial year.</p> <p>Performance metrics and targets are determined at the start of each year by the Remuneration Committee and will consist of a balanced scorecard of financial and non-financial measures. The Remuneration Committee has the discretion to vary the weighting of the metrics or to substitute different measures over the lifetime of the policy to take account of changes in business strategy and/or external market conditions, but a significant proportion of the bonus scorecard must be weighted towards financial and operational metrics.</p> <p>The targets and actual levels of performance will be disclosed retrospectively within the implementation section of the Company's Directors' Remuneration Report.</p>

Element of remuneration	How the element supports our strategic objectives	Operation of the element including any provision for malus or clawback	Maximum potential value	Performance metrics, weighting, minimum pay-out and time period (where applicable)
Share awards under the Kenmare Restricted Share Plan (KRSP)	To increase shareholder alignment by providing Executive Directors with longer-term interests in shares.	<p>Annual awards of shares will be made under the KRSP.</p> <p>The awards will vest subject to continued employment as follows:</p> <ul style="list-style-type: none"> • 60% vests on the third anniversary of grant; • 20% vests on the fourth anniversary of grant; and • 20% vests immediately after the fifth anniversary of grant. <p>Awards will be subject to malus during the vesting period. Clawback will apply for two years post-vesting in the case of malus.</p> <p>Awards made under the KRSP may carry an entitlement to dividend equivalents in respect of dividends paid between granting and vesting.</p>	The maximum award level in any year is 75% of base salary.	<p>None.</p> <p>In relation to awards for 2018 onwards, the Remuneration Committee will use its discretion to consider the appropriate level of award (including making no award if it believes this is appropriate) in light of the Company's performance at the time of making of the award, including financial, operational or share price performance.</p> <p>The share price used to determine the award levels will normally be the share price shortly before the date of grant. However, for the current Executive Directors only, the share price used will not be less than £2.32 (the open offer price for the 2016 capital raise).</p>
Pension	To provide a market competitive remuneration package by facilitating long-term saving for retirement.	Each Executive Director is entitled to receive a payment into the Company's personal pension plan or their private pension arrangements.	The maximum pension contribution is 10% of salary.	None.
Other benefits	Provides market competitive benefits to support Executive Directors in carrying out their duties.	<p>Benefits include holiday and sick pay, family health insurance, permanent health insurance, life assurance and an annual health check.</p> <p>The Managing Director has a company car.</p> <p>The Group also reimburses the Executive Directors in respect of all expenses reasonably incurred by them in the proper performance of their duties.</p> <p>The Company may introduce new benefits that are, or become, prevalent in a jurisdiction in which it operates and in which a Director is located.</p>	<p>Set at a level appropriate to the individual's role and circumstances.</p> <p>The maximum opportunity will depend on the type of benefit and cost of its provision, which will vary according to the market and individual circumstances.</p>	None.

Directors' remuneration report continued

DIRECTORS' REMUNERATION POLICY REPORT CONTINUED

Remuneration policy for 2017 onwards continued

Element of remuneration	How the element supports our strategic objectives	Operation of the element including any provision for malus or clawback	Maximum potential value	Performance metrics, weighting, minimum pay-out and time period (where applicable)
Shareholding requirement	To strengthen the alignment between the interests of Executive Directors and those of shareholders.	Executive Directors' shareholdings measured after the 5-year period from the 2017 AGM (or date of appointment if later).	<ul style="list-style-type: none"> Managing Director: 250% of salary. Financial Director: 250% of salary. 	
Legacy incentive awards				
Kenmare Incentive Plan 2014	To align the interests of Executive Directors with those of shareholders.	<p>The Kenmare Incentive Plan was replaced by the annual bonus and the Kenmare Restricted Share Plan from the date of the 2017 AGM.</p> <p>The final awards under the KIP were made in respect of performance in 2016. Unvested share awards made under the KIP will continue under their original terms and conditions.</p>	<ul style="list-style-type: none"> Managing Director: 250% of salary. Financial Director: 250% of salary. 	<p>The share element vests after three years with part of the shares subject to a further two-year holding period. The share element is subject to vesting conditions as follows:</p> <ul style="list-style-type: none"> Continuation of employment: 25%. Median relative TSR: 25% (equal weighting against FTSE 250 and FTSE/MSCI Mining Index). Absolute TSR exceeding a future target: 50%.

Notes to the remuneration policy table

Performance measures and targets

The Remuneration Committee will select performance conditions for the annual bonus which reflect the Company's overall strategy and are the key metrics used by the Executive Directors to oversee the operation of the business. The performance targets are determined annually. The Remuneration Committee is of the opinion that the performance targets for the annual bonus are commercially sensitive in respect of the Company and that it would be detrimental to the interests of the Company to disclose them fully before the start of the financial year. The targets will therefore be disclosed after the end of the relevant financial year in that year's remuneration report.

Share awards under the KRSP do not have explicit performance conditions, however, the Remuneration Committee will use its discretion to consider the appropriate level of award (including making no award if it believes this is appropriate) in light of the Company's performance at the time of making the award, including financial, operational or share price performance.

The Committee believes that the KRSP will provide an opportunity for the Executive Directors to build meaningful shareholdings in the Company and so align the longer-term experience of shareholders and management. This increases the simplicity of our remuneration arrangements without requiring the setting of long-term targets, which is challenging in the economic environment in which the

Company operates. The absence of long-term performance conditions is reflected in the significantly decreased remuneration opportunity under the new policy as compared to the KIP.

Approach to recruitment remuneration

The Committee's approach to recruitment remuneration is to pay competitively to attract the appropriate high-calibre candidate to the role. Our principle is that the pay of any new recruit would be assessed following the same principles as for the existing Executive Directors.

Service contracts

The Company's policy is that Executive Directors should have a notice period of no more than twelve months. Other than in the case of termination by an Executive Director on change of control, the notice periods are, in the case of Mr. M. Carvill and Mr. T. McCluskey, twelve months' notice from the Company and three months' notice from the Executive Director.

In the event of termination, the Remuneration Committee will seek to agree an appropriate termination payment for the relevant individual reflecting the circumstances, service and existing contractual terms and conditions.

Kenmare has the right, or may be required in certain circumstances, to make a payment in lieu of notice of termination, the amount of that payment being base salary and benefits that would have accrued to the Executive Director during the contractual notice period. In addition, the Remuneration Committee reserves the right to allow continued participation in the Company's incentive arrangements during the notice period.

Upon a change of control, each Executive Director has the right to terminate his employment by notice and be entitled to receive an amount equal to twelve months' salary, cash equivalent of benefits and pension contributions, subject to such amount being reduced by the equivalent amounts in respect of any months worked by the Executive Director after his giving of notice. Such payment would be in settlement of all claims that the Executive Director may have against the Group, but shall not affect the Executive Director's entitlement to accrued but unpaid salary, deferred bonus or similar incentive payments and certain other amounts.

Mr. M. Carvill serves as a Director for a number of private companies but receives no fee for his services. No other Executive Director serves as Non-Executive Directors elsewhere.

Policy on payment for loss of office or change of control

When determining any loss of office or change of control payment for a departing individual, the Committee will protect the Company's interests and reflect the circumstances in place at the time, having taken into consideration terms of Executive Directors' service agreements.

In the event of a compromise or settlement agreement, the Committee may make payments it considers reasonable in settlement of potential legal claims. The Committee may also include in such payments reasonable reimbursement of professional fees in connection with such agreements.

The reimbursement of repatriation costs or fees for professional or outplacement advice may also be included in the termination package, as deemed reasonable by the Committee, as may the continuation of benefits for a limited period.

Remuneration Committee discretions

In addition to assessing and making judgements on the meeting of performance targets and the appropriate incentives payable, the Remuneration Committee has certain operational discretions available that can be exercised in relation to Executive Directors' remuneration, including but not limited to:

- amending the outcome of the relevant scorecard if the Committee believes the formulaic outcome of the scorecard does not reflect the true underlying performance of the Company or the experience of shareholders;
- deciding whether some or all cash bonus amounts should be settled in restricted shares;
- deciding whether to apply malus or clawback to an award;
- determining whether a leaver is a 'good leaver' under the Company's incentive plans; and
- amending performance conditions following a major corporate event or in circumstances in which the Committee considers that the impact of external influences is such that the original metrics are no longer appropriate.

Where such discretion is exercised, it will be explained in the next Directors' Remuneration Report.

Consideration of employment conditions elsewhere in the Company

The Committee does not directly consult with employees when formulating the Executive Director pay policy. However, the Committee does take into consideration information on pay arrangements for the wider employee population when determining the pay of Executive Directors.

Consideration of shareholder views

The Remuneration Committee considers shareholder feedback received in relation to the AGM each year and guidance from shareholder representative bodies more generally. This feedback, together with additional feedback received during meetings from time to time, is then considered as part of the Company's review of remuneration policy.

In formulating the policy for 2017 onwards, the Committee consulted with a number of the Company's significant shareholders regarding their views on remuneration practice and policies. The views expressed during these consultations were taken into consideration when setting the current remuneration structure.

Non-Executive Directors' remuneration

The Non-Executive Directors are remunerated entirely through fees and associated benefits. They are not eligible to receive any performance-related remuneration nor do they hold share options. The fees paid to the Non-Executive Directors are set at a level to attract individuals with the necessary experience and ability to make a significant contribution to the Group's activities, while also reflecting the time commitment and responsibility of the role. Additional per diem rates may be paid to Non-Executive Directors when the meeting load has significantly exceeded what would be expected in the normal course of business.

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.

Non-Executive Directors are not entitled to any compensation on the termination of their appointment. All Directors are subject to annual re-election. No compensation is payable to Non-Executive Directors if they are not re-elected.